



April 3, 2008 Edition > Section: **Real Estate**

Land-Rich Churches Learn Valuable Lesson: Real Estate Savvy

BY COLIN GUSTAFSON - Special to the Sun

April 3, 2008

URL: <http://www2.nysun.com/article/74072>

Two years after inking a deal with a developer who promised to renovate the deteriorating sanctuary in his Harlem church in exchange for building condominiums above it, the Reverend James Booker says he has yet to see any construction.

"We keep getting told, 'It'll happen soon, it'll happen soon,'" Rev. Booker, who runs Saint John African Methodist Episcopal Church on West 134th Street, said.

Rev. Booker is not alone: Developers on the hunt for inexpensive land are targeting churches that own large swaths of developable space in areas such as Washington Heights and East Harlem. The churches, many of which are losing parishioners and revenue even as their land gains value, often lack the experience to negotiate a good deal.

There is now an effort to combat this trend. The Ecologies of Learning Project, a nonprofit run by the school, will hold a forum next month in Morningside Heights where hundreds of pastors are expected to convene with real estate professionals and economic development experts to learn the basics of negotiating a deal. Later this spring, the seminary is holding a month-long course on "faith-based development," where students will learn the basics of appraising property, how to select a developer, and how to read the fine print in a development contract.

"There's so much misleading information that gets buried in these contracts," the development director at Ecologies of Learning, Shirvahna Gobin, said. "Pastors who don't know what to look for are getting roped into these situations where they're losing money and could end up losing their church."

Ms. Gobin and her colleagues organized the course and convention to help church leaders in gentrifying neighborhoods "make the best of a difficult situation," she said.

Students in the seminary course will learn from development experts about the importance of appraising their property before considering a development deal. The seminary's "Continuing Dialogue" convention, meanwhile, will feature a panel of developers who will explain the financing options and construction costs churches would face upon entering into development deals.

Through these events, pastors are "realizing the full value of their property and learning what they want to get

out of it," the managing director of the Local Initiative Support Coalition, Denise Scott, said.

Already, some churches have used their newfound business savvy to secure profitable deals.

Last year, the clergy from East Harlem's Church of the Resurrection secured a deal with a developer, Hub Realty, to build an eight-story, 34-unit rental complex on its property. In exchange for giving up its air rights, the church will receive a new sanctuary on the bottom two floors of the building, to be completed in June, as well as 10% of the rent from the residential units.

It isn't just churches in Manhattan that are tackling this situation. In Bedford-Stuyvesant, Mount Zion Baptist Church partnered with the Bridge Street Development Corp. last year to build an 81-unit condo complex on its property with a new sanctuary inside. "That church could have sold off its land to the first developer with a multimillion-dollar offer," Ms. Scott said. By gaining outside expertise, it was able to "leverage the true value of its land and retain a stake in its community."

In addition to attending courses and conventions, some church leaders are hiring consultants to broker deals on their behalf.

In Washington Heights, the Reverend Eugene Hudson of the Rocky Mount Baptist Church said he was fielding offers from developers of as little as \$2 million to develop a 20,000-square-foot site on Hillside Avenue, where his 45-year-old one-story church sat in disrepair. He eventually hired the advisory firm Zion Consulting Group to help him negotiate and clinched a deal with North Manhattan Construction Corp. The price tag was not disclosed, but the market value of the site is about \$6 million, according to a statement released by the church. Starting this fall, the Rocky Mount Baptist Church will replace its building with a 15,000-square-foot church that will include a new community center for the congregation's day care program. The developer will build 75 rental units in a 16-story complex behind the church, with 20% reserved for "affordable" housing.

"We might not have gotten that without the consultants," Rev. Hudson said. From the start, "I knew developers could be fast talkers," he said, "so I was worried about being taken for a ride. The reason we finally won out is that we got to know how the game is played."

There is concern that, just as New York's churches gain knowledge of how to handle interest from developers looking to build on church land, the real estate boom may be on over, and fewer developers will actually pursue such deals.

Still, faith-based advocates say there will always be a need to help churches become savvier about development.

"Development in this city and in these neighborhoods will never completely stop," Ms. Gobin said. "There's always going to be demand for new housing. And as long as there are churches where developers can build that housing, churches will have to learn more about their options."