

NORTH UNITED METHODIST CHURCH
LAND DEVELOPMENT

FREQUENTLY ASKED QUESTIONS

OVERVIEW & MISSION

1. **What will be built and what will it be used for?** The development would be made up of three separate buildings that collectively provide for 74 apartments, 35,000 ft² of retail, and a parking garage with 112 parking spaces. The apartments will include 58 affordable units and 16 at market rates. The largest building would provide for 44 apartment units, a grocery store, a parking garage, and room for additional retail. The second building will include 22 apartments and 9,000 ft² of retail. The third building will have 8 townhomes.
2. **Where will it be?** The largest building would be at the corner of 38th and Illinois, covering the gravel lots, flower shop, and some of our current parking. The second building would run along Illinois Street from the current parking lot entrance up to 39th street. The third building would stretch across 39th street between Illinois and our other parking lot entrance, facing Tarkington Park.
3. **Why are we doing this?** We have acquired the property on our block over a few decades with a goal of directing the redevelopment of that property for purposes that provide long term benefits for the church, the immediate neighborhood, and the broader community. The current proposal accomplishes that goal by providing affordable housing for low-income families, jobs for local residents, and a grocery store in the middle of a food desert – all of which help stabilize the neighborhood and promote economic opportunity for residents. The rebirth of this neighborhood will provide long stability for the church. This proposal is the result of several years of researching the best options and considering them in relation to the church’s broader mission.
4. **Have other options been considered?** Yes. We reviewed various options, including a community center, an esplanade, senior living, and a community garden. For a variety of reasons (both financial and mission-oriented), we determined that these either were not viable projects or the most effective use of the property.
5. **Why not just sell the property and be done with it?** An outright sale would cause us to lose control of any development on the property, and would not generate a significant financial payout (based on the appraised value of the property). By participating in the development as a partner (with sufficient protections for the church), we retain the ability to influence the ultimate development and operation of that development.
6. **Why this project/combination of things?** It’s ultimately the best mix of development that is both financially viable and in line with the mission of the church. The affordable housing serves to help low income families in need, much like many of our volunteer projects. But it also allows us to apply for certain tax credits that can be used to finance the project. The grocery store would solve a critical need for the neighborhood and is a particularly attractive project for investors.
7. **How will the project relate to the mission of North Church?** There are three main ways in which the project will fit in with our mission. It will (a) provide affordable housing to dozens of families in need, (b) address the food desert in our neighborhood and (c) provide economic opportunity and jobs to local residents. And from a big-picture perspective, this project can serve as a catalyst to help develop an underserved part of the city. These goals build on our existing ministries for the hungry, homeless and children by addressing the underlying structural causes of poverty.

8. **Will North Church have any say about who the residential and commercial tenants will be in the project both while Flaherty and Collins is involved and afterwards?** We will have rights as a limited partner under the Development Agreement and Operating Agreement to influence these decisions and we will be able to include use restrictions limiting certain types of commercial tenants (e.g., no liquor stores); but subject to that, the General Partner will be able to make those decisions. We will partner with organizations like Coburn Place, Nurse-Family Partnership (Goodwill Industries), and Fathers and Families Center, and others to help connect their clients who need affordable housing to available units, but we cannot guarantee any apartments to them.
9. **Will North Church have partners in implementing its mission in the project? How will those partners be chosen?** As part of the requirements for the tax credit application, we have to demonstrate a commitment from service providers to collaborate on this project. These initial partners include Fathers and Families Center, Nurse-Family Partnership (Goodwill Industries), Coburn Place, and Martin Luther King Center. Beginning next year, we will initiate a planning process with them to develop the roles and relationships of our collaboration. As a part of that planning, we will explore opportunities for additional partners.

DETAILS OF PROJECT

10. **What is considered an “affordable” monthly rent?** The monthly rents for each apartment will depend on the size and likely end up somewhere close to the following amounts: \$400-\$650 for a one-bedroom apartment, \$750 for a two-bedroom apartment, and \$800 for a three-bedroom apartment. We will continue to explore opportunities to lower the monthly payments for qualified renters by securing various income-based subsidies for which they will be eligible.
11. **What will be the size of the apartments?** Exact sizes have not been determined at this stage, but the minimum sizes for each type of apartment are 675 ft² for a one-bedroom apartment, 875 ft² for a two-bedroom apartment, and 1075 ft² for a three-bedroom apartment.
12. **Are there any concerns that the development may increase loitering or crime in the vicinity of the church?** No. We believe the development will actually decrease loitering and crime. A grocery store and other retail that brings regular customers to the site and apartments with local residents will provide more “eyes on the street” and a defined purpose for the space. Currently, the vastness of the open and unkempt space already creates an unsafe climate.
13. **How will security change with the development?** The project will enhance security on the block because the apartments and retail will include appropriate security protections (e.g., lighting, supervision, etc.). Currently, there is no security on the property beyond the West Entrance.
14. **With regard to the residential apartments, will the church have a say as to who resides there?** As part of the ownership structure, we will have a say in how the property manager advertises for and selects residents, but ultimately, the property manager will make those decisions. For the units designated as “affordable units,” potential residents must meet certain income levels. In all instances, the project will follow nondiscrimination laws to

ensure that the units are equally available to all applicants. If the project is awarded tax credits, other qualifications might be considered (e.g., preference of some portion of the units for families with young children).

15. **What type of relationship will the church have with the residential and business tenants?** The property manager will have the direct relationship with tenants on behalf of the partnership, and in that regard, the church will not have a “formal” relationship with the tenants. As to the residential tenants, however, the goal is to work in collaboration with key social service providers to provide support services for those residents. And the church will seek to establish relationships with new businesses just as we have with the existing businesses on Illinois Street.

PARKING AND TRAFFIC

16. **How much parking is currently available, both to the church and the surrounding businesses? How does it compare to the proposal?** There are currently 242 parking spaces on the church’s property and approximately 200 more on neighboring lots and on the streets surrounding the block. The proposed development would include 249 parking spots. The 200 neighboring spots are not affected by the development and will continue to exist.
17. **How and when do the church and the surrounding businesses currently use our parking lots?** Other than on Christmas Eve and Easter Sunday, it is rare for our parking lots to approach full capacity. On a typical Sunday morning, the church uses 195 to 215 parking spaces. On days other than Sunday, the lots stay relatively empty except on rare occasions when there are overlapping events and even then, the lots don’t actually fill up. The surrounding businesses tend to use our parking lots out of habit – most of them have underutilized parking lots on their property. For example, our Northwest lot (corner of 39th & Illinois Streets) has 118 parking spaces and on a typical weekday afternoon, when it has the busiest use from area businesses, only 34 parking spaces are occupied on average.
18. **How many parking spaces will be used by residents of the apartments?** In developments with a housing mix similar to this, about 80% of residents will use one spot and the others will not own a car, meaning we expect residents to use approximately 53 spaces. (the 8 townhomes will have reserved parking on the ground floor of their units; 80% of the remaining 66 units is about 53 spaces).
19. **Will there be any parking restrictions or reservations?** As the project develops, we will help determine whether any spaces will be reserved for residents, retail, or otherwise, all with a view of ensuring that adequate, accessible parking is available on Sunday mornings and for special events that require substantial parking.
20. **What plans are being made to assist existing businesses who currently use our parking lot?** Midtown Inc. will convene discussions with neighboring businesses to ensure that they know how to access the available parking in the neighborhood (which might continue to include access to the proposed parking garage or surface lots). We will participate in these conversations to help address their parking needs.
21. **Will we have to curtail hosting big, citywide events based on the new parking configuration?** No. Such events can still be accommodated; currently, we would have a shortage of onsite parking if we filled the sanctuary for such an event, but that has not

prevented us from hosting such events in the past. The new parking configuration does not affect our ability to host such activities.

22. **Will our current entrances and exits be changed?** No – we will keep the same entrances and exits from Illinois Street and 39th street.
23. **What will happen to parking and traffic flow outside our west entrance?** The logistics of drop off and pick-up under our West portico will not change. Overall we expect that the traffic flow outside the west entrance will decrease and it will become a more pedestrian-friendly area. A big part of this will come from shifting parking spaces from the area along 38th street to the north side of the church. We will still maintain handicapped parking near the entrance. Between that and the revamped layout along the western side of the church, parking lots will be safer for pedestrians and for persons with impaired mobility.
24. **If there is a grocery store, when and where will trucks unload their deliveries?** The trucks will enter the property through a special entrance on Illinois Street and unload their deliveries in a concealed space under the parking garage that will not be visible from the church. Additionally, as part of the development and operating agreements, we will help determine any rules regarding the timing of deliveries (e.g., no deliveries on Sunday mornings).

ENVIRONMENT

25. **Will the project result in a loss of trees or greenspace?** The overall project will result in a net gain of both trees and greenspace. Some existing trees will be removed but will be replaced with additional trees in other areas of the development. For example, the expansion of the north lot (39th & Meridian Streets) will align with the end of our building so that the majority of the trees along Meridian Street will be preserved. The current design calls for additional greenspace and plantings along 38th Street as well as along the east edge of the development closest to the West Entrance.
26. **How will the project affect the view of the church?** Most views will continue unaffected. More specifically, the vistas from the north, east, and south will remain unchanged. The view from the west will change, though it may be for the better. Currently, you cannot see much of the church from 1+ blocks away – it only comes into view as you approach Illinois Street. However, the view you have today from that angle includes a foreground of an abandoned flower shop and a messy gravel lot. What we lose in visibility should be offset by an improved foreground.

FINANCES

27. **How can we ensure that this project does not financially hurt the church?** Under the Development Agreement, the church will contribute the property as our investment in the project, but will have no other financial obligation or liability in the deal. The developer/general partner will bear all of the financial risk for the project. The church will also participate in the project through a separate legal entity to further protect the church from any liabilities.

- 28. Will staff from the church have any responsibilities for running the development?** No. Our office staff will not be used for the administration or maintenance of this project. However, our programming staff (mainly our Pastor of Mission and Outreach) will engage in the process of planning partnerships for ministry with tenants.
- 29. Will the church earn a return on its investment in this project?** As a co-investor and limited partner in the deal, the church will have the ability to earn a return on its initial investment (the value of the property) when the project begins generating profits. Until the financial structure of the deal is finalized (including such factors as whether the project is awarded tax credits, for example), we will not know the specific details of that return. Based on our preliminary analysis, though, it seems likely that this return will be fairly small in the early years of the project, and may only generate long term returns equal to the value of the property. In other words, we should keep fairly low expectations and shouldn't expect to make a lot of money on this project.
- 30. Will the apartments be "HUD Housing"?** The project will not be owned or managed by any government agency, so it will not be "public housing" or "HUD housing," as those terms are sometimes used. Some families whose incomes qualify them for the affordable rate units might also have access to additional government subsidies or vouchers that they can use to pay all or part of their rent.
- 31. How does "mixed income" housing work?** Put simply, people with different income levels live in the same building. Research has shown that mixed-income housing works well when lower-income residents have access to the kinds of social services and partnerships that our project envisions. There are a number of mixed income housing projects across the city that have been successful. Each one works differently depending on the neighborhood, but it is a proven concept that often benefits both the affordable and market rate residents.
- 32. What happens if we don't get the tax credits?** The developer will have to find other financing for the project, which they believe is feasible. In that event, the project would still go forward, but with a different financing structure. We would not move forward with the project unless the new financing plan was consistent with the church's goals and provided the same financial and legal protections that we require.

OWNERSHIP AND MANAGEMENT

- 33. Who will build it?** Flaherty and Collins, as the general partner of the project, would manage the construction project. The actual construction would be done by an F&C affiliate or by third parties and/or subcontractors that they select.
- 34. Who will manage it?** Flaherty and Collins would manage the properties (or retain a third-party company to assist them).
- 35. Who will own it – both initially and long term?** The properties will be owned by a partnership or other legal entity comprised of the church, Flaherty and Collins, and third party investors. The specific ownership interests will be determined by the financing, but F&C will be the majority owner and general partner. In projects like these, the initial developer often looks to sell the property in 15-20 years to other owners. The development

agreement will give the church certain rights in the event of a sale (possibly including a first option to purchase the property or participate in the purchase).

36. **Will the project affect the church's tax-exempt status?** No – the church's participation will be structured to protect our tax-exempt status.
37. **How can we ensure that the project remains a valuable asset to the neighborhood and doesn't become an eyesore, run-down, or vacant?** As part of the ownership structure, we will have the ability to weigh in on short and long term decisions about the property. More importantly, we've chosen a developer with a strong local reputation whose interests are completely aligned with ours to make this project successful. This project is not without risks; but the confluence of positive events that have come together at this time and in this place (the designation of the area as a Great Place neighborhood, the investment in Tarkington Park, the availability of tax credits, the potential to redevelop nearby properties such as the United Way building, the building of the Red Line with a major station at our corner, to name a few) suggest that this project will enjoy considerable success. Both the church and the developer will need to be vigilant in realizing the full potential of these opportunities, including leveraging our unique role as the anchor institution in the neighborhood with civic and governmental leaders.

NEXT STEPS

38. **Has the Board already made the decision to do this?** No, that decision will be made by the congregation. The Board has voted to recommend the current proposal to the congregation for purposes of having a Charge (Church) Conference where the congregation will determine whether to proceed.
39. **What is a Charge Conference?** The charge conference will be a "church conference" in which all members in attendance have a vote. Just for the sake of clarity, when the church incorporated a few years ago, it stipulated in its by-laws that charge conferences would be conducted as "church conferences," pursuant to a provision in the *Discipline*.
40. **What will be voted on at the Charge (Church) Conference?** The Charge Conference will effectively decide whether to go forward with the project or not. More specifically, the Charge Conference will decide whether to (a) approve the future sale of the property (pending certain conditions), (b) create a separate foundation to participate in the ownership structure on the church's behalf, and (c) empower the foundation to take all necessary and appropriate steps throughout the development process.
41. **How will decisions be made during the development process?** The Charge Conference vote will empower the foundation and its officers to make most of these decisions. From time to time, the foundation and the board may determine that some decisions require additional input and/or direction from the congregation or other constituents, and in those situations, would bring the questions forward in the most appropriate way.