

MANAGING OUR PROPERTY

A Brief Guide for the Management of Property in the Eastern
Ontario Outaouais Region of the United Church of Canada



INTRODUCTION

The following is a guide on how to manage the property of Communities of Faith within the Eastern Ontario Outaouais Region (EOORC) of the United Church of Canada. It includes checklists on the process of property management.

Once the Council/Board of a Community of Faith has made a decision to follow a particular path, it should contact the **Future Through Property Team (FTPLT)** of the EOORC for advice on the precise steps that it should take for selling, leasing, renovating and the withdrawal of restricted funds. There are also possible options to develop the property with the collaboration of **Kindred Works (United Property Resources Corporation)** or other property developers. The role of the FTPLT is to review the proposals from the community of faith for property actions and give them advice as to how to proceed. When the proposal from the Community of Faith is ready to go ahead, the FTPLT will refer it to the EOORC Executive to seek authority for the Trustees of the Community of Faith to carry out the next steps of the property transaction.

CONGREGATIONAL PROPERTY

Most of our Communities of Faith have property, whether that be a church building, a manse or other property. While ownership of this property is vested in the United Church of Canada, our Communities of Faith are the trustees and use the property and the revenues that they generate to support the congregation's Ministry. For the most part, we follow familiar routines of how to use these resources but, changes may arise that leave us wondering what to do next. We no longer need the manse to house a minister. We no longer need that parcel of land. The time has come to make decisions about the future of our place of worship. What do we do? How do we do it? This guide outlines directions toward whatever path we may be considering.

SELLING

The Community of Faith loves its building but there may come a time when the only faithful decision that it can make is to let it go. That parcel of land is no longer serving any useful purpose and you want to turn it into cash so that you can make better use of that resource. Attached is a checklist of the process toward selling it. The Community of Faith will place its portion of the net proceeds of the sale in a restricted fund from which it can draw 5% annually to support the operations of the congregation in a sustainable manner. There is a possibility of the withdrawal of additional funds with the concurrence of EOORC.

KINDRED WORKS

Kindred Works is an affiliate of the United Church of Canada that supports the repurposing of buildings or lands of Communities of Faith, generally toward social housing or community needs, as an alternative to selling the property. The community of Faith may choose to achieve this objective through other developers. However this is done, it is a complex process. A Community of Faith considering this possibility should consult with the Future Through Property Team of the EOORC.

LEASING

Possibly the Community of Faith has no need for the building or property as a support for its ministry, but it needs revenue from it and is not ready to sell. One solution may be to lease the property. This both will generate a revenue stream and will preserve the property for future use by the Community of Faith. Attached is a checklist of the process toward leasing church property.

MAJOR RENOVATIONS

Repairs and upgrades are part of the ownership of any property. For the most part, these costs are relatively small and are made by the Community of Faith as part of its stewardship of the property from its operational and reserve funds. There is one exception. If the cost of the renovations, whether that be for repair, upgrades or reconfiguration of or an addition to a building will exceed \$75,000, the Community of Faith must seek approval from the EOORC in advance of undertaking the work.

RELEASE OF RESTRICTED FUNDS

When a Community of Faith sells a property, it places the net proceeds of the sale in a restricted fund from which it can draw down 5% annually to support the operation of the Community of Faith. It can make a request to draw down additional funds for specific uses by providing the FTPT with a description of the project, estimates from contractors covering the work to be performed and a summary of the Community of Faith's finances and budget projections.

CHECKLIST FOR SELLING THE PROPERTY OF THE EASTERN ONTARIO OUTAOUAIS REGIONAL COUNCIL (EOORC) INCLUDING THE DISPOSITION OF NET PROCEEDS OF SALE

Step One: Deciding to Sell a Property

- o By vote of the congregation the Community of Faith decides to sell its property.
- o Trustees of the Community of Faith consult with realtors to establish a fair market value for a sale price.
- o Trustees inform the Future Through Property Leadership Team (FTPLT) of EOORC of the wish to sell and the preferred selling price. In the case where the Community of Faith proposes to sell the property to a social organization for a price lower than market value, it must provide a justification for the proposed lower price.

Step Two: Getting Approval

- o FTPLT reviews the proposed offer to list the property for sale and makes a recommendation to the Executive.
- o The Executive approves the request to sell at the proposed price.

Step Three: Listing the Property

- o Trustees sign the contract with the realtor to list the property.
- o The property listing will state that the property will be sold “as is, where is” basis, and will stipulate that there be a period of at least five business days from the date that the buyer signs the offer to purchase and the date that the trustees have to accept that offer. The contract will specify what is to be included in, or excluded from the sale.
- o Make plans to deal with items of particular significance, such as war commemoration plaques and items that identify the building as a United Church which must be removed by the Trustees prior to signing the offer to purchase. Items can be disposed of in an appropriate manner such as selling the item or returning the item to the donor.

Step Four: Completing the Sale

- o It is recommended that the Trustees engage a lawyer to advise them on the offer and sale agreements, and also to transfer the sale proceeds between buyer and seller.
- o When the Trustees have received an offer to purchase the property, they will forward the draft agreement to the FTPLT requesting Executive authority to sign the agreement of purchase.
- o After receiving the Executive authorization, the Trustees will sign the agreement and complete the sale.

CHECKLIST FOR THE DISTRIBUTION OF NET PROCEEDS FROM THE SALE OF CHURCH PROPERTY

When a Community of Faith is not disbanding:

1. It will remit 10% of the net sale proceeds to the EOORC for transmission to the United Church of Canada for the support of Indigenous Ministry. The cheque will be made payable to the Eastern Ontario Outaouais Regional Council.
2. It will hold the balance in a restricted fund from which it may draw 5% of the balance annually to support ongoing operations.
3. It will submit to the EOORC a Ministry Plan. This may be a plan to draw on these monies to reenergize and sustain its ministry, including capital expenses. It may be an interim plan to hold these funds as restricted funds until a long-range plan has been formulated. Restricted funds held by the Community of Faith require authorization from the Executive for expenditure. A Ministry Plan must be submitted to the FTPLT for review and recommendation to the Executive.

When a Community of Faith is disbanding:

1. It will remit 80% of the net proceeds to the EOORC.

2. EOORC will allocate these funds for: the on-going support of Indigenous Ministry, the United Church of Canada Mission and Service Legacy Fund for the on-going support of the ministry of the United Church, the EOORC Transformation and Vision Fund and the EOORC Mission and Ministry Legacy Fund which supports the mission and ministry of the EOORC. In the case of property located in the former Upper Valley and Four Rivers Presbyteries, the support of archives. The cheque will be made payable to the EOORC.
3. The Community of Faith will forward to the FTPLT it's wishes for the distribution of the remaining 20% of the net proceeds. These funds must be directed to a mission with which the Community of Faith has a historical connection or volunteer engagement. A minimum of one half of this amount will be directed to organizations that are associated with the United Church of Canada. The FTPLT will review the proposal and submit it to the Executive for approval.
4. Upon receiving Executive approval for this plan, the Community of Faith may disburse the remaining funds accordingly.

CHECKLIST FOR ENGAGEMENT OF EOORC COMMUNITIES OF FAITH WITH KINDRED WORKS INC, or OTHER DEVELOPERS

EOORC has advised the representatives of Kindred Works Inc (KW) that the Region requires notification when KW undertakes discussions with a Community of Faith within the Region that are intended to lead to a formal development agreement with the CoF for development of its property.

Step One: Starting a Conversation with Kindred Works

- o Trustees of a Community of Faith will advise the EOORC Future Through Property Leadership Team (FTLPT) when it undertakes discussions with KW, or other development companies, that are intended to lead to a formal development agreement with KW or the developer for the development of its property.

Step Two: Approval to Sign an Agreement with Kindred Works

- o Trustees are required to seek independent legal advice prior to signing any agreements with KW that will bind the congregation.
- o Having received legal advice on the draft agreement and having received congregational approval by a vote of the congregation, the Trustees will refer the draft agreement to the FTPLT for review and referral to the Executive for authorization to sign the agreement.
- o The Region, through the FTPLT, will obtain independent legal advice prior to referring the request for authorization to the Executive.
- o Upon receiving authorization from the Executive, the Trustees may sign the agreement with KW.

Step Three: Monitoring the Redevelopment Process

- o This process for review by the FTPLT and authorization from the Executive is required at each stage of the completion of a binding agreement between the congregation and KW, or a development company, throughout the stages of the development project.

CHECKLIST FOR LEASING THE PROPERTY OF THE EASTERN ONTARIO OUTAOUAIS REGIONAL COUNCIL (EOORC)

Step One: Deciding to Lease

- o By vote of the congregation The Community of Faith decides to lease the property.
- o Trustees of the Community of Faith consult with realtors to establish a fair market value for rental.
- o In the case where the Community of Faith proposes to lease the property to a social organization, it will provide a justification for setting a rent at lower than market value.
- o Trustees inform the Future Through Property Leadership Team (FTPLT) of EOORC of the wish to lease and the preferred leasing price.

Step Two: Approving the Lease

- o The FTPLT reviews the proposed lease and makes a recommendation to the Executive.
- o The Executive of EOORC approves the request to lease and the rental price and any conditions.

Step Three: Signing a Lease Contract

- o If necessary, the trustees sign a contract with a realtor to list the property. The contract with the realtor will state that the property will be leased “as is, where is” and will stipulate that there be a period of at least five business days from the date that the lessee signs the offer to lease, and the date that the trustees have to accept that offer. The contract will specify what is to be included in, or excluded from, the lease.
- o If necessary, any items of particular significance, such as war commemoration plaques and items that identify the building as a United Church must be removed by the Trustees prior to signing the lease. Other items can be disposed of in an appropriate manner such as sale, or returned to the donor.

Step Four: Final Approval of Lease

- o Once the Trustees have made an agreement with a lessee to lease the property, the Trustees will forward an agreement to lease to the EOORC FTPLT requesting Executive authority to sign the lease.
- o The FTPLT will review the proposed lease and make a recommendation to the Executive.
- o After receiving the Executive authorization the Trustees will sign the lease.

