

Report on Mt. Carmel back lot

By Glen Priddy

This report gives information about the Mt. Carmel back lot, its intended use over numerous decades, and the more recent committee work that has led to the current letter of intention to purchase it. The report is intended to help frame the conversations we will be having in our small group meeting discussions about the lot sale.

History

Mt. Carmel has owned the vacant lot for 62 years. It is the last remaining piece of the 2 ½ acre property that was purchased by Mt. Carmel in 1956 as part of its formation. The purchase was funded through a loan from the Evangelical Lutheran Synod. Construction of the original church building broke ground on February 3, 1957 and the first worship service was held September 22, 1957. The church buildings expanded through the 50's and the 60's. Except for the current Sanctuary, the expansion had ended by the early 70's.



Mt. Carmel vacant land (1963)

Adjoining lots east of the church building were purchased at various times, but nothing was done with the west part of the property until the 1980's. In the early 80's, worship had grown to fill the old sanctuary to capacity. In 1983, the congregation hired a consultant to complete a Facilities Master Plan. That plan recommended the construction of a new sanctuary. On that plan, the area of the vacant remainder was shown as "Future Development – Elderly Housing". In 1987, in conjunction with the construction of the current sanctuary, the congregation started negotiating the sale of the remaining lot to a local developer for use as senior housing. That sale was not completed.

In 2004 a Long Range Plan (2004 to 2009), was completed that included a discussion of facilities planning. That plan shows the area of the lot as "Future Elderly Housing".

Current effort to sell the lot.

The origin of the current effort regarding use of the lot began while Pastor Marj was Pastor (about 2010). Mt. Carmel was struggling financially and Pastor Marj asked the Synod to review our finances and give us suggestions on how we could improve our situation. Synod staff came here and reviewed our books and our financial assets. They suggested that the Congregation should look into better use of its property assets as a means of remaining financially viable, while at the same time furthering its mission to serve the community.

At that time: the house on Fredericks was being used by LCM; two other structures were being used by the youth; and, the duplex on Grand was a rental. The Synod specifically suggested the Frederick's house would be a good location for a preschool. The vacant lot was already designated to be used for senior housing. The Synod agreed that this was consistent with our mission and should be pursued.

The congregation's response to these suggestions was to remodel the multipurpose room to add the LCM office and the separate LCM room. This was accomplished using a loan from our Trust Fund that has been repaid with interest from the General Fund.

The suggestion to use the area east of the church building for a preschool was kept in mind, but was not successful until Ingrid got a grant to replace our old dangerous play structure with a new safe one. By coincidence, Kylee was looking for a place to move her preschool. She saw our play structure and approached us to see if she could lease from us. This has proven to be a very successful relationship.

The response to the suggestion to do something with the vacant lot was for the Church Council to form an ad hoc committee to try to sell or lease the lot. The committee was formed in about 2011 and consists of Bill Almas, Wayne Lippold, and Glen Priddy. Bill is a Real Estate professional, Wayne is an architect, and Glen is a civil engineer/land surveyor.

The committee started by determining how much it was worth. To determine its value, an appraisal was needed and to do that, it was necessary to know its size and what it could be used for. Fortunately, senior housing (which is what the church had been planning for several years) is allowed by the city in this zone. To determine the possible size of a development on this property, Wayne designed a possible senior housing facility. This design was taken to the city for review. It was at this point the committee determined the area of the lot needed to be larger if it was going to be the site a viable senior housing project. The committee determined that this problem could be overcome by including the upper parking lot in the project, while retaining an easement to allow full use of the parking lot by the church. This will require the existing lot boundary line to be moved closer to the church building through a "lot line adjustment".

At this point a professional appraiser was hired to determine a possible value for the property. This is a difficult piece of property to appraise because there are very few senior housing facilities sold and none with the specific location challenges of our property. When the appraisal was complete, a real-estate broker was hired and the property was put on the market. The parcel described to the broker included the extra area of the upper parking lot to be shared through easements.

The broker found an existing senior health care firm that was interested in use of the property for a "hospice house". We started working with them, but after quite a bit of time had passed, they decided to go in another direction.

Since then:

- The first appraisal got too old to be used and a second appraisal was completed. (These appraisals cost several thousand dollars each and have a limited shelf life).
- We have spoken about the property to: the San Luis Obispo Housing Authority; Chabad of SLO (a Jewish Collage Group); a relative of Kylee's for an undescribed education facility; and, The SLO Classical Academy for a gymnasium.

Why this proposal?

- Using this property for senior housing has been the goal of the congregation for decades. However, does this use still fit Mt. Carmel?

Last summer when we were working with Turning West on our Mission, Vision, Values, and Strategic Plan, they led us in an exercise where we broke into groups and wrote down what we would like Mt. Carmel to be like in twenty years. All of the groups included something about being a place that provided service to the community. Out of the exercise with Turning West evolved our Mission, Vision, Value, and the guiding statement of our Strategic Plan, "Working with the community to serve the community".

Two services that are known to be needed in the community, and can be provided in the land use zone that our property is in, are child care and elder care. There is a great need for these service in our community. Realistically, our congregation does not have the capability to operate child care and elder care facilities. But we do have property that can provide a location for them.

Child care is already being provided on the east side of our property and it fits our mission to provide elder care on the west side.

- Does this proposal fit the goal of working with the community?

The group that we are working with are "not big time" developers who build care facilities all over the country. They are local people who have a few other similar projects in our area. The lead person we have been working with is primarily an architect. He is also on the board of directors of the SLO Classic Academy and a member of Grace Church.

We were previously working with the SLO Housing Authority. This might have been a closer fit to working with the community, but it didn't work out.

The current group is from within the community and seems fits this goal.

Why sell and not lease or loan?

When we started working on this, the thought by some, was we should lease the land and collect rent. This would give the congregation a long term income source. A second thought was we could sell the land and take a loan instead of a lump sum, again giving long term income. Now we are recommending a sale for a lump sum.

We quickly learned that the lease idea would not work. No one we talked to was willing to agree to a lease arrangement. This had to do with their ability to finance their construction project. They could not get a construction loan from a bank unless they owned the land.

The idea of taking a loan instead of cash ran into the same problem. The current group was willing to work a loan agreement with us, but they need us to subordinate our loan to their construction loan. This means that if there were problems during construction, the bank making the construction loan would get paid first and could end up owning the property. This is too risky for Mt. Carmel.