

Relocation Analysis

Prepared by Facilities Planning Committee

Our Savior Lutheran Church

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Table of Contents

Committee Members.....	3
Introduction.....	4
Rationale.....	4
Assumptions.....	4
Sources.....	4
Current Property Value.....	5
Property Tax Assessment	5
Land Value Based on Comparable Sales.....	5
Current Mortgage Balance.....	5
Land Costs.....	5
Information from Neil G.....	5
2.5 Acres on Creedmoor Rd.....	6
Building Costs.....	7
Capital Campaign.....	7
Doing the Math.....	8
Best Case Scenario.....	8
Conservative Scenario.....	8

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Introduction

This document was produced by the Facilities Planning Committee of Our Savior Lutheran Church, Raleigh, NC. The purpose of this document is to estimate and analyze the financial feasibility of relocating the congregation from the current location on Glenwood Avenue to the Crabtree or North Hills areas.

Rationale

The Long Range Planning Committee of Our Savior Lutheran Church appointed by then President John Werner has examined the question of relocating congregational facilities. The Long Range Planning Committee concluded that OSLC is geographically “boxed in” by neighboring LCMS congregations. However, at the first meeting of the Facilities Planning Committee, a request was made to consider relocating to the Crabtree or North Hills area adjacent to I40.

Since the Long Range Planning Committee had not considered relocating close to our current location, the Facilities Planning Committee agreed to take on this analysis.

The information required for this analysis is:

1. Estimated valuation of current property
2. Mortgage balance on current property
3. Estimated cost to acquire land in North Hills or Crabtree area
4. Estimated cost to build new sanctuary and facilities

In addition, it was decided to examine the “cost of not moving”. This cost is considered to be the cost of any upcoming big ticket maintenance items on the current property. These are expected to be replacement of the HVAC units and the sanctuary roof.

Assumptions

- New sanctuary should seat 225
- Square footage requirements could be reduced from current facilities via better utilization of space.

Sources

Some of the information contained in this report comes from the following sources:

- Neil G., Vice President of a company that provides appraisal, condemnation, feasibility, and highest and best use assignments for their clients. Some of the types of assignments they work on are rural land, development tracts, office buildings, shopping centers, apartment complexes, hotels, and industrial buildings. Neil is a friend of Erika and Ed Rosenberger.

Current Property Value

Property Tax Assessment

The assessed value for our current property is **\$1,364,028**.

This is \$21,189 assessed value for 1.41 acres of land, and \$1,342,839 assessed value for the buildings.

The tax record for this property is available at
<http://aws1.co.wake.nc.us/realestate/Account.asp?id=0069103>

For estimating purposes, we might assume a conservative valuation is lower than the assessed value. For the sake of argument, we might also assume that we could get a higher value, say \$2 million for our property.

Current Property Value	
Low End	High End
\$1,200,000	\$2,000,000

Land Value Based on Comparable Sales

Neil G. provided documentation of comparable land sales in order to help us draw a conclusion on the value of our current 1.4 acres. This documentation is available from the committee. Based on these comparable sales, a reasonable estimate for our current land would be \$15 per square foot (1 acre = 43,560 sq. ft.). This works out to about \$915,000 for our land. This does not take into account existing buildings (either their value, or the cost of removing them).

Current Mortgage Balance

As of December 2007, the mortgage balance is \$175,205.24 at an interest rate of 6%. With current monthly payments of \$3710.31, the mortgage will be retired in May, 2012.

Land Costs

Information from Neil G.

Property around Crabtree and North Hills he said was scarce – the nearer to North Hills, the more expensive. Neil stated that property in the immediate North Hills vicinity is around \$1 million per acre. Land around the Crabtree area would be somewhat cheaper. This is consistent

with the acreage on Creedmoor Rd (below) that it listed at \$640,000 per acre.

2.5 Acres on Creedmoor Rd

There is currently 2.5 acres for sale on Creedmoor Rd near Glenwood. See <http://aws1.co.wake.nc.us/realestate/Account.asp?id=0074428&map=0796&sheet=&block=43&lot=8989&stype=pin&spg=1&cd=01&loc=0++CREEDMOOR+RD&des=TR%2D2+PROP+FRANCES+WARRINGTON+BM1985%2D1462&pin=0796438989> for the Wake County tax record for this property.

See <http://imaps.co.wake.nc.us/imaps/main.htm?msize=525&cmd=ZOOMPIN&pin=0796438989> for an areal view.

This property is zoned R-10.

The asking price is 1.6 million.

Again, for the sake of estimating, let us assume that 2.5 acres would be required. This is 1 acre more than we currently have, but would allow us to provide adequate parking. The market value of land around the North Hills area is estimated as \$1 million per acre. The market value of land around Crabtree is estimated at \$600,000 per acre.

For our estimates, we will use \$1 million per acre as the high estimate for acquiring land. We have estimates of around \$600,000 per acre around Crabtree. For the low end estimate, let us assume that we could acquire land at \$400,000 per acre.

Estimates for Acquiring Land				
Acres	Low End per Acre Cost	Low End Cost	High End per Acre Cost	High End Cost
2.5	\$400,000	\$1,000,000	\$1,000,000	\$2,500,000

Building Costs

Greg Beste is an architect, and a member of the Lutheran Church Extension Fund Architectural Advisory Committee. He provided the following information regarding cost of construction:

“Cost of construction is at a low end on \$100/sq ft unless donated labor or material is added or a pre-engineered metal shell is used. at the high end for multipurpose space is probably a safe number of \$135 to \$150. for sanctuary space, use minimum of \$200. These are all budgeting figures with a lot of flexibility depending on the final design and site parameters. Be cautious in using these numbers freely until a scope of the work is determined and a time frame is set. Time and site issues will have a significant impact on the cost per square foot.”

Based on these numbers, and estimating space requirements similar to existing first floor facilities, we have the following cost of building estimates:

Space	Sq. Footage	Low End/Sq Ft.	Low End Estimate	High End/Sq Ft.	High End Estimate
Sanctuary	5,000	\$200	\$1,000,000	\$250	\$1,250,000
Multipurpose	10,000	\$100	\$1,000,000	\$150	\$1,500,000
Total	15,000		\$2,000,000		\$2,750,000

Capital Campaign

A building program would require a capital campaign. For the purposes of this analysis, we will use the following amounts to estimate the results of a fund raising campaign at Our Savior.

Fund Raising Estimates	
Low End	High End
\$350,000	\$600,000

Doing the Math

Best Case Scenario

For this scenario, we assume the we obtain the highest value for our property, and realize the lowest costs for acquiring and building new facilities.

Sale of existing property	\$2,000,000	
Current mortgage payoff		(\$175,000)
Cost of new land		(\$1,000,000)
Cost of new buildings		(\$2,000,000)
Capital campaign funds	\$500,000	
Mortgage Amount		(\$675,000)

Conservative Scenario

For this scenario, we assume we obtain close to assessed value for our property. In addition, this scenario includes the high end costs for building and land.

Sale of existing property	\$2,000,000	
Current mortgage payoff		(\$175,000)
Cost of new land		(\$2,500,000)
Cost of new buildings		(\$2,750,000)
Capital campaign funds	\$350,000	
Mortgage Amount		(\$3,075,000)