

# DAMASCUS

INTERNATIONAL FELLOWSHIP



## Leveraging Property Owned by a Faith-Based Organization to Create Affordable Homes and Public Benefit | **VISION 2021**

Developed by Rev. James P. Broughton III

The purpose of this White Paper aims to assist the DIF Membership interested in advancing the Nehemiah Studio as a congregational redevelopment strategy. While understanding what it takes to implement this strategy successfully and effectively, the different implementation approaches can be pursued. This document does not capture every implementation approach. The real estate market is a dynamic, evolving field in which experts continue to identify and explore new innovative techniques to create and support affordability.

This document will help our Damascus Family understand how leveraging our property for creating affordable homes and community benefit: (1) Consistent with traditional and best practices of communities of faith; (2) Understand what it takes to successfully undertake this solution and (3) Become familiarized with different paths that can be pursued to implement this solution.

**Background:** Historically, African-American churches have always been places of refuge, affirmation, socialization, and advocacy for our communities. While other groups are now focusing their energy and resources toward community development centers (CDC's) this has not been another sociological experiment, but a necessary strategy for surviving and thriving!

Faith-based organizations are often well connected to their communities, which makes them well positioned to understand their communities' true needs and challenges. As local institutions and community-oriented stakeholders, faith-based organizations appreciate the pressing need for identifying solutions to their communities' affordability challenges, including providing affordable homes with supportive services for vulnerable populations, such as seniors and families experiencing homelessness.

## **BACKGROUND**

### **History**

Damascus International Fellowship began as Damascus Missionary Baptist Church in 1972 by Dr. B.A. Taylor in the Hillman City Community in Seattle. An initial congregation of sixty-five moved to the Columbia City Community to adapt to their changing congregational and community need for affordable daycare for working parents. This move led to the purchase of property that expands over two acres where our ministry campus rests today. Damascus is committed to the biblical ethic of 'loving our neighbor' spiritually, emotionally, and materially. Our commission to make disciples of all nations involves a constant mindset of reimagining what effective ministry looks like in a rapidly changing world.

### **Our Local Community**

Located in the Columbia City Community in South Seattle, DIF ministers in an Urban Village, a cultural arts hub with a vibrant business district, and a long history of ethnic and income diversity. Columbia City is a magnet for artists, minority professionals, and urban pioneers looking to experience the renaissance that is taking place in our community. This community is one of the fastest-growing in Seattle. There is a need to mitigate displacement, gentrification, and economic stratification which has uprooted long-standing residents out of the area. The Dept. of Neighborhoods, City Planners, business leaders, and local residents have created a “Cultural Action Plan”(CAP) designed to preserve cultural spaces and ethnic diversity while stimulating community revitalization.

### **WHAT ARE THE PROBLEMS AND OPPORTUNITIES?**

Skyrocketing property taxes, rising housing costs, and rents have left many indigenous residents unable to afford to live in the community. Gentrification has revealed socioeconomic inequities and stratification between the working poor, people of color, and the underserved in the community. Those moving in (the gentries) have goals and visions vastly different from long-time residents creating a community power struggle. Who will advocate for the future state of the underserved in terms of their real and felt needs?

- Affordable housing for families and Seniors
- Community space for arts, skill development, mentoring, meetings
- Recreational space for athletics
- Social services for Seniors, Immigrants, Minorities

The driving forces of change (gentrification, displacement, death, exodus, unhappiness, etc.) have been factors negatively affecting our fellowship spiritually, physically, financially and numerically. While there are a myriad of reasons why churches plateau, God has given us an opportunity for revitalization! We know that revitalization (spiritual and relational) comes not by programs or the institution of church, but through the power of the Holy Spirit. Every member of DIF is an asset--gifted and valuable to our congregation.

### **HOW HAS THE LORD BEEN WORKING THROUGH DAMASCUS INTERNATIONAL FELLOWSHIP?**

Over the years, Damascus has an integral place in Columbia City. The B.A. Taylor Educational Center has been used for community activities (Civic government candidate debates, meeting for local organizations, training space for nurses, cooks, teachers, etc.). The Parsonage has been used as a homeless shelter, storage room for the Career Bridge Program, and its current use as “Lillie’s Closet” (Clothes Pantry). The campus has staged parades, contests, fairs, grocery giveaways, as well as parking spaces for local construction projects.

Damascus has had several collaborative partnerships over the years with various industries from the arts to healthcare screening to supporting local church fellowships such as La Palabra (Hispanic), Church For All Nations (Ethiopian), Church of Hope (Vietnamese), and Kingdom Christ Center (African-American). The Lord has been connecting DIF with the community for almost fifty years and now He is repositioning us for greater works. He is calling us into uncharted territory to radical and restorative ministry in new and innovative ways.

*“No one tears a piece out of a new garment to patch an old one. If they do, they will have torn the new garment, and the patch from the new will not match the old. And people do not pour new wine into old wineskins. If they do, the new wine will burst the skins; the wine will run out and the wineskins will be ruined. No, new wine must be poured into new wineskins. And none of you, after drinking old wine, wants the new, for you say, ‘The old is better.’” (Luke 5.36–39)*

## OUR MISSION

*“To make disciples who impact lives through intentional Christ-centered ministry.”*

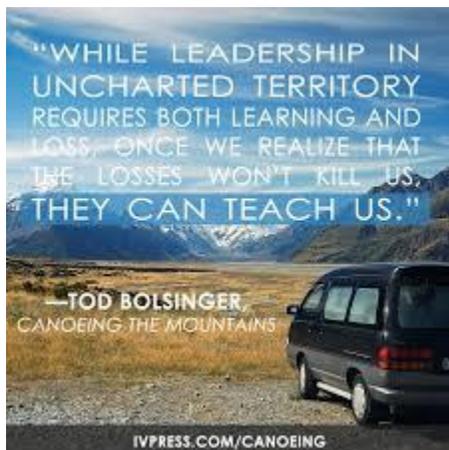
We see this as a transformative process worked out through bible studies, small group gatherings, and building cross-cultural relationships with other diverse organizations so that gospel of Jesus Christ can transform lives holistically. In 2018, Damascus Missionary Baptist Church changed its name to Damascus International Fellowship to reflect the diversity in our community and an awareness of our commitment to reaching ALL nations. We are located in one of the most diverse zip codes in the nation. An area where God has brought the nations to our community. Multicultural, multiethnic, and multifaith communities are becoming commonplace and we must learn how to build cross-cultural relationships if we are to carry out God’s mission for ‘intentional discipleship.’

## HOW HAS THE LORD UNIQUELY GIFTED DAMASCUS TO MEET CONGREGATIONAL AND COMMUNITY NEEDS?

This will be accomplished by rezoning, building affordable housing, and promoting collaborative partnerships. God is changing the ministry landscape into a multiethnic, multifaith culture. Damascus International Fellowship owns a significant amount of underutilized or vacant property in an escalating real estate market that can be developed to increase access to affordability and spur revitalization.

Our interest in repurposing and redeveloping property has been influenced by a number of factors: The driving effects of rapid socioeconomic change have negatively impacted the African-American Community and Churches through displacement and economic stratification:

- These changes have been pushing more congregations and houses of faith to consider repurposing or downsizing their real estate portfolio by either entering joint venture partnerships or offering the lease of their underutilized/vacant land to mission-driven developers who can create affordable housing and community serving facilities on the property.
- These opportunities will offer DIF a recurring financial benefit from the development/ground lease that can help us cover capital expenses, overhead needs and continue funding our social programming, while expanding our mission to providing access to affordable homes.



## STAGE ONE|EXPLORATION

### Seattle:

- The ill effects of rapid socioeconomic change have perhaps impacted the Central District (CD) and Columbia City more so than any other areas in Seattle.
- Gentrification and displacement of the Black population has reached crisis levels as the percentage of African Americans living in the CD & Columbia City has declined from 73% in 1970 to less than 14% today.

- Seattle is losing the largest contiguous Black neighborhood north of California and now, some of the most enduring institutions in the CD and Columbia City Communities—the historically Black churches—face difficult decisions about whether to stay or to go.

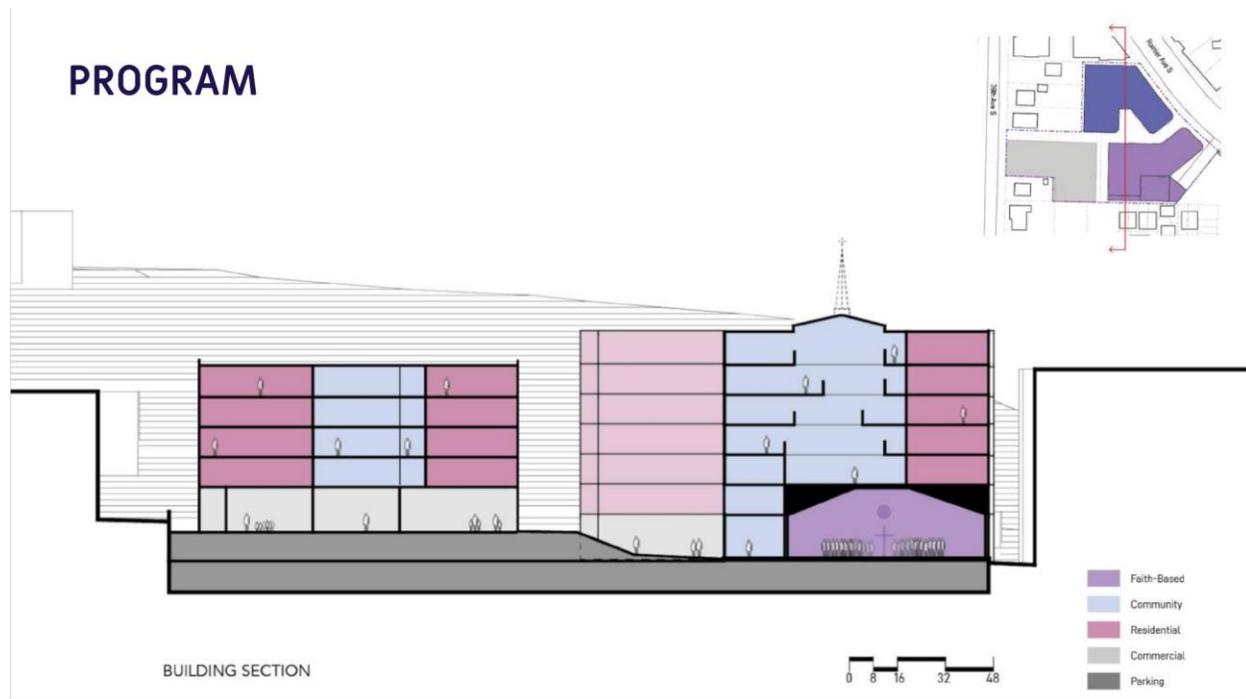
**Mission:** The Nehemiah Initiative is a multi-pronged anti-displacement initiative to explore means and methods to mitigate gentrification and displacement through the development of the significant real estate assets of historically Black churches. The initiative seeks to develop affordable mixed-use projects according to community needs and desires with the goal to retain, bring back, and attract new residents and tenants.

- **Opportunities:** To create and design a community redevelopment framework for Damascus International Fellowship in order to leverage our existing resources for congregational development and community revitalization. Churches own more developable land than any single developer in the Columbia City Community.

African American churches have been the community's heart, providing safe spaces for gathering, activism, education, social services, and spiritual uplift. New driving forces such as gentrification, globalization, urbanization, and immigration has caused cultural and economic shifts in historic minority communities. The influx of the tech giants like Microsoft, Amazon, and Google has led to an increased demand for housing. Rising property values and higher property taxes have forced many minority residents to sell their homes and move out of ethnic enclaves. This displacement has had a negative impact on Black churches.

New demands are being made of the church to accommodate the changing needs of a diverse community in a common space to fulfill our mission of sharing the gospel and meeting community needs. Our churches have undeveloped and underdeveloped land that can mitigate these socioeconomic challenges.

## OUR VISION



*“To be a multifunctional ministry that holistically ministers to all people through the gospel of Jesus Christ.”*

See attached Nehemiah Studio Pdf: [Nehemiah StudionDamascus Final Presentation.pdf](#)

The Nehemiah Studio supports a new business and missional model and strategy for African-American congregations for survival, revenue generation, and community revitalization.

The Nehemiah Studio is an interdisciplinary studio formed to support the real estate and urban design and planning needs of the Nehemiah Initiative in their initial phase of scoping work and scenarios for future development, and the training of graduate students in the College of Built Environments. The studio will address some combination of the following:

**Beloved community**—How to make our community whole? What is the highest & best use of our property? The Nehemiah Studio looks at transforming “land” blessing into means of meeting community needs. The Nehemiah Initiative envisions a future where Black churches can continue to fulfill these vital functions for their communities.



## STAGE TWO|FORMATION

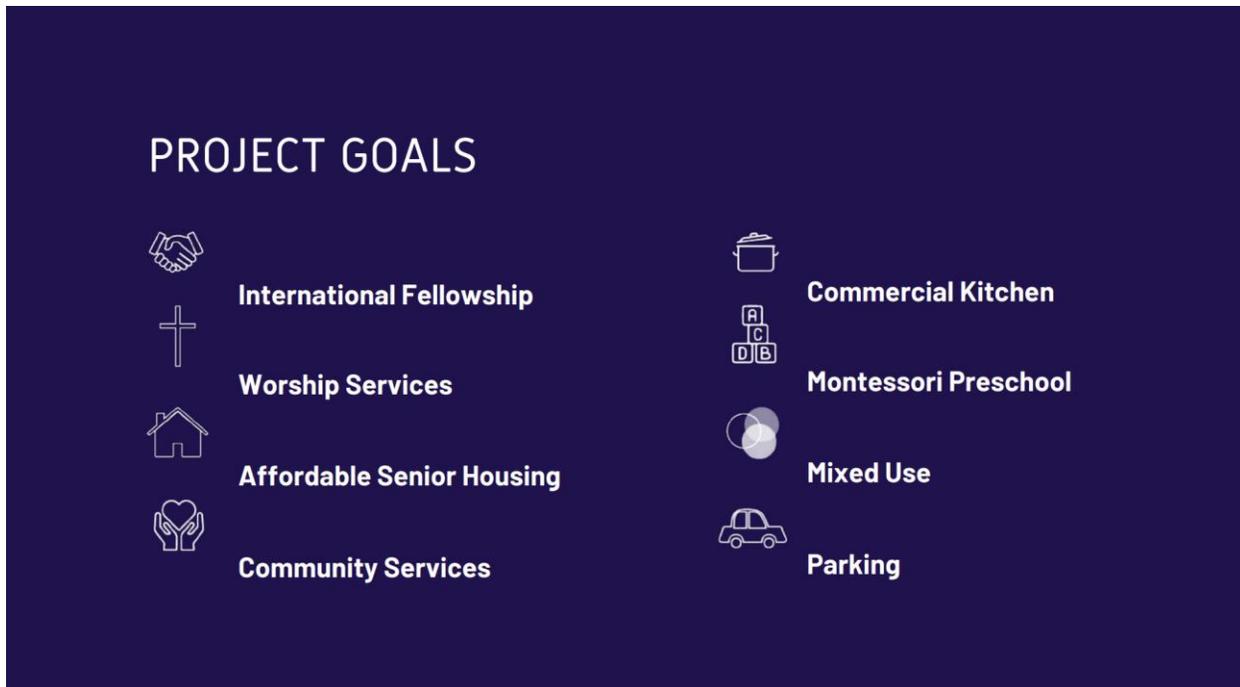
**OUR NEED:** Trust! This is the essential quality that must be present if we are to move forward as a congregation and partnership. We must have confidence in the People and Process. Here are six critical elements that should be present to develop and sustain trust: Common Vision, Common Values, Reciprocity (do we all benefit?), Competence, Reliability, and Faithfulness. The need for increased relational-cultural awareness, education, and skills of our congregation, leaders, and stakeholders to work together motivated by love of God, one another, and community.

## IDENTIFYING PARTNERSHIPS AND RESOURCES NECESSARY FOR NAVIGATING REAL ESTATE DEVELOPMENT

**Partnership Goal:** To engage with public and private sectors in creating strategies to leverage our church campus for community development and revitalization. A Formation Team consisting of three DIF members will be created to identify and interview potential partnerships.

## CRAFTING A VISION AND DESIRED DEVELOPMENT GOALS

DIF's Vision goals & objectives should inform redevelopment phases and take into consideration alternative strategies, plans and/or timelines.



## OVERVIEW OF NEHEMIAH STUDIO|DIF

### CONDUCTING DUE DILIGENCE TO IDENTIFY SITE CONSTRAINTS AND ANY UNEXPECTED HURDLES

The Nehemiah Studio conducted a site study on all of our properties and integrated site constraints into their design concept. As per recommendations and input by DIF members through strategic and planning sessions, this information was forwarded to the Nehemiah Studio:

- Completing due diligence tasks before pursuing the development of property is an important step that allows us to identify any factors that can have legal, financial or technical implications on our desired disposition and development goals and objectives.
- Pre-development work typically includes conducting a real estate market study to determine the existing and projected levels of demand for the type of development that the FBO desires to create on its property. ~\$135k

The conducted analysis and collected information through the due diligence process by the UW College of Built Environments show that the property owned by DIF is suitable for affordable/ mixed-income housing development or mixed-use development with an affordable housing component.

In pursuing viable funding options, various strategies will be considered and vetted through approved Team Members and process.



## ESTABLISHING DEVELOPMENT PARTNERSHIP WITH OTHER ENTITIES

In recent years, policymakers have begun looking to churches, synagogues, mosques, and other faith-based organizations to play a greater role in strengthening communities. Faith-based organizations have also assumed a role in helping promote housing and community development. Some fourteen percent of community development corporations (CDCs) are faith-based. Community development is asset building. It centers around housing and community economic development but also includes developmental efforts such as life skills development, senior services, and mentoring programs to prepare residents for more productive lives. Seattle Mayor Jenny Durkan and the Department of Economic Development has designated \$115 million toward community development--\$30 million toward African-American Community. Damascus is not just a place of worship but a social institution.

Damascus International Fellowship has a registered nonprofit Community Development Center (CDC) called Damascus Family Resource Center. We have studied and continue to research other Churches and Parachurch organizations that have successfully built viable collaborative partnership enabled them to develop their property into affordable housing or development with an affordable housing component and/or community facility.

## POTENTIAL FUNDING SOURCES

### General Partner/Limited Partner Split

- **General Partner (Developer)** invest Equity, Resource and to manage the project, responsible for project performance
- **Limited Partner (DIF)** invest Land Value as Equity. This strategy allows DIF to share the development risk and profit.

### Ground Lease

- **Lessor of the Land=DIF** to lease the land and to receive fixed annualized rent. This option reduces DIF's risk during the development processes.

- **Lessee of the Land**=TBD to rent the land at an agreed amount of rental fee for the lease term.

### **Subsidized**

- DIF partners with City of Seattle, HUD, & other non-profit developers

**Other (TBD)--There are a myriad of financial strategies that can be discussed or undertaken not yet explored or contained in this document.**

## **KEY TAKEAWAYS**

The use of underutilized or vacant property owned by Faith-based Organizations (FBOs) has been gaining more traction as an effective strategy that can help expand the supply of affordable homes. Every parcel/property has its own characteristics and circumstances. Therefore, this white paper avoids providing a specific path for property development that could be deemed as a one-size-fits-all strategy by stakeholders. This resource rather aims to highlight considerations and some of the proven and available paths for developing or repurposing property owned by FBOs into affordable housing.

### **WHAT ARE OUR NEXT STEPS?**

- 1. Pray.** The development process can be difficult and frustrating, and yet also imminently doable. Patience and resolve will be tested. Pray for direction and determination.
- 2. Be clear** on what need in the community is being served by the development. Having a market study and feasibility analysis done early in the process is critical. Ask the professional (Nehemiah Studio) delivering this content to build into the scope of work a discussion with the DIF where the findings are explained, and questions can be answered.
- 3. Ask:** Does DIF want to maintain ownership/control of the land over the long run? The answer to this question will inform options we explore and discussions with partners including developers and real estate lawyers. Be thoughtful in the consideration.
- 4. Get a real estate lawyer.** Make sure DIF has a real estate lawyer that represents only OUR interests! In many cases a DIF will select a development partner to “do the deal.” They will often have a lawyer/firm they work with that can provide legal counsel for the partnership that will likely be formed. That’s fine. But, we should have our own.
- 5. Be clear on the financial goals of DIF with the development.** There is no right or wrong answer. But we should be clear on our answer up front because this will inform decisions related to keeping land, leasing, or selling the land. If keeping the land – what type of development options may be considered viable.
- 6. Be mindful of what each partner brings to the table.** We are land rich, cash poor and relationship strong in our community. This land has appreciated value now and will

in the future. That should be factored into negotiations. As should the value a developer brings with their balance sheet and experience.

**7. Shop for our partners.** Ask if a partner has worked with a DIF before and check references.

**8. Be mindful of timelines and decision making.** It is important for a DIF to have a clearly identified team within the DIF that is working on a regular basis to advance the project. As the Senior Pastor, I am part of the team but I'm not the only person on the team. We will be looking for "Team" Members who have the wisdom, commitment, spirituality, and expertise to serve on ALL teams.

My prayer is that this paper, and other technical and financial resources offered by Nehemiah Initiative, Nehemiah Studio, and other experts will provide the assistance that the DIF Family to make informed decisions.

Yours In Christ,

Rev. James P. Broughton III

Senior Pastor| DTL Candidate

