

St Spyridon Master Plan

Recommendation to Solicit Proposals

RECOMMENDATION

Authorize the Parish Council to list for possible sale a portion of the properties owned by St Spyridon Greek Orthodox church and St. Spyridon Hellenic Foundation. Our objective is to generate funds for construction of a new house of worship and community facilities.

DISCUSSION

The Parish Council recommends the parish enter into a listing agreement with Marcus & Millichap, a commercial real estate brokerage company, to solicit proposals for the potential sale and development of certain properties owned by Parish and Foundation. This is in accordance with the parish's multi-year strategic planning effort as defined in the 2015 Master Plan.

The purpose for listing and selling property is to:

- Fund all or part of the construction of a new house of worship and parish facilities
- Ensure that the parish retain sufficient land for future uses described in the Master Plan

The following stipulations are included by the Parish Council and Foundation as part of this recommendation:

- No listing price: the parish should be in a position to entertain and consider multiple offers, including ideally multiple offers from competing bidders, to obtain the highest possible price
- No requirement to sell: the parish reserves the right to accept or reject all offers that do not meet the Master Plan requirements or capital fundraising objectives
- No obligation to pay fees: in the event that no offers are accepted, the parish will not be responsible for any cost, fees or commissions
- No deal without proper approvals: approval by the Parish Council, the General Assembly and the Metropolis are all required to finalize a sale.

In 2019, Marcus & Millichap, a nation-wide commercial real estate company, approached the parish council about listing a portion of church-owned property for sale. The company prepared an estimate of value for all properties (except church facilities) on the block owned by the parish and St Spyridon Foundation. The estimate focused on 'development entitlements' – that is, the potential number of residential units that might be built on all or part of the property – as a key factor in establishing market values. This analysis indicated that it may be possible to sell a portion of parish and foundation-owned properties to finance all or part of new facilities as described in the Master Plan.

Marcus & Millichap proposed that the parish consider offers from potential developers for a portion of parish and foundation-owned properties. This approach would allow the parish to retain needed property for new church and parish facilities and sell remaining property to finance all or part of construction costs.

In December 2020, the Parish Council took the Marcus & Millichap proposal to the General Assembly. During a 'virtual' meeting conducted over the Internet, the General Assembly directed the Parish Council to bring back a formal proposal for final consideration including more specifics of the listing agreement.

BACKGROUND

In October 2015, a General Assembly of the St Spyridon parish voted to adopt the Master Plan for construction of a new house of worship and parish facilities on Park Boulevard. This decision was the latest development in over fifty years of planning and preparation.

St Spyridon Greek Orthodox Church was built and dedicated in 1950. As early as the mid-1960's, the capacity of the church sanctuary, classrooms and parish hall were insufficient to the Parish's needs. In the 1970's the St Spyridon Foundation was formed to help the parish acquire land and property surrounding the church. Since that time, the Parish and the Foundation together have carefully and methodically purchased most of the properties on our block (see Appendix A for map and list of properties).

A Comprehensive Planning Process

Over the past fifteen years, the Parish Council and various committees have worked to determine the parish's needs and long term requirements. Several planning committees have been established to systematically analyze both current and future opportunities at our existing site as well as alternate locations. In the course of study, these committees involved many parishioners and representatives of church ministries in an effort to insure a wide representation of and perspectives leadership views.

> 2008 Feasibility Study

In 2008, the parish authorized a feasibility study to explore how the properties owned by the Parish and the Foundation could best be used for development of a new church and parish facilities. The study, conducted by the London Group, explored development options, presented a number of scenarios (including having the church remain at Park Boulevard or relocating to a new site) and concluded that selling part of the parish's properties to a developer would afford the best opportunity for the parish to remain at its historic location while obtaining the highest possible revenue to build new facilities.

>Parish Planning Committees

In the years following the Feasibility Study, a number of committees were established to explore the needs, wishes and desires of the community, including whether to remain on the present site or relocate the church. The process was extensive. Active planning and working sessions were held over several years. Finally, on February 9, 2014, following Divine Liturgy, a General Assembly of the St Spyridon parish considered options to: (1) remain at the current location or (2) relocate the church elsewhere. The final vote was to stay at our current location and create a master plan to develop the block in order to enable to construction of a new house of worship and community facilities.

>The Master Plan

Later that year the parish retained noted Orthodox church architect Christ Kamages to assist in developing a master plan in accordance with the General Assembly decision. The final elements of this Master Plan include a new sanctuary, new parish hall, new education and administration building and proposed underground parking. In addition, the Master Plan contemplates development of housing and commercial space at the north end of the block (toward the intersection of Park Blvd and Robinson). This aspect of the plan echoes the earlier Feasibility Study which suggested that sale of properties not essential to the parish's long-range needs could be sold to developers to generate funds for construction of new facilities. This plan was presented to and approved by the General Assembly in October 2015.

Analysis of Costs and Fundraising Requirements

The cost of constructing and furnishing new facilities as proposed by the Master Plan was estimated at \$18 million to \$19.5 million. Following approval of the Master Plan by the General Assembly, work began to explore how the parish might finance the project. Fundraising experts were consulted, including a consultant from the Archdiocese. The consultants concluded that the community's realistic fundraising capacity was between \$4 and \$5 million for a capital campaign, well short of the estimated construction costs, and this amount might take upwards of ten years to achieve. Construction estimates and assessment of fundraising results pointed to sale of real estate to finance part of the project.

Questions and Answers

Q: How much could the parish expect to get if we sell?

A: From the estimate of value prepared by Marcus & Millichap, and what we know about the market for land for multi-family housing (apartments) in our area, we could expect to net somewhere between the high teens and low 20's million dollars (approx. \$18 to \$20 million).

Q: How is the value determined?

A: It is based on an analysis of the profit a developer can make developing the property which is generally related to the number of units and amount of leasable commercial space that can be built on the property.

Q: What happens if we receive offers but do not receive a proposal that the community wants to accept?

A: Nothing happens. We are under no obligation to accept an offer, and under no obligation to sell.

Q: If we don't sell, how much do we owe the real estate brokers?

A: Nothing. There is under no obligation to pay commissions or fees unless an offer is accepted.

Q: Why are we doing this now? Isn't this a bad time to sell because of the pandemic and the economy?

A: From what we know about the current market conditions, the market for apartment land in this area is hot. San Diego continues to grow, and housing stock is low. Developers are actively looking for land for projects, and property values have gone up, not down, in the past year.

Q: If the market for real estate is going up, why not wait and have church's property value increase?

A: Just as prices for land are going up, so too are construction costs. The value of the church's property may go up, but so too will the price of building a new house of worship and community facilities. There is no benefit to waiting.

Q: Why should the parish give an exclusive listing to Marcus & Millichap?

A: There is value to the parish to retain a single broker for this transaction. Marcus & Millichap is one of the premier commercial real estate companies in the nation. The process to package and actively market the church's portfolio of properties will be complex. Much of the value is dependent on entitlement rights, the ability of a developer to build as many units as allowable by the city. Marcus & Millichap have active relationships with potential buyers, particularly developers and institutional investors.

Q: What's the hurry to do this?

A: There is no rush, but there are compelling reasons to move forward now:

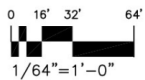
- ***First***, the parish has planned carefully and thoroughly. Together with the St Spyridon Foundation, we have been acquiring land for over forty years. The Feasibility Study was conducted nearly fifteen years ago, and the Master Plan completed and approved by the parish nearly six years ago.
- ***Second***, the value of our properties has reached a level that we believe will provide enough funds to construct a version of the plans approved by the General Assembly in 2015.
- ***Third***, there is no rush, but timing is important: today, the demand for developable land is very high and availability is constrained. San Diego has a housing shortage and developers are looking for good project opportunities. That's in our favor. But these market conditions may not last.

Q: What happens if we get an offer or even multiple offers? What would be the next step?

A: The Parish Council's Expansion Committee will review all qualified offers and negotiate to obtain the best price and terms. The Parish Council will recommend an offer or offers to the General Assembly. *Sale of property may only occur with approval of the General Assembly and the Metropolis.*



ST. SPYRIDON
GREEK ORTHODOX CHURCH
SAN DIEGO, CA



EXISTING SITE

February 10, 2015
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CONCEPT DESIGN
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ST. SPYRIDON
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SCHEME GG1- PERSPECTIVE- SOUTH EAST



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