

United Church of Canada
Church Development in Toronto Conference
2005 - 2009



prepared for
Toronto United Church Council
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May 3, 2005

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Introduction

For 113 years, Toronto United Church Council (“Council”) and its predecessors have played a significant role in church development within Toronto Conference (“Conference”). In 1995, Conference formalized its relationship with Council in a covenant whereby the primary support role for Church Development Ministries within the Conference rests with the Council. Under this covenant, Council has engaged in a variety of church development projects, such as the development of new congregations in growing communities, the redevelopment of congregations in our changing urban contexts, and the revitalization of congregations affected by rural population shifts.

On March 21 2005, Council representatives met to articulate their understanding of church development requirements in Conference over the next five years. A representative of Conference attended the sessions as an observer and contributor. This paper sets out the group’s findings, as refined through review of and comment on an earlier draft.

The purpose of this paper is to inform our church’s decision making process regarding resource allocation. Specifically, it is offered to Toronto Conference’s Proceeds of Property Task Group in its examination of the continuing appropriateness of the current policy whereby 95% of the proceeds of surplus property received by Conference is directed to church development. This matter is important to the United Church because the current policy creates a prospectively significant source of funding for the work conducted under the covenant.

Summary

Financial Needs

Through our partnerships with Conference and presbyteries, 23 locations for church development in the period 2005 to 2009 have been identified, with associated financial requirements estimated in the neighbourhood of \$32 million to \$64 million, plus an additional \$32 million in bridge financing. These amounts do not include other initiatives that are in early stages of discussion, and others that will doubtless be identified over this period as presbyteries and other courts address their requirements.

Financial Resources

Funds available for church development consist of Council's unrestricted fund and internally restricted funds that could be reassigned by Council, and the Church Development Fund. As at December 31, 2004, these amounted to:

◆ Unrestricted Fund of Council	\$4,500,000
◆ Transferable internally restricted Funds	\$650,000
◆ Church Development Fund	\$333,000

The Investing in Ministry Fund can be invested in secured, low-risk, interest-bearing loans. Most of the 23 identified church developments do not meet these criteria, but some investments in bridge financing projects may do so. At December 31, 2004 the Fund held a balance of approximately \$2,600,000 available for such investments, which will go some way toward meeting bridge financing requirements.

In addition, Mission Support Grants have provided some program support for church development. Other funds that are used for church development work are administered locally by presbyteries or other bodies such as the Dufferin-Peel Extension Council. These funds are typically used within the presbyteries that administer them and in some cases are already fully committed. For these reasons we have not considered these locally administered resources as being available for cross-presbytery church development efforts.

Conclusion

Known church development needs far outweigh current resources. Capital appeals and contributions may provide some new resources, but there is no obvious source of the large sums that will be required other than the reinvestment of historic assets. The existing Toronto Conference policy concerning the use of proceeds from surplus property ensures this reinvestment is made. In light of identified needs, changing the policy would impact the ability of the United Church to meet the opportunities and challenges of church development in this Conference for years to come.

Church Development Realities

Changes in the social and economic environment inevitably impact church development. Three realities are felt to warrant special emphasis.

- ◆ Church development is no longer only a question of financing real estate. If a new church development or a church redevelopment is to succeed, there must also be program support – money for space, salaries, programs and administrative costs – and it must be guaranteed for several years.
- ◆ The *Guidelines for Church Development in the Early 21st Century* (prepared by Council in June 2001) state that “no development task should be undertaken unless an adequate level of qualified and suitable staff can be put in place, right from the start, to carry it through.” In most situations this means that a staff team of two or three people is required, configured to the particular situation. The costs of such a team must be included in the resource requirement.
- ◆ In recent years Mission Support Grants have provided approximately 25% of the program support for church development. Accordingly, Council’s funds and the Church Development Fund must be considered the primary sources of such funding.

Church Development Needs

Attachment 1 lists the 23 locations for church development initiatives over the next five years that Council is supporting in a variety of ways under the existing covenant. Other initiatives are in early stages of discussion, and more will doubtless be identified over this period as presbyteries and other courts address their requirements.

Six categories of church development costs are described below and are summarized in Attachment 2.

Category 1: Research programs

Research includes demographic analysis, study of planning proposals and related consulting fees to define a church development need. There are four known research programs to be undertaken in the 2005-2009 period. Each will cost between \$20,000 and \$60,000. Research programs are usually funded in whole or in part by a grant from the Church Development Fund. Research is typically the first stage of church development, and therefore several additional research programs are anticipated in this period.

Category 2: Program support

Program support funds space, salaries, program and administrative costs while a congregation is becoming self-supporting or moving through a redevelopment transition. Historically, the annual

cost has been in the range of \$65,000 - \$85,000 for the first five years, declining to zero over years six to ten. This level of funding typically provides for minimal staff and minimal physical / support resources. Experience shows that this is inadequate to meet the challenges of church development in the 21st Century.

As noted above, most church development projects, whether a new church, site redevelopment or revitalization of an existing church, require a staff team of two or three people. This would result in an annual cost of approximately \$160,000 to \$210,000 for each project for each of the first five years. There are twelve program support projects in the 2005-2009 period. Each requires multiple year support for a total of 56 support years. Recently this work has been funded by Mission Support Grants at a level of approximately 25%. The level of support will continue to depend on the decisions of the Mission Support Committee from year to year.

Category 3: Capital Land

A new church site outside the GTA requires three to five acres of land to construct church buildings and provide the parking required by the local municipality. Recent acquisitions have been in the range of \$300,000 to \$400,000 per acre. This figure would be higher in urban centres and lower in rural areas. An average of \$350,000 per acre is used for purposes of the estimates in this report.

Land costs per site are therefore in the range of \$1,050,000 to \$1,750,000. There are nine known capital land acquisitions in the 2005-2009 period. Land acquisitions are typically financed through the Church Development Fund and the General Fund.

Within the GTA, it is likely that any new site for church development (or the expansion of a building on an existing site) would be paid from the proceeds of sales of other sites. These situations are described below under Category 6: Bridge Financing.

Category 4: Capital Building

Site servicing, construction and basic furnishings cost between \$1,200,000 and \$2,400,000, depending on size. There are eight known capital building projects in the 2005-2009 period. Most will tend toward the upper end of the cost range to accommodate anticipated congregations of 250-300 people.

Buildings are typically financed through the Church Development Fund and the Unrestricted Fund of Council.

Category 5: Capital Retrofits

Churches must comply with provincial requirements concerning water quality and accessibility. Costs are estimated at \$10,000 per church without municipal supply for water, and \$50,000 - \$180,000 for accessibility (ramps, washroom and elevator). It is estimated that perhaps 50

churches will require water retrofits and 100 will require accessibility retrofits. These projects will require financing in the range of \$5,500,000 to \$18,500,000.

Currently, the Church Development Fund and the Unrestricted Fund of Council would be the only source of funds for such projects.

Category 6: Bridge Financing

Major developments require interim financing. For example, a site may be acquired to enable a group of churches to engage in merger and redevelopment discussions. The costs of the site may be recouped from the sale of some of the properties, but not until several years later. Until then, the capital is tied up and not available for other purposes. A typical GTA site (e.g. a former commercial property) would cost approximately \$4,000,000.

The Investing in Ministry Fund can be invested in secured, low-risk, interest-bearing loans. Most of the 23 identified church developments do not meet these criteria, but some investments in bridge financing projects may do so. At December 31, 2004 the Fund held a balance of approximately \$2,600,000 available for such investments, which will go some way toward meeting bridge financing requirements.

Other needs

In addition to the foregoing categories of costs, there will be other financial demands for church development. These will include development of church leadership and the exploration of new congregational forms, to name but a few.

Attachment 1 - Current Church Development Initiatives¹

<u>Name</u>	<u>Description</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Dufferin-Peel						
North Star – Springdale	new church development	P	P	P	P	P
Norval	overtaken by community growth	CL	CB			
North Bramalea / West Brampton	regionalization		B, CL, CB	B		
St. Andrew's Georgetown	housing project			B		
Grey						
Sarawak	overtaken by community growth	R	P	P, CB	P	
Thornbury	overtaken by community growth	R, CL	P	P, CB	P	
Muskoka						
Trinity Gravenhurst	housing project			B	B	
Simcoe						
Holly	new church development	P	P, CL	P, CB	P	P
Painswick	new church development	P	P, CL	P, CB	P	P
Wasaga Beach	new church development	P	P, CL, CB	P	P	P
Toronto Don Valley						
Ina Grafton Gage Home	institutional redevelopment		B			
Yonge Corridor Churches	regionalization		R	B		
Toronto South						
Regent Park	church redevelopment / housing project		CB			
Toronto Scarborough						
Central Scarborough Churches	regionalization		B			
Kingston Corridor Churches	regionalization		B			
SpiritWork	presbytery-based redevelopment		P	P		
Toronto West						

¹ These are initiatives known through Council's partnerships with Conference and Presbyteries.

<u>Name</u>	<u>Description</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
York						
Faith Chinese	new church development	P	P	P	P	P
Maple / Teston	regionalization	P	P, CL, B	P	P	P
Markham	new church development / regionalization	P	P, CL, CB	P, CB	P	P
Newmarket	community growth - church site acquisition		CL			
Oak Ridges	overtaken by community growth	P	P	P, CB		
Queensville	overtaken by community growth	P	P	P	CB	
Yonge Corridor Churches	planning study		R			
Water & Accessibility Retrofits	financing	C	C	C	C	C
Code and total by year						
R – Research	research, consultant fees, demographics	3	5	1		
P – Program support	salaries, operations, programs, music, etc.	10	14	14	11	9
CL - Capital Land	site acquisition	2	8			
CB - Capital Building	construction & furnishings	0	5	6	1	1
C - Capital Retrofits	financing retrofits	1	1	1	1	1
B - Bridge Financing	interim financing for major redevelopment	0	3	4	1	0
Other Council programs						
Development of church leadership	training & networking	P	P	P	P	P
Exploration of new congregational forms	research on ministry options		P	P		

Church Development initiatives in early stages of discussion

<u>Name</u>	<u>Description</u>
Orangeville	new church development
Alliston	overtaken by community growth
Bradford	designated provincial growth area
East Toronto Churches	Regionalization
Victoria Square	Regionalization

Attachment 2

Summary of CD Needs in Toronto Conference 2005-2009

Category	# of projects	Estimated costs	\$ (low)	\$ (high)
Research	4	\$20,000 to \$60,000 per project	80,000	240,000
Program support (12 projects each requiring multiple-year support for a total of 56 support years)	12	\$160,000 to \$210,000 per support year	7,840,000	10,290,000
Capital Land	9	\$1,050,000 to \$1,750,000 per site	9,450,000	15,750,000
Capital Building	8	\$1,200,000 to \$2,400,000 per building	9,600,000	19,200,000
Retrofits -- water	50	\$10,000 per building	500,000	500,000
Retrofits - accessibility	100	\$50,000 to \$180,000 per building	5,000,000	18,000,000
Subtotal			32,470,000	63,980,000
Bridge financing	8	\$4,000,000 per project	32,000,000	32,000,000
Total requirement			\$64,470,000	\$95,980,000

As shown, the total requirement is in the range of \$32 million to \$64 million, plus an additional \$32 million bridge financing.

Attachment 3

Church Development Resources of the United Church in Toronto Conference

The funds available for church development in Toronto Conference consist of the following:

Name	Possible use	Amount as at 31/12/04
Unrestricted Fund of Council	Any use approved by Council	\$4,500,000
Internally restricted Funds	Any use approved by Council, once it removes the restriction	\$650,000
Investing in Ministry Fund ²	Secured, low-risk, interest-bearing loans, such as eligible bridge financing	\$2,600,000
Church Development Fund	Any use approved by Council	\$333,000
Mission Support Grants	Program support	As determined by Mission Support Committee

Other funds that are used for church development work are administered locally by presbyteries or other bodies such as the Dufferin-Peel Extension Council. These funds are typically used within the presbyteries that administer them and in some cases are already fully committed. For these reasons we have not considered these resources as available for cross-presbytery church development.

Toronto United Church Council is preparing the launch of a capital appeal within which there is a proposed target of raising \$7,000,000 for church development by 2012. Some donors will designate contributions to specific projects. Such designated contributions will ease the demand on other funds, but Council will not have the authority to direct such contributions according to Conference priorities.

² As of 31/12/04 participants' balances amounted to \$5,265,000. The Fund held \$2,649,000 in the form of notes and mortgages, leaving approximately \$2,600,000 available for future loans.

Attachment 4

Year By Year Summary of CD Needs (an expansion of the table on page 8)

Categories of Church Development	2005 \$,000		2006 \$,000		2007 \$,000		2008 \$,000		2009 \$,000		total low	total high
	low	high	low	high	low	high	low	high	low	high		
Research	40	120	40	120	0	0	0	0	0	0	80	240
Program Support	1,440	1,890	1,920	2,520	1,920	2,520	1,440	1,890	1,120	1,470	7,840	10,290
Total grants	1,480	2,010	1,960	2,640	1,920	2,520	1,440	1,890	1,120	1,470	7,920	10,530
Capital Land	2,100	3,500	7,350	12,250	0	0	0	0	0	0	9,450	15,750
Capital Building	0	0	4,800	9,600	3,600	7,200	1,200	2,400	0	0	9,600	19,200
Retrofits - water	100	100	100	100	100	100	100	100	100	100	500	500
Retrofits - accessibility	1,000	3,600	1,000	3,600	1,000	3,600	1,000	3,600	1,000	3,600	5,000	18,000
Bridge financing	0	0	16,000	16,000	12,000	12,000	4,000	4,000	0	0	32,000	32,000
Total loans	3,200	7,200	29,250	41,550	16,700	22,900	6,300	10,100	1,100	3,700	56,550	85,450
Total requirement	\$4,680	\$9,210	\$31,210	\$44,190	\$18,620	\$25,420	\$7,740	\$11,990	\$2,220	\$5,170	\$64,470	\$95,980

All figures \$,000