

Faith House Special Meeting Agenda

September 29, 2024

Open with prayer

Slide presentation – 10 minutes

Comments by council members – 10 minutes

Floor is open to the congregation for questions and comments – 30
minutes

A motion and vote on the direction the congregation wants to take
regarding the Faith House. – 10 minutes

Faith House Property Evaluation

Evaluating whether to sell or retain the property

September 2024

Background Information

- Property Name: Faith House

- Owned by Faith Lutheran Church

- Purchased in 2007

- No mortgage on the property

Why did
FLC decide
to purchase
the Faith
House?

The primary reason Faith House was purchased was its location. We realized that with the growth in the Bitterroot Valley, this would be a rare chance to have adjoining property if the church wanted room for future expansion.

Current Use and Financial Details for Faith House

- • Currently rented for \$1,250 per month
- • Property management company retains 10% of rent
- • Remaining rent: \$1,125 per month
- • Split between general funds and a maintenance fund after any expenses used for minor repairs from the property management company.
- We pay property tax since it is a rental of \$2,106 per/year.
- We pay insurance on this home is \$763 per/year.
- Net annual income (if no repairs) \$10,631

Current
needs of
Faith
House
and Faith
Lutheran
Church

- Faith House
 - \$48,000 to 64,000*
 - Windows, Roof, Siding, Painting, etc.
- Faith Lutheran Church
\$85,000*
 - Water system, heating system, water heater.
- Total expected needs for both properties are approximately
\$149,000

Balanced Approach

- **Feasibility Study:** The council formed a committee to weigh the potential income against the projected expenses. This committee recommended selling the faith house and discussed the pros and cons of keeping vs. selling the property with the congregation.
- **Market Comparison:** The feedback from real estate agents suggests selling this home “as is.” They said we should be able to sell it for between \$350,000 and \$450,000. *Market figures quoted summer of 2024.
- **Congregational input:** Our governing documents for FLC require it, and we need to know the direction the congregation wants to take for the future of this property.

Maintenance Needs Overview of Faith House

- Professional evaluation indicates significant expenses for Faith House
- Risks of deferred maintenance impacting value or income

Current funds FLC has that can be used towards the needs at Faith House & the church facilities.

- Capital Savings \$4,394.37
- Doris Koch Fund \$63,125.38
- Endowment Funds Available \$5,500.73
- Total funds available that could be used for maintenance on Faith House and the FLC property **\$73,020.48**
- *as of September 20, 2024

FLC Long-term Vision

- Where do we see Faith Lutheran Church (FLC) in the next 1 year? 5 Years? 10 years?
- How does retaining or selling Faith House align with the church's goals and mission?

What is this congregations five to ten year goals?

- Eventually, Pastor Paul will retire, and the housing market will vastly differ from 5 to 10 years ago.
- We may want a parsonage for our next pastoral call. Before Pastor Brenda, we called a pastor who felt he could not afford to live in the Bitterroot Valley.
- Are there other areas we would want to use that property for in our mission? *Extending parking, missions, etc.*

Considerations if we choose to retaining the property

- Maintains the option for future use as a parsonage or other mission use.
- Current rental income. We have experience good rental history.
- Gives FLC flexibility for future use.
- Long-term responsibility for upkeep.
- Expensive maintenance needed

Next steps to consider if Faith House is retained.

- Review rent and consider the possibility of increasing it.
 - Continue to split income between our general fund and long-term facility needs.
 - Or no longer split the rental income and actively reinvest the rental income into the improvements and updates needed.
- We could use some or all of the funds available to address the needed improvements; however, we still need funds for maintenance required for the FLC church.
- Actively engage, as a congregation on a fundraising campaign and process to address the needs of the house.

Considerations for Selling the Property

- Estimated selling price: \$350,000 - \$450,000
- Funds could be redirected to church facility needs.
- Loss of physical asset
- No longer have the continued responsibility of upkeep.

Reasons to Sell the Property

- **Maintenance Costs:** Repairs and updates might lead to financial strain with ongoing maintenance, which outweighs the rental income.
- **Limited Ministry Use:** The property has no immediate ministry use. Selling might allow the church to reinvest in areas that support the church, such as the church facility.
- **Real Estate Market:** Right now, the market is favorable.
- **Simplified Operations**

Input of Council Members

- The floor will be open to the council for additional input.

Open Discussion

- The floor will be open to the congregation for questions and comments on this issue.