

# Unitarian Universalist Fellowship of Franklin, NC Fellowship House Usage Ad Hoc Committee Report

## Introduction

At the August 13<sup>th</sup>, 2023 meeting of the Board, it was decided to form an Ad Hoc Committee to consider the feasibility of renting the Fellowship House. Becky T, Paul, Milo, Murray, Lotus and Nate, Hank and Donn reviewed prior inspection reports, toured the building and have given consideration to various alternative use options and need for improvements.

## Conclusion

The Committee recommends the Board proceed with the option to **Lease the Fellowship House** to someone willing to fund the necessary repairs in exchange for using the building for residential purposes as described later in this document.

This document provides background for this recommendation.

## Background

Several alternative options for use of the Fellowship House were considered and this report summarizes the findings of this committee.

## Demolish

Demolish the Fellowship House and remove all material leaving a vacant, level area.

Several years ago, an estimate was received from a contractor to do this at cost of \$6,000-7,000.

Cost: \$17,000 based on \$10,000 Demolition (guess) + \$5,000 Water and Electric Service Rerouting (guess) + \$2,000 Storage Shed (guess)

Revenue: None

### Pros

- Relieves Fellowship of continued maintenance responsibility of the building.
- Provides a nice level area for alternative uses.
- Minor reduction of expenses: insurance, water and electric services

### Cons

- Funding the cost of Demolition and rerouting water line and electric line to sewer pump and light pole to Sanctuary
- Need alternative storage space
- Loss of the building for current and potential future uses.
- Loss of sentimental/historic value and attachment to our members.

### Recommendation

Discard this option because of the significance of the building in our history.

## Sell

Sell the Fellowship House as is on the open market.

Cost: \$7,000 based on \$5,000 Water and Electric Service Rerouting (guess) + \$2,000 Storage Shed (guess)

Revenue: \$125,000 (guess)

### Pros

- Monetary gain for the Fellowship of some \$125,000.
- Relieves Fellowship of continued maintenance responsibility.
- Minor reduction of expenses: insurance, water and electric services
- We could sell with a clause granting us "first right of refusal" should the building be resold.

### Cons

- Potential adverse impact of new neighbors on the appeal of our Fellowship with such close proximity to our sanctuary (25 ft). There would be no control in who the property might be resold to: noise, visual, opposing societal beliefs, lack of maintenance, etc.
- Loss of potential use of the building now and in the future
- Cost to reroute water line and electric line to sewer pump and light pole to Sanctuary
- Need alternative storage space.

### Recommendation

Discard this option because it could expose us to some potential serious negative consequences.

## Improve for UU Use

Make the improvements necessary to have the building usable for our needs.

Cost: \$ 83,064.50

Revenue: None

### Pros

- Space could be available for a **UU Gathering Space** to accommodate Board Meetings and other meetings with a long table and chairs and zoom capabilities; social gatherings (around the fireplace) could accommodate gatherings with comfortable chairs, sofas, coffee table; coffee house with musical events
- Space would be available for expanded activities of Fellowship: Religious Education for adults and children; storage of our "stuff"; etc.
- Improvements could be staged to meet usage needs.
- Member participation in making the improvements could build community within our Fellowship.

### Cons

- Funding \$ 83,064.50 of improvements and continued maintenance expense. Our current level of contributions could not support this expense.

- Questionable need for interest in using the building for expanded activities to justify the expenditure.

#### Recommendation

Discard this option for lack of finances to fund it.

### Residential Rental

Improve the building for residential rental.

A Rental Agreement would define the terms and conditions of the Rental.

This would require an investment of some \$ 66,564.50 to make the building rentable. Funding could come from several potential sources: contributions, personal loans, fundraisers or a bank mortgage.

If we offered the property at a reduced affordable rent, we could progress it as a social justice project and might make it eligible for additional funding opportunities.

Cost: \$ 66,564.50

Revenue: \$1,200 - \$1,500/month (guess)

#### Pros

- Received rents would provide a revenue stream to fund these improvements, future needs and maintenance.
- A monthly rent of \$1,200- \$1,500 would generate \$14,000-\$18,000/year.
- This revenue stream could enable us to make further improvements to the building such as making it environmentally friendly.
- The building would be available for potential future uses.

#### Cons

- Funding the improvements.
- Some additional expenses would reduce our revenues: rental management fee, insurance increase, maintenance expenses, etc.
- Our parking lot would need to be shared with tenant to provide handicapped accessibility.
- Managing a difficult renter could be major effort.

### Residential Rental and UU Gathering Space

This option is identical to the Residential Rental Option except a portion of the building would be divided to accommodate a **UU Gathering Space** to accommodate Board Meetings and other meetings with a long table and chairs and zoom capabilities; social gatherings (around the fireplace) could accommodate gatherings with comfortable chairs, sofas, coffee table; coffee house with musical events and storage uses of the Fellowship.

A Rental Agreement would define the terms and conditions of the Rental.

This would require an investment of some \$ 66,564.50 to make the building rentable plus \$16,500 for the UU Gathering Space totaling \$83,064.50. Funding could come from several potential sources: contributions, personal loans, fundraisers or a bank mortgage.

If we offered the property at a reduced affordable rent, we could progress it as a social justice project and might make it eligible for additional funding opportunities.

Cost: \$ 83,064.50

Revenue: \$1,000-\$1,200/month (guess)

#### Pros

- Received rents would provide a revenue stream to fund these improvements, future needs and maintenance.
- A monthly rent of \$1,000-\$1,200 would generate \$12,000- \$14,400/year.
- This revenue stream could enable us to make further improvements to the building such as making it environmentally friendly.
- The building would be available for potential future uses.
- **Space would be provided for meetings, social gatherings and some storage.**

#### Cons

- Funding the project
- Potential for Residential Rental might be diminished with a portion of the building being used for UU activities. Sound proofing would be important.
- Residential Rental income would be lessened due to less desirable space.
- Some additional expenses would reduce our usable revenues: rental management fee, insurance increase, maintenance expenses, etc.
- Our parking lot would need to be shared with tenant to provide handicapped accessibility.
- Managing a difficult renter could be major effort.

### Lease

This option is identical to the Residential Rental Option except we would Lease the building to someone who would fund the necessary improvements in exchange for using the building for residential purposes for a time period sufficient to compensate them for their initial investment.

A Lease Agreement would be created to define the terms and conditions of the Lease. It would include: UU and Lessee agreeing on if a portion of the building will be used for UU purposes, UU and Lessee jointly identifying needed repairs, determining which needs would be undertaken directly by the Lessee and which would be done by contractor, obtaining a construction bid, agreeing to length of lease to offset cost, undertaking construction contract, implementing the lease.

Cost: \$66,564/\$ 83,064.50 (Depending on if it includes the UU Gathering Space)

Revenue: \$66,564/\$ 83,064.50 initially

#### Pros

- There would be no significant financial outlay for the Fellowship.
- The building would be available to the Fellowship at the end of the Lease for potential future activities or the Residential Rental option could be applied at the end of the Lease

#### Cons

- Some effort in creating a Lease Agreement.

### Considerations

- Implementation of each of these options will require significant effort: identify work to be done, hire and manage a contractor to make the improvements or organize member work parties, prepare and administer rental/lease agreements. **Adoption of any of the options must include commitment of a dedicated team to see them through.**
- Our Fellowship began in the Fellowship House. As membership grew in size and community, the new Sanctuary and Celebration Hall were constructed with the intention of them supplementing the Fellowship House which would be converted for offices, classrooms and meeting rooms. This later plan did not materialize but remains in the hearts and hopes of our founders and some of our members. Loss of this building and the potential for realizing a blossoming Fellowship must be considered in our decision as to future of this building.
- Without the use of the Fellowship House, we have no separate place for our leaders to meet or work. We have been making due by accommodating hybrid Board Meetings in the Sanctuary and hybrid meetings in a corner of Celebration Hall. While these have been adequate, they could be improved by creating a Zoom Room in the Fellowship House. Celebration Hall has always been difficult to hear in when the room is full of people talking. There has been much talk over the years of improving the acoustics or partitioning to enable multiple, concurrent events, but no one has come up with a good proposal. The Fellowship House could accommodate these other meetings.
- The new building does not have storage area, so we are currently storing "stuff" in the Fellowship House. While our "stuff" can be reduced, we will need to have space to store it.
- Working together on projects builds community. Managing a rental property or organizing events in a gathering space brings people together.

## Appendix A – Floor Plans



Existing Fellowship House Floor Plan



Free SD export  
floorplanner

Gathering Space for Fellowship Use Floor Plan

## Appendix B - Needs

The Ad Hoc Committee reviewed prior inspection reports to identify needs.

### Make the Building Usable for Any Option

- HVAC – The existing heat pump is not working.
- Structural Repairs – prior inspection identified several joists were cracked.
- Electrical – missing GFCI in kitchen and baths, missing cover plates switch boxes, junction box
- Plumbing- the hot water tank has been removed, fixtures in kitchen and bathrooms need to be made workable, reboot roof vent,
- Odor – there was a persistent odor in the building. Significant work has already been done: professional cleaning of the carpet, airing and dehumidifying have improved air quality.

Further efforts may be necessary to address the odor:

The crawl space may need to be encapsulated at quoted price of \$8,000.

The carpet may need to be replaced at a quoted price of \$7,000.

### Additional Needs for Gathering Space

Construct new walls to divide the Rental space from the Gathering Space and walls for bathroom and storeroom with door for each. Electrical outlets, lights and wall switches are needed. The **UU Gathering Space** would accommodate Board Meetings and other meetings with a long table and chairs and zoom capabilities; social gatherings (around the fireplace) could accommodate gatherings with comfortable chairs, sofas, coffee table; coffee house with musical events and storage uses of the Fellowship.

### Other Needs

- Trim branches over chimney: \$100.
- Some roof shingles need replacement.
- Chimney: needs spark arrestor and recapping of cement top, rotted trim near chimney.
- Grade to drain away from building on west side (parking lot).
- Add a railing on back door steps.
- Front railing, install balusters to prevent children from climbing through railing.

### Other Issues

- Water service is via a single line/meter.
- Electric service is separate for the 2 buildings, but light pole and sewer pump are on Fellowship House meter.



## Appendix C – Repair Cost Estimates

Ronnie Beale (Beale Construction Inc.) provided estimates for the cost of making repairs to the Fellowship House based on a list of items provided by prior inspections and guidance offered at a meeting with him, Paul, Jim and Donn. The total estimate is \$83,064.50. (I think the \$0.50 was for the coffee he needed to prepare this estimate in time for the Board Meeting.) Attached is his estimate.

These repairs include: new mini-split HVAC, addressing current plumbing and electrical issues, repairs to the floor system, insulating the floor, vapor barrier (not full encapsulation) but including new crawl space vents, replacing all exposed windows in the main building (not those accessing porch and not those on the porch), and a Gathering Space dividing off the fireplace side of the building and including a new half bath and storeroom. A 15% contingency cost is included for unanticipated work.

Only some options for use of the Fellowship House include the Gathering Space. The included cost for the Gathering Space is \$16,500 which would be excluded for some options.

## Appendix D - Loan Amortization Schedule

| Amortization Examples |          |             |             |
|-----------------------|----------|-------------|-------------|
|                       |          | 5% Interest | 7% Interest |
|                       | Duration | Monthly     | Monthly     |
| \$66,565              | 5        | \$1,256     | \$1,318     |
| \$66,565              | 10       | \$706       | \$773       |
| \$83,065              | 5        | \$1,568     | \$1,645     |
| \$83,065              | 10       | \$881       | \$964       |

Source:

<https://www.calculator.net/amortization-calculator.html?loanamount=50%2C000&loanterm=5&loantermmonth=0&cinterestrate=5&startmonth=2&cstartyear=2024&cexma=0&cexmsm=2&cexmsy=2024&cexya=0&cexysm=2&cexysy=2024&cexoa=0&cexosm=2&cexosy=2024&caot=0&xa1=0&xm1=2&xy1=2024&xa2=0&xm2=2&xy2=2024&xa3=0&xm3=2&xy3=2024&xa4=0&xm4=2&xy4=2024&xa5=0&xm5=2&xy5=2024&xa6=0&xm6=2&xy6=2024&xa7=0&xm7=2&xy7=2024&xa8=0&xm8=2&xy8=2024&xa9=0&xm9=2&xy9=2024&xa10=0&xm10=2&xy10=2024&printit=0&x=Calculate#calresult>