



First AME Church PARSONAGE TASK FORCE REPORT 2021

TASK FORCE MEMBERS:

Luther Lyle, Chair

Rhonda Buchanan

Judge LeRoy McCullough

Kent McKinney, Sr.

Dale Decquir-Williams

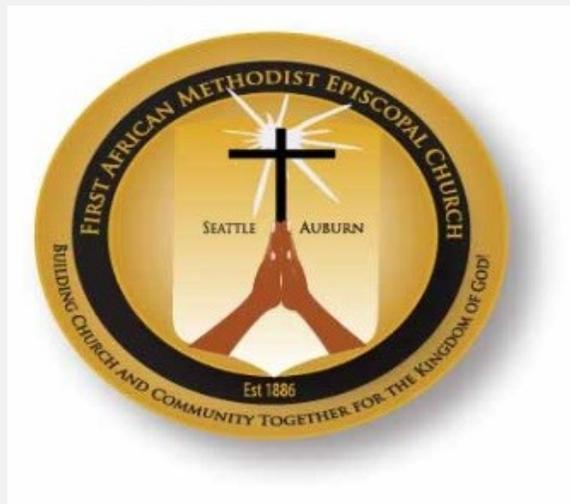
Executive Summary

The Parsonage of First AME Church – Seattle, WA

The Parsonage of First AME Church was purchased in 1953 to provide housing for any church senior pastor and family assigned to First AME.



***1020 Washington Place East
Seattle, WA 98112***



The Pastor and the Stewardship and Finance Commission wish to thank the work of the Parsonage Task Force that was organized during the COVID Pandemic. This pandemic impacted our church in so many ways.

Please see below a list of Frequently Asked Questions about the parsonage that is owned by the church.

Frequently Asked Questions

1. What is the Parsonage?

The parsonage is a single-family property located in the Madison Valley area of Seattle at 1020 Washington Place East, Seattle, Washington. It is owned free and clear by First AME. It was purchased by the church in 1953 to provide immediate housing for any church senior pastor and family assigned to First AME. Redfin describes it as a 5-bedroom, 1.5 bath, 2310 sq. ft. residence. The more accurate and functional description: 4 bedrooms and 1.75 baths.

2. Is it currently used for pastoral residency?

No. It was last used as a pastoral residency in 2001.

3. Does the church provide a housing benefit for the Senior Pastor?

Yes. Since 2001, our senior pastors have opted to receive a monthly housing allowance instead of living in the parsonage. It allows the pastors to choose their own residences to rent or buy in areas that may be best for them and their families. The housing allowance in lieu of the parsonage is part of the senior pastor's salary package. That package is negotiated annually by the Steward Board of First AMEC.

4. How has the parsonage been used since 2001?

Since 2001, the parsonage has been used as rental property for the church. Until 2020, our managing agent was Windermere Realty. They were retained to market the property, collect rents and oversee the maintenance. Windermere reported to First AME Trustee Board, the church body responsible for the parsonage and for all First AME real

estate and physical properties. To save costs and to provide better oversight, First AME Trustees now manage this property.

5. Is the property rented now?

No, it is vacant. The last renters vacated the property August 1, 2020. Currently, First AME maintains the cost of insuring this property at \$116 month. This amount is subject to increase depending on the length of time the property remains vacant.

6. How was the parsonage when the most recent renters left it?

The renters left it with heavily soiled and damaged carpeting; broken windows; broken and dirty window coverings; faulty, inoperable plumbing; broken furniture; and more. About 8 dedicated Trustee and Brotherhood members met at the property on Saturday, October 10, 2020 to clean the property and restore it to minimal health and safety standards. The church paid for disposal of the 3 trailers of refuse that were left at the property.

7. How much was the church receiving in rent?

The most recent renters were several unrelated young adults. The collective rental amount due was \$ 3,050 per month.

8. Was this rental income a gross or net amount?

It was gross. There were many expenses associated with this 1953 property. Refer to table below.

9. Did FAME operate the parsonage at a loss?

See P/L table below:

Income	2018	2019	2020
Total Monthly Rent \$3050 mo.	\$36,600	\$36,600	\$13,320
Expenses			
Property Management Fee – 10%	\$3,660	\$3,660	\$1,332
Maintenance / Repairs interior/exterior	\$4,390	\$12,967	\$3,932
	\$8,050	\$16,627	\$5,264
Additional Expenses			
Parsonage Insurance	\$1,400	\$1,400	\$1,400
Property Taxes	\$9,472	\$8,867	\$10,500
Total Expenses	\$18,922	\$26,894	\$17,164
Total Net Profit and Loss	\$17,678	\$9,706	-\$3,844

10. How much will it cost to get it ready for rental now?

After extensive research and analysis that included input from professional contractors, the Parsonage Task Force concluded that it would cost from \$125,000.00 – \$175,000.00 to restore the property and update it to make it attractive to a responsible renter.

11. Can we afford this upgrade?

No. Our church treasurer and Stewardship and Finance Commission (SFC) remind us that we are in the middle of an unprecedented pandemic. Community members are experiencing health issues, as well as lost or reduced wages. And our in-person worship services are suspended indefinitely. At the same time, we have been blessed to maintain financial stability because of (a) members’ generosity (b) federal grant/funds and (c) because we have reduced expenses. Stated differently, because we are not using the church building for worship, choir rehearsals, meetings and other such uses, we have had savings in personnel, utility and other costs. The SFC does not recommend incurring any *new debt* or liens at this time.

12. Can't we get an equity or other loan?

The First AME Church Parsonage Task Force consisted of members from the FAME South and North campuses. It was chaired by a housing and zoning specialist. PTF membership included a banker. Utilizing the internal and other expertise, the PTF concluded that in order to secure such a loan, we would need individual members of the church to sign on as loan guarantors. We cannot secure a loan based on the value of or attractive equity in the property. (And as a historical note, we were blessed to have had a successful capital campaign drive that paid off the bank loan for remodeling costs associated with the bathroom and other upgrades. That drive was labor intensive. It involved a combination of personal loans, breakfast fundraisers, car washes and other pre-covid activities that are not appropriately considered at this time.)

13. What are our options?

After thorough consideration of alternatives, pros and cons, the Parsonage Task Force recommended that the Parsonage be sold. The SFC and Trustees have voted to accept this recommendation.

14. What would that look like?

The PTF engaged 2 realtors and 1 appraiser. The Puget Sound Appraiser valued the property at \$1.075 – 1.1 million. One realtor offered a range of \$785,000 - \$2.3 million. A second realtor's estimate was \$985,000 - \$1.25 million.

15. So, who would be our realtor?

The Sr. Pastor would make and confirm that decision in consultation with the SFC and Board of Trustees. Emphasis will be placed on using members of our own faith community.

16. What would be the net?

The PTF noted the following: with an assumed selling price of \$1,175,000.00, the estimated net would be \$1,005,036.00. Seller costs and fees account for the difference.

17. How would the proceeds be spent or monitored?

As with all revenue, the SFC collaborates with the Senior Pastor on how the proceeds would be invested or spent. The SFC members include elected trustees, appointed and confirmed stewards, and at large members of First AME Church. The SFC financial reports are given regularly to the church conferences and official board meetings. In addition, the SFC recommends continued engagement with our current financial advisor, Morgan Stanley, to solicit advice on strategies that would build long-term and sustained growth for First AME. The bottom line is this: any and all financial decisions will be in line with our church policies and procedures, the AMEC Discipline and in line with the Great Commission, Matthew 28:19-20, to reach out to evangelize and teach all nations and communities to make disciples in the name of the Father, Son and Holy Spirit.

18. Would the proceeds be used to buy or build a FAME South facility?

Per demographics, South King County offers many opportunities to reach, teach and evangelize. Supporting that evangelism accords with our Mission and with the Word of God. However, any specific plans would need to be considered by the SFC and pre-approved by elected trustees. Overall, a portion of these funds would be used to invest in church growth and development of both north and south county ministries.

19. What about our AMEC Book of Discipline?

Once the local church votes to sell the property, the Senior Pastor would engage the Presiding Elder of the Conference and Conference Trustees to approve the sale and take all other steps in strict accordance with the AMEC Book of Discipline.

20. Last question: wouldn't selling this Central Area property support gentrification?

- a. First AME would continue to own and operate our signature and landmark Central Area property at 1522 14th Avenue, Seattle, Washington.
- b. First AME would continue its financial, supportive and collaborative relationship with the MLK Community Center, 3201 E. Harrison, Seattle. This is another Central Area property.
- c. First AME will continue its support of the First AME Housing Corporation and its operation of 3 Central Area housing properties for low income and senior residents.
- d. First AME is engaged with a new venture, FAME Equity Alliance of Washington. This is a partnership created through Catholic Community Services and First AME Church to provide affordable housing. The goal is to preserve and increase the housing inventory for African American and other community members of color. Pastor

Anderson chairs the FAME Equity Alliance of Washington board. Other First AME members of the Alliance include the church treasurer, Steward Pro Tempore, and other church members.

- e. And, one option includes using the net proceeds to acquire other real estate that will be a spiritual and financial blessing for our church and the community.

Thank You!

