

November 7, 2017

Philadelphia Historical Commission
One Parkway, 13th floor
1515 Arch Street
Philadelphia, PA 19102

Re: Trinity Church Oxford – Parish House (6901 Rising Sun Avenue)

Introduction

Econsult Solutions was asked to conduct a preliminary economic analysis of the parish house for Trinity Church Oxford. The broad question is whether there is likely an economically viable reuse of the existing structure, should it be designated as a historic building. To conduct this analysis, I have reviewed documents and interviewed people familiar with the building, including:

- Physical inspection of the building on November 2, 2017
- Interviewed Chuck Tucker, Vestryman, on November 2, 2017
- Interviewed Ron Cappello, realtor, on November 3, 2017
- Interviewed Joe Bachman, accountant, on November 6, 2017
- Reviewed the Summary Appraisal Report, dated May 23, 2013
- Reviewed the Vestry Handout, dated September 23, 2013
- Reviewed the Nomination of Historic Building, Structure, Site, or Object - Philadelphia Register of Historic Places - Philadelphia Historical Commission, dated April 12, 2017
- Reviewed financial information from the church and the parish house
- Conducted an independent investigation of market rents in the area

My analysis is based on information available to me at the time of this letter, and should additional information become available, the conclusions may change as well.

The Building

The property sits between Oxford Avenue, Rising Sun Avenue, Disston Street and Longshore Avenue in northeast Philadelphia. The property contains four structures: the church building itself, which is close to Oxford Avenue, two smaller buildings along Longshore Avenue near Bingham Street, and the auditorium, gymnasium, and

classroom building, which is closest to Rising Sun Avenue. This report concerns the auditorium, gymnasium, and classroom building, which is referred to as the “Trinity Church Oxford Parish House” in the nomination form to the Philadelphia Register of Historic Places.



Image from the Nomination of Historic Building, Structure, Site, or Object - Philadelphia Register of Historic Places - Philadelphia Historical Commission

The “Oxford Parish House” building is U-shaped. The northern leg of the U contains the auditorium, the base contains the gymnasium, and the southern leg contains classroom space. The building was built in two phases, 1928 and 1963, according to the nomination. The site is slightly sloped, and consequently the building has multiple levels, often connected by short flights of stairs.

The condition of the building is less than ideal, and shows the effect of deferred maintenance. In addition to the generally rundown state of the building, there are numerous systems that one would expect in a modern building that are absent or severely compromised. For example:

- There is no elevator.
- There is no air-conditioning.
- The original heating system, which consists of hot water radiators, currently functions in only part of the building. The church installed a supplemental heating system with air ducts to heat the balance of the building.
- The building is not ADA accessible. There are no ADA accessible bathrooms.
- Most of the bathrooms contain child-sized fixtures

Potential Uses for the Building

The Oxford Parish House is a special purpose building. It was constructed to serve the needs of the church for a gymnasium, auditorium, and Sunday School classrooms. Both the auditorium and the gymnasium are large, open spaces. The interior spaces are thus not optimized for the most common uses, such as residential, retail or office uses. It would take a great deal of investment to adapt the building for these uses, which would likely involve additional floors inside the existing structure.

The building would be suitable for uses that required gathering spaces, such as performances or athletic competition, or for uses similar to the original purpose, such as Sunday school or day care. The two most recent tenants were a day-care center and the Police Athletic League.

The Market

I understand that there have been efforts to market the Oxford Parish House as it is currently configured, and that there has been no interest to use it as is. This lack of interest is consistent with the condition of the building and the specialized configuration of the building.

Even though the building is not well suited to commercial uses, we have conducted preliminary investigations into the market for retail use. For more traditional uses, such as retail, there are many other buildings nearby that are in better condition, are better configured, and are in superior locations. The rental rate for a modern, properly configured retail space with parking is approximately \$10-\$15 per square foot, for an amount of space appropriate for a retail store. There is no comparable building to the Oxford Parish House currently used as retail space in the area, so direct comparison is not possible, but the rental rate would be considerably lower than custom built retail space.

Further, any tenant would need to make a significant investment to improve the building so that it can be put back to use.

I understand that the most recent tenants paid a total of \$2,000-\$3,000 gross rent per month. Expenses were the responsibility of the church. Thus, the best estimate of rent should the building be rented is \$2,000-\$3,000 per month, before expenses.

Operating Costs

Information from the church's accountant indicates that the building currently costs approximately \$30,000-\$36,000 per year to operate and maintain as a vacant building. These expenses include a maintenance contract for the existing heating system, general maintenance of the building and grounds, insurance and utilities. If

the building were occupied, then the annual expenditures would be greater. For example, the church currently heats the building just enough to keep the pipes from freezing. Were the building to be occupied, the temperature would have to be increased significantly, and hence the heating bill would increase commensurately. Similarly, if the building were in daily use, there would be additional maintenance charges that are not currently incurred.

I understand that the church currently pays nominal property taxes, but that the City has recently sent a property tax bill for approximately \$19,000, based on the potential commercial use of the property. If the building were to be used as commercial space, the church's property tax expenses would likely increase significantly. This expense is in addition to the \$30,000-\$36,000 operating expenses, so that total expenses would be \$49,000-\$55,000 plus increased utility and maintenance costs.

Impact of the building on the church

The expense of operating the Oxford Parish House is of obvious concern to the church. The church currently lacks a full-time rector. According to financial projections provided by the church, if it hires a part time rector, revenue would be approximately \$72,000 and expenses, including the costs to operate the Oxford Parish House, would be approximately \$213,000, for a loss of \$141,000. Hiring a full time rector would significantly increase the deficit. The church had cash assets of approximately \$407,000 on October 1, 2017, so a deficit of this size would exhaust the assets in three years. These assets are used to support the entire church property, including the main church building, which dates to 1711.

The financial condition of the church reflects the condition of numerous other churches. The Trinity Church Oxford Parish has suffered from declining membership. Though there are nominally approximately 200 members, average Sunday attendance is approximately 60 people. This small congregation limits the revenue available to support the church's operations, including building maintenance.

The church pays the \$30,000 - \$36,000 annual operating cost from the church's general fund. If the Oxford Parish House were to be sold or leased to at third party, that expense would disappear. Further, revenue from the lease could diminish or eliminate the annual deficit.

Conclusion

Based on the information available, there is no indication that there is a use for the Oxford Parish House that is financially viable. While the building might be able to find a tenant, the rent that the tenant is likely to pay would not necessarily cover the incremental operating costs of the building when compared to the current status. The rent would likely not cover the full operating costs of the building. Thus, it is likely that there is not an economically viable reuse of the existing structure.

Regards,

A handwritten signature in black ink that reads "Peter A. Angelides". The signature is written in a cursive style with a long horizontal flourish at the end.

Peter Angelides, PhD, AICP



Trinity Church, Oxford
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CASH FLOW PROJECTION	10/1/2017	FULL TIME RECTOR			PART TIME RECTOR		
		10/1/17-9/30/18	10/1/18-9/30/19	10/1/2019-9/30/20	10/1/17-9/30/18	10/1/18-9/30/19	10/1/2019-9/30/20
<u>INCOME</u>							
Income from Investments		6,300	6,300	4,000	6,300	6,300	4,000
Pledges, etc		74,333	74,333	74,333	64,333	64,333	64,333
Other		1,500	1,500	1,500	1,500	1,500	1,500
Total Income		82,133	82,133	79,833	72,133	72,133	69,833
<u>EXPENSES</u>							
Auto allowance		800	800	800	400	400	400
Continuing education		1,250	1,250	1,250	750	750	750
Education		500	500	500	500	500	500
Evangelism		400	400	400	400	400	400
Fellowship		7,600	1,000	1,000	7,600	1,000	1,000
Legal		14,000	0	0	14,000	0	0
Maintenance contracts		4,760	4,760	4,760	4,760	4,760	4,760
Music		9,000	9,000	9,000	9,000	9,000	9,000
Office supplies/expenses		9,000	9,000	9,000	9,000	9,000	9,000
Outreach		20,000	15,000	15,000	20,000	15,000	15,000
Property expenses		52,400	52,400	52,400	52,400	52,400	52,400
Salaries, etc		154,532	154,532	154,532	91,402	91,402	91,402
Vestry expenses		500	500	500	500	500	500
Worship		2,500	2,500	2,500	2,500	2,500	2,500
Total Expenses		277,242	251,642	251,642	213,212	-187,612	-187,612
TOTAL DEFICIT		-195,109	-169,509	-171,809	-141,079	-115,479	-117,779

ASSET POOL TO DRAW FROM AS OF 10/1/2017:	
CHURCH FOUNDATION	155,542
DELAWARE GROUP	21,628
MERRILL LYNCH	108,760
WELLS FARGO	17,590
VANGUARD	104,288
TOTAL	407,808

407,808	used to fund deficit year 1
-195,109	year 1 deficit
212,699	used to fund deficit year 2
-169,509	year 2 deficit
43,190	available to fund future deficits

407,808	used to fund deficit year 1
-141,079	year 1 deficit
266,729	used to fund deficit year 2
-115,479	year 2 deficit
151,250	used to fund nd deficit year 3
-117,779	year 3 deficit
33,471	available to fund future deficits



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**TRINITY CHURCH OXFORD
 EXPENDITURES DIRECTLY
 ATTRIBUTABLE TO ADMINISTRATION BUILDING IN:**

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	
MAINTENANCE CONTRACTS	0	158	578	0	326	0	484	163	595	163	163	163	163	163	595	0	168	336	163	163	163	163	163	163	168
GROUNDSKEEPING	457	305	1200	0	1560	0	1300	152	305	457	305	352	400	400	1075	0	152	900	450	527	800	572	400	400	400
PROPERTY INSURANCE	0	1185	0	84	1223	0	0	0	1235	44	1235	0	0	1235	0	0	0	1235	0	0	1006	0	0	1006	0
MAINTENANCE	0	2298	517	1405	222	260	371	770	0	560	522	607	0	100	1426	0	0	4040	359	593	1059	0	0	0	0
UTILITIES	797	154	401	1105	2197	2047	1486	984	19	277	304	227	83	112	154	51	1381	1689	1117	27	618	0	289	571	571
WATER/SEWER	248	233	160	261	0	574	223	215	249	211	214	214	225	203	217	224	229	216	214	216	218	90	351	230	230
SEXTON	185	137	137	117	64	123	185	137	123	137	123	199	123	137	126	137	123	191	140	123	143	157	157	199	199
6901 PROJECT (LEGAL FEES)	3780	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1424	1000	0	1000	1000
TOTAL FOR MONTH	5467	4470	2993	2972	5592	3004	4049	2421	2526	1849	2866	1762	994	2350	3593	412	2053	8607	2443	1649	5431	1982	1360	3574	3574



Trinity Church Oxford *Key Survey Findings*

October 26-29, 2017

Sample: 400 likely voters



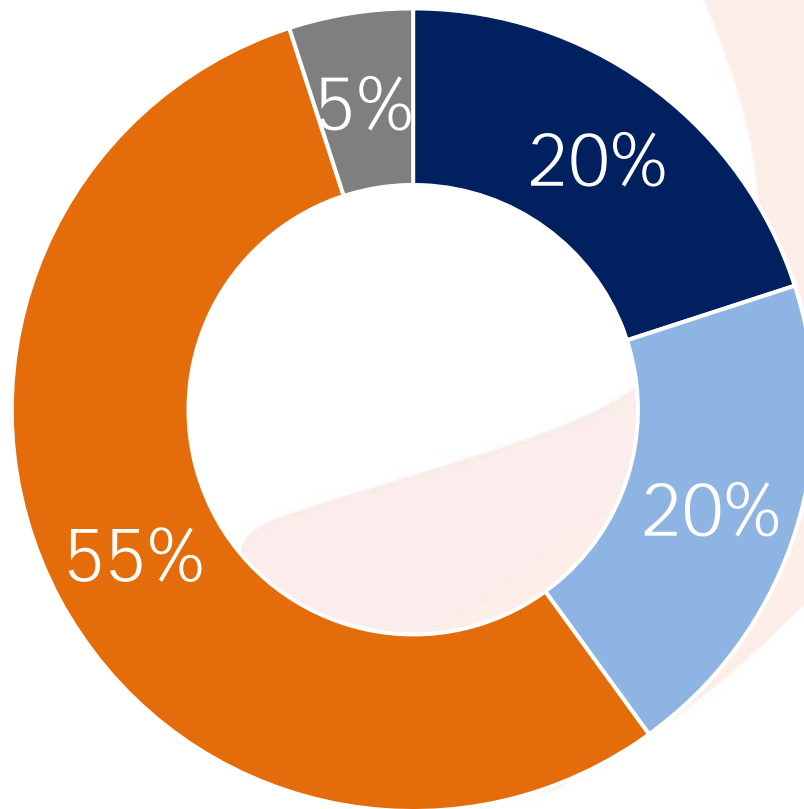
Brock McCleary, President

Methodology

The sample size for the survey is 400 likely voters in Northeast Philadelphia, Pennsylvania in Zip Code 19111 and the margin of error is +/-4.9%. Responses were gathered via landline interviews conducted using Interactive Voice Response (IVR) technology. The survey was conducted October 26 - 29, 2017 by Harper Polling. The total percentages for responses may not equal 100% due to rounding.

Trinity Church Oxford Awareness

Q: First, have you heard, read, or seen anything recently about a local church in your area named Trinity Church Oxford, on Longshore Avenue?



Total Yes: 40%
Total No: 55%

- Yes, a lot
- Yes, some
- No
- Not sure

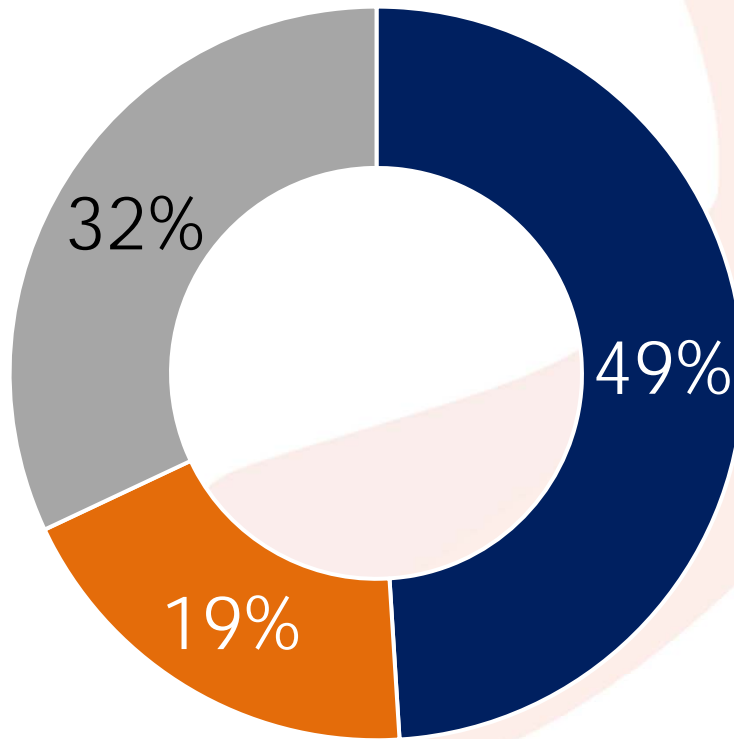
Parish House Background

Background:

Trinity Church is a local historic Episcopal church in your neighborhood. Like many churches, Trinity is facing difficult financial times. So the church is proposing to lease some of its property to have enough money to preserve the historic church property and keep open space for the community. This would require tearing down a church-owned support building along Rising Sun Avenue. Otherwise, the entire block will be fenced off.

Lease Opinion

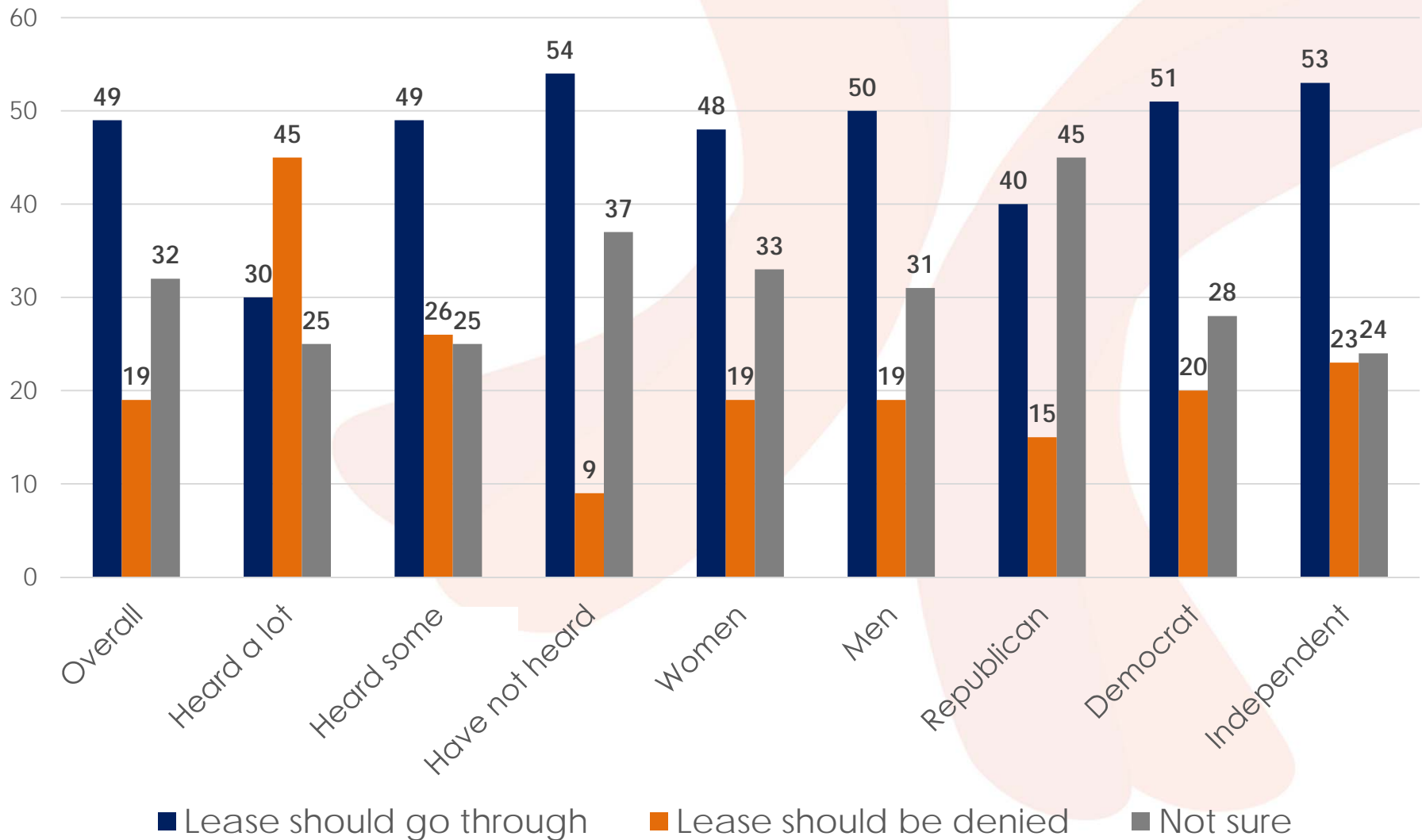
Q: The lease to provide funds to preserve the church and open space would be to Royal Farms, for a convenience store, restaurant, and gas station along Rising Sun Avenue. Which statement comes closest to your opinion?



- Some say the lease should go through to keep the church open and provide open space for the community 49%
- Other say the lease to Royal Farms should be denied, and the support building should be preserved even if it means closing down the historic church and denying access to the open space 19%
- Not sure

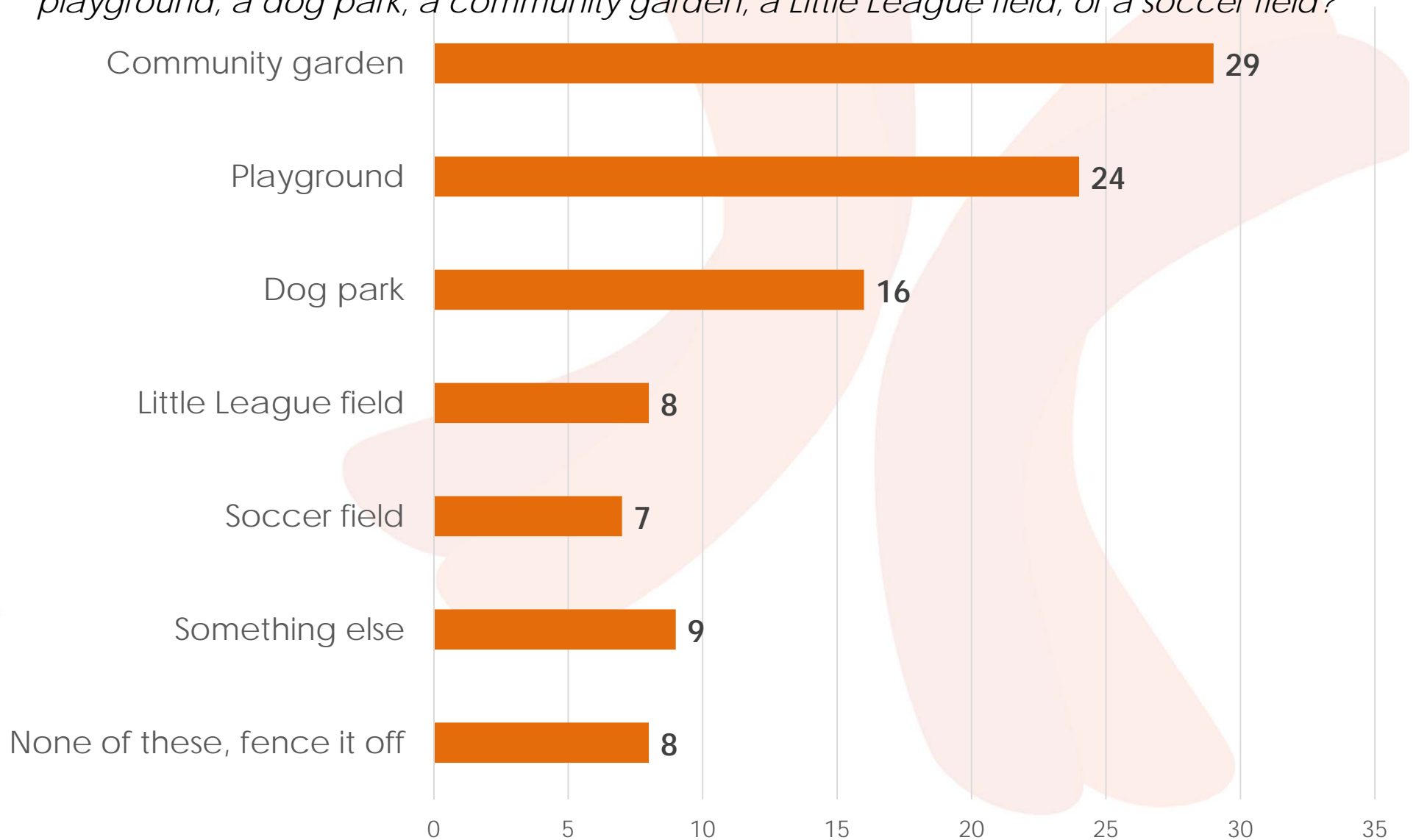
Lease Opinion

Voters across demographic cohorts believe that the lease should go through. However, note that respondents who have heard "a lot" about the church recently say the lease should be denied.



Open Space

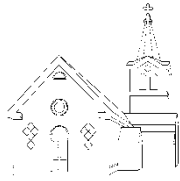
Q: If the lease is allowed, the church will keep the open space available to the public and will build something the community wants. What would you like to see there: a playground, a dog park, a community garden, a Little League field, or a soccer field?



Open Space

The following table shows the preferred use of the open space across demographic subgroups. Note that those who have heard about Trinity Church Oxford recently prioritize a playground. Athletic fields also increase in interest among those who have heard “a lot” about the church.

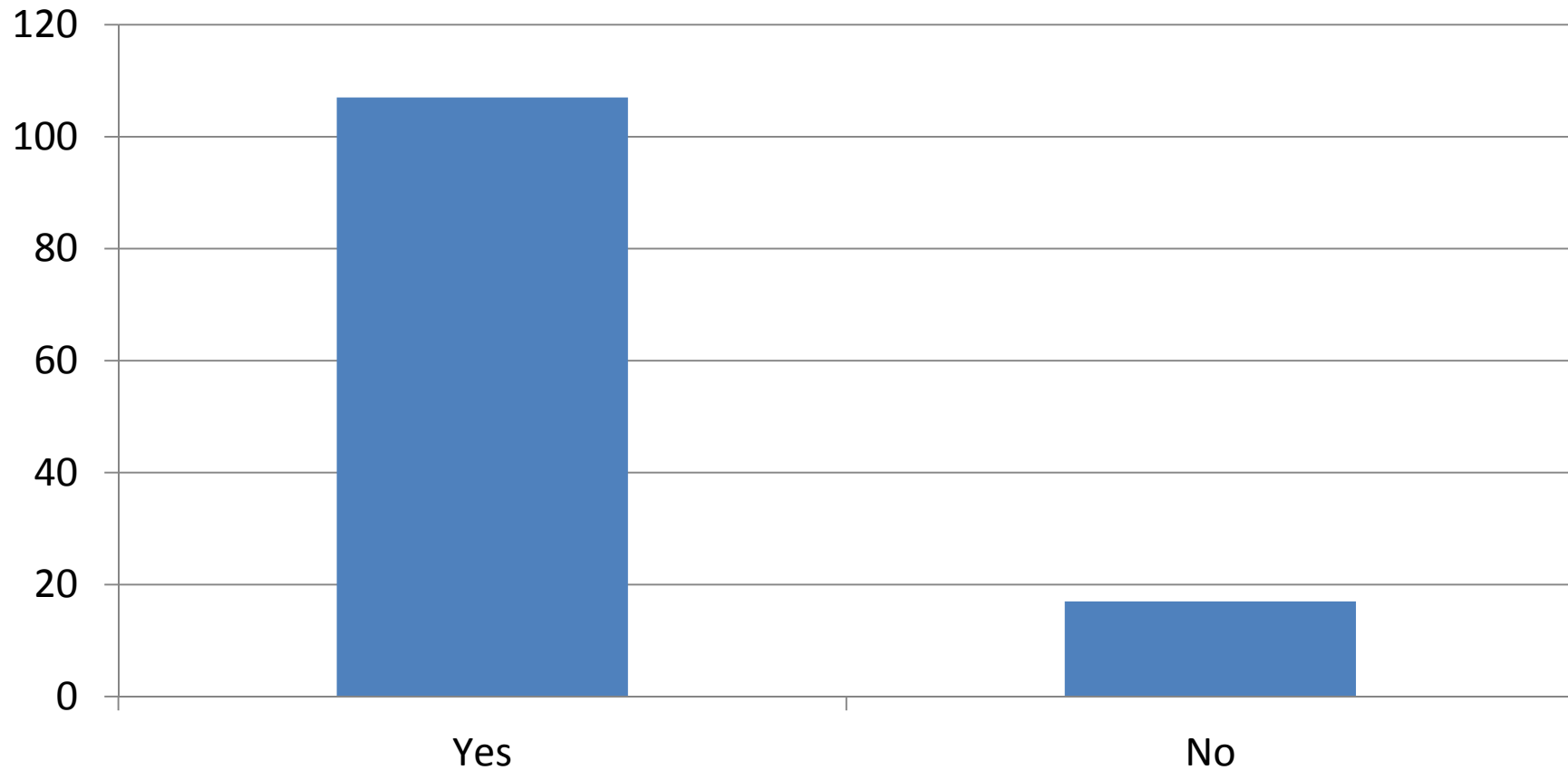
	Heard a lot	Heard some	Women	Men	REP	DEM	IND	White	Af-Am
Community Garden	21%	23%	33%	24%	27%	28%	40%	33%	23%
Playground	23%	29%	28%	19%	27%	25%	9%	24%	34%
Dog Park	7%	20%	13%	18%	12%	16%	20%	14%	5%
Little League Field	13%	9%	6%	11%	9%	9%	4%	7%	19%
Soccer Field	17%	6%	6%	7%	5%	9%	0%	7%	9%
None; fence it off	11%	6%	4%	12%	14%	5%	11%	8%	4%



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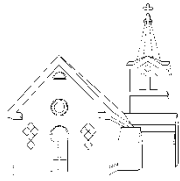
Direct Mail Response Results



As of 10/29/17

Yes: I support the commercial lease to Royal Farms on Rising Sun Avenue

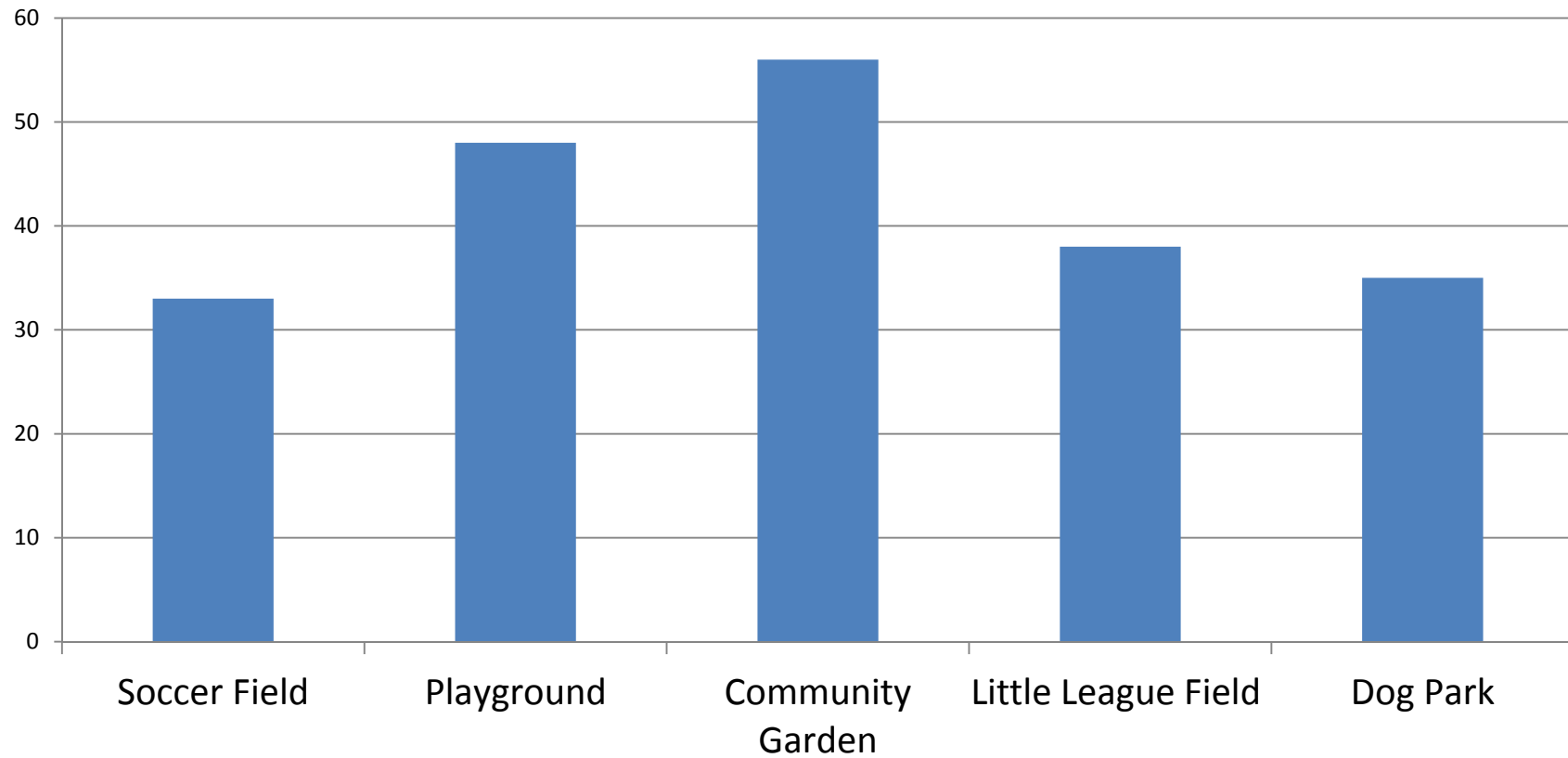
No: I do not support the commercial lease to Royal Farms on Rising Sun Avenue



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Open Space Choice Results



Results exceed the number of responses received as many respondents chose more than one option