



SOUTHERN CROSS PRESBYTERIAN CHURCH

growing followers of Jesus

SCPC New Property Options 2019

Proposals

Scenario 1: Purchase 67-75 Elliott Rd, sell 16 Wyrallah Rd (including land) & continue meeting at Lismore high School (LHS)

Scenario 2: Purchase 67-75 Elliott Rd, sell 16 Wyrallah Rd (including land) & 99 Brewster St, renovate Elliott Rd & move weekend gatherings to the new site

There would be two main benefits of purchasing 67-75 Elliott Rd

1. The low purchase cost would mean that we could hold on to Park Ave for a future church plant (and rental income in the meantime)
2. Compared to the empty land at Wyrallah Rd, the buildings at Elliott Rd would get us much closer to a workable contingency plan if we were no longer able (or chose not) to continue meeting at LHS

In addition to this, further benefits include:

- The Elliott Rd site would probably involve far fewer requirements from Council
- The larger land area and building size provide greater options & flexibility
- We would be able to renovate the existing buildings gradually as needed, spreading building costs over a longer timeframe

Possible drawbacks include:

- A move from East Lismore to South Lismore away from the residential centre of town and from SCU
- Old buildings are to some extent an unknown quantity and there may be hidden costs. We would of course do thorough inspections of the buildings and land (to check for contamination from previous use) to minimise the likelihood of such unknowns.

Property comparison: 16 Wyrallah Rd Vs 67-75 Elliott Rd

	16 Wyrallah Rd East Lismore	67-75 Elliott Rd South Lismore
Zoning	R1 residential (places of worship permissible)	IN1 General Industrial (places of worship permissible)
Land size	Approx. 4,000m ²	Approx. 10,800m ²
Improvements	4/5 bedroom weatherboard house	3 bay industrial building: 950m ² Open warehouse: 450m ² Other areas are a mix of concrete, bitumen & grass
Cost/value	\$450-500K	\$500-575K
Ongoing income	Rent: \$20,800	Rent: \$65,000 (claimed)
Ongoing costs	Rates: \$2,844 (\$2,472 for 99B)	Rates: \$11,179
Development costs estimate	\$2 million+ to build new	\$300,000+ to renovate warehouse

Financial implications

Scenario 1: purchasing 67-75 Elliott Rd, selling 16 Wyrallah Rd and continuing to meet at LHS would have the following financial implications

- incurring a debt of approx. \$50,000 (estimate – assuming this is the difference between what we pay for Elliott Rd and what we get for Wyrallah Rd). We would be eligible for a low interest loan (approx. 2% on a 10 year loan) from PCNSW which would mean repayments of \$107/week.
- rates on Elliott Rd (\$11,179 p.a.) are substantially more than Wyrallah Rd (\$2,844 p.a.), which would be an extra cost of \$157/week.
- rental income from Elliott Rd (\$1276/week) is substantially more than from Wyrallah Rd (\$400/week). NOTE: the Elliott Rd rental income is unverified and so will have to be confirmed.
- the above three factors mean that extra costs would be in the vicinity of \$268/week while extra income could be as much as \$876/week. This would mean a nett benefit of \$608/week compared to our current property arrangements.

Scenario 2: purchasing 67-75 Elliott Rd, selling 16 Wyrallah Rd & **99 Brewster St (\$350K) and renovating & moving to Elliott Rd (\$300K)** would have the following ADDITIONAL financial implications:

- lost rental income of \$1276/week (claimed) from Elliott Rd & \$350/week from Brewster St
- elimination of Brewster St rates (\$48/week) & LHS rent (\$385/week): \$433/week
- new rental income from Park Ave: \$400/week (office/house), +?? (hall)
- elimination of loan costs (\$107/week)
- the above factors would mean¹:
 - o compared to scenario 1: a nett cost of \$686/week; OR
 - o compared to our current property arrangements: a nett cost of \$78/week

Weekly Property Costs Comparison²

	Current Scenario	Scenario 1	Scenario 2
Rental costs	\$385 (LHS)	\$385 (LHS)	-
Loan costs	-	\$107	-
Rates	\$102 (16W + 99B)	\$263 (new site +99B)	\$215 (new site)
Rental Income	\$750 (16W + 99B)	\$1626 (new site +99B)	\$400 (Park Ave)
TOTAL	+\$263	+\$871	+\$185

Proposed course of Action (scenario 1)

1. Seek approval of purchase & sale from PCNSW HQ and confirm the availability of a bridging loan to purchase the property and low interest finance on any shortfall
2. Hold an information session on the 5th May 2019 for the purpose of discussing the potential sale & purchase
3. Arrange an inspection of Elliott Rd for those interested & available
4. Conduct the necessary inspections etc (valuation, survey, soil contamination, pest & building inspections)
5. Determine the validity of claimed rental income and likelihood it would be ongoing
6. Hold a congregational meeting on the 19th May 2019 to decide whether to purchase (pending positive outcome of any outstanding reports); if approved then:

¹ These figures don't factor in potential income from Park Ave hall or potential income from leasing PART of the Elliott Rd site

² Not including property maintenance or development costs or SCG property costs which are not relevant for the purpose of this comparison

7. Negotiate the purchase of 67-75 Elliott Rd South Lismore
8. Advise tenants at 16 Wyrallah Rd that the property is being put on the market
9. Approach owners of the neighbouring F-Fitness Gym to determine their interest
10. Appoint a selling agent
11. Determine and conduct necessary repairs & maintenance to prepare 16 Wyrallah Rd for sale