Development Considerations Matrix

Forest Baptist Church, 617 Warringah Road, Forestville.

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Consideration

Option 1: Ground Lease with Church Relocation

Lease the full church property to a third-party developer for a long-term period (e.g. 40–99 years). FBC would relocate to a new local site, either owned or leased. FBC would receive either a lump-sum upfront payment (Leasehold Sale) or regular lease income. The church retains ownership of the land and receives the buildings/ improved value at the end of the lease term.

Option 2: Sale of site, with Church Relocation

The lots comprising the church site are sold as one lot (group of lots or consolidated), with FBC relocating to another site. Following acquisition/ construction of a new church campus for FBC, remaining funds from the sale would be invested and used to support ministry across the Northern Beaches (incl. further church plants etc.).

Option 3: Limited development - Early Learning Centre (ELC) on Site

Limited development option. Current church site reconfigured to develop a Christian-operated Pre-school or Early Learning Centre for 80–100 children. This could include a redevelopment of the existing hall, and the creation of an outdoor play area exceeding 600m², integrating the different spaces to achieve a coherent design and flow.

Option 4: Large-scale development – mixed

Integrated development incorporating ministry presence, new community infrastructure, and financial return. FBC could retain a stake in ownership, income, or governance depending on the structure of these multiple partnerships. Most likely partnership would be with a developer or not-for-profit organisation to construct a mixed-use development that could include housing (market/ social/ affordable/ seniors), Christian ELC and new place of worship (and amenities) for FBC. Excess value (beyond that delivered to construct the new church facilities) could be taken in cash, or as additional built form returned to the church (e.g. rental apartments which can yield an income stream).

Considerations Matrix

CATEGORY	1 – Ground Lease, Relocation	2- Sale, Relocation	3. Limited Development, ELC on site	4. Large Scale Development - mixed
Overview/ How it works	Entire site made available for long-term lease by developer. Held by developer for 25-99 years (TBC), paying ongoing determined lease payments OR where lease is 'sold' to a fund management firm (or equivalent), enabling church to get lump sum cash up front. At end of period, improved land is returned to the church/trust.	Site fully sold to a developer or other interested party, at market value. Church receives cash up front and will be required to vacate the site. However, potential for church to lease back the site for a period until construction commences.	Full assessment of the site, to identify the best location for an ELC/ Pre-school (80+ children). Engagement with potential mission-aligned operators to collaborate on design. ELC designed to also be used by church on weekends, and ideally to integrate with other church facilities. The landowner will typically construct the centre up front, with operator paying for fit out. Lease offered to potential operator – either ground lease (operator constructs) or lease of space (landowner constructs)	EOI/ tender released to secure a development partner to enter a Project Delivery Agreement (PDA). Developer(s) given opportunity to present development options for a site, where a minimum set of requirements stipulated by FBC must be met (e.g. provision of amount of built form, amenity, income, cash etc.). FBC would retail ownership of land/buildings developed for it (stratum). However, developer would own 'air rights'/stratums for other aspects, and thereby able to on sell these as apartments etc. which funds the development. Developers would look to maximise the yield of a site.
Ownership/ Tenure	Ownership of land remains with the church/Trust, but right of use awarded to the tenant for term of the lease.	Site sold to purchaser. No ongoing ownership.	Component of the site leased to ELC operator for designated period, typically 5+5+5. For a new centre, initial tenure usually 10 years. Tenant pays ongoing determined lease payments OR lease can be 'sold' to a fund management firm (or equivalent), enabling church to get lump sum cash up front.	FBC retains ownership of portion of the site. Developer owns a portion, which might be 'air rights' or could include physical portions of the site.

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FBC Remaining on site	FBC would need to vacate the site, and then acquire/build/ lease a new space for church gatherings.	FBC would need to vacate the site, and then acquire/build/ lease a new space for church gatherings.	FBC would remain on site.	As the whole site is likely to be developed, FBC would need to vacate the site during construction, and then return to take up new ministry space.
Development Yield	Potentially high, as a developer would be able to develop the entire site. However, lease term would limit what could be developed on site, as the developer could not 'on sell' properties, e.g. market apartments.	Potentially high, as a developer would be able to develop the entire site. Developer could consider a full range of development options.	Low. A new usage would be added to the site, bringing in a good revenue stream and new built form (although shared). However, it will not maximise the development potential of the site, leaving much of it unused. It may also preclude further development of the site in the future, given space allocated to the ELC and the contractual terms afforded to the operator.	Potentially high, as a developer would be able to develop the entire site. However, developer would face some limitation based on the built-form requirements of FBC.
Development Type	A lease would suit developers who are looking to leverage the site for long-term income streams, e.g. build-to-rent apartments, social and affordable housing, crisis and transitional accommodation, aged care/ seniors living, Specialist Disability Accommodation, Group Homes, Childcare/ Early Learning.	A sale would suit developers who are looking to maximise financial returns from the site, and are looking to realise development uplift profits upfront, which they'd need to do to cover their financial outlay to purchase the site.	An ELC lease suits operator looking to expand, but without the funds to purchase land and then develop. Operators may choose to construct (lower lease costs) and/or pay lump sum up front to reduce ongoing lease costs.	A sale would suit developers who are looking to maximise financial returns from the site, and are looking to realise development uplift profits upfront, which they'd need to do to cover their financial outlay to purchase the site. There is added benefit to the developer, as they can return the value of the land to the landowner as built form, rather than cash up front.
Continuity	FBC would need to consider how to ensure ministry continuity, including securing a new site in a timely fashion, an interim location for church gatherings, and continuing to use the existing site until construction commences.	FBC would need to consider how to ensure ministry continuity, including securing a new site in a timely fashion, an interim location for church gatherings, and continuing to use the existing site until construction commences.	FBC would remain on site. However, there may be impacts to ministry due to construction on site. This would need to be carefully managed to ensure safety etc. Should FBC want to leverage construction to also upgrade other ministry facilities, the congregation may need to locate elsewhere for a period.	FBC would need to consider how to ensure ministry continuity, finding an interim location for church gatherings during construction.

CATEGORY	1 – Ground Lease, Relocation	2- Sale, Relocation	3. Limited Development, ELC on site	4. Large Scale Development - mixed
Funding of Project	A ground lease would shift all development responsibility on the existing site to the leaseholder. FBC would have clarity on the lump sum or income stream to be received, which could then be put towards new ministry facilities and broader ministry on the Northern Beaches. Funds would only be required to prepare the site for tender and to run/manage the EOI/lease process	Sale of the site would shift all development responsibility on the existing site to the purchaser. FBC would have clarity on the sale price, which could then be put towards new ministry facilities and broader ministry on the Northern Beaches. Funds would only be required to prepare the site for sale and to run/manage the EOI/sale process.	FBC would be required to fund development and construction of the new facility upfront if standard lease is desired. If only a ground lease is offered to the operator, they would then be responsible for construction.	Funds would only be required to run/manage the development planning and PDA process. From that point, development risk would shift to the developer, according to the agreement reached with FBC.
Financial Outcome	Depends on preference for lump sum cash upfront or ongoing income streams. Receive revenue for unimproved value of the land, rather than developed value. As such, this would yield a strong but not maximised financial outcome, reflective of the low development risk taken by FBC. However, retention of the land can offset this when the improved site is returned.	Receive upfront revenue for potential development value of the land, but not the actual developed value. As such, this would yield a stronger financial outcome than lease, but not maximised financial outcome, reflective of the low development risk taken by FBC. It is also a 'once off' hit.	This will generate a good long-term income stream but will likely require upfront funding of the development by means of a capital stack (borrowing), which is paid off overtime utilising the lease returns. Financial yields are obviously lower than where a ground lease for the whole site or full sale is involved. However, land is retained, and the church would likely remain on site.	Likely the strongest financial return, as a PDA can be structured so the landowner (FBC) can receive stipulated built-form and income streams but also share in uplift achieved by the developer (additional cash payments, share of sales etc.).
Risk	**Medium.** A ground lease would shift all development responsibility on the existing site to the leaseholder. However, risk associated with continuity of ministry and ability to secure new premises.	**Medium.** A sale would shift all development responsibility on the existing site to the purchaser. However, risk associated with continuity of ministry and ability to secure new premises.	**Medium.** Higher financial risk as upfront construction would need to be funded by FBC. However, only a portion of the site would be involved, and ownership would remain with FBC.	**Medium.** Development risk would be taken by the developer. However, FBC would lose full control of the site.
Potential Partnerships	Build-to-rent developers. Faith-based Retirement Living/ Aged Care operators (e.g. BaptistCare, Hammondcare)	General property developers, especially mid-to-high-end residential apartment developers.	Faith-based and aligned ELC and pre-school operators	General property developers, especially mid-to-high-end residential apartment developers.