

LIFE CENTER ASSOCIATION

**SELECTED MEETING MINUTES
RECONSTRUCTED FROM HARD COPY FILES**

1987

LIFE CENTER ASSOCIATION MEETING
December 15

lyle
1/5, 74
Robert Gray

187

Members: Dan Landis (new), Mary Spitzer, Joan Nikelsky, Pam Nelson, George Lakey, Ruth Fansler, Clark Loveridge, Lynn Shivers, Terri Shay, Paul Mack.
Others: Lyle Lenks, Nicole Hackle, Pat Hoyt, Sunshine, Taylor, Christy Garnett, Chip.

REPORTS:

LCA has about \$13,000 in available funds
LCA financial report was given by Sunshine
Clark reported on projected expenses at Bemru
Pam, Joan and George gave conflicting reports on legal aspects of taxes payable by 501C3 organizations.
Paul reported on appraisal of Bemru by W.Wood and associated costs for the transfer
Chip reported on the building and group at Common Ground (4719 Springfield)

KEY ISSUES

Is there other money available?
Why is decision on both houses needed?
Nancy's \$50,000
If we buy and sell- all rents will go up
Given the LCA purpose, what is the political implication of decision?
Providing support for George and Ingrid
Better system for house community
Time Line to get a group into Bemru
Quality of houses
Lives of people involved at Common Ground
Commitment of community
How to evaluate communities - length of time in W. Phila., connections
Long term impact on LCA
Not moving in Bemru and not selling below \$110,000
Repairs on Bemru needed anyway

5. PROPOSALS

- 1) Give Bemru Community 2 months to organize
- 2) Common Ground tries to find money to make up the difference between net from Bemru and the cost of Common Ground
- 3) Establish an end date for these processes
- 4) Decide to put Bemru on the market or rent to community
- 5) Identify issues from these items
 - Nancy Brigham's loan
 - Maintenance of Bemru
 - Developing a time line

We broke into small groups to discuss proposals and key issues. Here are the results of sharing in small groups:

It seems like a long time to keep both groups dangling
Are we vested in one or the other option?
How does the group trying to form a community continue to work on group building when house may be sold?
Loyalty issue and how it affects decision

Small group sharing continued

Trying to break the buy-low, sell high sequence of housing turnover
Maybe \$10,000 to \$20,000 loans available to help finance Common Ground
Poll rest of LCA

NEXT STEPS

Call Nancy
Terms of George's loan possibilities
LTB meeting (set sep)
Manage Center Meeting (set Seperate)
LCA altogether meeting Crossing Joan and Mary S
Pat to get xeroxable copies of reports she only does minutes taken by Ruth

FLIP CHART NOTES

PERSONAL

Rents going up for all
How George and folks have a longer history
What criteria in deciding a community

POLITICAL

In regards to the land trust, what's a reasonable decision?
Ingrid and George in this communitiy/ house
Insecurity of being an activist
Support from Land Trust to social activists

FINANCIAL

Financial viability
Nancy's \$50,000
Quality of house
Flexibility of land trust development
the decision to not sell below \$110,000, would that be at all negotiable?

LOGISTICS

How to avoid the rent raising events of emptying houses
Time/ energy for implementing decisions
Sellibility in regard to the market
Time Line to make the change
How long will they stay ?
What it will leave the Land Trust in terms of flexibility
New Bemru folks are committed to its upkeep

A) Life Center Association finances

balance 12/12/87	approx.	\$18,000
available funds	approx.	\$13,200
receivable	more than	\$ 1,250

Income from the other 5 properties for January through September will just cover taxes, insurance, mortgage for the 6 properties.

Thus, we have \$13,200 + receivable + Bemru income to cover:

Bemru expenses(maintenance + utilities)	???
Extra maintenance on other houses	???
Operating expenses	approx. \$ 500 +
The unexpected	???
Maintain minimum balance	approx. \$5000 ?

B) Finances for 4709 Windsor assuming no community - expenses

	<u>monthly</u>	<u>9-month</u>	<u>yearly</u>
mortgage	(covered by the other properties. The net effect is that there is \$5000 per year less available for maintenance of other properties which means deferring maintenance on the other properties)		
taxes			
insurance			
Land Trust Fund			
maintenance	(This will not be covered by current income. We will need to spend money from the Land Trust Fund. A preliminary estimate was \$8000 of maintenance needs to be done now. Another \$5000 needs to be done in a couple years.)		
electricity	\$ 45	\$ 405	\$ 540
water/sewer	20	180	240
gas	75	685	900
phone	20	180	240
book keeping	10	90	120
contingency	---	---	---
TOTALS	\$170	\$1540	\$2040

note - The \$10 per month bookkeeping expense was inadvertently omitted from the flip chart presented at the meeting and is included here.

Hopefully the TOTALS listed under B) above will be covered by income from house sitters.

SOME PROJECTED COSTS (revised)

Dec 1987

If we sell Bemru at \$95,000 (as appraised by Walter Wood)

Transfer tax 1.75%	1,662	
Fees, certifications (approx.)	100	
Real estate conveyancing fee	500	
(if we find buyer ourselves)	2,262	total, making a net of \$92,738
OR Real estate commission	5,700	
(if list with broker)	7,462	total, making a net of \$89,300

If we buy 4719 Springfield (Common Ground, formerly Trollheim)

Asking price \$110,000	
Transfer tax 1.75%	1,925
Title insurance fees	900
Deed recording, etc. (approx.)	35
Real estate agent fee?	?
+ bal. of yr's prop. tax pd by owner	?
	<u>2,900</u> total, at least

If we transfer title on Bemru from LCA to another non-profit, but TAX-EXEMPT organization, like NSEF (to avoid capital gains taxes)

If we claim "fair market value" of \$95,000:		\$80,000:
Transfer tax (LCA's half) 1.75%	1,663	1,400
Title ins. fees (if required)	620	est. 550
Deed recording, etc. (approx.)	35	35
Lawyer fee	250	est. 250
	<u>2,568</u>	<u>2,235</u>

SUMMARY: If we transfer title on Bemru to a tax-exempt org. first, then sell it and buy Common Ground, at all the costs and prices above:

Costs to LCA

Buying Common Ground	112,900 at least
Transfer for tax exemption	2,568
	<u>115,468</u> at least

Income from Bemru net 89,300 - 92,738 depending on whether we sell it ourselves or list with broker

Difference 22,730 - 26,168 at least

The lawyer I spoke to said that if we transferred title in order to avoid capital gains taxes, it would be wise to wait 6 months before selling so it wouldn't look "fishy."

Joan

Walter Wood Jr. appraised Bemru. He appraised it at \$95,000 "as is" and \$150,000 if \$50,000 to \$60,000 worth of improvements were made. He stated that he believed the house would sell very quickly.

According to Mr. Wood, our costs in selling the house would be a 6% sales commission if we sold the house through a realtor, transfer tax of 1 3/4 % and 1/4% additional miscellaneous costs. This overall cost of approximately 8% of the selling price would be \$7,600 if the house sold for \$95,000.

If we found a buyer, but had Mr. Wood handle the transfer, he would charge us \$500.

Finally, in response to my questions, Mr. Wood said if we put the house up through him and then took it off the market for any reason, we would be under no financial obligation. If, however, there was an interested buyer, we would be committed.