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Complex deal

Church's \$15M land sale to UB builds development portfolio

Business First of Buffalo - by [Tracey Drury](#)

There were lots of questions when St. John Baptist Church last week announced a deal to sell its McCarley Gardens downtown to the University at Buffalo for \$15 million to spur a \$500 million development project.

What would happen to the 340 residents of the low-income housing complex? Is the university displacing the residents from their longtime homes for its own expansion plan? And most important, how could an inner-city church pull off a project of this size and scope?

The answers, in short: Residents will be moved to new, better-quality townhomes within several blocks of their current site, a project that church leaders had been working on for years before UB entered the picture as a buyer for the property.

And though St. John Baptist has kept somewhat of a low profile in recent years, it turns out the church has a long, solid history in economic development, having completed several multimillion-dollar projects in the past decade (see box at upper right). It's those projects that have served as building blocks for the larger, \$500 million plan.

The experience in those projects – and a solid list of community partners – will make the mega-plan successful for St. John Baptist and its pastor, the Rev. Michael Chapman, according to area leaders.

“It’s a very aggressive proposal, but I would certainly look upon this as something that is doable,” says Robert Gioia, president of the **John R. Oishei Foundation**, which has provided grant funding and logistical assistance on several church projects. “You have an organization that is willing to take on some real challenges and do some real cutting-edge stuff and is willing to work collaboratively with others to try to get it done.”

A decade of change

Significant changes began on the church’s downtown campus in 2000 with a \$3.8 million, 30,000-square-foot expansion to add classrooms and a gym. After Chapman became pastor in 2002, he pushed plans for a \$54 million project to build 150 homes in the Fruit Belt neighborhood, as well as the eight-bed hospice center, a pharmacy, townhouses and an assisted-living center.

Each of those pieces looks at neighborhood issues of poverty, unemployment or underemployment and a lack of services in the area, addressed in reports by the UB Center for Urban Studies.

“It was based on the weaknesses of our community and developed based on satisfying those needs,” Chapman says.

The church itself is a multi-pronged organization that has grown to include nearly a dozen inter-related for-profit and nonprofit corporations with \$45 million in assets (see box at right). Combined, those organizations serve more than 4,000 people, have combined operational budgets of \$20 million and more than 150 employees. They also manage more than 325 residential units in the surrounding blocks.

By 2008, with growth under way at the nearby medical campus, St. John Baptist expanded its project list to a \$300 million master plan, highlighted by a plan to transform High Street from Jefferson to Michigan into a mixed-use retail/residential corridor.

Plans to replace the aging McCarley Gardens were also well under way, as Chapman and his team sought to do away with an outmoded “projects” model in favor of more independent, home-like residences with back yards in a neighborhood setting.

“The strategic plan for the city does not call for ‘project’ living,” he says. “(Residents) have said we cannot duplicate that complex and they’re right. But we can give them a better quality of living.”

Strengthened partnerships

The completed projects included multiple community partners such as UB, The Center for Hospice & Palliative Care and scores of community and government groups. **M&T Bank** has been a major funding partner, supporting development of **Fruit Belt Community Development Corp.** with \$50,000 in seed funding; refinancing for McCarley Gardens with HUD; mortgages on most of the 26 single-family homes built by the church; and donating \$100,000 toward St. John Baptist Hospice.

David Rutecki, administrative vice president in government banking at M&T Bank, says Chapman has built up a level of influence in the community that helps, too.



Jim Courtney

Rev. Michael Chapman leads a congregation of 3,600 but has legions of supporters for a \$500 million master plan in the Fruit Belt.

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“What fuels M&T’s interest is this level of competence that we have not seen in other projects,” Rutecki says. “They have the power and influence in the political circles to attract and win funding from various levels of government that, very frankly, is almost unmatched.”

Chapman instead points to the power of partnerships – and the 63 public, private and community groups that are working with St. John Baptist to make the project work.

“These are well-thought-out designs,” he says. “We have the best minds at the table, lots of intellectual wealth. This is not just St. John Baptist.”

The first phase will begin in the next 30 to 60 days when the church completes the formation of **St. John Baptist Realty Group**, which will acquire and renovate vacant homes in the neighborhood using labor from its own training programs, then rent or sell them. The church was scheduled to meet with city officials April 18 to identify which of the hundreds of empty lots throughout the Fruit Belt would be acquired as future sites for townhouses.

Next will come the entrepreneurial and business training facility and home for a church boxing team, an \$800,000 to \$1 million project, to be housed in an empty warehouse at Jefferson and High streets. That site, which also will house the project’s corporate offices, should see construction begin in the fall with an opening next spring.

Though the church is pushing for the state Legislature to pass the UB 2020 legislation to help UB with its build-out, its projects will move ahead regardless of that outcome, Chapman says, even if they have to be modified.

“The community plan will continue,” he says.

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