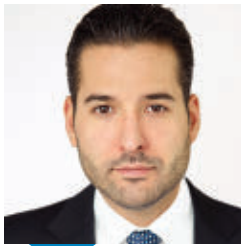




Hallowed Ground

Renato Matos helps religious organizations survive through real estate BY ANDREW BRANDT



Renato N. Matos

CAPELL BARNETT
MATALON &
SCHOENFELD

REAL ESTATE;
BUSINESS;
NONPROFIT
ORGANIZATIONS

NEW YORK

In 2008, when Renato Matos graduated from law school, he assumed he was going to be a corporate tax lawyer at a large law firm—and for a time he was. Then in 2010, at the request of a senior partner at Capell Barnett Matalon & Schoenfeld, he found himself working on a real estate matter for a Lutheran church council.

"I just loved it and started doing more real estate and less tax law," Matos says. "I'd say about 98 percent of my practice is [now] real estate related to religious organizations."

Matos represents more than 500 congregations and three denominations in New York. He's currently involved in nearly 50 development projects—ranging from sales and subdivisions to joint ventures and ground leases.

"When you represent a church," says Matos, "you're working for a client that is not exclusively interested in the project just for the money. And a lot of times, we see that many of these churches are not exactly real estate savvy. So they need, not just extra legal help, but business help."

Needs differ according to the church. Some, such as Seventh-day Adventists, are thriving in the city. Matos is working with one congregation on a 49,000-square-foot church facility that includes an auditorium, classrooms and a regulation-size basketball court, as well as a 500,000-square-foot affordable housing project.

Others face declining attendance, meaning there's less money to combat skyrocketing building costs. "Many churches," says Matos, "are one roof replacement away from folding; but they're also in an area where there's great value to their property."

Matos recently negotiated a ground lease for a church in gentrified Brooklyn; the funds will be used to build an energy-efficient building across the street.

"This is a predominantly black congregation, and the heart of that congregation is their school," says Matos.

"You have parents who have lived in this neighborhood for years, and their rent has gone up from, say, \$1,500 to \$2,200 dollars in a matter of two years, with no end in sight. Whatever extra money they have, they have to choose between paying rent and sending their kids to a private Christian school. They have to pay rent, right? So the school starts to suffer. And if the school suffers, then the congregation suffers." The solution? "Ground leasing the space where you have the existing church into a residential apartment building to get an income stream of over \$400,000 each year. Not only can we build a new church, but we can actually use the income to lower school tuition rates. At the end of 25 years, the school will be tuition-free.

"It's my favorite project," he adds.

Matos says the toughest part of his job is seeing congregations taken advantage of—despite bureaucratic safeguards. Churches, for example, have to get approval from the state attorney general, and sometimes the state Supreme Court, for each real estate deal. "It adds an extra level of protection," he says, "and makes sure it's not, at the very least, a bad deal for the church."

Matos enjoys spending time out of the office, meeting with different denominations and their boards. "I've got great clients, and it makes me feel good that I get to work with organizations at a really crucial point in time," he says. "[The work] could make a church survive and continue what it's doing for the next 50 to 100 years; with bad advice, it may not. I take that pretty seriously.

"In a weird way," he adds, "this kind of brought my faith back. Because I see the good that is happening."



"Many churches," says Matos, "are one roof replacement away from folding; but they're also in an area where there's great value to their property."

