Renting Your Church Facilities

Benefits, Challenges, and How to Get It Done

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Space Rental Case Study

• Nov. 2018
  “Rental Task Force” formed

• June 2019
  Due diligence
  Business plan
  Overcame opposition
  Revenue +

• Founded Church Rental Services

• Jan. 2021 – Joined SNEUCC
And Elisha said...”what have you in the house?”

And she said, “Your maidservant has nothing in the house, except a jar of oil.”

They said to him, “We have only five loaves here and two fish.” And he said, “Bring them here to me.”

2 Kings 4:1-7

Matthew 14:17-18
Benefits of Renting Space

- Sustainable scalable income
- Greater community engagement
- Draws new people into your church
- Fulfill mission

“I will make you fishers of men”
Matthew 4:19
Rather than, “How are we going to...”

...deal with this internal conflict?

...become financially sustainable?

...increase our membership?
Let’s ask, “What might happen if we....”

...create a new vision for our future?

...imagine new ways to use our buildings?

...increase our community engagement?

The Center for Transformational Leadership
Your Church’s Mission & Vision

• What’s happening now?
• Church’s mission?
• Goals & vision for future?
• How does a rental initiative fit in?
Mission Statement

- Why do we exist?
- Focuses on today and what you are doing to achieve your mission.
- Sets a common strategic focus across your church.
- Guides decision-making and creates positive frameworks for the behaviors and outcomes you desire.
Vision Statement

• Where are we going?
• How are we going to get there?
• Focuses on tomorrow and what your church wants to ultimately become.
• Gives meaning to the actions of your church in the future. They are future-oriented.
• Describe a desired future position of your church within your community.
Your Future

• Future: $x + y = z$.
• $x$ - your mission statement
• $y$ - the actions you take in light of your mission statement
• $z$ - the final fulfillment, culminating in the achievement of your vision statement.

*Thomas Griffen, Be a Better Leader blog*
"Speaking for the Church, I will argue that our business is mission. How’s business? Well, that’s the rub."

John Dorhauer
Beyond Resistance: The Institutional Church Meets the Postmodern World p. 33
10 Stepping Stones to Success

Investigate:
• Feasibility
• Market analysis
• Unique Value Proposition
• Staffing
• Pricing

Implement:
• Legal & Tax Issues
• Contracts
• Finding renters
• Projections
• Go to market!
1. Feasibility

“YOUR CHURCH’S MISSION STATEMENT”

1. Pray! Proverbs 3:5-10
2. Create a “Task Force”
3. Survey congregation
4. Condition of facility
5. Other church challenges
6. Other priorities
1. Feasibility - Considerations

- Strain on staff
- Kitchen usage
- Sanctuary and/or classrooms
- AV usage
- Alcohol policy
- Who will keep watch?
- Liability insurance
- Nomenclature
2. Market Analysis

- Local faith communities
- Local organizations that rent space = potential strategic partners
  - Examples: library, museums, clubs.
- Types of space available
- Rents
- Not restaurants, catering halls
3. Unique Value Proposition

What makes our facility special?

- Location
- Variety & number of rooms
- Availability
- Furnishings
- Ambiance
- Parking
- “Bride's Room”
- Performance space
- Outdoor space
- Kitchen
4. Staffing

- Rental Coordinator
  - Outreach & Sales
  - Respond to inquiries
  - Execute contracts, etc.
- Event Supervisors
- Facilities team
- Accounting – invoicing, expenses, credit cards, etc.
- Approval process
5. Pricing

- Worksheet:
  1. Space
  2. Capacities
  3. Furnishings

- Staffing costs
- Sanctuary vs. classrooms?
- Members vs. non-members?
- Nonprofit rate?
- Other fees?
10 Stepping Stones to Success

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6. Legal & Tax Issues

“We've always been told…”

“It’s my understanding that…”

“I've heard that…”

Consult an expert!

• Expertise in non-profits
• Not a church member
• Pay and get it in writing
6. Legal & Tax Issues

- **Nonprofit Status**
  - IRS Pub. 557 - “Tax Exempt Status for Your Organization”
- **Income Tax**
  - IRS Pub. 598 – “Tax on Unrelated Business Income of Exempt Organizations”

**Church & Clergy Tax Guide** By Richard R. Hammar

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6. Legal & Tax Issues

• Property Tax
  • Depends on local taxing authority
  • Lease – tenant responsible for real estate taxes & personal property taxes
  • For-profit vs. nonprofit tenant

• Liability Insurance

• Advertising

• Consult an expert!
7. Contracts

- **Contracts:**
  - General Usage
  - Weddings, Receptions and Performances
  - Catering & Music Contracts
  - Facility Usage Agreement/Invoice – outlines space & payment schedule

- **Deposits:**
  - Deposit on rental
  - Security Deposit – General vs. Wedding
8. Finding Renters

**Mission and Vision**

- What’s happening now?
- Goals for renting?
- Church’s mission?
- Goals & vision for future
- How does a rental initiative fit in?
Community Focus

- What does God want us to do in the lives of others?
- Are we located in the right place for what we want to do?
- Who is here where we are located?
Community + Mission Focus

- Mayor/First Selectman
- Social Services
- Economic Development
- Education
- Senior Services
- Parks & Recreation
- Arts & Culture
8. Finding Renters

Marketing Materials:
- Rate sheets
- Floor plans & room capacities
- Business cards
- Nomenclature

Types of Renters:
- Strategic Partners
- Ongoing renters
- One-Time Renters
8. Finding Renters

A. Strategic Partners

• Strategic Partnerships –
  • Extension of their space
  • Your space complements their space
  • Sends you leads

• Target market – Reflects Vision Statement

• “Kingdom Partners” –
  • Mission aligned
8. Finding Renters

B. Ongoing Renters – “If you had more space..”

• Local business organizations
• Local civic groups/clubs
• Tutors/educators/music teachers
• Therapists
• Health & wellness
• Theater & performance groups
• Retailers
• Lectures
• Art, craft, antiques, flower show
• Educators (PTA, Board of Ed)
• Cooking school
• Small business incubator
8. Finding Renters

C. One-Time Renters

• Weddings
• Memorial services
• Christening parties
• Birthday parties
• Trade show
• Schedule conflicts
9. Projections

- **Income projections:**
  - Based on initial research
  - With alcohol or not?

- **Initial investment?**
  - Facility improvement
  - Staffing
  - Marketing materials
10. Go to Market!

1. Put team in place
2. Create Action Plan – goals + benchmarks
3. Schedule tours + network – engage community & business leaders
4. Create “elevator pitch” based on UVP
5. Marketing materials
6. Target markets - prioritize
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