

## **STEWARDSHIP OF CHURCH REAL ESTATE**

John MacRae

I am a senior consultant with Avison Young, a commercial real estate firm located in Halifax Nova Scotia. Over the past forty years I have acquired my real estate experience through:

- Commercial Real Estate Development
- Commercial Real Estate Finance
- Commercial Real Estate Sales and Leasing
- Commercial Property Valuation
- Director of Stewardship and Development for The Archdiocese of Halifax
- Developing new Churches in the Archdiocese of Halifax
- Assisting Churches sell and redevelop surplus properties

As Director of Stewardship and Development for the Archdiocese, I gave presentations on the spirituality of stewardship to over 200 parishes and conferences throughout Atlantic Canada as well as in Toronto, Chicago, Calgary, Edmonton and New Orleans.

Given my knowledge of the Church and my involvement within the real estate industry, it became clear to me during my tenure with The Archdiocese of Halifax that there was no major real estate firm that provided real estate services to the Church that:

- Understood the spiritual vision of the Church
- Realized that Church leaders were stewards of these God-given assets
- Could help the Church maximize the potential value in each piece of surplus real estate
- Recognized the importance of developing and working with Church Committees.

## **SPIRITUAL APPROACH**

Christian Stewardship recognizes that all is gift from God--our time, our talent and our treasure. As Christian Stewards, it is our responsibility to grow our gifts of time, talent and treasure and then share them with others who are in need. I believe that God will never be outdone in generosity. As the Church moves into the 21<sup>st</sup> century, more and more we need to recognize our giftedness so that we can continue to grow God's Kingdom. Real Estate is indeed one area where God has blessed his Church. My desire to do this work is directly related to my desire to serve God and the Church. Our barns are full; and we have the key that can help open the door.

## HISTORY OF WORK

Over the past 15 years, I have managed the sales of several Church properties in Nova Scotia and have done subdivisions for individual Churches as well as The Archdiocese of Halifax-Yarmouth. Also, I have had the unique opportunity to help in the development of two new Churches in Halifax—Saint Benedict Church and Saint Marguerite Bourgeoys Church.

**Saint Benedict**



**Saint Marguerite Bourgeoys**



Below are some pictures of Church sites where I managed the sale to developers:

**Saint Lawrence Church site, Halifax, before and after the development**



**Saint Joseph's Church site before and after**



**Sacred Heart Church site Lakeside-Timberlea  
Prior to Sale**



**Willowbrae Academy**



I was able to negotiate prices over appraised values in the sale of these sites to developers due to the fact that I understand developmental potential.

## **DEVELOPING THE RIGHT PROCESS**

- Is there a need for a real estate committee?
- Have we identified our surplus real estate assets?
- What is our mission and how can our real estate assets affect this mission?
- Is there a need to have independent qualified appraisals completed?
- Do we have the capability to review and understand the independent appraisal analysis?
- If we elect to utilize the economics of the surplus property can we lease it or sell it?
- Can the property be re-zoned?
- Is it possible to work with professional developers?

These are some questions that need to be reviewed and asked.

## **CHURCH REAL ESTATE COMMITTEES**

Real estate committees can help a parish or congregation achieve desired results when they work as a team. Each member of the committee should bring specific talents with varying degrees of expertise. When forming the committee, consider these points:

- What are the terms of reference?
- Who is the chair and what tasks are handled by the chair?
- How often do we meet and how long are the meetings?
- Who will take notes?
- What outside professionals are required?
- How many members should sit on the committee?
- How will the committee communicate to the parish or congregation?
- Accountability: Who is responsible for what and who reports to whom?

The committee needs to determine the scope of the issue and set a realistic time frame to resolve the issue. The members who agree to join the committee should be agreeable to commit to the meetings.

Working with committees can be very satisfying. A good chair that is respectful of the time and talents of the committee members will go a long way in creating an atmosphere of trust. Real estate issues can be quite challenging when you are purchasing, selling, redeveloping or building new Churches. A productive working real estate committee supported by the parish / congregation is a key component to achieving results. Professionals who work with Churches understand the need and importance of Church committees.

## **SURPLUS PROPERTIES**

Many of our Churches are facing closures for various reasons: shrinking congregations, sale of existing Churches to build new Churches, capital expenses of older buildings, amalgamation with other parishes and Churches. There are many reasons why existing Church properties need to be sold. These decisions are hard to make and can only be made after much prayer and discernment by the Church community. The good news is once we make the decision to sell a Church, it does not mean the end but hopefully a new beginning--a rebirth, a recommitment to the Church.

Some Churches have been given real estate holdings through endowments and wills. I always ask this question to Church administrators: Do you know what it is you have in your inventory and what is the value of these assets? The value of these assets can be realized either through sale or lease and can provide cash flow to help fund many of the ministries of the Church.

### **PROPERTY VALUATIONS**

One of the first things I recommend to Church managers when they are considering selling, listing or leasing a Church property is to have the property appraised by an independent qualified appraiser.

Objectives:

- Compliance--value determined by independent party.
- Ability to measure appraised value against listing price and potential offers.
- Ability to have a standard to apply rate of return for a landlord.

## **APPRAISER'S QUALIFICATIONS**

If the property is a single family, duplex, triplex or small lot then an appraiser with the CRA designation is adequate. CRA stands for Certified Residential Appraisers. They are qualified under the rules, regulation and education standards of The Appraisal Institute of Canada. If you need to have a Church valuation or commercial piece of property appraised then seek the advice of an AACI. An AACI stands for an Accredited Appraiser Canadian Institute. They achieved this recognition after education and experience standards were met and approved by The Appraisal Institute of Canada.

Instructing the appraiser as to the assignment is important; spend some time with the appraiser ensuring you get what is needed. Once the appraisal is complete, take the time to review the appraisal with the appraiser.

Appraisals are not the final answer to valuation but a beginning. At a later date, I will take you from the appraisal stage to increasing potential value through development opportunities.

## **CAPITAL CAMPAIGNS**

Capital Campaigns are major undertakings that require the time, talent and treasure of the members of your Church. Prior to starting a capital campaign make sure the advice you receive is objective.

Some questions your Capital Campaign Committee and Pastoral Leadership need to ask:

- Can we identify what it is we are building and at what cost?
- How does this new project enhance the "Mission" of our Church?
- Have we taken the time to share our vision of "Mission" with our members?
- Are our members actively engaged in the life of our Church?
- What are the economics of my Church today? Are people retiring, unemployed or economically restrained due to fixed pensions?
- Have we explored the possibility of selling or leasing surplus real estate assets first?

Proceeding without exploring these questions can cause division within the Church. As well intended as many of our Pastoral leaders are, we need to analyze the situation. If your Capital Campaign Committee and Pastoral Leaders are able to respond positively to the questions outlined, you have done your job and no doubt with God's help your Campaign will be successful. Above all, remember your campaign has to be about building the spirituality of the Church community.

Think “outside the box” and explore all other possibilities first. Your real estate assets may in fact give you either a large percentage or all that is required to do that major capital expenditure. Your congregation/parish/diocese will be grateful!

If you need help in analyzing your situation, please feel free to contact me.

### **ENHANCING PROPERTY VALUES**

The nature of my business is to enhance Church property values. Why? Because the money can then be used to help accomplish the mission of the Church. Today, more than ever, it is key that we know what we are doing when dealing with Church property. Most denominations are dealing with an aging population and a dwindling offertory. Make sure you, as Church leaders, do not sell your properties without exploring all possible ideas.

Through my work at AvisonYoung, I can help Churches:

- Build new Church properties.
- Sell existing Church properties.
- Enhance values through development agreements with support of developers, engineers and other professionals.
- Sell surplus lands and other non-essential properties.
- Negotiate long-term land leases.

### **MISSION STATEMENTS**

To ensure that your parish or congregation has the right vision and mission, I suggest the following:

- Gather your leadership team together and take the time to pray and reflect on your Mission Statement.
- Determine where you want to go with this Mission Statement and how you intend to present it to your assembly.
- What are some tangible objectives?
- Prepare a plan and process for all in your Church.

Actions carried out doing God’s work contain elements of faith, hope, trust and love. There is no question we need money to pay our Church’s bills; but more importantly, if we focus on God’s mission I believe God will provide us with the means to get His work done. Focus on your Mission and remember our God is a God who has given so much - he is a God of abundance.

Earlier I wrote about the significant work of Church Real Estate Committees. Whether it is real estate, pastoral planning, finance, baptismal preparation or any of the many other important issues of the Church, expertise and organization of committees is key to getting the work done.

A quick summary:

- Take a team approach; individual talents collectively provide great insights that can make it happen.
- Review your terms of reference.
- Structure your meetings with a good chairperson who respects both time and talents.
- Who can take proper notes and distribute them on a timely basis?
- What outside help does the committee need?
- How many should sit on the committee?
- Communications and accountability is important.

The committee needs to determine the scope of the issue and set a realistic time frame to resolve the issue. The members who agree to join the committee should be agreeable to commit to the meetings. Church committee work is very fulfilling; those on the committee need to realize they are doing God's work--they are his disciples.