



# Facility repurposing

## Financial pros & cons

By Kari Boyce

Whether you're a new church looking for a first home, a growing congregation needing a larger space to worship, or searching for a space for your exploding youth group to meet, there's no denying one major trend for churches: **facility repurposing**.

Churches across the country are taking advantage of vacant space that would not be traditionally used for worship. In your neighborhood, you might have noticed a big-box store that now houses a church. Or maybe it was a drug store, the corner bar, or even a car repair shop. Many church bodies are finding creative and interesting places where they can worship, gather and serve their communities.

So, what are the financial risks and opportunities of thinking outside the proverbial "box"?

### Be realistic in assessing the risks

If you've ever done a remodeling project on a home, you know that as soon as you open the walls, you're bound to find some surprises — even if you've lived there for many years. Imagine what those surprises could be if you're just purchasing the property!

If purchasing a mechanic's shop, it seems logical to look for oil storage; but what if you're looking at a former Kmart or Best Buy?

Here are some questions to consider before talking to lenders or drafting a purchase agreement.

- Regardless of the use(s) you know about, ask for or research the property history yourself. You might need to do more than a cursory environmental evaluation, which can get costly. Don't forget to check into the history of adjacent properties, as well.
- Are there any zoning restrictions or concerns that could impede planned use of the property (i.e., adequate parking to meet zoning requirements or traffic control upgrades in the area)?
- Location, location, location — We've all heard this real estate adage. Remember not to become enamored with the price or the "cool factor"; instead, ask yourselves: *Is this location the best / good / sufficient location for the intended ministry, and also a good value?*

- Keep renovation costs in mind. Construction experts will confirm that until the project starts, some things can't be known or anticipated. I've encountered a project where a building had a long-term, slow water leak that had caused dangerous levels of mold to grow within the walls. While this is an extreme example, even a small hiccup can create additional project costs or delays.
- Perhaps the biggest risk of all is whether or not the space will ultimately meet the needs of the intended ministry use. It might be advisable to perform some level of feasibility review or study before making the commitment and investing time and money.

### Seize the opportunities

With all these unknowns and potential challenges, why would you consider repurposing an existing facility? There are some excellent reasons!

- **Good stewardship.** Vacant buildings can be a bargain to purchase, even considering the costs of renovation or repurposing.
- **Less "runway time."** Repurposing an existing structure might enable your ministry to get up and running in less time.
- **Resale value.** If the building had a previous life *not* as a church, it might be easier to sell down the road, to serve another new purpose. Let's say the congregation continues to grow quickly and several years later, you're looking to move to a larger site. You might have a larger pool of potential buyers than just other churches.
- **Serving the community.** This is another common benefit of repurposing property. For example, if your church meets in a local school on the weekend and now wants space it can use all week, vacant space in the strip mall up the street can be very appealing. You're staying in the neighborhood and creating a visual presence, with the added benefit of activating vacant space. Ultimately, this provides multiple benefits to your community.
- **Creative ministry.** This is another reason we hear when churches are considering repurposing existing real estate. Perhaps the corner bar that's currently vacant becomes a new food pantry or coffee shop sponsored by your congregation.

Given the number of congregations repurposing facilities, this trend is likely to continue to grow. A sage piece of advice one church offered to another church is: Don't be in a hurry. Take time to fully evaluate your options, risks and rewards. Jumping in because it's a great deal that won't be on the market long could turn into the church version of "The Money Pit." **CE**

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