



NAVIGATING
CHURCH
OPERATIONS & REAL
ESTATE DURING
ECONOMIC
INSTABILITY

FOUNDRY
COMMERCIAL

RELIGIOUS, EDUCATIONAL & NOT-FOR-PROFIT GROUP

To Our Friends,

First and foremost, we hope that you, your family and your employees are staying well. We understand how stressful this can be and how quickly the situation is evolving. Please know that we are praying regarding this situation and the impact on the church.

Amid this time of uncertainty, we continue to monitor this evolving situation and provide our partners with support and resources. Our experience in guiding churches through every stage of the lifecycle, has taught us the importance of taking a proactive approach to real estate strategy and decision-making. Crises like this can have immediate and drastic effects on churches; we hope to be a resource in helping you steward these Kingdom assets.

This document is intended to provide some resources, helpful tips, and an overview of topics to consider as churches are faced with property specific issues. We are here to serve you in any way we can, whether it be providing additional knowledge, brainstorming creative solutions, or working collaboratively to address this crisis.

We are encouraged and take comfort that this is not the first challenge the Church has faced and are reminded that the Kingdom of God is never in trouble. We have reflected on the following passage from Hebrews 12:28, "Since we are receiving a Kingdom that is unshakable, let us be thankful and please God by worshiping him with holy fear and awe." We are here to help you be the best steward possible with the real estate that God has entrusted to you and we would love to help you in any way we can.

Peace & Blessings,



Chris Bury



Charlie Howarth



Matt Messier

Based on our experience with previous cycles and keen understanding of church properties, here are a few key trends that may affect churches in the immediate and long-term future:

Churches with Schools or Tenants



- What did we see before?
 - Many private schools permanently closed after sustained economic downturn
 - Churches were left with vacant properties and sudden loss in revenue
- What are we seeing now?
 - Schools have suspended operations indefinitely
 - Many are beginning to ask for rent relief or lease terminations
- Creative Solutions? – refer to Recommendations for Landlord Page
 - As a landlord, can you receive a portion of rent until the economy is back on track? How can you be proactive?
 - Don't Sell Yet – Foundry is here to brainstorm options that allow for a recovery without desperate action.

Churches with "Fresh Debt" or Financial Concerns



- Churches that took on new debt for an acquisition or capital improvement projects recently may begin to struggle servicing loans. In previous cycles, we saw many churches struggle with new debt as a result of insurmountable loss in attendance and revenue.
- Churches with financial struggles prior to COVID-19 will be affected by the disruption. In addition to potential loss of tenant revenue, many churches will be hit-hard by the loss in weekly giving as a result of physical meeting restrictions.
- For older-demographic churches who are faced with mounting deferred maintenance or barely meeting budget, the loss of revenue may pose immediate or near future risk to the financial viability of the church.

Impact to Aging Congregations and Buildings



- Tragically, COVID-19 is proving to be most detrimental to the health of our senior citizen population. In addition to the effects of the virus and public restrictions, the sudden financial downturn has affected individuals' personal savings and investments. The above factors are important to consider, since in many cases, senior citizens account for a sizable portion of membership and giving. We will most likely see additional church closures as a result.
- For churches that were struggling with deferred maintenance prior to COVID-19, the decrease in giving will greatly affect the ability to preserve the church's real estate assets. Maintenance that is ignored often times leads to a significant decrease in property value.

1
CHECK-IN WITH
YOUR TENANT
AND ASK HOW
THEY ARE DOING

2
DISCUSS WITH
YOUR TENANT IF
THEY FEEL THEIR
SITUATION
WARRANTS A
TEMPORARY
CHANGE IN RENT

3
MANAGE
ONGOING
TENANT
RELATIONSHIP

1. During the check-in, ask questions such as:

- How are you seeing this impact your business?
- How are your employees?
- Are you maintaining a full staff?
- How do you see this impacting your business in the next 3-5 months? In a year?
- Helpful Hint: Now is a good time to review existing lease agreements and note any upcoming term expirations, options or extensions, as well as future rental increases.

2. If Tenant Requests Rent Relief, Ask for the Following Info/Documents:

- Describe how the Covid-19 virus is impacting their organization. Please include all efforts to date to minimize impact such as staffing changes, reduced hours, etc.
- Describe how they are adapting their organization to the changing environment to find alternate revenue sources or ways to reach their customers.
- What is their path and recovery timeline based on information to date?
- The specific rent relief being requested .
- Detailed Income statement for the YE 2019 and YTD 2020.
- Prior 2 years Tax returns for both the Tenant entity and any guarantors.
- Current Financial Statement of the Tenant entity and any Guarantors.
- Number of current operating locations.

3. When Managing Ongoing Tenant Relationship:

- Schedule periodic check-ins between Landlord and Tenant
- Evaluate the relationship. Are there opportunities to help each other out and cross-promote events or initiatives?
- Review expenses and operational costs to determine potential areas of savings.



Cutting Costs on Landscaping

- Postponing landscape enhancements
- Adjusting cutting schedule to minimum (ex. Every 3 weeks)
- Adjust water sprinkler to a minimum
- Perform smaller landscape task inhouse



Janitorial

- Consider not cutting out completely, but utilize volunteer work
- Cleaning high traffic areas as a priority
- Cleaning touch points
- Manage Janitorial supplies that are needed
 - Buy concentrate instead of premixed solutions
 - Cut out less nonessentials such as urinal screens



Bidding out Vendors

- Postpone or hit pause on major projects
- Re-bid any outside vending services including insurance and verify they are bonded & insured
- Consider performing smaller/ medium projects inhouse
- Consider performing projects that would have normally been performed offseason.



Cutting Down on Consumables

- Save unused candles, and reuse other consumables as appropriate
- Use less expensive paper products, and eliminate paper bulletins
- Don't print when electronic files suffice. Most documents can be signed electronically



Electricity Usage

- Use a timer or occupancy sensor
- Call and understand peak/off-peak hours
- Shut off all unnecessary lights



HVAC

- Set HVAC to one set point (ex. 76 degrees)
- Perform preventative maintenance inhouse
 - Filter changing
 - Inspect HVAC
 - Smaller repairs

HELPFUL HINT:

Could the property be leased to any other churches or groups in order to generate income during off hours?

TECHNOLOGY IS MORE IMPORTANT THAN EVER BEFORE.

HERE ARE SOME **BASIC CONCEPTS** FOR CHURCHES MOVING INTO THE DIGITAL AGE



Worship

- Hold LIVE streaming (via social media) worship services online (combined with interactive giving)
- Pre-Record audio/video and post to website including daily devotionals
- For smaller congregations or bible studies, think about a simple video/tele conference

Communication

- Setup communications for all channels (staff, volunteers, members, community)
- Leverage tools like Zoom or Facetime to communicate through video (See Resources Page)
- Keep communicating. It's important for members and unchurched in your community to know that your church is adapting and pressing forward in this crisis.

Giving

- Make it simple, easy to use and accessible
- Setup Text or Mobile giving options
- Follow-Up (thank-you & future updates)

HELPFUL RESOURCES – OPERATIONAL TOOLS FOR CHURCHES

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The below are clickable links that you may or may not find useful. Click on the below links to learn more.

Church Specific Resources

[VANDERBLOMEN](#)

[CHURCH TECH TODAY](#)

[LIFEWAY](#)

Other Financial Resources

[GOFUND ME](#)

[INTUIT QUICK BOOKS](#)

[SQUARE MERCHANT](#)

Communication

[ZOOM](#)

[MICROSOFT TEAMS](#)

[GOOGLE TOOLS](#)

[MASS TEXTING](#)

[PLANNING CENTER](#)

Security

[FREE SECURITY KIT](#)

Misc. Operational Resources

[FACEBOOK RESILIENCE TOOLKIT](#)

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