

Old churches pose a real estate challenge

Buildings designed for specific purpose can be tough to sell.

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While churches are sometimes converted to other uses, many are sold to other churches - which is the type of buyer being sought for the Second Church of Christ, Scientist, in Land Park, listed at \$1.4 million. Sacramento Bee/Michael A. Jones

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Faced with a smaller congregation, the Second Church of Christ, Scientist, in Sacramento's Land Park has made a decision.

Its white, wooden New England-style church that opened in 1949 with its hardwood floors and fine acoustics is for sale.

Church members hired a real estate broker in December and priced their two buildings on 15,000 square feet at \$1.4 million. Two months later, Leigh Nurre faces one of the toughest transactions in real estate: selling a property designed for one purpose and of interest to only a sliver of the market.

Nurre is among hundreds of U.S. real estate agents and brokers marketing older churches as traditional mainline congregations decline, people move to the suburbs and churches increasingly become all-week lifestyle centers that need more room. Nurre and others make telephone calls to new, renting congregations that may or may not have money to buy. They advertise on commercial real estate sites under "special purpose" designations. And they get exploratory calls from developers and others floating ideas for other uses, from funeral homes to private schools.

Nothing about the process is easy. Most older churches are designed solely for services and can require rezoning for alternate uses. Residential areas accustomed to a low-impact religious neighbor can be fussy about busier uses. Seller congregations can even balk at buyer proposals they find offensive. Churches also are expensive and fledgling congregations often lack the necessary large down payments on sites often listed for more than \$1 million.

No one knows for certain how many of the nation's estimated 270,000 religious congregations are buying or selling at any given time. But as churches need to downsize or expand, "there's always another congregation looking to grow and that property is perfect for them," says Simeon May, chief executive officer of the Texas-based National Association of Church Business Administration. "One church moves on and the other moves in."

In the Sacramento region, prices for churches have ranged recently from \$500,000 to \$3.7 million or more. In Placerville, real estate agent Gary Jenkins has tried for seven months to sell a Church of the Nazarene on 1 acre for \$1.2 million.

"The difficulty in selling a church is it's a single-use function," Jenkins says. "It's not readily transferrable to other uses without significant modification."

Most churches still sell their properties to other churches, May says, a phenomenon that has made church lending a specialty for financial institutions. That's the kind of buyer Nurre has most in mind for the Second Church of Christ, Scientist, on Freeport Boulevard, a couple of blocks south of McClatchy High School.

"The highest and best use here is a church," Nurre says. "That's what I'm trying to attract."

She shows a stately 212-seat sanctuary that was picked up and moved from Beale Air Force Base to Sacramento 58 years ago. A second building contains a traditional Christian Scientist reading room, a warren of offices and a large bright room for Sunday school.

Churches pay the same lending rates as commercial businesses -- currently about 7.75 percent for loans usually paid off in under a decade, says Mary Ann Kalbach, who oversees church loans at Sacramento-based American River Bank.

Typically, banks like to see no more than 25 percent of a church's income spent on a loan, she says. Kalbach says it takes about 200 regularly contributing church members to finance a \$1.5 million purchase.

If a church can't find a religious buyer, there are numerous alternatives. May of the National Association of Church Business Administration says older churches throughout the United States and Europe, where church attendance has been declining, have been turned into offices, restaurants and medical centers.

In Placerville, Jenkins' Church of the Nazarene, built in 1947, and the nearby Westside International Church are such makeover candidates with their business and professional zoning. Both, if converted to nonreligious uses, would also be added to local property tax rolls.

Real estate agent Cathy Dean says she's talking with potential suitors about turning the 67-year-old Westside church into an event center for weddings, anniversaries and special occasions. The 1.15-acre property is listed for \$979,000.

It, too, has been for sale seven months. Dean and Jenkins hit roadblocks with other religious assemblies.

"None of the congregations we contacted in the area had the funds to do this," says Dean, who like Nurre and Jenkins is handling her first church listing.

Unlike the downsized Christian Scientist church in Land Park, Westside church is selling to expand into newer and bigger facilities, Dean says. The congregation of Church of the Nazarene is headed for a 7-acre site just outside the city. The church's 150 members bought the land six years ago.

"The way we do ministry now is different from 60 years ago," says Nazarene Pastor Steve Dickerson. "We use the church all the time. Every day there's something going on. We're not planning to be a church of thousands, but the ability to grow here is very limited."

In Sacramento, Nurre says she has received 60 calls so far for the Christian Scientist church -- most from other congregations in the city and one considering a move from Los Angeles.

She says history suggests another church as a likely outcome. A sizeable majority of 57 church sales reported in the Sacramento region since 2001 have been to other congregations. Protestants have sold churches to Jews and Catholics, and Jews have sold to Lutherans. Nondenominational churches have sold to Ukrainian congregations and Ukrainians have sold to Latinos. Latinos, in turn, have sold churches to Muslims.

"We've had calls from Hindu, Buddhist, New Harvest, Church of the Nazarene and a variety of evangelical churches," Nurre says. She's also heard from developers and people eyeing the site for a theater, a private school, mortuary and day care center.



All these options present problems. Nurre says several of the interested congregations are too small to afford the asking price. Others that can afford it say 212 sanctuary seats is too small. The church also depends solely on street parking and is zoned for residential uses.

Sacramento city planners say a new church is the easiest option for the neighborhood. Other uses have potential to trigger rezoning, special permits or issues over a well-known older building that could bring public hearings and political complications.

American River Bank's Kalbach agrees a church is the likely buyer on Freepoint Boulevard.

"So many churches are looking for permanent space," she says. "I have done many transactions and it's one selling, then the other coming underneath it to buy."

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