



SESSION 5

Basic Considerations for Leasing Religious Institute Space

Sometimes, religious institutes choose to lease unused space to others, in part to defray operating costs the institute would otherwise bear alone. Some considerations to keep in mind when the choice to lease space is made are:

- ✓ 1. By leasing space to others, a religious institute is choosing to act as a property manager, a function that requires time, effort, close attention and resources
- ✓ 2. Member concerns about privacy and access can be acute, especially if the institute has no history of leasing space to outside others
- ✓ 3. Having a good lease prepared or reviewed by the institute's attorney is a must
- ✓ 4. The terms of the lease provide an opportunity for the religious institute to place binding restrictions or conditions on how the space being leased will be used
- ✓ 5. The religious institute should try to retain as much flexibility as possible regarding the length of the lease in case its circumstances or needs change
- ✓ 6. Before entering into a lease, the institute must be clear about those responsibilities, costs and liability it is and isn't willing to assume
- ✓ 7. Having a good estimate of the costs to the institute to provide leased space is beneficial for a variety of reasons, including for use in establishing the amount that will be paid to the institute under the lease
- ✓ 8. When an institute enters into multiple leases, the basis for establishing lease costs should be equitable across leases, unless the institute has a compelling reason to treat a particular lessee (such as a sponsored ministry) more favorably
- ✓ 9. Leasing space to outsiders can have inadvertent implications for an institute's tax-exempt status, so caution, careful planning and consultation with a competent attorney are advised

