

Additional Space-Sharing Resources

for

St. Timothy's Episcopal Church
Community Asset-Mapping
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AT THE INTERSECTION OF
HERITAGE, FAITH, & COMMUNITY



Partners *for* Sacred Places

STAFFING FOR SPACE SHARING

As your congregation seeks to expand your facilities community use, it will be important to review and simplify any administrative tasks associated with that role and assess current personnel statuses and potential additional personnel needs. It will be important to clarify for external renters who is the primary point of contact in order to establish a clear line of communication. As space-sharing increases, your sacred place may also want to consider streamlining the rental approval process, lending agency to the staff member responsible for coordination if the rental is within certain parameters.

The administrative and personnel needs to consider for space sharing duties include, but are not limited to:

- Handle all space sharing requests that come in a timely manner
- Recruit space sharers the local community, and from referrals
- Investigate local sources to advertise the spaces that your facility has to offer
- Review space rates after initial space sharing period (6 months to one year of rentals) and annually after that initial period to make sure that costs are covered and an appropriate amount of income is being reached
- Contract and orient all space sharers to the space itself and the house policies

In order for space sharing to succeed and to meet any income goals, consider the following four options to meet staffing capacity:

1. Hire a dedicated (part time) staff member to handle all the requests that come in
OR
2. Clarify current staff roles regarding space-sharing duties and activities and adjust as necessary to meet capacity needs
OR
3. Bring in a dedicated volunteer who is passionate about space sharing, and has at least 15 hours a week to dedicate to the project
 - a. If this role is split between more than one volunteer, create a rotation schedule and one email address; they all share the login information and routinely check it and use it for all space sharing communications so all correspondence is centralized. Don't allow a volunteer to use their personal email.
OR
4. If your congregation finds a potential anchor tenant for a part of its facilities, carve out a space sharing role for them to take on those duties as part of their contract

- a. For this service, the anchor tenant can either get a break in the rent or a booking fee for any rentals they bring in
- b. *Note: This option should be reserved only if your sacred place has a trusted longer term partnership.*

Regarding email addresses and domains, consider one unifying domain. Just be sure to be uniform in this decision for all staff. For example, if the first initial and last name is used for one person, make sure you replicate that for all staff. For the space sharing contact(s) at the sacred place it could be as simple as: rentals@mysacredplace.org.

There are many other details about space sharing in regards to staffing that will be critical to a successful program and some of that will be trial and error for any congregation as it develops its system and should be flexible in their approach, meaning alter and shift the system as needed to best suit their needs. Here are just some of those details that can set up your congregation for success:

- Respond to any space sharing request within 48 hours of its submission. Any delay may result in the potential space sharer booking elsewhere.
- Provide house rules/space policies upfront. In doing so, it will save staff time in answering the same questions repeatedly. It will also make the space sharer's questions more specific to their rental and needs making for a better overall rental experience.
- Along with the standardized email address (rentals@mysacredplace.org), you could also consider providing a phone number linked to that email address. Google phone numbers are free, can be linked to an email address, and can receive phone calls and text messages to any mobile phone with the Google Phone app. The line doesn't have to be linked to anyone's personal mobile number but could be shared between many folks and also has a Do Not Disturb function for late night and off hours.
- Simplify and clarify the space rental process. Allow for the space sharing representative to make the executive decisions they need to make for short term rentals. If the system to get the space rented for one day is made more complicated by additional sign offs, approvals, or committees, it could lead to loss of that potential revenue. If the space sharing representative is empowered to make short term rental decisions based on guidance provided by congregational leadership, it will lead to the completion of more rentals and more revenue. Any delay could mean a loss in revenue.



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Space Sharing Considerations and Questions

1. What values of our congregation would we want space sharing persons to know and understand? Space sharing with those outside your congregation may mean expressing your values as they are clearly understood by secular society. Are there persons or groups/programming that we would be uncomfortable sharing space with?
2. How does space sharing impact our insurance agreements and coverage?
 - a. Would any particular type of rental or size of group require the renter to carry insurance and name the church as additionally insured
 - i. This is fairly standard practice for any space sharing partners.
 - ii. Partners' generally recommend every renter carry their own insurance unless the activity is specifically covered in the church's insurance.
 - b. Will insurance cover damages done by space users? (for example, damage to a window in the assembly hall)
 - c. Will any space users be required to follow safe church protocols that apply to the house of worship.
 - i. Such as background checks on adults working with minors
 - d. What hold harmless language should be included in the space sharing agreement?
3. What uses would we prefer or allow for each space from the following (list not all inclusive):
 - a. Lecture, Seminar, Training, Training with breakout rooms, Board Meetings, Luncheon, Fundraisers, Dinners/Banquets, Receptions, Civic Meetings, Counseling Sessions, Physical Therapy Groups, Medical/Mental Support Groups, Yoga or other light exercise, Tutoring, Mental Health Screenings, Readings, Rehearsals, Concerts/Performances, Classes
4. Will we allow recurring use, such as a monthly event by an outside organization?
5. What is or will be our policy on food, beverage, and tobacco use on the property, especially alcohol?
6. What will be our policy on decorations and decor, temporary and permanent?
7. Are there dates that would be "blacked out" from space sharing use? Seasons such as High Holy Days, Holy Week, Lent, Advent, Ramadan or other standing religious events that would take priority of space for congregational use and programming.

8. How much time does it take to clean a space between users/events? For example, a Friday or Saturday night event would require restrooms to be cleaned and the rooms themselves to be reset before the worship day programming and services.
 - a. What is the rate for a day porter or hourly service from a cleaning service?
9. Do we want and/or need to have a staff person, congregant, or other person to be on site when an outside group is on site after business hours?
10. Who will set up and break down for users?
11. Would certain rooms be only available in the format/set up the facility typically has it in? For example, a room that is outfitted with living room furniture for casual or intimate conversations, can that room be changed for a seminar or lecture set up or can it only be used in its current set up? Think about which rooms are in a more permanent set up versus more versatile?
12. What are the technology needs a group may have? How can your facility prepare for those in advance?
 - a. For example, purchasing one or two smart TV's on moving carts would provide a mobile solution to be used by the congregation and space sharing users. These are much easier than screens and projectors to set up and manage.
 - b. Make sure to have a secure storage area for the technology.
13. Will kitchen use and access be included when a space sharer is renting one of your ancillary spaces; or will that be an additional fee? If your kitchen is commercial or serve safe, will you require certification or licensed users only?
14. What can our trash/recycling service accommodate under our current service? Would this need to be updated with increased building use?
15. What hospitality supplies, if any, would we make available to rental groups and events?
 - a. Could they use our coffee, tea, water, ice, cups, paper goods, etc.
 - b. Do we have trash cans on wheels and liners available so that users can easily remove trash to the outside bins?
 - c. Are brooms and dustpans and vacuums easy to find and use?
 - d. In what condition do we expect spaces to be left following use?
 - e. If an event has linen or catering service - designate who is responsible for drop off and pick up.
 - f. Is there a place for very temporary storage of such items?
16. How much cooking would be permitted in the kitchen by outside groups?
 - a. How does licensing inform this?
 - b. Are we only going to be a warming kitchen for outside groups? (this is often the only option without a commercial kitchen designation and health department oversight)

17. How many people can we accommodate in each space for the following setups based on available furniture in the space or in very close proximity. (For larger meeting spaces, not classrooms)
- a. Seminar/Lecture/Meeting (chairs only)
 - b. Seminar/Lecture/Meeting (tables and chairs)
 - c. Dinner/Meeting with Tables & Chairs
 - d. Standing Reception
18. What days and times will be made available for space sharing use for each space.
- a. Consider hourly rates or a flat rate for up to X amount of hours; i.e. a daily rate.
 - b. Consider a percentage increase for space use outside of business hours or weekends.
 - c. Consider having multiple rates for each space (more in Section 19 below):
 - i. Higher rates for private events and for-profit businesses;
 1. This helps to support the nonprofit and value work others will do at a discounted rate.
 - ii. Discounted rates for nonprofit groups;
 - iii. Deeper discounted rates to value aligned groups, particularly if it is during business hours.
19. What tiers of pricing would you create and the equitable definitions of each?
- a. Value Aligned Partners
 - i. Who do we already support with financial or in kind support that providing space would further our shared mission and values?
 - ii. Can an organization become a value aligned partner to take advantage of lower pricing?
 - iii. Value aligned partner pricing should be enough to cover any utilities and personnel/clean up overhead for a space - unless the church views these expenses as part of in-kind support of the partner organization.
 - b. Non Profits
 - i. Who would we consider for non-profit pricing?
 1. Arts & culture versus social service versus educational/daycare versus food insecurity
 - ii. Organizations such as hospitals and universities may be nonprofit but it wouldn't be a burden for them to pay higher rates for space sharing. The same would hold true for government entities
 - c. Business/Corporate
 - i. These rates should be the starting point of space use rates. From there you can build percentage reduced rates for other price points.
 1. Assembly Hall Rate with Kitchen (for example)
 - a. Corporate \$750/Day
 - i. Non-Profit \$375 (50%)
 - ii. Mission Partner \$150 (20%)

- ii. Consider giving Businesses an opportunity to donate towards the value-aligned partners' rent in your facility. Helping to subsidize their rent.

20. What will the payment process and requirements look like?

- a. What payment forms will be accepted? Cash, Check, Venmo, PayPal, Zelle, Cash App, etc
 - i. Have more than one available - make it easy for *all renters* to pay.
- b. Will a deposit or full payment be required to confirm and secure the event on the calendar?
- c. Will there be a security deposit required on rental of any spaces or for any particular uses?
- d. Would any income from space sharing fall into Unrelated Business Income Tax (UBIT) requirements?
 - i. [UBIT](#) information from the IRS
 - ii. Aligning the values and work of your house of worship with the space sharers work *may* alleviate some concerns here.

21. Would we open the Sanctuary/Worship Area for space use/rentals by outside groups?

- a. What types of performing arts events, lectures, presentations or large gatherings would we support renting to?
- b. Would a special fee apply if the user requested to change the Chancel/Bema arrangement to accommodate space sharer needs?
 - i. Like musician or instrument placement, set items or decor, or panel discussion chairs and podium?
- c. Are use of the organ, or other instruments in the worship area, chairs, or music stands included in the user fees?
- d. How will you handle requests for tuning?
- e. Would we increase the user fee for ticketed events vs. free community events? Or are you staying with the predetermined rates previously solidified in your space sharer process?

22. First Aid and Safety Considerations

- a. Do we have first aid kits and instructions around the building?
- b. Should we have an AED and staff or lay persons trained in its use?
- c. Is outside lighting adequate for evenings and night time events - especially at entrances and parking areas?
- d. Do you have enough fire extinguishers in place and in prominent places that they are easy to find in an emergency?
- e. Do you have a list of emergency contractors for renters? Plumbers are a great example to have on hand and it's better that it be someone your site trusts.
- f. What will be the responsibilities for space sharing persons issued keys or alarm code information to access the building when necessary?



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Rental Guidance

How to determine pricing for your space and different spaces in your property

1. Cost comparison of spaces near you

Any realtor should be able to give you some price points for your particular location. Those will be your standard commercial rate. You can also do some online research comparisons of other local rental spaces for events, meetings, and performances. This will give you a baseline for commercial rental rates, but you should also consider the amenities those spaces have versus the amenities in your spaces. Big items to consider that may impact rates for your spaces: A/C, ADA Accessibility, public transportation access, WiFi access, and overall quality and beauty of the space. Depending on what activity the renters are seeking will change what amenities of this non-exhaustive list are their top priority.

Consider connecting with other houses of worship to see what they were charging. Comparing rates for the kinds of groups often seeking space in a sacred place will be important to know what the market is generally willing to bear in that sector.

2. What will it cost you to run that space - staff time, trash disposal,

As the manager of your facility with very real operational costs, it is important to understand the exact costs of running your facilities. Sharing your space with others whose mission you may support begs the question: to what degree are your space sharing rates subsidizing the space sharers or are you actually covering the maintenance costs it takes to open your doors? It is worthwhile to understand your facility's full cost breakdown for this reason.

First, you should ascertain the square footage of your entire footprint, but be sure to keep the individual measurements of your individual spaces. As an example, while your entire building may be 25,000 square feet of space, the spaces you are most likely to share may only be 5000 of that 25K. In this example, while the total of your building's costs will be for the entire footprint, the space sharer is only using a portion of that total. Knowing the percentage amount of your actual hard costs along with an allocation of some staff time to assist with any space sharers will give you a better idea of what that portion of the facility costs you to operate. It is critical to do the math first before creating a rental amount.

The costs to put into your calculations will be the following:

- *Average* monthly costs for any utility such as: electricity, gas, oil, and water.
 - Some months are higher and some are lower, taking the average is the best solution to figuring this out effectively. You can adjust for cost of living increases annually.
- Monthly cost for security
- Monthly cost for pest control
- Monthly cost for WiFi (if you intend to share it)
- Monthly cost for janitorial services
- Monthly cost for general building maintenance & upkeep
- If applicable, monthly costs for dumpsters, snow removal, and any garden /green space maintenance
- A percentage amount of the 1 or 2 staff persons' time that may be allocated to assisting space sharers

3. Type of activity (public event versus private; number of attendees)

The type of activity in your space will greatly affect the wear and tear on your space. A meeting, rehearsal, or small sized class taking place within your space will have less people in attendance and far less wear and tear on your space than would a large size event or performance or conference. In addition to general wear and tear, a large size event or performance or conference will have larger numbers of people and will add to your utility costs, such as water usage and electricity. When there are more people within the facility you can also anticipate higher costs.

Ultimately, yes, it is fine to have higher rates for larger more public events than for the smaller more private ones.

4. Mission considerations

As a sacred place or a place where communities engage and interact, it is fitting that you may want to attract like minded individuals and mission-driven organizations to your space. By your space hosting these types of organizations, it promotes the idea of being mission supportive of one another. Sharing your space with commercial or for profit entities *and* mission driven individuals and organizations allows for a diverse financial outlook for your facility. It is quite common to create nonprofit or mission supportive rates for those you think you would like to see in your facility because of the work that they produce, whether that work is in the creative industries, in one of the many branches of social service, or helps with food insecurity. Charging for profit entities at an increased rate will also help to subsidize the mission aligned organizations you host.

5. Budget considerations

As the owner of your facility it is imperative that you be transparent with yourselves about your own budget. Knowing what you can and cannot afford will be key to creating a sustainable space sharing model for yourself and your facility. Sharing your space can be rewarding and assist your own mission fulfillment, but it should not be at the expense of your very real costs and overall facility health. Defining a baseline income goal from

space-sharing -- related to the cost of facility maintenance and upkeep -- is a great first step.

6. Tax considerations

For the most part (this is not 100%), if your sacred place shares your space with another nonprofit entity you will not be taxed on that income. However, that will change based on the laws within your city, state, municipality, or township.

Please do your due diligence, contact a local tax attorney or local accountant who will know best practices for your region. In most circumstances, it will be the local state, county, township tax laws that can have a greater impact on your space sharing. Some local jurisdictions are on the lookout for rental income that, in their view, is unrelated to a nonprofit's core purpose, and therefore taxable. You must consult with a local real estate or tax authority for guidance and advice. to gain those answers.

In addition, the IRS has a publication dedicated to religious facilities and their nonprofit status. ([IRS Tax Guide for Churches and Religious Organizations](#)) Sharing your space with a for-profit entity may require your facility to pay taxes on that income specifically and that should be factored into your fee schedule. Again, please consult the IRS guide as well as your attorney and accountant.

While aligning your mission with that of your space sharer does not *guarantee* you will not be taxed, it certainly helps prove your case that hosting this entity is working towards your own mission work.

For those of you afraid of losing your tax status entirely, please refer to page 4 of the IRS Guide linked above. We believe that this should relax any tensions around that issue.

Additional guide: [How to Estimate Utility Costs for a Business.](#)



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Non-Profit status & Rental Income Question

Space sharing, renting, licensing, or leasing space can be a critical part of the stewardship of the sacred place entrusted to your care. It can also come with many questions and concerns regarding taxes and your 501c3 status. Partners for Sacred Places gets asked about this all the time and has come up with some guidance¹ for any congregation thinking about establishing or adjusting their space sharing programming within their building.

There are three terrific online IRS resources all sacred places should access:

1. [IRS - 501c3 Tax Guide for Churches and Religious Organizations](#)²
 - Starting on page 4 there is a section about “Jeopardizing your tax exempt status”
 - o It starts with these basic bullets, see below, then gives more definition to them...
 - All IRC Section 501(c)(3) organizations, including churches and religious organizations, must abide by certain rules:
 - their net earnings may not inure to any private shareholder or individual;
 - they must not provide a substantial benefit to private interests;
 - they must not devote a substantial part of their activities to attempting to influence legislation;
 - they must not participate in, or intervene in, any political campaign on behalf of (or opposition to) any candidate for public office; and
 - the organization’s purposes and activities may not be illegal or violate fundamental public policy
2. [IRS - How to lose your 501c3 tax exempt status without even trying](#)³
 - All congregations should take a closer look at #4 UBI or Unrelated Business Income and what that could mean for their space sharing program

¹ Since Partners serves congregations across the country, this guidance is pertinent to federal guidelines only. Partners urges all congregations using this guidance to familiarize themselves with local city, state, county, and township tax laws which may apply to sharing their facility. Using this advice in concert with a local tax or real estate attorney or accountant is strongly advised.

² <https://www.irs.gov/pub/irs-pdf/p1828.pdf>

³ <https://www.irs.gov/pub/irs-tege/How%20to%20Lose%20Your%20Tax%20Exempt%20Status.pdf>

3. [IRS - Unrelated Business Income of Exempt Organizations](#)⁴

- Starting on chapter 4, page 9 this document talks about Unrelated Business Taxable Income or UBI

*Note on UBI or Unrelated Business Taxable Income*⁵:

Any congregations receiving this kind of income will have to file a 990-T. Their income has to support their exempt purposes. Otherwise, the congregation could run into issues with nonprofit status when UBI accounts for more than half of income.

So, sharing/renting our sacred spaces is always considered “unrelated taxable business income” or UBI?

In short, it is technically correct that most sacred places and their judicatories fear the loss of their nonprofit status if they collect too much UBI. UBI is not supposed to go over 51% of their total income. However, that is also why Partners encourages congregations to seek out those whose values and vision match their own.

Creating that alignment between the values of the congregation and the values of the entity they are hosting will actually support the argument that space sharing/renting is part of their exempt purpose. These large facilities were meant for community use. They also come with large utility and maintenance bills attached so it's important that, as a congregation, you can create a sustainable model for sharing your space. This means charging a fee to cover the costs of opening and operating your spaces. Additionally, it is possible to make space sharing a part of your values and your mission meaning that the income is not necessarily unrelated to your business.

Is there a real world example of how this could impact our congregation?

Yes, let's set the stage first. We know that 51% of any congregation's entire annual income is a lot. For example, if a congregation's entire income for the calendar year is \$100,000, then 51% means that \$51,000 of those dollars would need to be coming from UBI renters in order for the congregation to jeopardize their tax status. So, to continue this example, if an outside homeless social service entity wants to rent space in a church for a year round shelter and is paying the church \$4,000 a month (which would be a hefty sum for that type of entity) that would equal \$48,000 for the year, inching that church very close to that 51%. However, that shelter is using heat, electricity, water, possibly using congregational security, and of course any other regular maintenance that the facility incurs as a result of hosting this year round rental. After those costs are factored in, how much is the congregation's actual takeaway? Not \$48,000, which makes the actual income from space-sharing farther away from that 51% than it felt originally. In addition, could there be a link between the values and mission of the house of worship and the shelter? There is certainly the case for it, yes.

How about a different example that may be harder to establish value alignment?

Let's take the arts as the next example. What if those artists encourage diversity, equity, and inclusion as part of their values and in the stories that their work tells or portrays. The same calculations can be applied as previously done on the previous shelter example where the artists are paying a monthly

⁴ <https://www.irs.gov/pub/irs-pdf/p598.pdf>

⁵ UBI or Unrelated Business Income is “the gross income derived from any unrelated trade or business regularly conducted by the exempt organization, less the deductions directly connected with carrying on the trade or business.”

rent however that money is put out to support the actual facility costs to keep the doors open. Additionally, in this specific example, if the congregation has a strong DEI value set themselves, perhaps this is their way of incorporating that within their outreach work or ministry by sharing space with the artists whose main values and vision are those same ideas and ideals. The artists' work in DEI can be an extension of the congregation's own value set.

Ok, the artist and the homeless shelter are justified, but chances are they are not paying top dollar. How about other events like private parties that tend to bring in more dollars?

So private parties such as a life cycle event: a wedding party (not the matrimony service itself but the reception or cocktail hour), or a retirement party, anniversary, or graduation party would technically, be for profit, but sacred places are in the *business* of life cycle events. From the cradle (baptisms and naming ceremonies) to grave (funerals and repasts), it could also be said that these private parties are also related to the business of being a house of worship. Other life cycle events examples include: Quinceneras, Graduation, Retirement, or Anniversary party as well.

I'm still concerned. One more example. What if our congregation wants to actually support or get rent from a for-profit business? What then?

Yes, there is the possibility of hosting a new business incubation or perhaps a catering company that uses the commercial kitchen for prepping meals as a part of their business or maybe a therapist as a private office in the facility. Yes, congregations would have to watch the rent coming from these entities however:

1. What is the likelihood that income will make up 51% of the total income and...
2. There is still an argument for any one of those businesses to fit the congregation's vision depending on the businesses work and who they serve and...
3. It is very specific to the local tax laws.

Ultimately, it is possible that the congregation *may* be liable for the taxes on money from those specific for profit entities. Even then, if you are gaining enough income to be taxed on it, make sure you are stashing away a portion of the rental income in escrow to pay those taxes when they come due. Stashing it away for when the congregation needs it prevents those dollars being spent in other ways.

This all leads ultimately to congregations needing to learn more about those specific *local* tax laws and perhaps even gain a better understanding of how much the taxes on any income might be and potentially how they could even roll the tax amount into the rent the for-profit entities are paying so that those costs are already covered.

There is a lot more nuance to unrelated business income and losing your tax status than at first glance! Do your research. Find local tax law assistance. Get in touch with your local assessor's office and tax attorney who can help your congregation understand the details of municipal and state taxes. Work within the system so your house of worship can maintain stability and sustainability through sharing and renting your spaces at fair prices.