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Churches find great real estate deals

Premium content from Sacramento Business Journal by Sanford Nax, Staff Writer

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[Sanford Nax](#)

Staff Writer- *Sacramento Business Journal*

[Email](#) | [Twitter](#)

Several Capital-area churches are taking advantage of low interest rates and prices to buy property and provide permanent homes for their active congregations.

Crosspointe Church of Natomas, The Crossing Church and Sun Grove Community Church are among those that recently bought buildings, while other congregations search for opportunities. Crosspointe paid \$1.7 million for a 6,300-square-foot warehouse shell that it acquired from Buzz Oates Group of Companies in a 24-month lease-purchase option in 2010. "As you can see, we pulled the trigger on the purchase, and have finalized the acquisition," said lead pastor [John Stone](#).

Meanwhile, the 200-or-so-member The Crossing Church in Natomas will move into a 17,000-square-foot office building purchased less than two weeks ago from a technology company for \$1.2 million. "It was a renting-vs.-owning decision," said [Kyle Johnson](#), lead pastor. "It was wise to look out there. It made financial sense."

Members of Sun Grove Community Church started meeting in March in a former Gold's Gym on Longport Court that they bought from a bank. About 750 people attend weekend services at the two-story building. Executive pastor [Jay Stevans](#) said the former gym makes an ideal church after some renovation, which including gutting the locker rooms and making them into classrooms.

Low interest rates, low prices and ample supply of available buildings can be pretty enticing to churches in leased or temporary quarters, such as schools. But finding the right site at the right time can be surprisingly difficult. Crosspointe, for example, had to choose between exercising

the purchase option for a building that had declined in value from the agreement signed two years earlier or coping with future escalator clauses in the lease.

The church bought the building. "The price was more manageable than the escalator clause," Stone said.

At Gateway Fellowship in Natomas, the congregation is looking for a permanent home after moving into a building at Natomas High School. The move to the high school occurred after its longtime landlord in another location needed the church space for expansion.

[Tomas Garcia](#), a partner in eTernity Realty and a Gateway member, is helping the church find a new site to accommodate its 350 regular attendees.

He said many lenders are skittish about lending to churches because they don't have much collateral and because finances are often uneven.

In addition, churches require large parking lots, want visible locations and often have to get their new sites rezoned, which takes time. Garcia said some cities have been reluctant to rezone sites for churches because they are exempt from paying property taxes, which are revenue streams for local governments.

Garcia said lenders have been reluctant to lend Gateway \$300,000 for tenant improvements at a warehouse the church is considering acquiring in the Natomas area through a lease-buy option. "Given where the (real estate) market is and low interest rates, we thought we had an opportunity to own our own building, but it is not easy in this market," he said.

In a different kind of deal, Liberty Towers Church of the Nazarene bought back 6 acres next to its Elkhorn Boulevard site that it sold to a developer in 2005. Liberty Towers sold the property for \$3.5 million. But the development never materialized, and the land fell into foreclosure. Liberty Towers bought it back from the court for \$675,000 in a transaction that concluded Tuesday, said [Brian Jacks](#), the East West Commercial agent who handled the deal. Liberty wants to make the land available for some kind of community benefit.

Jacks also negotiated a lease between Liberty Towers and Cornerstone Christian School, which will move from Roseville to Liberty Towers. "It's really a win-win for everybody," Jacks said. "Cornerstone now has full access to an extensive facility with spacious classrooms, multiple playgrounds, renovated auditorium and large gymnasium, while Liberty Towers enjoys a tenant that fulfills one of its core missions to provide a Christian education for the community."

Sanford Nax covers commercial and residential real estate and construction.