

Property and Proceeds Policy

The Presbytery of Los Ranchos

INTRODUCTION

On November 16, 2023 the Presbytery approved this policy for property and proceeds from sales or leases for the Presbytery of Los Ranchos. Its implementation will be through the Trustees.

It is the opinion of the Trustees that our presbytery and its congregations are at an important inflection point.¹ We have seen requests from congregations increase significantly—for loans, for partial or total sale approvals and for advice regarding their future. Changes are coming at us at an increasingly rapid rate and Trustees find they do not have the tools to address them in a consistent and coherent way that is also fair and equitable. Therefore, in the Spring of 2022, Trustees set out to research and write a property and proceeds policy that can be our primary tool in addressing the issues we face. It is based upon a careful reading of the Trust Clause in the Book of Order and the many GA-PJC rulings on the Trust Clause.

The following are “guiding principles” that govern the roles and responsibilities of congregations and presbyteries with respect to proceeds from redeveloping, leasing, or selling property.

Roles/Responsibilities of Congregations and Presbyteries	
CONGREGATION	PRESBYTERY
<ul style="list-style-type: none">• Congregation holds title to the property and has authority over its use as long as in good standing with presbytery and using it according to the constitution• With the permission of presbytery, the congregation has the right to sell all or part of property• As long as congregation is in good standing, it has the right to determine what to do with any	<ul style="list-style-type: none">• When a congregation ceases to exist, all assets are transferred to the presbytery, and the presbytery has the right and responsibility to use those assets to further the mission of the Presbytery on behalf of the PC(USA)• Presbytery can require a congregation to develop a credible mission plan in order to receive Presbytery approval for

¹ An inflection point, as used here, is a moment in an organization when the historical ways of functioning are beginning to change significantly and move in a different direction than that which has been known and normal.

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<p>proceeds from a sale or income generation opportunity</p> <ul style="list-style-type: none">• When in good standing, a congregation cannot be required by a presbytery to pass all or part of the proceeds from redeveloping, leasing, or selling property to the presbytery• A congregation cannot be required by a presbytery to pass all or part of proceeds from redeveloping, leasing, or selling property to the presbytery in exchange for a promise to approve a congregation's request to redevelop, lease, or sell property	<p>an encumbrance, a sale, or a redevelopment project</p> <ul style="list-style-type: none">• Presbytery can assess whether a congregation is using all or part of its assets for the purpose of the mission of the PC(USA)• Presbytery has the responsibility and authority to formulate a missional vision within its bounds and work with congregations towards fulfilling that vision.
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Presbytery of Los Ranchos (PLR)

June 1, 2023

PLR's Revised Mission Statement: "God calls the Presbytery of Los Ranchos to cultivate vital congregations and partnerships that embody the love and justice of Jesus Christ."

PURPOSE: The purpose of this Property and Proceeds Policy is to clarify how we, as a presbytery and community of congregations, will work together to steward the property God has entrusted to our denomination for mission within our geographical bounds.

This policy, adopted by vote of the Presbytery on [XX/XX/XXXX], states the principles, expectations, responsibilities, commitments, processes, and options that guide the Trustees when making decisions about the use of church property. Such decisions may regard the allocation of proceeds from the sale, rental, encumbrance, and/or redevelopment of property.

FOUNDATIONS

Trust Clause – All property (real and other)² "whether **the property is** used in programs of a congregation, or of a higher council, or retained for the production of income, is **held in trust**, nevertheless, **for the use and benefit of the Presbyterian Church (U.S.A.)**" [G-4.0203]. Regardless of who holds title to church property, it is held in trust – not for the benefit of congregations or higher councils, but for the denomination. (The General Assembly's Permanent Judicial Commission has ruled on many cases upholding the Trust Clause.)

Ordinarily, the congregation or council that holds title to a property determines its use. However, in cases where it is determined by a higher council that the use of, or anticipated use of, said property is not consistent with the benefit of the PC(USA), a higher council may determine the use of the property.

In all cases, property is understood as a resource for mission, and **is** not an end in itself. "The property of the Presbyterian Church (U.S.A.), of its councils and entities, and of its congregations, is a tool for the accomplishment of the mission of Jesus Christ in the world" [G-4.0201].

The Presbytery – "The presbytery is responsible for the government of the church throughout its district [geographical bounds], and for assisting and supporting the witness of congregations to the sovereign activity of God in the world, so that all congregations

² When this policy uses the term "property" it is inclusive of real property, physical property, such as furniture and all other assets including bank accounts, investment accounts, endowments etc.

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become communities of faith, hope, love, and witness” [G-3.0301]. (For other relevant *Book of Order* provisions, please see notes at the end of this document.)

Church Funding in the 21st Century – Shared Mission Giving and Per Capita are joyful expressions of partnership between congregations, presbyteries, and the wider church. Indeed, these funding sources enable congregations to make a collective impact in service to Jesus Christ within and beyond the presbytery. Regrettably, however, many congregations are unable to give at the level they once did. In addition, and because of declining membership, many congregations do not need as much real property as they once did to implement their ministries. A 21st-century property policy will leverage real property to care for existing congregations, while generating new resources for congregations and future ministries throughout the presbytery.

Case-By-Case – PLR, through the Trustees, shall evaluate each event involving the sale, rental, encumbrance, or redevelopment of property, including how to use or allocate the proceeds therefrom, according to the event’s unique characteristics, with consideration for the mission of the presbytery and the local congregation, the needs and missions of other congregations, and for new worshiping communities in the presbytery.

Common Good – PLR, through the Trustees, shall make every effort to ensure that property decisions promote the welfare and future vitality of all existing congregations, new worshiping communities, and operations of the presbytery. There shall be no special consideration based on size of membership, ethnicity, and/or geography.

Transparency – The expectations, process, procedures, and data necessary to make excellent property decisions—including mission studies and financial data—will be communicated in a timely manner, and in appropriate formats as defined by the Trustees.

EXPECTATIONS

General - Property is a resource for mission, not an end in itself. For PLR to be faithful in its role as trustee on behalf of the PC(USA), and to be effective in its role to “resource the work of congregations for the most effective witness to the broader community” (G-3.0303), it is helpful for the presbytery to know in advance the underlying health factors of each congregation regarding property and finances.

To better serve PLR congregations in an effective and timely manner, those engaging the Trustees are expected to have completed and to provide the following:

- 1. Mission Studies** - PLR recommends that all congregations review and update their mission studies at least every five years. Studies shall include a:

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- a. **Demographic study** of the population surrounding the Church's campus; or, if the congregation's witness to Christ is nongeographical, a thorough description of its target population (resource: MissionInsite).
 - b. **Process** that provides an accurate assessment of the leadership capacity within the congregation's membership (vision, energy, gifts) to make the deep changes required to be missionally effective in a changing society.
 - c. **Mission Plan** that clearly describes how the congregation will deploy its people and financial resources in the next three to five years, with benchmarks for proposed initiatives and costs by year.
 - d. **Financial Report** that provides both the congregation's current financial picture and projections that identify all assets, revenues, and expenses projected for the life of the mission plan. (The Trustees will provide templates for these reports.) The required information will include at a minimum the following: total assets, endowments, membership giving, outside revenues, operating expenses, liabilities, expected major repairs and future maintenance projects.
2. **Denominational Giving** –The work of the presbytery is funded by per capita giving, shared mission giving, investment income, and denominational grants. All congregations are expected to support the financial health of the presbytery and the PC(USA). When a congregation fails to give according to its means, it places a greater burden on its sister congregations to fund the mission of the whole.
 3. **Proceeds from Sale or Redevelopment of Property** – Congregations selling or redeveloping property shall do so in conjunction with a detailed mission plan (outlined above) which includes measurable benchmarks projected for the life of the plan, and an explanation for how the proceeds will be used. The measurable benchmarks should demonstrate that the plan is being successfully implemented.

The congregation may decide that proceeds from property sales or redevelopment projects be used to further the missional activities of the congregation as reflected in the mission plan or to otherwise benefit the mission of the presbytery and/or the PC(USA).

OPTIONS

Given that we are living in an era in which many congregations are facing difficult decisions regarding their futures, congregations are encouraged to work in conjunction with the Trustees in the development of a viable plan. The Trustees can assist congregations in charting the best

financial course for their futures. There are multiple pathways that a congregation may choose, including:

1. **Staying the course when their congregation is flourishing.** Where this is the case, it is unlikely that a congregation would have the need to call upon the Trustees for assistance.
2. **Redevelopment of some or all their property for alternative uses that can be income generating to further the congregation's mission.** Such redevelopment plans can be done in conjunction with the Trustees. (PLR maintains relationships with experienced redevelopment firms who can make the process more manageable for a congregation.) The Trustees work together with the congregation and redeveloper as a liaison between the project and the presbytery. Recognizing the presbytery's role in facilitating new sources of revenue for congregations like theirs, the congregation may choose to increase its Shared Mission Giving so that other congregations may benefit as well.
3. **Merger of two or more congregations is an option that can give new life to existing facilities that are currently underutilized.** The Trustees can assist the congregations in understanding the process and can serve as a liaison between the congregations and the presbytery until the merger is complete.
4. **In some cases, the best and most likely path is to move toward the completion of the ministry of an existing congregation.** If this is the proper path, the Trustees and COM will work with the congregation to move toward the dissolution of the congregation and the celebration of their history. The property may be sold, used to start a new congregation on the site, or redevelop the property to generate revenue streams to be used in support of ministries within the presbytery.

NOTES

“The presbytery is the council serving as a **corporate expression of the church** within a certain district and is composed of all the congregations and ministers of the Word and Sacrament within that district” [G-3.0301].

“The presbytery is **responsible for the government of the church throughout its district**, and for assisting and supporting **the witness of congregations** to the sovereign activity of God in the world, so that all congregations become communities of faith, hope, love, and witness. As it leads and guides the witness of its congregations, the presbytery shall keep before it the marks of the Church (F-1.0302), the notes by which Presbyterian and Reformed communities have

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identified themselves throughout history (F-1.0303), and the Six Great Ends of the Church (F-1.0304)” [G-3.0301].

“In light of this charge, the presbytery **has responsibility and power to provide...** encouragement, guidance, and resources to congregations in **the areas of mission, prophetic witness, leadership development, worship, evangelism, and responsible administration**, to the end that the church’s witness to the love and grace of God may be heard in the world”.

“In light of this charge, the presbytery **has responsibility and power to nurture...** congregations in developing the graces of generosity, stewardship, and service; assisting Congregations in developing mission and participating in the mission of the whole church” [G-3.0301b].

“Presbytery, being composed of the ministers of the Word and Sacrament and commissioners elected by the session of congregations within its district, has a particular responsibility to coordinate, guide, encourage, support, and resource the work of its congregations for **the most effective witness to the broader community**. In order to accomplish this responsibility, the presbytery has authority to: a.) develop strategy for the mission of the church in its district; b.) control the location of new congregations and of congregations desiring to move, as well as to divide, dismiss, or dissolve congregations, in consultation with their members; ... and f.) consider and act upon requests from congregations for permission to take the actions regarding real property, as described in G-4.0206” [G-3.0303, G-3.0303a, G-3.0303b and G-3.0303f].

“Decisions Concerning Property: The provisions of this Constitution prescribing the manner in which decisions are made, reviewed, and corrected within this church are applicable to all matters pertaining to property” [G-4.0202].

The “Trust Clause”: “All property held by or for a congregation, a presbytery, a synod, the General Assembly, or the Presbyterian Church (U.S.A.), whether legal title is lodged in a corporation, a trustee or trustees, or an unincorporated association, and whether the property is used in programs of a congregation or of a higher council or retained for the production of income, is held in trust nevertheless for the use and benefit of the Presbyterian Church (U.S.A.)” [G-4.0203].