

Risk and Reward

By: Gary Roberts, Conference Associate for Church Development and Renewal

My ultra-short biography is that I've been active in church development for about 15 years, but I've been in commercial real estate for 35 years now. Before I was even interested in church development, I was a real estate developer in Portland, Oregon. You can't be successful in either real estate development or in church development without being attuned to people's attitudes, i.e. customer attitudes towards houses, shopping centers or whatever, and church leader's attitudes towards development of their own church. I'm still fascinated by the parallels in the attitudes that people bring to these two very human activities. I thought you'd be interested in just a few of them.

Rewards without Risks: We've just come through a long period of time where real estate ownership has been considered a way to make lots of money without any risks whatsoever. And it can be very rewarding. But real estate investments, though different from other investments in some ways, remain investments with risks. Great wealth has been built with real estate investments, but great wealth has been lost as well.

At church, the desire for reward without risk usually involves being reluctant to try something new. But in a world where attitudes towards Christ, Christianity and organized religion are more and more indifferent, even hostile, continuing to do what worked 10, 20 or 30 years ago takes the biggest risk of all: the risk of being irrelevant.

The Formula for Success: Both at church and in investing, people look for formulas, and there are lots of "experts" out there willing to sell their particular product, idea, or strategy. It's smart to learn from the experience of others, but it remains your money invested in real estate, and your church. You have to decide how best to develop your property, or your church. And that's likely not found in one book, one strategy, or one expert.

Other People's Money: In real estate, this is such a common attitude, it is often abbreviated, as in an "OPM investment." When the investment goes well, this can obviously be a very rewarding strategy. But by definition, these are investments without any cash equity, which clearly increases investment risk. Further, these kinds of loans are typically only available to people with experience, track records, and resumes in the kind of development being financed, so that the lender has assurance that their investment is still protected. These loans will generally cost more, and often also include an equity-sharing feature in addition to guaranteed interest.

At church, OPM attitudes usually show up when a congregation wants to do something, but is reluctant to ask more of themselves financially. There are times when this is the only realistic financial strategy: new church starts, rapidly growing churches and churches in very low-income locations are but three examples. But when I worked in a loan office at Local Church Ministries, I used to get a call every week from a church that was looking for a grant to do something like add a handicap ramp, fix a roof, or replace a boiler. These were requests for their church's financial challenges to be solved by OPM.

There are grants available for some church programs. But most often, a good idea that a congregation is passionate about can be financed most easily by the congregation itself being willing to increase individual giving to the ministry.

OPM, formulas, reward without risk, are all very human desires. Jesus said, "Where you invest your treasure, your heart will follow" (Lk 12:34). There is no substitute for the investment of time, talent and ones own money, in either your real estate investments or in your church's development.