From: Presbytery of the Miami Valley Trustees

The PMV Trustees have put this information together to help you as a church ask questions and make decisions when renting out your space for one reason or another. Please note that we are offering this to you for informational purposes only.

1) Are volunteers in the program background checked?
2) What are the child protection policies that the organization renting your space have?
3) What is the insurance coverage with this program, in the case of a claim? Would your insurance cover any claims?
4) How will any allegations, if made, be reported to the church in case of any allegations?

As a reminder, in the PC(USA) property is "held in trust... for the use and benefit of the Presbyterian Church (U.S.A.)" G-4.02. As a congregation, you will need to partner with the Presbytery of the Miami Valley (PMV) in any significant agreement or change related to your buildings and land. For example, anytime a congregation wants to modify their property, enter into lease agreements longer than five years, boundary modification, or enter into any debt encumbering the property, the presbytery must approve it. So please be sure to check-in with the PMV Trustees for any additional lease guidance, including for leases shorter than 5 years.

Book of Order **G-4.0206 Selling, Encumbering, or Leasing Church Property**
A congregation shall not sell, mortgage, or otherwise encumber any of its real property and it shall not acquire real property subject to an encumbrance or condition without the written permission of the presbytery transmitted through the session of the congregation.
A congregation shall not lease its real property used for purposes of worship, or lease for more than five years any of its other real property, without the written permission of the presbytery transmitted through the session of the congregation.

Congregations often offer their church property and buildings to be used by outside groups. This must be approved by a majority vote of the Session. Sometimes the relationship with that group is set out in a covenant and sometimes in a lease. There are legal, tax, zoning, and practical issues that should be considered when those relationship documents are created, updated, and amended.

Remember that your session must get the presbytery's approval in writing before leasing real property to a User.

The leasing of church property generally should not result in loss of the church's 501(c)(3) (federal tax-exempt) status. Unless rental activities unrelated to the congregation's exempt purpose (religion) become more than insubstantial, the federal tax exemption should not be affected. Although rentals of church property do potentially give rise to unrelated business income (UBI), Internal Revenue Code Section 513 specifically exempts most rental income from being taxable UBI. A tax professional should be consulted in advance of the lease to determine what income tax liability may be present at the federal and state level.