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IN GOD'S NAME

Megachurches Add Local Economy to Their Mission

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In Anchorage early in October, the doors opened onto a soaring white canvas dome with room for a soccer field and a 400-meter track. Its prime-time hours are already rented well into 2011.

Nearby is a cold-storage facility leased to [Sysco](#), a giant food-distribution corporation, and beside it is a warehouse serving a local contractor and another food service company.

The entrepreneur behind these businesses is the [ChangePoint ministry](#), a 4,000-member nondenominational Christian congregation that helped develop and finance the [sports dome](#). It has a partnership with Sysco's landlord and owns the warehouse.

The church's leaders say they hope to draw people to faith by publicly demonstrating their commitment to meeting their community's economic needs.

"We want to turn people on to Jesus Christ through this process," said Karl Clauson, who has led the church for more than eight years.

Among the nation's so-called megachurches — those usually Protestant congregations with average weekly attendance of 2,000 or more — ChangePoint's appetite for expansion into many kinds of businesses is hardly unique. An analysis by The New York Times of the online public records of just over 1,300 of these giant churches shows that their business interests are as varied as basketball schools, aviation subsidiaries, investment partnerships and a limousine service.

At least 10 own and operate shopping centers, and some financially formidable congregations are adding residential developments to their holdings. In one such elaborate project, [LifeBridge Christian Church](#), near Longmont, Colo., plans a 313-acre development of upscale homes, retail and office space, a sports arena, housing for the elderly and church buildings.

Indeed, some huge churches, already politically influential, are becoming catalysts for local economic development, challenging a conventional view that churches drain a town financially by generating lower-paid jobs, taking land off the property-tax rolls and increasing traffic.

But the entrepreneurial activities of churches pose questions for their communities that do not arise with secular development.

These enterprises, whose sponsoring churches benefit from a variety of tax breaks and regulatory exemptions given to religious organizations in this country, sometimes provoke complaints from for-profit businesses with which they compete — as ChangePoint's new sports center has in Anchorage.

Mixed-use projects, like shopping centers that also include church buildings, can make it difficult to determine what constitutes tax-exempt ministry work, which is granted exemptions from property and unemployment taxes, and what is taxable commerce.

And when these ventures succeed — when local amenities like shops, sports centers, theaters and clinics are all provided in church-run settings and employ mostly church members — people of other faiths may feel shut out of a significant part of a town's life, some religion scholars said.

Precedents in History

Churches have long played an economic role. Medieval monasteries in Europe and Japan were typically hubs of commerce. In the United States, many wealthy denominations have long had passive investments in real estate. And churches, like labor unions and other nonprofit groups, have been involved in serving immigrants, the elderly and the poor.

But the expanding economic life of today's giant churches is distinctive. First, they are active in less expected places: in largely flourishing suburbs and barely developed acreage far beyond cities' beltways and in communities far from the Southern Bible Belt with which they are traditionally associated. And in most cases — as at ChangePoint in Anchorage — these churches say their economic activities are not just an expression of community service but, more important, an opportunity to evangelize. The sports dome, for example, is a way to draw the attention of young families to the church's religious programs.

"We don't look at this as economics; we look at it as our mission," Pastor Clauson said.

[Scott L. Thumma](#), a pioneer in the study of megachurches at the [Hartford Institute for Religion Research](#) at the Hartford Seminary in Connecticut, whose roster of churches was the basis for the Times analysis, said he has noticed churches that sponsor credit unions, issue credit cards and lend to small businesses.

Although community outreach is almost always cited as the primary motive, these economic initiatives may also indicate that giant churches are seeking sources of revenue beyond the collection plate to support their increasingly elaborate programs, suggested [Mark A. Chaves](#), a religious sociologist at [Duke University](#).

Investing Capital Assets

Also feeding this wave of economic activity is the growing supply of capital available to religious congregations.

The [Evangelical Christian Credit Union](#) in Brea, Calif., a pioneer in lending to churches and a proxy for this market shift, has seen its loan portfolio grow to \$2.7 billion, from just \$60 million in the early 1990s, said Mark A. Johnson, its executive vice president. Where bankers were once reluctant to lend to churches, the credit union now shares a market with some of the nation's largest banks.

ChangePoint paid \$1 million upfront and borrowed \$23.5 million from a state economic development agency to buy a defunct seafood-packaging plant and warehouse out of foreclosure in July 2005. To do so, it formed a partnership with the for-profit owner of the cold-storage unit surrounded by the seafood plant's land. An

affiliated nonprofit is developing the sports dome with a gift of \$4 million worth of church land. The church controls these entities directly or through board appointments, said Scott Merriner, executive pastor and a former McKinsey consultant.

Pastor Clauson acknowledged that a few local businessmen who own sports facilities have complained about the subsidized competition they face from The Dome, a nonprofit organization. It is an issue the church takes seriously, he said.

"We don't want to be taking bread off of people's tables," the pastor said.

But the sports dome "is scratching such an enormous proverbial itch, there is no way we're harming anyone," he said, adding, "There is more than enough need to go around."

Martin McGee, the Anchorage municipal assessor, acknowledged that the property poses an assessment challenge. Land and floor space used only by the church are exempt, he said, but the rest of the seafood plant site is taxable, and the tax treatment of the sports dome site is still under review.

The tax issues will be even more complex for a megachurch project in Charlotte, N.C. There, the [University Park Baptist Church](#) paid \$11.5 million late last year to buy the [Merchandise Mart](#), a half-million-square-foot office and exhibition space.

Some 57 percent of the space will ultimately be remodeled for church use, but the rest will bring new business activity to the neighborhood, said Claude R. Alexander Jr., the church's lead pastor who also serves on the board of the [Charlotte Chamber of Commerce](#).

His church has left its economic mark on the neighborhood it will leave behind when it moves to the mart. With its traffic added to that of another megachurch a few miles away, a once-quiet intersection between the two churches has recently seen the construction of fast-food outlets and other businesses.

The traffic is unlikely to ease when University Park moves. The other nearby megachurch, the Friendship Missionary Baptist Church, already has zoning approval for Friendship Village, a complex of shops, apartments, homes, offices and housing for the elderly on 108 acres off Charlotte's beltway.

According to Tom Flynn, the [economic development](#) officer for Charlotte, University Park's purchase of the Merchandise Mart already has prompted interest in older properties nearby.

A Complex Tax Challenge

The church, which formed a for-profit property management unit that also includes a small limousine service, envisions a mixture of commercial and religious uses at its new site — with its own share of the space beginning around 38 percent and rising over time.

What's a poor tax assessor to do?

The entire site is currently taxable, said Alonzo Woods, the church's director of operations. But when the church moves in, it will seek exemptions for areas used "strictly for church purposes."

Churches are moving into residential development, as well. [Windsor Village United Methodist Church](#), one of two churches that own shopping centers in Houston, is teaming up with a national home builder to develop more than 460 homes in the southwestern section of the city.

And in Dallas, [The Potter's House](#), a 30,000-member church established by Bishop T.D. Jakes, is the linchpin in an economic empire that includes [Capella Park](#), a community of 266 homes.

Just how far-reaching the megachurch economy can become is clear at the [First Assembly of God Church](#) in Concord, a small community northeast of Charlotte. Under the umbrella of [First Assembly Ministries](#) are the church, with 2,500 in weekly attendance; a 180-bed assisted-living center; a private school for more than 800 students; a day-care center for 115 children; a 22-acre retreat center; and a food service — all nonprofit. In addition, there is WC Properties, a for-profit unit that manages the church's shopping center, called Community at the Village, where a Subway outlet, an eye-care shop and other businesses share space with church programs that draw traffic to the mall.

Doug Rieder, the church business administrator, said WC Properties files a federal tax return and pays property taxes on the commercial space at the mall.

But Mr. Rieder acknowledged the difficulty of allocating space, staff time and expenses to the appropriate tax category. "We're very intertwined — it gets tough day to day," he said adding, "I have to constantly ask myself whether I am accurately allocating our costs."

Concord was delighted to have First Assembly as the new landlord at the mall once anchored by [Wal-Mart](#).

"That's a very crucial crossroads for the city," said [W. Brian Hiatt](#), the city manager. "And the church has been a great partner."

Another contribution the church makes to the city is a free daylong celebration it holds on Independence Day, complete with fireworks.

Mr. Hiatt said no one seemed to find it awkward for a church to conduct the community's celebration marking the birth of a country committed to separation of church and state.

"It was a very positive event," he said.

Mr. Rieder, the church business manager, paused when asked whether people of other faiths would have felt comfortable at the event.

"We try not to discriminate in doing community service," he said. "There are Muslims and other non-Christians here, of course. And we do want to convert them, no doubt about it — that's our mission. We don't discriminate, but we do evangelize."

The same quandary confronts Pastor Clauson in Anchorage. "There is nothing inherently alienating about what we're doing economically," he said. "An Orthodox Jewish youngster or a conservative Muslim child encountering our programs would find zero intimidation."

Nor does he want his community to become divided along religious lines, he said. But at the same time, “we definitely want to use these efforts as an open door to the entity that we feel is the author and creator of abundant life — Jesus.”

He added, “It’s a tough balancing act.”

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