

## SPACE-SHARING CHECKLIST

A religious organization planning to share its facility with another organization should consider the following questions prior to the preparation of the written space-sharing agreement. \* The services of an experienced attorney should be used to draft the sharing agreement.

1. ----- What is the social agenda for each participant in the use of the property and in the agreement? (Consider the Social Principles.)
2. ----- What potential social/political conflicts may arise from the differences?
3. ----- Can the potential problems be avoided or reduced by careful communication and agreements?
4. ----- Will the sharing of space with this organization adversely affect either party's public image or reputation? (For rental to a tobacco shop, or a store that sells lotto tickets.)
5. ----- Is the space-sharing agreement intended to enhance the church's religious or charitable outreach, or simply to provide income for the church?
6. ----- Will the income be used to defray the increased costs of operating the building, or does the church expect to get more income than the increased operating costs?
7. ----- How much does it cost now to operate the facility annually? Per square foot?
8. ----- How much will the costs increase if space is shared?
9. ----- How will the costs be shared by the participants in the agreement?
10. ----- Will the sharing of space be long term or short term?
11. ----- What space should be used in common, and what space will be used exclusively by one party or the other?
12. ----- For common space sharing, has a schedule (including set-up/take-down time) been developed that will work for joint usage?
13. ----- Who will clean and maintain the common areas?
14. ----- What standards will be used in maintaining the property?
15. ----- Is there a common basis for conflict resolution between the organizations?
16. ----- Will each entity have insurance?
17. ----- Who will be responsible to pay for damages if there is a legal injury caused by one of the participants?
18. ----- What insurance will be necessary to back-up the responsibility?
19. ----- Should extra care be used in handling valuable property, and care taken to avoid misuse of church copier, telephone, etc.?

\* If a sharing arrangement is being discussed with an unaffiliated start-up church or ministry, consider the appropriateness of the United Methodist affiliation.

20. ----- What is the legal status of each organization, e.g. not-for-profit corporation, religious corporation or unincorporated association?
21. ----- What legal authority does each participant need in order to enter into a legally binding agreement? (Some groups require corporate resolutions to authorize negotiation and execution of a space-sharing agreement.)
22. ----- Will the income received by the owner cause any local, state or federal tax liabilities? Consider Unrelated Business Income Taxable (UBIT) issues.
23. ----- Will the space-sharing agreement affect any real estate tax exemptions?
24. ----- How can any adverse tax consequences be minimized?
25. ----- Who should pay the additional taxes incurred?
26. ----- Who will ensure proper payment of any state sales tax on retail sales out of the facility that may be subject to state sales taxes?
27. ----- What steps should be taken to ensure the building is properly zoned and the program properly licensed for the intended use?
28. ----- Will leasing of the property involve concerns under the Americans with Disabilities Act? If yes, will modifications be required?
29. ----- Is the building structure appropriate for the intended use, or will renovation be required to bring the building into compliance with the local building and fire codes?
30. ----- If improvements need to be made before the sharing begins, who pays for them, who makes sure they are up to code, and who gets the benefit of them when the agreement ends?
31. ----- How will access to, and locking up of, the building be handled? (Keys, electronic key cards, password codes, etc.)
32. ----- Have adequate provisions been made for termination of the agreement?
33. ----- Does an annual certificate need to be filed with the County Assessor's Office for Property Tax Exemption?
34. ----- Should the County Assessor's office be notified that a space-sharing agreement has been negotiated?
35. ----- Does another United Methodist church in this district or conference have an agreement for space-sharing that you can review?
36. ----- Does a non-United Methodist in the community have an agreement for space-sharing that you can review?