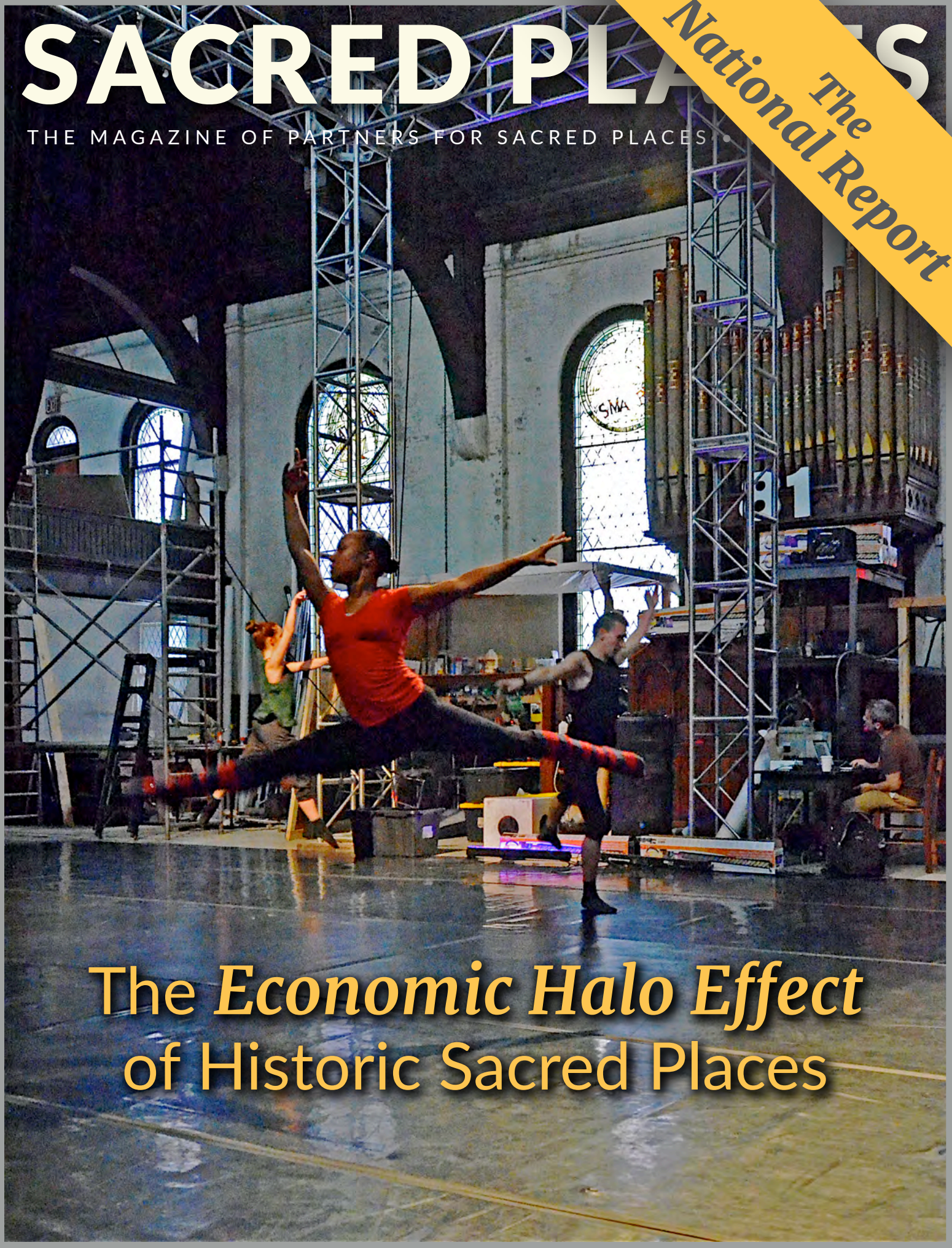
# SACRED PLACES

THE MAGAZINE OF PARTNERS FOR SACRED PLACES

The National Report



# The *Economic Halo Effect* of Historic Sacred Places

# *from* PARTNERS FOR SACRED PLACES

It's been said that Partners punches way above its weight—that we accomplish a great deal more than our size and budget would suggest!

That became clear when our last major research project—*Sacred Places at Risk*—played a key role in defining and energizing a nascent field of study on the public value of religious assets and resources, including the church or synagogue building.

Our work then was influential in the work of the White House Office of Faith-Based and Community Initiatives, and informed a generation of other research and publishing projects across the nation.

Furthermore, our approach was incorporated into Partners' capacity-building and training tools, making it possible for any given congregation to measure and communicate the public value of the spaces it shares with programs serving the larger community.

Now, the Halo findings summarized in this special issue of *Sacred Places* promises to have the same import as SPAR, but in an even bigger and more impactful way.

**The overall economic impact of the average urban church or synagogue is several times greater than we knew in the 1990s.**

This new understanding makes it clearer than ever that virtually every sector in society—government, philanthropy, the arts, business, academia—has a stake in the future of America's sacred places.

Now these sectors must come together to help us sustain and make the most of our sacred places and help congregations tell this story in powerful new ways.

PARTNERS FOR SACRED PLACES is the only national, nonsectarian, nonprofit organization dedicated to the sound stewardship and active community use of America's older religious properties.

Partners builds the capability of congregational leadership for building care, shared use, capital fundraising through training programs, fundraising assistance, and organizational and facility assessments. In the process, Partners becomes a trusted resource and guide as congregations examine and weigh opportunities.

Partners engages with congregations to focus on critical areas such as:

- Asset-mapping and community engagement—assisting congregations to develop new relationships with neighbors and potential community partners
- Strategic partnerships and space sharing—brokering agreements between sacred places and arts, food justice, health, education, and social service programs
- Planning for capital campaigns to support repairs and renovations that preserve significant historic features and make spaces usable for new community programs
- Collaborative initiatives among unrelated congregations in a neighborhood to encourage coordinated outreach, space usage, joint marketing and interpretive events, and coordinated work with public agencies for lighting, signage, and streetscape improvements

On the cover:
*Rehearsal for Brian Sanders' Junk dance troupe at Shiloh Baptist Church, Philadelphia, Pennsylvania. Photo courtesy of Jeffrey Arnold.*


# The *Economic Halo Effect* of Historic Sacred Places

THE STUDY BY

## Partners for Sacred Places

# Research Findings

*The size and complexity of the economic impact of sacred places provides powerful new evidence that America's sacred places have enormous community value...*

Partners for Sacred Places has completed a research study finding that the average historic sacred place in an urban environment generates over **$1.7 million annually in economic impact**. With over 700 active historic houses of worship each in Chicago and Philadelphia, and close to 350 in Fort Worth, this translates into over $3 billion in annual impact for the three cities combined.

The study is based on an in-depth analysis of 90 congregations in Philadelphia, Chicago, and Fort Worth, conducted by Partners for Sacred Places researchers working with Dr. Ram Cnaan, Director of the Program for Religion and Social Policy Research at the University of Pennsylvania's School of Social Policy and Practice.

The size and complexity of the economic impact of sacred places provides powerful new evidence that America's sacred places have enormous community value, a value that is increasingly at risk when these buildings decline and close.

Older churches, synagogues, temples, and meetinghouses should now be seen as engines of community health and vitality, and when communities are strengthened and revitalized, the value of sacred places can and should be considered and maximized. **Congregations employ, on average, 5 full-time and 6 part-time staff, and purchase goods and services from a network of local small businesses and individual vendors**, sustaining an important community economic ecosystem.

Each sacred place is also a magnet for visitors, attracting **780 visits on average each week into its neighborhood or locale**. These visits, whether for worship services, life events such as weddings and funerals, concerts and recitals, outreach programs, and other activities, generate spending that boosts the local economy. People spend on travel to and from the sacred place and often patronize local stores nearby. In fact, the majority of these visits are not related to worship. **Only 11% of total visits were for worship while 89% were by others attending an event, utilizing a program of the congregation, or going to and from a school or daycare**.

This study also affirms and builds on a body of research dating back to the mid-1990s, conducted by Partners, Cnaan, and others, showing that congregations with older buildings provide a range of subsidies to support community-serving programs and activities. They offer free or below-market rate space for community groups, arts events, social service, and education programs, as well as thousands of hours of volunteer time, clergy and staff time, and in-kind and cash support. Affirming previous research, again, this new study showed that **87% of the beneficiaries of the community programs and events housed in sacred places are not members of the religious congregation**. In effect, America's sacred places are *de facto* community centers.

Overall, Partners' research shows that older and historic congregations contribute to community economic life in a significant way:

- Sacred places support jobs and local businesses.
- The shared use of sacred places subsidizes the work of secular nonprofits.
- Congregations serve as incubators for both nonprofits and small businesses, providing a range of resources including low-cost spaces, enabling these start up organizations to establish themselves and grow.
- Congregations are community hubs, providing a variety of flexible and affordable space that encourages neighbors to come together to solve problems, serve and be served, and build social capital.
- Congregations are important supporters of early childhood education .
- Congregations counsel, support, and make referrals for individuals and families struggling with a range of issues.

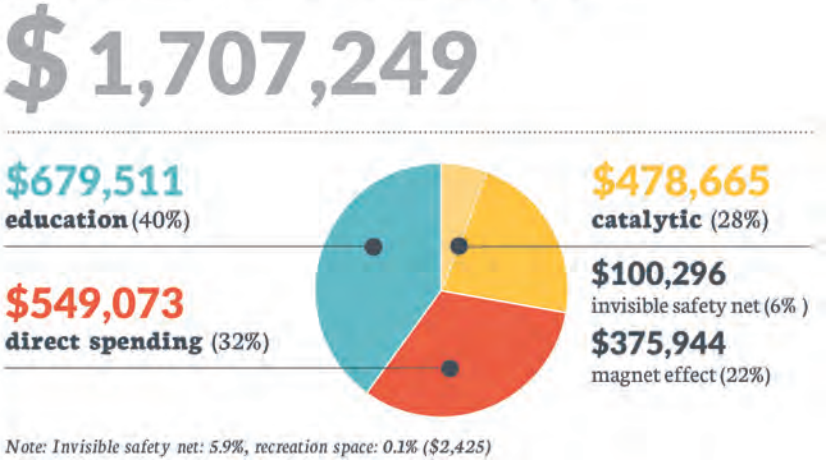
*Philadelphia Access Center's Community Outreach Coordinator Lillie Otte distributes materials at a United Healthcare health fair in South Philadelphia. Courtesy of First Christian Assembly, Philadelphia, PA.*

# Components of the *Economic Halo Effect*

The research was based on a study of 90 randomly-selected congregations with older and historic buildings in Chicago, Fort Worth, and Philadelphia, and included lengthy interviews with the clergy and lay leaders of each congregation. The sample included 41 mainline Protestant churches, 28 evangelical or independent Protestant churches, 14 Roman Catholic churches, 4 Jewish synagogues, and 2 Eastern Orthodox churches. More details on our research methodology are provided in Appendix A, and a complete list of participating congregations appears in Appendix B.

We learned that the average congregation made a contribution to the local economy valued at $1,707,249. We found no statistically significant differences between the three cities regarding the overall contribution to their local economy, with Chicago having a higher average ($2,050,550), followed by Fort Worth ($1,595,303), and finally Philadelphia ($1,505,747).

*Average Annual Economic Halo Value per Congregation*




*Note: Invisible safety net: 5.9%, recreation space: 0.1% ($2,425)*

Given that any calculation can be affected by extreme observations at either end of the spectrum, an alternative way to determine value would be to remove the top docile and the lowest docile, i.e., dropping nine congregations reporting the lowest overall economic contribution and nine reporting the highest overall economic contribution. If this approach were taken, the total sample size would be 72 congregations, with a mean economic value of $1,269,780.

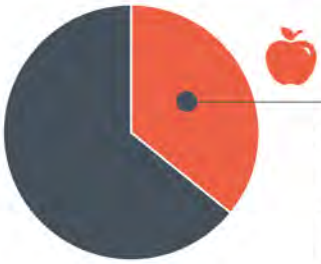
Congregations benefit their communities in many different ways, so we grouped them in three broad categories: 1) direct spending (operational, program, and capital budgets); 2) the value of day care and K-12 (Kindergarten through 12th grade) educational programs; and 3) a range of catalyzing economic values, such as Magnet Effect (spending by visitors coming to the sacred place), Invisible Safety Net (the full value of volunteer time for community programs and value of space that is shared), and the outdoor recreation space used by the community.

The largest economic value was provided by education (40% of the total), followed closely by direct spending (32% ). Catalytic effects accounted for 28% of the total (including the magnet effect—valued at 22% of the total, followed by invisible safety net—valued at 5.9% ). Finally, recreation space accounted for a small percentage of the overall congregational economic contribution (.1% ).

## Education
## (39.8% of the total)

Congregations that hosted daycare or parochial schools provided local, inclusive, and affordable places for children to learn. The value of daycare in particular is twofold: congregations represent not only a safe place for child-care; they enable a parent to work. Moreover, congregational schools often provide affordable access to private education, benefiting students from a variety of neighborhoods. The average contribution of a congregation in our study through educational programs (day care and schools) was $679,511 with value for daycare being $364,618 and schools $314,893. The lowest value was zero (for congregations with no education programs) and the high was $5,213,907; a total of 31 congregations host daycare and/or a school. Day care was provided by 27 of the 90 [30%] congregations, with 13 of the 90 [14%] reporting having schools.

***Percentage of Congregations Hosting or Running a Daycare, Kindergarten, Elementary or Middle School***



**34%**

**31 of the 90 congregations** have a formal education program *(day-care, kindergarten, elementary or middle school)*

CASE STUDY

### Education:
### *North Shore Baptist Church*

North Shore Baptist Church, an American Baptist church located in Chicago's Edgewater neighborhood, prides itself on being an engaged and multicultural community. Founded in 1905, it has a long history of reaching out to immigrant groups on the North Side, and today North Shore Baptist offers worship services in four languages: English, Japanese, Spanish, and Karen.

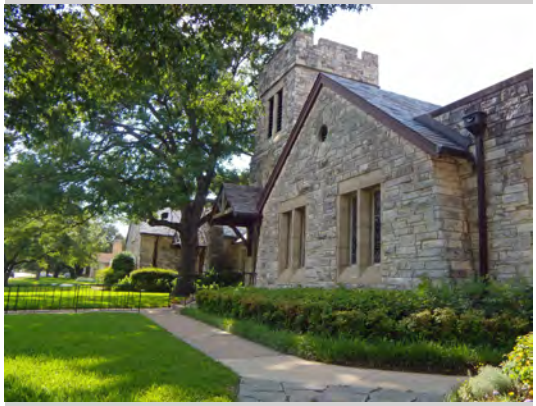
In addition to an after-school tutoring program, help for the homeless, advocacy for affordable housing, and more, the church is home to the Edgewater Early Learning Center. The center, accredited by the National Association for the Education of Young Children (NAEYC), offers individualized care for children and uses the Creative Curriculum and Healthy Lifestyles curriculum to engage their students. At the time of the Halo Effect data gathering, 80 students were enrolled in the center, allowing their parents the ability to work full-time, resulting in a value of $1.7 million to the community.


*Enrollment banner at North Shore Baptist Church, Chicago. Courtesy of North Shore Baptist Church.*

CASE STUDY

## Direct Spending: *Trinity Episcopal Church*

Trinity Episcopal Church, which was named for the Trinity River, has served the city of Fort Worth since 1893. Home to twelve hundred members, the church and adjoining school anchor a sprawling, tree-lined lot just steps from Texas Christian University's campus.



*The grounds of Trinity Episcopal Church, which the congregation has occupied since 1948 (after moving from its original building, which was sold to a Boys & Girls Club). Courtesy of Trinity Episcopal Church.*

Trinity's property is alive with activity throughout the week, not just on Sunday. In addition to owning and operating a school, it hosts worship services most days of the week as well as meetings of local neighborhoods groups and Alcoholics Anonymous. It also partners with Texas Christian University, which requires additional parking on game days.

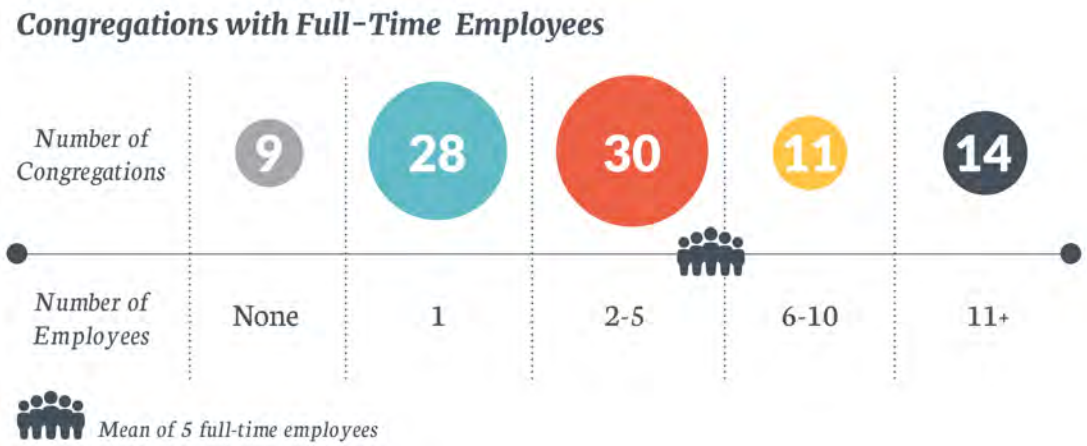
Though not immediately obvious, this church and campus represent a tremendous economic force in Fort Worth. Between its annual operating budget and school budget alone, Trinity Episcopal Church contributes at least $800,000 to the local economy annually. This includes the salaries of the two-dozen individuals it employs; however, it does not include the non-routine investments made to the building, which has amounted to roughly $100,000 over the past five years.

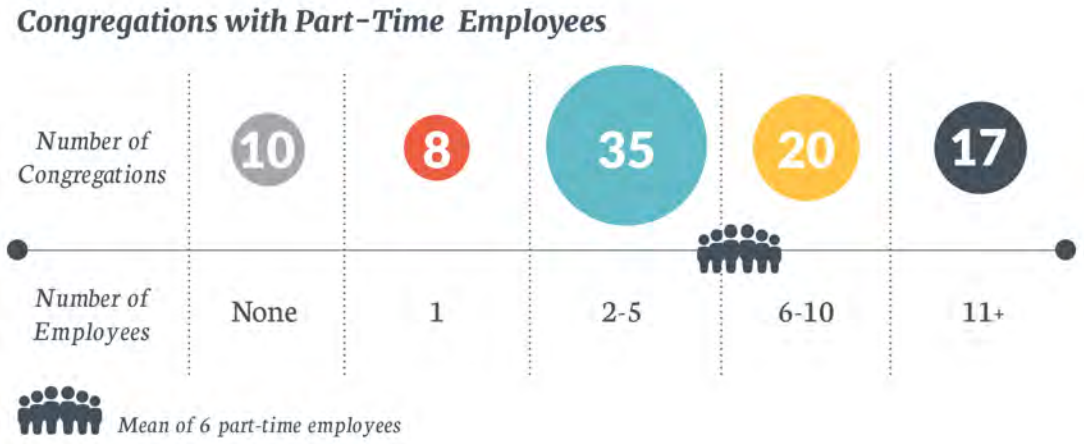
## Direct Spending (32% of the total)

Sacred places invigorate local economies by buying goods and services locally and employing local residents. On average, each congregation contributed well over $500,000 to its neighborhood via annual spending. Some small businesses credited congregations with providing enough patronage for them to sustain themselves, and staff salaries often supported families nearby. The average economic value of a congregation's direct spending was $549,073 (with a low of $20,000 and a high of $6,886,462). Congregations with two or more clergy had higher economic value from direct spending on average ($1,335,710) than congregations with one clergy ($308,233); congregations without a full-time clergy had the lowest economic value from direct spending ($130,380).

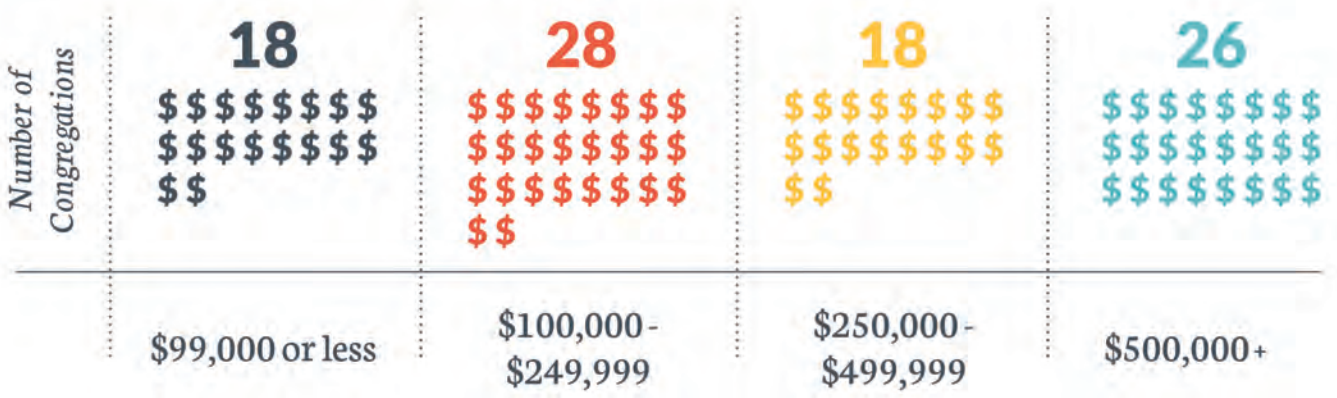
*Children crafting at Trinity Episcopal Church. Courtesy of Trinity Episcopal Church.*

A significant portion of direct spending pays employee salaries. On average, each congregation employed 5 full-time employees and 6 part-time employees, or a total of 11.76 employees. All congregations employed at least 1 full-time or 1 part-time employee; 5.6% employed 1 person; 35.6% employed 2 to 5 people; 27.9% employed 6 to 10 people; and 30.8% employed 11 or more people. Employees included clergy, administrators, teachers, sextons/maintenance personnel, music directors, and program staff.



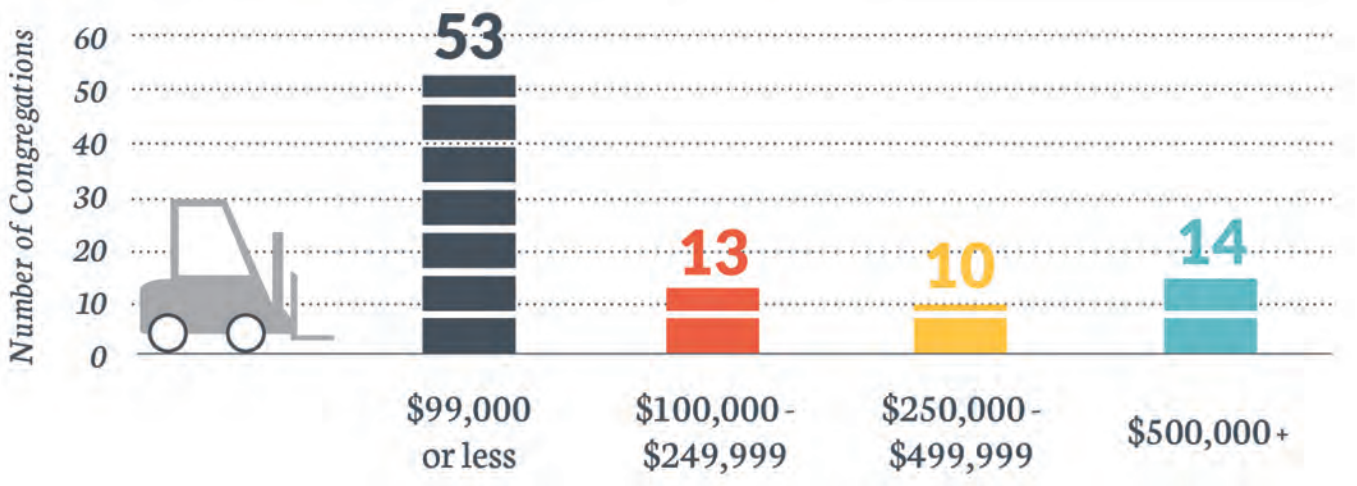



### *Congregations' Annual Operating Budgets*




In addition to annual operating budgets, congregations also reported special budgets and special capital preservations projects. Forty-one percent of congregations reported spending over $100,000 on significant building repairs, new building projects, or building restoration campaigns over the previous five years. All congregations reported spending money on non-routine building maintenance, and 22% had conducted a capital campaign for larger projects. In fact, 58.9% had invested $99,000 or less in the building (over five years); 14.4% had invested $100,000-$249,000; 11.1% had invested $250,000-$499,999; and 15.6% had invested over $500,000.

### *Congregations' Capital Spending Over Five Years (including non-routine maintenance)*

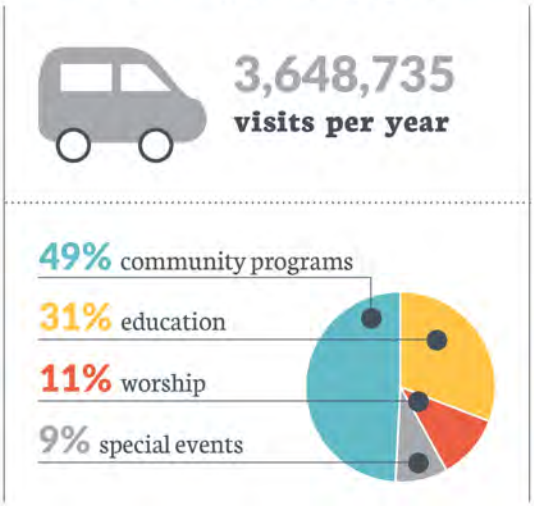


## Catalytic Effects (28% of the total)

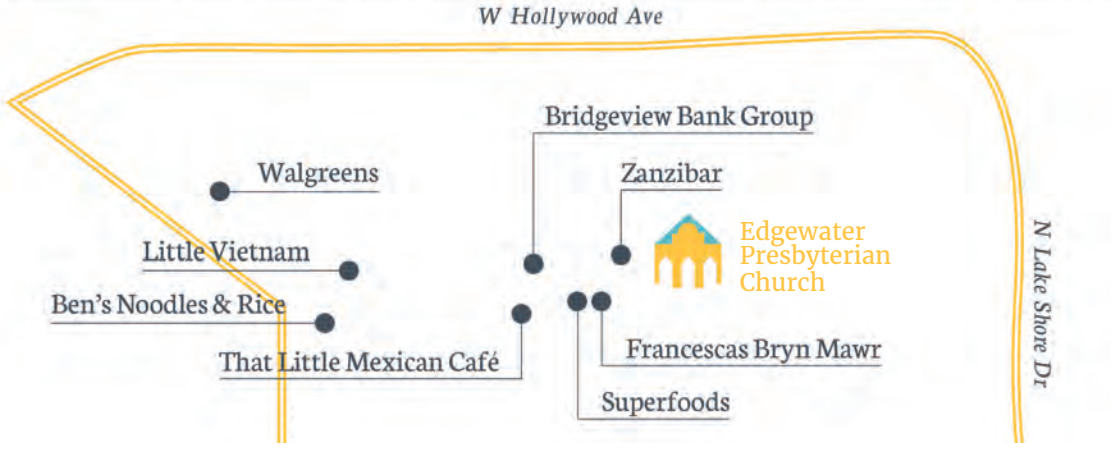
Congregational activities and resources leverage value in their communities in a number of ways:

***Magnet Effect —*** Urban congregations attract visitors and volunteers to their neighborhoods, sometimes coming from suburbs or outlying neighborhoods and spending their money at local stores and other businesses. Out-of-town residents attending events such as weddings, funerals, family reunions, and cultural offerings spend money locally on hotels, food, and transportation. The average economic value of a congregation's magnet effect was $375,944 (with a low of $1,587 and a high of $2,765,410). As a whole the magnet effect accounted for a little over a fifth of a congregation's total contribution to the local economy (22%). In this area, worshipper (including those attending weddings, funerals, baptisms, bar/bat mitzvahs) spending accounted for 35.8% of the total Magnet Effect impact; event visitation accounted for 14.7%; program spending accounted for 28%; and resources leveraged from the suburbs or staff spending, 3.5%.

***Number of Visits, 90 Congregations***




***Local Business Patronized by Edgewater Presbyterian Church, Chicago Members and Visitors***



CASE STUDY

## Magnet Effect: *Historic St. George's United Methodist Church*

Old St. George's United Methodist Church, located in the Old City neighborhood of Philadelphia, is home to both an active congregation and museum. The church, itself a historic landmark, is surrounded by heavily visited sites such as Independence Hall, Elfreth's Alley, and the Betsy Ross House. Because St. George's boasts a history that is on par with these sites—it is a "mother church" in the denomination—it attracts several thousand visitors a year who spend tens of thousands of dollars locally. It attracts a diverse group of event attendees, museumgoers, and researchers.

In an average year, St. George's United Methodist Church hosts roughly 1,000 wedding guests, 900 museumgoers/researchers, and 500 arts patrons from outside the city. These visitors spend locally at restaurants such as DiNardo's Famous Crabs, Radicchio Café, Kisso Sushi Bar, Campo's Deli, and Sassafras Market as well as on souvenirs at the local boutiques and gift shops. Many stay overnight in Center City hotels.

In fact, the Philadelphia Convention and Visitors Bureau found that on average, a day visitor to the Philadelphia region spends $49.50 a day while an overnight visitor spends $214.67 a day. This means that on average, St. George's United Methodist Church catalyzes over $60,000 in visitor spending a year. This does not include spending by congregants or those who meet there regularly.

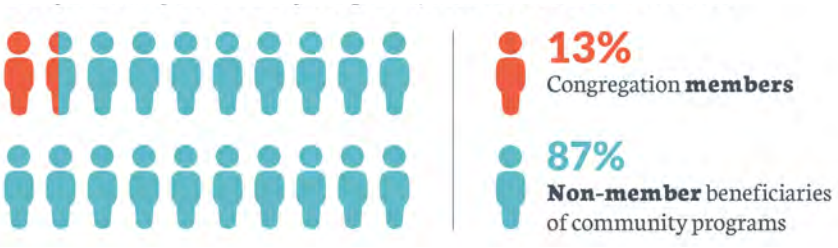
St. George's United Methodist Church is atypical in that it maintains a museum and archives in one of the most vibrant sections of Philadelphia; but it is typical of congregations in that it hosts a spectrum of activities that catalyze visitor spending and strengthen local economies.

*Visiting children search the museum and archives at Old St. George's United Methodist Church, the oldest continually occupied Methodist church in the country. Courtesy of Old St. George's United Methodist Church.*

***Invisible Safety Net —*** By providing free or inexpensive space to secular nonprofits and community-serving programs, congregations subsidize the operations of small programs ranging from substance abuse groups to after school programs, and add to the social safety net of the community. This economic value includes the value of the space that is shared, as well as volunteer time, and in-kind support. The average contribution of a congregation in our study via its invisible safety net was $100,296 (with a low of $35,237 and a high of $674,830).

As a whole the safety net value was less than one tenth of the average congregation's total contribution to the local economy (6.6%). In this area, volunteer hours contributed to congregation-led programs and community-led programs accounted for 49.5% of the total effect; space that is shared accounted for 25.7%; in-kind support for community-serving programs accounted for 12.3%; and unbudgeted, unplanned financial support for community-serving programs accounted for 11.3%.

### *Beneficiaries of Community Programs; Members vs. Non-Members*




CASE STUDY

## Invisible Safety Net: *First Christian Church*

A cornerstone of the Fort Worth community since 1885, First Christian Church has maintained a tradition of innovation from its founding through the present day. As membership has decreased over the decades and the building's previously well-used spaces have fallen silent—as is common among many Mainline Protestant congregations—the church has evolved to best reflect its strengths as a congregation and its physical assets. Because First Christian Church is centrally located and open to sharing underutilized space, it was able to connect with the University of Houston's College of Optometry and the University of the Incarnate Word's School of Optometry, which was seeking space to house a teaching clinic, in 2013.

*An eye exam in progress at the Community Eye Clinic of Fort Worth. Courtesy of First Christian Church.*

First Christian Church is now home to the Community Eye Clinic of Fort Worth, which is the largest clinic of its kind in the United States. It provides high quality healthcare to Fort Worth's most underserved populations. This innovative public/private partnership also gives patients access to critical social services, some of which are provided by First Christian Church. Occupying the entire second floor of First Christian Church, the state-of-the-art clinic houses seven exam rooms, two testing areas, a cinema classroom, and a dispensary.

CASE STUDY

## Open Space and Recreation: *St. Dorothy Catholic Church*

St. Dorothy Catholic Church's lush green lawn at the corner of South Eberhart Avenue and East 78th Street in Chicago's Chatham neighborhood is an oasis in an area lacking in open space that is accessible to the public. Father Robert Miller, pastor at St. Dorothy since 2006, is intent on fostering an inclusive atmosphere in the space, which measures about a quarter of an acre.

Without open space (outside of vacant lots on busy commercial corridors), providing safe, inclusive green space to the community is important to Father Miller. The lot is well-used throughout the year by the community, which uses it to play spontaneous football games that are catalyzed by neighborhood children, as well as the parish. In fact, Father Miller—a Civil War buff—has used the lawn to host Civil War reenactments (see adjacent photograph).

Each year, the green space enables St. Dorothy to host a community–wide block party, which includes activities for children and adults alike. During the most recent event, close to 500 people passed through to enjoy the water slides, horseback riding, dancing, and bingo — among other amusements. "The event started about ten years ago, when I got here to bring our community together and the neighborhood together," said Father Miller.

***Recreation Space —*** Congregations often provide community playgrounds and park-like green space, playing courts, and other outdoor recreation space, on average attracting 237 uses by community members each year. The average economic value of green space and recreational usage was $2,425 (with a low of zero and a high of $79,643). Overall the contribution attributed to recreation and open space was very small (.1%), but its value may grow over time given that city parks and recreation budgets are strained, and access to green space is limited in many urban neighborhoods.

*Civil War reenactor engages students on the grounds of St. Dorothy Catholic Church in Chicago. Courtesy of St. Dorothy Catholic Church.*

# Other *Halo* Effects That Were Not Monetized

Partners' overall approach to the research project was conservative. Economic value was assessed only where there was precedent to do so, and where the tools and approaches to measure monetary value are well-tested and widely-accepted. It is important to note that the research also documented areas of value that are significant, but where monetization would be difficult.

## Community Development & Incubation

Congregations with older buildings often provide space and other resources to start-up organizations and small businesses. Many of these entities bring great value to the community, and as they experience success, they may grow out of the space and move to another building. Cooperatively-owned credit unions, for example, can provide accessible and affordable banking services to a community that may not be well-served by traditional banks. This study found that 38 nonprofits and 18 businesses were incubated by congregations over the previous five years. In addition to the study:

- 9 congregations reported housing programs that build permanent, affordable housing.
- 10 reported having or hosting a community development corporation.
- 2 a community co-op.
- 3 an investment club.
- 1 a credit union.

While it is clear these incubated or ancillary organizations have an important economic impact, it is difficult to measure, so a monetary value was not assigned to these activities.

***Congregations as Incubators***

**18**
Number of **businesses** incubated

**38**
Number of **non-profits** incubated

CASE STUDY

## Individual Impact: *First Christian Assembly*

First Christian Assembly is an independent, nondenominational church located in South Philadelphia. Originally Italian Christian Church of Philadelphia, the congregation has occupied a historic Methodist Episcopal-built house of worship since about 1920. Though predominantly Italian at its inception, First Christian Assembly is among the most diverse congregations in South Philadelphia.

In the early 2000s, the 110-member congregation recognized that the community lacked access to affordable, high quality social services. In response, the congregation established the Philadelphia Access Center (PAC), a social service agency that provides counseling and referral services regardless of ability to pay. Now in its thirteenth year, the City of Philadelphia and Children's Hospital of Philadelphia commonly refer to PAC, which serves the Philadelphia region. Kenneth Melloni, Executive Director of PAC, explained, "The Philadelphia Access Center acts as this intermediary to link clients in need with appropriate in-house services or service providers in the community. Caring staff members provide the counseling and guidance needed by those seeking help putting their lives back together."

Whatever the need may be—a troubled marriage, addiction, abuse, or difficulty finding a job, to name a few—the staff at the Philadelphia Access Center works together with each individual or family to find successful, sustainable resolutions to their problems."

Three fourths of First Christian Assembly's annual operating budget is funneled into the Philadelphia Access Center, which serves thousands of people each year. The remaining funds are used to pay for upkeep of the historic building. In 2010, PAC:

- Referred 2,400 people to life-changing services.
- Helped 56 individuals struggling with substance abuse issues remain sober.
- Treated 50 abusive relationships.
- Helped 40 individuals find full-time work.
- Prevented 6 individuals from being incarcerated.

## Individual and Family Impact

Partners recognizes that, outside of the larger programs hosted or run by congregations, clergy, program staff, and professional and lay volunteers often provide one-on-one counseling, make referrals to social service agencies, help find jobs, etc. Much of this outreach is "under the radar" because of the sensitive nature of the assistance given. This research project documented a wide array of outreach with an "individual impact," including counseling to suicidal individuals; counseling to strengthen marriages; assisting people suffering abuse; helping people obtain citizenship; referring people to drug or alcohol counseling (or providing it directly); working with people at-risk of committing crimes/going to prison; teaching youth pro-social values; helping people form new friendships; and enabling people to work by caring for senior family members.

While it is clear that clergy and other congregational leaders engage in these interventions, and can enumerate how often they believe their intervention has made a significant difference (helping prevent a suicide, getting someone to drug counseling, etc.), again it is difficult to substantiate each impact or monetize its value.

The total number of instances reported, across all 90 congregations, in these areas of "individual and family impact" are recorded opposite.

*A PAC counselor meets with a client. Courtesy of First Christian Assembly.*

*Food as well as information about affordable healthcare being distributed to the community. Courtesy of First Christian Assembly.*

### *Ways in Which Congregations Help Individuals and Families*

| | *Total Cases* |
|---|---|
| Help individuals who exhibit suicidal ideation | 213 |
| Help individuals find full-time employment | 552 |
| Help individuals avoid prison | 342 |
| Provide individuals with drug or alcohol treatment | 2,064 |
| Teach youth pro-social values | 8,298 |
| Help individuals gain legal residency or citizenship | 4,524 |
| Help people form new friendships | 3,714 |
| Care for an elderly relative freeing a family member to work | 464 |
| Help couple with marital issues | 236 |
| Work with individuals to end abusive relations | 720 |

## Summary

The findings from this three-city study point to a much broader understanding of a congregation's economic impact than has been previously acknowledged, either by civic leaders, the faith community, general public, or through academic research.

Thus, this research represents an important step in a 20-year effort by scholars and others to better understand the role of religious congregations and their human, monetary, and physical assets in impacting the social and financial fabric of communities.

The study, though larger than any previously attempted, also suggests the need for increased in-depth research to better document and understand the complex web of factors associated with congregations and their Economic Halo impact. There are, for example, a range of activities conducted or enabled by congregations, including touching the lives of families and individuals as well as direct and indirect support of formal community development and entrepreneurialism, that have yet to monetized fully. There are other spheres to more fully explore, including a congregations' impact on crime rates and on property values in its immediate vicinity.

We also acknowledge there may be countervailing impacts—such as increased traffic or higher demands on city services—due to some activities described above. However, it is now clear that the positive Economic Halo Effect is enormous, and demands a response from our civic and faith leaders that will help sustain this community impact.

# How the Research Was Designed and Conducted

## Early Research: Sacred Places at Risk

Since its founding in 1989, Partners for Sacred Places has sought to understand how congregations use their physical, financial, and human assets to serve their communities. In the early 1990s, it was clear that congregations hosted a wide variety of programs that benefited the wider public ranging from soup kitchens to day care centers to job training; though this outreach had never been documented in any comprehensive scholarly study.

Thus, in 1996 Partners sponsored the first scientific, national study documenting how congregations with older buildings serve the public by hosting and supporting a wide array of outreach and social service programs. Conducted in partnership with Dr. Ram Cnaan and the University of Pennsylvania's School of Social Policy and Practice, and published by Partners as *Sacred Places at Risk*, the research found that the average urban congregation provided over $140,000 (in 1997 dollars) in resources—volunteers, staff and clergy time, free or below-market space, cash, and in-kind services—to support community-serving programs each year. In addition, the study found that 81% of those benefiting from church or synagogue-hosted outreach were not members of those congregations. This became the first hard evidence that sacred places, in effect, serve as *de facto* neighborhood community centers. *Sacred Places at Risk* established a new methodology for documenting the public value of congregations and led to a new generation of scholarly study.

## Piloting the Large "Economic Halo" Approach

In the wake of *Sacred Places at Risk* it became clear that Partners' research, while highly influential, had not captured the larger impact that congregations have on the economic life of their communities. In 2010 Partners joined with Cnaan once again, and began to lay out a more comprehensive approach to capturing the full impact that congregations have on their local economies. Partners developed and carried out a pilot project that factored in the value of green space and trees, building projects, visitors to the local community, support for local business and vendors, budget and taxes, and the congregation's role as an incubator for new businesses or nonprofits, among other factors.

Partners piloted a study with 12 Philadelphia congregations occupying houses of worship that were at least 50 years old. The pilot enabled Partners and Cnaan to test a variety of approaches that would monetize each element of a congregation's economic impact; overall, Partners concluded that this approach was feasible, though still in need of fine-tuning. The results of the study were presented in an article ("If you do not count it, it does not count: a pilot study of valuing urban congregations") published in the *Journal of Management, Spirituality, and Religion*, a scholarly, peer-reviewed publication.

## From Pilot to Three-City Study

Given the pilot's promising findings, Partners and Cnaan collaborated again to enlarge the research sample and extend its reach, by 1) greatly increasing the number of congregations studied; 2) selecting congregations at random from the larger universe of historic sacred places; and 3) expanding the scope geographically to three cities: Fort Worth, Chicago, and Philadelphia.

For this report, Partners and Cnaan also decided not to monetize or assign numerical value to four areas that were addressed in the pilot:

- Housing values and crime rates, given the complexity and difficulty of gathering and analyzing this data in a given neighborhood .
- Impact on individual lives and families (such as suicide prevention or marriage preservation), given the difficulty of substantiating information received from congregational members and attaching dollar values.
- Community development and incubation of nonprofit or business organizations.
- Certain environmental values (e.g., cleaning the air, reducing water run-off).

**For a fuller discussion of the research methodology, see Appendix A of this report.**

# The Public Value of Sacred Places: Implications for Government and Philanthropy

## Progress since the 1980s: *Shifts in Perception, Shifts in Policy*

Over the past thirty years, America's civic, faith, and philanthropic leaders have come to understand—even if slowly and incompletely—that religious congregations serve a public good by hosting a wide range of non-religious programs and activities benefiting their communities. Partners' early study, *Sacred Places at Risk*—and its ground breaking finding that 81% of those benefiting from outreach programs housed in older sacred places are not congregation members—helped pave the way for this broader appreciation of sacred places as civic assets. Further research conducted by the University of Pennsylvania and others bolstered this understanding, influencing changes in policy at local, state, and federal levels.

Adding to the general appreciation of the important cultural and historic value of houses of worship, the new conception of *public value* allowed advocates to open funding streams at all levels of government for preservation and community-serving purposes, and to begin to level the playing field for faith-based organizations to receive federal or state funds for secular community-serving programs.

However, these developments have been piecemeal and sporadic, and are often burdened by the conventional view that sacred places primarily serve as worship places for their members. In the public sector, the courts have supported the use of government grants for the preservation of historic houses of worship under the same terms as secular nonprofits. Though the government has become more open to funding historic, community-serving sacred places, other sectors such as philanthropy are often still cautious.

Until now, the broader understanding of public value did not take into account the larger *economic* impact of sacred places, and how this impact in all its facets can be supported and harnessed to work in conjunction with

larger governmental or non-profit efforts. Some have viewed tax-exempt congregations as a drain on the local economy. However, the Halo data shows that congregations impact directly areas of prime concern to elected officials, philanthropists, and community leaders: supporting childhood education; local job creation and support; neighborhood development through arts, food, and greening activities; and incubating/supporting nonprofit organizations.

Thus the powerful Economic Halo Effect of older sacred places has important, wide-ranging implications for how community leaders should relate to congregations in advancement of the health of neighborhoods and the welfare of citizens. These places are vulnerable due to changing demographics, disinvestment, and limited resources. Indeed, two of the congregations in this study have closed their doors since data was first collected. The loss of value of these two equals $1,150,015 per year. With this dynamic context in mind, we offer several policy and funding recommendations that could support and expand the Halo effect of congregations, improving the economies of our towns and cities.

## Why Should America Invest in its Sacred Places?

Although sacred places have significant Economic Halo Effect value, many congregations are smaller and more vulnerable than before, endangering that value and potentially removing assets and shareable spaces from the civic arena forever. If civic leaders act only when a church is closing, it has lost the opportunity to work with the congregation to put its space to better use. *In sum, prevention is much less expensive than reaction.*

### Promoting Efficiency and Maximizing Leverage

Investing in the care or new use of a sacred place is highly efficient. Rather than building a new facility or housing programs in spaces with indifferent landlords or owners, housing a program in a sacred place can increase the return on investment. Why?

- Sacred places are usually located at key intersections and are adjacent to vulnerable populations that are targeted for philanthropic initiatives and government programs.
- Sacred places are owned and managed by nonprofit institutions—i.e., congregations—that usually share the goals and values of local, secular nonprofits. They want to serve people in need and make neighborhoods stronger, but they lack the resources to make the most of their building assets.
- Sacred places are often in reasonably good condition, and have significant vacant space. Thus, a modest investment can ready a space to accommodate new uses that benefit the arts, human service programs, health and education initiatives, and other community-serving programs.
- Sacred places are often the most trusted institution by parents, children, seniors and other key populations targeted for new programs.

### Responding Effectively to Changing Nonprofit Needs

Because sacred places often have an abundance and wide range of spaces available—ranging from auditoriums, kitchens and dining rooms, classrooms, and gymnasiums—they can usually accommodate nonprofits that are displaced due to changes in their needs and circumstances - what might be called nonprofit churn.

Many nonprofits find, over the course of a few years, that they may lose their lease as prices go up, need more or less space than before, require an annex or secondary location, or need a better location. This kind of churn is present in every market, but nonprofits often don't know that nearby houses of worship may have the space they need, nor do they know

how to find those places and work out a sustainable relationship. Moreover, the congregation space can offer a landing-pad space for a nonprofit that may seek to move on to its own dedicated space over time.

## Strengthening the Safety Net

Though congregations have an average economic halo effect of $1.7 million, there may be an enormous potential to increase that value. When vacant or underused spaces are shared with nonprofits, the "invisible safety net" value increases. When new programs and activities are hosted by a sacred place, more people are attracted to the building, increasing the "magnet effect" as they spend money in the neighborhood. When new programs spend their operational budgets in the neighborhood, or hire local residents, the Halo value increases once again.

## Building Social Capital

Because the local church or synagogue is trusted by parents, families, and other key populations, they are a natural setting for programs and events that help local residents form new bonds and take action in response to local problems and opportunities. Congregations in the study reported, on average, fostering 41 new relationships or friendships each year. Additionally, each congregation taught pro-social values to an average of 92 youth each year.

In addition:

- Sacred places are often seen as safe and neutral places where civic engagement can occur, and where civic issues can be wrestled with and addressed.
- Sacred places host programs that attract significant volunteer support, thousands of hours annually, and give residents an opportunity to make friends and work in common cause.
- Sacred places are safe and welcoming places in an era where violence and war have left scars on veterans and caused divisions in our communities.

## How Should America Support its Sacred Places?

### Intersection with the Public Sector

#### *Revenue Generation*

Many municipalities feeling pressure to generate new revenue have begun to look to the nonprofit sector. Whether it is in the form of PILOTs (payment in lieu of taxes), increased fees, or ending long-standing exemptions from certain fees, or categorizing certain congregation activity as non-mission related and therefore taxable (or triggering property tax), houses of worship are being tapped by cities and municipalities across the country. Because small congregations are very different than large nonprofits, new fees may cause a congregation to cut staff, or make its facilities less affordable or available to small neighborhood or community groups.

#### *Regulating Shared Uses*

Many local municipalities have issued regulations that restrict and constrain activities that are natural users of sacred places, such as artistic performances, food preparation by health and hunger programs, or child care. These regulations advance a public good but sometimes make it very difficult for congregations to share space. Congregations and public officials can, however, work together to navigate bureaucratic red-tape, encourage better coordination between government agencies, and encourage congregations and community leaders to work together in common cause.

#### *Advancing Tourism*

Every state and major city supports tourism, recognizing that day or overnight visitors spend money on travel, local business, and can act as ambassadors if they enjoy their visit. Halo data show a significant number of visits associated with a sacred place, and unlike many tourist attractions —which are usually concentrated on a small number of locations—sacred places exist in all neighborhoods and towns, spreading the spending impact to businesses that may not otherwise benefit from visitor spending.

Some sacred places are tourist attractions in their own right because of their history or architecture, because of well-loved events/festivals they host, and music or performance offerings they provide. Overnight visitors for life events such as weddings, baptisms, and bar/bat mitzvahs for our sample of 90 congregations account for over $10 million spent in the local area which equates to over $113,000 per congregation per year. Tourism or visitor officials can assist in providing support for congregations hosting major events, providing connections to hotels and other businesses. Historic and arts related tours or events can be included in local event calendars, and congregations can be incorporated into promotional campaigns, site interpretation, and historic preservation.

## Support by Philanthropy and Government

### *Incubating Nonprofits and Strengthening Communities*

Congregations are often located along main streets, key commercial corridors or other areas targeted for economic development, yet typically are not "invited to the table" as these plans are developed by government agencies or community development groups. Congregations can provide space for start-up organizations; make physical improvement to their space and exterior ground that can make a visible impact on tired business districts; they can also act as advocates for local business development, and be good connectors to larger institutions—businesses, universities, hospitals—seeking to hire locally.

Government agencies tasked in this area, as well as Business Improvement Districts or Main Street programs can reach out to congregations and invite them to partner in common cause when community challenges are discussed and when planning is undertaken. Funding though Community Development Block grants or similar economic programs can be very useful in advancing this kind of partnership.

### *Supporting the Arts*

Of the 90 congregations that participated in Halo, 59% reported hosting or sponsoring some sort of performing arts, music event, or space for visual arts. Clearly, support of the arts is ubiquitous for religious congregations with older buildings in these cities. At the same time, other recent studies by Partners indicate that artists and arts groups in many cities including Philadelphia, Detroit, Austin, and Baltimore are in desperate need of performance, rehearsal, exhibit/studio, office, and storage space. Municipal leaders increasingly recognize that support for the arts enlivens neighborhoods, and is a boon to the local economy. Increased match-making between artists seeking space and congregations with space to share can respond to this need, and help place arts activity in a broad range of communities or neighborhoods. Government agencies, arts-service organizations, and funders can assist in providing funding to retrofit spaces and make them accessible; provide good models for collaboration; and ease zoning or regulatory issues.

### *Childcare and Education*

Thirty-two of the ninety congregations in the study provide some form of daycare/preschool or K-8 education (there were no congregations operating high schools in this study). As researchers, elected officials and education advocates continue to recognize the importance of early childhood education, congregations with these programs should receive increasing acknowledgement and support.

In many cities, congregations sponsor or host a significant percentage of daycare programs, but there is room for much more. We found that 27 of the 90 congregations hosted day care or pre-school programs. Local government, funders, and nonprofits in this arena can support congregations or daycare operators housed in sacred places with technical assistance and capital or program related funding to expand both the quality and quantity of daycare.

# Appendix A

## Data Collection Process and Research Methodology

### Determining Valuation Methodologies

Partners and Dr. Ram Cnaan interviewed experts and reviewed relevant literature to determine the best methodology for assessing the monetary value of each economic impact. Even when a contribution could be quantified, translating the numbers into monetary values was often difficult. Moreover, congregational contributions are often difficult to separate from other factors—family, community, government—and even more difficult to evaluate across time. This project's efforts to measure the value of a congregation had to wrestle with these complexities. As we attempted to do so, we found that many important contributions could not be measured using current methodologies. In some of these cases, we came up with proxy measurements, and in other cases we noted the congregation's contribution but did not attempt to monetize it. For a detailed explanation, see "If you do not count it, it does not count: a pilot study of valuing urban congregations" published in the *Journal of Management, Spirituality, and Religion.*

### Selecting Congregations

In each of the three cities, Partners had developed a comprehensive inventory of all purpose-built worship sites constructed 50 or more years ago, including 722 congregations in Philadelphia, 717 in Chicago and 345 in Fort Worth. From those inventories, Dr. Cnaan selected randomized lists of congregations that would be asked to participate in the study. Ultimately we surveyed and analyzed 30 participants in Chicago, 40 in Philadelphia, and 20 in Fort Worth (which has a much smaller pool of congregation buildings that meet the age criteria).

### Interview Process and Protocols

Partners' staff and interns served as field researchers in each of the cities, and were provided with in-depth training in data collection and recording procedures by Dr. Cnaan. Cnaan and the senior research team also observed the initial interviews to ensure the reliability and conformity of recorded responses. Cnaan was assisted by Partners' staff with experience from previous research projects.

To secure interviews, letters were mailed and repeated calls made to each selected congregation; if the appropriate congregational representative could not be reached via three phone calls (and emails), data collectors visited the physical site to meet with congregational leaders. If a congregation declined or was unable to participate, or the congregation was

not reachable (did not respond to phone or personal contacts, or had ceased to operate), we reached out to the next randomly selected alternative, repeating the process described above. Overall the number of congregations that were reached but declined to participate was very low.

Most interviews were conducted with the congregation's senior clergy; key staff and assistant clergy were also interviewed. Each interview lasted an average of two and a half hours. Given the comprehensiveness of the data gathered, most congregations could not provide everything needed on the first visit; additional visits, emails, and phone calls were made to complete the data collection.

## Data Gathering and Analysis

Data were gathered and centralized at Partners for Sacred Places' office. A designated employee, in consultation with Dr. Cnaan, reviewed the data and flagged potential errors, logical doubts, and misstatements. These cases were verified with the people who provided the data and numbers were revised if needed. This careful review of all submitted questionnaires prevented Partners from using erroneous, inflated, or under-reported data.

Once data were collected and verified, the designated staff entered them into a spreadsheet. At that stage the raw data was translated into dollar value based on a procedure that was predetermined and based on the methodology developed in the pilot study. When calculations were completed they were aggregated into an overall valuation estimate and into the key Halo categories. Dr. Cnaan and his staff performed the detailed data analysis presented in this article.

## Conservative Approach in Applying Valuation Methodology

When an interviewee could not provide a numerical response to a particular question or category, we assigned the value of zero, even if the real value was obviously higher. For example, if an interviewee could not provide data on the number of hours a volunteer spent with a soup kitchen, we assigned a value of zero. In the same way, when an interviewee could not assess the market value of a good or service, we assigned the value of zero. For example, if the interviewee could not assess the market value of renting an equivalent space outside the sacred place for a social service program, we assigned it the value of zero, even if the real value was likely to be significant.

# Appendix B

## Congregations in the Study

### Philadelphia, Pennsylvania

Arch Street United Methodist Church
Bridesburg United Methodist Church
Chinese Christian Church and Center
Christ Community Church of Philadelphia
Congregation Rodeph Shalom
Cornerstone Community Church
Epiphany of Our Lord [Roman Catholic]
First African Presbyterian Church
First Christian Assembly
First United Methodist Church of Germantown
Germantown Church of the Brethren
Germantown Jewish Centre
Germantown Mennonite Church
Grace Church and the Incarnation
Historic St. George's United Methodist Church
Holy Trinity Romanian Orthodox Church
Living Word Community
Lutheran Church of the Holy Communion
Mother African Zoar United Methodist Church
Mt. Airy Presbyterian Church
New Life Presbyterian Church
Old Zion Lutheran Church
Refuge Church of Christ
Russian Orthodox Church of Our Lady, The Joy of All Who Sorrow
Sacred Heart of Jesus Church [Roman Catholic]
Shiloh Baptist Church
Simpson-Fletcher United Methodist Church
Somerton United Methodist Church
St. Clement's Episcopal Church
St. Leo Parish [Roman Catholic]*
St. Luke's Restoration Worship Center United Methodist Church
St. Luke's United Church of Christ
St. Malachy Parish [Roman Catholic]
St. Mark's Lutheran Church
St. Michael's Lutheran Church, Kensington
St. Raymond of Penafort [Roman Catholic]
St. Therese of the Child Jesus [Roman Catholic]*
Tabernacle United Church
Temple Beth Zion-Beth Israel
Word Alive Worship Center

### Chicago, Illinois

Ashburn Evangelical Lutheran Church
Ebenezer Lutheran Church
Edgewater Presbyterian Church
First Presbyterian Church of Chicago
First United Methodist Church at the Chicago Temple
Glorious Light Church
Gorham United Methodist Church
Greater Bethesda Missionary Baptist
LakeView Lutheran Church
LaSalle Street Church
Mount Greenwood Community Church
North Shore Baptist Church
Olivet Baptist Church
Our Lady of Victory Parish [Roman Catholic]
People's Church of Chicago
Quinn Chapel African Methodist Episcopal Church
Rogers Park Presbyterian Church
Second Presbyterian Church of Chicago
Shrine of Christ the King Sovereign Priest [Roman Catholic]
St. Dorothy [Roman Catholic]
St. John United Church of Christ
St. John's Episcopal Church
St. Luke's Lutheran Church of Logan Square
St. Matthias Parish [Roman Catholic]
St. Paul & the Redeemer
St. Pius V Parish [Roman Catholic]
St. Thomas the Apostle [Roman Catholic]
Temple Sholom of Chicago
United Church of Hyde Park
Unity Lutheran Church

### Fort Worth, Texas

All Saints Catholic Church [Roman Catholic]
Antioch Missionary Baptist Church
Arlington Heights Christian Church
Arlington Heights United Methodist Church
The Church of Christ the King & All Saints
Connell Baptist Church
Edge Park United Methodist Church
First Christian Church
First Presbyterian Church of Fort Worth
Forest Hill African Methodist Episcopal Church
Gambrell Street Baptist Church
Grace United Methodist Church
Ridglea Christian Church
Ridglea Presbyterian Church
St. Andrew's United Methodist Church
St. Mary of the Assumption [Roman Catholic]
South Hills Christian Church
Trinity Episcopal Church
University Baptist Church
Western Hills United Methodist Church

* now closed

# Appendix C

## Acknowledgments

Partners would like to thank the Lilly Endowment, Inc. for its generous support for this study. Additional funding was provided by The David and Carol Myers Foundation, and the Robert R. McCormick Foundation.

This special issue of *Sacred Places* was designed and laid out by Owen T. Robbins. The Halo logo and all infographics were created by Rachel Greene. We thank them for their skill and creativity. Special thanks also go to Alison Hernandez, Laura Schuetz, and Rachel Hildebrandt for the case studies included here.

Our research partner was Dr. Ram Cnaan, Professor and Program Director for the Program for Religion and Social Policy Research at the University of Pennsylvania, School of Social Policy and Practice. Dr. Cnaan was invaluable in guiding the research conception and execution and in analyzing the data and provided the initial written summary of our findings. He was ably assisted by Seongho An, and by Rachel Hildebrandt and Tuomi Forrest.

Many people helped to conduct the field research. We especially want to thank Suzanne Yowell and Rachel Hildebrandt for their significant contributions to the field work and analysis.

Finally we would like to thank all of the congregations that participated in the study. Their clergy, staff, and lay leaders generously gave of their time and energy for the field interviews and related data collection efforts. In the end, this project was designed to serve them, and all those in our communities who benefit from the larger Halo value of our sacred places.

AT THE INTERSECTION
OF HERITAGE, FAITH,
& COMMUNITY

**Partners for Sacred Places**

1700 Sansom Street, 10th Floor
Philadelphia, PA 19103

Partners@sacredplaces.org
www.sacredplaces.org
215.567.3234