

Houston's Lakewood Church Wins Long-Term Use of NBA Facility

The city council voted 10-4 to lease the Houston Rockets' Compaq Center to the growing megachurch for 60 years

Houston's massive Lakewood Church continues to prosper under the leadership of pastor Joel Osteen as church leaders bask in their recent success to overcome legal obstacles and lease a major sports arena in one of the United State's largest metropolitan areas.

Lakewood continues to fight challenges to lease the Compaq Center, home of the Houston Rockets and located by one of the nation's busiest freeways. Plans are to relocate services there in 2003.

"It's just like the Lord to take us from the worst location to the second-busiest freeway intersection in the nation," Osteen said.

The church won its bid to lease the city's 17,000-seat arena in a landmark decision by the City of Houston Council, which voted 10-4 to grant the 30,000-member megachurch's proposal for a 60-year lease for the arena.

However, from the time Lakewood first approached the city to when the lease was finally signed, the rent increased from a starting point of \$9.5 million to nearly \$35 million for the 60-year period.

“The property was appraised at \$9.5 million dollars, so that’s why the church went in with that offer,” Dillard said.

“The argument on the other side was that ‘we are leasing it to you, but in 60 years the property will be worth a lot more than 9 million dollars, but no one knows what that’s going to be.’ So the process of negotiation resulted in an ultimate lease agreement of \$35 million.”

As part of the agreement, Lakewood will be required to make the arena available for the 2012 Summer Olympics if the city is chosen to host them, in addition to giving the city 10 days’ use annually of the church’s northeast Houston campus.

Houston Mayor Lee Brown’s chief of staff, Jordy Tollett, who was responsible for steering the deal through the city council, said it is a great deal for the community. Not only is Lakewood Church required to make substantial improvements to the property, but at the end of the lease everything also is turned back over to the taxpayers, he said.

Calling Lakewood Church “a great asset to the community,” Tollett emphasized that the city and the church have had a very positive experience dealing with each other and as a result arrived at a lease agreement that was good for both.

“In my opinion it’s the best use. We could find no other potential use that rose to that kind of level,” Tollett said.

Osteen agreed, saying that the city’s only other option was to tear the building down, something he said that the citizenry did not want to happen. This was because when the city approved the new \$300 million arena for the Rockets, the team

stipulated that the Compaq Arena would no longer be able to host ticketed events.

“That left it for nonprofit use only, somebody that could make a living doing that,” Osteen said.

However, Forth Worth-based Crescent Real Estate, which owns surrounding real estate, unsuccessfully sued to block the lease from being signed, claiming that it violated deed restrictions that Crescent says prohibit the Compaq Center’s being used as a church.

The suit was dismissed by a federal judge and a federal appeals court on the grounds that no deed restrictions had been violated because at the time no lease had been signed.

Crescent’s director of public relations, Sandra Porter, said now that the lease has been signed, the company is exploring its options for a future course of action but has not yet made a decision. Porter said Crescent is not “anti-church” but is attempting to enforce the property’s deed restrictions, which she said were placed there by the original owner.

“And we just don’t feel that [a church] works in a business development because it does not work in synergy with other businesses. Each business has to feed off the others,” she added.

Acknowledging that the arena has been the site of religious events over the years, Porter said there is a real difference between the facility being used primarily for sporting events while hosting a few religious services and functioning primarily as a church while hosting a few sporting events.

Tollett said he understands that Crescent would like the arena for its own development plans, but said that would prevent the building from always serving the community.

“I would encourage government bodies to pray hard for the best use for the taxpayer,” he said.

Lakewood Church is slated to move into its new home at the end of 2003, after the Houston Rockets are able to move into their new downtown basketball arena.

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