

FOR CHURCHES THAT PROVIDE FOR A HOUSING ALLOWANCE

The historic parsonage system is the basic housing policy. In recognition of changing circumstances that may indicate that the basic policy of the church-provided parsonage might not be desirable in each and every situation, the conference recognizes that exceptions may be made. Where an exception to this basic policy is contemplated, these guidelines shall be followed.

1. The District Superintendent shall be involved in the negotiations at the outset, along with the pastor and the Chairperson of the Committee on Pastor-Parish Relations and the Chairperson of the Board of Trustees. The purpose of these negotiations will be to develop a clear understanding by all parties as to the arrangements mutually accepted.

2. All such agreements shall have the written approval of the Charge Conference, and be signed by the District Superintendent, the Chair or Secretary of the Charge Conference and the Pastor.

3. The written record of the agreements (signed by the parties mentioned in #2 above) shall be maintained in the files of the District Superintendent, the pastor and the Charge Conference.

4. The written record of the agreements shall stipulate clearly:

a. The housing allowance amount to be paid every month. This shall be sufficient to provide housing at the level of the Conference housing guidelines.

b. Any provisions related to down payment and repayment thereof, if provided by the charge.

5. It is recommended that either the actual cost or fair market value of the existing parsonage or a home that meets the conference parsonage guidelines be used as a measure for establishing the housing allowance. The justice and ethics issue of “how much” for a housing allowance in any

given locale must be a matter of conscience with clergy and the local church.

6. No assets from the sale of a church-owned parsonage shall be used for current operating expenses of the charge. Proceeds from the sale of such a church-owned parsonage shall be placed in escrow under the supervision of the trustees of the local church in consideration of the possible need to purchase another parsonage at a later date. (Note: there is one exception to this policy; see ¶2542, *2008 Discipline*.) It is recommended that the principal account of the escrow be adjusted for inflation annually to provide equity with the real estate market. Interest received may be used toward the provision of a housing allowance. If a parsonage is not sold but held for rental purposes* income may be applied toward a housing allowance for the pastor.

*Said rental parsonages shall be maintained at the Conference standards by the local church Board of Trustees against possible future use by the church.

7. The charge shall agree to provide a parsonage if necessary to meet the housing needs of a subsequent pastoral appointment.

8. The pastor involved shall agree, in writing, that the arrangement for a housing allowance in lieu of a church-owned parsonage shall not hinder his/her participation in the itinerancy for future appointments.

9. The charge shall agree, in writing, that the agreement for a housing allowance in lieu of a church-owned parsonage shall not hinder the acceptance of a subsequent pastoral appointment where a parsonage is requested.

10. The incoming pastor shall have no obligation to purchase the home of his/her predecessor.

11. The housing allowance may be used for purchase, rent or lease as desired by the pastor.

Flexible Housing Policy – Detroit Annual Conference

The historic parsonage system is the basic housing policy. In recognition of changing circumstances which may indicate that the basic policy of a church-provided parsonage may not be desirable in every situation, provision for exceptions thereto may be made.

All pastors serving full time in local churches, all conference staff members who are clergy, and district superintendents shall be provided with a parsonage or housing allowance. Housing or a housing allowance provided by the local church/conference is for the convenience of the local church/conference to enable its ministry and the itinerant ministry of the annual conference.

The guidelines for providing a housing allowance are as follows:

1. (a) Negotiations to establish a housing allowance in a local church will include the pastor, the committee on pastor-parish relations, the finance committee, and the chair of the board of trustees. The district superintendent shall be informed before and as negotiations progress. The purpose of these negotiations is to develop a clear understanding by all parties as to the arrangements mutually acceptable. Final arrangements must have approval of church/charge conference.
 - (b) Negotiations to establish a housing allowance for a cabinet appointment will include the district superintendent, the district superintendency committee, the district board of trustees or parsonage committee, the district board of church location and building, conference council on finance and administration, trustees of the annual conference, and the bishop. Final arrangements must be mutually agreed to by these parties.
 - (c) Negotiations to establish a housing allowance for a conference staff appointment will include the staff person, the personnel committee, conference council on finance and administration, the trustees of the annual conference, and the bishop. Final arrangements must be mutually agreed to by these parties.
 - (d) Negotiations to establish a housing allowance for a new church start pastor, prior to the extension of the conference board of global ministries, the associate council director for parish development, the district superintendent, the local congregation leadership team, and the pastor. Final arrangements must be mutually agreed to by these parties.
2. A written record of the housing agreements (signed by the parties mentioned above) shall be maintained in the files of the district superintendent, the pastor, and the charge conference, and also by the bishop's office and conference trustees where applicable. The written agreement will stipulate clearly
 - a) the amount to be allowed every month;
 - b) a written statement, signed by the pastor, agreeing that the arrangement for a housing allowance in lieu of a parsonage shall not hinder his/her participation in the itinerary for future appointments; and
 - c) a written statement, signed by the pastor parish relations committee, agreeing that the arrangement for a housing allowance in lieu of a parsonage shall not hinder the acceptance of a subsequent pastoral appointment where a parsonage is requested. If, in subsequent appointments, a parsonage is requested, the local church/charge must provide a parsonage (either through purchase or rental). The church/charge conference shall also have the option to change to a parsonage at subsequent transition times.

3. It is recommended that a housing allowance may be based on the rental value of the current parsonage or, if the church/charge does not own a parsonage, on the rental value of an average home in the parish setting that meets conference parsonage standards. In addition to the housing allowance, an agreed upon allowance or the actual cost for utilities should be paid.

The down-payment and closing costs on a house and all other costs of purchase and maintenance are the responsibility of the pastor and are not included in housing arrangements.

4. No assets from the sale of a church-owned parsonage shall be used for current operating expenses of the charge (*2008 Discipline*, ¶2542). Proceeds from the sale of such a church-owned parsonage shall be placed in escrow by the trustees of the local church, at least equaling an amount necessary to cover the future purchase of a parsonage or an amount to cover a down payment (of not less than 20% of cost of home meeting parsonage standards in the area) plus closing costs. It is recommended that the principal account on the escrow be adjusted annually to provide equity with inflation and the real estate market. Interest received from an escrow account may be used toward the provision of a housing allowance. Any such sale of a church-owned parsonage must include consent of the pastor, district superintendent, board of church location and building, and the charge conference

If the parsonage is not sold, but held for rental purposes, income therefrom may be applied toward a housing allowance for the pastor or for current expenses. Said rental parsonage shall be maintained at the conference and local community rental housing code standards and inspected annually by the local board of trustees, in readiness for possible future use as the parsonage.

Assets from the sale of a new church start parsonage, prior to the constituting church conference, will conform to agreements made at the time of the original purchase of the parsonage.

5. Once initiated, a housing allowance is expected to continue for the duration of a pastoral appointment. The allowance shall be subject to annual approval of the charge conference. The charge conference shall not have the authority to reduce the housing allowance without negotiation and consent of the pastor, the committee on pastor-parish relations, and the district superintendent.
6. The local church/charge shall allow the pastor who receives a housing allowance to live where he/she chooses in the community served. If the pastor chooses to live outside the communities served, he/she must receive consent of the committee on pastor-parish relations and the district superintendent.
7. The housing allowance may be used for purchase, rent, or lease as desired by the pastor.
8. The incoming pastor shall have no obligation to purchase the home of his/her predecessor.
9. If a church needs to purchase a parsonage for an incoming pastor, some housing accommodation shall be provided for the pastor until the new parsonage is ready, and any extra moving costs shall be the responsibility of the local church.

If a pastor requests a housing allowance, after living in the parsonage, the costs of moving to another home using a housing allowance is the pastor's. If a church requests the move to a housing allowance, the move costs are borne by the church.

GUIDELINES FOR SETTING THE LEVEL OF HOUSING ALLOWANCES

(This is not official--only suggested guidelines.)

Recommend that a guideline be established for determining housing allowance amounts, to include two components:

- 1) **Monthly rental amount** equal to the average monthly rental of a property meeting the parsonage standards in the agreed locale, as determined by an independent Realtor appraisal. (Validation of this number would be by comparison to 1% of the property valuation; the housing allowance should not exceed this figure.)

- 2) **Utilities amount** based on historical data of the past three years for the parsonage being replaced by the housing allowance, with consideration for inflation.

(Encourage individuals to seek out the most competitive rates; for example, for telephone usage).

The reasonable housing allowance numbers would be determined through consultation of the trustee liaison and the appropriate parsonage committee. Facts from independent Realtors or appraisers should be obtained, at least for the base year.

Flexible Housing Policy Agreement

Pursuant to the Flexible Housing Policy, the undersigned agree that a housing allowance will be provided in lieu of a parsonage for the appointment of the Reverend _____ effective on the date below.

In accordance with the guidelines provided in the Flexible Housing Policy Agreement, which is an integral part of this document, the housing allowance will be the fixed amount stated below and agreed to by the parties to this agreement. The amount is based on an estimated rental value for an average home in the parish that meets the conference parsonage standards, plus the agreed upon allowance or actual cost for utilities.

The pastor agrees that the arrangement for a housing allowance in lieu of the congregation providing a parsonage shall not hinder her/his participation in the itinerancy for future appointments. The representatives of the church agree to the arrangement for a housing allowance in lieu of a parsonage shall not hinder the acceptance of a subsequent pastoral appointment where a parsonage is requested and further that if, in subsequent appointments, a parsonage is requested, the church will provide a parsonage.

It is agreed that the following allowance will be provided on a monthly basis:

housing allowance	\$ _____	per month	=	\$ _____	per year
utility allowance	.. \$ _____	per month	=	\$ _____	per year
Total	..\$ _____	per month	=	\$ _____	per year

The utility allowance is intended to cover the cost of heat, electrical service, basic telephone service, water, rubbish disposal, and sewer charges, if applicable.

A copy of this agreement shall be filed by the district superintendent, the pastor, and with the minutes of the church/charge conference at which this agreement was adopted.

Signed and agreed to on _____ by:

pastor

chairperson, committee on pastor-parish relations

chairperson, board of trustees

chairperson, committee on finance

district superintendent

The effective date of this agreement is _____