Diocese of Toronto
Anglican Church of Canada

The Sale of Rectories and the Use of Funds Policy

Strategic Intent of Owning Rectories - Approved by: Treasury Board and Planning and Development Board, May 2005

Rectories are held as a key component of our clergy compensation strategy.

In the secular setting, compensation is designed to attract, reward, motivate and retain employees. Clergy compensation, however, originated as a 'living', designed to free the cleric from worldly concerns. Today in the church we find these two principles intertwined.

The "housing" component is important to the compensation package. This component was originally satisfied through the parish rectory. In recent years, some parishes and their incumbents have chosen to sell the rectory and provide the incumbent a living allowance instead.

If a parish is permitted to sell its rectory, it important that the parish invests the proceeds in a manner that provides for future clergy housing needs. Great care should be taken to retain a sufficient amount in the Rectory Fund. Given the continued rising trend in housing prices, particularly in the urban areas, a parish may find itself facing a financial strain unless it maintains a sufficient rectory fund in lieu of a rectory. That is because housing allowances are geared to local market conditions. Also, at some future date, providing a rectory may be the preferred arrangement.

Use of Funds from the Sale of a Rectory:

The following practices are followed when selling a rectory:

1. The selling of a rectory, like the selling of any property in the diocese, must be done according to Canon 6 and the procedures set out there. Canon 6 provides that no "real property," a term which includes rectories, "*shall be sold … without the written consent of the bishop, and the Diocesan Council.".* It also provides that the *"proceeds of the sale shall be paid to the Synod."*

2. Parishes deposit the net proceeds from the sale of the rectory into the Consolidated Trust Fund with the Diocese.

3. If the net proceeds from the sale of the rectory are in excess of the market value for the replacement of a residence, the parish may make application under Canon 6 to receive some or all of the 'surplus'.

4. The Diocesan Investment Committee sets a fixed dividend annually. Any returns generated by the fund in excess of the dividend are reflected in an increase in the unit value.

5. Parishes may choose to capitalize one half, or a portion of the dividend income earned each quarter to reinvest in the capital of the fund, with the balance being paid to the parish (to use towards paying the housing allowance of the incumbent). If this election is not made, 100% of the dividends will be paid out.

Factors to be considered in determining the adequacy of the Rectory Fund

Given the strategic intent of owning rectories which has been stated above, the proceeds from the sale of a rectory should first be invested in the parish's Rectory Fund. Therefore, the minimum amount to be invested should represent the current market value of purchasing a similar home within the parish boundaries. Any amount not invested in the Rectory Fund will, by definition, be "surplus" and subject to sharing under Canon 6.

At any point in time, using the capital and retained income accumulated in the Rectory Funds, the parish should be able to purchase a rectory within the parish boundaries with the amount in the Rectory Fund. Although, this is unlikely to be true in every year, it should be the target over the longer term.

A test for determining the adequacy [or surplus] in the rectory fund might use this reasoning:

1. Determine the net proceeds estimated on sale of the rectory. (A)
2. Determine the current market value of purchasing a similar home within the parish. (B)
3. Determine the housing allowance required to be paid.
4. Estimate real estate value increases. This is the amount that will need to be reinvested in the fund annually to keep pace with the housing market.
5. Determine what amount is needed in the Fund to both generate the housing allowance and provide for real estate increases, using the rate of investment income expected in the Fund. (C)

Therefore, one might consider a surplus to exist if (A) exceeds (B), and also, (A) exceeds (C).

The above policy was revised on March 30, 2021.

As per the policy for Sale and replacement of rectories

The Diocesan Council will only consent to the sale of a rectory:

1. When the parish vestry has resolved to acquire another residential property for use as a rectory and has obtained the consent of Diocesan Council thereto pursuant to the provisions of subsection 2 of Canon 6; or
2. When Diocesan Council determines that the rectory is “surplus real property” in accordance with subsection 3 of Canon 6. In determining whether a rectory is “surplus real property” Diocesan Council shall consider the following:
   a) the strategic significance of the provision of a residence for clergy to the mission and ministry of the Church in the parish;
   b) the financial circumstances of the parish;
   c) the physical condition of the rectory;
   d) the views of the Area Bishop.

Subsection 3 of Canon 6 provides that if the “real property” to be sold is deemed to be “surplus real property, fifty percent (50%) of the proceeds of the sale shall be designated as the Diocesan share” and “shall be deposited to the Ministry Allocation Fund” however “this percentage may be altered with Diocesan Council approval with the remainder paid out to the parish.

Use of Rectory Funds:

For Rectory funds invested in the Consolidated Trust Fund and which came into existence under the previous rectory policy meaning before March 30, 2021, in certain exceptional cases, with the permission of Synod Council or one of its committees, the parish may borrow from the rectory funds for major capital repairs that are needed at the parish.

Rectory funds cannot be used to fund the operating budget. The terms of the loan are set by the Finance Committee. Parishes that desire a loan should have a vestry approval in accordance with Canon 6 (setting out a plan and timeline for repayment) and send their request to the Diocese for review.

For Rectories sold after March 31, 2021, 50% of the proceeds are directed to the Ministry Allocation Fund (MAF) and the parish share of funds will be used in accordance with a plan approved by Synod Council.

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