

# Clergy Housing – Policy Statement



## Background

In the secular setting, remuneration arrangements are designed to attract, reward, motivate and retain employees. They positively affirm job requirements such as accountability, competence, and expertise.

Clergy remuneration originated as a 'living', designed to free the cleric from worldly concerns. It affirmed the vocational nature of the office, the expectation that the cleric is always 'on the job'. It reflected the historical tradition within the church wherein the institution took on the responsibility for providing for a priest's worldly needs, such as they were recognized by the church.

In today's Anglican Church, the two concepts of remuneration are simultaneously at play. Clergy remuneration is often compared to salaries for those in other professions carrying out similar work with similar educational and professional training. Clergy remuneration is also considered in the context of what it means for a particular cleric (and family) to live and work in a particular parish setting.

The "housing" component is an important component of clergy remuneration. It was originally provided through the parish rectory, thus allowing the cleric to move from place to place without having to care about acquiring and disposing of, his or her own house, or without having to find a place to rent suitably close to the church itself. This is not an insignificant matter.

From the congregation's perspective, the rectory provided a more or less predictable component of the remuneration package and gave the congregation the peace of mind that the cleric would live close at hand for pastoral care and for engaging the local community.

Against that historical backdrop, the world has changed. Home ownership in Canada has increased significantly over the last 40 years and home equity is often a key component of a person's financial plan and retirement savings. Also, the percentage of couples and families with two income earners has grown over the same time period. More and more, the cleric's family and spouse have decided views on their home situation that do not include living in a rectory.

## Clergy Remuneration Policy – Housing Component

### **Incumbents**

The Diocese of Toronto's clergy remuneration policy requires the parish to provide a rectory in respect of the housing component of the cleric's remuneration where the cleric is holding the office of Incumbent. The rectory so provided must conform to the standards set by the Diocese as described below (see Rectory Policy); and the Churchwardens are charged with the responsibility

of ensuring that the rectory property is well-maintained at all times. In addition, the Churchwardens shall provide for payment of the utilities and local telephone service in the annual budget of the vestry.

Notwithstanding the requirement for the parish to provide a rectory, the Diocese of Toronto recognizes the Incumbent's option to decide whether s/he chooses to live in a rectory or not. In those situations where the cleric does not choose to occupy a rectory, this will be discussed and agreed upon to the mutual satisfaction of the cleric and the Churchwardens in consultation with the Area Bishop prior to the appointment of the cleric to the parish. If the cleric is living in a rectory and, during the term of their appointment, wants to move out of the rectory, preferring instead to receive a housing allowance, this change must be discussed and agreed upon to the mutual satisfaction of the cleric and Churchwardens in consultation with the Area Bishop. In these situations, the parish will provide the cleric with a housing allowance which meets the standards set by the Diocese, as described below (see Housing Allowance Policy).

## **Other clerical appointments**

The Diocese of Toronto's clergy remuneration policy does not require a clergy house to be provided for parish clergy other than the Incumbent. For other clergy appointed to parish ministry, the parish is obligated to provide the cleric with a housing allowance which meets the standards set by the Diocese, as described below (see Housing Allowance Policy). Should the parish have one or more clergy houses, in addition to the rectory, then the cleric has the right to choose to live in the clergy house or not. As in the case of an Incumbent, this decision should be discussed and agreed upon to the mutual satisfaction of the cleric and Churchwardens, either prior to the appointment; or at a later date, should the cleric wish to change the housing arrangement.

## **Rectory Policy**

1. The rectory may be on the church site or not. The rectory should preferably be situated within five kilometres of the parish boundaries. The specific location of the rectory shall be determined by the Vestry, subject to the approval of the Area Bishop. Purchase of a rectory requires approval by Vestry and the Diocesan Council in accordance with Canon 6.
2. The expectations against which a rectory shall be compared in order to determine compliance with this policy are the following:
  - a. the rectory shall preferably be a fully detached, single dwelling home;
  - b. it will have a minimum of three bedrooms, all of which are above grade;
  - c. there must be space for a study/office area;
  - d. if the primary parish office space is located in the rectory, suitable office space must be available separate from the living space, and shall be accessible for all people;
  - e. there shall be at least one full (four-piece) bathroom, as well as a second bathroom on the main floor;

- f. the rectory is to be equipped with air conditioning, standard appliances (refrigerator, stove, dishwasher, microwave, washing machine, dryer) and window coverings.
3. Electrical, plumbing, heating and fire protection systems shall conform to current municipal standards, and the Ontario Building Code; and shall be upgraded to conform to building code changes as they occur from time to time.
4. The parish shall establish and contribute annually to a Rectory Fund by annual provision in the parish budget. The Rectory Fund shall be used to fund major capital repairs and upgrade to the Rectory.
5. As with all parish property, the churchwardens are responsible for keeping the rectory in good condition. This means that they are responsible in consultation with the cleric for arranging work and overseeing any repairs to the rectory. Repairs necessitating a building permit require Diocesan Council approval. All repairs shall be carried out by licensed and/or qualified individuals. (See Canon 6, Section 7) The cleric will not make any major modifications or repairs without the prior approval of the Churchwardens. In the case of an emergency the cleric may take whatever preliminary steps are necessary. Churchwardens are to ensure that regular inspections are done at least every year. (See Canon 6 'Acquisition, Disposition and/or Alteration of Real Property and Related Rights and Lands', Section 7: and Canon 15 'Churchwardens', Section 4, Item 11). Rectories must be professionally inspected by a licensed home inspector every five (5) years.

## Housing Allowance Policy

The monthly housing allowance paid to the cleric of a parish shall be an amount which affords the cleric the rental of a home which meets the standards of accommodation set out in the Rectory Policy. In addition, the parish shall reimburse the cleric for cost of utilities and local telephone connection.

In some situations the cleric may prefer to live in a community outside the parish boundaries. This is a matter which requires the agreement of the Churchwardens and the approval of the Area Bishop. In these situations, the amount of the housing allowance shall be the lesser of the housing allowance calculated in the preceding paragraph, and the amount required to afford the rental in the community in which the cleric lives.

### **Methods and Procedures:**

- To determine the appropriate housing allowance, a survey of the rental market place shall be carried out annually to determine the appropriate range of values. Care shall be taken to ensure that those properties surveyed are in appropriate condition and available for long term occupancy. At least three properties shall be used in the survey, ideally more than three.
- To avoid volatility in survey results, the survey shall be done on an annual basis and a mathematical smoothing method (e.g. three year simple averaging, three year weighted averaging) shall be used to adjust for short term market fluctuations. Where the parish is

renting out the rectory, that rental amount is an appropriate market comparator, but shall not be used as the only comparator.

- Depending upon the community, it may be appropriate to use town-homes or semi-detached homes as comparators in determining the housing allowance for clergy other than incumbents.
- The results of the survey shall be shared with the cleric once the survey is complete.
- To provide for stability and to allow both the cleric and the parish some ability to plan on more than an annual basis, the housing allowance shall be fixed for a minimum of a two year term (or for such longer duration as the cleric and the Churchwardens mutually agree).
- Rentals may be available on a “plus utilities” or an “including utilities” basis. It is important to use an appropriate comparator. The housing allowance is to cover the cost of utilities and local telephone service.

### **Canada Revenue Agency Reporting - Fair Rental Value and Utilities**

- The Churchwardens (or if so delegated, the Parish Treasurer) shall provide to the Treasurer & Director of Finance of the Diocese, by January 31 of every year, the fair rental value for clergy housing, and the total cost of utilities of the previous year. The fair rental value shall be reviewed annually by the Churchwardens and formally evaluated by an independent assessor every five years.
- The churchwardens (or if so delegated, the Parish Treasurer) shall provide to the Treasurer & Director of Finance of the Diocese, by January 31 of every year, the total cost of utilities of the previous year paid to or on behalf of clerics who receive a housing allowance.

### **Benefits implications**

- The housing component of clergy remuneration is excluded from the calculation of benefits. Neither the fair value rental of the rectory, nor the amount of the housing allowance, will affect the calculation of benefits costs or the payment of benefits to clergy.
- Pensionable earnings, under the General Synod Pension Plan, and insurable earnings, under the Long Term Disability Plan, are defined as 150% of stipend.

Please also refer to Guidelines on the Sale of Rectories and Use of Funds Therefrom. This is listed on the website under Policies and Guidelines as “Rectories – Sale and Use of Funds Therefrom (Guidelines)”.