

**Report of the Pastoral Relations Committee
On Housing Allowance Guidelines
June 2004**

Background Information

On September 21, 1993, Kingston Presbytery passed a Housing Policy which was based on The Manual terms of “*fair rental value*”. The policy included the requirement, as stated in The Manual, that the policy be reviewed every three years.

Subsequent to this the Pastoral Relations Committee conducted a survey of six local (Kingston) real estate firms and obtained an update of rental prices in Kingston and area. In June of 2001, the following policy was approved by Kingston Presbytery:

<u>URBAN</u>		
<u>House Type</u>	<u>Monthly Rent*</u>	<u>Annual Rent*</u>
Semi-detached or Townhouse	\$850-\$1000	\$10,200 - \$12,000
Small House (1000-1500 sq. ft, 3 bedrooms)	\$1000 - \$1250	\$12,000 -\$15,000
Large House (1500 – 2000 sq. ft)	\$1250 - \$1400	\$13,800 - \$16,800.
<u>RURAL</u>		
(Including small towns and villages with well and septic systems. May or may not have TV cable and other amenities of urban dwellings.)		
Deduct \$50 - \$100 per month (\$600 - \$1200 per year) from the city rents.		
* <u>Note:</u> Rent includes taxes, insurance and condominium fees, rugs, drapes, and basic appliances, but not utilities or heat.		

In accordance with the original policy and in keeping with the policy as stated in The Manual 036 (f) (ii), the Pastoral Relations Committee undertook a review of the policy in late 2003, obtaining information from several local real estate agents. At that time (October 2003), a 3-bedroom house worth \$175,000. in the Kingston area rented for \$1200 - \$1500. per month.

The following motion was proposed by the Pastoral Relations Committee:

“That Kingston Presbytery establish the minimum housing allowance for all new calls or appointments, effective July 1, 2004 as follows: Urban \$14,400. and Rural, \$13,200. and furthermore, that all pastoral charges currently paying less than this amount be required to match it by January 1, 2005”.

This motion was presented at the April meeting of Kingston Presbytery and a number of questions were asked and issues raised. The Pastoral Relations Committee agreed to report back on these questions at a subsequent meeting of Kingston Presbytery and the motion was tabled.

Response to Questions Raised

1. How many pastoral charges are paying housing allowance?
 - a. 29 (9 pastoral charges have manses)
2. How many of these are rural?
 - a. 11 (18 are urban)
3. How many pastoral charges are currently pay above the proposed minimum?
 - a. Two rural charges and eight urban charges
4. What is the range of housing allowances being paid across the Presbytery?
 - a. \$9600. to \$27,880.
5. How much has real estate increased in value since we last set the housing allowance in Sept. 2001?
 - a. 20%
6. What is included in estimating housing allowance in addition to fair rental value?
 - a. The Manual, Section 036 (f) (ii) states:
“...when a pastoral charge provides a housing allowance instead of a manse, the allowance shall take into account *the cost of providing heavy appliances, rugs and drapes.*”
7. What is considered rural and what is considered urban?
 - a. This question proved most difficult to answer. In the Housing Allowance Policy established by Kingston Presbytery in 2001, the definition was defined as: Urban – on municipal water system, Rural – on well and septic systems.
8. How many charges will be adversely affected by an increase in housing allowance?
 - a. Urban – 9, Rural – 9
9. What is the actual Revenue Canada policy regarding housing allowance deductions for income tax?
 - a. See Canada Customs and Revenue Agency Bulletin IT-141R, Section 23 which states in part:
 1. “...a clergy residence deduction.....cannot be more than the lesser of two amounts:
 1. The first amount is the greater of the following:
 - a. \$100. multiplied by the number of months in the year (up to 10) during which the employee meets the status and function tests; and
 - b. one-third of the employee’s remuneration for the years from the qualifying office or employment.
 2. The second amount is calculated as
 1. the rent paid or fair rental value of the residence or living accommodation, as described above, including utilities
 - less a reduction for

all amounts deducted in respect of the residence or living accommodation in computing any individual’s income for the year from an office or employment or from a business (other than the employee’s clergy residence deduction), to the extent

that such amounts pertain to the period in the year for which the employee is claiming the clergy residence deduction.....

... “utilities” means amounts expended for services of electricity, heating (e.g. gas), and water and sewer.”

10. Get housing cost estimates from a number of real estate agents in different parts of the Presbytery.
 - a. This proved difficult because in many rural areas, no rental housing is available or the available rental properties are not suitable accommodation for ministry personnel.

United Church of Canada Policies Regarding Housing Allowance

The Manual, Section 036 (f) (ii) states:

“The Pastoral Charge may offer the minister the option of living in the manse or of accepting a housing allowance subject to the approval of the Presbytery. Where a Pastoral Charge provides a housing allowance instead of a manse, the allowance shall take into account the cost of providing heavy appliances, rugs, and drapes, and shall be based on the fair rental value of suitable accommodation comparable to that which would have been provided as a manse in the area. Fair rental value shall be supported by data, shall be approved by the Presbytery at the time of the call or appointment, and shall be reviewed by the Presbytery at least once every three (3) years.”

In addition to the policy stated in The Manual 036 (f) (ii), the *Salary and Allowances Schedules Applicable to Ministry Personnel, 2005*, states:

”Pastoral charges, missions and outreach ministries are required to provide ministry personnel with a manse or an equivalent as housing allowance, under Sections 036(f) and (g) of The Manual.

Housing Allowance

Ministry personnel who do not live in a manse must be provided with a housing allowance. The allowance must be based on the fair rental value of suitable accommodation comparable to what a manse might be in the area in which the church is located. Fair rental value shall include the cost of providing heavy appliances, rugs and drapes.

In the same way that the Church has a minimum salary policy, it also has a minimum housing policy. The **housing** component of compensation (either housing allowance, or fair rental value of the manse, or a combination) **must not be less than 20% of salary**.¹ This policy is effective January 1, 1996, by action of the GCE in November 1995.

All housing allowances are subject to approval by Presbytery at the time of the call or appointment, and shall be reviewed every three years. Housing allowances that are set by Presbyteries are an internal measure to try to reach some equity among all ministry personnel.

Also of note is an opinion written by the then-General Secretary Virginia Coleman on Sept. 19, 1995 regarding housing allowance policy:

“There is no authority in the Manual for Presbytery to set and enforce such a policy...

Under Section 036 (f), Presbytery approval must be obtained for the housing allowance at the time of a call or appointment. If a housing allowance does not meet the requirements set out in Section 036 (f) (for example, there is no supporting data and Presbytery decides that the housing allowance is not based on fair market rental),

¹ Housing costs in some areas of Canada (e.g. Newfoundland and Labrador, the Prairie Provinces) may equal less than 20% of the salary of ministry personnel. By requiring an amount not less than 20%, the UCC is endeavoring to ensure equity for ministry personnel across the county.

Presbytery could refuse to give its approval. The housing allowance is also subject to review on the same basis once every three (3) years.

Presbytery may set guidelines for housing allowances under its general duty of oversight of the Pastoral Charges within its bounds, but Presbytery has no power to insist that the Pastoral Charges comply with these guidelines. Presbytery could not refuse to approve a housing allowance on the basis that it did not comply with these guidelines, as long as the housing allowance met the requirements set out in Section 036 (f).”

Recommendations of the Pastoral Relations Committee

Realizing that we can only suggest guidelines and that housing costs, especially for rural charges, vary from community to community, the Pastoral Relations Committee of Kingston Presbytery will make the following motion at its Sept. 2004 meeting:

“That Kingston Presbytery set a minimum housing allowance guideline of \$14,400 for urban pastoral charges and \$12,200 for rural pastoral charges for all new calls or appointments effective January 1, 2005.

However, if a pastoral charge wishes to pay an amount less than the approved Kingston Presbytery guidelines, it will be required to submit three independent quotes from real estate agents for suitable accommodation in their area. The real estate agents consulted may not be members or adherents of that pastoral charge. As required by The Manual 2001, the quotes must include the cost of providing heavy appliances, rugs and drapes and must be an amount that is at least 20% of the salary. Any housing allowance not meeting the requirements of The Manual, Sections 036 (f) (ii), may not receive approval.

Furthermore, that all existing housing allowance amounts be reviewed every three years as part of the Pastoral Oversight visit and that the Pastoral Oversight Committee be asked to make appropriate recommendations regarding the housing allowance amount.”

June 2004 (Revised)