



**Clergy Housing  
Frequently Asked  
Questions (FAQs)  
prepared for Iowa  
United Methodist  
Churches and  
their Pastors**

*Prepared by the 2013 Iowa Annual Conference Parsonage Task Force.*

**Clergy Housing**  
**Frequently Asked Questions (FAQ's)**  
*A Guide for Iowa United Methodist Churches  
and Pastors*

**1. Must United Methodist churches provide for the housing of their pastors?**

Yes - Churches/charges with a full-time pastor (3/4 time or more) must provide housing for their pastor in addition to salary and benefits. Housing may be in the form of a parsonage or a housing allowance. A parsonage or housing allowance is not compensation for the work of the pastor, but it is compensation to provide for the housing needs of clergy family.

**2. How is this housing compensation considered as far as clergy taxes are concerned?**

Clergy may deduct the cost of housing from their taxable income for IRS purposes, but must consider the fair market rental price of the house as income in computing Social Security contributions.

**3. If the church/charge provides a parsonage, what standards must be met?**

Standards are established by both the General Conference and the Annual Conference. Denominational guidelines are found in the 2012 Book of Discipline in these paragraphs: 258.2g(16), 2521, 2522, 2542, 2543, 2544. The Iowa Annual Conference Parsonage Standards will be found in the 2013 Iowa Annual Conference Journal and are available from the District Superintendent. The best tool for maintaining these standards is the annual parsonage tour by the S/PPRC and Trustees.

**4. If the church/charge makes routine improvements on their parsonage, must they also make it handicapped accessible?**

The 2012 Book of Discipline, paragraph 2544, requires that *any new parsonage constructed or purchased by a local church/charge* shall meet certain handicapped accessible standards, but providing for such facilities need not apply in the case of regular upkeep or a remodeling project of an existing parsonage. While accessibility is an important goal for clergy housing going forward, it should not be seen as an obstacle to completing routine maintenance and updating to existing parsonages.

**5. How are parsonage costs handled in multi-point charge?**

Repairs and equipment costs should be divided among churches on a multiple point charge by percentage of ownership. When no interest is owned in a parsonage on a multiple point charge by one or more churches, each church having no ownership should pay its pro-rata share of the fair rental value of the parsonage. This money should be placed in a saving account to be used for repairs and equipment. The church or churches which own the parsonage should repair and equip the parsonage. (See 2012 Book of Discipline, paragraph 247.18)

**6. If a multi-point charge has more than one parsonage, how is the decision made where the pastoral family will live?**

When there is more than one parsonage available, the district superintendent, in consultation with the clergy family and the churches, shall determine which parsonage is utilized.

**7. What are the divisions of responsibility between the church and the clergy for parsonage upkeep and repair?**

The local church/charge is responsible for health and safety features, structural upkeep and large repairs of the parsonage and lot. The pastor is responsible for regular maintenance and cleaning. In terms of furnishings, the local church provides light fixtures, floor and window coverings and major appliances, while the pastor provides the furniture. The church is responsible for landscaping, tree and bush trimming, while the pastor is responsible for lawn care and snow removal. While the church provides access to all utilities and is responsible for energy efficiency, the pastor pays for the utilities.

**8. How are churches to plan for funding parsonage maintenance and repair?**

From the church operating budget, it is recommended that at least 2% of the replacement value of the parsonage be maintained in a parsonage repair reserve account to deal with both anticipated and unexpected repairs.

**9. If there are disputes between a church and a pastoral family over parsonage issues (including damage to the parsonage), how are these to be handled?**

Issues regarding housing should be resolved between the clergy family and the local church. If housing issues cannot be resolved to the satisfaction of both parties, the district superintendent should be invited for mediation by the S/PPRC or the pastor. The district superintendent may invite the District Church Building and Location Committee to assist in the arbitration. Recommendations and solutions shall be consistent with current Parsonage Standards and the Parsonage Damage Policy of the Iowa Annual Conference. (Both will be available in the 2013 Annual Conference Journal and from a district superintendent.)

**10. Can a pastoral family have pets in the parsonage?**

Yes, under the following conditions: If the parsonage family has a pet or pets, the family is responsible for any property damage caused by the pet(s). The pet owner must conform to all state and local ordinances. The pet owner is responsible for liability for any injury caused by the pet(s). The pet owner is responsible for professional pest extermination and any additional cleaning costs of the parsonage when moving.

**11. What if a parsonage is available, but the clergy family prefers a housing allowance?**

If the clergy family has an appropriate parsonage available to them (one which meets Conference Parsonage Standards) and chooses instead to live in a different place, the church/charge is not obligated to offer a housing allowance and is not obligated to offer a down payment or other loan for the pastor to purchase a home.

**12. What matters need to be considered when renting a church parsonage?**

A local church paying a housing allowance to the pastor(s) may retain the existing parsonage and rent it to a third party. Unless there are compelling missional reasons, rental to a third party should be at an amount equal to the fair market rental value of the house. Rental income can be used to help provide the agreed upon housing allowance for the pastor. When not used for clergy housing and rented to others, the house must be returned to property tax rolls. The church, as landlord, maintains responsibility for maintenance and repair of the property in keeping with parsonage standards, and Trustees continue to require an annual tour of the house. Any leasing agreements should allow for the parsonage to be available for future appointment needs.

**13. If a parsonage is to be sold, how may the proceeds be used?**

In keeping with the 2012 Book of Discipline, paragraph 2543, "The principal proceeds of a sale of any such property shall not be used for the current budget or operating expense of a local church. Provided that provisions are made for the current and future missional needs of the congregation, and the current and future housing needs of a pastor, the principal may be used for capital improvements beyond the regular operating budget when written approval is granted by the district superintendent and pastor."

**14. If the church/charge provides a housing allowance, what standards must be met?**

The annual housing allowance shall be figured between 25%-40% of the CAC (Conference Average Compensation). In determining the appropriate percentage, the following factors are to be considered in this order: (1) The radius around the church where the pastor will live; (2) The average cost of homes in that area that meet the Annual Conference standards; (3) The property taxes and insurance costs in that housing area; (4) The current standard interest rate for a 15 year mortgage. The amount of a housing allowance should cover the fair market rental cost of a home in that community that meets Annual Conference standards. For pastors of local churches the housing allowance must be set annually by the church/charge conference.

**15. What is a recommended process for a church to use when considering moving from a parsonage to a housing allowance?**

- A. The pastor or Administrative Board/ Council chairperson speaks with the district superintendent regarding the desire for the church to consider a housing allowance and receives guidelines for the process.
- B. B. The Administrative Board/Council forms a study team of 5-7 persons from the congregation and pastor including representatives from S/PPRC, Trustees and the Finance Committee. They consider the following:
  - I. The pros and cons of moving from a parsonage to housing allowance.
  - II. The projected tenure of the pastor's appointment. Housing allowances may be less appropriate for shorter appointments (2-4 years).
  - III. The ability of the pastor to make a down payment to purchase a home. In the cases where the church has no parsonage for the pastor, and no appropriate rental options are available, the pastor may request that the church consider assisting in providing a low or no interest loan.

- IV. The availability and monthly cost of renting or purchasing a home that meets Annual Conference Parsonage Standards within reasonable distance of the church. The team should identify at least three examples of appropriate homes within the desired radius.
- V. The cost to the church budget (annually and over time) if the church adopts a housing allowance instead of owning and maintaining a parsonage. (Since the housing allowance is considered part of the pastor's paid compensation, it is included with other compensation in the calculation of apportionments.)
- VI. In cases of multiple pastors on staff, the implications of providing housing allowance to some pastors and not others.
- VII. The pros and cons of renting versus selling the parsonage, including how the funds from the sale could be used in keeping with the 2012 Book of Discipline.

C. Based on this research the study team may then propose a housing allowance to the Administrative Board/ Council. A church/charge conference is called to vote on the proposed housing allowance. If the proposal includes selling the church parsonage, the process to be followed is found in the 2012 Book of Discipline paragraph 2542-2543.

## 16. What are some of the pros and cons of a parsonage as compared to a housing allowance?

### A. Parsonage pros and cons

**Pros:** In most cases, a parsonage which meets Annual Conference Standards provides the most efficient housing option in an itinerant system. Over time, it is generally most economical for the local church and allows the pastor to relocate more easily. It provides a comfortable residence for the pastor, close to the work place, and without the distractions of property maintenance.

**Cons:** A particular parsonage may not "fit" the parsonage family – it may be too small or too large. The clergy family may feel like "renters" and somewhat limited in customizing the house to make it feel like a home. The church may be limited in its financial abilities to make needed repairs on the parsonage in a timely manner or may place the parsonage at the bottom of the list of building improvements.

### B. Housing allowance pros and cons

**Pros:** A housing allowance allows the pastor to select housing which best meets the needs of the family; the pastor has the opportunity to build up financial equity in a house; the church is free of the responsibility of owning/maintaining a parsonage.

**Cons:** Over time, a housing allowance is more expensive for a local church than parsonage ownership; in some communities, housing which meets parsonage standards is not available or not in the price range which clergy can afford; some clergy are not able to afford a down payment for a home; at the time of a move, it may be difficult for the clergy to sell a home; time spent on home maintenance may reduce time available to spend on ministry.

## 17. What are the unique issues regarding clergy couple housing?

Because a parsonage or housing allowance is not compensation for the work of the pastor, but it is compensation to provide for the housing needs of clergy family, where there are two clergy in one family, they are not to receive both a parsonage and a housing allowance, unless unique circumstances, such as distance between appointments, require two residences. When a clergy couple is appointed to serve two separate appointments with two parsonages, the Bishop and Appointive Cabinet make the decision as to where they will live or oversee the negotiation by the churches involved. Where no parsonage is provided by either charge, the two charges shall share equitably in the payment of an adequate one single housing allowance using the 25%-40% of CAC formula. For pension calculation, Charge Conference FORM I is to be marked in such a way so as not to penalize the pension of either member of the clergy couple.

## 18. What if your clergy housing concern is not addressed here?

If you have further questions relating to housing issues for United Methodist clergy, please contact your district superintendent.