

**STATUS OF THE PARSONAGE TO THE CONGREGATION OF  
OAKTON UNITED METHODIST CHURCH  
JANUARY 7, 2010**

In light of the events at the parsonage last year, leadership is exploring options for future housing of the clergy appointed to serve as pastor at our church. The purpose of this information is to update you about the status of the parsonage situation, to present considerations of the options being considered, and to give you an opportunity to give feedback as the leadership continues their work in this very important area.

The Disciplinary obligation of every United Methodist Church is to provide housing for its pastor. This obligation can be fulfilled either by providing a parsonage or a housing allowance for the pastor.

The question then being asked at this time by church leaders and several congregational members can be summarized in this manner:

***"Should we continue to provide a parsonage and utilities or should we change to a cash housing allowance and let our pastor provide for his/her own home?"***

The question that naturally follows is: ***"What will be the most cost effective approach to undertake next?"*** Unfortunately there is no way to predict the future and therefore give a definitive answer to the question of cost. The best that can be done is speculative. While this document is intended to help the congregations consider all aspects of the options of providing clergy housing, no one answer exists of the ultimate costs.

### **THE PARSONAGE SITUATION**

OUMC in the past has maintained a parsonage to provide for clergy housing and currently owns a house for this purpose on an acre lot on 10480 Marbury Road. The current parsonage was built in 1965. In the past 45 years, routine maintenance and repairs have been completed, but no major upgrades (other than roof replacement) were performed until the time of the last pastoral appointment change in June 2008. Maintenance and renovation to the parsonage were completed during the pastoral transition at the cost of \$22,000. At the same time, an additional \$6,000 was expended for the moving expenses and temporary residence of the new Pastor for two weeks while the upgrades were completed. The work completed at that time included tear down and new construction of the outdoor deck in the back, replacement and repainting of a basement wall where there had been damage from a previous water leak, replacement of the carpet in the basement, replacement of electrical outlets, and replacement of a sidewalk. In addition to the costs above, expense went toward extensive cleaning of the parsonage.

Last year the Trustees were presented with the challenge of cleaning up the parsonage after the oil furnace "puffback" which occurred sometime while the Pastor was away from January 8-9 and discovered by him upon his return to the house on January 10. A puffback at oil fired heating equipment is literally an explosion of un-burned oil in the combustion chamber of an oil-fired boiler or furnace, resulting in blowing soot throughout the building. This soot is not just a powder like substance--it is black and sticky. In addition, the strong odor of oil permeates the house. In such a mishap, everything inside is literally covered with this black, sticky film and left with this strong odor.

Consequently, professional restoration companies experienced with restoring homes from smoke damage were called in. All furnishings and clothing were sent to facilities that included ozone chambers to clean and remove the odor and soot. Some items had to be discarded and replaced. In addition, several repairs and various clean up approaches were ongoing in the parsonage for several months. Of course the ignition system in the oil burner was replaced and some other repairs were done to the heating system.

The cost of this clean up and restoration was \$74,237, of which \$56,971 has been reimbursed to date under the church's insurance policy. This leaves a balance of \$17,266 of parsonage repair expenses yet to be reimbursed from the insurance policy. It is not known at this point what additional reimbursement will be received, if any. One part of those costs still occurring is providing housing and utilities at another location for the pastor, while paying the utilities and heating at the parsonage.

Despite the renovations of 2008 and cleanup since the heating system mishap, because of the aging nature of the house, other upgrades and maintenance are inevitable. The list of concerns includes:

- The aged oil heating system (Trustees are currently investigating installation of a natural gas line and a gas heating system)
- Condition of furnishings—required to be provided: Dining room table, bedroom furniture for one bedroom, lamps, lighting, drapes and window treatments in living room. (The living room sofa and chair were replaced as a result of the damage sustained)
- A septic field that is original to the construction of the house
- A well system that supplies water to the house also original to the construction date
- The roofing which was last replaced about 20 years ago
- Three bathrooms with outdated appearances and accumulated stain from 45 years
- Kitchen appliance upgrade needs
- Lack of ample closet space (Occupants had been using a bedroom itself or the basement as space for hanging clothes and storing everyday items)
- All windows needing upgrades or replacement
- Does not meet handicapped accessibility standards.

In addition to the concerns of the needs of any aging home, the parsonage does not meet the standards for a parsonage, as required by the Virginia Conference. The Conference document, "Minimum Standards for the Parsonage and Policy at the Time of Change of Pastors" is available for review by requesting a copy from the church office or for downloading from the Conference website: <http://vaumc.org/Page.aspx?pid=513> . The fact that our parsonage does not meet all these standards highlights again the aging nature of the house and associated concerns.

In addition to the costs of upgrades and repairs, the church is required to cover the costs of heating the parsonage. In addition, the church covers the cost of additional utilities and lawn care—not a Conference requirement but a longstanding practice of the church’s compensation to the pastor.

What will it cost now and in the future if the option is to continue to maintain the parsonage for clergy housing? The table below outlines estimations for both the ongoing and the inevitable expenses that will be required to be addressed when a problem arises, if not addressed in a proactive manner. Keep in mind the costs are best guess estimates—there is way to know the actual figures. Future upgrades and renovations are speculative and actual costs will not be known until it is determined that a particular task will be undertaken. In addition, there is no predictability to other unanticipated problems that may arise with the parsonage. At the same time there is no way to predict heating and utilities cost for the future.

EXPENSE	ONGOING ANNUAL EXPENSES  (Projections provided by the Finance Chairperson)	UPGRADES THAT WILL OR MAY BE NECESSARY IN THE FUTURE  (Estimated minimum cost per incident)
Heat and utilities	2,500	
Lawn and driveway maintenance	4,200	
Maintenance and contracts	2,000	
Miscellaneous repairs and needs	1,000	
Other irregular maintenance, e.g., painting interior & exterior, driveway seal		9,700
Heat system conversion and removal of oil tank		10,000

Updating/Repairing well & septic system or replacing with public utilities		15,000
Roof replacement		4,000
Upgrade/replace windows		10,000
Kitchen appliance upgrade		1,000
Bathroom upgrades		No estimate at this time
Restructuring/remodeling to provide ample closet space		No estimate
Furnishing replacements		5,000
TOTAL Estimates	9,700 annually	54,700

Another scenario that could occur in the future is the appointment of a pastor who has a handicapping condition or a family member who is handicapped. The church would have to bear expense to make accommodations to the house to make it handicapped accessible or provide other suitable housing.

What is most predictable in this scenario is that there will be no housing repair costs or unexpected maintenance expenses for the Pastor, as the congregation is entirely responsible for covering such expenses.

### **THE POSSIBLE SITUATION PROVIDING A HOUSING ALLOWANCE IN LIEU OF A PARSONAGE**

If the congregation were to decide to dispose of the parsonage, as has been recommended by the Trustees, and establish the practice of paying a clergy housing allowance, the congregation will be committed to paying a monthly housing allowance. The current annual range of churches in the Arlington District who pay clergy a housing allowance ranges from \$6000 to 46,800. These figures make the District average annually \$22,557.

What then could be the annual cost for OUMC of providing a housing allowance in lieu of the parsonage? Again the costs are at best speculative. Conference policy states:

“Prior to a District Superintendent’s approval of a housing allowance in lieu of a parsonage, the minister involved and the leadership of the local church shall sign statements indicating their understanding that this arrangement terminates with the current appointment, and must be re-negotiated with each new appointment.”

“When a housing allowance is made in lieu of a parsonage, guidelines offered in the 2004 Book of Discipline ¶2543.3 should be followed with special attention given to the guidelines for parsonage standards adopted by the Annual Conference in order to provide an adequate allowance.”

The implications of these statements are that the housing allowance could vary from appointment to appointment, as each clergy family will have various needs and preferences for housing. At most the costs incurred may have to reflect what it could take to meet minimum housing standards if the appointed pastor requires this. At the least, the costs could be less if the appointed clergy does not require housing to reflect housing standards. In some cases, clergy are flexible in receiving a housing allowance, sometimes incurring some housing costs on their own in order to have their own housing while making it more affordable for the church. Using monthly rental rates in the local geographic area the range is from \$1500 to 4,000 per month. Someone has suggested \$3000 monthly might be the best guess.

What is more predictable in this scenario is that there will be no required housing costs or unexpected maintenance expenses for the church as the Pastor is entirely responsible for covering housing and living expenses.

In addition, this alternative allows proceeds from the sale of the parsonage to be invested in ways that could help reduce the mortgage debt on the church building. Or the proceeds could be invested with all or part of the interest being used to help finance the housing allowance.

### **WHAT IS THE BEST SCENARIO—PARSONAGE OR HOUSING ALLOWANCE?**

No one can predict the future so again no definitive answer can be offered. The best that can be done is to consider what type of costs, risks, and responsibilities the congregation is willing to assume in the area of clergy housing. What can be offered in this regard as a general, speculative guess is over the next 10 years:

- If the congregation maintains the congregation the cost could be upward to \$151,700. Assuming nothing goes wrong and no upgrades are completed the minimum guess is \$97,000. Again these are speculative projections—it could be more or less and does not take into account some of the upgrades for which we currently have no estimates. At the same time, the congregation will most likely continue to maintain the church building debt at or close to its current rate.
- If the congregation sells the parsonage and provides a housing allowance the expense range could be \$180,000 to 540,000, with the best guess average being \$360,000, if you assume that is the most accurate projection. However, this housing allowance expense could be offset by having the church building debt reduced significantly with proceeds from the sale of the parsonage and/or return from investment of the proceeds. One recent realtor estimates the property might sell for \$550,000 or more.

## WHAT'S NEXT?

Before the parsonage can be sold approval must be initiated by the Church Trustees with the District Superintendent being notified of the request, the request be reviewed by the District Church Locations and Building Committee, and be approved by the District Superintendent with final approval being received by action of a Charge Conference called for this purpose. This process also requires the completion of the "Request to Sell the Parsonage" form with the signatures of the following persons: Trustees Chair, Pastor/Staff Parish Relations Committee Chair, Lay Leader(s), Finance Chair, Council Chair, and Pastor. This form will be formally submitted to the District Superintendent for consideration once the leadership has clarity about wanting to present this option to the congregation for a vote at an officially called "Charge Conference."

To accomplish this process the following steps are now being implemented:

- Gathering of Congregational Feedback
  - Written feedback
  - Congregational forums
- Trustees make recommendation to send to Council (completed)
- Staff Parish Relations Committee meets after receiving congregational feedback and makes recommendation to Council
- Council meets and makes a decision about the sale of the parsonage

If YES



Request to Sell Parsonage  
Form executed to send to  
District



Approval of DS and District  
Committee



Charge Conference called to  
Obtain congregational vote



Trustees prepare for sell if YES vote  
Trustees prepare for habitation if NO vote

If NO



Trustees prepare parsonage  
for habitation

Not only is this question about what is the best option for clergy housing being asked at our church at this time, but across our Conference and denomination this

difficult question is being asked, often out of genuine concern for the pastor's dilemma at retirement, when he or she has no real estate investment built up for a retirement home. The concern is also for the congregation itself, many of which are beginning to address the challenge of maintaining aging homes. The question becomes even more challenging to answer with the shift in the nation's economy and in each local economic situation. While there is *no absolute, authoritative answer*, the following list of advantages and disadvantages, which have become apparent to pastors and churches through actual experience, is offered to stimulate careful thinking and evaluation on the part of both church leaders and the general congregation.

#### **PRO PARSONAGE AND CON HOUSING ALLOWANCE:**

1. While cabinet/conference policy guidelines direct that "all appointments be made equally based on needs, gifts, and graces for ministry without regard to housing allowances or arrangements", it is understood that the parsonage concept originally was established to enable itinerancy to function most effectively. As a part of an itinerancy system of appointment making, providing the parsonage may affect future pastoral appointments in that some pastors, due to varying personal circumstances, may desire an appointment with a parsonage.
2. The church handles repairs and maintenance on the parsonage, thus freeing the minister from these time-consuming worries and expenses, to the extent that the church responds to these maintenance/repair requests in a timely manner.
3. At the same time, the church then assumes ongoing costs for housing maintenance and repairs, insurance, heat and utilities, etc. indefinitely.
4. Making a pastoral change may be easier when moving from parsonage to parsonage, since securing temporary quarters is unnecessary for house hunting or waiting for occupancy.
5. Some homes appropriate for the minister's needs or wants could be out of price range for his or her salary and housing allowance.
6. Housing allowance will need to be negotiated at each pastoral appointment, with the allowance possibly being in various ranges from appointment to appointment.

#### **PRO HOUSING ALLOWANCE AND CON PARSONAGE:**

1. As a part of an itinerancy system of appointment making, providing the housing allowance may affect future pastoral appointments in that some pastors, due to varying personal circumstances, may desire an appointment with the flexibility, the equity, and certain tax advantages that the housing

allowance provides. In some cases, a pastor may not be able to be sent to an appointment because the parsonage is inadequate or has health concerns/considerations for the clergy family.

2. A housing allowance may solve the problem for the congregation of having to continue to support the high costs of maintenance and repairs of the parsonage, while at the same time helping the pastor plan for his or her retirement, if clergy so choose. For the church this will also include removal of the ongoing monthly costs such as insurance, heating, pest control, yard and landscape maintenance, providing and upgrading certain furnishings, unforeseen repairs, etc. Providing a parsonage tends to tie up a considerable amount of capital for the church, which could be used toward other debt retirement or facility needs of the church building.
3. The time and expense of maintaining a parsonage over time are considerable and can be a disruption to the other missional, ministry and outreach efforts of the church. Furthermore, the energy invested by members of the congregation to inspect, maintain and care for a parsonage might be better invested in other ways. As well, over time, it may be difficult to find people in the congregation who have the interest, skills, and commitment to do well this parsonage oversight. If this scenario were to occur, the congregations will begin to incur more expenses of hiring outside contractors to take care of these maintenance needs.
4. With a housing allowance, clergy compensation planning may be more flexible, easier to compare, and simpler to budget than trying to budget for parsonage needs.
5. Home ownership suggests permanency and may encourage a longer pastorate. A housing allowance may encourage pastors to stay in one location longer as the clergy family may think of the home as "their home," rather than thinking of themselves as guests in the church's home.
6. A minister buying or renting a home gets to choose the kind, style, and location. A housing allowance makes it possible for a pastor and his or her family to select a home that is appropriate for the size of their family and consistent with other values such as school preferences. The minister's family may decorate as they wish—even remodel without church Trustee's involvement.
7. Pastor-church tension or conflict is eliminated in the housing area since disagreement over the housing needs and repairs is eliminated between the two parties. (The condition of the parsonage is often a point of contention between clergy and congregation).
8. The pastor is given the option if he or she so chooses of home ownership as an important investment for the future, assuming, of course, each property

appreciates in value and appropriate equity is established. This growing "earned equity" is portable as the minister relocates, allowing him/her to take his/her full earnings to a new location.

9. In the event of disability, death, or retirement, home ownership with adequate insurance generally means an immediate move for the clergy family is unnecessary.
10. Housing allowance will need to be negotiated at each pastoral appointment, but parsonage maintenance needs and costs can also be unpredictable from appointment to appointment.

#### **OTHER CONSIDERATIONS:**

1. Other congregations have rented the parsonage depending on the needs of a particular pastoral appointment and one Conference document encourages renting of the parsonage if a pastor is not living in the parsonage. However, one source (outside the Conference) states: "The church can be subject to taxation when it receives 'unrelated business income.' This possible interpretation of the tax laws should not go unexplored before a final decision is made."
1. Housing is a factor in appointment-making, but it is only one factor to consider among many. There are advantages and disadvantages for both congregations and pastors where there is either a parsonage or a housing allowance. Economic realities fluctuate through the years.
2. The sale of a parsonage, like the sale of any church real estate, is subject to the procedures outlined in the *Discipline*. Funds received from the sale of a parsonage may not be used to meet routine operational expenses. They may be used to pay down a mortgage, to help finance another facility, or to fund other capital improvements. These funds may also be invested and the earnings used in anyway the Church Council decides. Again the District Committee must approve this plan before the congregation's final church vote.

#### **CONCLUSION**

Although finances are an important consideration for both pastor and church, whether to provide a parsonage or a housing allowance should be decided on more than just the financial ramifications. Options do exist in providing clergy housing and in some cases it is best to determine the best option on an appointment by appointment basis.

Ultimately though the general congregation bears the financial and manpower burden of whatever housing arrangement is provided. Therefore, it is important

that the congregation have input into this issues. Therefore, we are asking for your feedback and questions before any further action is taken by the church leadership on the status of the parsonage. Please complete this form and return in one of the suggested manners. Your response forms will be forwarded to your Lay Leaders, Sammye Justice and Alex Watson, and Lay Representative to Annual Conference, Jim Walton. Please return your response form no later than February 5, 2010.

**OAKTON UNITED METHODIST CHURCH--OAKTON, VA  
JANUARY, 2010**

**FORM FOR GENERAL CONGREGATION  
TO GIVE FEEDBACK TO LEADERSHIP  
CONCERNING THE STATUS OF THE PARSONAGE & CLERGY HOUSING**

(This form can also be downloaded by email or on the church website:  
oaktonumc.org — go to Policies/Forms/Handbook tab)

**NAME** (required so that you can be contacted for clarification or follow-up.)  
(Anonymous responses may be considered but cannot be responded to.)

---

Best way to contact (phone, email, etc.):

---

My thoughts about the maintaining the parsonage, sale of the parsonage and/or  
providing a clergy housing allowance are:

I have these questions that leadership might want to consider or explore further:

Return your feedback, comments or questions to the attention of Lay Leaders no  
later than Feb. 1, 2010 through one of the following methods:

- Church email: [oumc@oaktonumc.org](mailto:oumc@oaktonumc.org)
- USPS mail: PO Box 205, Oakton VA 22124
- Directly to church office during office hours