

Methodist Church of New Zealand
Te Hāhi Weteriana o Aotearoa

Administration Division
P O BOX 931
CHRISTCHURCH 8140

Information Leaflet No. 26
June 2015
(effective 1 July 2015)

PRESBYTER
HOUSING ALLOWANCE
OPTIONS

THIS INFORMATION LEAFLET CONTAINS INFORMATION
ON PRESBYTER HOUSING ALLOWANCES AND OTHER OPTIONS

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Note: It is strongly advised that details of property owner, Parish and Presbyter be supplied to the General Secretary who will ensure that the Tenancy and Sub-Lease agreements are completed correctly.

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Or by post: PO Box 931, Christchurch 8140

Presbyter Housing Allowances

Rental of Houses for Presbyters

Conference in 1982 passed a resolution which made it possible for a Parish or Board to pay an amount greater than the standard housing allowance when the presbyter was required to live in their own home. That is, when a parsonage was not available, or was manifestly unsuitable, then the Parish or Board could choose to rent the presbyters own home. Such payments required the approval of the Synod, the Development Division and the President.

More recently the President has ruled that the Administration Division, which now has responsibility for housing and stipends, should act in place of the Development Division.

In 2008 additional papers and resolutions were taken to Conference to extend the above principles and approach adopted at Conference 1982 and this policy document provides the necessary guidance to implement the decisions of Conference 2008. The reader's attention is also drawn to the requirements in Sections 2, clauses 24.1 to 24.6 of the Laws and Regulations of the Church.

Conference 2008 resolved:

1. That Conference adopts the provisions as set out in the report to allow Parishes and Boards to choose to rent the presbyters own home to meet their requirement to provide suitable accommodation for a full time Presbyter.
2. That Conference asks the Administration Division to prepare an information leaflet setting out the procedures and their implementation.

The Principles

1. The provision of housing is a requirement for all **full time stationed presbyters**.
2. In making alternative housing arrangements there should be fairness and transparency.

Provision of Housing

The Church undertakes to provide housing for all Stationed full- time presbyters. The provisions state that the dwelling should be of sufficient size to accommodate the presbyter and any family they may have, as well as study space and the ability to offer hospitality. Normally this has been a four bedroom house with a study, although in recent times three bedroom homes plus study

have proved suitable for smaller families. Information Leaflet No 50 sets out the churches expectations with regard to housing.

Housing for presbyters may be provided by:

- The parish owning a suitable house.
- The renting of a suitable house.
- Paying a housing allowance to a Presbyter who lives in their own home.

Guidelines

The guidelines are to be as follows:

- Options**
1. Presbyter lives in parsonage owned by the church.
 2. Parish rents a house from Presbyter or family trust [if appropriate].
 3. Parish rents a house on the open market.

In each case information leaflet 50 gives guidance to the standard of housing.

In the event that the decision is made to rent the presbyters own home, then the rental payable to the presbyter would be the median of the market rental of appropriate accommodation that is available within a reasonable radius of the worship centre or within a location determined by the congregation and the Synod. What is a '*reasonable radius of the worship centre*' will need to be determined on a case by case basis as it is dependent upon the situation and region (urban versus rural setting) that the presbyter is appointed to.

In setting the appropriateness of the presbyters own home then the following needs to be taken into account:

1. The number of bedrooms required by the Presbyter for both day to day living and hospitality.
2. The provision of study / office facilities either in the dwelling or in the church complex.

Parishes and Presbyter need to be aware that cramped and inadequate conditions can be detrimental on health and that it may not always be to both parties advantage to rent the presbyters own home.

In setting the house rental payment the median of the market rental for an appropriate house as determined by the Dept of Building and Housing should be used.[see www.dbh.govt.nz/market-rent].

Presbyters Requirements

Presbyters are advised to seek independent tax advice on the tax treatment (if any) of the monies received as rental payments as the presbyter may become a provisional taxpayer for the purposes of the Income Tax Act. The Inland Revenue Department has a publication which deals with rental properties. It is available on the IRD's website and is called Rental Income (IR264). It is strongly suggested that parishes and presbyters have a copy of this document.

The agreement between the presbyter and the parish (as landlord and tenant) as well as the agreement between parish and the presbyter (as leasee and sub tenant) are NOT covered by the Residential Tenancies Act 1986 as section 5 of the act excludes premises that continue to be used, *“during the tenancy, principally as a place of residence by the landlord or by any member of the landlord's family.”* But there is provision within that Act for it to be included as set out in Section 8 of the Act which provides that *“Nothing in any of sections 5 to 7 of this Act shall prevent the parties to a tenancy that would otherwise be excluded from this Act by virtue of any of the provisions of those sections, being a tenancy of any premises used or intended to be used for residential premises, from agreeing in writing that all or any of the provisions of this Act shall apply in respect of the tenancy....”*

Process

This process assumes that the parish, presbyter and Synod Superintendent have agreed that the presbyters home is to be rented by the Parish and therefore the home meets the requirements of presbyters housing as required by the Church as set out in Information Leaflet No. 50.

A. Rental of Property from Presbyter(or family trust) by Parish

1. The Parish should consult the Department of Building and Housing website to determine the correct rent to be applied to for the rental of the property [see www.dbh.govt.nz/market-rent]. Navigate to the region and then district being searched for.
2. Use the median quartile figure for the type of housing being rented for the presbyter. Print out a copy of the web screen being viewed for future reference. This will be the weekly rental amount to be used in the tenancy agreement.
3. The parish should inform the presbyter of the amount and indicate that as required by Church policy that this is the rent that will be applied in the tenancy agreement.
4. Disputes on the rental amount should be referred to the Synod Superintendent in the first instance for resolution.

5. The General Secretary will make final and binding arrangements in the event of the parish, presbyter and/or the Synod Superintendent being unable to conclude the rental amounts.
6. The Synod Superintendent is responsible for ensuring that there is a rental agreement completed and signed in full by the parties to the agreement, namely the Parish and the presbyter.
7. The Board of Administration has a standard form of rental agreement to be used and this should be used in all cases, without modification.
8. The lessor will be the presbyter or the name of the Family Trust or other owners of the property to be rented.
9. The tenant is the Parish.
10. The rental agreement should be for a fixed period ending the 31st January each year.
11. In the event of the parish renting the presbyters own home, the parish should pay only the rental amount and no other property costs (rates, water charges, etc are the cost of the landlord).
12. Any special terms and conditions that should be specified in the section specified and if need be it should be extended and recorded on a separate sheet and stapled to the rental agreement.
13. The rental agreement needs to be signed by the landlord and the tenant. A Parish Steward and the Synod Superintendent are the authorised representatives of the Church who should sign the rental agreement on behalf of the Church.
14. A copy of the signed agreement should be kept in an appropriate file within the parish with an additional copy sent to the Board of Administration:
 - The name of the Parish*
 - The name of the Presbyter*
 - Address of property being rented*
 - Weekly rental amount*
15. The payment of the rental amount to the landlord should be by electronic payment from the parish's bank account to the landlords and for the period specified on the tenancy agreement.
16. The Superintendent may seek the assistance of the Administration Division as required.

B. Parsonage Lease Between Parish and Presbyter

1. A sub lease agreement needs to be put into place between the Parish and the presbyter.
2. The Board of Administration has a standard form of lease agreement to be used and this should be used in all cases, without modification.
3. The Synod Superintendent is responsible for ensuring that the sublease agreement has been put into place, has been signed and dated in full by the parties to the agreement, namely the Parish and the presbyter.

4. The tenant, for the purposes of the sublease will be the presbyter.
5. The landlord, for the purposes of the sublease is the Parish.
6. The sublease agreement should be for a fixed period ending the 31st January each year.
7. Any special terms and conditions that should be specified in the section provided and if need be it should be extended and recorded on a separate sheet and stapled to the lease agreement.
8. The property should be inspected and the Property Inspection Report attached to the lease agreement so that no disputes on property damage will arise.
9. The lease agreement needs to be signed by the Parish and Presbyter. A Parish Steward and the Synod Superintendent are the authorised representatives of the parish who should sign the lease agreement on behalf of the Parish.
10. A copy of the signed agreement should be kept in an appropriate file within the Parish with an additional copy sent to the Board of Administration.
11. The Board of Administration will provide the standard form of agreement to be used for this purpose.

C. Income Tax Aspects for Parishes

1. Once the rental aspects of the housing have been dealt with, the house is to be treated as a parsonage for Income Tax purposes. The housing allowance needs to be treated on the same basis as if the Minister was living in a Parsonage.
2. Parishes are to refer to Information Leaflet No. 25, "Methodist Stipends and Allowances" on the income tax treatment of the allowance, the PAYE and deductions to be made. Please note that the allowance and the deduction are made to ensure compliance with the necessary income tax treatment of the housing allowance as required by a technical ruling from the IRD. There is no actual cash payments made or cash deductions made.
3. If the Parish use Connexional Payroll to pay the presbyter, then the Parish should complete the "PRESBYTER FORM (FOR PAYROLL PURPOSES)" form and 'tick' the box marked "Living in a Church provided Parsonage" as "Yes".
4. Rental payments are not part of the stipend and will come through accounts payable.

D. Income tax matters for Presbyters

As a rental, rather than an allowance the payment of tax on money received would be the Presbyters responsibility. We would strongly advise presbyters to seek professional advice.

Appendix 1: Tenancy Agreement

Definitions: In this agreement:

Landlord: means the Presbyter, Joint Family Home or Family Trust who own the property

Tenant: is the Parish or Board.

1. All tenancy agreements must be in writing.
2. Both parties attention is drawn to the procedural and policy requirements of the Methodist Church as they are contained in Information Leaflet Number 26.
3. The landlord must provide the tenant with a copy of this agreement prior to the commencement of the tenancy.
4. This agreement must be completed in full and the tenant and landlord each keep a copy.
5. Unless otherwise provided for within this agreement, the rights and obligations set out in the Residential Tenancies Act 1986 are implied into this residential tenancy agreement.
6. Unless otherwise provided for within this agreement, no terms or conditions added to this agreement are valid if they are in conflict with the Residential Tenancies Act 1986 and unless signed by all the Parties to this agreement.
7. Before signing this agreement all parties should carefully read it and seek advice from the Department of Building and Housing if they are unclear about what they are agreeing to.
8. The weekly rent payable as from each rent review date shall be determined by the process set out in Information leaflet 26, steps 1 to 5 and reviewed at the 31st January each year.

Upon determination of the new rent, any overpayment shall be applied in payment of the next month's rent and any amount then remaining shall immediately be refunded to the Tenant. Any shortfall in payment shall immediately be payable by the Tenant.

9. No Bonds are required to be paid as part of this agreement.
10. This is a fixed term tenancy and will terminate on January 31st each year, unless the Stationed appointment ends before this time.
11. Parties to tenancy agreements are subject to the provisions of the Privacy Act 1993 ⁽¹⁾

12. If there is a problem between the tenant and landlord, and they cannot agree, then in the first instance, the parties will follow the provisions within Information Leaflet Number 26.

13. Landlords responsibilities

- Provide and maintain the premises in a reasonable condition.
- Keep the premises reasonably clean and tidy, and make all necessary repairs as are required. The Landlord will not invoice or charge the Tenant any further amounts for maintenance, repair or cleaning of the premises subject to this tenancy.
- Pay electricity, gas and the other assessed charges.
- Pay any telephone charges not covered by Presbyters Remuneration see Leaflet 25.
- Pay for water supplied to the premises.
- Comply with all building, health and safety standards that apply to the premises and to pay rates and any insurance taken out.
- Inform the tenant if the property is on the market for sale.
- Not interfere with the supply of any services to the premises.
- If the landlord is in breach of these responsibilities, the tenant(s) can apply to the Tenancy Tribunal.
- Be responsible for insurance of the property.

14. Tenants responsibilities

- Pay the rent on time.
- Use the premises principally for residential purposes.
- Not damage or permit damage to the premises
- Not alter the premises without the landlord's written consent.
- Not use the property for any unlawful purpose.
- If a maximum number of occupants are stated in the tenancy agreement, not exceed that number.

15. The Landlord and the Tenant agree that the Residential Tenancies Act 1986 shall apply as set out in Section 8(1) of the Residential Tenancies Act to this Agreement (unless the terms and conditions of this tenancy agreement provide otherwise) notwithstanding that Section 5(n) of the Residential Tenancies Act excludes premises that continue to be used, during the tenancy, principally as a place of residence by the landlord or any member of the landlord's family.

16. Mitigation of loss

If one party to the tenancy agreement breaches it, the other party must take all reasonable steps to limit the damage or loss arising from the breach.

⁽¹⁾Any information provided on this agreement shall not be used or disclosed without consent, for any purpose other than the administration of the tenancy or to pursue legal action.

The landlord and tenant agree that:

1. The tenancy shall commence on:_____.
2. This tenancy is for a fixed term tenancy and cannot be terminated with notice and will terminate on 31 January _____.unless the stationed appointment ends before this time or the President of the Methodist Church of new Zealand agrees that a change of housing provision should apply.
3. The Tenant shall not assign or sublet the tenancy without the landlord’s written consent.
4. Unless otherwise provided for within this tenancy agreement, this tenancy is subject to the Residential Tenancies Act 1986.
5. Other terms of this tenancy e.g., pets, number of tenants (Please continue on a separate sheet if necessary).

Signatures

Do not sign this agreement unless you understand and agree with everything in it and you have also read and understood the policies and procedures outlined in the Methodist Church Information Leaflet Number 26.

The landlord and tenant sign here to show that they agree to all the terms and conditions in the tenancy agreement and that each party has read the notes on the back page of this agreement.

Signed by:

Signed by:

as Landlord

as Tenant

Date Signed:

Date Signed:

Appendix 2: Sub Lease Agreement

DATED _____ 20____

(LESSEE)
Tenant (Presbyter)

THE METHODIST CHURCH OF NEW ZEALAND

(LESSOR)
Landlord (Parish or Board)

SUB LEASE AGREEMENT

SUB LEASE AGREEMENT

DATED

PARTIES:

(1) _____ (hereinafter called
"the Lessor") of the other part

(2) _____ (hereinafter called
"the Lessee") of the one part

BACKGROUND

- A. The [Owners of the property] has leased by deed of lease dated [] to the [Methodist Church] the property at [description] for use as a parsonage.
- B. The [Methodist Church] has agreed to sublease the premises to [Presbyter] in order to provide housing to that Presbyter in accordance with the Methodist Church of New Zealand's requirements for Presbyter housing and in order to comply with its Presbyter remuneration policy.

THE PARTIES AGREE

1 Definitions

1.1 In this Agreement unless the context otherwise requires:

- (a) **"Agreement"** means this agreement.
- (b) **"Commencement Date"** means [DATE].
- (c) **"Head lease"** means Deed of Lease dated [DATE] between [TRUST NAME] and the Methodist Church of New Zealand as attached to this lease.
- (d) **"Head lessor"** means the [Trust or Presbyter].
- (e) **"Premises"** means [DESCRIPTION].
- (f) **"Rent"** means one dollar for the term of the lease;
- (g) **"Terms"** means the term of the Head Lease.

2 Grant of sublease

2.1 The lessor subleases the premises to the lessee for the Term and at the Rent upon and subject to the terms and conditions in this Agreement.

3 Type of sublease

3.1 The sublease created by this Agreement shall be a fixed term tenancy for the period of the Term.

- 4 Rent**
- 4.1 The lessee shall pay the lessor the Rent in one instalment in advance commencing on the Commencement Date.
- 5 Possession**
- 5.1 The Lessor shall give possession of the Premises to the lessee on the Commencement Date.
- 6 Head lease**
- 6.1 Lessor to abide by head lease**
- 6.1.1 The lessor shall duly and punctually pay the rental and all other amounts payable by the lessor pursuant to the head lease and will not do or suffer any act or omission whereby the head lessor's powers of re-entry or forfeiture may be exercised.
- 6.2 Lessee to observe head lease**
- 6.2.1 Subject to the obligations of the lessor under clause 2.1 and except as otherwise required by the terms of this Agreement the lessee shall:
- (a) duly and punctually observe the terms of the head lease; and
 - (b) indemnify, and keep indemnified, the lessor against all costs, claims, damages, expenses, actions and proceedings for or on account of any breach of covenant or otherwise under the head lease as shall be occasioned by breach by the lessee of any of the covenants in this lease to be observed and performed by the lessee.
- 6.3 Lessor's actions subject to head lessor's consent**
- 6.3.1 The lessee acknowledges that a consent sought of, or action required by, the lessor, which requires the consent of the head lessor under the head lease, shall be subject to such head lessor's consent being obtained. The lessor shall not be obliged to consider whether to give such consent or to take such action until the head lessor's consent is obtained.
- 6.4 Terms of lease to prevail**
- 6.4.1 The lessee and the lessor acknowledge that for the purposes of this lease, the terms and provisions of this lease shall include the terms and provisions of the head lease. If there is any inconsistency between the terms of the head lease and the terms of this lease the terms of this lease shall prevail.
- 6.4.2 This lease shall be read as if references to the lessee in the head lease are references to the lessee in this lease and references to the lessor in the head lease are references to the lessor in this lease.

SIGNED for and on behalf of
**THE METHODIST CHURCH OF
NEW ZEALAND**

as the Lessor)

in the presence of:

.....
Signature

.....
Full Name

.....
Address

.....
Occupation

SIGNED by)

as the Lessee)

in the presence of:

.....
Signature

.....
Full Name

.....
Address

.....
Occupation