

The Future of Clergy Housing

GS 1645 "The Future of Clergy Pensions Report from the Archbishops Council" highlights the considerable response during the pensions consultation asking for further work in relation to clergy housing.

1. There is widespread concern that the provision of "rented" housing for clergy under the CHARM scheme has already been seriously eroded. Once coupled with the proposed changes to pension arrangements this could become a real crisis. In the past this scheme has provided a bedrock of certainty that clergy without significant financial capital resources, and on a low pensionable income, could continue to live in a part of the country where their roots are established. An upper limit of £125k. does not buy any sort of property in many parts of the country, let alone a suitable one.

2. This is having an adverse effect on the morale of clergy who have given a lifetime of service, and who had hoped to live not too distant from the parish from which they retire. The context of this is the historic definition of stipend by The House of Bishops in 1943: "The stipends of the clergy have always, we imagine, been rightly regarded not as pay in the sense in which the word is understood in the world of industry today, not as reward for services rendered, so that the more valuable the service in somebody's judgement or the more hours worked, the more should be the pay, but rather as a maintenance allowance to enable the priest to live without undue financial worry, to do his work effectively in the sphere to which he is called and, if married, to maintain his wife and bring up his family in accordance with a standard which might be described as neither of poverty nor riches...."

3. The 2001 Report of the Clergy Stipends Review Group, *Generosity and Sacrifice*, expresses the doubt that stipends have ever been paid in accordance with that definition. Equally most serving clergy would say that the situation expressed by the phrase "undue financial worry" has often been present in their ministry especially in the education of children. Too often clergy have had to resort to clergy charities in order to make ends meet. The report's new definition is "The stipend is part of the remuneration package which is paid for the exercise of office. It reflects the level of responsibility held. This package acknowledges the dual demands in Scripture of generosity and sacrifice on both those who receive the stipend and those who raise the necessary funds".

4. Clergy approaching retirement age now have always had the Bishops definition in the background of their ministry, they were also ordained at a time when the ethos of ministry was that they should not be involved with property matters during their ministerial lifetimes. Indeed if they owned property when entering theological college they were expected to sell it to finance their training and housing costs whilst at college.

5. In May 2003 the percentage of gross income that pensioners were expected to pay as "the maintenance contribution" went up from 25% to 30%. A lower cap on increases in pension will progressively reduce the living standard of retired clergy, compared to average earnings. Core items of expenditure for retired people look set to rise at well above the rate of inflation for the foreseeable future.

6. As a union we would ask that the cap applied by the Pensions Board to acquire property from the "rented" sector of the CHARM scheme should be significantly increased. A formula for CHARM should be devised. This formula should always keep the amount of support available under CHARM in line with house prices. Amicus has some ideas about how this

formula could be composed based on house prices. These sums could be provided by the Church Commissioners to the Pension Board, we believe this would be a justifiable use of resources given the historic record of investment returns on CHARM properties. An increased cap would be a matter for directing very effective support to those retired clergy with the least resources. The equity sharing element of the CHARM scheme could be handled in the same way.

7. Para 60 of GS 1645 suggests “that an increasing number of those who retire manage to provide for their own housing”. It would be interesting to know whether this group has any common features; are they people ordained later in life who have retained property purchased whilst pursuing their former occupation? Are they clergy with spouses who have been employed during their ministry who also have reasonable levels of pension support? Anecdotal evidence suggests that a number of clergy approaching retirement were expected to sell their house to support them during training with the promise that they would be accommodated on retirement.

8. Suggestions have been made that clergy should begin to provide for their housing in retirement by purchasing property earlier in their ministry through schemes provided by Ecclesiastical Insurance, the Catholic Building Society and, Kent Reliance Building Society. These bodies are willing to take into account a substantial part of “benefits in kind” when making calculations of the client’s ability to pay. Nevertheless in order to repay a mortgage on say a house costing £240k in the South-east the clergy person would need to begin the mortgage well before the date of retirement to have some hope of repaying by age 70. Even though the financial institutions may be generous in their calculations the basic stipend, according to the 1943 definition, was never intended to help a priest obtain housing ownership during their ministry, being simply enough “ to do his work effectively in the sphere to which he is called and, if married, to maintain his wife and bring up his family”.

9. The literature on clergy housing seems to envisage the traditional retired couple, with children who have moved away from home, and who visit from time to time. The 'allowance' seems to be for max 3 bedrooms, presumably the third one doubling up as a study for the clergy-person as well as being a guest room. What the literature doesn't allow for is a situation like mine where there may be re-marriage following a spouse’s death or divorce, where there are still children growing up, (possibly) of different sexes, in the same household. A 4 bedroom house ought to be within the scope of retirement housing, even if only taken up exceptionally. Second marriages, and the 'new situations' these bring, need to be recognised.

10. Retirement housing also needs to be extended beyond priesthood - there are an increasing number of church workers without clergy pension etc who in 20 yrs will be literally destitute because they have been paid lower than a stipend, lived in tied housing belonging to the parish yet will have nothing to live in. If someone works for an Anglican church full time 4 yrs, part time 8 yrs, say, they should be entitled to housing of some form - whether the housing is there is another thing of course.

11. It is unfair to force clergy to live in a property and then, because they have missed out on the opportunity to own a house, to have to rent a retirement property. Just as a vicarage is rent free, so should, say, any housing of a small size (say 2 bedroom). Larger property (say 3 bed +) could incur rental - I believe precedent is set in London Diocese where all vicarages over 4 bedrooms incur a 'charge to the parish'?

12. If retirement housing is not to be automatically provided free, then the stipend simply has to increase to reflect that all clergy are going to have to buy themselves somewhere.

This is just the most basic thing to realise - if you make someone live somewhere, then kick them out in future years but make them pay, it is dishonouring to God.

13. The Church Commissioners and the Pensions Board need to be strategic about the future. Longer lived priests will mean a fall in turnover of available housing in 20 yrs time or less. Therefore, the church has to do something to entice clergy not to need the housing in first place - it comes back to a stipend, or maybe a specific, 'housing allowance' (would such a thing be tax free?) aimed at encouraging all clergy to put this into their own property. I'd suggest that given the trend issue (above) it would be sensible, even if not seen so initially, to target such an allowance at those under 50 yrs of age - to reduce demand in 15-20 yrs time, with a roll out of the scheme to all clergy over, say, a 5 year period. Those 50+ being the problem which needs to be urgently resolved. The key would surely be to over a generation or two to wean clergy away from the need for church provided retirement housing unless there are unforeseen circumstances (such as divorce, death....). Amos 2 seems to say you provide for those in greatest need first. One option would be for clergy to receive a slightly higher stipend during their working lives with the uplift being regarded as payment towards an equity share in the parsonage house. If moving to another parsonage house this notional sum would be transferred to represent a share in the new parsonage and on retirement the cleric would have a significant sum to put down as deposit on a retirement property. Obviously any such scheme would depend on the equity being built up as a proportion of the value of the house. Alternatively differences in price fluctuations between different areas could be smoothed by some scheme akin to an Investment Trust the assets of which are all the parsonage houses in the country.