



Vicarage Handbook

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Purpose:

The provision of housing for clergy is long established within the church and is an integral part of the provision of Mission and Ministry within a parish and the Diocese.

The Diocese has a number of Regulations and Guidelines with respect to vicarages. This handbook is designed to amalgamate all of the Diocesan Handbook [“Blue Book”] and other information (e.g. Tenancy Act) into one place so as to provide a simple guide to Parishes with respect to vicarages and other clergy housing.

Terminology:

Throughout this document we have used the term “Vicarage” to refer to;

- (a) any dwelling owned by the Church Property Trustees (CPT) that is, or may be used in the future, to house clergy,
- (b) any other residential property owned by CPT, and
- (c) any residential property owned by other party to house a vicar or clergy.

Review:

CPT have requested a review of the Diocesan Handbook. The information contained in the Vicarage Handbook is current as at June 2017 and will be updated periodically, including when vicarage regulations and guidelines in the Diocesan Handbook are revised.

An electronic copy of the Diocesan Handbook can be located on the Diocesan Web Site <http://anglicanlife.org.nz/publications/diocesan-handbook/>

Provision of Housing:

The provision of a vicarage is required by the Diocesan Statute **“The Conditions of Appointment for Clergy in the Diocese of Christchurch Statute 2007”**. The requirements under Section 9 are:

1. Full time stipendiary clergy appointed by the Bishop to ministry will be provided with suitable accommodation by the ministry unit; such accommodation may be owned or rented.
2. Ministry units shall have no obligation to provide a house for part-time stipendiary clergy but must pay a housing allowance based on the proportionate nature of the appointment.
3. Rates of housing allowance shall be reviewed annually by Standing Committee.
4. Where more than one stipendiary clergy are living in the same house and eligible for a housing allowance, the combined allowance must not exceed 100% payable in respect of one stipend.
5. To assist clergy save for their own home, clergy may invest in the RETIRE Fund administered by the Anglican Church Pension Board, and a subsidy may be provided by the Diocese at a rate as approved by Standing Committee.¹

The regulations governing the Church Property Trustees directs that the Trustees shall allow the free use of the vicarage and glebe to the vicar of the parish.²

The regulations governing the Church Property Trustees also adds that the spouse of a vicar shall be permitted to continue in the use and occupation of the vicarage for up to three months after the death of the vicar.³

¹ Diocesan Handbook: C35 – The Conditions of Appointment for Clergy in the Diocese of Christchurch Statute 2007 [SC 2007] – Section 9.

² Diocesan Handbook: E30 – Regulations for Trustees, Section 10.

³ Diocesan Handbook: E30 – Regulations for Trustees, Section 12.

Taxation:

The Church does not view Clergy as receiving a salary package, but rather a “provision” (which includes accommodation) to sustain themselves and their families so that they can minister freely. However the IRD view the “provision” as a salary package for personal income tax purposes.

The use of vicarages is part of the employer/employee relationship between the Diocese and clergy. As in the case where any employer provides housing (a good example is for farm workers), there are taxation implications for the employee.

The value of the employer provided housing is included as part of an employee’s taxable income. The specific calculation of the value of the taxable benefit of the provision of a vicarage to clergy is outlined in the **Taxation (Annual Rates, Employee Allowances and Remedial Matters) Act 2014**. This legislation made changes to taxation practices for vicarages that were in place since PAYE was introduced in 1957.

The “income” value of a vicarage is calculated as 10% of stipend. Clergy pay PAYE on this value as, for income tax purposes, it is considered part of their income.

Clergy are allowed a tax deduction for the portion of the vicarage that is used for work purposes e.g. study/office. From 1st April 2015 the calculation of the deduction to cover the portion of the house which is used for work purposes changed and will necessitate in a periodic review of the use of vicarages to ensure tax requirements are being met.

The Diocese is required to keep a record of the total area of the house and the area used wholly or mainly for work purposes in order to satisfy Inland Revenue requirements.

In some rare cases where a more luxurious home is provided by the church, which is over and above that “*reasonably commensurate with the duties of the person as a minister for the location in which they perform their duties*”, special rules govern the calculation of the value of the of the home to the clergy for tax purposes.

[Any questions about taxation of vicarages please refer to Diocesan Manager or Diocesan Finance Manager.]

Ownership:

The ownership of Church property in Canterbury is governed by the “**Anglican (Diocese of Christchurch) Church Property Trust Act 2003**”. This establishes Church Property Trustees (CPT) as the owner of church property in the Diocese. The Trustees (apart from the Bishop who is Chair of CPT due to his/her position) are elected by the Diocese at Synod.

All Diocesan vicarages are legally owned by CPT.

In practice CPT owns the vicarages not as an investment, but in order to further the Mission & Ministry of the Church. Any decisions regarding the provision of; sale of; or changes to vicarages, comes via a recommendation from Standing Committee. Such recommendation will be reviewed by the Trustees in light of their fiduciary obligations towards the Trusts they administer.

Whilst Standing Committee make recommendations, it is important that CPT be advised by the parish as soon as possible where there is a proposed sale, purchase or renovation (over \$10,000 including GST) to a vicarage in order that CPT can undertake its processes in a timely fashion.

Insurance:

CPT Global Cover:

All CPT owned properties are covered under insurance policies negotiated annually by the CPT insurance brokers and approved by the Trustees.

Costs of insurance are born by the Diocese and are apportioned to parishes and invoiced by the Diocese to each parish monthly as part of the parish billing cycle. Any changes during the insurance period that result in either further cost or credit notes will be sent to the parishes for reimbursement and will be outside of the normal Diocesan monthly billing cycle.

- Vicarages are covered under a residential insurance package that may differ in some respects to the normal household (residential) policy familiar to parish members. There are a number of additional benefits that have been negotiated that would not normally be available for similar household policies. These include Contract Works Insurance up to \$100,000 including GST. This allows maintenance improvements to be undertaken, without additional Contract Works cover being required.
- For taxation purposes (see earlier) vicarages are provided as part of an overall employment package. They are owned by the church in order for it to carry out its “business”. From this perspective CPT is not able to claim that they are “domestic residential” or “owner occupied” as they are treated as a business asset.

Contents insurance on CPT owned properties is also included in the Global Cover. Parishes should review their contents cover at least annually, or when there are changes to the contents items or the use of the property.

Natural Disaster Cover:

Natural Disaster Cover includes cover for earthquakes, natural landslips, volcanic eruptions, hydrothermal activity or tsunamis. Following the Canterbury Earthquakes the Trustees reviewed the provision of Natural Disaster Cover for vicarages.

At the Trustees meeting of 27th March 2015 it was resolved “That vicarages and residential properties are to be insured separately”.

Vicarages and residential properties are automatically covered by EQC and the insurer for Natural Disasters.

Those vicarages currently being used as offices are insured under a commercial insurance policy that does not (currently) contain Natural Disaster Cover. Therefore it is important that the parishes inform CPT Property Team should these vicarages be converted back into vicarages or residential tenancies in order that the insurance is updated accordingly. It is recommended by the Trustees that these vicarages used as offices should have the addition of Natural Disaster Cover.

If your parish would like to consider extending cover to include Natural Disaster Cover, please contact the CPT Property Team and they will obtain a quote for you.

Parishes should also advise CPT Property if a vicarage is converted into offices, in order to update the insurance policy⁴. Please note, some rental agreements do require the building to be fully insured, including Natural Disaster Cover.

Maintenance

Day-to-Day Maintenance:

All property will be maintained to the standard required by the Church Property Trustees⁵.

General maintenance of vicarages and grounds are the responsibility of the Parish. Whilst there is no formal arrangement with CPT, there is a general expectation that on-going maintenance will be addressed by the parish in a timely manner.

All residential properties of the Diocese, whether occupied by clergy or rented to a third party, will need to meet the Tenancy Act Requirements for insulation and smoke detectors⁶ Please refer to the Changes to Tenancy Act section for more details.

Inspections:

Vicarages (and other church buildings) are inspected at least four yearly by CPT staff⁷. A copy of the inspection report and any action items will be forwarded to the Vestry.

All Vicarages should be inspected by the Archdeacon, Churchwardens and CPT before the new clergy moves in⁸.

Vicarages that are rented out should be inspected regularly under the Tenancy Agreement.

Major works:

Any major work to the vicarages needs to follow the formal approvals process set down in the Diocesan Handbook.⁹ The process laid down in the Diocesan Handbook is a linear one. The flow chart in Appendix III summarises these requirements.

⁴ Diocesan Handbook: A16 – Vacant Vicarages

⁵ Diocesan Handbook: C29 – Insurance and Property Maintenance

⁶ Diocesan Handbook: C29 – Insurance and Property Maintenance, Section 13.8

⁷ Diocesan Handbook: B7 – Guidelines & Responsibilities for Archdeacons

⁸ Diocesan Handbook: B7 – Guidelines & Responsibilities for Archdeacons

⁹ Diocesan Handbook: E36 & E37 – Regulations of the Standing Committee Concerning Faculties, Plans & Sites.

In practice the CPT Property Team should be advised of any proposed changes at the time Standing Committee is first approached. This ensures that the processes required within CPT can progress concurrently with Standing Committee processes, thus shortening as much as possible the time taken for the approvals process.

As with all capital works, CPT requires projects to be fully costed and funded before approval to proceed is given.

The Building Amendment Act 2013

On 1st January 2015 there were changes to the Building Act regarding residential building work and in summary include:

- Mandatory written contracts for residential building work costing \$30,000 or more (including GST).
- A requirement for building contractors to provide checklists and disclose certain information for residential building work \$30,000 or more (including GST) or when they are asked for this.
- Minimum content that must be included in all residential building contracts.
- Clauses that are taken to be included in a residential building contract that does not contain all of the minimum content, or in a contract for work of \$30,000 or more (including GST) that is not in writing.
- Information that a building contractor must provide to their client after the building work is completed.
- Infringement fees of \$500 for breaching the contract, disclosure or checklist requirements.

Please remember, any written contract will need to be signed by CPT, and not by the parish.

CPT is currently considering the development of a professional project manager policy, to ensure that any parish property project (over \$30,000 including GST) is managed by a suitably qualified person and to ensure that the Building Act and Codes, local authorities' plans and other legalisation (including Health & Safety) are complied with. This would therefore reduce the overall risk to both the parish and CPT for these projects, but may increase the overall cost of the project due to increased consultant fees.

Sale & Purchase of Vicarages

Purchase of Vicarages:

The Diocesan Handbook sets out quite detailed requirements for Vicarages and Clergy Houses. See Appendix I Clergy Houses – Schedule of Requirements¹⁰ and Appendix II Vicarages – Design Considerations & Schedule of Minimum Requirements¹¹.

Whilst the Diocesan Handbook provides guidelines for minimum requirements for vicarages it should be noted that these are provided to facilitate the Mission and Ministry goals of the parish. Parishes may request a variation from Standing Committee where the guidelines and requirements do not suit the Mission and Ministry needs of the parish.

¹⁰ Diocesan Handbook: H5 – Clergy Houses – Schedule of Requirements

¹¹ Diocesan Handbook: H6 – H9 – Vicarages – Design Considerations & Schedule of Minimum Requirements

Sale of Vicarages:¹²

The sale of a vicarage follows the same basic process as the purchase of a vicarage. The process will be led by the parish and will reflect their Mission and Ministry priorities. Once the sale is approved by the Parish, Bishop, Archdeacon and Standing Committee, CPT will be formally notified and begin the sale process. Again, it is suggested that CPT be notified of the parish's intent as early in the process as possible to ensure that the process can be expedited.

Proceeds of Sale of Vicarages:¹³

CPT being the owner of vicarages is the recipient of the proceeds of sale. In general the proceeds will be used as follows:

1. Where the parish no longer needs a vicarage, the funds will be invested by CPT and after capitalisation of a reasonable proportion of the interest income the balance of the income generated may be spent on general purposes of the parish concerned. Standing Committee approval of this arrangement is required.
2. Where it is likely that a Vicarage will be required in the future then, with the approval of Standing Committee either:
 - a. A suitable replacement property should be purchased or;
 - b. A fund established with CPT for ongoing investments to keep up with the rise in property values in a particular area or;
 - c. Where a housing allowance is paid to any ordained minister from the interest income resulting from the proceeds of the sale, adequate arrangements, such as sinking funds must be in place to keep the value of the replacement funds in line with market movements in the housing sector.

[Note: it is accepted that with current house price inflation the ability of the Trustees to meet the requirements of 2 b & c for the maintenance of the value of sale proceeds is limited.]

Change of use of Vicarages:

It is important that Church Wardens advise CPT immediately upon a vicarage ceasing to be a dwelling, for example being converted into church offices. This is due to requirements of the insurer.¹⁴

Letting of Vicarages:¹⁵

Where a vicarage is not being used to house clergy it may, with the consent of the Vestry, Standing Committee and CPT, be rented out.^{16, 17}

Renting of vicarages imposes legal obligations on the owner (CPT) under the “**Residential Tenancies Act 1986**”. Due to the legal requirements the following rules apply:

1. All vicarage rentals must be under a Residential Tenancy Agreement (refer: www.dbh.govt.nz).
2. The rental property must be managed by a *suitably qualified person* (CPT Trustees resolution 7th March 2014). This generally means that the property will be managed by a real estate or

¹² Diocesan Handbook: H26 – H28 – Guidelines for Sale of Vicarages

¹³ Diocesan Handbook: H28 – H29 – Guidelines for Sale of Church Property by Parishes

¹⁴ Diocesan Handbook: A16 – Vacant Vicarages

¹⁵ Diocesan Handbook: H10 – Letting of Vicarages & Clergy Houses - Guidelines

¹⁶ Diocesan Handbook: E30 – Regulations for Trustees, Section 11.

¹⁷ Diocesan Handbook: A16 – Vacant Vicarages

property management company who will ensure all obligations of the landlord and tenant are adhered to.

3. Where a real estate or property management company is appointed, the Property Management Authority needs to be between the company and CPT and signed by CPT.
4. If no real estate or property management company is appointed the parish may obtain approval from CPT to manage the property itself. The parish property manager will be responsible for regular inspections of the property.
 - a. Residential Tenancy Agreements **must** be signed by CPT as landlord.¹⁸
 - b. Once the Residential Tenancy Agreement has been completed by the parish and signed by the tenant it, along with the bond and Bond Lodgement Form, must be forwarded to CPT for signature and deposit of the Bond.
 - c. The parish property manager will arrange with the CPT Property Manager for the four yearly inspection. This may be done if the tenant moves out, or for long term tenants, arranged at a suitable time for all parties.
 - d. The parish property manager will undertake regular rent reviews (usually annually subject to the tenancy agreement).
5. Parishes with residential tenancies should review their contents cover annually. Generally only a small amount of contents cover is required, as the tenant should have their own contents insurance as this is part of the standard tenancy agreements.
6. Should a tenancy end and new clergy be the next occupier, then the parish will arrange a property inspection with the Archdeacon, Churchwardens and CPT before the new clergy moves in¹⁹.

Changes to Tenancy Act.

The two main areas that affect parishes relate to insulation and smoke detectors.

All residential properties of the Diocese whether occupied by clergy or rented to a third party, will need to meet the new requirements.²⁰

From 1st July 2016:

- All residential properties will be required to have smoke alarms.
- All new tenancy agreements will need to include a statement of the extent and safety of insulation in the property.
- Any new or replacement insulation in the property will be required to meet the current Building Code.
- The installation of electrically conductive products (such as reflective foil often used as underfloor insulation) will be banned.

From 1st July 2019:

- All properties must have underfloor and ceiling insulation meeting the required standard:
 - Houses built up to 1st July 2016 – 1978 Standard Permitted Combinations for Type A Construction.
 - Houses built or upgrade from 1st July 2016 – Current Code.

¹⁸ Diocesan Handbook: A16 – Vacant Vicarages

¹⁹ Diocesan Handbook: B7 – Guidelines & Responsibilities for Archdeacons

²⁰ Diocesan Handbook: C29 Insurance and Property Maintenance, Section 13.8

Appendix I

Clergy Houses – Schedule of Requirements²¹

When consideration is given to the specific needs of Clergy Houses it is felt that provision needs to be made for two different types of building, houses for new areas and Priests/Deacons Assistant houses.

Houses for New Areas

Where accommodation is required urgently in a new building area, and where this forms the beginning of a new Parish group, it is suggested that the house should be planned in such a way that subsequent additions will bring it up to full Vicarage standards. This can be done by providing a house with:-

Either three bedrooms and a study, or else four bedrooms with one to be used as a study for some time.

A living room which will ultimately become the sitting room,

A kitchen with dining accommodation,

Bathroom, laundry and garage to Vicarage standards.

The planning of this accommodation should be made in such a way that by a simple subsequent addition of a living room and bedroom, or else living room and study, a full Vicarage standard is achieved.

Deacon/Priest Assistant's House

In general houses for Deacon/Priest Assistants can be similar in size to an average dwelling house. They will still require to be planned in such a way that the family are separated from those parts accessible to parishioners. The following alternatives are offered as a basis:-

Three bedrooms

A study of about 100 square feet (about 9.3 square metres)

Living room

Kitchen, laundry and bathroom

Garage and fuel accommodation

or

Three bedrooms

Sitting room with study alcove

Kitchen-living room

Laundry and bathroom

Garage and fuel accommodation.

Furnishings

Floor coverings, drapes, fridge/freezer and a washing machine should be provided.

Rented Accommodation or Purchase

It is desirable that the standard of accommodation should be as near as possible to the standards set out above or be capable of improvement to these standards. Parishes considering purchase or rental must consult with the Standing Committee to ensure that the property under consideration is suitable to the requirements of the Standing Committee.

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²¹ Diocesan Handbook: H5 – Clergy Houses – Schedule of Requirements [SC 06/1985]

Appendix II

Vicarages – Design Considerations & Schedule of Minimum Requirements²²

(As adopted by Standing Committee, September 1998)

1. INTRODUCTION

A Vicarage is primarily a home for the Vicar and family. It should be a convenient family home, with privacy for family activities.

Before proceeding with the design of the new Vicarage, the parish shall notify the Standing Committee.

The following shall normally apply:-

2. GENERAL

2.1. Siting

On new sites the Vicarage must form part of the overall development plan for the whole parish group and be well oriented towards the sun. On existing sites care should be taken to respect the design of existing buildings. The Vicarage does not have to be on the same site as the Church.

2.2. Design Standards

As in all matters of design, the church should strive for the best. A vicarage should provide a well planned home for the Vicar and family and its appearance should be pleasing and unpretentious. Good design need cost no more, but requires that all those involved in the provision of houses for the clergy be fully aware of this responsibility to provide convenient and pleasing surroundings for the Vicarage family. Living areas must be away from the parish hall and from access ways to and from the church buildings. The rear entrance, vegetable garden, clothes drying area should be planned for privacy, and security.

2.3. Landscaping

When a new vicarage is planned a suitable landscape design should be submitted.

3. BUILDING MATERIALS

3.1. All materials must be of the low maintenance type. Exterior materials should be in keeping with those used on other parish buildings, where part of same site.

3.2. Concrete Floors

On level sites the use of a concrete floor has many advantages including:

- (a) Lower initial cost.
- (b) Greater insulation and warmth.
- (c) Rot proof material.
- (d) Easier access inside to outside, particularly for young children.
- (e) Lower lines to house, but it should be noted that the height of the floor above the surrounding ground level must be sufficient to ensure freedom from flooding.

²² Diocesan Handbook: H6 – H9 – Vicarages – Design Considerations & Schedule of Minimum Requirements [SC 09/1998]

Consideration should be given in design to include the installation of heating elements in the floor.

3.3. Insulation

Walls, ceilings, and timber floors shall be insulated.

Optional, but strongly recommended is the use of double glazing throughout.

4. ACCOMMODATION

The minimum accommodation in a Vicarage should be:-

- Three bedrooms.
- Lounge.
- Living room (family room).
- Kitchen with space for meals.
- Study.
- Laundry.
- Bathroom with bath and shower cabinet.
- Double garage (or single garage plus carport) and fuel store.
- Two toilets with hand basin facilities one toilet to be located as an appropriate guest facility.

5. SPECIFICATION

The following specification represents the normal minimum requirements:-

5.1. Lounge

To be at least 23 square metres in area.

5.2. Living Room

The living room with dining table area is to be at least 18 square metres. It is suggested, however, that consideration be given to the provision of a family room, open to the kitchen, with dining table and direct access to the outside via terrace etc. This room is the hub of the house, where children can be easily supervised from the kitchen. The provision of suitable heating should be included. The location of the family room should be a private area of the site, facing north to north west for maximum sun. Cupboards for children's toys etc.

5.3. Kitchen

Every effort should be made to place the kitchen of adequate design and layout so that it will get the morning sun. The following shall be provided:-

- (a) General bench space including stainless steel sink unit; other finishes may be used elsewhere.
- (b) Food preparation area having cupboards and drawers for equipment, groceries etc. adjacent to cooker.
- (c) Crockery cupboard adjacent to servery or meal area.
- (d) Storage cupboards/pantry for preserves etc.
- (e) A large cooking range with four rings, oven and a warming drawer, and an extract fan.
- (f) Refrigerator/deep freeze of around 400 litre total capacity.
- (g) Consideration should be given to providing space for a deep freeze handy to the kitchen.
- (h) Space for a dish washer; with the proviso that where the Vicarage is also used for meetings a dish washer should be installed.

(i) Optional, but recommended, the installation of a waste master.

5.4. Laundry

A washing machine and one tub is to be provided together with sufficient cupboard space and space with appropriate venting for a clothes dryer.

5.5. Bedrooms

Built in wardrobes shall be provided in each bedroom. They shall be planned for sunshine at some time of the day, preferably the morning. Provision should be made in children's rooms for space for homework. There shall be space for two beds in each room. Consideration should be given to the provision of an ensuite adjacent to the main bedroom.

5.6. Study

Where a study is not provided elsewhere the following provisions shall apply. This area is to be at least 15 square metres exclusive of cupboards and shelves. Easy access should be provided directly off the entrance hall and a direct door to the outside is an advantage. It is essential that the location of the study should not require access to be through the family area of the house. Bookshelves shall be adjustable in height and provide for at least 18 metres of book storage. Cupboard space shall be provided as well as wardrobe with hooks or rail for robes at least 1.8 metres from the floor and with shelf for communion vessels and pegs for stoles. Exposure should be east round to north for morning sun. Adequate heating shall be provided.

Where a study is provided in the Church Hall/Office complex a small study/interview room shall be provided in the Vicarage.

5.7. Garage (Double)

The garage can either form part of the house or be located as a separate unit. Storage of garden tools, fuel, etc. to be provided for. Consideration should be given to attaching the garage to the house with under cover access.

5.8. Cupboards

The usual cupboards such as coat cupboard, linen cupboard and general purpose storage shall be provided; also a broom cupboard sufficiently large to house an electric vacuum cleaner.

5.9. Domestic Hot Water

A hot water cylinder of at least 360 litres capacity with electric heating element, capable of being connected to off peak power, shall be provided. Where possible this is to be connected to an alternative source of heat. The hot water pipes shall be lagged.

5.10. Heating

Adequate warmth in the building is essential. Careful planning with regard to sunshine and correct use of insulation will contribute materially to the comfort of the occupants.

Some modern form of heating shall be provided.

6. POWER AND LIGHTING

There shall be adequate lighting in all work areas. Living areas shall not be limited to one light source and the lighting shall be to New Zealand Standards.

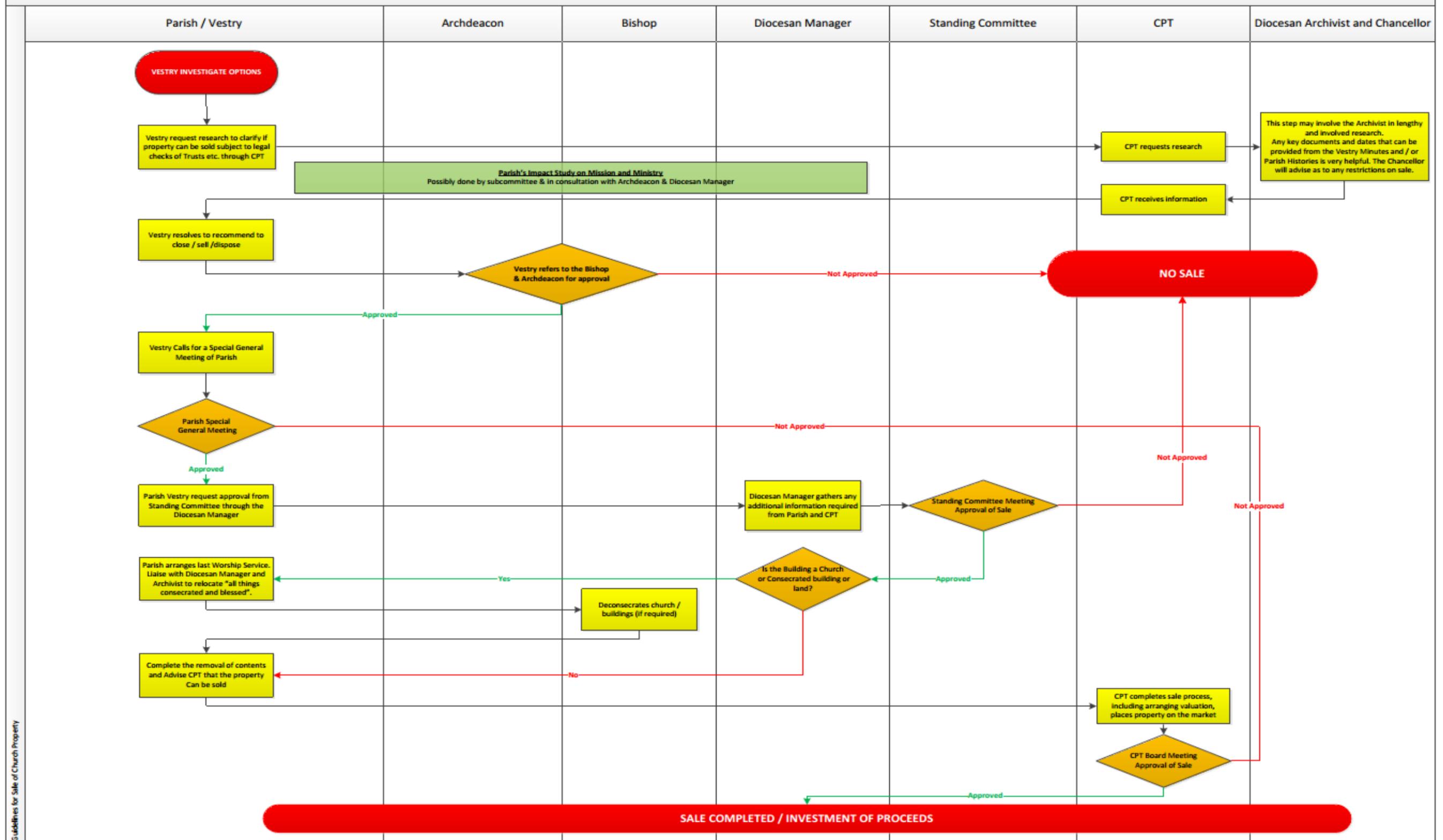
Double power outlets shall be provided beside all beds. Ample power points shall be provided throughout the house for all normal requirements.

A bell system shall be provided at the front and back doors. A television aerial shall be provided. Security lighting should be considered.

7. FLOOR AND WINDOW COVERINGS

All floor coverings and curtains shall be provided by the ministry unit and be maintained by and remain the property of the unit.

Guidelines for Sale of Church Property
Including Parish Buildings used as Churches, Halls and Vicarages (and other Properties)
Diocesan Handbook H26-H29



Guidelines for Sale of Church Property