

Roxy Wolfe, Earle O'Donnell, Scott Cotter (Treasurer)  
Absent: Bill Fry, Brad Kennedy (Property C)

Since the last meeting some information has been gathered and some input has been offered.

The Reverend Joe Clark, formerly a Rector, has written a thoughtful response to Earle's column in "Crossroads." Joe is offering a Clergyman's perspective on the housing allowance. His perspective includes that the Rectory may well be a valuable asset for the future. (Added at the end of this "minutes" report.)

Financial:

Given current comparables, the sale value of the property is approximately \$1.1 million. Scott Cotter has summarized: if the Beechwood Property sold for a net profit (after paying realtor's commission, title & taxes on the sale) of \$1 million, the interest drawn on the equity (4% on \$1 million) could be used to endow clergy housing into the future.

The 2014 expenses for rehab & loss of rental have been elaborated. Scott will prepare schedules, in 2-year increments, to give us a way to look at long term - What will the net be? We will look at a tenancy appraisal over a 3 to 5 year period; amortize the costs of upkeep and improvement.

If selling the property, what amount of fix-up would be wise to do? (Question has been put to Sue Bader, realtor)

If sold, how much must we earn (on the principal) to match the value of tenancy? Which is better (or worse) to apply toward the housing allowance?

Is the property a taxable asset if sold? What would our tax exposure be? That could greatly impact the profit seen from a sale.

Next Steps:

- 1) Clarify our understanding of the Beechwood Property's tenancy value vs. sale value.
- 2) Develop our questions and discuss them with local clergy and Wardens, including: St James', St Luke's, All Saints, Grace Church, St. Columba's, St Alban's, St Francis Potomac. The questions used in the 1993 survey are:
  - 1) Where does your rector live? Own house / Church-owned house?
  - 2) Does your rector live near the church?

- Are you able to estimate how far away the rector lives?
- 3) Are church parties ever held at the rector's house?
  - 4) If the church owns a house, has that house ever been rented to someone who was not a member of the church?
  - 5) Has your church ever sold a house that was once intended for clergy housing? If so, how long ago did you sell it?

(After Thanksgiving) We will make the phone calls to these churches, and will talk with Sari.

Earle – call: St Luke's & St James'.

Roxy – call: All Saints, Grace Church, St. Columba's

Bill – call: St Alban's, St Francis Potomac.

#### Recommendations:

- The Committee has sought to include a representative of the Op Shop. We have invited two individuals to join us; both were unavailable. The question was raised at the November 7<sup>th</sup> Op Shop meeting, but no member has demonstrated interest to date.
- The committee recommends that the Vestry involve the parish in discussion of the Committee's findings. The Vestry may want to organize a forum for that purpose.

Next meeting: December 9 at 7:30: discuss Scott's updated financial information  
January – ask John Welch to join us to discuss Diocese-level process

#### Rectory Discussion

November 11, 2013

From: Joseph Clark

I would like to offer some thoughts about the rectory. I offer this as a retired clergyman who has served in four different dioceses and has been the beneficiary of this housing conversation any number of times. I speak as a clergyman, not as a financial wiz or real estate person.

1. Any conversation about the rectory should be about the next rector of St. John's, not about the present rector.
2. I believe this discussion should be limited to what is good for the rector and not the assistant or second assistant or music or whatever....they are a completely separate issue. It is common practice that the assistant will be there for a few (3-4) years and then move on. Harrison West is an exception. Their housing needs are different, shorter term and usually with very young children or empty nesters or single.
  - a. I would be hard pressed to tell you of any parish which provides a house for a second clergy person. It may have been done one time but I don't think it is today. My sense is that the parish obligation is to provide a rental allowance which affords safety (I am thinking of a single woman priest) and proximity to the parish for travel of say 30 min.

- b. Assistant clergy in this diocese are usually given a housing stipend which is part of their salary – much as the parish did for Harrison West.

Therefore I would urge you to think of the rectory = rector compensation only. That is, have the income from the rectory to go into a rector's housing fund, not general parish expenses or to be divided up with other clergy.

Whatever the arrangements the parish made with Sari and Tannery do not need to be the blueprint for future clergy unless that is written in stone somewhere. My point is, Sari is not the usual clergy rector for a place like St. John's. He is highly skilled, a one out of 500 kind of clergy in the church and the chances of St. John's calling another person of his age with very young children are slim to none. Those folks are just not out there.

I say this because the typical clergy person to be rector of St. John's will probably be in their late 40's and have adolescent children...therefore the need of a 4 bedroom house/apartment would not be farfetched.

I think clergy expect /hope is only to be treated fairly...and should be offered a compensation package which raises some of the following questions for the committee:

1. Does the parish expect to provide a compensation package which would allow the rector to live within the same zip code as the parish? Within 5 miles of the parish? Do you expect the spouse to work and therefore consider this in the compensation package? I know some places by way of the compensation package offered, in all practical terms, if the clergy are to live near the church, the spouse must work in order to afford the housing costs of the area. That has happened to me twice at 4 churches.

2. The math usually is figured like: the average home of a typical St. John's parishioner in the Chevy Chase neighborhood is - for sake of the example - \$800,000. What would the mortgage be if there was a 20% down payment, 30 year fixed mortgage - do the math and you have a monthly housing allowance.

- a. A problem is how to come up with the down payment...there are creative ways for the parish to help with this but it is/could be a terribly difficult sticking point.

3. If the parish does not have the financial wherewithal to fund an independent housing option, **then keeping the rectory** comes into play.....and that can be a serious option.

4. The down side of keeping the rectory from a clergy perspective is the clergy person builds no equity toward a place to live when he or she retires. To allow for this, the diocese encourages parishes to pay a "housing equity allowance" – I think All Saints – our neighbor – does this.

If you don't already, get copies of the clergy compensation for the diocese - it is in Table 6 in the back 6-8 pages of the Diocesan Journal - it's in the office and is a wealth of information.

The bottom line from a clergy perspective is a place to live which is comparable to the housing of the “average parishioner” living arrangements, a salary/housing allowance which does not leave the clergy strapped financially and always worried about how to pay the bills, close enough to the parish to be able to get there within a reasonable amount of time and that the clergy can come to and leave from St. John’s with some sense of being whole. I hope this is clear....I know of no clergy that I respect who expect to “make money off of” the parish...but men and women who want to be able to retire in modest security, who do not want to be embarrassed to entertain the vestry at the rector’s annual Christmas party (or some such event ) and their children are able to go to a decent public school. We’re not talking executive bonus compensation packages with leveraged stock options. Modest but adequate is more the norm.

Maybe the time will come when housing allowance figures are simply too high to afford a neighborhood home (think NYC). Maybe the clergy will all live in apartments/condos and have no children (D. Alvord). But my vision of St. John’s is that you want a rector who has a family with children. So the housing needs to be designed around that picture.

One way to approach the rectory would be to talk to the Sr./Jr. warden of All Saints, Grace Church, St. Columba’s and St. Albans to find out what they are doing/ thinking. It would be helpful to approach this within the general parameters of comparable parishes so that St. John’s is “competitive” - that is, offering something which is similar to other large parishes in a similar location. Each of these parishes expects a very capable, skilled priest who can handle a large parish with multi-staffed operations. We want to be able to offer the best possible opportunity to a potential candidate without being too smug.

Hope this helps. Thanks for doing the hard work of thinking this through. Joe Clark