

**The Presbytery of Long Island
Committee On Ministry
August, 2022**

On Owning a Manse ...

Advantages

For the Church

- It is easier to call a new pastor. Most pastoral candidates, particularly those from a distance, are legitimately frightened by the high cost of housing on Long Island. If a PNC can say to him/her “this will be your home with all utilities paid,” it can be a huge relief. Many pastors don’t have enough money saved for a down payment on a house at these prices. And ... under New York State law, it is illegal for a church to lend money to its Pastor (such as for a down payment). Appropriate rentals are scarce or simply not available. Approximately two-thirds of all the Presbyterian churches on Long Island own manses, and virtually all of the “large” churches do.
- After an initial period of time, no real estate taxes will have to be paid either by the church or by the pastor. The home will be taken off the tax rolls. If the pastor owns the home there is some exemption on real estate taxes, but not 100%.
- It should result in a positive cash flow. That is, the cash outlay for mortgage, utilities, maintenance, and improvements will be less than would be paid for a housing allowance for a comparable house (largely because of the real estate taxes.)

For the Pastor

- There is no uncertainty about the cost of housing in a high cost of living area.
- The home in which he/she will be living is known right from the start.
- The church takes care of all the maintenance.
- No real estate taxes will be paid

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Disadvantages

For the Church

- It is more work for the property committee or the Trustees. Some pastors/spouses may be willing to help out with some of the tasks, but skills such as lawn-mowing and painting are not high on the list of a PNC when calling a pastor. A church should not plan on the Pastor's help.
- The relationship between the church and its pastor can depend partially on how well each of them takes care of the home and what the expectations are of each.
- The purchase (and sale) of a manse is somewhat cumbersome. Obtaining a mortgage may be more difficult than for an individual. The transaction(s) requires the approval of the Congregation, the Presbytery Trustees, the Presbytery, and the Supreme Court of the State of New York. The latter is usually *pro forma* and can be handled easily by a skilled attorney.
- Owning a manse ties up money that might be invested elsewhere. Which investment would provide the better return is difficult to predict.

For the Pastor

- Some pastors/spouses may prefer to have the responsibility and the control over their own home, rather than depending on the church for everything.
- The Pastor does not have the opportunity to build up equity in a home. This can and should be remedied by providing a fairly substantial tax-deferred investment [403(b)] each year. There can be distinct tax advantages to a pastor using that money to provide housing upon reaching retirement age.
- The home that is purchased needs to be universally appropriate for the new pastor as well as future pastors. That manse may not be exactly the type of housing the pastor would choose and might be somewhat unsuitable for the pastor's family.
- The pastor and family will be dependent on the church for maintenance instead of being able to "do it themselves."

