



Faithful Stewardship of the Parsonage: A United Methodist Approach to Long-Term Rental

Rev. Dr. David S. Bell

In the United Methodist tradition, the parsonage has long served as more than just a house. The parsonage has been a symbol of care for clergy and a shared commitment to the ministry of the local church. By providing a residence for the appointed pastor, congregations participate in a connectional covenant that makes pastoral ministry more flexible, sustainable, and equitable across diverse settings.

However, a parsonage may not be needed for clergy housing at certain times in the life of the church. Perhaps the appointed pastor already owns a home nearby or chooses, with the appointive cabinet's support, to live in a different residence. In such cases, many congregations are asking an important question: How can we make faithful and financially responsible use of our parsonage while not being used for its traditional purpose?

For United Methodist churches in this position, renting the parsonage on a long-term basis can be a viable and responsible stewardship strategy. It allows congregations to generate income to support their ongoing ministries while preserving the property for future use. This decision must be made with care by respecting legal requirements, honoring our connectional commitments, and keeping the church's mission at the center.

Most importantly, the parsonage is a ministry asset. Even when not in use by a pastor, it remains part of the broader infrastructure of the church's call to make disciples of Jesus Christ for the transformation of the world. Its use should reflect that identity. Renting the home should be viewed not as an abandonment, but as a thoughtful, temporary expression of stewardship. This decision both supports the church's financial health and retains the property's pastoral purpose for the future.

One of the first considerations is the potential impact on the parsonage's property tax status. In many jurisdictions, tax-exempt status applies only when the parsonage is used to house an active clergy member. If the church rents the property to a non-clergy tenant, it may become taxable. It is essential to contact the local assessor's office to clarify the implications in your area. In addition, your

church's insurance policy will likely need to be updated to reflect the property's new status as a rental property. Landlord coverage may be required.

From a financial perspective, long-term rental offers the benefit of stable, predictable income. This income can help underwrite vital ministries, offset budget challenges, or fund deferred maintenance. However, churches must carefully calculate the net income after management fees, taxes (if applicable), property upkeep, and potential vacancy periods are considered. Setting aside a portion of the income for a maintenance reserve is essential to ensure the parsonage remains in good condition, especially if future pastors will be expected to live there.

Many churches find it helpful to engage a professional property management firm. These companies handle tenant screening, lease administration, maintenance, and legal compliance. A management firm frees church leaders to focus on ministry. A professionally managed lease agreement also reduces risk and helps ensure clarity around tenant and landlord responsibilities.

Even while the parsonage is rented, United Methodist churches should continue supporting their pastor with a designated housing allowance. This benefit, if properly established and approved by the Church Council before the start of the calendar year or the pastor's employment, allows clergy to receive a portion of their salary as a tax-advantaged housing exclusion. It remains a valuable part of clergy compensation whether or not the church owns or provides a home.

In keeping with our connectional polity, any plan to rent the parsonage should be discussed with your District Superintendent. In many annual conferences, specific approvals or waivers may be required, particularly from the Conference Board of Trustees or the District Board of Church Location and Building. These steps help ensure that local decisions align with denominational standards, protect long-term pastoral housing options, and maintain accountability within the connection.

Flexibility is another wise principle to observe. Shorter lease terms, such as one-year agreements with renewal options, help ensure that the property can be made available for clergy housing if the need arises in a future appointment cycle. The property should also be maintained in a condition suitable for pastoral use by avoiding any renovations that would be difficult or costly to reverse.

Transparency throughout the process is key. The decision to rent the parsonage should be officially approved by the Church Council and clearly recorded in the meeting minutes. Congregational communication is equally important. When

members understand that parsonage rental is a proactive, faithful decision designed to support the mission of the church, they are more likely to embrace it.

The reality is that many United Methodist churches have successfully navigated this path. Renting a parsonage during an interim period of non-use has allowed them to strengthen their financial footing without compromising future flexibility. With prayerful discernment, clear planning, and open communication, congregations can embrace long-term rental as a faithful expression of stewardship and connectional care.

If your church is considering this option, the United Methodist Foundation of Michigan is here to help. We offer guidance, resources, and conversation partners to support your church's financial health and ministry vision. Together, we can ensure that your property continues to serve God's purposes.

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