**Setting the Housing Allowance:**

Parish Finance Councils need to annually designate the value of parish owned housing for their priest(s). To do this, the PAA, on behalf of the Finance Council,

Calculating the Value of Housing:

A. may wish to ask a real estate agent or a rental agent to give them an estimate as to the fair rental value of equivalent space elsewhere in the neighboring community. Obviously, you only want to have them do this comparing the space the priest actually uses for ‘living space’. So any space used for rectory offices (not a home office), or meeting space that is never used by the priest for his personal activities, or other spaces not used by the priest, can be excluded from the value. OR

B. another, and probably easier, method is to use a service such as Zillow or Redfin and find comparables in your area that shows the rental cost for a similarly sized space.

Other Items to Include

Other “personal” housing related bills the parish is paying on behalf of the priest(s) should also be included - utilities, cable, etc.

Housekeeping/Cooks/Shoppers/Food and compensation:

Housekeeping paid for by the parish should be treated as part of the housing compensation and included in that calculation. Additionally, costs for cooks/shoppers paid for by the parish should be reimbursed to the parish from the priest’s food allowance, and if the cost of cooks/shoppers/food exceeds the monthly food allowance, the priest would need to reimburse the parish from his paycheck. (Of course costs of cooks/shoppers are not considered part of the housing compensation.) Please contact the Parish Financial Services office if you need further information.

After obtaining that value, the Finance Council can vote to approve this amount as the housing allowance. (This must happen before the beginning of the calendar year.) Then a letter should be given to the priest with that value included, to wit:

*"We have conducted an analysis of the value of parish-provided housing to you based on the fair market value of comparable square footage in the area. The value of this housing is not subject to FIT. However, the value of a housing allowance does need to be included in the computation of self-employment tax. The total value for 202x is \_\_\_\_\_\_"* The chair of the Finance council should sign this letter.