



THE PRESBYTERIAN CHURCH PROPERTY TRUSTEES

Property Maintenance

Many of our parishes are blessed with wonderful property and buildings that facilitate and enable mission in the community. But, having great buildings comes with a cost: repairs and maintenance. Properties that are not well-maintained lose their mission value - and their financial value.

In this newsletter

- Property Maintenance
- Farm Holiday Houses
- Earn more in the PIF
- PIF Lending
- Leasing Properties

Property Maintenance Checklist

1. Roofs inspected and defects fixed
2. Gutters, downpipes and storm-water drains cleared
3. Exterior paint in good condition
4. External doors and windows weather-tight
5. Adequate ventilation in and under the building
6. Electrical wiring inspected and tagged
7. Smoke alarms and fire equipment in good order
8. Shelves, bookcases and cupboards secured to walls or ceilings
9. Free standing equipment is secured
10. Rubbish bins secured away from the building
11. Grounds are tidy
12. Building Warrant of Fitness current
13. Building records and plans maintained with a copy offsite

Some of our parishes struggle with the costs of maintaining their properties, particularly older buildings. Maintenance costs are rising while parish incomes are falling. Some have spent capital on seismic strengthening, eliminating a source of income for future repairs.

Repairs and maintenance are often on the short-list of things that get cut from the budget. "We'll do that next year", soon becomes "we can't afford it at all". Sometimes more capital is consumed on maintenance, which solves a short-term problem, but creates more long-term problems (there is less income for ongoing repairs and no more capital).

As harsh as it sounds, if you cannot afford to insure your Church, Hall, manse or residential property - and keep them well maintained - you probably can't afford to keep them. If this is your parish, you are encouraged to talk with your Presbytery Property team to work through options.

Please use this Maintenance Checklist to ensure your properties are kept up to scratch.

Glen Innis Holiday Houses – get in quick

There are only a few vacancies left over the coming months for the Glen Innis Holiday Houses in Central Hawkes Bay – so get in quick. The refurbishment of the Houses and surrounds is largely complete, with the latest development being a new driveway. If you've not been recently, you might not recognise them.

Email Stephanie Carter (glen.innis@xtra.co.nz) to secure your spot.



Presbyterian Investment Fund

New Long Term Investment Option – get a better return on your funds

For a long time, the Presbyterian Investment Fund (PIF) has been able to provide a high quality, on-call investment facility that provided parishes (and others) with both immediate access to their funds and a reasonable rate of return. However, as interest rates have fallen, while the PIF has remained a high quality, on-call facility, it has not been able to provide the same level of return. The current PIF On Call interest rate is 1.75% pa and there is a distinct possibility that rates will continue to fall.

At the same time, the Trustees have noted that it appears that quite a lot of the funds in the PIF are long-term funds. That is, parishes do not intend to spend these funds, but keep them in the PIF and use the income to support day-to-day mission activities.

The new Long Term Investment Option is designed to provide a higher rate of return (when measured over the long-term, e.g. at least 8 years) to those parishes (and others) who are prepared to invest their capital for the long term.

Higher Returns come with Higher Risk

The Trustees expect the Long Term Fund will return around 3.0% p.a. income (the current rate is 3% p.a.) plus inflation. The Trustees hope parishes will not spend the inflation component, but use this to maintain the income component over time. Inflation on Property accounts must not be spent.



The Trustees have elected to use the Mercer Socially Responsible Investment Balanced Fund as the investment vehicle for the Long Term Fund. We believe Mercer's diversified approach and commitment to responsible investment appropriately balances both risk and return.

However, the Long Term Fund will not suit everyone. A higher return requires higher risk, including the risk of capital loss.

For more information, please contact the Trustees on trustees@presbyterian.org.nz.



Borrowing from the Presbyterian Investment Fund

Along with the new Long Term Investment option, the Trustees have just introduced the ability for parishes to borrow from the PIF for major capital works or refinancing.

Parishes are able to borrow between \$250,000 and \$2m from the PIF, provided the loan can be secured against a property. The facility is only available to those Presbyterian parishes and entities that are able to invest in the PIF. The PIF will charge a floating interest rate, which will be set by the Trustees on a case-by-case basis.

For more information, please contact Russell Garrett on 022 548 4903 or russell@presbyterian.org.nz.



Residential and Commercial Leases

A valuable source of income – with obligations

Many parishes lease out property to raise income for mission. The properties may be former manses and leased as a residential tenancy, or buildings leased to commercial operations, like a childcare centre.

The property may be a valuable source of income, but leasing the property comes with a range of mandatory obligations, like insurance, and repairs and maintenance.

Residential tenancies law has recently been strengthened to protect tenants. The Residential Tenancies Amendment Act 2020, which came into force on 12 August 2020, means that rent can only be increased once every 12 months. There are additional changes that will apply from February 2021 that are important and varied.

What about Ministers' Homes?

Housing for Ministers must be provided at the same standard as residential tenancy properties, even if there is no tenancy agreement in place. The obligations on you as a landlord are wide and intended to ensure the property is warm and safe to live.

What do you need to do?

- You must be up to speed with the residential tenancy requirements and the upcoming changes. This link is a starting point:
<https://www.tenancy.govt.nz/assets/Uploads/files/healthy-homes-standards-key-facts.pdf>
- You must ensure that your property is compliant, and remains compliant, with the Healthy Homes requirements for residential properties, including manses. *We recommend an annual review to ensure that the property remains compliant with this legislation.*
- From the **1st December 2020**, parishes are required to include statement of the current level of compliance with the Healthy Homes standards for any new, or renewed, residential tenancy agreement. This includes the legislative and Trustees' requirements.