	010
1	CITY OF SEATTLE
2	ORDINANCE 126445
3	COUNCIL BILL 120157
4 5 6 7 8 9	AN ORDINANCE relating to affordable housing on properties owned or controlled by religious organizations; modifying affordability requirements adopted in Ordinance 126384; and amending Section 23.42.055 of the Seattle Municipal Code and Section 10 of Ordinance 126384.
10	WHEREAS, in June 2021 the City Council adopted Ordinance 126384, establishing alternative
11	standards for the development of long-term affordable housing on property owned or
12	controlled by a religious organization; and
13	WHEREAS, this legislation implemented Chapter 218, Laws of 2019 (SHB 1377), adopted in
14	2019 by the Washington State Legislature and codified in RCW 36.70A.545, requiring
15	jurisdictions to allow additional density for affordable housing on religious organization
16	property; and
17	WHEREAS, SHB 1377 requires that all housing developed using additional density provided
18	under RCW 36.70A.545 must be affordable to low-income households, defined as
19	households with incomes up to 80 percent of area median income (AMI), for 50 years;
20	and
21	WHEREAS, the City, through the Office of Housing funding awards, has supported the
22	development of hundreds of affordable rental apartments on land availed by faith-based
23	organizations; and
24	WHEREAS, the Seattle Housing Levy Administrative and Financial Plan and Housing Funding
25	Policies, adopted by City Council, require rental housing developments funded by the
26	Office of Housing to serve households with a range of incomes, generally up to 60

1	percent of AMI and with a focus on households with incomes at or below 30 percent of
2	AMI; and
3	WHEREAS, the Office of Housing annually receives requests for funding that exceed available
4	resources by tens of millions of dollars; and
5	WHEREAS, affordable housing developed to serve low-income households without the need for
6	public subsidy would provide public benefit and allow limited public resources to support
7	other affordable housing developments; and
8	WHEREAS, Ordinance 126384, as amended, would lower the household income eligibility for
9	projects using the development bonus to an average of 60 percent of AMI as of July 1,
10	2022; and
11	WHEREAS, several faith institutions expressed concern that an average income eligibility level
12	lower than 80 percent of AMI could jeopardize their ability to pursue affordable housing
13	developments without public subsidy and limit the ability of members of their community
14	to be eligible for the affordable housing; NOW, THEREFORE,
15	BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:
16	Section 1. Section 23.42.055 of the Seattle Municipal Code, enacted by Ordinance
17	126384, is amended as follows:
18	23.42.055 Low-income housing on property owned or controlled by a religious organization
19	* * *
20	C. Affordability requirements
21	1. Eligible households. All dwelling units or congregate residence sleeping rooms
22	permitted pursuant to this Section 23.42.055 shall serve only:

1	a. For rental units, households with incomes no greater than 80 percent of
2	median income, adjusted by household size.
3	((1) In development with a complete Master Use Permit
4	application, if required, or complete building permit application filed by July 1, 2022,
5	households with incomes no greater than 80 percent of median income, adjusted by household
6	size, or
7	2) In development with a complete Master Use Permit application,
8	if required, or complete building permit application filed after July 1, 2022, households with
9	incomes no greater than 80 percent of median income, adjusted by household size, and average
10	household income across all units in the project no greater than 60 percent of median income.))
11	b. For ownership units, households with incomes no greater than 80
12	percent of median income, adjusted by household size.
13	2. Duration. The obligation to provide dwelling units meeting the requirements of
14	subsection 23.42.055.B shall last for a period of 50 years from the date of the certificate of
15	occupancy or, if a certificate of occupancy is not required, from the date of the final building
16	permit inspection for the development to which this Section 23.42.055 applies.
17	3. Affordable rent. Monthly rent shall not exceed 30 percent of 80 percent of
18	median income. For purposes of this subsection 23.44.055.C.3, "monthly rent" includes a utility
19	allowance for heat, gas, electricity, water, sewer, and refuse collection, to the extent such items
20	are not paid for tenants by the owner, and any recurring fees that are required as a condition of
21	tenancy.
22	4. Affordable sale price

1 a. Affordable price – initial sales. The initial affordable sale price must be 2 an amount in which total ongoing housing costs do not exceed 30 percent of 80 percent of 3 median income. The Director of Housing will establish by rule the method for calculating the 4 initial sale price including standard assumptions for determining upfront housing costs, including 5 the down payment, and ongoing housing costs, which must include mortgage principal and 6 interest payments, homeowner's insurance payments, homeowner or condominium association 7 dues and assessments, and real estate taxes and other charges included in county tax billings. The 8 Director of Housing may establish by rule a maximum down payment amount. 9 b. Affordable price - resales. Eligible households for purchase of an 10 ownership unit subsequent to the initial sale must have incomes no greater than 80 percent of 11 median income at initial occupancy. The Office of Housing will establish by rule the formula for 12 calculating maximum affordable prices for sales subsequent to the initial sale to allow modest 13 growth in homeowner equity while maintaining long-term affordability for future buyers. 14 \* \* \* Section 2. Section 10 of Ordinance 126384 is amended as follows: 15 16 Section 10. The Council requests that the Office of Housing, in coordination with 17 the Seattle Department of Construction and Inspections, by March 31, 2022, and then 18 annually for five years thereafter, provide a report to the City Council on all permits 19 issued for developments that used the provisions ((provided in subsection)) of Section 20 23.42.055 of the Seattle Municipal Code during the prior 12-month period. The report 21 should include information on the property (such as the size of the lot and the zoning 22 designations), the affordability levels, whether the project received City funding to 23 support the development, and the ownership structures of the property at the time the

1	permit application was filed( $(,)$ ) and, if known, the ownership structure after a certificate
2	of occupancy is issued or the project passes final inspection. The report due by March 31,
3	2027, should also include a comprehensive review of all permits issued for developments
4	that used the provisions of Section 23.42.055 of the Seattle Municipal Code since they
5	took effect. Following the publication of the report due by March 31, 2027, the Council
6	may consider retaining, lowering, or otherwise amending the household income
7	eligibility requirements for rental units as provided in subsection 23.42.055.C.1, provided
8	any amendments comply with the provisions of RCW 36.70A.545.

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1	Section 3. This ordinance shall take effect and be in force 30 days after its approval by
2	the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3	shall take effect as provided by Seattle Municipal Code Section 1.04.020.
4	Passed by the City Council the 27th day of September , 2021,
5	and signed by me in open session in authentication of its passage this 27th day of
6	September, 2021.
7 8	President of the City Council
9	$\Box$ Approved / $\Box$ returned unsigned / $\Box$ vetoed this <u>1st</u> day of <u>October</u> , 2021.
10	Jenny A. Durken
11	Jenny A. Durkan, Mayor
12	Filed by me this <u>lst</u> day of <u>October</u> , 2021.
13	Dry Orden For
14	Monica Martinez Simmons, City Clerk
15	(Seal)