

Affordable Housing on Religious Organization Property Income Adjustment and Reporting Requirement

Director's Report
August 2021

Background

In June 2021, the City Council adopted Council Bill 120081 (CB 120081), implementing a suite of Land Use Code changes that support development of long-term affordable housing on property owned or controlled by religious organizations. The legislation fulfilled requirements in Substitute House Bill 1377 (SHB 1377), adopted in 2019 by the Washington State Legislature and codified in RCW 36.70A.545, which stipulates that jurisdictions must allow additional density for affordable housing on religious organization property that meets certain eligibility requirements. Under CB 120081, qualifying affordable housing developments can meet alternative standards for height, floor area, and/or density limits provided that all housing created under these provisions is affordable to low-income households for at least 50 years.

In their deliberation on CB 120081, the Council discussed and ultimately adopted an amendment (Amendment 1B) that modifies the income eligibility requirements for rental housing in developments using these alternative standards. Initially, rental units must serve households with incomes up to 80 percent of area median income (AMI). Amendment 1B lowered the household income eligibility for rental units to an average of 60 percent of AMI for developments permitted after July 1, 2022.

As transmitted to the Council, CB 120081 reflected more than a year of engagement with stakeholders including faith-based organizations and nonprofit affordable housing developers by the Office of Housing (OH) and Office of Planning and Community Development (OPCD). Several religious organizations in Seattle are at various stages of exploring redevelopment of their property, including some that are planning housing for a range of incomes up to 80 percent of AMI.

When she signed CB 120081, Mayor Jenny Durkan issued a statement acknowledging concerns that some faith stakeholders raised about Amendment 1B and its impacts on their ability to use this new tool to address displacement and provide services for their community. While we anticipate many religious institutions pursuing development using these provisions will rely on public subsidy that requires housing to serve households with incomes up to 60 percent of AMI or lower, some may be contemplating developments that are feasible without public subsidy and serve households with incomes up to 80 percent of AMI. Some stakeholders, such as the Nehemiah Initiative, a coalition of historically Black churches in the Central Area, envision redeveloping their underutilized land with affordable housing to address gentrification and displacement pressures and to bolster the financial stability of the church as a community and cultural anchor.

Proposed legislation

To address these and other concerns, OPCD and OH have developed the proposed legislation, which would revise the income eligibility criterion adopted in CB 120081 as amended. The legislation would:

- 1 Amend Section 23.42.055 of the Seattle Municipal Code to maintain 80 percent of AMI as the household income criterion for rental housing in developments seeking to use alternative height, floor area, and density standards.
- 2 Strengthen the annual reporting requirements for OH and the Seattle Department of Construction and Inspections (SDCI) to include a comprehensive review of all permits issued for developments using these alternative standards so that the Council may consider retaining, lowering, or otherwise amending the household income eligibility requirements.

Environmental analysis and Comprehensive Plan consistency

OPCD already completed an environmental analysis under the State Environmental Policy Act (SEPA) for the original legislation transmitted as CB 120081, and SDCI made a determination of non-significance. The proposed legislation would match the proposal evaluated in that environmental analysis and would make no substantive changes that could result in greater or differential environmental impacts than those already studied.

The [Directors' Report](#) issued by OPCD and OH for CB 120081 includes a summary of goals and policies it supports related to housing affordability, housing choice, and context-sensitive development in *Seattle 2035*, the City's Comprehensive Plan. The proposed legislation would likewise support these goals and policies.

Recommendation

OPCD and OH recommend adoption of the proposed legislation to amend the income eligibility criterion and strengthen annual reporting requirements adopted in CB 120081 for affordable housing development on religious organization property.