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HR&A

Affordable Housing Development Potential in Bellevue and Eastside Communities

Assessing affordable housing production opportunities on faith-based land through Bellevue's C-1 Zoning Ordinance

Table of Contents

Executive Summary 3
Existing Conditions 6
Bellevue's C-1 Zoning Ordinance 8
Parcel Analysis 12
Opportunities and Constraints Analysis 15
Denominational Ownership Review 18
Strategies for Supporting Faith-Based Affordable Housing Development 24

Executive Summary

Executive Summary

The Eastside is facing a severe housing shortage, making it difficult for families to find an affordable place to live. High rents and home prices are pushing low-income families beyond their means, forcing many to forgo other necessities to stay in their homes.

Faith-based organizations have recognized this need and are interested in playing a role in addressing the housing crisis. Faith communities have a history of contributing to affordable housing in cities like Bellevue.[1] However, regulatory barriers have often limited their ability to act on their values. To unlock new opportunities, the Washington State Legislature enacted RCW 35A.63.300 in 2019. The legislation requires cities to provide density bonuses for affordable homes developed on properties owned by religious organizations, also known as faith-based real estate or faith-owned land.[2]

Bellevue led the way by adopting the C-1 zoning overlay district, allowing religious organizations in designated residential areas to develop higher density affordable homes.[3] This approach not only sets an example for other Eastside cities, but also underscores the potential for local faith communities to play a greater role in solving the housing crisis. As the Eastside continues to grapple with the housing shortage, there are opportunities to further advance support for affordable housing on faith-owned land.

This white paper provides an in-depth exploration of the opportunity for expanded density bonuses for faith-based real estate on the Eastside. For the purposes of this report, the Eastside is defined as the following jurisdictions: Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville, and Yarrow Point. HR&A analysis found that if these jurisdictions adopted Bellevue's C-1 overlay, over 200 sites would be potentially eligible for density bonuses. 87 of these sites are larger than 2 acres. If affordable housing was built on all of these sites, between 5,500 – 9,000 homes could be produced.[4]

Even with the opportunity for density bonuses to some faith-based land, there are still financial, regulatory, and capacity challenges affecting the development of affordable housing on faith-owned land. The most significant barrier to developing affordable housing on faith-based land is access to sufficient capital. There is currently not enough funding to support existing 4% LIHTC sites, let alone the multitude of new faith-owned land that has been unlocked by Washington's historic legislation. The report concludes that more faith-based land can be used for affordable housing if local density bonus policies permit mixed-income housing. Allowing mixed-income housing would increase flexibility for faith-based owners to address multiple needs for their sites and reduce the reliance on oversubscribed LIHTC funding, while still producing affordable homes.

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[1] Our Story, Imagine Housing. Source.

[2] RCW Title 35A, Chapter 63, Section 300, Washington State Legislature. Source.

[3] Increasing Affordable Housing Capacity on Faith-Owned Properties, City of Bellevue. Source.

[4] Analysis methodology documented in Parcel Analysis section of the report.

The report also finds regulatory barriers facing development on faith-based land, ranging from how density bonus policies are implemented to parking and design considerations. One consideration for other Eastside communities is to provide density bonuses to all religious parcels as opposed to utilizing a qualification formula based on geography. This creates a broader eligibility and therefore maximizes development potential. Addressing these barriers can help increase the likelihood of affordable housing development across faith-owned land.

Lastly, to empower faith-based real estate owners to successfully engage in affordable housing initiatives, these organizations need a champion throughout the development process, from pre-development through construction. These support systems must be tailored to recognize opportunities and barriers facing faith-based real estate owners.

The report begins with existing conditions of the housing supply across jurisdictions on the Eastside, more of which can be found online at HR&A Labs. Next, it details Bellevue's existing C-1 Zoning Ordinance, and efforts taken to address challenges it faced in initial implementation. Then, it details the approach various denominations take to land ownership and decision-making. The paper provides analysis of potential opportunities and constraints if Bellevue's C-1 Zoning Ordinance were replicated in other Eastside jurisdictions, and the opportunities and constraints of adopting zoning ordinances to increase development capacity for affordable housing on faith-based land. Based on the findings of these analyses, the paper concludes with recommendations for local governments to increase the uptake of affordable housing construction on faith-based real estate.

Existing Conditions

Existing Conditions

There is currently a shortage of affordable homes on the Eastside. This shortage is particularly acute for rental homes that are affordable for low- and moderate-income families. As of 2022, there was a gap of over 11,000 rental homes compared to existing demand across Eastside geographies for households earning less than $75,000, according to analysis conducted by HR&A Advisors.[5]

Because there are not enough affordable homes on the Eastside, many households stretch beyond what they can afford to live here. Households that pay more than 30% of their pre-tax income towards these costs are considered “cost-burdened.” When households pay more than 50% of their pre-tax income toward housing, they are "severely cost-burdened." For instance, over 91% of households on the Eastside earning between $35,000 - $50,000 were cost-burdened in 2022.[6]

Vulnerable households struggle more than others to afford rent on the Eastside and have higher cost-burden rates. On the Eastside, 68% of single parents with children are cost-burdened. Senior renter households on the Eastside are close behind, 66% of all senior renter households on the Eastside are cost-burdened. **Mirroring national trends, rents on the Eastside steadily increased over the last decade and rose rapidly following the COVID-19 pandemic.** According to the Zillow Observed Rent Index as of September 2024, the typical rent was $2,731, up from $1,697 in 2015.[7]

As rents rose and the rental housing market tightened in recent years, the shortage of homes moved up the income ladder. For example, while there were enough rental homes for households earning between $50K to $75K in 2017, there is now a significant shortage of 11,000 homes. As housing costs continue to rise faster than production can meet demand, there is a risk the shortage will rise further into the $75K-$100K income range too.

The full online housing needs analysis report and maps for each Eastside jurisdiction can be accessed through this link: https://eastside-housing-analysis.hralabs.com/

[5] American Community Survey (ACS), US Census Bureau, 2022.

[6] American Community Survey (ACS), US Census Bureau, 2022.

[7] Zillow Observed Rent Index (ZORI), Zillow, 2015-2024. Source.

Bellevue's C-1 Zoning Ordinance

Bellevue's C-1 Zoning Ordinance

In 2019, the Washington State Legislature passed House Bill 1377 (HB 1377), which requires cities to provide density bonuses for affordable housing developments on land owned by religious organizations.[8] This legislation serves as an incentive for faith-based organizations to use their land to build affordable housing for households earning below 80% of the Area Median Income (AMI). The affordability of these homes must be maintained for at least 50 years. It is applicable to any municipality operating under the Growth Management Act (GMA) and allows increased density for affordable housing development, which may include building taller structures, adding more homes, or increasing floor area beyond what is normally permitted under local zoning laws. By offering increased density, this tool enables more homes to be developed, making affordable housing more financially viable. The primary goal of HB 1377 is to address housing affordability challenges by leveraging underutilized land owned by religious institutions, facilitating the development of long-term, income-restricted housing.

In response to HB 1377, the City of Bellevue adopted the C-1 Zoning Ordinance in 2021. This ordinance establishes a density bonus and creates additional development capacity for affordable homes on property owned or controlled by religious organizations[9], specifically in single-family districts that are well-suited for multifamily housing. Under the new code, eligible affordable housing development that meets the following criteria may receive at least a 50% density bonus:

- Owned by a religious organization,
- Located in a single-family land use district,
- Located on an arterial street,
- Located within half a mile of a frequent transit stop, and
- Located within 500 feet of a land use district permitting multifamily or commercial uses.

During the adoption of the density bonus, stakeholders noted that some faith-owned properties in single family land use districts have location characteristics that could support higher densities and multifamily housing.[10] To address this issue, the City has implemented the Action C-1 Phase 2 policy and Land Use Code amendments to identify these properties and develop a proposal for creating additional development capacity for affordable housing on these sites. Based on neighborhood context and affordable housing needs, the City has also published a map and list of 36 eligible sites for increased affordable housing capacity.[11]

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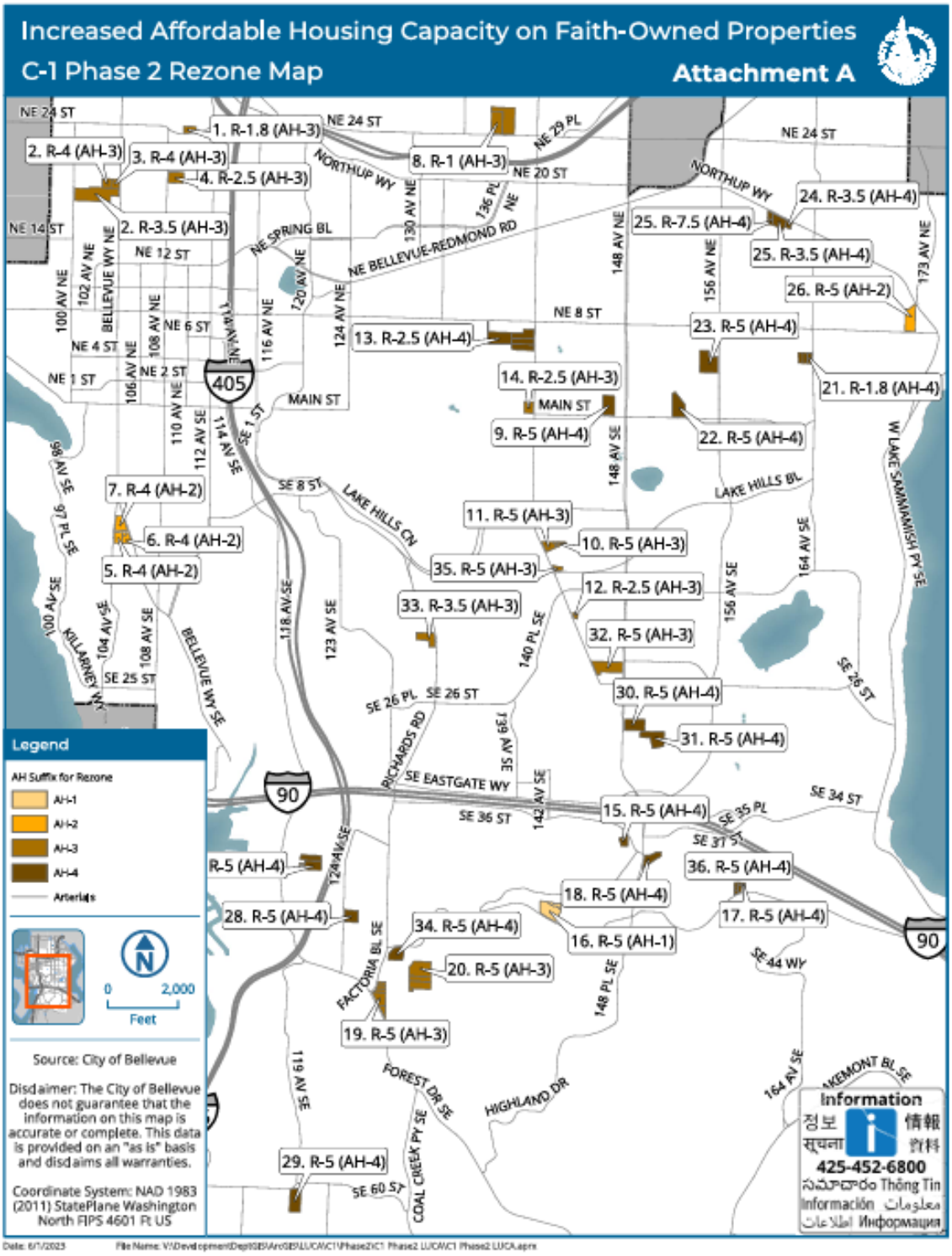
[8] House Bill 1377, Washington State Legislature, 2019-20. Source.

[9] The language in the ordinance regarding "owned or controlled by religious organizations" has caused some confusion during the predevelopment process, and questions have arisen about whether a faith-based organization must retain ownership throughout the development or entitlement process to qualify for the density bonus, or if the bonus can still apply if the organization sells the land to a developer. This uncertainty has posed challenges for faith organizations and their developer partners who seek clarity on the conditions needed to maintain eligibility.

[10] Increasing Affordable Housing Capacity on Faith-Owned Properties C-1 Phase 2 Rezone Map, City of Bellevue, Source.

[11] Increasing Affordable Housing Capacity on Faith-Owned Properties C-1 Phase 2 Rezone Map, City of Bellevue, Source.

Figure 1. Map of C-1 Phase 2 Rezone Parcels by City of Bellevue



Source: C-1 Phase 2 Rezone Map, City of Bellevue, Source.

Parcel Analysis

Parcel Analysis

The parcel analysis aims to identify parcels owned by faith-based organizations on the Eastside which could be eligible for incentives if a zoning district similar to Bellevue's C-1 Overlay Zone were implemented in other jurisdictions.

The scope of this phase of the analysis was to:

- Understand the characteristics of faith-owned land in King County to gain insight into how it can support creating affordable homes;
- Evaluate how changes to the C-1 upzoning might expand site availability for affordable homes in Bellevue;
- Evaluate the impact of adopting C-1 upzoning in other jurisdictions in King County to support policy discussions related to implementing C-1-style legislation in other Eastside jurisdictions; and
- Create a parcel dataset for additional analysis of development opportunities.

The parcel dataset for the City of Bellevue was segmented using two methodologies:

- **Scenario 1 (C-1):** The existing Bellevue C-1 methodology requires properties to follow specific criteria around ownership, zoning, compatibility buffers, and accessibility via arterials or transit.
- **Scenario 2 (All Faith-based Land):** A broader methodology that identifies properties only by faith-based ownership and zoning.

Washington State law grants local governments considerable discretion in how to integrate density bonuses into their communities. Although the Action C-1 Phase 2 policy and Land Use Code amendments in Bellevue upzoned only 36 parcels, our analysis identified 72 parcels within the city owned by religious organizations. Throughout King County, we found over 1,400 parcels owned by faith-based organizations; however, only 382 of these would be eligible for the density bonus if all jurisdictions in the county adopted the C-1 density bonus criteria.[12]

[12] This excludes properties owned by Muckleshoot Indian Tribe and cemetery sites.

Potential Impact Beyond Seattle and Bellevue

If the C-1 Zoning Ordinance was directly translated to King County jurisdictions beyond Seattle and Bellevue, **over 200 sites** would be potentially eligible for density bonuses.[13] 87 of these sites are larger than 2 acres. If Eastside cities adopted C-1 modeled zoning ordinances, the Eastside could add between **5,500 – 9,000 homes on these sites alone**.[14] The creation of this scale of affordable housing would represent a doubling of affordable housing stock on the Eastside, as there are currently 9,035 deed-restricted affordable homes as of 2022, according to the King County Income-Restricted Housing Database. Additionally, since many of these parcels are located in higher-opportunity areas, the potential for a significant impact on affordable housing is substantial.

Bellevue Implications

C-1 leaves out a sizable portion of faith-based owned land in Bellevue. These parcels are residential zones too far from multifamily or commercial uses to be upzoned with C-1 such as Somerset or Lake Hills or not zoned single-family residential such as Downtown Bellevue. Countywide, only 26% of the over 1,400 faith-based organization-owned parcels meet the C-1 criteria. Forty-five percent of the faith-owned parcels are not located in residential zones, and an additional 22% are situated in residential zones but more than five hundred feet away from non-residential uses. Furthermore, 19% of the parcels are neither situated on an arterial road nor served by nearby transit. The list of identified parcels by jurisdiction can be found in the appendix.

As detailed in the city's Comprehensive Plan Addendum, Bellevue already took steps to address the limitations of its C-1 Overlay Zone by rezoning parcels on faith-based owned land that are currently restricted by single-family zoning.[15] This addendum allows for the rezoning of eligible properties, expanding the pool of potential sites for affordable housing development. By providing flexibility in how these parcels can be utilized, Bellevue has created a pathway for more faith-based land to contribute to housing solutions, particularly in areas that were previously zoned too restrictively. This approach serves as a model for other jurisdictions looking to implement similar policies.

Translating to the Eastside

While C-1 may be an appropriate tool for Bellevue, it may be less effective for much of the rest of the Eastside. In many Eastside communities, faith-based properties are less concentrated in residential areas, and those that are in residential zones are often more than 500 feet from non-residential uses. Bellevue's C-1 criteria cover half of its faith-based parcels, but if applied in other Eastside jurisdictions, only an estimated 1 in 4 parcels would be eligible. This would severely limit opportunities for affordable housing development. Instead of adopting Bellevue's criteria directly, these communities might consider adapting zoning standards to reflect their unique development patterns. Adjusting the standards to account for different land-use patterns will be essential to maximizing the potential of faith-based properties for affordable housing across the region.

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[13] This excludes properties owned by Muckleshoot Indian Tribe and cemetery sites.

[14] Based on HR&A analysis of parcel and land use data, applying the Bellevue C-1 zoning ordinance's methodology. Includes sites that would be eligible under C-1, are between 1 - 10 acres, with an estimated expanded density of 15-25 units/acre.

[15] Comprehensive Plan Addendum, Ordinance No. 6708, City of Bellevue. Source.

Additionally, zoning policy adjustments could greatly increase the potential for faith-based land to contribute to affordable housing. Redmond's recent zoning code amendments, highlighted in the Redmond 2050 Omnibus Zoning Code Amendments, focus on increasing flexibility in residential density and mixed-use development.[16] By implementing similar measures to Bellevue's C-1 Overlay Zone, the city could further refine its zoning criteria to capture more faith-based parcels. Specifically, expanding eligibility by increasing the buffer distance from non-residential uses or allowing higher density near transit corridors will unlock additional opportunities for affordable housing on underutilized religious properties. These changes would support Redmond's broader growth strategy while helping to address housing needs.

Leveraging Consolidated Land Ownership

Faith-based land ownership on the Eastside is consolidated amongst a few large entities, presenting both opportunities and challenges. Some of these organizations include the Archdiocese of Seattle, the Church of Jesus Christ of Latter-Day Saints, and the Western Conference of the Seventh Day Adventists. These three organizations control 41% of all acreage eligible under the C-1 Overlay Zone and 32% of all faith-based parcels in King County.[17] The scale of these organizations' ownership underscores the importance of engaging these owners in meaningful partnership discussions to unlock the full potential of the legislation.

Figure 5. Number of C-1 Compliant Parcels and Parcels Meeting Specific Criteria by Jurisdiction

City	C-1 Compliant	Not in a Single-Family Zone	Not on an Arterial or served by Transit	Not within 500 Feet of Multifamily or Commercial Uses	Total Parcels by City
Bellevue	36	17	5	16	**74**
Clyde Hill	-	1	-	-	**1**
Issaquah	8	17	3	3	**31**
Kirkland	17	10	7	10	**44**
Medina	-	1	-	3	**4**
Mercer Island	3	2	5	9	**19**
Newcastle	2	-	-	-	**2**
Redmond	5	12	2	15	**34**
Sammamish	3	1	-	8	**12**
Woodinville	1	14	3	10	**28**
Total Parcels by C-1 Status	**75**	**75**	**25**	**74**	**249**

Source: HR&A Calculation. Methodology: Utilizing the Bellevue formulation for parcel selection, HR&A identified parcels in additional jurisdiction to determine if C-1 would be applicable, if a similar policy was adopted. This analysis included combining (dissolving boundaries) of adjacent parcels owned by the same faith-based entity. The data was cleaned to remove death services sites (excluding cemeteries) and properties owned by the Muckleshoot Indian Tribe.

[16] Redmond 2050 Omnibus Zoning Code Amendments, City of Redmond. Source.

[17] HR&A Advisors Analysis.

Opportunities and Constraints Analysis

Opportunities and Constraints Analysis

While several jurisdictions are actively adopting zoning ordinances to increase development capacity for affordable housing on faith-based land, others have yet to consider such measures. As of Fall 2024, cities such as Clyde Hill, Medina, Mercer Island, Newcastle, and Woodinville have not adopted relevant zoning ordinances. Meanwhile, cities like Redmond, Sammamish, and Issaquah are in the process of considering or implementing density bonuses for faith-owned land. Cities like Seattle and Bellevue offer strong examples, as both have adopted policies allowing density bonuses, enabling religious organizations to build more homes on their land.

Seattle's approach to density bonuses on religious-owned land differs from Bellevue's. The policy allows density bonuses for 100% affordable projects with homes up to 80% of AMI. Seattle's ordinance allows additional density on all religious-owned land, regardless of location, instead of restricting the bonus to certain religious properties based on location as Bellevue's policy stipulates. The bonus amount varies based on current zoning, allowing for additional height and floor area to support more homes. For example, in single family neighborhood zones, FAR increased from .5 to 1, and lot coverage areas increased from approximately 35% to 50% allowances.[18]

Neither Bellevue nor Seattle's policies however extend the same density bonuses for mixed-income projects as are afforded affordable housing projects. Both policies require 100% affordable housing in order to receive the highest density bonus levels. There are opportunities for jurisdictions who have yet to adopt density bonuses for faith-owned land to go beyond the state requirement and consider providing density bonuses for mixed-income homes on these sites as well. This proactive approach could substantially contribute to addressing housing shortages in higher-opportunity areas. Further details on the opportunity for mixed-income density bonuses are found in the recommendations section.

The table below provides an overview of the current status (as of September 2024) of zoning ordinances related to affordable housing development on religious land across various jurisdictions, highlighting which cities have adopted policies and the key details of their approaches.

[18] Affordable Housing on Religious Organization Property, City of Seattle, Office of Planning and Community Development. Source.

Figure 6. Status of Zoning Ordinances for Affordable Housing on Religious Land by Jurisdiction (September 2024)

Jurisdiction	Status	Note
Bellevue	Adopted and in effect	Adopted zoning ordinance in 2021. The city identified 36 suitable sites under the Action C-1 Phase 2 policy and Land Use Code amendments. The sites were rezoned by adding an Affordable Housing (AH) suffix to their existing land use district, which indicates it is available for multifamily affordable housing development when all homes are permanently affordable.
Bothell	No adoption yet	The Bothell City Council voted in favor of executing a Letter of Intent (LOI) to gift a city-owned property in Downtown, Lot P South, to Bothell United Methodist Church (BUMC) which, if acquired, will be used to build affordable housing.
Clyde Hill	No adoption yet	*N/A*
Issaquah	No adoption yet	The Inclusive Housing Investment Pool (IHIP) was created in 2023 to serve households at or below 60% AMI, with one of the priorities being community-based affordable housing projects with local partnerships, including faith-based organizations.
Kirkland	No adoption yet	The draft Kirkland 2044 Comprehensive Plan outlines a potential program for density bonuses for affordable housing on faith-based organization land, prioritizing homes for households making 30% or less AMI.
Medina	No adoption yet	*N/A*
Mercer Island	No adoption yet	*N/A*
Newcastle	No adoption yet	*N/A*
Redmond	Adopted, and in effect	The Planning Commission approved a recommendation in January 2024 for zoning amendments that allow density bonuses for affordable housing on land owned or controlled by religious organizations. Changes adopted and effective January 1, 2025.
Sammamish	No adoption yet, considering	Envision Sammamish 2044 outlines partnerships with faith-based organizations for affordable housing and density bonuses as one of the growth strategies. The report also identified eight parcels owned by religious institutions—as candidates for transit- and amenity-adjacent affordable housing sites and analyzed capacity estimates. Parcels identified as bonus parcels will be provided density bonuses.
Woodinville	No adoption yet	*N/A*

Denominational Ownership Review

Denominational Ownership Review

The C-1 Zoning Ordinance is predicated on the redevelopment of land owned by religious organizations. However, each denomination has different considerations for the redevelopment of their land, including their organizational priorities, approach to property ownership, and decision-making processes.

HR&A surveyed fourteen example sites to understand typical practices for denominations which own land in Bellevue, including how land ownership is structured and what levels of approvals are required for disposing of land for affordable housing. The analysis included the following denominations[19] that were identified by the City of Bellevue under the Action C-1 Phase 2 policy and Land Use Code amendments:

- Buddhist (Tzu Chi Foundation)
- Episcopal Church
- Evangelical Covenant Church
- Evangelical Covenant Church in America (ELCA)
- Jewish (Orthodox)
- Jewish (Reform)
- Presbyterian Church (USA)
- Presbyterian Church in America (PCA)
- Roman Catholic Church
- Seventh-Day Adventist Church
- The Church of Jesus Christ of Latter-Day Saints (LDS)
- United Methodist Church
- United Lutheran Church
- Church of Christ
- Non-Denominational/Unaffiliated

Takeaways

Faith-based institutions decide to develop their land for a variety of reasons. Often, there is interest in using the land for mission-driven purposes, especially when congregations decrease in size, move to new locations, outgrow their present buildings, or determine that portions of their property, such as parking lots, exceed their needs.[20] Financial factors may also play a role, including managing existing debt, improving utilization of their land, or redirecting funds toward other priorities like building a new church or maintaining existing facilities.

There are three key factors to consider when redeveloping faith-based properties for affordable housing: **property ownership models**, **partnership involvement in development practices**, and **financial contributions**. Different denominations adhere to varying property ownership models, from centralized control to independent ownership, and these structures significantly influence how land redevelopment decisions are made. Additionally, the level of involvement a denomination chooses in development partnerships can range from minimal (selling the land outright) to full participation in development and operations. Lastly, the financial contribution of the institution, such as donating land or offering it at a discounted rate, can impact the affordability of the housing project.

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[19] Increased Affordable Housing Capacity on Faith-Owned Properties, City of Bellevue, Source.

[20] Affordable Housing on Religious Organization Property Director's report, City of Seattle, Office of Planning & Community Development. May 2021.

The following sections break down these three considerations, providing examples of how denominations approach property ownership, development partnerships, and financial contributions.

1. Property Ownership Models

Property ownership models refer to the various ways in which denominations manage and own the land. These models can vary widely, affecting how decisions are made about development, and potential disposition for projects like affordable housing. In some denominations, land is centrally owned and managed by a national or regional authority, while others allow local congregations to hold direct ownership. Some religious organizations use a trust-based model, where the property is managed on behalf of the larger denomination. In contrast, independent or non-denominational churches typically own their land outright, providing greater flexibility but less centralized coordination for redevelopment efforts.

Understanding the ownership structure of religious organizations is crucial in determining the appropriate approach for engaging with them on development projects. For denominations that use centralized ownership models, building relationships with key decision-makers early on is essential. Those using local ownership models require a more individualized approach, directly addressing the needs of each congregation. Trust-based models need a dual strategy, balancing local and central interests. Finally, independent denominations often require more hands-on guidance, but their flexibility can be a significant advantage in moving projects forward.

While no single model is inherently better than another, each presents unique challenges and opportunities. By tailoring the engagement strategy to the specific property ownership model, developers can navigate potential roadblocks more effectively and foster successful partnerships for affordable housing development. The following table provides an overview of different property ownership models within each denomination along with examples and implications.

	Centralized Ownership	**Local Ownership**	**Trust-Based Ownership**	**Independent Ownership**
Definition	Property is owned and controlled at a national or regional level within the denomination.	Individual congregations or local churches have direct ownership and control of their properties.	Local congregations manage properties but if a local congregation decides to sell, redevelop, or use a portion of land for affordable housing, approval from higher governing bodies within the denomination is often required.	Properties are owned independently by non-denominational churches or schools, without a larger governing body.

Figure 2. Types and Examples of Property Ownership Models in Denominations

	Centralized Ownership	Local Ownership	Trust-Based Ownership	Independent Ownership
Opportunities	**Access to Resources:** Larger organizations may have access to more significant financial, legal, and organizational resources, which can aid in the planning and development process. **Potential for Larger-Scale Projects:** Centralized leadership ensures that decisions align with broader denominational goals, which can create a unified approach to affordable housing. It can also enable coordinated, larger-scale developments across multiple properties within the denomination.	**Flexibility in Decision-Making:** Assuming the local representatives are willing to make decisions quickly, local congregations have the flexibility to make timely decisions, allowing for a more expedited response and timeline to development opportunities. **Tailored Projects with stronger community ties:** Local congregations often have deep connections to their communities, and local ownership allows projects to be closely aligned with the specific needs and goals of the congregation and community such as affordable housing initiatives.	**Balance of Local and Central Control:** Trust-based models often strike a balance between local input and central oversight, enabling both strategic alignment and flexibility. **Shared Risk:** Higher governing body can bear financial risk across the organization, reducing the burden on individual congregations.	**Complete Autonomy:** Independent denominations have full control over their property, enabling fast, flexible decision-making without the need for external approvals. **Adaptability and Innovative Approaches:** Denominations can quickly respond to market conditions or community needs, adjusting their plans with ease. Without the constraints of a larger organization, they can experiment with more creative or unconventional approaches to development.
Challenges	**Bureaucratic Delays and Complex Approval Processes:** The need for approval from multiple layers of leadership can slow down decision-making and delay the project timeline. **Less Local Flexibility:** Central oversight may limit the ability of individual congregations to adapt projects to local community needs or priorities.	**Limited Resources:** Smaller, local congregations may lack the financial or technical expertise needed to undertake complex development projects. **Inconsistency Across Congregations:** There may be significant variability in interest, experience, and capacity for development, leading to uneven results across different churches.	**Complex Approval Process and Coordination Between Local and Central Leadership:** Negotiating between the priorities of the local congregation and the central trust authority can complicate decision-making. **Potential for Conflicting Goals:** Differences between the trust's long-term stewardship goals and the congregation's immediate needs can create tensions.	**Limited Resources and Expertise:** Independent denominations may lack the organizational infrastructure or resources to manage large-scale development projects on their own, needing to seek out partnerships with developers or nonprofits to provide the expertise and capital necessary for successful projects, which can complicate negotiations. **Greater Financial Risk:** With fewer external resources, these organizations may face higher financial risk when undertaking affordable housing projects.
Examples	Roman Catholic Church (archdiocese), Seventh-Day Adventist Church, and The Church of Jesus Christ of Latter-Day Saints (LDS)	Evangelical Covenant Church, Presbyterian Church in America (PCA)	Episcopal Church, Presbyterian Church (USA)	Non-denominational churches, Unaffiliated religious organizations

2. Partner Involvement in Development

The level of involvement in development practices can vary significantly across denominations. This spectrum ranges from minimal involvement, where the religious organization sells the land outright and relinquishes all control over the development, to more engaged partnerships in which the organization requires conditions on the use of the land or retains partial ownership. At the far end, some religious organizations become full partners, participating not only in the development but also in the ongoing operation of the project. This approach requires significant commitment, particularly in terms of internal development capacity. Congregation members must understand the complexities of the process and may need access to development consultants, owner's representatives, and other specialized roles. However, faith-based organizations often lack a dedicated budget for these resources, adding another layer of challenge to the development process. Consequently, the degree of partner involvement chosen affects not only the level of control the organization retains but also the support structure and resources necessary to manage the development effectively.

The degree of involvement affects both the control the organization maintains and the complexity of the partnership. A simple land sale reduces the denomination's long-term responsibility but also limits its influence over the project's outcomes. In contrast, full partnership requires greater commitment but enables the organization to closely align the project with its mission and values. Understanding this spectrum is crucial for developers, as it highlights the importance of aligning with a religious organization's goals and capacity, which can significantly shape the structure and success of the project. The following table provides an overview of different levels of partner involvement in development practices within denomination along with examples.

Figure 3. Partner Involvement in Development

Level of Involvement	Description	Example
Selling the Land to Developer for Full Control	The denomination sells the land, relinquishing all control over the development process.	Presbyterian Church (USA) sold land for the Gilliam Place affordable housing project, leaving the developer in full control.
Selling Land with Restrictions and Development Involvement	The denomination sells land but imposes conditions on its use, maintaining some involvement in the development process.	The Church of Jesus Christ of Latter-Day Saints (LDS) donated land for affordable housing in Salt Lake City, maintaining influence over the project's goals.
Limited Partner in the Development	The denomination retains ownership or partial ownership, partnering with developers but having a limited role in decisions.	The Roman Catholic Church partners with Catholic Community Services to develop affordable housing on church-owned land, retaining some involvement.
Full Partner in Development and Operation	The denomination is deeply involved in both the development and ongoing operation of the housing project.	The Episcopal Church (Diocese of LA) is fully committed to developing and operating affordable housing on 25% of its church campuses.

3. Financial Contributions to Create Affordability

Some denominations are interested in not only redeveloping their land for housing, but to contribute to that housing's affordability. Denominations take various approaches to contributing financially to affordable housing development. These strategies have significant implications for the affordability of the housing project. A total land donation offers the greatest opportunity for affordability, as it eliminates a major cost for the development. A discounted sale similarly reduces development costs, making affordable housing more feasible while enabling the religious organization to recover some financial value. For many organizations, giving away free or discounted land is not feasible though. In cases where land is sold at market rate, flexibility in payment terms—such as extended timelines or favorable financing—can help developers manage cash flow and lower upfront costs, thus supporting affordability. These varied financial contributions reflect the balance between a religious organization's financial objectives and its mission to support affordable housing. For affordable housing developers, understanding and negotiating these financial arrangements is crucial to ensuring the project's viability. The following table provides an overview of different types of financial contributions that denominations make to create affordability along with examples.

Figure 4. Financial Contributions to Create Affordability

Type of Contribution	Description	Example
Donating the Land at No Cost	The denomination donates land entirely for affordable housing without any financial return.	The LDS Church donated land for affordable housing in Salt Lake City at no cost.
Discounted Sale	The denomination sells the land at a discounted rate to facilitate affordable housing development.	
Retain Ownership with Below-Market Lease	The denomination retains ownership of the land, leasing it at a below-market rate to make the development more affordable.	The Episcopal Church leases church land for affordable housing, enabling long-term control and affordability.
Selling at Market Rate with Flexibility on Timing	The denomination sells the land at or near market value but offers flexibility in payment schedules or financing to support affordable development.	

4. Additional Considerations for Faith-Based Organizations

Beyond each organization's approach to land management, individual sites may have specific needs. For example, some faith organizations may be interested in considering the inclusion of non-residential spaces to meet additional programmatic needs, such as worship areas, community gathering spaces, or food banks. However, many financing sources do not align with these needs, creating gaps in development financing. Site-specific challenges such as limited infrastructure capacity or existing buildings can add further complexity to the process. Additionally, each project must align with the faith-based institution's mission and vision, as these core values shape redevelopment decisions and impact every aspect of project planning. Together, these factors significantly influence the redevelopment of their land, including their organizational priorities, approach to property ownership, and decision-making processes.

Strategies for Supporting Faith-Based Affordable Housing Development

Strategies for Supporting Faith-Based Affordable Housing Development

To effectively leverage faith-based land for affordable housing, municipalities should consider ways to address financial feasibility barriers for projects, reduce regulatory barriers, and pursue mechanisms to support faith-based real estate owners in implementation of affordable housing. These strategies should be designed to address the financial and regulatory barriers that faith-based organizations face when developing affordable housing on their properties. By providing this support, municipalities can maximize the potential of faith-based land to increase the supply of affordable housing.

The table below provides an overview of proposed strategies for supporting faith-based affordable housing development across Eastside communities. These strategies focus on three primary approaches: closing the funding gap, implementing flexible zoning policies that accommodate community-specific needs and offering sustained support throughout the development process.

Figure 7. Strategies for Supporting Faith-Based Affordable Housing Development

FINANCIAL FEASIBILITY Development of Affordable Housing on Faith-Based Land Requires More than Land to Close the Financing Gap.	• Develop Financing Sources to Support Mixed-Income Development • Legalize Density Bonus for Mixed Income Developments • Expand Subordinate Grants and Loans for LIHTC Projects • Support Creative Deal Structuring
REGULATORY INCENTIVES Tailoring Zoning Approaches to Unlock Faith-Based Housing Potential in Eastside Communities.	• Update and/or Codify Density Bonuses in a Manner that Reflects Needs of Each Community • Implement Flexible Design Standards • Reduce Parking Requirements • Establish Accelerated Approvals • Expand the Framework Beyond Faith-Based Land
CAPACITY BUILDING Faith-Based Organizations Are Community Champions. They Need a Champion Throughout the Development Process.	• Facilitate Dialogue with Congregations Based on Community Needs and Priorities • Address the Pre-Development Needs of Faith-Based Owners • Pool Resources and Support for Cohorts of Faith-Based Organizations

FINANCIAL FEASIBILITY

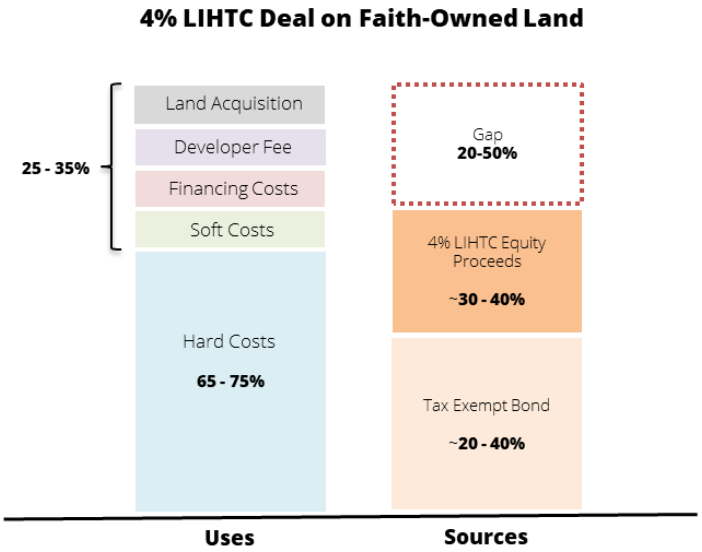
Development of Affordable Housing on Faith-Based Real Estate Requires More than Land to Close the Financing Gap.

Introduction

The most significant barrier to developing affordable housing on faith-based land remains lack of access to sufficient capital. Affordable land adjacent to transit, city resources, and increased allowable density are crucial for increasing the viability of affordable housing development. However, these factors are not enough to bridge the financing gap. Figure 8 highlights the funding structure for many affordable housing projects on the Eastside, which utilize 4% LIHTC and competitive tax-exempt bonds to finance 50-80% of the acquisition and development costs. This leaves a sizeable gap in most affordable housing developments, addressed through piecemeal additional grants, loans, deferred developer fees, and mission-motivated investments.

A comprehensive funding strategy that includes subsidies for land acquisition and development costs is essential to increase the viability of projects on faith-based real estate. This may range from expanded access to subordinate financing for tax-credit deals, regulatory and financing product flexibility for mixed-income development, and creative deal structuring mechanisms.

Figure 8. Typical Cost of Development for 4% LIHTC Project

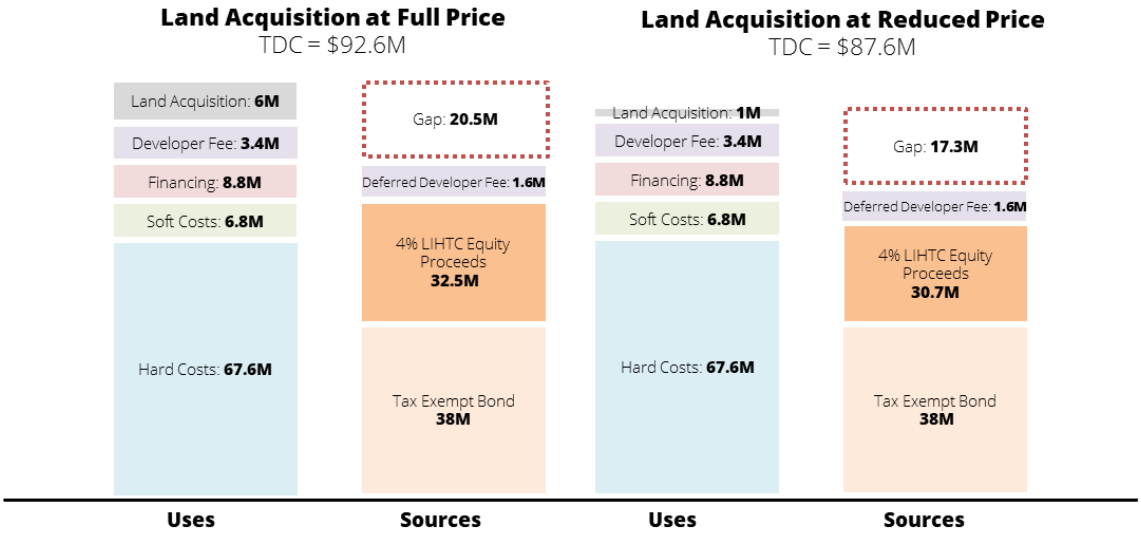


Land Alone Cannot Solve the Gap

One of the reasons there is a focus on the development of affordable housing on faith-based land is the opportunity to unlock land in areas of high opportunity that is owned by mission-aligned entities. This hypothesis incorrectly assumes that all mission-aligned faith-based owners are willing or able to offer land at reduced or no cost. Some congregations on the Eastside are interested and willing to provide land at reduced or no cost as part of their mission. For many congregations however, financial priorities, site constraints, and goals may compete with an interest in providing land at lower costs. For example, a congregation may be interested in redeveloping the existing worship space to build a new space for services and a food pantry as part of a broader housing development. Due to this, the organization may need to generate enough proceeds from the land to fund these efforts. In addition, faith-based organizations serving underrepresented communities may be interested in redevelopment but may also need to prioritize wealth generation and long-term maintenance and be interested in maximizing revenue from their assets.

Even if faith-based real estate owners were willing to offer undeveloped land at reduced or no cost, this contribution is still not enough to close the financing gap. Figure 9 demonstrates the financing gap for two land sale price scenarios. The example shows a prototypical mid-rise, 200-home apartment building on the Eastside. To build a 100% affordable building for households earning 60% of AMI, total development costs are $92.6M with land acquisition at full price. If the faith-based organization decided to provide land at a reduced cost to the affordable housing developer, total development costs would be reduced by $5M to $87.6M. However, this only reduces the financing gap by $3.3M, as the reduction in land costs also reduces the eligible basis for LIHTC equity.[21] Therefore, a sizeable financing gap remains. Depending on construction hard costs, the gap even after a reduced land price could range between ~$11M to $18M, equivalent to $56K - $88K per unit.

Figure 9. Example LIHTC Development on Faith-Based Land in Sammamish



[21] Some experienced affordable housing developers have developed land acquisition strategies to avoid the decrease in eligible basis.

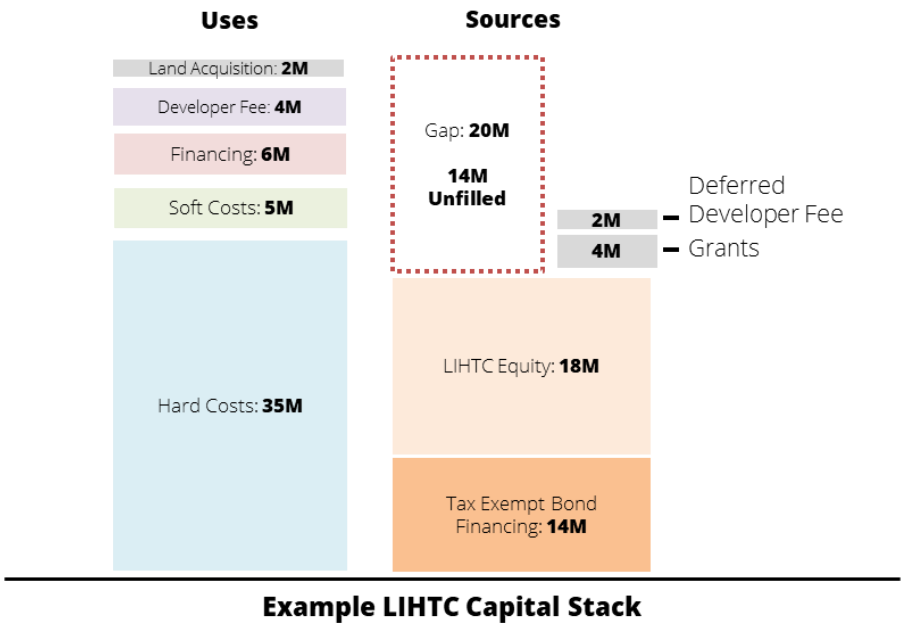
Tax Credits Alone Cannot Solve the Gap

4% and 9% Low-Income Housing Tax Credits (LIHTC) projects allow affordable housing developers to secure critical equity and are the main mechanism for new affordable housing development. While 9% LIHTC offers more substantial subsidies, it is highly competitive. In the past several years, only eight to ten 9% LIHTC deals have been approved annually in King County, out of over twenty applications submitted each year.[22] If faith-based sites solely relied on 9% LIHTC, this would mean only 1% of potentially eligible sites would be developed per year (assuming the entire pipeline was rerouted to focus solely on affordable housing development at faith-based sites).

For 4% LIHTC deals, the Washington State Housing Finance Commission (WSHFC) indicated that only nine out of twenty-two proposals were able to be funded in 2023.[23] 4% LIHTC projects require gap financing to bridge the difference between total development costs and the equity generated from credit sales.

Figure 10 highlights this gap in a representative 4% LIHTC deal. Unlike 9% LIHTC, which offers higher subsidy amounts per project and is more competitive, 4% LIHTC provides a lower level of equity paired with competitive tax-exempt bonds. In the example financing sources in Figure 10, this leaves a $20M gap in sources. Some of the gap may be filled by grants or deferred developer fees. The remainder of the gap would require low-cost, cashflow-contingent subordinate debt beyond what is currently offered by cities on the Eastside.

Figure 10. LIHTC Capital Stack Example



[22] 9% LIHTC allocations in King County primarily funds supportive housing at 30% - 50% of AMI. 9% Housing Tax Credit allocation information can be found at, Washington State Housing Finance Commission. Source.

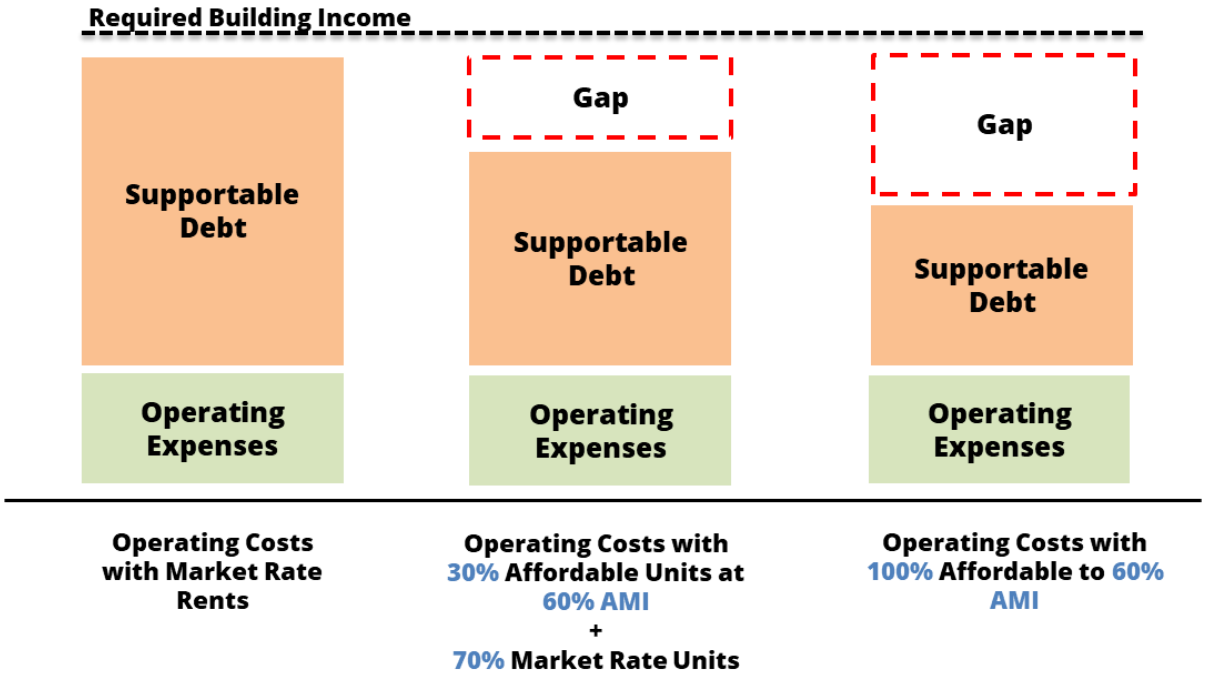
[23] 4% Housing Tax Credit Allocation information can be found at Washington State Housing Finance Commission. Source.

The Case for Mixed-Income Development

Mixed-income models allow for a blend of market-rate and affordable homes within the same development. Mixed-income development is necessary for most non-LIHTC affordable housing development, as these projects do not benefit from the equity generated by tax credits.[24] When an affordable housing development has a portion of market-rate homes, the building will have a higher total rental income. Net operating income is one of the main parameters in calculating the level of debt that the project is able to support, known as supportable debt. Higher rental income increases the supportable debt and reduces the gap in necessary financing sources to build and operate the building. [25]

To achieve mixed-income development on faith-based real estate, municipalities should consider more flexible grant and loan terms to allow for some market-rate homes on site and expand access to regulatory incentives that are available for 100% affordable development on religious land.

Figure 11. Impacts on Supportable Debt: Market, 30% Affordable to 60% AMI and 70% Market, and 100% Affordable to 60% AMI



[24] This assumes market rate development is feasible. In many locations, some types building typologies are not supportable even at market rate prices, due to factors such as location, demand and existing supply within that submarket.

[25] *Description: The graphic demonstrates the constraints on supportable debt based on net operating income. In this example, rent caps for affordable homes at 60% AMI reduce revenue potential, impacting overall project income. However, fixed operating costs for maintenance, utilities, and management do not decrease in proportion to these rent caps, creating a revenue gap that limits the project's financing capacity. While operating costs may vary across building types, this is a consistent challenge for new affordable housing projects.*

Allow Density Bonuses for Mixed Income Developments on Faith-Owned Land

The second necessary change beyond flexible funding sources is legalizing density bonuses for both 100% affordable projects and mixed-income developments on faith-owned land. There is currently not enough funding to support existing 4% LIHTC sites, let alone the multitude of new faith-owned land that has been unlocked by Washington's historic legislation.[26] The number of affordable homes that will be built on faith-owned land will be much greater if mixed-income housing is allowed. Developments will no longer be dependent on oversubscribed LIHTC funding.

When municipalities allow for mixed-income developments to qualify for density bonuses, they encourage the construction of more homes at several income levels, which are needed throughout the region. This approach increases the overall number of homes and helps create economically diverse communities. It also offers opportunities for congregations in underserved communities to generate wealth and meet other capital improvement needs.

Two scenarios below highlight this opportunity. In Scenario 1, a city with a 50% density bonus for 100% affordable homes on faith-owned land, is able to produce 80 homes on 1 site. In Scenario 2, if the city instead allowed for a 50% density bonuses for mixed income housing, with 40% affordable homes, it could produce 200 homes across three sites. This creates the same 80 affordable homes while also developing 120 homes of market rate housing.

SCENARIO 1

HOMES: 80 Affordable Homes

SHARE AFFORDABLE: 100%

SCENARIO 2

HOMES: 200 Homes (80 Affordable Homes)

SHARE AFFORDABLE: 40%

Currently, zoning codes in Bellevue and Seattle allow for mixed-income development, but mixed-income development on faith-owned land receives substantially fewer zoning incentives compared with 100% affordable developments. The City of Bellevue has already begun to work in partnership with developers to provide density bonuses for minimally the portion of mixed-income developments that include affordable homes. Rather than operating on a case-by-case-basis, an update to Bellevue's existing density bonus language could unlock numerous new opportunities for projects including market rate homes.

[26] In 2019, the Washington State Legislature passed House Bill 1377 (HB 1377), which requires cities to provide density bonus for affordable housing developments on land owned by religious organizations.

Leverage Additional Financing Resources with Mixed-Income Development

Expanded access to density bonuses for mixed-income development on faith-owned land unlocks opportunities to leverage additional financing sources and structure deals to benefit communities. This may include mission-motivated sources for subordinate debt capital and grants. These loans typically offer favorable terms, such as low-interest rates or cashflow contingent payments, making them an attractive option for sites that may otherwise struggle to access traditional funding streams. In the Puget Sound region, there are corporate partners, including Amazon and Microsoft, who provide direct capital to support affordable housing development and preservation. The Amazon Housing Equity Fund (HEF) provides below-market loans and grants for affordable housing creation and preservation for low-to-moderate income households. Microsoft's affordable housing commitments include the Middle-Income Tax-Exempt Mezzanine Program (MIT-E Mezz) which provides mezzanine financing for middle-income housing development.

Support Creative Deal Structuring

Affordable housing development on faith-based real estate requires careful balancing of the congregations' needs, while working to minimize costs and time delays for the developer.

Balancing Needs of Faith-Based Organizations and Affordable Housing Development

Approaches such as ground leases enable organizations to maintain long-term control over their property, aligning with their mission and community objectives. Faith-based organizations often find ground leases more attractive, as they provide a steady, unrestricted revenue stream that can be directly applied to support their operations such as deferred maintenance and other mission-critical needs. By reducing upfront land acquisition costs for developers and providing a sustainable income source for faith-based organizations, these creative deal structures create a mutually beneficial pathway to expanding affordable housing options on faith-based land.

Providing Targeted Financial Support for Necessary Facilities

Financing entities should consider allowing for the remodeling or development of church facilities and related community uses while the development of affordable housing occurs. Some funding sources, both governmental and private, are challenging to utilize when the building is not exclusively affordable housing. By allowing for comingled funds for church spaces and ancillary uses, financing entities can help faith-based organizations support broader goals and build homes.

Allowing Flexibility in Acquisition Funding and Predevelopment Terms

Some jurisdictions and mission-motivated lenders provide predevelopment and acquisition funding for faith-owned site developments, which are essential to advancing these deals. However, if this funding is not structured thoughtfully, it can create complications for other funders. Predevelopment and acquisition funds should include flexible terms, including thoughtful timing of deep affordability covenants, and coordination among all financing parties. For instance, strict covenants implemented early can lower the appraised value, potentially reducing debt proceeds limited by loan to value ratios and inadvertently creating additional financing gaps. Ensuring collaboration among all financing parties and carefully structuring funder requirements can help mitigate these issues, ultimately supporting successful deal financing.

Pairing with Lower-Cost Senior Debt

Relying solely on soft debt to bridge financing gaps can create barriers for accessing other financing opportunities and extend development timelines. Identifying lower-cost senior debt options can help faith-based organizations and development partners achieve greater project feasibility. This may include 501(c)(3) tax-exempt debt or HUD supported financing such as Section 221(d)(4) and Section 542(c) Housing Finance Agency Risk-Sharing Initiative. For example, 501(c)(3) tax-exempt debt, otherwise known as non-profit housing bonds, are private activity bonds to finance affordable housing facilities wholly owned by a 501(c)(3) organization. These tax-exempt bonds allow non-profits to pursue funding when they cannot access LIHTC, and there is no competitive allocation process. There are also mechanisms for creative government financing through offering guarantees or passing through low interest rates accessed through the municipal bond market, which may create easier access to lower-cost senior debt.

REGULATORY INCENTIVES

Eastside Jurisdictions Should Push Beyond the Minimum State Density Bonus Requirements for Faith-Based Real Estate.

To fully leverage faith-based land for affordable housing, municipalities on the Eastside should adopt a comprehensive set of regulatory incentives that extend beyond codifying a density bonus. These incentives aim to create greater flexibility in land use regulations, allowing faith-based organizations to maximize their potential to develop affordable housing. Tailored policy adjustments will be essential to meeting the unique needs of each community and congregation.

Update and/or Codify Density Bonuses in a Manner that Maximizes Impact

Bellevue's experience with the C-1 Overlay Zone highlights both its potential and limitations as a zoning tool to unlock faith-based land for affordable housing development. Initially, Bellevue's C-1 Overlay targeted areas with single-family zoning but only within a certain proximity to commercial and multifamily zones. During the adoption of the density bonus, stakeholders noted that some faith-owned properties in predominantly single family land use districts have characteristics that could support higher densities and multifamily housing but are excluded from receiving the density bonus.[27] To address this issue, Bellevue implemented the Action C-1 Phase 2 policy and Land Use Code amendments to identify these sites and develop a proposal for creating additional development capacity for affordable housing on these sites.[28]

If other Eastside jurisdiction utilized Bellevue's C-1 criteria, these jurisdictions would run into similar and greater issues. In many Eastside communities with larger and more dispersed geographies, faith-based properties are further from multifamily and commercial zones. If Bellevue's C-1 policy was applied to faith-based real estate in other Eastside jurisdictions, only about 25% of parcels would qualify, mainly due to their distance from transit or arterials and multifamily/commercial zones.

To maximize affordable housing potential, Eastside communities should consider providing density bonuses to all religious parcels as opposed to utilizing a complex qualification formula based on geography, creating a broader eligibility and therefore maximizing development potential. This is already occurring in King County. Rather than restricting density bonuses by location as Bellevue's policy does, Seattle's ordinance allows additional density on all religious-owned land, regardless of location. The bonus amount varies based on current zoning, allowing for additional height and floor area to support more homes.[29]

[27] Increasing Affordable Housing Capacity on Faith-Owned Properties, City of Bellevue, Source.
[28] Increasing Affordable Housing Capacity on Faith-Owned Properties, City of Bellevue, Source.
[29] Affordable Housing on Religious Property, City of Seattle, Office of Planning and Community Development. Source.

Additional Regulatory Incentives Considerations

Implementing Flexible Design Standards

Implementing flexible design standards can significantly lower construction costs and improve the feasibility of affordable housing projects on faith-based land. This might involve allowing smaller unit sizes, modifying setback requirements, or increasing building height limits.

Establishing Accelerated Approvals

Establishing clear guidelines for fast-tracking approvals on affordable housing projects that meet specific criteria, especially for faith-based organizations and non-profit organizations. Seattle has led the way by permanently exempting eligible affordable housing projects from the design review process which has significantly reduced permitting timelines. [30] This predictability in Seattle's process has shown to encourage developer engagement and collaboration with mission-driven organizations. By adopting similar fast-tracking procedures, other communities can accelerate affordable housing projects, reducing costly delays and fostering the development of more affordable homes in a timely manner.

Waiving or Reducing Fees for Affordable Housing

Impact fees are a one-time charge on new development to fund public infrastructure. In addition to other impact fees, some jurisdictions impose fees such as zoning fees, inspection fees, or fees associated with building permitting. The City of Bellevue not only waives impact fees for portion of developments used exclusively for affordable housing but now waives permit and inspection fees for projects that are affordable at or below 80% of area median income (AMI).[31]

Allowing Mixed-Use Developments

The C-1 Overlay Zone could allow for mixed-use developments on faith-based land, meeting both the housing and programmatic needs of faith-based organizations. Many organizations may seek to co-locate new or renovated worship spaces alongside affordable housing, preserving their core mission while supporting the community's needs. By permitting mixed-use configurations, the C-1 Overlay Zone could better support these dual goals.

Reducing Parking Requirements

Parking requirements can be a significant barrier to affordable housing development, especially for faith-based properties located near public transit or in urban areas. Reducing or eliminating parking minimums for affordable housing projects can dramatically lower development costs, allowing for more homes to be built within the same budget.

Expanding the Framework Beyond Faith-Based Land

Considering applying similar strategies to other large institutional landowners and public/quasi-public entities such as school districts, universities, transit agencies, libraries, energy systems, and hospitals that possess underutilized land. These institutions often have significant land assets that could be leveraged to create affordable and workforce housing, which can further integrate affordable housing into the fabric of community services.

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[30] "Mayor Harrell proposes legislation to support swift affordable housing production; exempt affordable rental housing projects from design review," City of Seattle, Source.

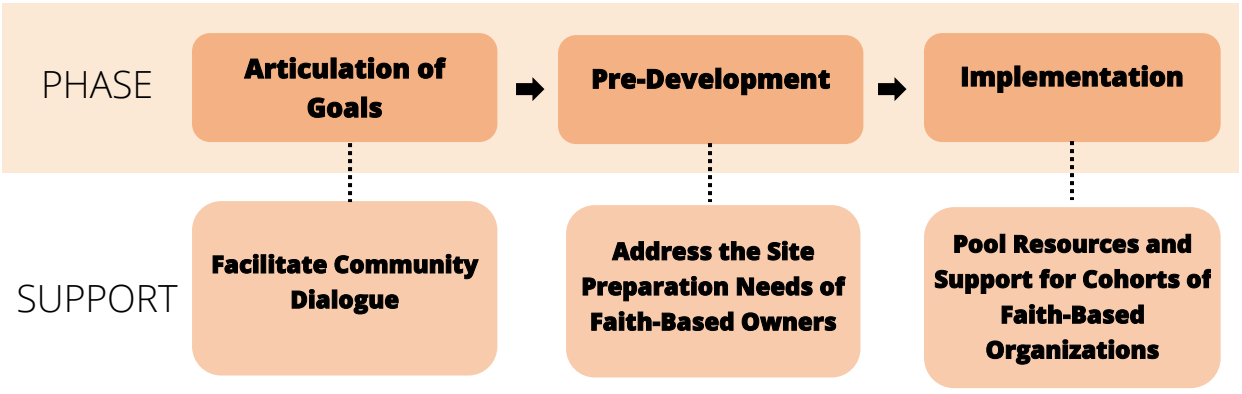
[31] "Affordable housing fee waivers now available in Bellevue," City of Bellevue, Source.

CAPACITY BUILDING

Faith-Based Organizations Are Community Champions. They Need a Champion Throughout the Development Process.

The development of affordable housing is a multi-layered process that presents challenges to even the most experienced and high-capacity affordable housing developers. Faith-based organizations are deeply mission-driven and committed to serving their communities. They, however, often face additional hurdles due to limited experience or technical expertise in navigating the complexities of housing development. These organizations may also lack access to necessary resources such as financial capital and strategic partnerships that are crucial for bringing housing projects to fruition.

To empower faith-based real estate owners to successfully engage in affordable housing initiatives, support systems must be tailored to recognize opportunities and barriers facing these owners. These support systems are necessary throughout the development process, from pre-development through construction.



Facilitate Community Dialogue

The starting point for many faith-based organizations is identifying priorities of congregations and their decisionmakers for the use of the land. Factors that influence these decision points identified in our analysis include:

1. **The Mission and Vision of the Congregation:** Identifying the long-term mission and goals for the congregation around stewardship of their land.
2. **Existing Land Use:** Some faith communities are interested in maintaining their existing church and building on underutilized available land. Others are interested in building an entirely new space as part of redevelopment.
3. **Property Ownership Model of the Organization**: In some congregations, land is centrally owned and managed by a national or regional authority, while others allow individual congregations to hold direct ownership.
4. **Type of Development Partnership and the Level of Involvement in that Partnership:** This spectrum ranges from minimal involvement, where the religious organization sells the land outright and relinquishes all control over the development, to more engaged partnerships to becoming full partners, participating not only in the development but also in the ongoing operation of the project.
5. **Ability and Interest in Contributing Financially to Create Affordability:** Some faith-based organizations may be interested in redevelopment of part or all of their land because of revenue needs. Others, based on their identified long-term mission, may be financially able and willing to contribute substantially to the affordability of housing built on site.

At the earliest stages of these dialogues, many faith communities need support to facilitate a discussion and identify priorities. They may also need support balancing the sometimes-competing priorities that they've identified. This support may include:

1. **Clarifying Priorities and Balancing Interests**: Facilitation around the relationship between space utilization, revenue goals, and the congregation's mission and vision can help congregations establish a balanced approach.
2. **Training on the Real Estate Life Cycle**: Providing education on the phases, players, and roles involved in real estate development empowers congregations to make informed choices and understand the complexity of the process.
3. **Assessing Partnership Options**: Guidance on identifying a "good" deal, such as options for ownership, sustainable affordability contributions, and partnership roles, can clarify what makes sense for the congregation's goals.
4. **Determining Partnership Type and Level of Involvement**: Support in evaluating the most suitable partnership model. For instance, a congregation with active ministry programming may choose to serve as an operational partner, while others may prefer third-party management.

Case Studies

Faith Land Initiative by the Church Council of Greater Seattle, was established to promote community stewardship of land across communities in the Puget Sound Region. The Faith Land Initiative offers a range of resources to faith-communities, including a resource library, network connections of other faith organizations, advocacy, and cohort support. The initiative leads Faith Land Discernment Cohorts, which facilitate a 6-month process as a cohort of 2-3 faith communities on decision-making around faithful stewardship of existing land and building assets.

Address the Pre-Development Needs of Faith-Based Owners

Many faith-based organizations are working to manage a whole host of challenges as real estate owners. For some entities, this may be deferred maintenance to church buildings, such as older roofs and failing HVAC systems, or a need for an entirely new space for worship. There may also be site challenges that create barriers for redevelopment, such as antiquated electrical systems and lack of sewer/water hookups. These challenges can significantly hinder faith-based organizations' ability to pursue redevelopment opportunities. Additionally, many sites may require essential health and safety upgrades before any new development can proceed. While this study primarily focuses on undeveloped land, it's important to recognize that many faith-based organizations are struggling to remain viable in a rapidly rising cost environment. As such, redevelopment efforts must recognize housing goals and the need for essential repairs or replacement of existing facilities.

Funding for affordable housing development on faith-based land should consider these realities, particularly in how it can be used to address both pre-development and development needs. Municipalities should consider offering specialized funding and technical support to help these organizations overcome the unique challenges they face.

- **Funding and Technical Support for Pre-Development Site Work:** Municipalities should consider offering funding specifically for pre-development site work, such as environmental assessments, feasibility studies, and organizational capacity building.
- **Funding for Continued Capacity Building and Pre-Development Support:** Faith-based organizations often require substantial support to navigate the complexities of housing development. Municipalities can support by providing technical assistance, project management training, and resources that guide them through each phase of the development process, from initial planning to project execution.
- **Flexible Grant and Loan Terms to Allow Additional Uses**: Some faith organizations may be interested in considering the inclusion of non-residential spaces to meet additional programmatic needs, such as worship areas, community gathering spaces, or food banks. Many existing affordable housing funding sources have constraints on how the funding can be used. Funders should consider allowing for the remodeling or construction of worship spaces or parking facilities to occur as housing development is occurring.

Pool Resources and Support for Cohorts of Faith-Based Organizations

Faith-based organizations' main goal is practice of their faith, not real estate. Often faith leaders need extensive support to successfully navigate housing development, especially given the complex regulatory, financial, and operational processes involved. Mission-aligned affordable housing developers are interested in working alongside faith-based organizations but are limited by packed development pipelines and reduced resources to support the scale of need.

Municipalities and local support networks can help by pooling resources and offering structured technical assistance programs that support cohorts of faith-based organizations with the knowledge, guidance, and tools necessary for sustainable development.

- **Training and Education:** Workshops and training sessions on development processes, financial structuring, land use regulations, and partnership management can empower faith-based organizations to become more effective participants in housing development.
- **Technical Assistance:** Funding for one-on-one advisory support that helps faith-based organizations navigate complex aspects of affordable housing development, such as conducting market scans and feasibility studies, securing financing, adhering to zoning laws, and managing construction timelines.
- **Capacity Building:** Developing long-term skills within faith-based organizations to manage real estate assets efficiently, ensuring they can sustain affordable housing developments beyond the initial project phase. Given that most churches have a small administrative staff with limited real estate experience, it's crucial for them to understand when and how to bring in outside expertise. This may include evaluating and hiring a property management firm, structuring effective property management agreements, and understanding the lifecycle needs of an affordable housing project to ensure both the organization's and the project's ongoing success.
- **Legal and advisory support for Contracts and Development Agreements:** Navigating the nuances of contracts and development agreements is essential for faith-based organizations to protect their interests and uphold their mission. Legal and advisory support in this area helps ensure transparency, risk management, and effective partnership structuring to sustain the long-term goals.

Fund Owners Representative Support for Faith-Based Organizations Through the Development Life Cycle

In addition to technical assistance that helps faith leaders better understand the affordable housing space, some of the most successful faith-based real estate developments have had small shop owners-representatives or consultants on their side for the full-development life cycle. This creates a more streamlined partnership from pre-development through building stabilization for all parties involved. Faith-based organizations can confidently enter developer solicitation with a strong understanding of their options for partnership and with data-backed awareness of what can be developed on their property. Development partners, in turn, will be able to engage with a robust understanding of church needs and expectations around revenue and site development.

Case Studies

Faith-Based Development Initiative by Enterprise, a national non-profit affordable housing developer, offers both financial and technical support, empowering faith-based institutions to repurpose their properties into affordable housing that benefits their communities. The program provides a Faith-Based Development Guide at no cost, which educates religious institutions on the entire development process, including the creation of affordable homes and community facilities. In addition to the guide, the initiative offers tailored assistance to help organizations navigate zoning requirements, financing strategies, and partnership opportunities. The program also connects faith-based groups with key development partners, such as architects, real estate lawyers, and development consultants, ensuring that these organizations have the expert support needed to successfully bring their projects to life.

Faith and Housing Program by Local Initiatives Support Corporation (LISC) Bay Area supports faith-based organizations in converting unused land into affordable housing. The program offers faith-based institutions technical assistance, development coaching, and workshops to help navigate the complexities of housing development.