
SUBSTITUTE HOUSE BILL 1859

State of Washington

69th Legislature

2025 Regular Session

By House Housing (originally sponsored by Representatives Salahuddin, Peterson, Doglio, Parshley, Dufault, Leavitt, Reed, Gregerson, Nance, Street, Obras, Ormsby, Hill, Timmons, and Duerr)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to expanding opportunities for affordable housing
2 developments on properties owned by religious organizations; amending
3 RCW 35.63.280, 35A.63.300, and 36.70A.545; adding a new section to
4 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;
5 creating a new section; providing an effective date; and providing
6 expiration dates.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 35.63.280 and 2019 c 218 s 1 are each amended to
9 read as follows:

10 (1) A city planning under this chapter must allow an increased
11 density bonus consistent with local needs for any affordable housing
12 development of any single-family or multifamily residence located on
13 real property owned or controlled by a religious organization
14 provided that:

15 (a) ~~((The))~~ At least 50 percent of the affordable housing
16 development is set aside for or occupied exclusively by low-income
17 households;

18 (b) The affordable housing development is part of a lease or
19 other binding obligation that requires ~~((the development))~~ at least
20 50 percent of the housing units to be used exclusively for affordable

1 housing purposes for at least fifty years, even if the religious
2 organization no longer owns the property; and

3 (c) The affordable housing development does not discriminate
4 against any person who qualifies as a member of a low-income
5 household based on race, creed, color, national origin, sex, veteran
6 or military status, sexual orientation, or mental or physical
7 disability; or otherwise act in violation of the federal fair housing
8 amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.).

9 (2) A city (~~may~~) must develop policies to implement this
10 section if it receives a request from a religious organization for an
11 increased density bonus for an affordable housing development. A city
12 may establish policies to require an affordable housing development
13 to set aside more than 50 percent of all residential dwelling units
14 for low-income households to qualify for the increased density bonus.

15 (3) The religious organization or an entity leasing the property
16 for the purpose of developing the affordable housing development must
17 pay all fees, mitigation costs, and other charges required through
18 the development of the affordable housing development.

19 (4) If applicable, the religious organization developing the
20 affordable housing development should work with the local transit
21 agency to ensure appropriate transit services are provided to the
22 affordable housing development.

23 (5) This section applies to any religious organization
24 rehabilitating an existing affordable housing development.

25 (6) For purposes of this section:

26 (a) "Affordable housing development" means a proposed or existing
27 structure in which (~~one hundred~~) 50 percent of all single-family or
28 multifamily residential dwelling units within the development are set
29 aside for or are occupied by low-income households (~~at a sales price~~
30 ~~or rent amount that may not exceed thirty percent of the income limit~~
31 ~~for the low-income housing unit~~) whose monthly housing costs,
32 including utilities other than telephone, do not exceed 30 percent of
33 the household's monthly income;

34 (b) "Low-income household" means a single person, family, or
35 unrelated persons living together whose adjusted income is (~~less~~
36 ~~than eighty~~) at or below 80 percent of the median family income,
37 adjusted for household size, for the county where the affordable
38 housing development is located, as reported by the United States
39 department of housing and urban development; and

1 (c) "Religious organization" has the same meaning as in RCW
2 35.21.915.

3 **Sec. 2.** RCW 35A.63.300 and 2019 c 218 s 2 are each amended to
4 read as follows:

5 (1) A city planning under this chapter must allow an increased
6 density bonus consistent with local needs for any affordable housing
7 development of any single-family or multifamily residence located on
8 real property owned or controlled by a religious organization
9 provided that:

10 (a) (~~The~~) At least 50 percent of the affordable housing
11 development is set aside for or occupied exclusively by low-income
12 households;

13 (b) The affordable housing development is part of a lease or
14 other binding obligation that requires (~~the development~~) at least
15 50 percent of the housing units to be used exclusively for affordable
16 housing purposes for at least fifty years, even if the religious
17 organization no longer owns the property; and

18 (c) The affordable housing development does not discriminate
19 against any person who qualifies as a member of a low-income
20 household based on race, creed, color, national origin, sex, veteran
21 or military status, sexual orientation, or mental or physical
22 disability; or otherwise act in violation of the federal fair housing
23 amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.).

24 (2) A city (~~may~~) must develop policies to implement this
25 section if it receives a request from a religious organization for an
26 increased density bonus for an affordable housing development. A city
27 may establish policies to require an affordable housing development
28 to set aside more than 50 percent of all residential dwelling units
29 for low-income households to qualify for the increased density bonus.

30 (3) The religious organization or an entity leasing the property
31 for the purpose of developing the affordable housing development must
32 pay all fees, mitigation costs, and other charges required through
33 the development of the affordable housing development.

34 (4) If applicable, the religious organization developing the
35 affordable housing development should work with the local transit
36 agency to ensure appropriate transit services are provided to the
37 affordable housing development.

38 (5) This section applies to any religious organization
39 rehabilitating an existing affordable housing development.

1 (6) For purposes of this section:

2 (a) "Affordable housing development" means a proposed or existing
3 structure in which (~~one hundred~~) 50 percent of all single-family or
4 multifamily residential dwelling units within the development are set
5 aside for or are occupied by low-income households (~~at a sales price~~
6 ~~or rent amount that may not exceed thirty percent of the income limit~~
7 ~~for the low-income housing unit~~) whose monthly housing costs,
8 including utilities other than telephone, do not exceed 30 percent of
9 the household's monthly income;

10 (b) "Low-income household" means a single person, family, or
11 unrelated persons living together whose adjusted income is (~~less~~
12 ~~than eighty~~) at or below 80 percent of the median family income,
13 adjusted for household size, for the county where the affordable
14 housing development is located, as reported by the United States
15 department of housing and urban development; and

16 (c) "Religious organization" has the same meaning as in RCW
17 35A.21.360.

18 **Sec. 3.** RCW 36.70A.545 and 2019 c 218 s 3 are each amended to
19 read as follows:

20 (1) Any city or county fully planning under this chapter must
21 allow an increased density bonus consistent with local needs for any
22 affordable housing development of any single-family or multifamily
23 residence located on real property owned or controlled by a religious
24 organization provided that:

25 (a) (~~The~~) At least 50 percent of the affordable housing
26 development is set aside for or occupied exclusively by low-income
27 households;

28 (b) The affordable housing development is part of a lease or
29 other binding obligation that requires (~~the development~~) at least
30 50 percent of the housing units to be used exclusively for affordable
31 housing purposes for at least fifty years, even if the religious
32 organization no longer owns the property; and

33 (c) The affordable housing development does not discriminate
34 against any person who qualifies as a member of a low-income
35 household based on race, creed, color, national origin, sex, veteran
36 or military status, sexual orientation, or mental or physical
37 disability; or otherwise act in violation of the federal fair housing
38 amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.).

1 (2) A city or county (~~may~~) must develop policies to implement
2 this section if it receives a request from a religious organization
3 for an increased density bonus for an affordable housing development.
4 A city or county may establish policies to require an affordable
5 housing development to set aside more than 50 percent of all
6 residential dwelling units for low-income households to qualify for
7 the increased density bonus.

8 (3) An affordable housing development created by a religious
9 institution within a city or county fully planning under RCW
10 36.70A.040 must be located within an urban growth area as defined in
11 RCW 36.70A.110.

12 (4) The religious organization or an entity leasing the property
13 for the purpose of developing the affordable housing development must
14 pay all fees, mitigation costs, and other charges required through
15 the development of the affordable housing development.

16 (5) If applicable, the religious organization developing the
17 affordable housing development should work with the local transit
18 agency to ensure appropriate transit services are provided to the
19 affordable housing development.

20 (6) This section applies to any religious organization
21 rehabilitating an existing affordable housing development.

22 (7) For purposes of this section:

23 (a) "Affordable housing development" means a proposed or existing
24 structure in which (~~one hundred~~) 50 percent of all single-family or
25 multifamily residential dwelling units within the development are set
26 aside for or are occupied by low-income households (~~at a sales price~~
27 ~~or rent amount that may not exceed thirty percent of the income limit~~
28 ~~for the low-income housing unit~~) whose monthly housing costs,
29 including utilities other than telephone, do not exceed 30 percent of
30 the household's monthly income;

31 (b) "Low-income household" means a single person, family, or
32 unrelated persons living together whose adjusted income is (~~less~~
33 ~~than eighty~~) at or below 80 percent of the median family income,
34 adjusted for household size, for the county where the affordable
35 housing development is located, as reported by the United States
36 department of housing and urban development; and

37 (c) "Religious organization" has the same meaning as in RCW
38 36.01.290.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08

2 RCW to read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to:

4 (a) Charges made for labor and services rendered by any person in
5 respect to the constructing, repairing, decorating, or improving of
6 existing buildings or other structures, in an affordable housing
7 project in which at least 50 percent of housing units in the
8 development are used as affordable housing; or

9 (b) Sales of tangible personal property that becomes an
10 ingredient or component of such buildings or other structures during
11 the course of the constructing, repairing, decorating, or improving
12 of such buildings or other structures.

13 (2) The exemption under subsection (1) of this section is
14 provided for all housing units in the development, and related
15 facilities such as sidewalks, common areas, parking lots, and
16 playgrounds. The exemption does not apply to the constructing,
17 repairing, decorating, or improving of nonhousing-related buildings,
18 structures, or facilities such as retail space, office space,
19 churches, or other commercial space unrelated to affordable housing.

20 (3) The exemption in subsection (1) of this section is available
21 only if the buyer provides the seller with an exemption certificate
22 in a form and manner prescribed by the department. Applications for
23 exemption certificates under this section may be accepted by the
24 department on or after October 1, 2025, but no later than October 1,
25 2034. The department must rule on applications within 60 days, except
26 that the department may extend the time of processing such
27 application upon notice to the taxpayer that ruling on the
28 application cannot be completed within such time.

29 (4) Any land owned or leased and used for an affordable housing
30 project exempt under subsection (1) of this section must include
31 restrictive covenants to ensure the land continues to be used for
32 affordable housing for a minimum of 50 years.

33 (5) To qualify for the exemption under subsection (1) of this
34 section, the affordable housing project must be:

35 (a) Owned by a nonprofit recognized religious organization;

36 (b) Built on land owned by a nonprofit recognized religious
37 organization; or

38 (c) Built or owned in partnership with a nonprofit recognized
39 religious organization, wherein the nonprofit recognized religious
40 organization is at least a 50 percent partner and the other partner

1 is a nonprofit organization whose purpose includes the developing or
2 redeveloping of real property for affordable housing.

3 (6) For the purposes of this section and section 5 of this act,
4 the following definitions apply unless the context clearly requires
5 otherwise.

6 (a) "Affordable housing" means residential housing that is rented
7 by a low-income household whose monthly housing costs, including
8 utilities other than telephone, do not exceed 30 percent of the
9 household's monthly income.

10 (b) "Affordable housing project" means a multiunit housing
11 project consisting of a building or a group of buildings having four
12 or more dwelling units not designed or used as transient
13 accommodations and not used for hotels and motels.

14 (c) "Low-income household" means a single person, family, or
15 unrelated persons living together whose adjusted income is at or
16 below 80 percent of the median family income adjusted for family size
17 for the county, city, or metropolitan statistical area where the
18 project is located, as reported by the United States department of
19 housing and urban development.

20 (d) "Nonprofit organization" means a nonprofit exempt from
21 federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the federal
22 internal revenue code of 1986, as amended.

23 (e) "Nonprofit recognized religious organization" means a
24 nonprofit organization with a federally protected practice of a
25 recognized religious assembly, school, or institution that owns or
26 controls real property.

27 (7) This section expires January 1, 2036.

28 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12
29 RCW to read as follows:

30 (1) The provisions of this chapter do not apply with respect to
31 the use of tangible personal property that becomes an ingredient or
32 component of buildings or other structures developed as an affordable
33 housing project in which at least 50 percent of housing units in the
34 development are used as affordable housing during the course of
35 constructing, repairing, decorating, or improving such buildings or
36 other structures by any person.

37 (2) The definitions in section 4 of this act apply to this
38 section.

39 (3) This section expires January 1, 2036.

1 NEW SECTION. **Sec. 6.** Sections 4 and 5 of this act take effect
2 October 1, 2025.

3 NEW SECTION. **Sec. 7.** 7. RCW 82.32.805 and 82.32.808 do not
4 apply to sections 4 and 5 of this act.

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