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Mapping the Potential and Identifying the Barriers to Faith-Based Housing Development

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Introduction

As cities grapple with where and how to build more affordable housing, identifying land that could support new development has become a top priority. One option that offers a potential solution: expanding the ability of religious institutions to build housing on their land. Churches, as well as other faith-based organizations, often own underutilized land and/or structures which could be used to expand the supply of affordable housing. Doing so would provide significant untapped benefits for the organization, from supporting the organization’s charitable mission to providing revenue that can stabilize the organization’s finances.

Yet faith-based organizations face significant challenges in leveraging their property for housing, including limited financing options, regulatory barriers, and limited real estate knowledge. To ease and streamline the process, California policymakers are proposing new rules at the local and state levels to support housing development on religious land. For example, the City of San Diego has lowered parking requirements for this type of development. And in the state legislature, two bills have been introduced in the 2020 legislative session that would ease parking and zoning restrictions for housing built on such land: [Assembly Bill 1851](#) and [Senate Bill 899](#).

This brief uses county assessor data to quantify the total amount of land currently used for religious purposes in California as well as estimate how much of that land could be suited for housing. In addition, interviews with affordable housing developers and representatives from faith-based organizations provide context on the challenges that will need to be overcome to build lower cost housing on this land.

We find that approximately 38,800 acres of land—roughly the size of the city of Stockton—are used for religious purposes and potentially developable. A significant share of that acreage (45 percent) is located in the state’s “high” or “highest” resource opportunity areas, signaling an opportunity for building housing in neighborhoods with lower poverty rates and greater economic, educational, and environmental amenities. In addition, 256.5 acres of the land in higher-resource neighborhoods is located near public transit, offering some potential to build housing that meets the state’s twin objectives of expanding access to opportunity and reducing greenhouse gas (GHG) emissions through improved land use.¹

While our research shows that the potential for siting new homes on religious land is significant, we also find that there are several barriers that limit this potential. First, ownership of this land is quite fragmented, representing 10,440 different parcels and potential land owners. Second, there are no uniform land use rules governing the development of religious lands, and local regulations such as minimum parking spaces (for both the religious use and new housing) and maximum density and height restrictions limit the development potential of these parcels. Third, there is no straightforward source of financing for housing on religious land, particularly for affordable housing. Lastly, most faith-based organizations have little to no real estate development experience.

After providing a methodological overview, this paper presents detailed findings of our analysis, examines the barriers facing religious institutions seeking to build housing, and concludes with recommended policy actions that could help religious institutions overcome those barriers.

Methodology

The data in this report come from Digimap, a real estate data set compiled by a market research firm. The Digimap data set draws from the administrative data of county assessors' offices, which collect property taxes in California. Because religious institutions can be exempted from paying property taxes, most county assessors in California maintain records of properties that are used exclusively or primarily for worship.

Using these data, we calculated the total amount of land acreage and parcels zoned for religious purposes across the state, excluding 16 counties for which these data were not available.² We did not estimate how much underutilized land (e.g., excess parking) is available on these parcels. To estimate how many of these parcels may be suitable for new construction, we excluded parcels under 10,000 square feet from our sample. We made the assumption that parcels smaller than 10,000 square feet (or .229 acres) are too small to be suitable for new housing, particularly housing financed through the Low-Income Housing Tax Credit (LIHTC) program, which necessitates larger-sized projects of a certain scale. As a result, our estimates do not include instances where smaller-scale development such as tiny homes, cottage clusters, or other "missing middle" housing typologies could be pursued. Other development scenarios not captured by our analysis include the redevelopment of existing religious structures into housing units, or the demolition and replacement of existing religious structures on smaller lots with new residential buildings. Our analysis also does not capture site conditions, such as environmental or topographic constraints.

We then overlaid the identified religious land parcels with three different layers: the 2019 California Tax Credit Allocation Committee (TCAC) Opportunity Area Maps, fixed transit locations, and a sample of local zoning maps. The TCAC Opportunity Area Maps assign each census tract in the state to one of five opportunity categories based on an index of economic, educational, and environmental characteristics that research has shown to be important for improving outcomes for low-income children and adults.³ Local zoning maps provide information on the location of religious land within local land use designations, including single-family zoned areas. Fixed transit locations allow us to examine how much religious land is near transit.

In addition to the data analysis, we interviewed a dozen stakeholders, including affordable housing developers engaged in building housing on religious land, as well as representatives from faith-based groups. Interviews focused on the potential for constructing homes on religious land as well as the challenges of doing so.

Findings

Faith-based institutions have both mission-oriented and financial reasons for using their land assets for affordable housing.

Interviews with representatives of faith-based institutions revealed several motivations to build affordable housing on their land, including:

Mission Alignment

Many religious institutions already serve vulnerable populations, including individuals and families experiencing homelessness, through programming and outreach services. Extending these services to include



permanent or supportive housing is a natural progression of their mission. Stakeholders we spoke to noted that many religious groups are interested in housing because of the natural alignment with their existing social justice missions.

Moreover, religious institutions may have underutilized resources at their disposal, including excess or underutilized parking facilities, unneeded ancillary structures (e.g., unused office space), or an entire site that no longer meets their needs because of a shrinking congregation or closure of operations altogether. By leveraging these assets, these groups can expand their ability to achieve community-oriented goals.

Source of Revenue

Depending on the financial structure of the development, housing can provide a source of revenue to faith-based organizations. Revenue from developing excess or underutilized land may be realized by establishing a ground lease with a developer, sharing cash-flow upon completion of a project, or selling the land outright. These revenues may represent a critical lifeline to institutions who may be struggling financially, are looking to cross subsidize

church programming, or supplement operating expenses.

Staff and Worshipper Retention

Many faith-based organizations and their congregants face the same housing cost pressures as other Californians. These pressures may negatively impact an organization's ability to recruit and retain staff and clergy. Developing housing on-site can be an appealing solution to this issue.

The high cost of housing also plays a role in declining membership as congregants facing increasing price pressures move farther away from their place of worship. For that reason, some organizations view the provision of housing on-site as their contribution to households being able to stay in their communities.

Many of California's high-cost counties have land utilized for religious purposes.

Our analysis identified 38,805 acres of land in California utilized for religious purposes.

Table 1 presents the results of this analysis for five counties. About 20 percent of the state's

Table 1. Potentially Developable Acres of Religious Land in Five California Counties

County	Total Potentially Developable Acres	Total Potentially Developable Parcels	Median Parcel Size (Acres)	Share of Total Religious Acreage Statewide
Alameda	1,066	713	0.73	2.7%
Los Angeles	4,450	3,492	0.63	11.5%
Sacramento	1,965	743	1.65	5.1%
San Diego	4,675	1,188	1.26	12.0%
San Francisco	98	162	0.41	0.2%

total religious lands are located in just two counties: Los Angeles and San Diego. Together, these two counties include over 9,000 acres of religious land, including more than 4,000 parcels that are at least 10,000 square feet in size. Even San Francisco County, which is both smaller and already more densely developed than other counties in the state, is home to over 150 parcels of at least 10,000 square feet.

Parcel size also varies by location. For example, Los Angeles and San Diego counties have over 4,400 acres each of potentially developable religious land, but Los Angeles County's median parcel size is .63 acres, compared to 1.26 acres in San Diego County. This signals that there are different development opportunities in each place. Specifically, in areas with smaller parcels sizes, smaller or mid-size scaled development may be a stronger approach, while larger, LIHTC-funded projects could be pursued in places with larger parcels.

Land used for religious purposes tends to be located in higher opportunity neighborhoods.

Of the total statewide land identified as potentially developable, 16,326 acres are located in the top two TCAC Opportunity Area tiers (i.e., the “high resource” and “highest resource” tiers). However, the share of religious land in these higher-resource areas varies by region (Table 2). For example, in Los Angeles, San Francisco, and Alameda counties, nearly half (approximately 45 percent) of religious land is located in higher-resource census tracts. In Sacramento and San Diego counties, these shares are smaller: 21 percent and 32 percent respectively.

Figures 1 and 2 show the potentially developable religious land by TCAC Opportunity Area tier in Sacramento and San Diego counties (see Appendix I for Alameda, Los Angeles, and San Francisco counties).

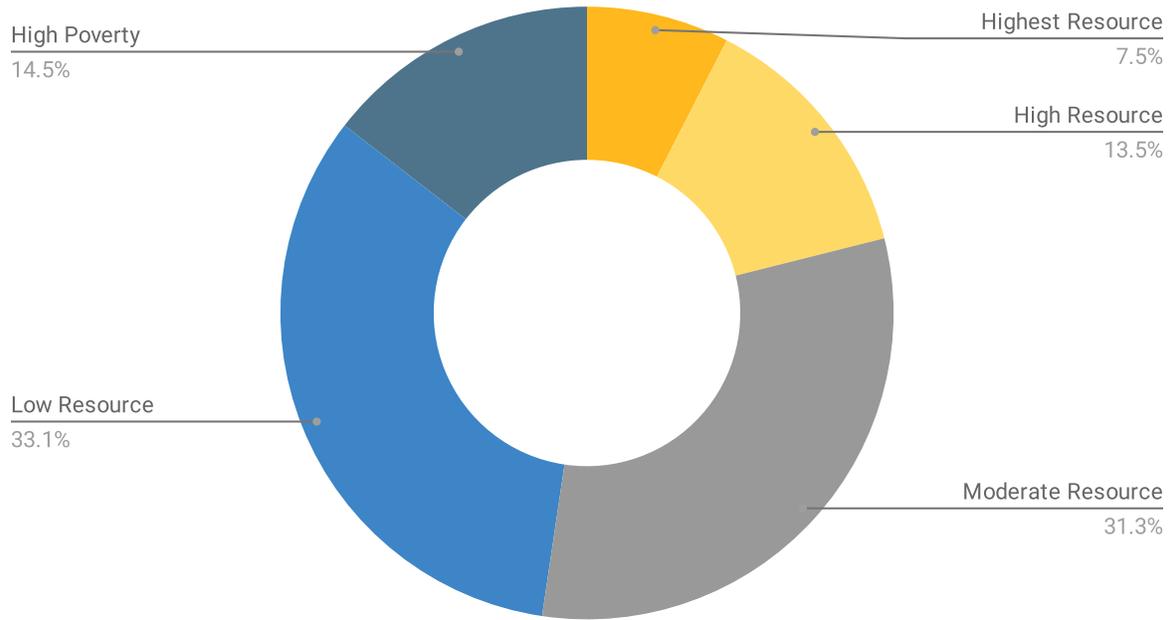
Table 2. Potentially Developable Acres of Religious Land in TCAC High Opportunity Areas in Five California Counties

County	Highest Resource	High Resource	Moderate Resource	Low Resource	High Segregation and Poverty
Alameda	175	295	320	231	45
Los Angeles	962	1,082	1,097	998	311
Sacramento	148	266	614	651	285
San Diego	568	915	1,614	1,469	108
San Francisco	17	27	41	9	5

Note: Acreage breakdowns across opportunity levels do not always sum to a county's total acreage because the TCAC Opportunity Area maps evaluate large rural census tracts at a more granular level and we did not replicate that methodology in this analysis.

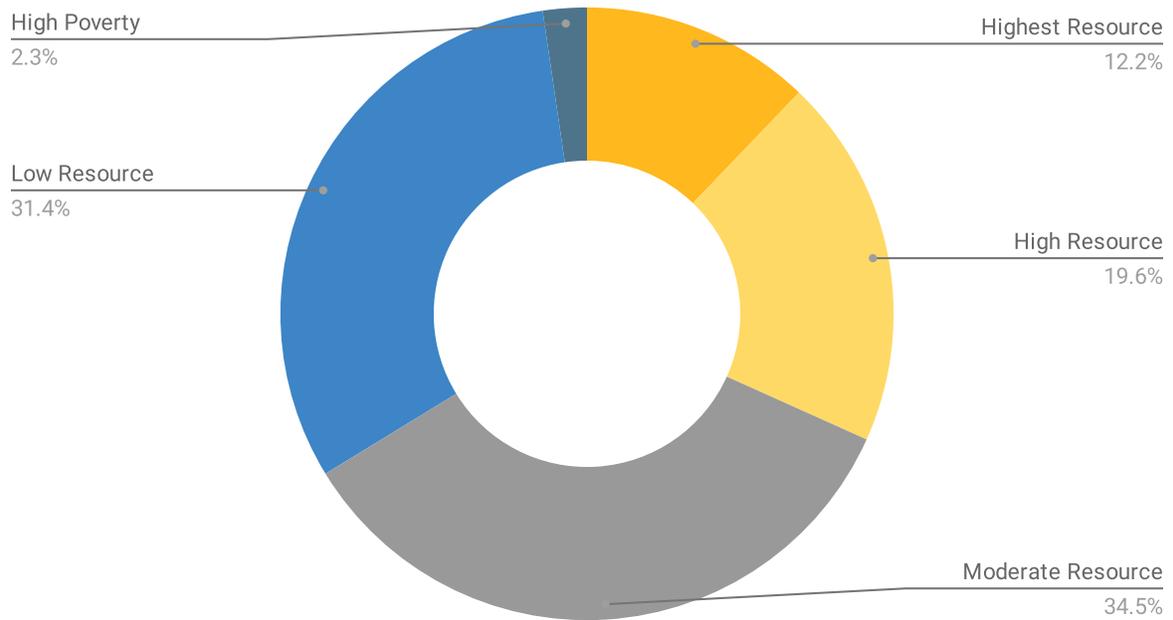


Figure 1. Religious Land by TCAC Opportunity Area Tier in Sacramento County



Source: Turner Center analysis of the total religious acres number overlaid with state TCAC opportunity area maps.

Figure 2. Religious Land by TCAC Opportunity Area Tier in San Diego County



Source: Turner Center analysis of the total religious acres number overlaid with state TCAC opportunity area maps.

Only a small share of total religious land is located near transit, but there are opportunities to build affordable housing in neighborhoods that are both higher-resource and transit-accessible.

In addition to expanding the supply of housing, one of California’s policy priorities is to align land use development with the state’s goals for GHG mitigation. We analyzed the amount of potentially developable land zoned for religious use that is also located near transit. This analysis revealed that 2,416 acres—representing 6 percent of total religious-zoned land—are located within a half mile of a fixed rail transit station or within a quarter mile of a bus stop (Table 3). For religious land located within TCAC’s “Highest” and “High” Resource Opportunity Areas, we find that 256.5 acres, or 10 percent, are also located near transit. These sites offer opportunities to meet the state’s dual affordable housing and climate change mitigation objectives.

Despite opportunities, local land use regulations and other constraints can present barriers to developing housing on these parcels.

As with other privately-owned land, religious organizations must adhere to local rules on

what they can build. Cities limit development on any given parcel through zoning and other land use regulations. In interviews, stakeholders identified two primary regulatory barriers: parking requirements and zoning restrictions. For example, a city’s existing zoning code may require a minimum parking amount for religious uses on top of parking minimums for new housing units, even where the existing parking is utilized sparingly (i.e., only on days of worship and special events). If the organization seeks to build on an existing parking lot, the city may also require the replacement of parking lost to the new housing, which may add significant costs that render development infeasible. This is a particular challenge for organizations looking to build on small lots where accommodating parking for residents and congregants on one site is not possible due to a lack of space or the expense of constructing podium or underground facilities.

Zoning was also identified as a challenge if the land is located in an area limited to single-family or low-density development, or where larger multi-family buildings (e.g., 50 units or more) are prohibited. This is often the case in suburban locations where the majority of land is zoned for low-density uses. Pursuing a variance from these zoning requirements can extend a project’s timeline, increase costs, and/or garner opposition (including CEQA lawsuits) from neighboring property owners.

Table 3. Potentially Developable Acres of Religious Land Near Transit in Five California Counties

County	Total Potentially Developable Acres Near Transit	Total Potentially Developable Parcels Near Transit	Median Parcel Size (Acres)
Alameda	334	406	.41
Los Angeles	386	462	.52
Sacramento	226	131	.78
San Diego	545	352	.77
San Francisco	87	160	.41

Stakeholder concerns over zoning restrictions are not unfounded. Our analysis shows that a significant share of religious land is located on parcels that are exclusively zoned for single-family development. In Oakland, Sacramento, and San Diego, more than half of all religious land is zoned for single-family uses (Table 4). Even in San Francisco, where more of the city overall is zoned for multi-family and/or other uses, almost a quarter (21.6 percent) of the city’s total potentially developable religious land disallows multi-family buildings.

Figures 3 and 4 map the potentially developable parcels in San Francisco and the San Fernando Valley with an overlay showing the proportion of land zoned only for single-family uses in blue (see Appendix for maps of Los Angeles, Oakland, San Diego, and Sacramento).

Financing Challenges

A lack of financing options presents another major barrier to scaling affordable and market-rate housing on religious-zoned land. In the

Table 4. Potentially Developable Acres of Religious Land in Areas Zoned for Single-Family Housing in Five California Cities

City	Total Citywide Potentially Developable Acres	Total Potentially Developable Acres in Areas Zoned R1	Percentage of Religious Acreage in Areas Zoned R1
Los Angeles	1,292	545	42.2%
Oakland	175	89	50.6%
Sacramento	418	276	66.1%
San Diego	652	331	50.6%
San Francisco	99	21	21.6%

Figure 3. Map of San Fernando Valley Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



Figure 4. Map of City and County of San Francisco Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



past, faith-based organizations made use of HUD's Section 202 program for senior citizens to build smaller scale on-site affordable housing. As funding for the program diminished, and as its rules allowed developers to blend these funds with the LIHTC program, smaller projects could no longer compete for HUD funding. While LIHTC is a critical source of funding for new construction (and indeed, funds the majority of subsidized housing in the United States), affordable housing funded through the LIHTC program tends to be in medium- to large-sized developments (e.g., 50 units) in order to be competitive for state funding programs and benefit from economies of scale. However, not all institutions are comfortable with developing larger developments, and may instead prefer smaller-scale buildings (e.g., 10 to 20 units). At this time, smaller-scale affordable development funding streams do not exist at the state level, and local affordable housing funds may also be structured to favor larger LIHTC projects that leverage state funds.

Because of the lack of public funds, religious institutions may prefer to pursue privately-financed housing development that is financed through a traditional debt and equity structure. This often occurs in partnership with a developer who builds the housing on behalf of the religious organization. However, because the religious organization often wants to maintain control and ownership over the land (e.g., through a ground lease structure), the number of developers who are interested in this type of opportunity is more limited. For many institutions, their land represents their most important asset, and as a result, would prefer to maintain ownership through a ground lease structure.

Restrictions Related to Affordable Housing

Traditional affordable housing restrictions present other challenges to religious institutions as well. For example, due to federal fair housing law, a faith-based organization that builds affordable housing is not allowed to

set aside units for members of their staff or clergy because it would violate fair housing laws. California school districts faced a similar barrier until 2016 when legislators passed a new law giving public schools explicit permission to prioritize LIHTC-funded units for their own workers. Opportunities for mixed-income projects are also limited because of the rigidity of most state affordable housing financing sources (i.e., projects with non-deed-restricted units are less competitive in the LIHTC funding process).

Religious organizations may also run into another challenge faced by others aspiring to build affordable housing for their workers. Federal LIHTC income limits—usually defined as a percentage of Area Median Income (AMI)—are likely too low for some of the organization’s employees to qualify. For example, pastors in Oakland earn an average salary of \$55,000 a year.⁴ For comparison, 60 percent of AMI for a household size of one in Alameda County is \$50,000 a year. Because of these rules, traditional affordable housing development may not be the right fit for some religious organizations.

Capacity Constraints

Lastly, most faith-based organizations do not have the experience or capacity to navigate the complex development process. For example, a faith-based organization may not account for the ongoing cost implications of maintaining housing over the long term, or could underestimate the value of retaining their land relative to their organization’s needs and goals. Even seemingly routine aspects of pursuing a development partner—such as issuing a Request for Proposal—can require knowledge and capacity that many institutions do not have. As such, many faith-based organizations may be apprehensive about pursuing housing.

Recommendations

In order to provide more flexibility to religious institutions throughout the state that wish to build homes on their land, certain policy changes should be considered.

Relax local land use barriers

Policymakers should revise parking requirements and density limitations to allow for greater flexibility in building housing on religious land. Eliminating replacement parking requirements and thereby lowering total required on-site parking for both new housing and religious use will greatly increase the feasibility of these kinds of projects. Density limitations should also be revisited and recalibrated to allow for reasonable amounts of housing to be built in areas that are traditionally lower in density, such as single-family neighborhoods. Recalibrating these requirements will improve the chances of housing being built, and will also allow for housing to be built in areas that may be high-resource. Two pending proposals in the California legislature propose solutions to these issues: AB 1851 eliminates replacement parking requirements while SB 899 allows for all-affordable housing on both religious and medical non-profit property at a minimum density and through a by-right approval process if it meets specific requirements.

Improve financial mechanisms

Financial mechanisms should be improved to catalyze more housing on religious-owned land. For affordable housing, this could include creating a preference for LIHTC projects on religious-owned property in higher-resource areas. Scoring could also be adjusted to favor smaller-scale development on these properties to align with the preferences of these organizations. This change is an important opportunity to expand access to

higher-resource communities given that the majority of LIHTC projects are located in low-resource areas. At the federal level, HUD could request more funding for its Section 202 program, which faith-based organizations can utilize to construct smaller-scale housing for the elderly.

For private housing, faith-based organizations and their development partners should consider non-traditional sources of financing such as small multifamily products offered by CDFIs or Fannie Mae. Additionally, state initiatives such as CalHFA's mixed-income program may also be a fit for these organizations.

Build capacity for faith-based organizations

Mechanisms should be created or expanded to provide technical assistance and other support to institutions who are interested in pursuing housing but lack the expertise and capacity to do so. Models for this type of assistance are already in place. For example, the Local Initiatives Support Corporation (LISC) has multiple programs providing faith-based organizations with the skills and knowledge to navigate the development process.⁵ These programs include technical workshops, financial resources and connections to experienced housing developers. This type of focused support is critical for building capacity and knowledge for organizations who are interested in pursuing housing on their property, but lack the resources and experience to do so alone.

Conclusion

Providing pathways for new homes through the initiative of faith-based organizations can play a significant role in addressing California's broader housing crisis, particularly in areas that are most conducive to fostering economic mobility for low- and moderate-income households. As our research shows, there is a tremendous potential for new housing in the amount of land that is currently zoned for religious uses throughout the state.

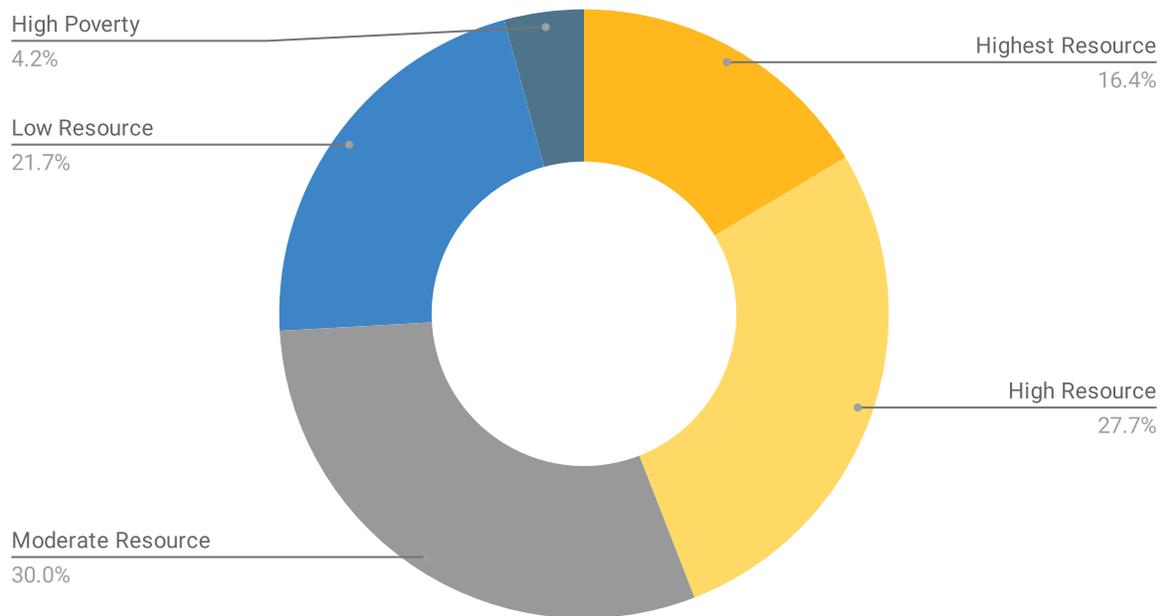
As faith-based organizations grapple with the best uses for underutilized land, interventions at the state and local levels in the form of regulatory reform and new financial tools can provide important support.



Appendix I:

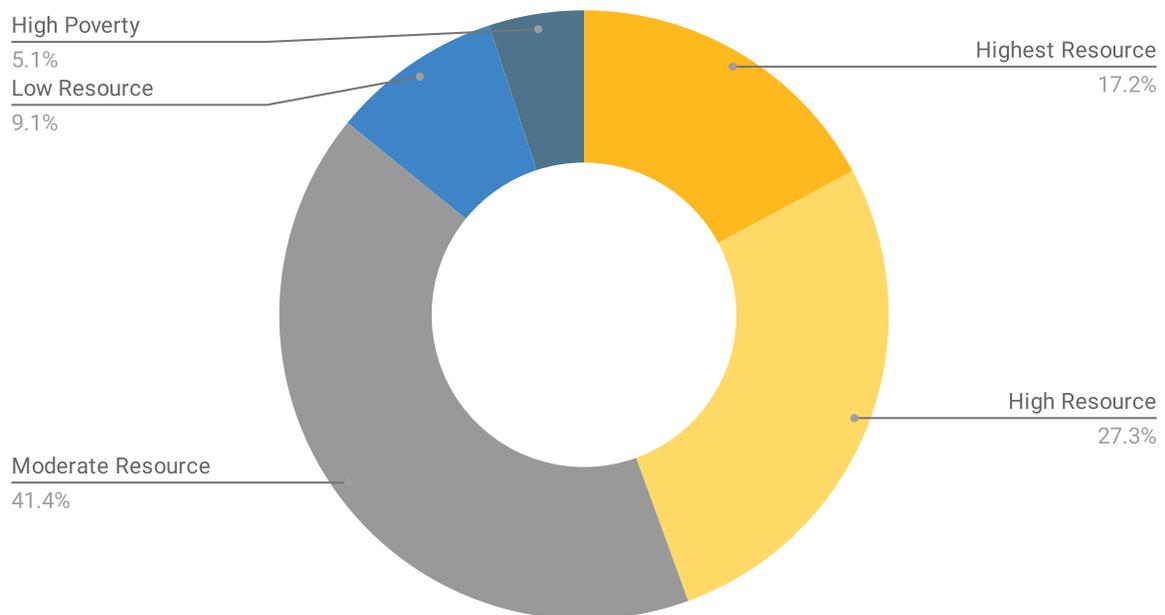
Religious Properties and Opportunity Mapping

Religious Land by TCAC Opportunity Area Tier in Alameda



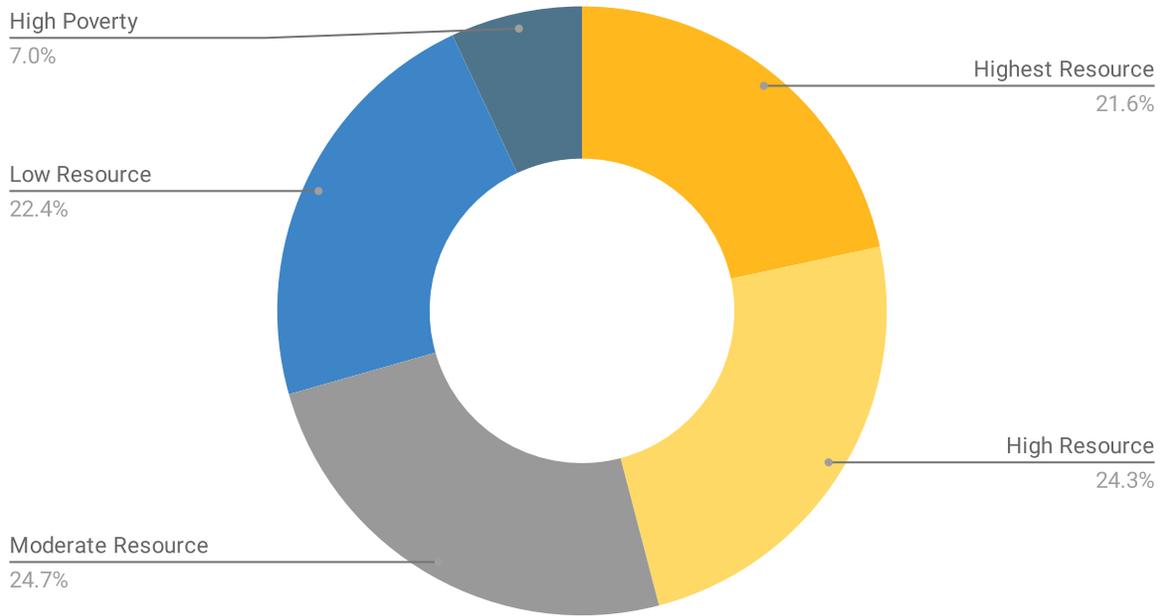
Source: Turner Center analysis of the total religious acres number overlaid with state TCAC opportunity area maps.

Religious Land by TCAC Opportunity Area Tier in San Francisco City and County



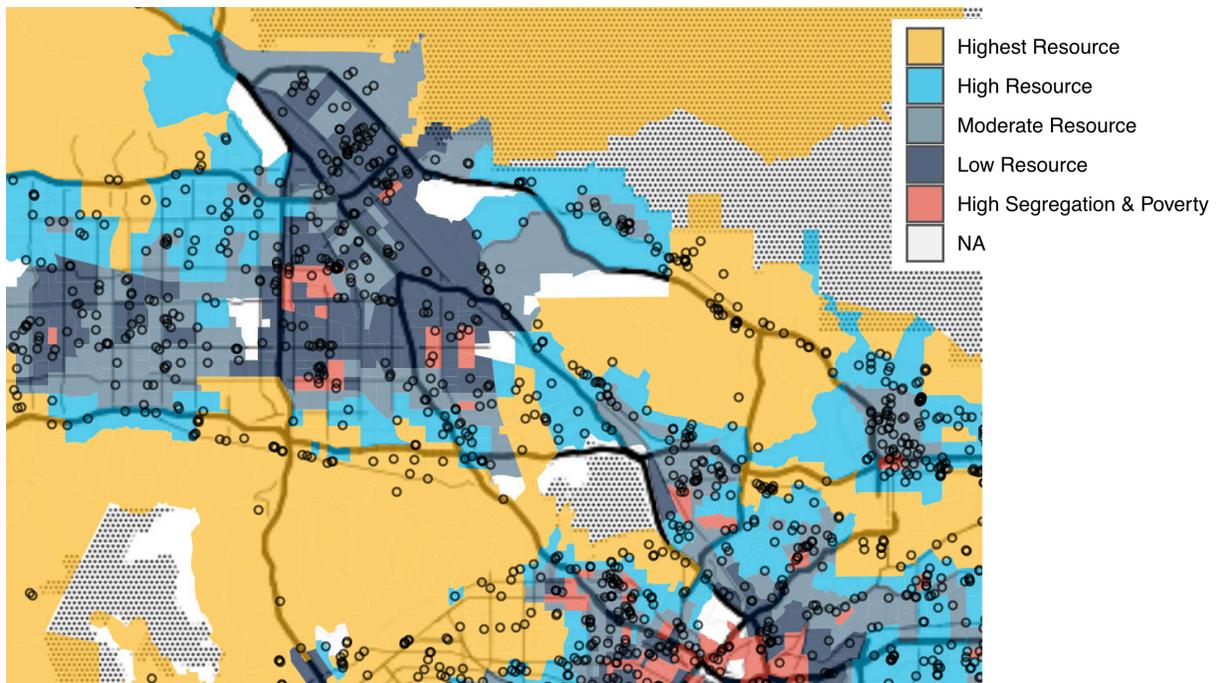
Source: Turner Center analysis of the total religious acres number overlaid with state TCAC opportunity area maps.

Religious Land by TCAC Opportunity Area Tier in Los Angeles County

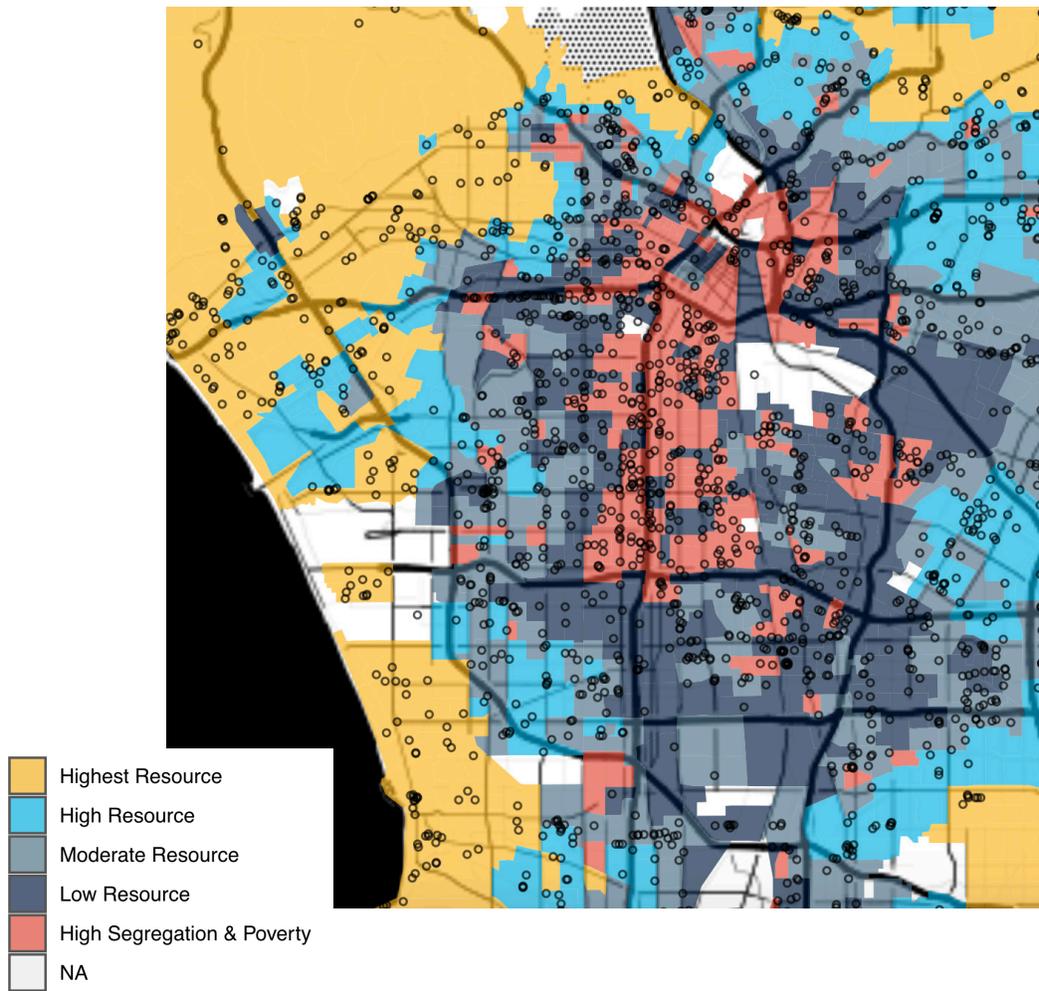


Source: Turner Center analysis of the total religious acres number overlayed with state TCAC opportunity area maps.

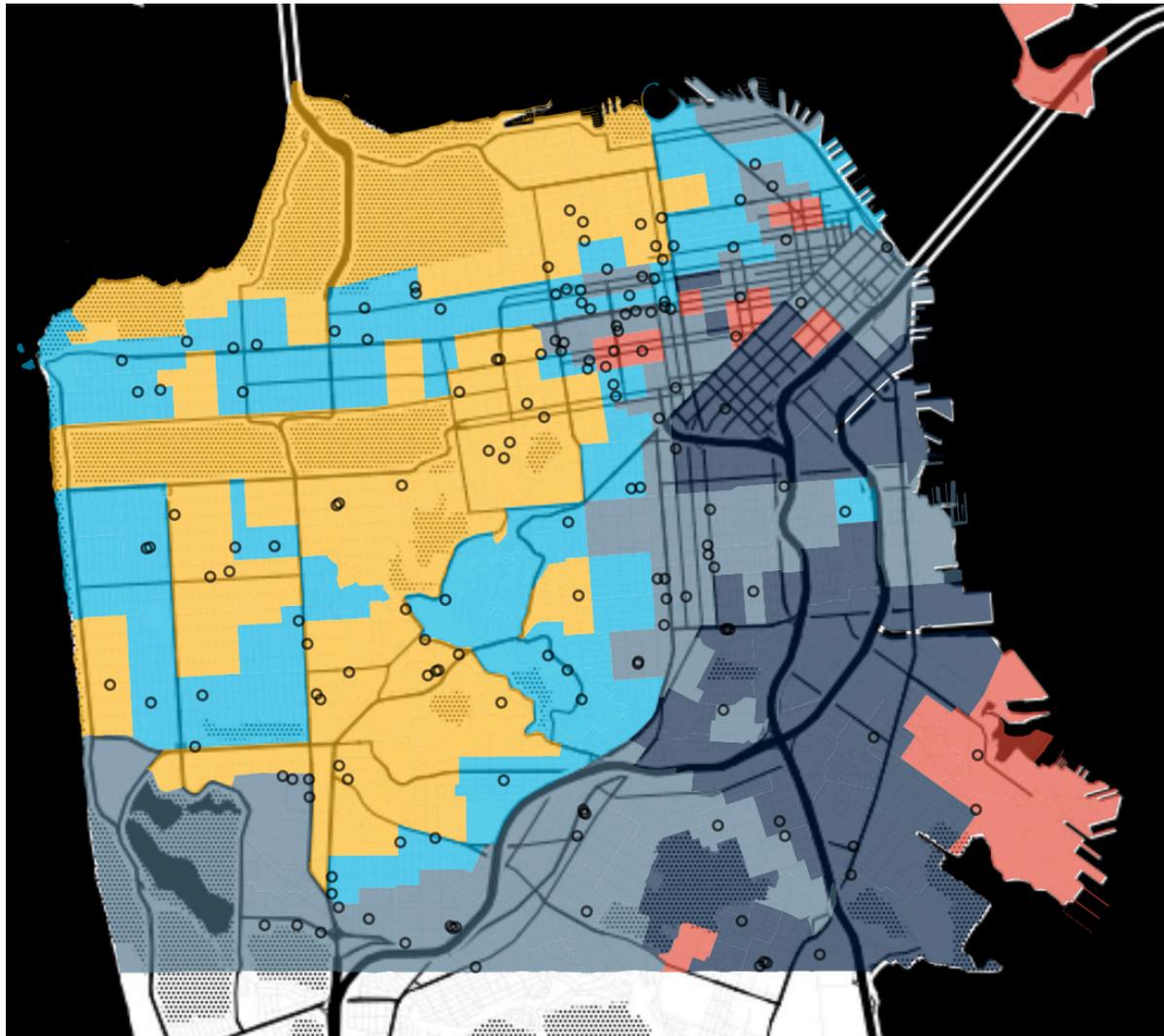
Map of San Fernando Valley / Northern Los Angeles Potentially Developable Parcels of Religious Land with TCAC Opportunity Area Overlay



Map of Central Los Angeles Potentially Developable Parcels of Religious Land with TCAC Opportunity Area Overlay

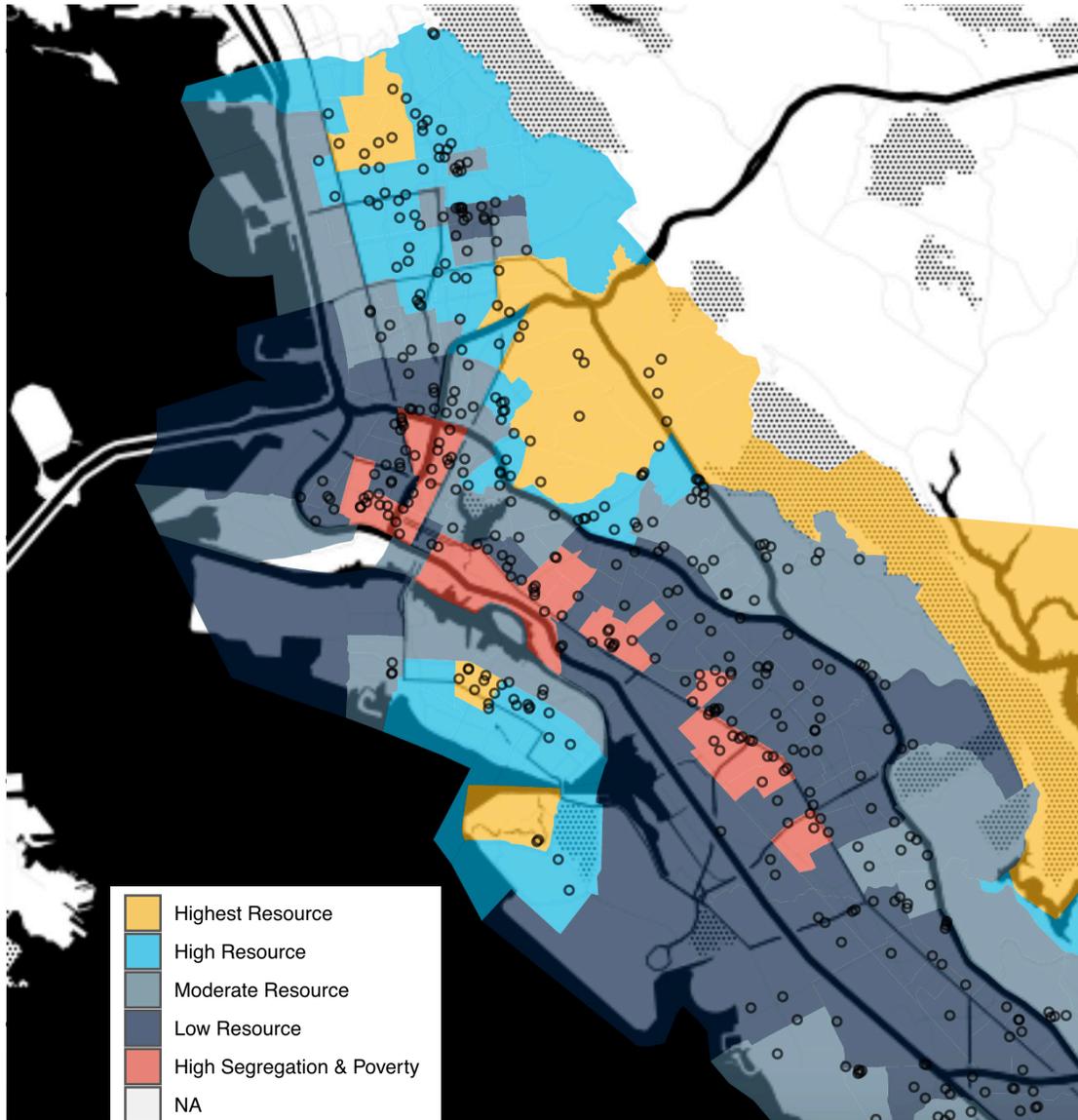


Map of San Francisco City and County Potentially Developable Parcels of Religious Land with TCAC Opportunity Area Overlay

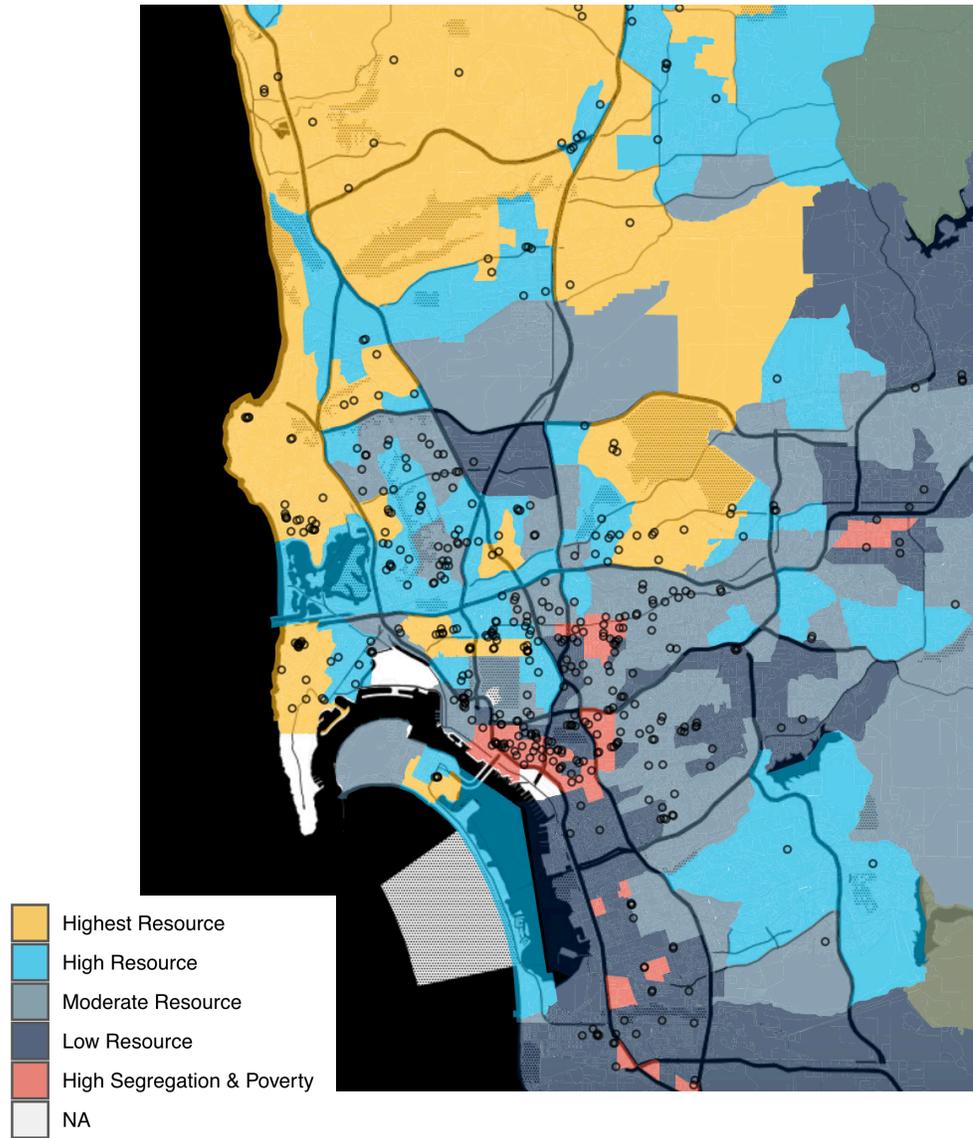


- Highest Resource
- High Resource
- Moderate Resource
- Low Resource
- High Segregation & Poverty
- NA

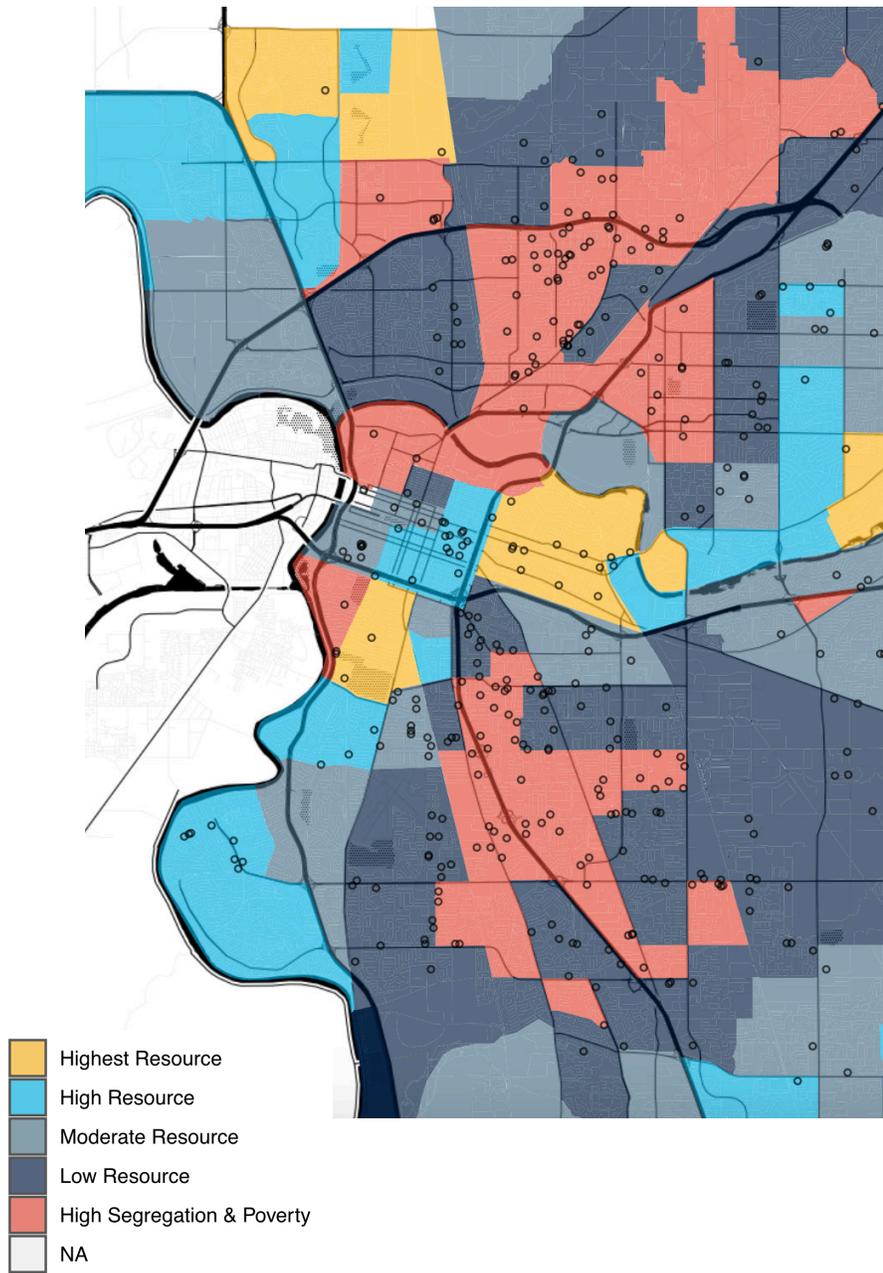
Map of Oakland / Western Alameda County Potentially Developable Parcels of Religious Land with TCAC Opportunity
Area Overlay



Map of Central San Diego County Potentially Developable Parcels of Religious Land with TCAC Opportunity Area Overlay



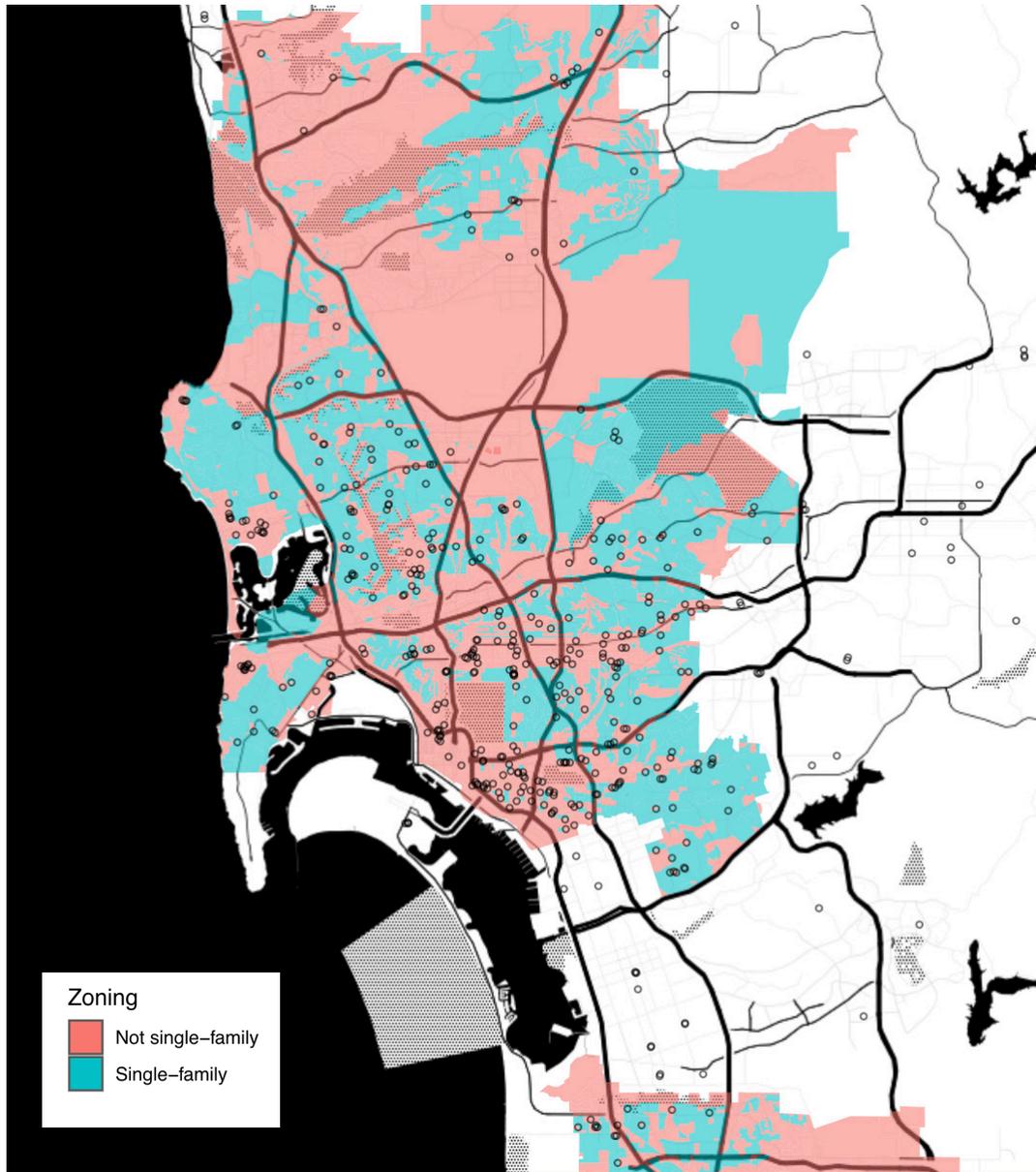
Map of Central Sacramento County Potentially Developable Parcels of Religious Land with TCAC Opportunity Area Overlay



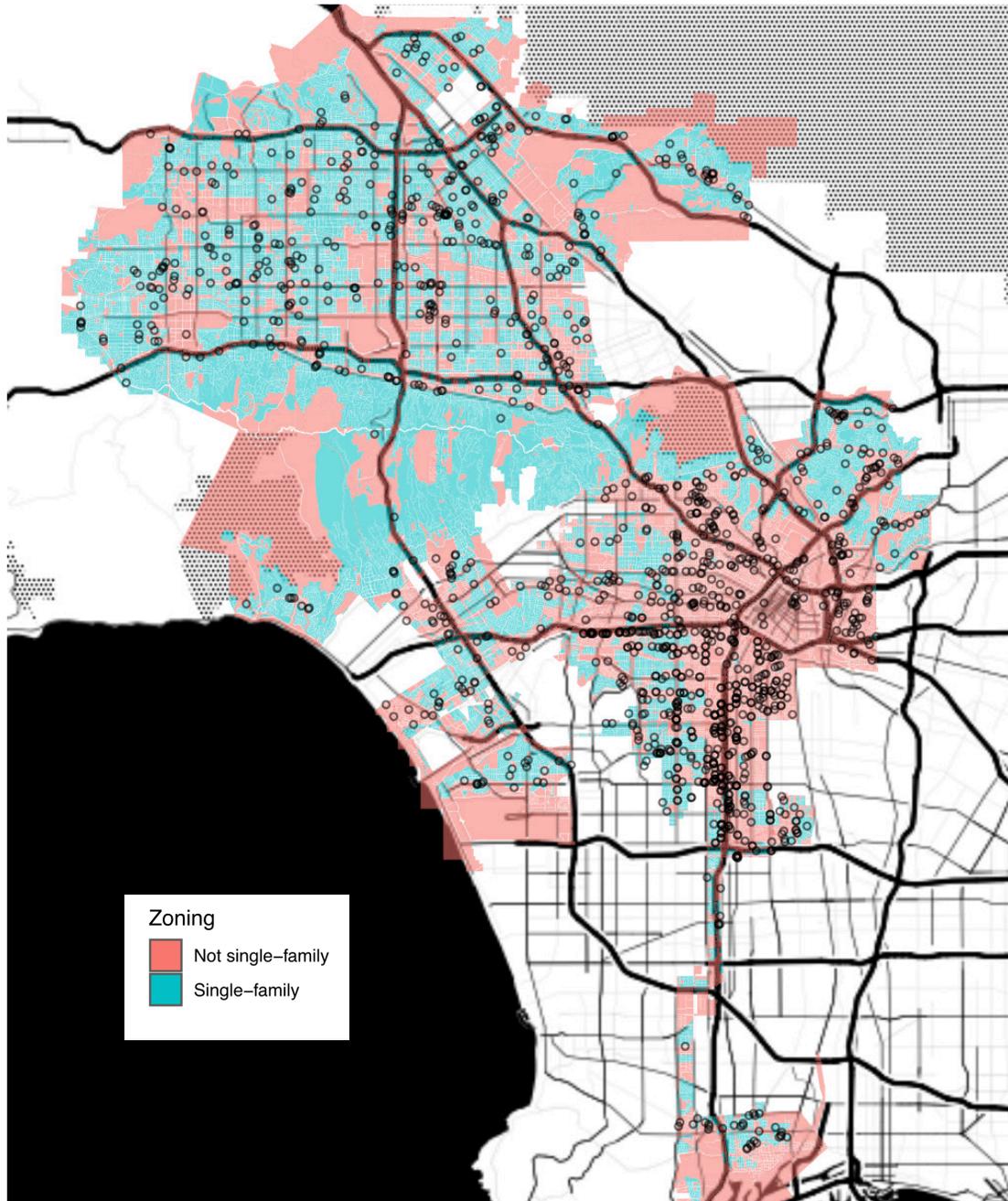
Appendix II

Religious Properties and Single-Family Zoning

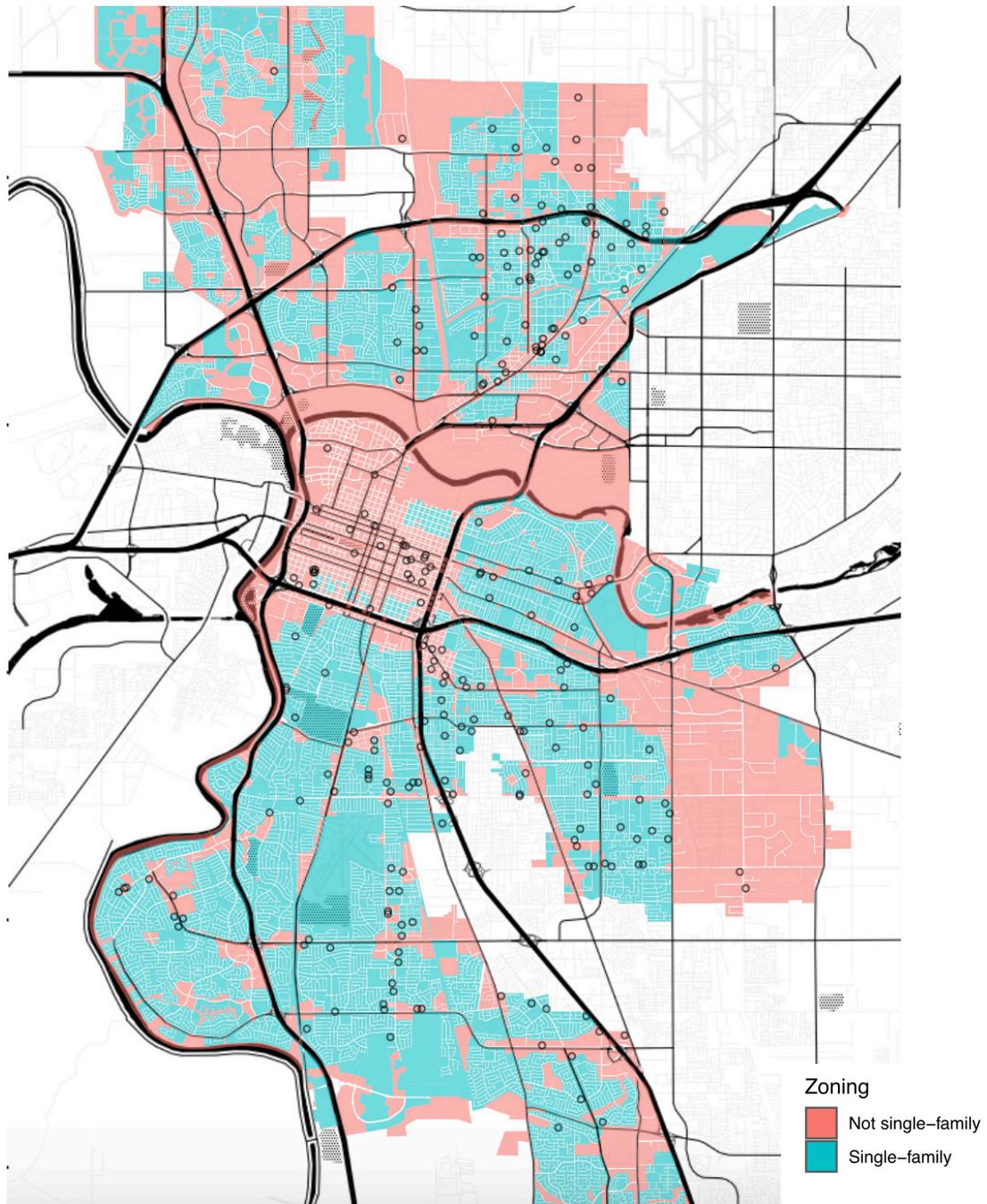
Map of City of San Diego Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



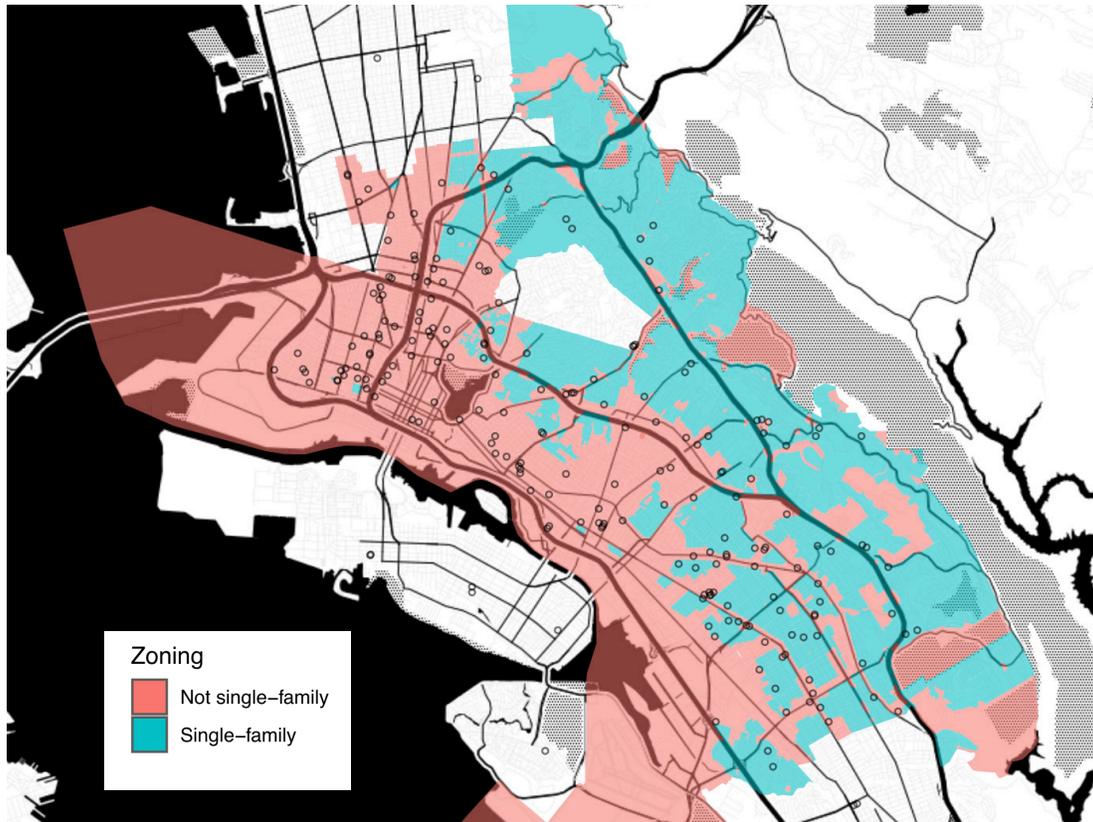
Map of City of Los Angeles Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



Map of City of Sacramento Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



Map of City of Oakland Potentially Developable Parcels of Religious Land with Single-Family Zoning Overlay



ENDNOTES

1. Defined as areas within ½ mile of fixed rail transit stops and/or within ¼ mile of bus stops.
2. Some county assessor offices do not track religious land. As a result, this database did not include data for 15 counties: Amador, Humboldt, Inyo, Lake, Madera, Marin, Mariposa, Napa, Nevada, Orange, Plumas, Riverside, San Joaquin, San Mateo, Shasta, Stanislaus.
3. California Fair Housing Task Force. Draft Methodology for the 2020 TCAC/HCD Opportunity Map. April 2020. Retrieved from: <https://www.treasurer.ca.gov/ctcac/opportunity/draft-2020-tcac-hcd-methodology-december.pdf>.
4. Compensation data from [payscale.com](https://www.payscale.com). Accessed April 14, 2020.
5. See LISC's Alameda County Housing Development Capacity-Building Program and the New York Land Opportunity Program. Retrieved from: <https://www.lisc.org/bay-area/what-we-do/affordable-housing/achdcbp/>.

