



SEATTLE CITY COUNCIL

Land Use Committee

Agenda

Public Hearing

Wednesday, June 5, 2024

2:00 PM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Tammy J. Morales, Chair
Dan Strauss, Vice-Chair
Cathy Moore, Member
Maritza Rivera, Member
Tanya Woo, Member

Chair Info: 206-684-8802; Tammy.Morales@seattle.gov

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June 5, 2024 - 2:00 PM

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Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://www.seattle.gov/council/committees/land-use>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

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Submit written comments to Councilmembers at Council@seattle.gov.

Please Note: Times listed are estimated

A. Call To Order**B. Approval of the Agenda****C. Public Comment****D. Items of Business**

1. [CB 120761](#) **AN ORDINANCE relating to conversions of existing nonresidential structures to residential use; adding a new Section 23.40.080 to the Seattle Municipal Code.**

Supporting Documents:

[Summary and Fiscal Note](#)

[Summary Att 1 - SEPA DNS](#)

[Director's Report](#)

[Central Staff Memo \(6/5/24\)](#)

[Presentation \(6/5/24\)](#)

[Amendment 1 v2](#)

Briefing, Discussion, and Public Hearing (30 minutes)

Presenters: Geoffrey Wendlandt, Office of Planning and Community Development (OPCD); Lish Whitson and Asha Vekataraman, Council Central Staff

2. [CB 120771](#) **AN ORDINANCE** relating to land use and zoning; adopting interim provisions to facilitate occupancy of street-level spaces in the Downtown, South Lake Union, and Uptown Urban Centers; adding a new Section 23.42.041 to the Seattle Municipal Code; and amending Sections 23.42.108, 23.48.005, 23.48.020, 23.48.040, 23.48.240, 23.48.740, 23.49.009, 23.49.011, 23.76.004, and 23.76.006, and Downtown Overlay Maps 1G and 1J in Chapter 23.49 of the Seattle Municipal Code.

Attachments: [Full Text: CB 120771](#)

Supporting

Documents:

[Summary and Fiscal Note](#)

[Summary Att A - Map A for 23.48.240 \(South Lake Union\)](#)

[Summary Att B - Map A for 23.48.740 \(Uptown\)](#)

[Summary Att C - Downtown Map 1G](#)

[Summary Att D - Downtown Map 1J](#)

[Summary Att E - Determination of Non-Significance](#)

[Director's Report](#)

[Central Staff Memo \(6/5/24\)](#)

[Presentation \(6/5/24\)](#)

Briefing, Discussion, and Public Hearing (30 minutes)

Presenters: Mike Podowski and Gordon Clowers, Department of Construction Inspections (SDCI); Ketil Freeman, Council Central Staff

3. **Update on the Permit Audit Recommendations**

Supporting

Documents:

[Audit Report Recommendation Updates \(6/5/24\)](#)

[2023 Audit Report](#)

[Presentation \(6/5/24\)](#)

Briefing and Discussion (30 minutes)

Presenters: Director Nathan Torgelson and Andy Higgins, Department of Construction and Inspections (SDCI)

E. Adjournment



Legislation Text

File #: CB 120761, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to conversions of existing nonresidential structures to residential use; adding a new Section 23.40.080 to the Seattle Municipal Code.

WHEREAS, greater downtown Seattle has experienced significantly increased vacancy rates for commercial offices since the COVID 19 pandemic; and

WHEREAS, The City of Seattle holds it as a high priority to support economic recovery for downtown neighborhoods; and

WHEREAS, on June 29, 2023, Mayor Bruce Harrell released a Downtown Activation Plan that identified numerous strategies and actions to support downtown recovery, including actions that increase residential uses in downtown; and

WHEREAS, City departments are engaging in planning processes for long-term solutions to increase downtown activity that may include programmatic actions, such as establishing a crisis care center, and capital investments; and

WHEREAS, in addition to long-term strategies a variety of immediate actions are sought to increase downtown activation and vitality in the short term; and

WHEREAS, during 2023 the State Legislature passed, and Governor Inslee signed, Engrossed Substitute House Bill 1042 amending the state law to create more housing units by removing some of the state's restrictions on adding dwelling units within existing structures; and

WHEREAS, in May and June 2023, the Office of Planning and Community Development (OPCD) sponsored a

competitive call for ideas to convert Seattle downtown commercial spaces to residential use, and OPCD received 13 proposals that provided suggestions for policy and code changes; and

WHEREAS, the proposed actions of this ordinance would increase housing supply; and

WHEREAS, the City through its Seattle Department of Construction and Inspections (SDCI) may provide additional flexibilities outside of this legislation with respect to application of the construction codes to proposals for conversion of existing structures to residential uses on a case-by-case basis using existing authority, and Mayor Harrell has directed SDCI to explore such flexibilities with owners of candidate structures; and

WHEREAS, nothing in this proposed legislation authorizes the City to approve permit applications in cases in which the building cannot satisfy life safety standards; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Section 23.40.080 is added to the Seattle Municipal Code as follows:

23.40.080 Conversion to residential use in an existing structure

A. For the purposes of this Section 23.40.080, “conversion to residential use in an existing structure” means a development that meets all the following criteria:

1. It does not expand a structure horizontally beyond the boundaries of the existing or approved exterior walls except for addition of incidental features that are necessary to accommodate residential use such as: ramps for ADA access, replacement windows or sheathing, addition of material enabling increased insulation, structural features to increase safety, additions for the purpose of complying with construction and energy codes and building performance standards for the conversion to residential use, circulation features for fire and life safety, mechanical equipment, plumbing and duct work, or awnings and bays. The horizontal expansion for incidental features shall not increase the floor area of the structure by more than 5 percent.

2. It does not expand the structure vertically beyond the existing or approved roof elevation, except by up to 15 feet to accommodate configuration or expansion of top floor residential use or rooftop

features in residential use. Stair and elevator penthouses, mechanical equipment, and rooftop features allowances otherwise provided by the underlying zone may be placed on top of the 15-foot accommodation for configuration of top floor residential use without disqualifying the development from meeting this criterion.

3. The building in which the conversion would occur received either a temporary or permanent certificate of occupancy prior to March 1, 2024, or if no temporary or permanent certificate of occupancy is available is determined by the Director to have been legally occupied or is in a building approved for future development for which an unexpired Master Use Permit was issued, prior to March 1, 2024.

4. It is a conversion of floor area from nonresidential uses to residential uses that increases the number of dwelling units or congregate residence sleeping rooms in the structure.

5. It does not increase the square footage of nonresidential uses in the structure.

6. It is located in a commercial zone, a Downtown zone, a Seattle Mixed (SM) zone, the Highrise (HR) zone, or the Midrise (MR) zone.

B. The determination of whether a proposed development qualifies as a conversion to residential use in an existing structure pursuant to subsection 23.40.080.A, and any related land use approvals concerning how the standards of this Section 23.40.080 apply shall be Type I decisions.

C. A conversion to residential use in an existing structure meeting the criteria of subsection 23.40.080.A shall be exempt from all development standards and land use regulations of Chapter 23.45 (Multifamily), Chapter 23.47A (Commercial), Chapter 23.48 (Seattle Mixed), Chapter 23.49 (Downtown Zoning), Chapter 23.52 (Transportation Concurrency, and Transportation Impact Mitigation), Chapter 23.53 (Requirements for Streets, Alleys, and Easements), Chapter 23.54 (Quantity and Design Standards for Access, Off-Street Parking, and Solid Waste Storage), Chapter 23.58A (Incentive Provisions), and Subtitle III, Division 3, Overlay Districts, of this Title 23, except that the following categories of development standards and regulations within any of those chapters shall continue to apply:

1. Permitted and prohibited use regulations pertaining to nonresidential uses;

2. Administrative conditional use regulations;
3. Light and glare standards;
4. Noise standards;
5. Institutions;
6. Home occupations;
7. Transitional encampment accessory uses;
8. Landmark Districts and designated landmark structures; and
9. Subsections 23.54.040.F, 23.54.040.G, 23.54.040.H, 23.54.040.I, and 23.54.040.J, solid waste and recyclable material storage and access.

D. A development proposal for conversion to residential use in an existing structure meeting the criteria of subsection 23.40.080.A in a building with features that are legally nonconforming to applicable development regulations for nonresidential use shall retain a comparable legal nonconforming status upon conversion to residential use. The Director may approve as a Type I decision any additional features of an existing building nonconforming to applicable development regulations which in the judgment of the Director cannot reasonably be rendered conforming in connection with conversion to residential use.

E. A conversion to residential use in an existing structure meeting the criteria of subsection 23.40.080.A shall be subject to the following exemptions if the structure is already constructed or construction has commenced on the structural frame for the structure:

1. Exempt from design review; and
2. Exempt from requirements under Chapter 23.58C (Mandatory Housing Affordability for Residential Development) for any portion of the development proposal that converts floor area from a nonresidential use to a residential use.

F. A conversion to residential use in an existing structure meeting the criteria of subsection 23.40.080.A shall be subject to the following if the conversion is in a building approved for future development for which an

unexpired Master Use Permit was issued prior to March 1, 2024, and construction on the structural frame for the structure has not yet commenced:

1. Any design review modification to the issued and unexpired Master Use Permit necessary to add residential use shall be reviewed, and may be approved by the Director as a Type I decision; and

2. Notwithstanding the provisions of subsection 23.58C.025.B, any portion of the development proposal that converts floor area from a nonresidential use to a residential use shall be subject to the requirements of Chapter 23.58C that were in effect on the vested date of the unexpired Master Use Permit.

Section 2. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2024, and signed by me in open session in authentication of its passage this _____ day of _____, 2024.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2024.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2024.

Scheereen Dedman, City Clerk

(Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
OPCD	Geoff Wentlandt	Christie Parker

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to conversions of existing nonresidential structures to residential use; adding a new Section 23.40.080 to the Seattle Municipal Code.

Summary and Background of the Legislation:

This legislation aims to remove regulatory barriers by providing broad exemptions from dimensional and design development standards when an existing structure, or structure that is permitted, is converted to housing from another use. The exemptions are from development standards and requirements of any commercial and downtown zone, Seattle Mixed zone, Midrise zone, and Highrise zone except for a limited subset of requirements such as noise and odor regulations, provisions that address commercial uses that may continue in the structure, and historic preservation. Building projects that have not been constructed and have an existing unexpired Master Use Permit as of March 1, 2024, are eligible for conversions; this allows permitted but not constructed projects to convert space to residential use without needing to completely restart the permitting process.

The proposed legislation also exempts conversions to housing from the City’s Mandatory Housing Affordability (MHA) and Design Review requirements, although these requirements remain in effect for buildings that have been permitted but have not yet been constructed.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No meaningful financial impacts.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

This legislation affects SDCI as the staff will need to be made aware of the code amendment for the purposes of permit review. However, this will not create a meaningful fiscal impact on SDCI. This legislation will not increase the amount of permit review by SDCI staff. It may in fact decrease the amount of permit review time required compared to the absence of the legislation because it exempts conversion projects from all complex land use reviews. No changes to zoning maps or changes to the permit tracking software are required. Although the proposed legislation exempts conversions from MHA this is not expected to create an adverse effect because in the absence of the legislation the conversions would not likely take place and therefore would not generate MHA proceeds.

Please describe any financial costs or other impacts of *not* implementing the legislation.
None.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

This legislation affects SDCI as the staff will need to be made aware of the code amendment for the purposes of permit review. However, this will not create a meaningful fiscal impact on SDCI. No changes to zoning maps or changes to the permit tracking software are required.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No. This legislation applies to any existing structure converting to housing from another use in any commercial and downtown zone, Seattle Mixed zone, Midrise zone, and Highrise zone around the city.

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

This legislation does not impact vulnerable or historically disadvantaged communities.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

None.

- iii. **What is the Language Access Plan for any communications to the public?**
None.

d. Climate Change Implications

- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

No. This proposal does not alter the City’s energy code for buildings. Emissions and energy performance of the building being converted would be considered as part of a building permit review in individual conversions. When older structures are converted, it is likely that the project would improve energy and GHG emissions performance of the building to a level that is closer to meeting current standards. Since the legislation concerns conversions of structures from an existing use to another use, the proposed action is not expected to substantially increase or decrease the total amount of vehicle trips in the area.

- ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

This legislation could increase Seattle’s resiliency by improving the energy performance of older structures. The legislation intends to improve the balance of residential and commercial uses in downtown, which has been dominated by office uses. This provides the potential for a better balance of jobs and housing in the center of the city, which can reduce vehicle trips.

- e. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program’s desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**

No.

5. CHECKLIST

Please click the appropriate box if any of these questions apply to this legislation.

- Is a public hearing required?**
Yes. A City Council public hearing must be conducted before legislation can be adopted.
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
Yes. OPCD published a SEPA determination of non-significance (DNS) on January 11, 2024, in the DJC and the City’s Land Use Information Bulletin.
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**

- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**
No.

6. ATTACHMENTS

Summary Attachments:

Summary Att 1 - SEPA Threshold Determination: Conversion to Housing Legislation



City of Seattle

Office of Planning & Community Development

Rico Quirindongo, Acting Director

**CITY OF SEATTLE
ANALYSIS AND DECISION OF THE DIRECTOR
OF THE OFFICE OF PLANNING AND COMMUNITY DEVELOPMENT**

**SEPA Threshold Determination
Conversion to Housing Legislation**

- Project Sponsor:** City of Seattle Office of Planning and Community Development
- Location of Proposal:** Land located in any downtown or commercial or zone, and in the Seattle Mixed (SM), Highrise (HR), or Midrise (MR) zones in the City of Seattle
- Scope of Proposal:** The proposal is a legislative action that exempts development that is the conversion from nonresidential use to residential use in an existing structure from certain development standards and Mandatory Housing Affordability (MHA) requirements.

BACKGROUND

Proposal Description and Background

The Office of Planning and Community Development is proposing to make changes to regulations to facilitate the conversion of nonresidential uses to residential uses in existing buildings. The proposal would apply in any downtown or commercial zone, and in the Seattle (SM), Highrise (HR), and Midrise (MR) zones – which are the zones that most commonly include existing nonresidential structures and permit residential uses. The proposal legislation is intended to meet and exceed the requirements on cities to permit the conversion from nonresidential uses to residential uses in existing structures pursuant to the State Bill 1042 that was passed by the Washington State legislature during the 2023 legislative session. The proposed legislation includes the following components:

1. Adds a new Section 23.40.080 “Conversion to residential use in an existing structure” to Chapter 23.40 – the exceptions chapter of the code. The new section provides an exception for eligible conversion projects from most development standards in the land use code.

2. Provides an exemption from the Mandatory Housing Affordability (MHA) residential requirements for eligible conversions from nonresidential to residential use.
3. Clarifies that design review is not required for eligible conversions.

Public Comment

Proposed changes to the Land Use Code require City Council approval. Opportunity for public comment will occur during future Council hearings in the first quarter of 2024. During the first half of 2023 Mayor Harrell convened downtown area stakeholders in a series of meetings and consultations related to formulation of a Downtown Activation Plan.

ANALYSIS - OVERVIEW

The following describes the analysis conducted to determine if the proposal is likely to result in *probable significant adverse environmental impacts*. This threshold determination is based on:

- * the copy of the proposed Ordinance;
- * the information contained in the *SEPA checklist* (dated January, 2024);
- * information in relevant policy and regulatory documents including the Comprehensive Plan, the City's SMC Title 25 and Title 23, and
- * Washington State House Bill 1042 and associated documents.
- * the information contained in the Director's Report; and
- * the experience of OPCD analysts in reviewing similar documents and actions.

ELEMENTS OF THE ENVIRONMENT

Short -Term Impacts

As a non-project action, the proposal will not have any short-term adverse impact on the environment. No project specific action is proposed.

Long-Term Impacts

As a non-project action, the proposal is anticipated to have minor long-term impacts on the environment. Future development affected by this legislation will be reviewed under existing laws. Although the legislation provides exceptions from certain development standards and other requirements, development would continue to be subject to a subset of the regulations and procedures of the current code, as discussed in the Land

Use, Historic Resources, and Public Utilities and Services passages of this determination below.

An important factor in the determination of environmental impact is the fact that the proposed legislation only concerns the conversion of existing structures from nonresidential to residential use. Other types of new development in Seattle are not affected by the proposed legislation. The types of developments that would be affected by this legislation are not major alterations of the built environment because they are limited to changes within existing built structures. The legislation also allows for development proposals with an existing unexpired Master Use Permit to access exemptions if they convert space from nonresidential to residential use, and in these cases the permitted development is considered the baseline condition.

The proposed legislation could incrementally increase the likelihood of existing buildings being converted from nonresidential uses such as offices or retail to housing, compared to under the existing regulations. In some instances a conversion could lead to a different pattern or intensity of activity within the existing structure under residential use compared to the prior nonresidential use, which could theoretically cause a minor impact. The potential for such minor impacts are discussed below in relevant topic areas.

The proposed legislation exempts conversions from nonresidential uses to residential uses from Mandatory Housing Affordability (MHA) requirements. The impacts of this component of the proposal are discussed in the housing section below.

The expected number of conversions is another factor in this determination. The City expects the number of conversions from nonresidential uses to residential uses to be small, due to the cost and complexity of converting existing structures to housing. This assessment is informed by the Call for Ideas process conducted during 2023, which invited building owners to submit their proposals for converting specific buildings. Thirteen submittals were received. Only a handful of those submittals and other proposals outside of the process are known by the City to be interested in converting to housing despite efforts by the City to encourage and solicit conversion proposals. This contextual information informs the City's understanding of the total pace and quantity of conversions that can reasonably be expected.

Natural Environment

The natural environment includes potential impacts to earth, air, water, plants/animals/fisheries, energy, natural resources, environmentally sensitive areas, noise, releases of toxic or hazardous materials. Adoption of the proposed legislation is not anticipated to result in adverse impacts on any of these elements of the natural environment, compared to development that might occur under existing regulations. The proposal could incrementally

increase the likelihood of existing buildings being converted from nonresidential uses such as offices or retail to housing, compared to under the existing regulations. However, it is not expected that such conversions would increase the profile of impacts to earth, air, water, plants/animals/fisheries, energy, natural resources, environmentally sensitive areas, noise, or releases of toxic or hazardous materials. It is more likely that the this proposal would improve the natural environment because typically rehabilitation projects that convert existing structures include improvements to the energy performance and stormwater runoff aspects of buildings, or other upgrades that could reduce impacts on the natural environment. Conversions are most likely to occur in older structures that commonly predate current energy codes.

Built Environment

The proposed legislation will have minimal effects on the built environment because the scope of the legislation is limited to eligible conversions within existing structures. The impacts to the built environment include any impacts related to land and shoreline use, height/bulk/scale, housing, and historic preservation. The proposed legislation allows eligible conversions to include the addition of up to 15 feet of building height above the existing roof, and incidental modifications beyond the exterior walls only to the extent they are necessary to accommodate features necessary for residential use. Below is a discussion of the relationship between the proposal and built environment:

Land Use

The proposal would not encourage uses incompatible with the City's Comprehensive Plan or Shoreline Master Program or other adopted plans. The zones affected are the downtown and commercial zones, the Seattle Mixed (SM) zone, the Highrise (HR) zone and the Midrise (MR) zone. All of these zones are located in parts of the city that are planned for dense development with a mix of uses including residential uses. No uses that are not already allowed by zoning would be permitted by the proposed changes, because the legislation maintains the allowable uses provisions for nonresidential uses, and it maintains administrative conditional use provisions concerning nonresidential uses.

Housing

The proposed legislation could have an incremental and minor impact on housing if the legislation encourages the conversion of nonresidential uses to residential uses. This is considered by the City to be a positive impact on housing because increasing housing supply is a policy goal for the city. Additionally, the City understands that because of the nature of potentially affected projects as conversions, there would be a substitution effect of an existing nonresidential use with an associated impact on housing to a new

residential use. Since one use is being converted to another it is plausible that there would be little or no net increase in the degree of impact from development on housing.

The proposed legislation exempts conversions from nonresidential uses to residential uses from Mandatory Housing Affordability (MHA) requirements. Under existing regulations, any time new dwelling units or sleeping rooms are created, MHA requirements apply. The proposed change could theoretically have a minor negative impact on housing by reducing the amount of rent- and income-restricted housing or in-lieu payments towards affordable housing that would be included in conversions. Due to the small number of total conversions that are expected, the City does not consider this potential impact on housing to be more than minor. The potential for minor impact from forgone MHA housing or payments would be offset by the positive supply impacts discussed above, further contributing to an assessment of the impact as minor or less.

Height/Bulk/Scale, Shadows, and Views

Potential impacts on Height/Bulk/Scale, Shadows and Views would not be more than minor primarily because the proposed legislation only pertains to conversions of existing structures. There would be no substantial change to the built environment compared to the existing condition.

The proposed legislation allows eligible conversions to include the addition of up to 15 feet of building height above the existing roof, and incidental modifications beyond the exterior walls only to the extent they are necessary to accommodate features necessary for residential use. These small changes to existing structures would be permitted without design review (although it is most likely that design review also would not be required even in the absence of the proposed legislation). If the legislation incrementally encourages conversions to residential uses there could be an increase in the instances of minor exterior alterations of existing structures or addition of penthouses on top of existing structures. There theoretically could be minor impact if such incidental alterations increase the perception of bulk at the top of buildings, or incrementally increase shadows and views, or make minor aesthetic alteration to the exterior of the structure. Such impacts would not be more than minor however, because in the context of a changing and growing city such minor physical changes to an existing structure are commonplace and would in most cases hardly be perceptible to the average observer in nearby rights of way or on neighboring properties.

Historic Preservation

The proposed legislation does not alter historic review processes for structures in a Seattle historic district, or for any designated historic Landmark. The legislation clarifies that the relevant historic review processes would continue to apply. If the legislation incrementally encourages the conversion of existing structures to residential it is likely that some historic-aged structures and properties in a landmark district or historic landmark structures could be affected. However, since the existing procedures

concerning historic preservation are maintained any potential for impact would not be more than minor.

Noise, Light & Glare, Environmental Health

The proposed legislation does not alter the applicability of several standards concerning noise, light and glare and environmental health. In the proposed legislation conversions are not exempt from categories of development standards including noise standards, light and glare standards and the solid waste and recyclable material storage and access provisions of Section 23.54.040. The application of these standards combined with the fact that the legislation only concerns conversions of existing structures, and that the total number of conversions is expected to be small, allows for a determination that there would be no meaningful impact to noise, light and glare and environmental health due to the proposed legislation.

Transportation and Parking

The proposal is not anticipated to result in any direct adverse impacts on transportation or parking. The proposal exempts conversions of nonresidential uses to residential uses from parking regulations and potentially other standards concerning transportation improvements required of new development. In most instances residential uses in the affected areas have little or no parking required under existing regulations. The proposal could theoretically have a minor adverse impact on transportation or parking if the proposal incrementally increases the likelihood of conversions to residential, and if such conversions exert a different or higher pattern of transportation usage than the nonresidential uses that would be replaced. However, it is equally likely that conversions to residential uses in an existing building could reduce impacts on parking or the transportation system. For instance, a conversion from an office use to a residential use in a center city location would be more likely to have positive impacts on transportation because it would replace a trip demand pattern of employment uses during commute times with a more dispersed trip demand pattern of residents in a center city location. As a result of the factors described above and in other parts of this determination no adverse impact that is more than minor is anticipated from the proposed action on transportation and parking.

Public Services and Utilities

Adoption of the proposal will not directly result in an increased need for public services. The proposal could incrementally increase the intensity or density of residential uses in an area if the proposed legislation incrementally increases

the likelihood of conversions of existing buildings to housing. This could theoretically indirectly lead to an increased need for public services associated with residential use, such as an increased number of residents needing emergency services, or visiting nearby public facilities such as libraries and parks. However, a conversion is characterized by one use replacing another and therefore no substantial net increase in demand for services could be assumed or expected.

The affected area of the proposal in downtown, commercial, Seattle Mixed, Highrise and Midrise zones is well served by the full suite of utility services, including natural gas, electricity, broadband, stormwater and sewer. The degree of change compared to what might occur under existing regulations would not adversely impact the ability of existing utilities to serve anticipated development. Due to the factors discussed in this section and other information above, we determine that there would be no adverse impact that is more than minor as a result of the proposed legislation.

DECISION – SEPA

Adoption of the proposed ordinance would have no short-term impacts on the environment and would not have more than minor adverse long-term impacts on elements of the natural or built environment.

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist and other information on file with the responsible department. This constitutes the Threshold Determination and form. The intent of this declaration is to satisfy the requirements of the State Environmental Policy Act (RCW 43.21C), including the requirement to inform the public agency decisions pursuant to SEPA.

- [X] Determination of Non-Significance. This proposal has been determined to not have a significant adverse impact upon the environment. An EIS is not required under RCW 43.21C.030(2)(c).
- [] Determination of Significance. This proposal has or may have a significant adverse impact upon the environment. An EIS is required under RCW 43.21C.030(2)(c).

RECOMMENDED CONDITONS--SEPA

None

Signature: __[On File]_____

Geoffrey Wentlandt, Land Use Policy Manager
Office of Planning and Community Development

Date: January 08, 2024



Conversion To Housing

Seattle Office of Planning and Community Development (OPCD)
Director's Report and Recommendation
February, 2024

Introduction and Background

The Office of Planning and Community Development (OPCD) proposes to add and edit text provisions in the Land Use Code (Seattle Municipal Code Title 23) to remove barriers to conversion of existing structures from nonresidential to residential uses. The proposed changes aim to remove regulatory barriers by providing broad exemptions from dimensional and design development standards anytime an existing structure is converted to housing from another use. This could potentially make it easier and more straightforward for property owners to convert existing structures into residential use, fostering housing development in the city – especially in and near downtown. The proposed legislation also exempts conversions to housing from the City's Mandatory Housing Affordability (MHA) requirements.

OPCD published a draft Ordinance on January 11, 2024 and issued a SEPA determination of non-significance. OPCD received several comments on the proposal and conducted further reviews by City staff and interested parties. The current proposed legislation incorporates several changes and revisions in response to comments.

Several drivers led to this proposal:

Bill 1042. During 2023 the State legislature passed, and Governor Inslee signed Engrossed Substitute House Bill number 1042 that amends the state's laws to create more housing units by removing some of the restrictions that are currently in place for adding dwelling units within existing structures.

Downtown Activation Plan. In June 2023 Mayor Bruce Harrell released a Downtown Activation Plan that identified numerous strategies and actions to support downtown recovery including actions that increase residential uses in downtown.

OPCD Call for ideas. In May and June 2023, the Office of Planning and Community Development (OPCD) sponsored a competitive call for ideas to convert Seattle downtown commercial office spaces to residential use. OPCD received 13 proposals that provided suggestions for policy and code changes.

Trends in work models. The pandemic has accelerated the adoption of remote work and hybrid work models. This has led to changes in work culture and preferences, which have softened the demand for

commercial office space compared to prior to the pandemic. As a result, the Seattle office vacancy rate climbed to over 20% by some measures during 2023.¹

Need for more housing. Although the rate of new housing production in Seattle has been at near historic levels in the recent past, Seattle has been gaining jobs at an even faster pace. Between 2005 and 2019, Seattle would have needed to produce an additional 9,000 housing units to maintain its baseline ratio of jobs to housing units. This shortage of housing supply increases competition for each available unit, driving up rents and housing prices across the market². One of the City's primary strategies to address high housing costs is to support increased housing production of all kinds.

Proposal

The proposed legislation is designed to broadly exempt conversions to housing from dimensional and design development standards when residential uses are added within an existing building envelope. Although many development proposals for conversion would not be required to comply with such standards under existing regulations, the proposal clarifies the issue and removes the potential for interpretations that a conversion could be required to meet a development standard – such as a floor plate size limit, amenity area requirement, landscaping requirement, or a façade design standard, as examples. The proposal would also reduce the cost of conversion to residential use by removing the requirement that conversions include or make in-lieu payment towards affordable housing through the City's Mandatory Housing Affordability requirements.

Information about the key elements of the proposed legislation is summarized below.

Applicable geographic area. The proposal is intended to apply in all areas of the city where non-residential structures (i.e. office or retail spaces) commonly exist and multifamily residential uses are allowed – the places where conversions to housing are plausible and likely. The proposal applies in the following zones.

- All Downtown zones
- All of the City's Commercial (C) and Neighborhood Commercial (NC) zones
- All Seattle Mixed (SM) zones
- Midrise (MR) and Highrise (HR) zones

Broad exemption from development standards. The proposal is intended to provide broad and comprehensive exemptions. A new section "Conversion to residential use in an existing structure" is added to the exemptions section (SMC 23.40) of the code. The proposal exempts eligible conversions from all the standards and requirements of the zones listed above except for a limited subset of requirements that provide basic protections, provisions that address commercial uses that may continue in the structure, and historic preservation. The only zoning requirements not exempted are:

- Permitted and Prohibited Use Regulations Pertaining to Nonresidential Uses.

¹ [Colliers' Q2 report pegs Seattle office vacancy rate at 24% - Puget Sound Business Journal \(bizjournals.com\)](https://bizjournals.com/puget-sound/news/2023/02/colliers-q2-report-pegs-seattle-office-vacancy-rate-at-24/)

² City of Seattle Market Rate Housing Needs and Supply Analysis, April 2021
[SeattleMarketRateHousingNeedsAndSupplyAnalysis2021.pdf](https://www.seattle.gov/development/land-use/MarketRateHousingNeedsAndSupplyAnalysis2021.pdf)

- Administrative Conditional Uses Regulations.
- Light and Glare Standards.
- Noise Standards.
- Institutions.
- Home Occupations.
- Transitional Encampments Accessory Use.
- Landmark Districts and Designated Landmark Structures.
- Most of the provisions of the Solid Waste and Recyclable Material Storage and Access (Section 23.54.040).

Definition of eligible conversion. The proposal defines the parameters for what type of renovation qualifies as a conversion to residential. Commercial spaces have very different physical characteristics from residential uses, and therefore to accommodate new residences in a building designed for commercial space some major alteration of the building's structural features and configuration can be necessary. This proposal allows for incidental and minor modifications of a structure's envelope while still qualifying as a conversion.

- The conversion cannot expand a structure horizontally beyond the boundaries of the existing exterior walls with the exception of incidental features necessary for residential use. These features may include ramps for ADA access, replacement windows or sheathing, materials for increased insulation, structural enhancements for safety, and circulation features for fire and life safety. The horizontal expansion for such incidental features may not increase the floor area of the structure by more than 5 percent.
- The conversion cannot expand the structure vertically beyond the existing roof, except for a limited extension of up to 15 feet to accommodate the configuration of top-floor residences. Additional structures such as stair and elevator penthouses, mechanical equipment, and rooftop features allowed by the underlying zone may be placed on top of the 15-foot accommodation without disqualifying the development from meeting this criterion.
- A structure must be existing or have received a permit as of March 1, 2024 (roughly the time of this proposed ordinance) to be eligible as a conversion.
- Buildings with an existing unexpired Master Use Permit as of March 1, 2024 would be eligible as a conversion. This allowance is included because the City is aware that some development proposals were in the permitting process while major changes to the economic climate took place. The proposed legislation would allow permitted but not constructed projects to convert space to residential without restarting the permit process completely.
- The conversion must involve changing floor area from nonresidential uses to residential uses, leading to an increase in the number of dwelling units or congregate residence sleeping rooms in the structure.
- The conversion will not result in an increase in the square footage of nonresidential uses within the structure.

Mandatory Housing Affordability (MHA). MHA requires new development in Seattle to either include a small percentage of rent- and income-restricted affordable housing, or to make an in-lieu payment to the City's Office of Housing for affordable housing. Under existing regulations MHA applies whenever a development adds new dwelling units or congregate residence sleeping rooms, even in a conversion of an

existing building. This proposal would exempt eligible conversions within an existing structure from MHA requirements.

There is a sound policy basis for exempting conversions to residential from MHA. First, a basic premise of MHA is that the affordable housing requirements are associated with an increase in development capacity that provides an incentive to developers. In the case of conversions, the development capacity incentive would not be accessible to the developer. Second, one of the bases for MHA is that new development has an impact on the need for affordable housing in the city and the MHA requirements mitigate such impact. In the case of conversion however, the existing structure previously had a use that exerted an impact on housing, and the new residential use would be replacing the old one. For these reasons, an exemption from MHA for conversions to housing is reasonable and does not violate the City's basic principles concerning contribution by new development towards affordable housing.

Under the proposed legislation, development proposals that are permitted but not built and are seeking to take advantage of the exemptions for conversion to residential, would still have to contribute to affordable housing according to the MHA requirements that were in place at the time that the permitted project became vested.

Design Review. The proposed legislation exempts eligible conversions from the City's design review process. Although most conversions would already not be subject to design review, the proposal clarifies the issue and removes potential ambiguity, which can contribute to a faster review and permitting process. The legislation clarifies that for development proposals that are permitted but not built and are seeking to take advantage of the exemptions for conversion to residential, any design review modification to the issued and unexpired Master Use Permit necessary to add residential use shall be reviewed, and may be approved by the Director as a Type I decision.

State Environmental Policy Act (SEPA). Although Engrossed Substitute House bill 1042 calls for exemption of conversions from the SEPA review process, this legislation does not include language about exemption from SEPA. This is because the City has already passed legislation that exempts new residential development from SEPA review, and therefore an additional SEPA exemption passage in the proposed legislation is unnecessary.

Conversion to Housing Call for Ideas

To explore and support conversions to housing OPCD initiated a competitive call for ideas in the spring of 2023 focused on converting commercial office spaces in downtown into residential uses. The call for ideas was driven by a vision of downtown with a more harmonious balance between residential, civic, and office uses compared to its current state. OPCD invited teams of downtown building owners and designers to submit their proposals for conversion to housing. Teams were asked to submit designs, financial feasibility information, and commentary on major constraints or barriers to the conversion. An honorarium was provided for participation and there was a larger award for three winning teams to offset the cost and effort of preparing the proposals.

In June 2023, OPCD received a total of 13 official proposals, each presenting conversion ideas and suggesting policy and code changes. For background and context to the proposed legislation a sample of proposals from the Call for Ideas is below.

THE POLSON & WESTERN BUILDINGS Columbia Street & Western Avenue

The proposal would transform two timber framed historic-aged structures, adding a new shared, central courtyard.

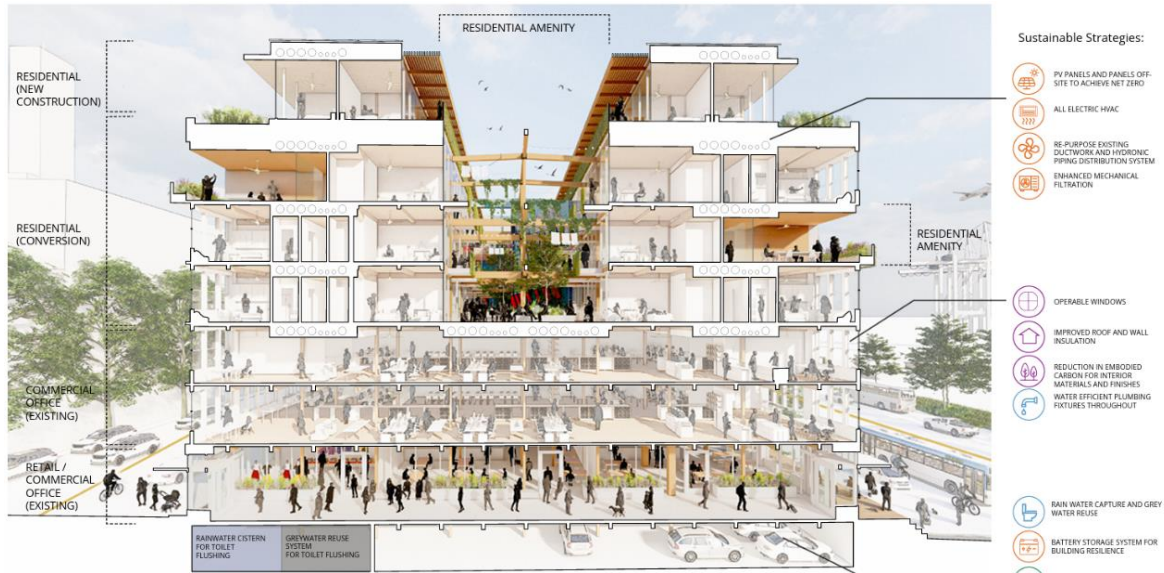


Figure 1 The Polson & Western Building Visualization



Figure 2 Existing and Proposed Plans

MUTUAL LIFE BUILDING 605 1st Ave.

The proposal prioritizes the preservation of existing facades and historic features. Since adding plumbing is a major cost driver, it would create a floor plan where several sleeping rooms share bathrooms. Each level features communal kitchen, living, and laundry facilities. The proposer suggests that rents could be at similar prices to some rent-restricted affordable housing buildings.



ORIGINAL PHOTO (1903)



CURRENT PHOTO

Figure 3 The Historic and Current Building Visualization



Figure 4 Existing and Proposed Plans

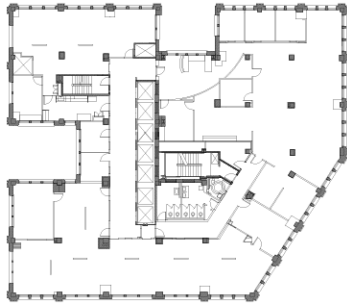
SMITH TOWER 500 2nd Ave.

The proposal aims to transform the floor plans of the iconic Pioneer Square building to accommodate a diverse range of housing types, encompassing studios, one-bedroom, two-bedroom, and three-bedroom apartments.



Figure 5 Smith Tower Conversion Visualization

Typical Existing Floorplate



Lower Tower Typical Proposed Plan



Figure 6 Existing and Proposed Plans

Themes from the Call for Ideas

Some primary themes and recurring suggestions from the Call for Ideas are summarized below, along with notes on whether the proposed legislation addresses the topic. For a complete review of the Call for Ideas content visit OPCD's website [here](#).

Older commercial structures are favorable candidates for conversion. Many of the proposals were for historic structures from the pre-war era. Such structures are strong candidates for conversion because relatively smaller floor plates are more conducive to residential uses and are often out of favor for today's large-scale office tenants. Additionally, the character aspects of historic structures such as masonry and real wood materials can be appealing to residents.

Conversions are complex and costly. All proposals emphasized that conversion is costly. It takes substantial investment to modify structures to add plumbing, walls, circulation and life safety elements. Renovation also has a high degree of uncertainty. Proponents unanimously said their conversion proposals would not be financially viable without additional support. The proposed legislation addresses the suggestions for additional support by potentially reducing some of the cost and uncertainty of conversions.

The City should streamline the permit review process. Numerous proposals called for a straight-to-building permit path and assembling a team to expedite permit review and approval process for conversions. Proposers identified that skipping the design review and SEPA processes would be an effective support.

Financial incentives are needed. Numerous proposals suggested a variety of direct financial supports that could be provided by public sector actors, such as tax credits, affordable housing resources and others. The proposed legislation addresses this suggestion by waiving Mandatory Housing Affordability (MHA) requirements for conversions. MHA in-lieu payments are often in the range of \$10 - \$20 per square foot. The absence of this cost translates to a direct cost reduction for conversions.

The City should provide construction code flexibilities. Energy, mechanical and structural requirements are in construction codes separate from the zoning code. This legislation does not directly address the construction codes. However, under existing authority the City's building official has discretion to provide flexibility from relevant construction codes for conversions on a case-by-case basis if warranted based on analysis and information. City staff from OPCD and SDCI are participating in workshops on an ongoing basis with Call for Ideas proposers to explore and identify specific potential building code flexibilities that may be possible.

Scope and Limitations of Conversions

OPCD emphasizes that the potential scope for the number of conversions is quite limited. Based on data from the Call for Ideas, the basic costs for conversion of existing commercial spaces in Seattle candidate buildings to residential, compared to the cost of "ground up" new construction renders the majority of possible conversions financially unattractive as a real estate investment. Conversions are only likely to happen when a unique set of circumstances and a motivated building owner is present, and/or when outside financial supports are provided.

Based on available information and the status of ongoing workshops with Call for Ideas proposers, OPCD staff believe it is reasonable to estimate that a dozen or less non-residential to residential conversions could be expected in a medium-term time horizon of 7-years. This timeline considers the fact that it takes 1-3 years to conceive of, design, finance and submit permitting documents for conversions. At the time of this writing OPCD is aware of one active proponent for an office to residential conversion that has entered the permitting process. If the average number of units in a residential conversion is approximately 100, a back-of-envelope estimate of the total amount of homes that might result from conversion in a 7-year time horizon would be in the 1,000 – 2,000 unit range.

Nonetheless, conversions can have a substantial positive impact that benefits the public interest even if the overall quantity is modest. Conversions can have a prominent positive presence in a neighborhood if they transform a vacant or partially-vacant structure into a revitalized building with hundreds of new residents. Conversions can have a strong positive effect if they add housing in areas that were previously dominated by commercial or office uses, such as certain portions of Seattle's downtown. It has been a longstanding policy goal of the City to increase the amount of residential development in and around downtown. A conversion to an iconic or strategically located structure in a neighborhood can spur momentum for other residential development in the vicinity.

Other Considerations

There are some risks associated with the potential loss of amenity spaces that are built in existing structures. Since the conversion of existing buildings would be exempt from various development standards, there exists a possibility of losing features that were included in the original development such as existing overhead weather protection or common building amenity areas, at the time of the conversion. In some cases, these features would be required to remain in place if they were permitted as an incentive feature that required recording of a declaration. In those cases the declaration could still be upheld and enforced. However, if a feature was provided solely as an aspect of a development regulation without a recorded declaration it is possible that a developer could alter the feature during the conversion to residential. OPCD and SDCI will actively monitor the first series of conversions to assess and identify any adverse impacts on amenity features. We propose a periodic review of the legislation governing conversions, with the potential to revisit regulations after approximately 5 conversions to ensure ongoing alignment with public benefit considerations.

Findings and Recommendation

The OPCD Director makes the following findings related to this proposed legislation.

- The proposed legislation would help implement the Downtown Activation Plan.
- The proposal is in line with the City's priority to increase housing supply.
- OPCD has evaluated the environmental impacts of the proposal and determined them to be non-significant, primarily because the proposal would not substantially alter the built environment of existing structures. A SEPA DNS was issued on January 11, 2024 and no appeals were received.
- The proposal is consistent with the City's Comprehensive Plan as well as goals and policies in sub-area plans and other relevant planning documents.
- The proposed legislation addresses the requirements and direction provided to Washington cities by Engrossed Substitute House Bill 1042.

In consideration of the factors and information contained in this report OPCD recommends that City Council review the proposed legislation and adopt the associated Land Use Code text amendments.

May 28, 2024

MEMORANDUM

To: Land Use Committee
From: Asha Venkataraman, Analyst
Subject: CB 120761: Office to housing conversion

On June 5, 2024, the Land Use Committee will hold a committee meeting and public hearing to discuss [Council Bill \(CB\) 120761](#), a bill that would amend the Land Use Code to allow the conversion of buildings from any nonresidential to a residential use in a commercial, Downtown, Seattle Mixed, Highrise, or Midrise zone under specific conditions. This memo will provide background, describe the legislation, and outline issues for the Committee's consideration.

Background

In June 2023, Mayor Harrell released a Downtown Activation Plan (DAP), a strategy that includes increasing residential uses downtown. The decrease in demand and increase in vacancy for commercial office space, the need for more housing Citywide, and the passage of Engrossed Substitute House Bill ([ESHB](#)) 1042,¹ which removed state restrictions on adding residential units in existing buildings, are all factors the Executive considered in proposing this legislation. The Office of Planning and Community Development (OPCD) [solicited](#) ideas for converting office space downtown to residential use and received proposals with [ideas for changes in policy](#) to support such conversion, given the small scale of projects and balance of various factors in which conversion would be financially viable. CB 120761 responds to the findings of the call for ideas.

OPCD conducted a State Environmental Protection Act (SEPA) analysis and found no significant environmental impacts resulting from the proposal. OPCD issued a [determination of non-significance](#) (DNS) on January 8, 2024.

¹ ESHB 1042 prohibits a city from imposing a range of restrictions on existing buildings zoned for commercial or mixed use. For example, a city may not place restrictions on housing unit density that prevent the addition of housing at a density up to 50 percent more than what is allowed in the underlying zone if constructed entirely within an existing building envelope and generally applicable health and safety standards can be met.

CB 120761

CB 120761 would waive land use code requirements for the conversion of an existing structure with a non-residential use to a residential use that meets the following criteria:

- The development does not expand a structure horizontally by more than five percent;
- The development does not expand the structure vertically except up to 15 feet for specific uses;
- The building has received a temporary or permanent certificate of occupancy before March 1, 2024; has been determined by the Director to have been legally occupied; or is approved for future development with an unexpired Master Use Permit prior to March 1, 2024;
- The conversion of floor area to residential use increases the number of dwelling units or congregate residence sleeping rooms in the structure;
- The conversion does not increase the square footage of nonresidential uses in the structure; and
- The building is located in a commercial zone, a Downtown zone, a Seattle Mixed (SM) zone, the Highrise (HR) zone, or the Midrise (MR) zone, anywhere in the city.

In general, existing structures must conform with the current land use regulations in the applicable zone when there is a change of use and are thus subject to the appropriate permits and approvals needed to achieve conformity, with limited exceptions. Often older buildings do not conform to current land use code provisions and can therefore be difficult to convert.

The legislation would exempt conversion from specific development standards and land use regulations, including:

- Chapter 23.45 (Multifamily);
- Chapter 23.47A (Commercial);
- Chapter 23.48 (Seattle Mixed);
- Chapter 23.49 (Downtown Zoning);
- Chapter 23.52 (Transportation Concurrency, and Transportation Impact Mitigation);
- Chapter 23.53 (Requirements for Streets, Alleys, and Easements);
- Chapter 23.54 (Quantity and Design Standards for Access, Off-Street Parking, and Solid Waste Storage);
- Chapter 23.58A (Incentive Provisions); and
- Title 23, Subtitle III, Division 3, (Overlay Districts).

The following land use code provisions would continue to apply:

- Permitted and prohibited use regulations pertaining to nonresidential uses;
- Administrative conditional use regulations;
- Light and glare standards;
- Noise standards;
- Institutions;
- Home occupations;
- Transitional encampment accessory uses;
- Landmark Districts and designated landmark structures; and
- Subsections 23.54.040.F, 23.54.040.G, 23.54.040.H, 23.54.040.I, and 23.54.040.J, solid waste and recyclable material storage and access.

Already constructed buildings converting to residential use would be exempt from Mandatory Housing Affordability (MHA) and design review. Permitted but not yet constructed buildings would still be subject to the MHA and design review requirements.

Issue Identification

1. MHA exemption for existing structure conversion

The [MHA](#) program requires that new development or a change of use that adds residential units to a project include a percentage of affordable housing units on-site or provide a payment in-lieu of on-site affordable housing development. Generally, the program requires, for the on-site option, that a percentage of units are income- and rent-restricted to be affordable for households earning less than 40 percent of the average median income (AMI) for small rental units, 60 percent AMI for larger rental units, or less than 80 percent AMI for ownership units. For the payment in-lieu option, the program requires payment of funds comparable to the cost of providing those units on site. MHA does not apply to housing that meets these low-income levels. On the low end, MHA requires that a project include 5 percent of units at these income levels. On the high end, in high-cost areas which were upzoned as part of implementing the MHA program, it requires 11 percent of units to be affordable at these income levels.

CB 120761 would exempt conversion of existing structures from MHA. OPCD's Director's Report provides several reasons for this exemption. First, it explains that MHA is predicated on increasing development capacity in exchange for affordable housing, but in the case of converting existing buildings, the development capacity is not available because the structure is already built, and the provisions of CB 120761 do not allow for the expansion of the structure. Second, the Director's Report explains that new development has an impact on the need for affordable housing in the City and MHA mitigates those impacts. However,

for conversions, the existing structure already had a use that impacted affordable housing, and converting to a new residential use would replace the old use. Lastly, it appears that in many cases, converting from non-residential to residential use of already existing structures can be as expensive as building new construction from the ground up, as many viable buildings need changes to accommodate residential use and other updates, such as seismic retrofitting. Feedback from OPCD's 2023 call for proposals for potential conversion ideas indicated that direct financial support would make it more financially viable for developers to convert existing structures. The Director's Report explains that one form of financial support the City could provide to decrease costs is to waive MHA fees, as in-lieu payments can range from \$10-\$20 per square foot.

As a policy matter, the Committee may want to consider whether the City should be encouraging conversion of smaller buildings or the development of new bigger buildings that would be subject to MHA. The scale of impact on affordable housing from converting buildings to residential uses as compared to the previous use is unclear. Because many of the buildings that are good candidates for conversion are older, and were likely built before MHA applied, any impact on affordable housing would not have been mitigated by virtue of compliance with MHA. Those buildings have a range of uses, with a commensurate range of impacts on affordable housing. Converting those buildings from non-residential to residential use could have a smaller or bigger impact on affordable housing than their existing use, but such an assessment would likely need to occur on a building-by-building basis to determine whether applying MHA makes sense.

In addition, it is not clear whether exemption from the amount of MHA fees that could be collected would be the key financial factor in a developer's decision to convert, given the complexity of financing and other financial factors that impact the viability of conversion.² If so, the Committee may want to balance increasing housing overall through conversion without collecting MHA fees with the potential that no conversion from vacant office space and therefore no increase in housing units nor MHA fee collection will occur because MHA fees make conversion too expensive.

² In addition, while outside the scope of this specific bill, the first two items in the Director's Report raise the question of why all conversions are not exempt from MHA, given that this reasoning applies to conversions of any existing structures that could be converted, not just those described in this legislation.

2. Street level use exemptions

CB 120761 would broadly exempt conversions from a number of existing land use regulations, including street level use requirements, which are intended to activate an area. Part of the Executive's rationale for this and other bills in the DAP package, particularly [CB 120771](#), which is intended to relax street level use requirements to incentivize more activation, is to support downtown recovery. However, an exemption from street level use regulations for conversion may result in residential uses at the street level, which are unlikely to encourage activity throughout the day compared to street level uses such as cafes or retail.

The Committee may want to consider whether such an exemption should be retained when weighing the appropriate balance between decreasing regulatory barriers to incentivize increased housing conversion and activating and neighborhood-serving street level uses, particularly in areas with an increase in residents. Living on the ground floor can implicate a resident's privacy concerns, and having a unit's window coverings closed at all times to maintain privacy does not provide much activation. It is not clear whether requiring street level uses is a key factor in a developer's decision to convert. One factor is whether converting a vacant building to housing without street level uses would outweigh no development in that vacant building at all. Another is that given the small number of projects in which conversion might be financially viable, it is possible that the benefits of converting units to housing may outweigh the impact of not having street level uses in those projects, particularly if there are areas nearby that already have active street level uses.

3. Other exemptions

CB 120761 would broadly exempt conversions from a number of existing land use regulations, including parking and landscaping requirements; review under the Shoreline Master Program; and special review district regulations. The Committee may want to consider whether conversions should be subject to any of these regulations. For example, exemption from off-site parking regulations might mean that when more residents move into the area, and some proportion of them use vehicles, they may use more on-street parking, which could create more parking congestion in the area.

In particular, the legislation exempts conversion from the regulations in Title 23, Subtitle III, Division 3, (Overlay Districts), which regulates overlay districts and [special review districts](#), including the Pioneer Square Preservation District and the International Special Review District. While CB 120761 retains the applicability of landmark district and historic district regulations, special review district regulations are not similarly retained. The exemption of conversion from Title 23, Subtitle III, Division 3, (Overlay Districts) would also include Section 23.60A Seattle Shoreline Master Program Regulations, which apply to the Shoreline District (all shorelines of the City within its jurisdiction) and superimpose shoreline specific regulations to the underlying zone regulations. Upon further analysis and consultation with

OPCD, Central Staff believes that on balance, exempting conversion from Title 23, Subtitle III, Division 3 will not confer many benefits and may cause more issues than such benefits are worth, such as the need for additional processes to amend the Shoreline Master Program.

Options:

- A. Amend CB 120761 to remove exemptions from:
 - 1. MHA;
 - 2. Street-level use regulations;
 - 3. Shoreline Master Program regulations;
 - 4. Special Review District regulations; or
 - 5. Any combination of the above.
- B. No change.

Next Steps

CB 120761 may be before the Committee for a potential vote at a special meeting on June 21, 2024. Please submit amendments to the legislation to Central Staff by Wednesday June 12.

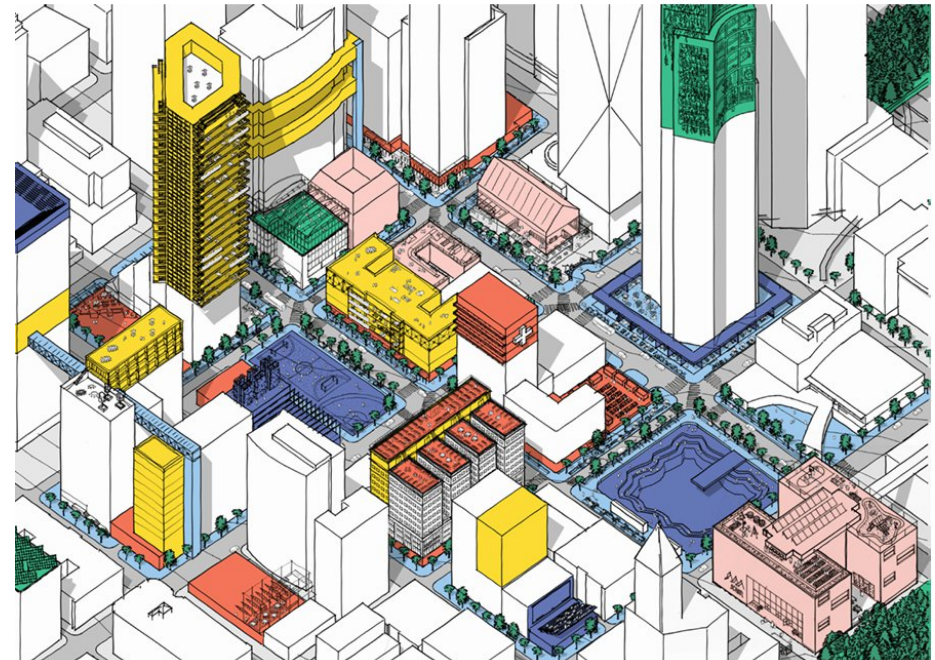
cc: Ben Noble, Director
Lish Whitson, Lead Analyst

Conversion to Residential Regulatory and Cost Relief Legislation

Office of Planning and Community Development (OPCD)
Land Use Committee Briefing
June 5, 2024

Why focus on conversions to residential?

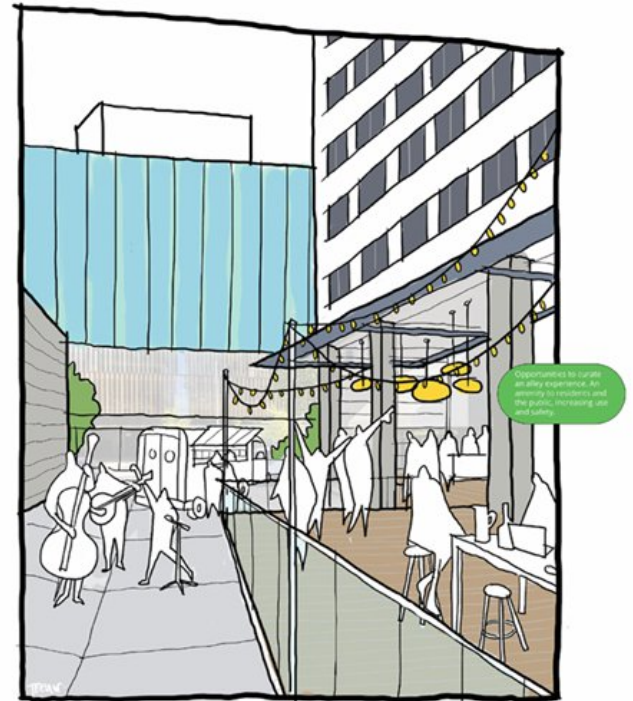
- As a result of the pandemic, office vacancy rates went from approximately 5% in 2019 to roughly 25% in downtown in early 2024.
- At the same time, Seattle continues to face a shortage of housing as average rents increased by 32% after inflation between 2012 and 2022.
- With an over inventory of commercial/office in downtown and citywide scarcity of residential, Mayor Harrell asked us to look at opportunities to right-size both.



Studies from the OPCD call for ideas envisioned how downtown could be improved with a more varied mix of uses.

Why focus on conversions to residential?

- A more balanced use mix of housing and commercial uses in downtown has long been a policy goal for Seattle
- Avoid long periods of vacancy that can result in negative perceptions
- Potential revitalization of downtowns by the presence of residents every day
- Strong support by the public



Images from the OPCD call for ideas depict how conversions to housing could help activate street level spaces.

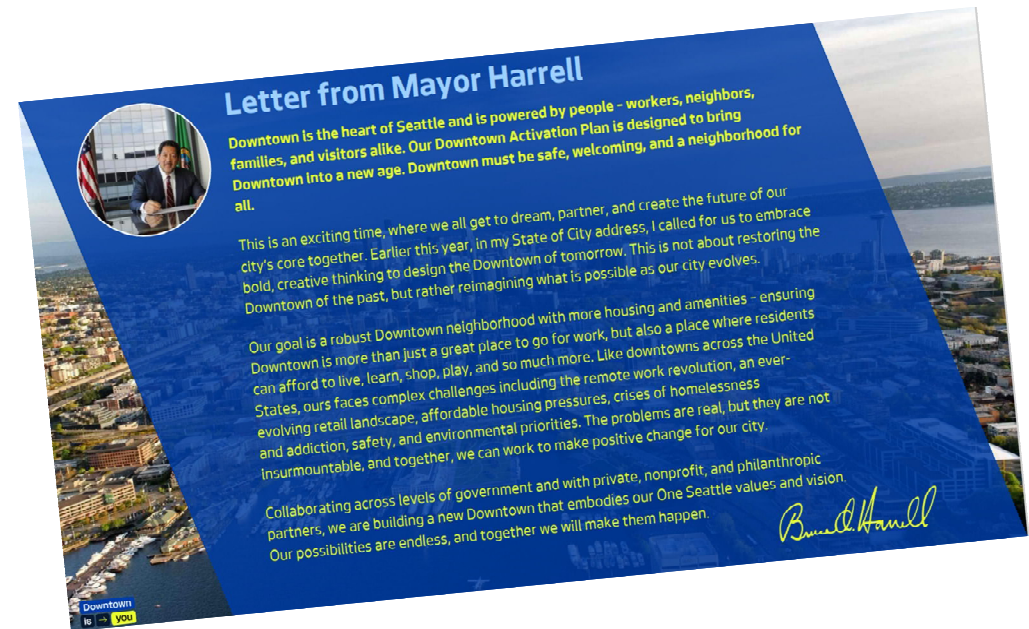
How Seattle and the State are supporting conversions

City of Seattle

- 2023 OPCD “Call for Ideas” competition
- **Regulatory and cost relief legislation**
- **Direct consultation/support to owners**
 - Support for federal funding applications
 - Possible interpretations of construction codes

Washington State

- **State sales tax exemption ESSB 6175**



In summer 2023, Mayor Harrell released his Downtown Activation Plan

2023 OPCD call for ideas competition

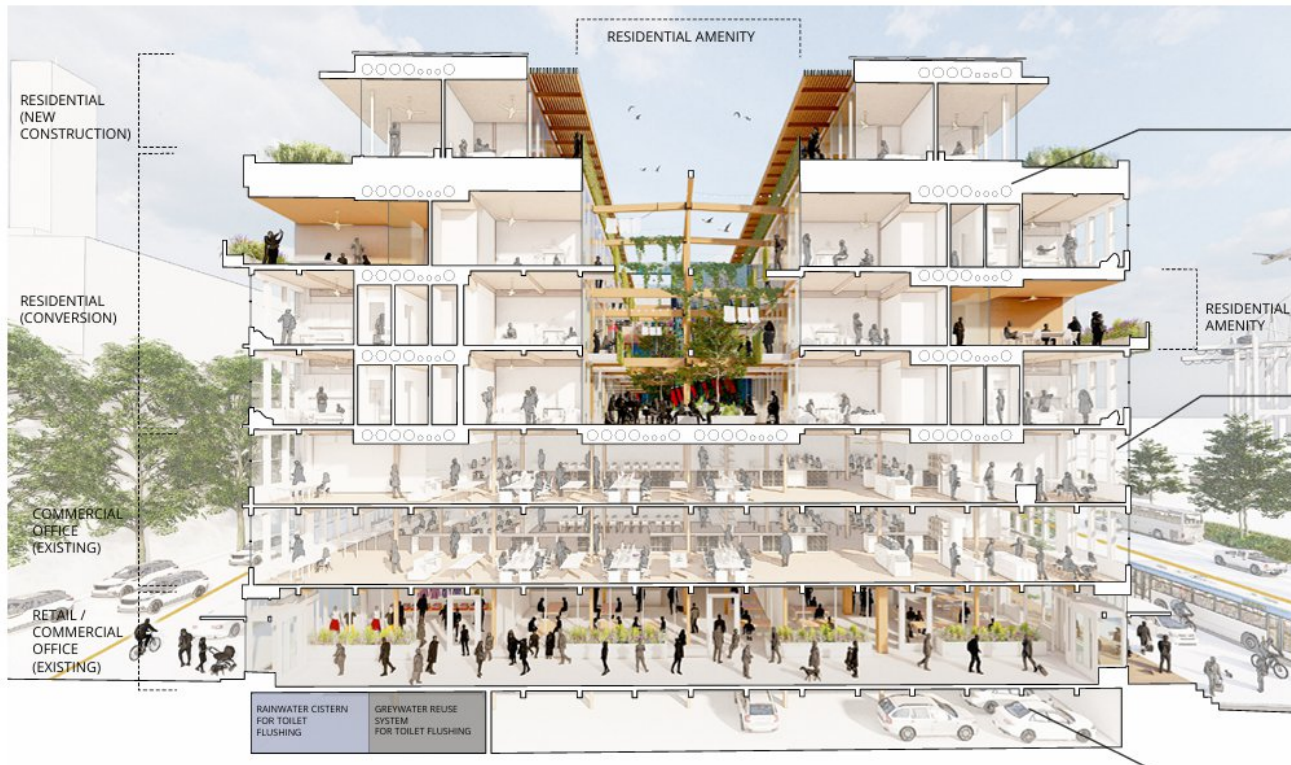
13 quality proposals

- Floor plans / design
- Financial feasibility information
- Housing mix and affordability levels
- Suggestions for policy or code changes



In mid-2023 OPCD conducted the “Call for Ideas” competition inviting building owners and designers to submit their concepts for conversions.

Example - Polson and Western Buildings



Operating as a microcosm of a diverse city, the proposal embraces a mix of uses within a singular structure. The three top levels are converted to accommodate a dense distribution of studio units to help satisfy the demand for workforce housing. In order to offset the lower lease rates of these units,

two levels of office use has been maintained on the lower floors and an additional high-end penthouse structure has been added to accommodate the demand for family units.

Sustainable Strategies:

-  PV PANELS AND PANELS OFF-SITE TO ACHIEVE NET ZERO
-  ALL ELECTRIC HVAC
-  RE-PURPOSE EXISTING DUCTWORK AND HYDRONIC PIPING DISTRIBUTION SYSTEM
-  ENHANCED MECHANICAL FILTRATION
-  OPERABLE WINDOWS
-  IMPROVED ROOF AND WALL INSULATION
-  REDUCTION IN EMBODIED CARBON FOR INTERIOR MATERIALS AND FINISHES
-  WATER EFFICIENT PLUMBING FIXTURES THROUGHOUT
-  RAIN WATER CAPTURE AND GREY WATER REUSE
-  BATTERY STORAGE SYSTEM FOR BUILDING RESILIENCE
-  BIKE PARKING



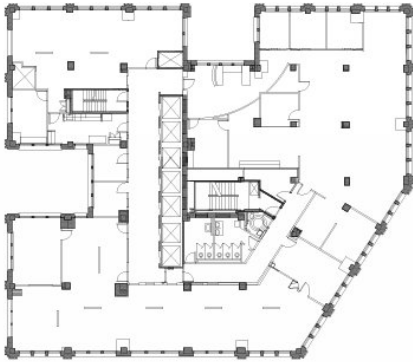
A new front door to a residential lobby opens to Alaskan Way-activating the western building facade to the newly improved public waterfront.



A central courtyard is carved out of the center of the block to provide light and air to residential units. The timber structure is maintained as a spatial remnant of the historic warehouse use.

Example - Smith Tower 2.0

Typical Existing Floorplate



Lower Tower Typical Proposed Plan



Seattle is providing direct consultation / support to owners

- Partnering with owners to support application for federal RRIF and TIFIA financing opportunities made available by the Build America Bureau
- Building officials are available to work with owners on possible early guidance about construction codes:
 - Seismic / structural
 - Energy code



A developer is exploring conversion of the Colman Building with City support for a federal financing program.

Washington State – sales tax exemption

- **Washington State legislature passed ESSB 6175 during the 2024 session**
 - **Exempts construction sales tax on conversion developments.**
 - **Requires 10% of housing units to be affordable for 10 years at the 80% AMI level.**
 - **Cities must enable the exemption with a local action. (Work is in progress)**

Business | Real Estate

Seattle office building is set for apartment conversion

Jan. 3, 2024 at 3:55 pm | Updated Jan. 3, 2024 at 4:55 pm



This office building at 201 Queen Anne Ave. N. in Seattle is set to be converted into apartments. It could be the first office-to-residential conversion in Seattle since the pandemic. (Karen Ducey / The Seattle Times) Less ^

The developer of a conversion in Lower Queen Anne is seeking to take advantage of the sales tax exemption.



City of Seattle

Distressed Office Building - Example Scenarios

- Office tenants' lease terms finish and most tenants don't renew
 - Building becomes mostly or entirely vacant
- With drastically reduced rental income the building owner struggles to repay its financing obligations
 - Owner puts the building up for sale at a reduced price



Scenario A: No Conversion to Residential

- Bank forecloses and seizes the building; or
- Private equity firms swoop in to buy and hold
- A “zombie building” sits vacant for 3 – 7 years until macroeconomic conditions change

Scenario B: Conversion to Residential

- A local development company acquires the building, motivated by a continually strong housing market and insight into unique local conditions
- New owner aggressively pursues conversion to market rate residential as soon as possible (1 – 2 years of development)
- A new revitalized residential building is occupied by hundreds of new neighbors



Vacant office structure example

- Structures left in a vacant state for an extended time have an increased likelihood of physical deterioration and foregone maintenance.
- The perception of safety and comfort can be negatively affected in public spaces near vacant structures.



The Grand Central block near Occidental Square Park.

Completed office conversion example

- Converted structures often have unique character features that can appeal to residents.

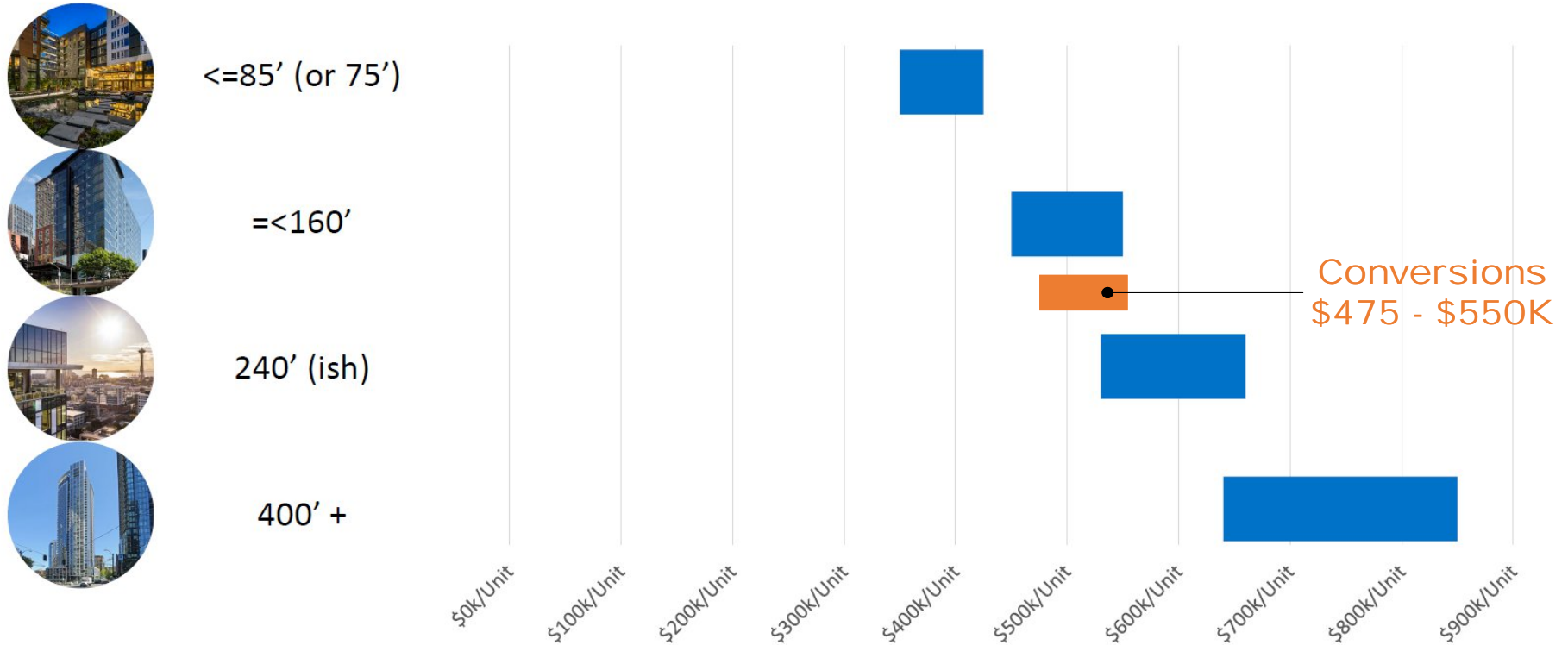
Project Overview

Property Name:	The Astor at Washington Building
Address:	1019 Pacific Ave, Tacoma, WA
Neighborhood:	Downtown Tacoma (CBD)
Year Built:	1925
Square Feet:	123,687
Floors:	18
Construction Start Date:	October 2020
C of O Date:	March 2022
Budget:	\$65 Million
Residential Units:	156



Development cost comparisons

Cost reductions are necessary to make conversion developments competitive with ground up construction.



Conversion development cost drivers

- Seismic / structural upgrades
- Energy code upgrades
- New plumbing / HVAC systems
- Accessibility requirements
- Uncertainty / unknowns



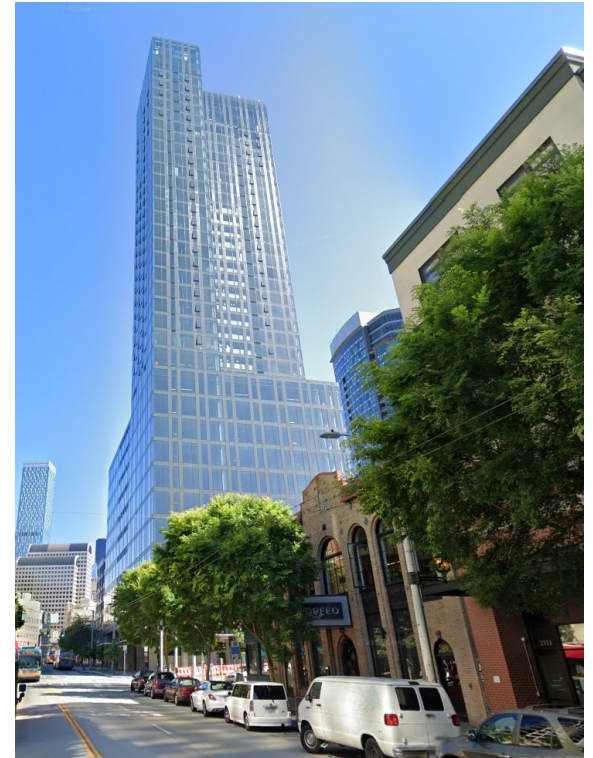
Example of seismic retrofit



Regulatory and Cost Relief Legislation Proposed CB 120761

Proposed regulatory and cost relief legislation

- Exempts conversion proposals from all dimensional and design development standards in downtown, commercial and mixed-use zones
- Applies to new projects, projects in construction, and projects with Master Use Permits (MUPs) that have not started construction yet
- Waives the Mandatory Housing Affordability (MHA) requirements
 - For conversions only
 - Pipeline and already-permitted projects still contribute



An owner intends to convert the office portion of a mixed-use tower.

Exempting conversions from MHA

The proposed exemption does not conflict with MHA's two foundational bases and does not set a precedent for other types of MHA exemptions.

1. MHA's basis as a development incentive.

- Authority is based on the Washington State Growth Management Act 36.70A.540
- MHA requirements are always accompanied by an upzone (added development capacity)
- In the case of conversion – **the builder is not accessing the added development capacity.**

2. MHA basis as impact mitigation.

- City's basic police power and SEPA allows regulation of development to mitigate impacts.
- In the case of conversion an old use is being replaced by a new use with equal or lesser impacts. **The builder is not creating a new adverse impact that needs to be mitigated.**

MHA contribution amounts in downtown are generally 2%-7% of units or \$12 - \$27 / sq. ft. for residential.



Other summary information

- OPCD estimates that with this legislation and ESSB 6175, less than a dozen conversion projects would result in 1,000 – 2,000 new housing units within a medium term 7-year time horizon.
- Without this legislation and ESSB 6175 OPCD believes there will be 0 conversions (10 units or greater) in and around downtown.
- A SEPA Determination of non-significance (DNS) was issued on the proposal in January, 2024 and no appeals were received.
- Mayor Harrell places a high priority on adding housing downtown as part of the Downtown Activation Plan, including via conversions.



Higher historic office floor to floor to heights can support the design of new lofted residential units.



Thank you.

Office of Planning and Community Development (OPCD)
Geoffrey.Wentlandt@Seattle.gov



City of Seattle

Interim Street Activation Legislation

June 5, 2024

Seattle Department of Construction and Inspections



Purpose and Goals

- Help fill vacant spaces
- Broaden the range of potential new tenants
- Attract more daily activity and eyes on the street – add more vitality
- Promote creativity and entrepreneurship by allowing new types of businesses



Business and Foot Traffic Data

- Downtown business openings and closures:
 - Nov '23 to March '24: 9 openings and 21 closures
 - 2020 to 2021: 102 openings and 161 closures
- Foot traffic is still regaining year-over-year, but pace is slowing:
 - 2022 – 2023: +10 - 15% (comparing same months)
 - 2023 – 2024: +5% (" " ")

Source: DSA, 2024

Proposal

- Interim legislation: in place for 3 years, for Downtown, S. Lake Union, Uptown
- Applies to Class I & II Pedestrian Streets with street-level use requirements (maps to follow)
- Provide more code flexibility and reduce barriers:
 - Allow greater variety of ground-floor and 2nd-floor uses
 - Encourage creative floor plans
 - Maintain exemptions from density limits
- New uses can remain after the interim period, and may revert to prior uses




Comparison of Uses Allowed


Drawn from uses allowed in pedestrian-oriented neighborhood business districts

Existing allowed uses limited to following:	Proposed additional interim uses:
Arts facilities, entertainment uses: recreational, athletic, theaters, lecture halls, libraries, parks	Arts installations, Custom & craft work: glassblowing, printing, motion picture studios, pottery, sculpture, other personal or household items, parks
General sales and services, retail major durables sales (such as furniture)	Sales and services, non-household: such as restaurant supply, business support services
Restaurants: eating and drinking	Food: food and beverage production, commissary kitchens, catering services
Human services, child care, religious facilities, museums, low-income housing (Seattle Mixed)	Medical services: doctors, dentists, vets, chiropractic
	Institutional uses: community centers and support services, community clubs, institutes of advanced study
	Offices and R&D laboratories

Downtown

Downtown Map 1G:

-  Require active street level uses, per 23.42.041
-  Allow interim street activation uses
-  Special Review or Historic Districts

- The proposal applies to the outlined streets.
- Existing street level use requirements proposed to be maintained on the streets mapped as 

All streets shown are "Class I pedestrian" designated or Green Streets



South Lake Union

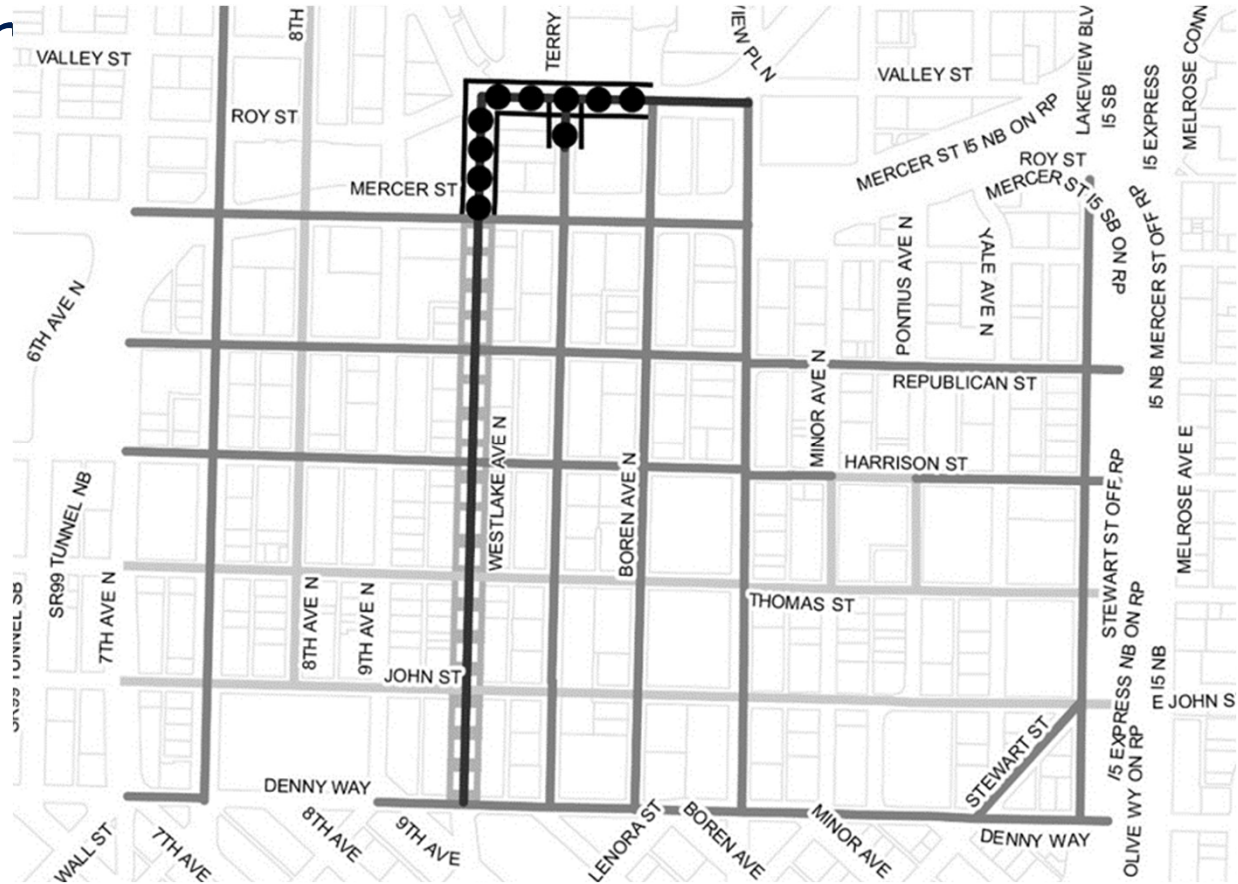


Class I Pedestrian Street; allow interim street activation uses






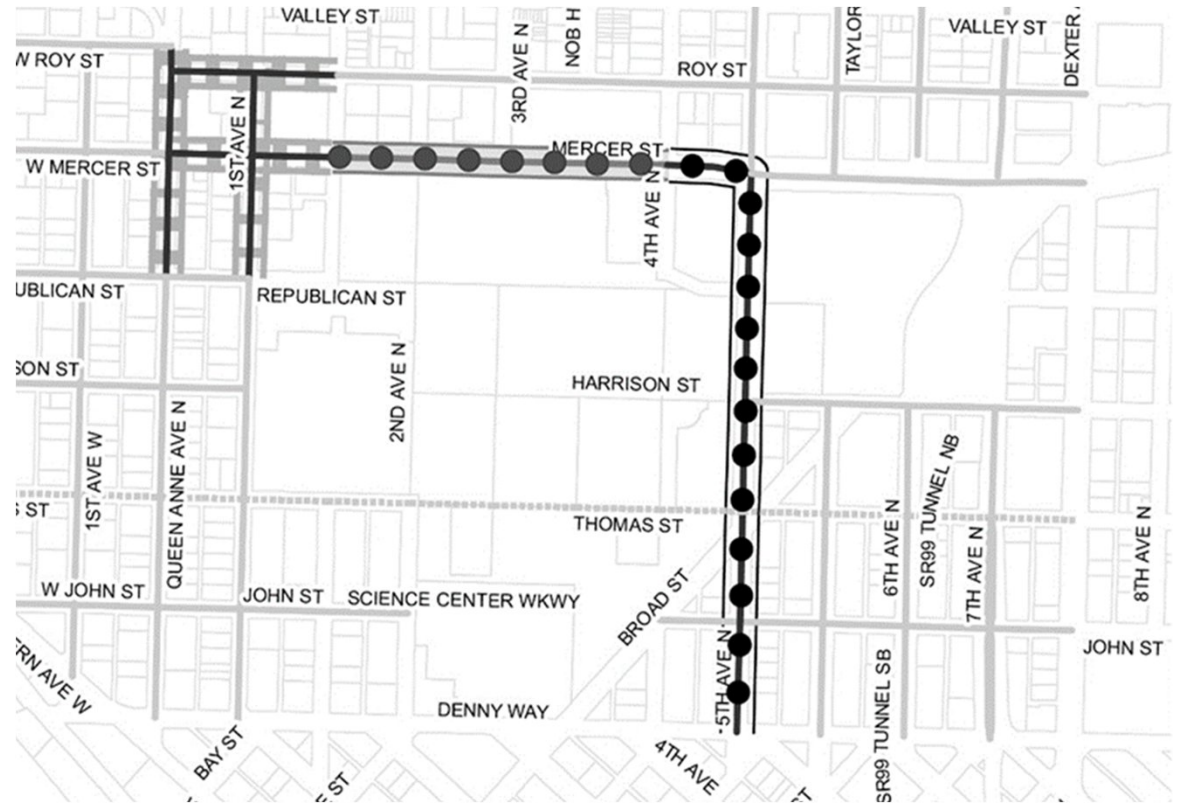
Required street level uses (Class I)

Existing requirements proposed to be maintained



Uptown

-  Class I Pedestrian Street; allow interim street activation uses
-  Class II Pedestrian Street; allow interim street activation uses
-  Required street level uses
Existing requirements proposed to be maintained



Small Spaces are Activators

- People create the daily life that animates the city
- Allow more small businesses by reducing required dimensions at street-level



Flexibility For Multi-level Destination Uses

- Interior design flexibility to encourage creative layouts, such as multi-floor street-level uses



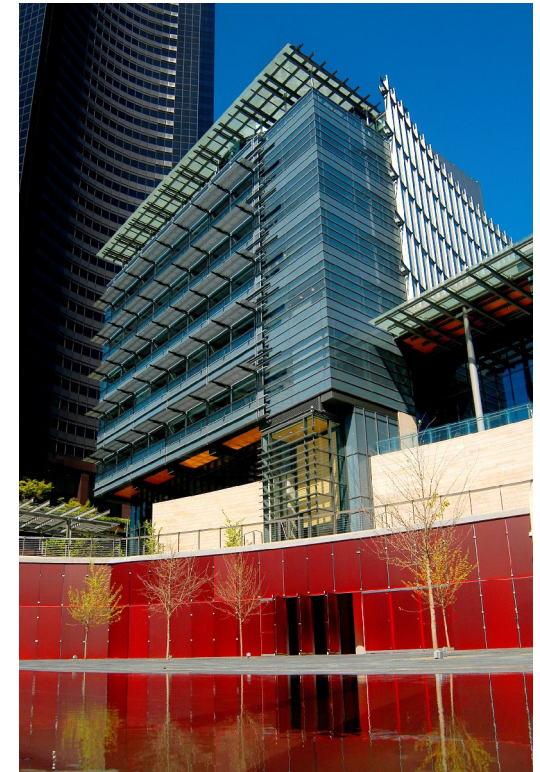
Questions?

Gordon Clowers

gordon.clowers@seattle.gov

206-679-8030

www.seattle.gov/sdci



Amendment 1 Version 2 to CB 120761 – Conversion to Housing

Sponsor: Councilmember Morales

Reversing exemption from overlay district and Shoreline Master Program regulations

Effect: This amendment would restore the applicability of regulations in Title 23, Subtitle III, Division 3 of the Seattle Municipal Code to conversion projects. The regulations in that division include Shoreline Master program provisions, code provisions regarding development in overlay districts, and regulations regarding special review districts, such as the Pioneer Square Preservation District and the International Special Review District. Removing the exemption for conversion projects will likely decrease the potential issues that might arise from not being subject to local Shoreline Management Act regulations or major institution overlay provisions, compared to the limited utility or benefit that would come from exemption.

Amend Section 1 of CB 120761 as follows:

23.40.080 Conversion to residential use in an existing structure

* * *

C. A conversion to residential use in an existing structure meeting the criteria of subsection 23.40.080.A shall be exempt from all development standards and land use regulations of Chapter 23.45 (Multifamily), Chapter 23.47A (Commercial), Chapter 23.48 (Seattle Mixed), Chapter 23.49 (Downtown Zoning), Chapter 23.52 (Transportation Concurrency, and Transportation Impact Mitigation), Chapter 23.53 (Requirements for Streets, Alleys, and Easements), Chapter 23.54 (Quantity and Design Standards for Access, Off-Street Parking, and Solid Waste Storage), and Chapter 23.58A (Incentive Provisions), ~~((and Subtitle III, Division 3, Overlay Districts, of this Title 23,))~~ except that the following categories of development standards and regulations within any of those chapters shall continue to apply:

1. Permitted and prohibited use regulations pertaining to nonresidential uses;
2. Administrative conditional use regulations;
3. Light and glare standards;
4. Noise standards;
5. Institutions;
6. Home occupations;
7. Transitional encampment accessory uses;
8. Landmark Districts and designated landmark structures; and
9. Subsections 23.54.040.F, 23.54.040.G, 23.54.040.H, 23.54.040.I, and 23.54.040.J, solid waste and recyclable material storage and access.



Legislation Text

File #: CB 120771, **Version:** 1

AN ORDINANCE relating to land use and zoning; adopting interim provisions to facilitate occupancy of street-level spaces in the Downtown, South Lake Union, and Uptown Urban Centers; adding a new Section 23.42.041 to the Seattle Municipal Code; and amending Sections 23.42.108, 23.48.005, 23.48.020, 23.48.040, 23.48.240, 23.48.740, 23.49.009, 23.49.011, 23.76.004, and 23.76.006, and Downtown Overlay Maps 1G and 1J in Chapter 23.49 of the Seattle Municipal Code.

The full text of the bill is attached to the legislative file.

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to land use and zoning; adopting interim provisions to facilitate occupancy of street-level spaces in the Downtown, South Lake Union, and Uptown Urban Centers; adding a new Section 23.42.041 to the Seattle Municipal Code; and amending Sections 23.42.108, 23.48.005, 23.48.020, 23.48.040, 23.48.240, 23.48.740, 23.49.009, 23.49.011, 23.76.004, and 23.76.006, and Downtown Overlay Maps 1G and 1J in Chapter 23.49 of the Seattle Municipal Code.

..body

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Section 23.42.041 is added to the Seattle Municipal Code as follows:

23.42.041 Interim street activation

A. As shown on Map A for 23.48.740 in the Uptown Urban Center, Map A for 23.48.240 in the South Lake Union Urban Center, and Downtown Map 1G in the Downtown Urban Center, and excluding Special Review and Historic Districts, a use provided for interim street activation purposes set forth in this Section 23.42.041 is allowed to fulfill street-level use requirements in addition to uses allowed by the zone, for an interim period according to the provisions of this Section 23.42.041.

1. Eligibility. To qualify, an applicant must meet the following:

a. The Department must have issued a certificate of occupancy for the structure before the effective date of this ordinance.

b. The applicant must submit a complete application for the interim street-level use within 36 months after the effective date of this ordinance.

2. Structures with existing permit conditions or development standard limitations related to street-level uses for floor area ratio pursuant to Chapter 23.48, Section 23.49.011, or bonus floor area achieved for general sales and service uses pursuant to Sections 23.49.012 and

1 23.49.013, or related to past changes of use to existing structures, may have uses for interim
2 street activation purposes pursuant to this Section 23.42.041 and will not require additional
3 developer contributions, except as indicated in applicable provisions.

4 3. The use of a space may return from an interim street-level use to the previously
5 established use at the property owner's or applicant's option; provided that, if the previously
6 established use was a nonconforming use, Section 23.42.110 shall not apply in this instance.

7 4. Notwithstanding the future expiration of this Section 23.42.041, an approval for
8 interim street-level uses or a permit that is issued or approved for issuance before the expiration
9 of this Section 23.42.041 may continue as a non-conforming use consistent with Sections
10 23.42.100 through 23.42.110.

11 B. Permitted uses

12 1. In addition to the street-level uses permitted by the applicable zone, the
13 following uses are permitted as other permissible street-level uses for the purpose of interim
14 street activation, as shown on Map A for 23.48.740 in the Uptown Urban Center, Map A for
15 23.48.240 in the South Lake Union Urban Center, and Downtown Map 1G:

- 16 a. Arts facilities, including art installations, that do not conflict with
17 Chapter 23.55;
- 18 b. Bicycle commuter shower facilities that are accessory to office uses;
- 19 c. Food processing and craft work;
- 20 d. Horticultural uses;
- 21 e. Institutions, except hospitals or major institutions;

1 f. Lobbies, gyms, meeting rooms, shared working spaces, and other
2 similarly active uses accessory to residential or lodging uses limited to a street frontage of 30
3 feet;

4 g. Medical services;

5 h. Museums;

6 i. Public parks;

7 j. Public restrooms;

8 k. Sales and services, non-household;

9 l. Offices;

10 m. Research and development laboratories; and

11 n. Any similar use or activity that is determined by the Director to have
12 the likelihood of attracting and increasing pedestrian activity in the area such as extending the
13 duration of activity beyond 8 a.m. to 5 p.m. Monday to Friday or increasing the variety of goods
14 and services available.

15 2. The Director shall require the most active portions of interim street activation
16 uses allowed by Section 23.42.041, such as lobbies, waiting areas, and retail sales, to abut the
17 street-facing facade along street frontages where street-level uses are required by the zone.

18 C. Development standard flexibility

19 1. FAR exemption

20 a. In the Downtown Urban Center, floor area in uses provided for interim
21 street activation purposes shall not be chargeable floor area when located at street level or no
22 higher than one story above street level, when consistent with the provisions of subsection
23 23.49.011.B.

1 b. In Seattle Mixed zones in the South Lake Union and Uptown Urban
2 Centers, notwithstanding requirements in subsections 23.48.005.D, 23.48.220.B.2, and
3 23.48.720.C.4, floor area in uses provided for interim street activation purposes shall not be
4 chargeable floor area when located at street level or no higher than one story above a street-level
5 story.

6 c. In Downtown Urban Center locations eligible for interim street
7 activation, notwithstanding subsection 23.49.011.B.1.b.4, a mezzanine within a street-level use is
8 not chargeable floor area even if it interrupts the floor-to-floor heights within the minimum depth
9 stated in subsection 23.49.011.B.1.b.2.

10 d. In South Lake Union and Uptown Urban Center locations eligible for
11 interim street activation uses, notwithstanding subsection 23.48.040.C, a mezzanine within a
12 street-level use is not chargeable floor area even if it interrupts minimum floor-to-floor heights
13 and minimum depth stated in subsection 23.48.040.C.3.

14 e. For the purposes of this subsection 23.42.041.C.1, for floor area above
15 street level, changes from residential use to a commercial use provided for interim street
16 activation purposes is subject to mandatory housing affordability (MHA) provisions of
17 subsection 23.58B.020.B.

18 2. Minimum depth of street-level use

19 a. In Downtown Urban Center locations eligible for interim street
20 activation (Map 1G of Chapter 23.49), notwithstanding the provisions of subsection
21 23.49.011.B.1.b.2, a street-level use may have a minimum depth of 8 feet from the street-facing
22 facade.

1 b. In South Lake Union and Uptown Urban Center locations eligible for
2 interim street activation, notwithstanding subsection 23.48.040.C, a street-level use may have a
3 minimum depth of 8 feet from the street-facing facade.

4 Section 2. Section 23.42.108 of the Seattle Municipal Code, last amended by Ordinance
5 126509, is amended as follows:

6 **23.42.108 Change from nonconforming use to conforming use**

7 A. In any zone, a nonconforming use may be converted to any conforming use if all
8 development standards are met.

9 B. In neighborhood residential zones, a nonconforming use may be converted to single-
10 family dwelling unit, even if all development standards are not met.

11 C. In multifamily zones, a nonconforming nonresidential use may be converted to
12 residential use even though all development standards are not met, if:

13 1. ~~((any))~~ Any applicable limits on density are met;

14 2. ~~((any))~~ Any nonconformity with respect to parking is not increased as a result
15 of the conversion; and

16 3. ~~((in))~~ In LR1 zones the total number of dwelling units in an apartment is
17 limited to three.

18 D. In commercial zones, or in downtown zones for uses provided for interim street
19 activation purposes, a nonconforming use may be converted to any conforming use even if all
20 development standards are not met.

21 E. In industrial zones, a nonconforming use may be converted to any conforming use
22 even if all development standards are not met, provided that parking nonconformity shall not be
23 increased as a result of the conversion.

1 Section 3. Section 23.48.005 of the Seattle Municipal Code, last amended by Ordinance
2 126855, is amended as follows:

3 **23.48.005 Uses**

4 * * *

5 D. Required street-level uses

6 1. One or more of the following uses listed in this subsection 23.48.005.D.1 are
7 required, except as permitted by Section 23.42.041 for uses provided for interim street activation
8 purposes that apply in the Uptown and South Lake Union Urban Centers: (i) at street ((-)) level
9 of the street-facing facade along streets designated as Class 1 Pedestrian Streets shown on Map
10 A for 23.48.240, except as required in subsection 23.48.205.C; (ii) at street ((-)) level of the
11 street-facing facades along streets designated on Map A for 23.48.640; and (iii) at street ((-))
12 level of the street-facing facades along streets designated as Class 1 or Class 2 streets shown on
13 Map A for 23.48.740:

- 14 a. General sales and service uses;
- 15 b. Eating and drinking establishments;
- 16 c. Entertainment uses;
- 17 d. Public libraries;
- 18 e. Public parks;
- 19 f. Arts facilities;
- 20 g. Religious facilities;
- 21 h. Light rail transit stations;
- 22 i. Child care centers; and
- 23 j. Low-income housing.

1 2. Standards for required street-level uses. Required street-level uses shall meet
2 the development standards in subsection 23.48.040.C, and any additional standards for Seattle
3 Mixed zones in specific geographic areas in the applicable subchapter of this Chapter 23.48.

4 * * *

5 Section 4. Section 23.48.020 of the Seattle Municipal Code, last amended by Ordinance
6 126855, is amended as follows:

7 **23.48.020 Floor area ratio (FAR)**

8 A. General provisions

9 1. All gross floor area not exempt under subsection 23.48.020.B counts toward the
10 gross floor area allowed under the FAR limits.

11 2. The applicable FAR limit applies to the total non-exempt gross floor area of all
12 structures on the lot.

13 3. If a lot is in more than one zone, the FAR limit for each zone applies to the
14 portion of the lot located in that zone.

15 B. Floor area exempt from FAR calculations. The following floor area is exempt from
16 maximum FAR calculations:

17 1. All underground stories or portions of stories.

18 2. Portions of a story that extend no more than 4 feet above existing or finished
19 grade, whichever is lower, excluding access.

20 3. As an allowance for mechanical equipment, in any structure 65 feet in height or
21 more, 3.5 percent of the total chargeable gross floor area in a structure is exempt from FAR
22 calculations. Calculation of the allowance includes the remaining gross floor area after all
23 exempt space allowed in this subsection 23.48.020.B has been deducted. Mechanical equipment

1 located on the roof of a structure, whether enclosed or not, is not included as part of the
2 calculation of total gross floor area.

3 4. All gross floor area for solar collectors and wind-driven power generators.

4 5. Bicycle commuter shower facilities required by subsection 23.54.015.K.8.

5 6. The floor area of required bicycle parking for small efficiency dwelling units or
6 congregate residence sleeping rooms, if the bicycle parking is located within the structure
7 containing the small efficiency dwelling units or congregate residence sleeping rooms. Floor area
8 of bicycle parking that is provided beyond the required bicycle parking is not exempt from FAR
9 limits.

10 7. Child care centers.

11 8. In low-income housing, all gross floor area for accessory human service uses.

12 9. Other uses permitted by interim street activation provisions in Section
13 23.42.041.

14 * * *

15 Section 5. Section 23.48.040 of the Seattle Municipal Code, last amended by Ordinance
16 126685, is amended as follows:

17 **23.48.040 Street-level development standards**

18 * * *

19 C. Development standards for required street-level uses. Street-level uses that are
20 required by subsection 23.48.005.D, 23.48.605.C, or 23.48.805.B, and street-level uses exempt
21 from FAR calculations under the provisions of subsection 23.48.220.B.2, 23.48.620.B.2,
22 23.48.720.B.2, or 23.48.820.B, whether required or not, shall meet the following development

1 standards. In the SM-NG zone, where street-level use requirements apply to a mid-block
2 corridor, these standards shall be applied as if the mid-block corridor were a street.

3 1. Where street-level uses are required, a minimum of 75 percent of the applicable
4 street-level, street-facing facade shall be occupied by uses listed in subsection 23.48.005.D.1 or
5 uses provided for interim street activation purposes where they apply in the Uptown and South
6 Lake Union Urban Centers. The remaining street-facing facade may contain other permitted uses
7 or pedestrian or vehicular entrances.

8 2. There is no minimum frontage requirement for street-level uses provided at
9 locations where they are not required but are exempt from FAR calculations under the provisions
10 of subsections 23.48.220.B.2, 23.48.620.B.2, 23.48.720.C.4, or 23.48.820.B.

11 3. The space occupied by street-level uses shall have a minimum floor-to-floor
12 height of 13 feet and extend at least 30 feet in depth at street level from the street-facing facade,
13 except when the use is allowed by interim street activation provisions in Section 23.42.041.

14 4. If the minimum requirements of subsection 23.48.040.C.1 and the depth
15 requirements of subsection 23.48.040.C.2 would require more than 50 percent of the structure's
16 footprint to be occupied by required uses in subsection 23.48.005.D, the Director may modify the
17 street-facing facade or depth requirements, or both, so that no more than 50 percent of the
18 structure's footprint is required to be occupied by the uses required by subsection 23.48.005.D.

19 5. Street-level uses shall be located within 10 feet of the street lot line, except for
20 the following:

21 a. Required street-level uses may be located more than 10 feet from the
22 applicable street lot line if they abut an outdoor amenity area provided to meet the requirements
23 of Section 23.48.045, or other required or bonused amenity area or open space provided for in

1 this Chapter 23.48 that separates the portion of the street-facing facade including the required
2 street-level uses from the street lot line;

3 b. If a street-level setback is required from the street lot line by the
4 provisions of this Chapter 23.48 or Chapter 23.53, the 10-foot distance shall be measured from
5 the line established by the required setback; and

6 c. If development standards in this Chapter 23.48 require modulation of
7 the street-facing facade at street level, the required street-level uses may abut the street-level
8 setback area provided to comply with the modulation standards.

9 6. Pedestrian access to street-level uses shall be provided directly from the street,
10 from permitted outdoor common amenity area, or from open space abutting the street. Pedestrian
11 entrances shall be located no more than 3 feet above or below the grade of the sidewalk or
12 pedestrian walkway or at the same elevation as the abutting permitted outdoor common amenity
13 area or required or bonused open space.

14 * * *

15 Section 6. Section 23.48.240 of the Seattle Municipal Code, last amended by Ordinance
16 125603, is amended as follows:

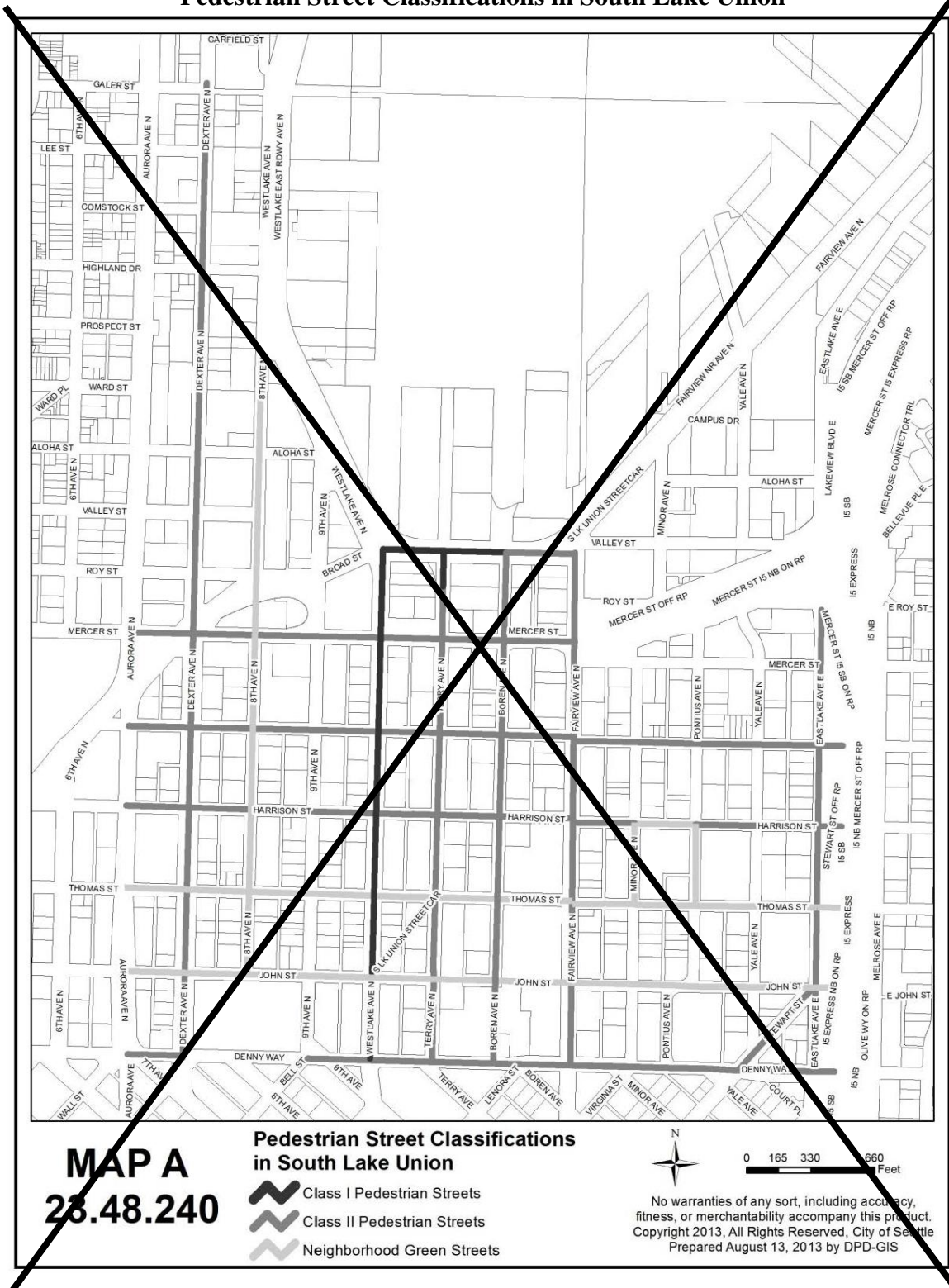
17 **23.48.240 Street-level development standards in South Lake Union Urban Center**

18 A. Street-level development standards in Section 23.48.040 apply to all streets in SM-
19 SLU zones designated as Class 1 Pedestrian Streets, Class 2 Pedestrian Streets, or Neighborhood
20 Green Streets as shown on Map A for 23.48.240.

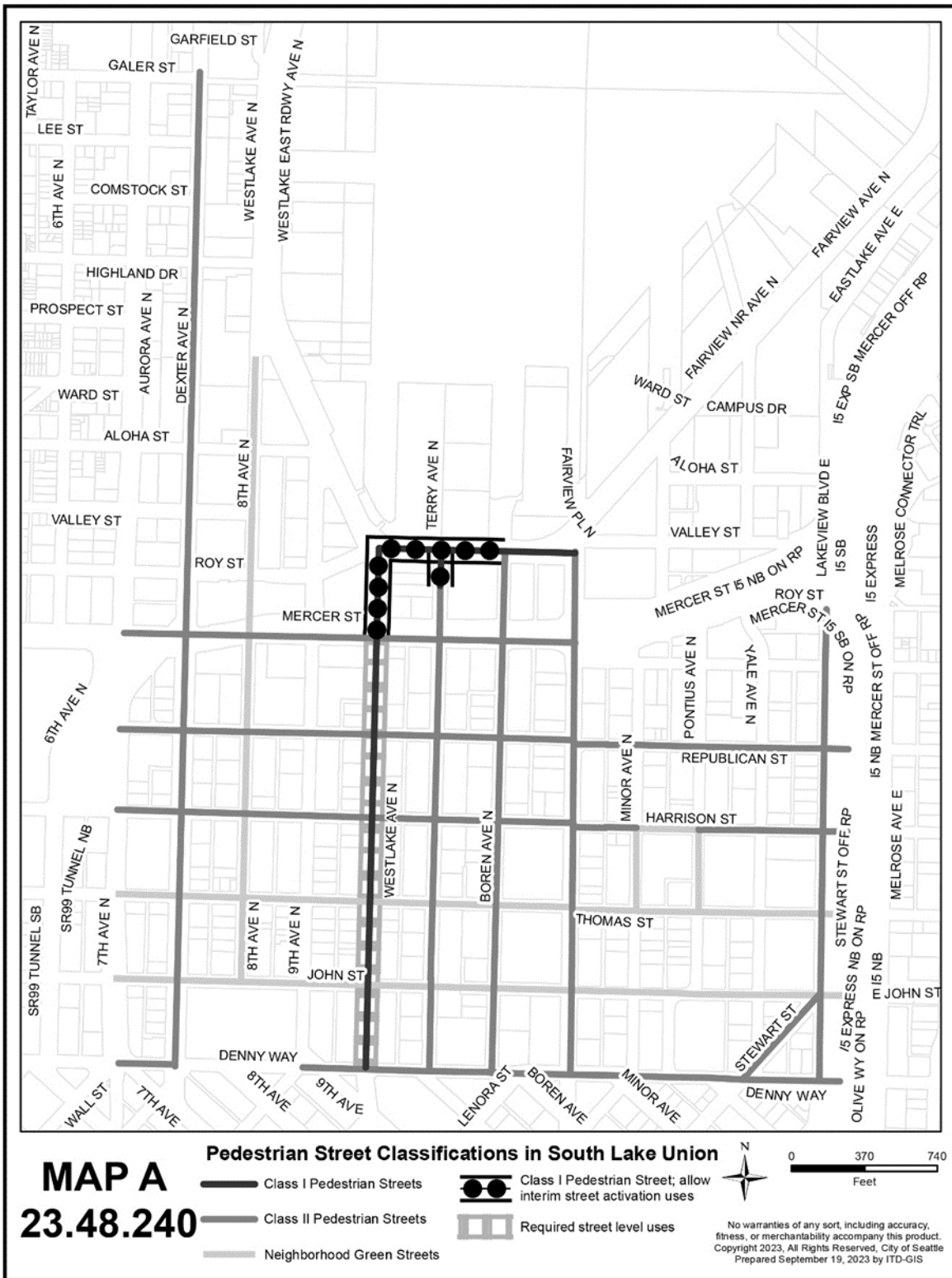
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Map A for 23.48.240 Pedestrian Street Classifications in South Lake Union



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 4



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1 Section 7. Section 23.48.740 of the Seattle Municipal Code, last amended by Ordinance
2 126157, is amended as follows:

3 **23.48.740 Street-level development standards in SM-UP zones**

4 Street-level development standards in Section 23.48.040 apply to all streets in the SM-UP zones.

5 In addition, the following requirements apply:

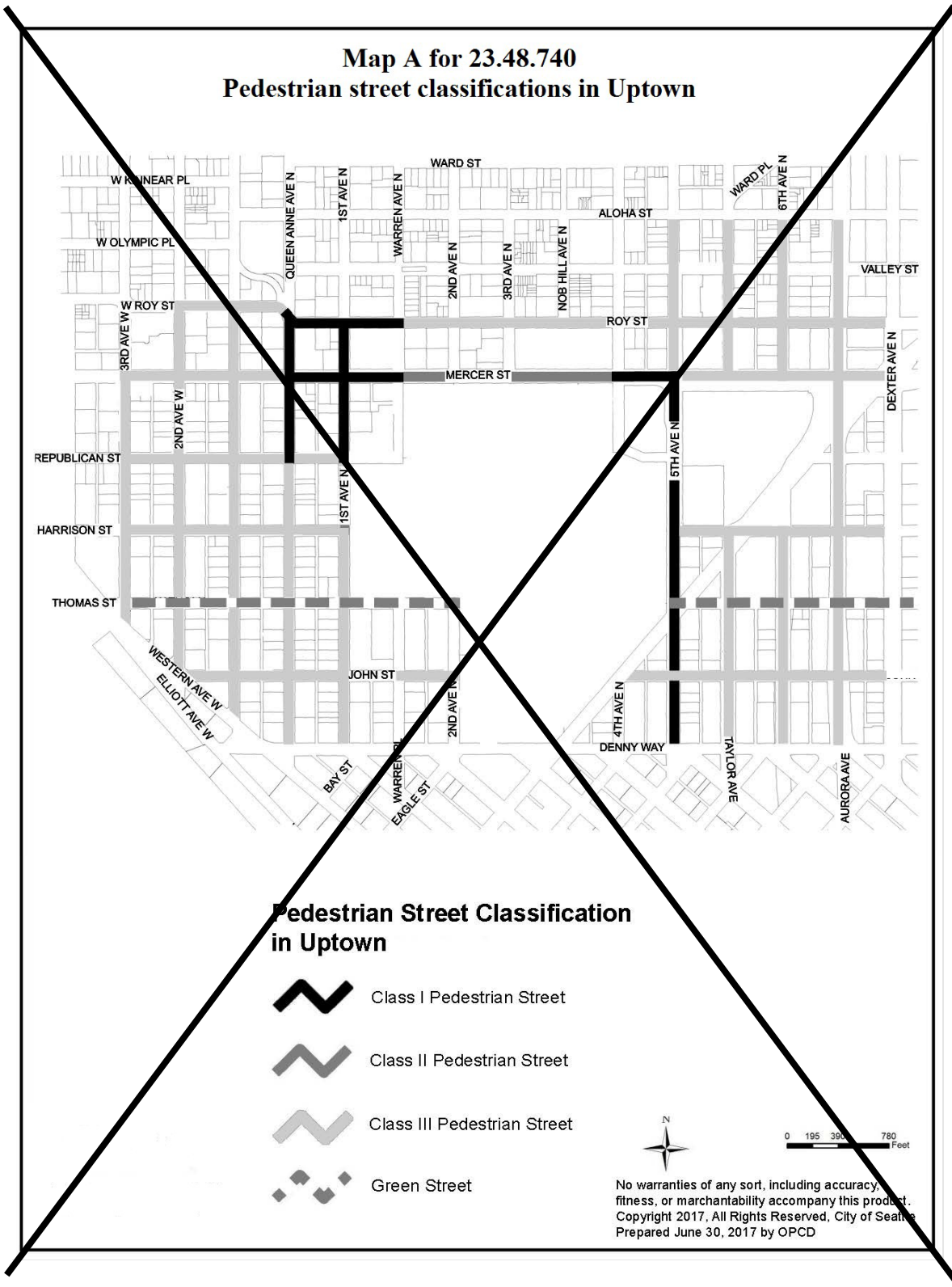
6 A. Street-level facade requirements; setbacks from street lot lines. Street-facing facades
7 of a structure shall be built to the lot line except as follows:

8 1. The street-facing facades of structures abutting Class 1 Pedestrian Streets, as
9 shown on Map A for 23.48.740, shall be built to the street lot line for a minimum of 70 percent
10 of the facade length, provided that the street frontage of any required outdoor amenity area, other
11 required open space, or usable open space provided in accordance with subsections 23.48.740.B
12 and 23.48.740.C is excluded from the total amount of frontage required to be built to the street
13 lot line.

14 2. If a building in the Uptown Urban Center faces both a Class 1 Pedestrian Street
15 and a Class 2 Pedestrian Street a new structure is only required to provide a primary building
16 entrance on the Class 1 Pedestrian Street.

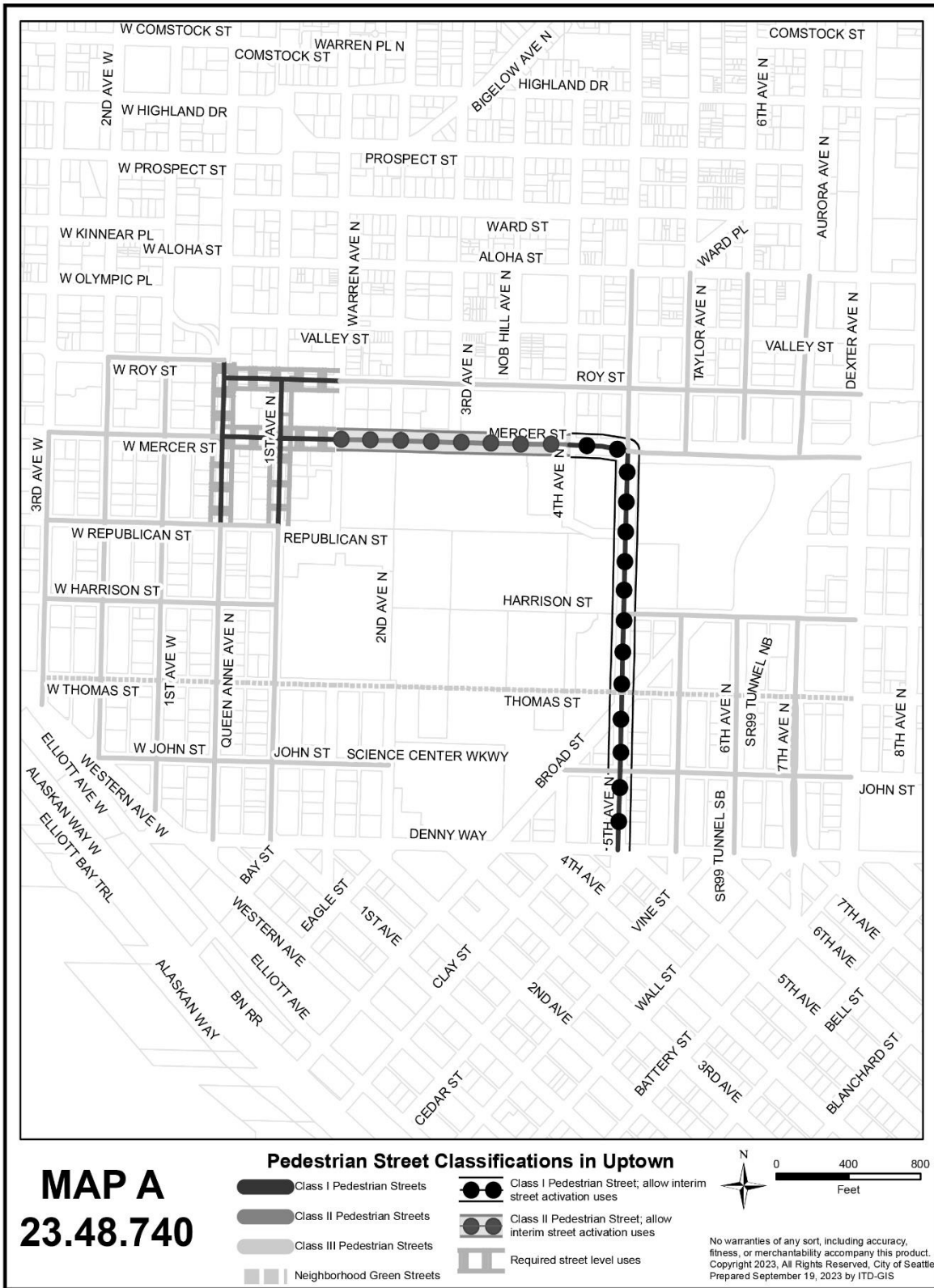
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Map A for 23.48.740 Pedestrian street classifications in Uptown



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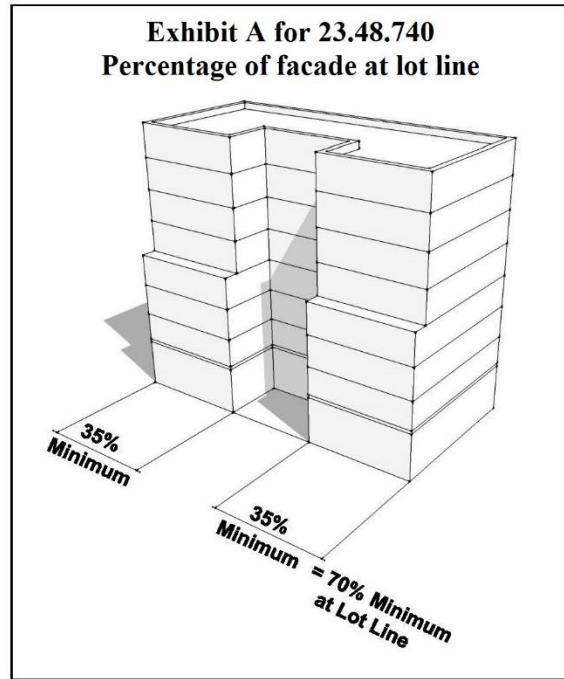
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**Exhibit A for 23.48.740
Percentage of facade at lot line**



3

4

3. For streets designated as Class II and Class III Pedestrian Streets and Green

5

Streets as shown on Map A for 23.48.740, and as specified in subsection 23.48.740.B.1, the

6

street-facing facade of a structure may be set back up to 12 feet from the street lot line subject to

7

the following (as shown on Exhibit B for 23.48.740):

8

a. The setback area shall be landscaped according to the provisions of

9

subsection 23.48.055.A.3;

10

b. Additional setbacks are permitted for up to 30 percent of the length of

11

portions of the street-facing facade that are set back from the street lot line, provided that the

12

additional setback is located 20 feet or more from any street corner; and

13

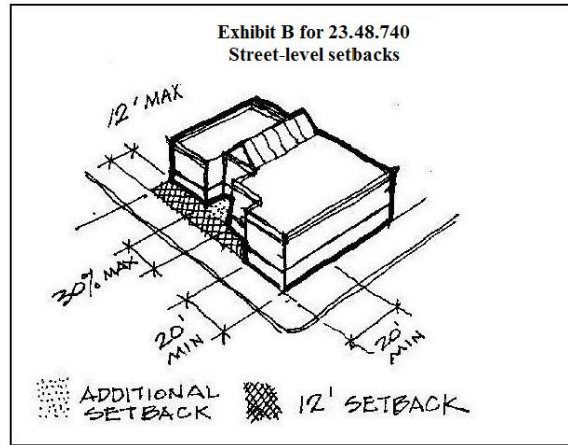
c. Any required outdoor amenity area, other required open space, or usable

14

open space provided in accordance with subsection 23.48.740.B is not considered part of the

1 setback area and may extend beyond the limit on setbacks from the street lot line that would
2 otherwise apply under subsection 23.48.740.B.

3 **Exhibit B for 23.48.740**
4 **Street-level setbacks**



5
6 * * *

7 Section 8. Section 23.49.009 of the Seattle Municipal Code, last amended by Ordinance
8 124680, is amended as follows:

9 **23.49.009 Street-level use requirements**

10 One or more of the uses listed in subsection 23.49.009.A are required at street level on all lots
11 abutting streets designated on Map 1G. Required street-level uses shall meet the standards of this
12 Section 23.49.009.

13 A. Types of uses. The following uses qualify as required street-level uses:

- 14 1. General sales and services;
- 15 2. Human service uses and child care centers;
- 16 3. Retail sales, major durables;
- 17 4. Entertainment uses;
- 18 5. Museums, and administrative offices within a museum expansion space

19 meeting the requirement of subsection 23.49.011.B.1.h;

- 1 6. Libraries;
- 2 7. Elementary and secondary schools, and colleges, except on lots zoned DRC;
- 3 8. Public atriums;
- 4 9. Eating and drinking establishments;
- 5 10. Arts facilities; and
- 6 11. Religious facilities; ~~((and))~~
- 7 12. Bicycle parking, provided that the use does not exceed 30 percent of the

8 frontage 23.49.009.B or 50 feet, whichever is less; ~~((;))~~ and

9 13. Other uses permitted by interim street activation provisions in Section
10 23.42.041.

11 B. General standards

12 1. The amount of street frontage required to be occupied by street-level uses is as
13 follows:

14 a. Except as provided in subsection 23.49.009.B.1.b, a minimum of 75
15 percent of each street frontage at street level where street-level uses are required must be
16 occupied by uses listed in subsection 23.49.009.A. The remaining 25 percent of the street
17 frontage at street level may contain other permitted uses and/or pedestrian or vehicular entrances.

18 b. The frontage required to be occupied by street-level uses is reduced to
19 50 percent, while the remaining 50 percent may contain other permitted uses and/or pedestrian or
20 vehicular entrances, for each street frontage that is 120 feet in length or less if either:

- 21 1) ~~((the))~~ The lot does not abut an alley, or
- 22 2) ~~((the))~~ The lot abuts more than one street requiring street-level
23 uses.

1 c. The frontage of the following is not counted in street frontage:

2 1) ((~~any~~)) Any exterior public open space that qualifies for a floor
3 area bonus, whether it receives a bonus or not;

4 2) ((~~any~~)) Any eligible lot area of an open space TDR site;

5 3) ((~~any~~)) Any outdoor common recreation area required for
6 residential uses; or

7 4) ((~~any~~)) Any open space required for office uses,

8 2. In the DRC zone, a combined total of no more than ((~~20~~)) 80 percent of the
9 total street frontage of the lot may be occupied by uses provided for interim street activation
10 purposes, human service uses, child care centers, customer service offices, entertainment uses or
11 museums.

12 3. Required street-level uses shall be located within 10 feet of the street lot line,
13 except as follows:

14 a. If a public open space that meets the eligibility conditions of the
15 Downtown Amenity Standards abuts the street, the required street-level uses shall abut the open
16 space;

17 b. If sidewalk widening is required by Section 23.49.022, the 10 feet shall
18 be measured from the line established by the new sidewalk width; or

19 c. In the DMC 160 zone, if a continuous setback greater than 10 feet is
20 provided from the Alaskan Way street lot line, as allowed in subsection 23.49.056.B.1.d, the
21 required street-level uses shall abut the setback. The setback may be provided at grade or above a
22 partially above-grade story.

1 4. Except for child care centers, pedestrian access to required street-level uses
2 shall be provided as follows:

3 a. Pedestrian entrances shall be provided directly from the street and shall
4 be located no more than 3 feet above or below sidewalk grade; or

5 b. Pedestrian entrances shall be provided from a bonused public open
6 space, or other publicly accessible open space, and shall be at the same elevation as the abutting
7 public open space; or

8 c. In the DMC 160 zone, if a partially above-grade story is provided that
9 meets the conditions of subsection 23.49.011.B.1.u, pedestrian entrances to the required street-
10 level uses shall be provided at the same elevation as the roof of the partially above-grade story.

11 Section 9. Section 23.49.011 of the Seattle Municipal Code, last amended by Ordinance
12 126914, is amended as follows:

13 **23.49.011 Floor area ratio**

14 * * *

15 B. Exemptions and deductions from FAR calculations

16 1. The following are not included in chargeable floor area, except as specified
17 below in this Section 23.49.011:

18 a. Uses listed in subsection 23.49.009.A in a DRC zone and in the Major
19 Retail Store and Shopping Atrium FAR Exemption Area identified on Map 1J of Chapter 23.49,
20 up to a maximum FAR exemption of 2 for all such uses combined; ((;)) and other uses provided
21 according to Section 23.42.041 in the FAR Exemption Area identified on Map 1J for those uses
22 (excluding the Pike Place Market Historical District), up to a maximum FAR exemption of 2;

1 provided that for uses in the FAR Exemption Areas that are not in the DRC zone the uses are
2 located no higher than the story above street level;

3 b. Street-level uses meeting the requirements of Section 23.49.009, Street-
4 level use requirements, whether or not street-level use is required pursuant to Map 1G of Chapter
5 23.49, if the uses and structure also satisfy the following standards:

6 1) The street level of the structure containing the exempt space has
7 a minimum floor-to-floor height of 13 feet, except that in the DMC 170 zone the street level of
8 the structure containing the exempt space has a minimum floor-to-floor height of 18 feet;

9 2) The exempt space extends a minimum depth of 15 feet from the
10 street-level, street-facing facade, except as allowed by interim street activation provisions in
11 Section 23.42.041;

12 3) For the purposes of subsection 23.49.011.B.1, for floor area
13 above street level, changes from residential use to commercial uses provided for interim street
14 activation purposes are subject to mandatory housing affordability pursuant to subsection
15 23.58B.020.B;

16 ((3)) 4) Overhead weather protection is provided satisfying
17 Section 23.49.018; and

18 ((4)) 5) A mezzanine within a street-level use is not included in
19 chargeable floor area, if the mezzanine does not interrupt the floor-to-floor heights for the
20 minimum depth stated in subsection 23.49.011.B.1.b.2, except as allowed by interim street
21 activation provisions in Section 23.42.041. Stairs leading to the mezzanine are similarly not
22 included in chargeable floor area;

1 c. Shopping atria in the DRC zone and adjacent areas shown on Map 1J,
2 ((of Chapter 23.49,)) provided that:

3 1) The minimum area of the shopping atria is 4,000 square feet;

4 2) The eligibility conditions of the Downtown Amenity Standards
5 are met; and

6 3) The maximum area eligible for a floor area exemption is 20,000
7 square feet;

8 d. Child care centers;

9 e. Human service use;

10 f. Residential use, except in the PMM zone, and provided that allowable
11 residential floor area is limited on lots from which TDP is transferred in accordance with Chapter
12 23.58A;

13 g. Live-work units, except in the PMM zone;

14 h. Museums, provided that the eligibility conditions of the Downtown
15 Amenity Standards are met;

16 i. The floor area identified as expansion space for a museum, if such
17 expansion space satisfies the following:

18 1) The floor area to contain the museum expansion space is owned
19 by the museum or a museum development authority; and

20 2) The museum expansion space will be occupied by a museum,
21 existing as of October 31, 2002, on a downtown zoned lot; and

1 2) The minimum area of the major retail store is 80,000 square
2 feet;

3 3) The eligibility conditions of the Downtown Amenity Standards
4 are met;

5 4) The maximum area eligible for a floor area exemption is
6 200,000 square feet; and

7 5) The floor area exemption applies to storage areas, store offices,
8 and other support spaces necessary for the store's operation;

9 p. Shower facilities for bicycle commuters;

10 q. Floor area, excluding floor area otherwise exempt, up to a maximum of
11 25,000 square feet on any lot, within one or more Landmark structures for which a floor area
12 bonus has been granted pursuant to subsection 23.49.011.A.2.j, or within one or more small
13 structures for which a floor area bonus has been granted pursuant to subsection 23.49.011.A.2.k,
14 or within any combination of such Landmark structures and such small structures, in each case
15 only to the extent that the floor area satisfies the following criteria as determined by the Director:

16 1) The floor area is interior space of historic or architectural
17 interest designed to accommodate the original function of the structure, and maintaining the
18 integrity of this space prevents it from being fully utilized as commercial floor area;

19 2) The floor area is occupied by such uses as public assembly or
20 performance space, human services, or indoor public amenities, including atrium or lobby area
21 available for passive indoor recreation use or for the display of art or other objects of scientific,
22 social, historic, cultural, educational, or aesthetic interest; and

1 4) Pedestrian access is provided from an abutting street to the roof
2 of the portion of the partially above-grade story in the setback area; and

3 5) Up to 50 percent of the roof of the portion of the partially
4 above-grade story in the setback area may be enclosed to provide weather protection, provided
5 that the height of any feature or structure enclosing the space shall not exceed 20 feet, measured
6 from the roof of the partially above-grade story;

7 v. Up to a maximum of 50,000 square feet of the floor area occupied by a
8 City facility, including but not limited to fire stations and police precincts, but not a City facility
9 predominantly occupied by office use;

10 w. Parking uses if:

11 1) The parking use sought to be exempted was legally established
12 as of February 8, 2015;

13 2) The parking is in a structure that existed on January 1, 1980;

14 3) The structure is located west of Third Avenue in a DMC zone;

15 4) A minimum of 50 percent of the parking spaces will be
16 available to the general public as short-term parking;

17 5) The existing structure and any proposed additions meet or are
18 modified to meet the street-level use requirements of Section 23.49.009;

19 6) The existing structure and any proposed additions are subject to
20 administrative design review regardless of whether administrative design review is required
21 pursuant to Chapter 23.41; and

22 7) Any addition of non-exempt floor area to the existing structure
23 is developed to LEED Gold standards; and

1 x. Floor area for an elementary school or a secondary school, except on
2 lots zoned DRC, which may include minimum space requirements for associated uses including
3 but not limited to academic core functions, child care, administrative offices, a library,
4 maintenance facilities, food service, interior recreation, and specialty instruction space, provided
5 that:

6 1) Prior to issuance of a Master Use Permit, the applicant shall
7 submit a letter to the Director from the operator of the school indicating that, based on the Master
8 Use Permit plans, the operator has determined that the development could meet the operator's
9 specifications; and

10 2) Prior to issuance of a building permit, the applicant shall submit
11 a written certification by the operator to the Director that the operator's specifications have been
12 met.

13 y. The floor area of required bicycle parking for small efficiency dwelling
14 units or congregate residence sleeping rooms, if the bicycle parking is located within the
15 structure containing the small efficiency dwelling units or congregate residence sleeping rooms.
16 Floor area of bicycle parking that is provided beyond the required bicycle parking is not exempt
17 from FAR limits.

18 z. In the DMR/R 95/65 zone, lodging uses. This exemption from FAR
19 limits does not apply to lodging uses created by converting residential uses to lodging uses in
20 existing structures.

21 2. Mechanical equipment

22 a. As an allowance for mechanical equipment fully contained within a
23 structure, three and one-half percent shall be deducted in computing chargeable gross floor area.

1 Calculation of the allowance excludes gross floor area exempt pursuant to subsection

2 23.49.011.B.1.

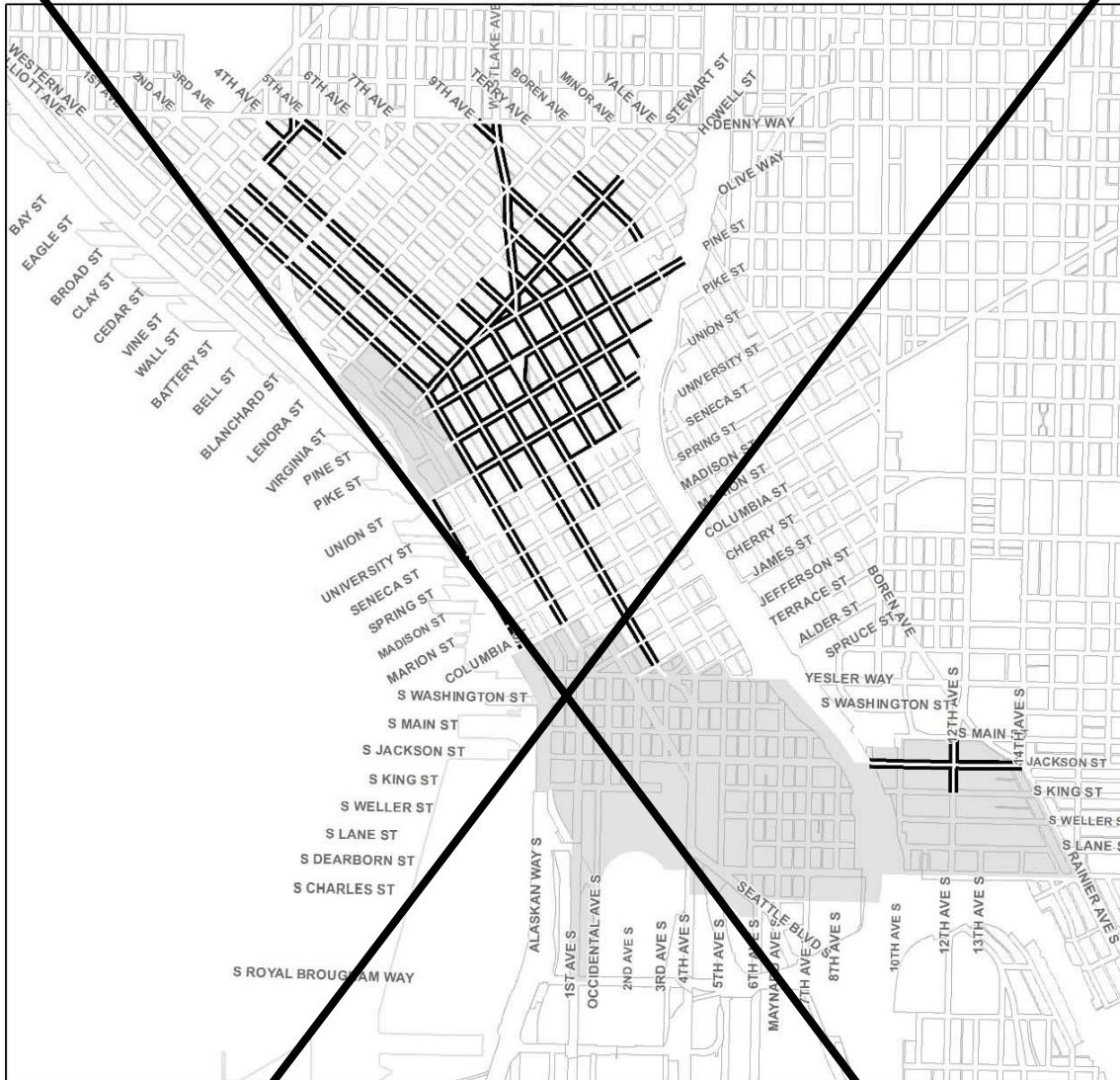
3 b. Mechanical equipment located on the roof of a structure shall not be
4 calculated as part of the total gross floor area of the structure.

5 Section 10. Maps 1G and 1J of Chapter 23.49 of the Seattle Municipal Code, last
6 amended by Ordinances 125371 and 126685, are amended as follows:

1

Map 1G: Street Level Uses Required

Street Level Uses Required



- Street Level Uses Required
- Special Review or Historic Districts



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Downtown zoning
Map 1G
Street Level Uses Required

2

Street Level Uses Required



- Require active street level uses, per 23.42.041
- ==** Allow interim street activation uses
- Special Review or Historic Districts

N

0 950 1,900
Feet

DOWNTOWN ZONING

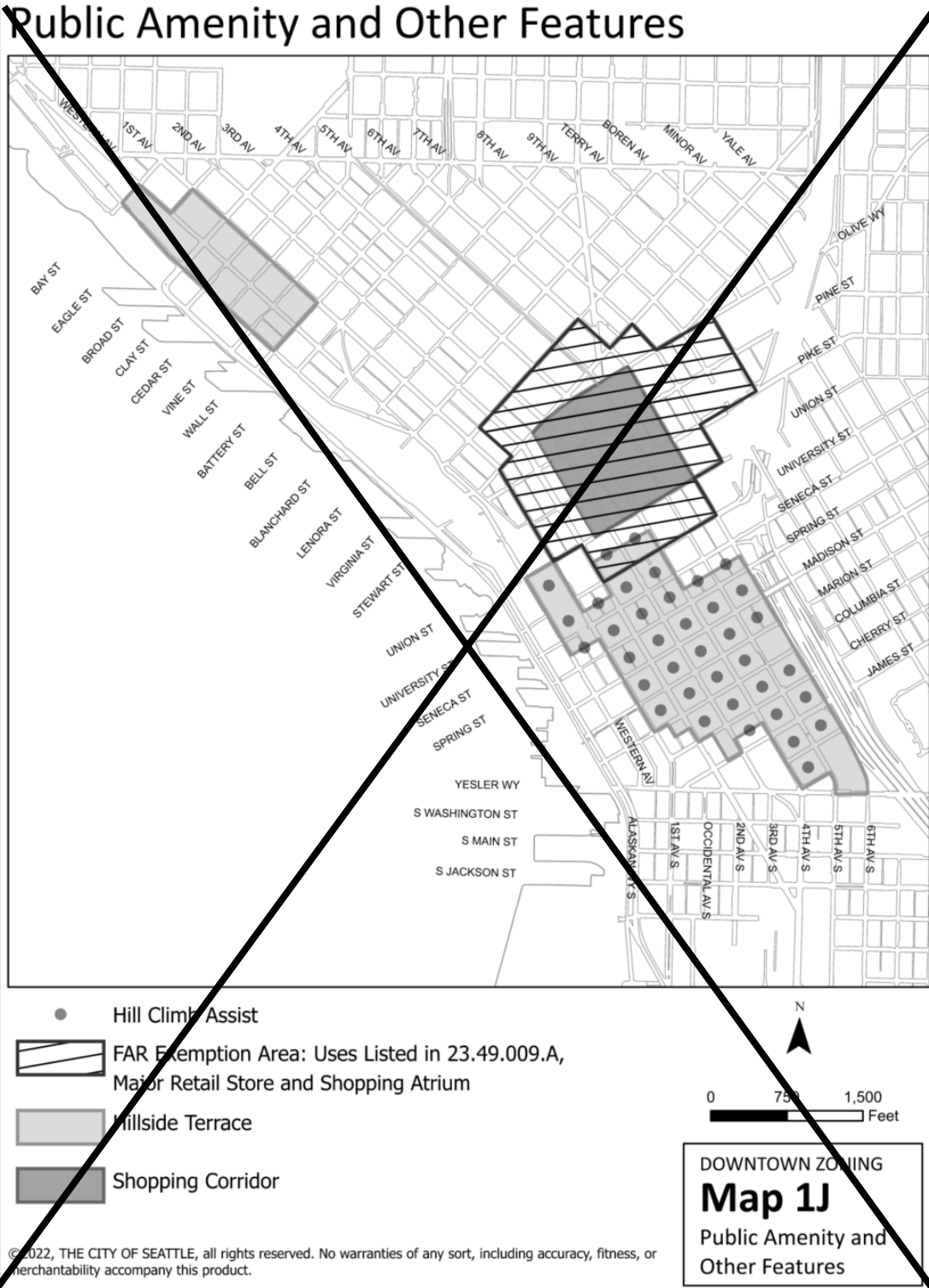
Map 1G

Street Level Uses
Required

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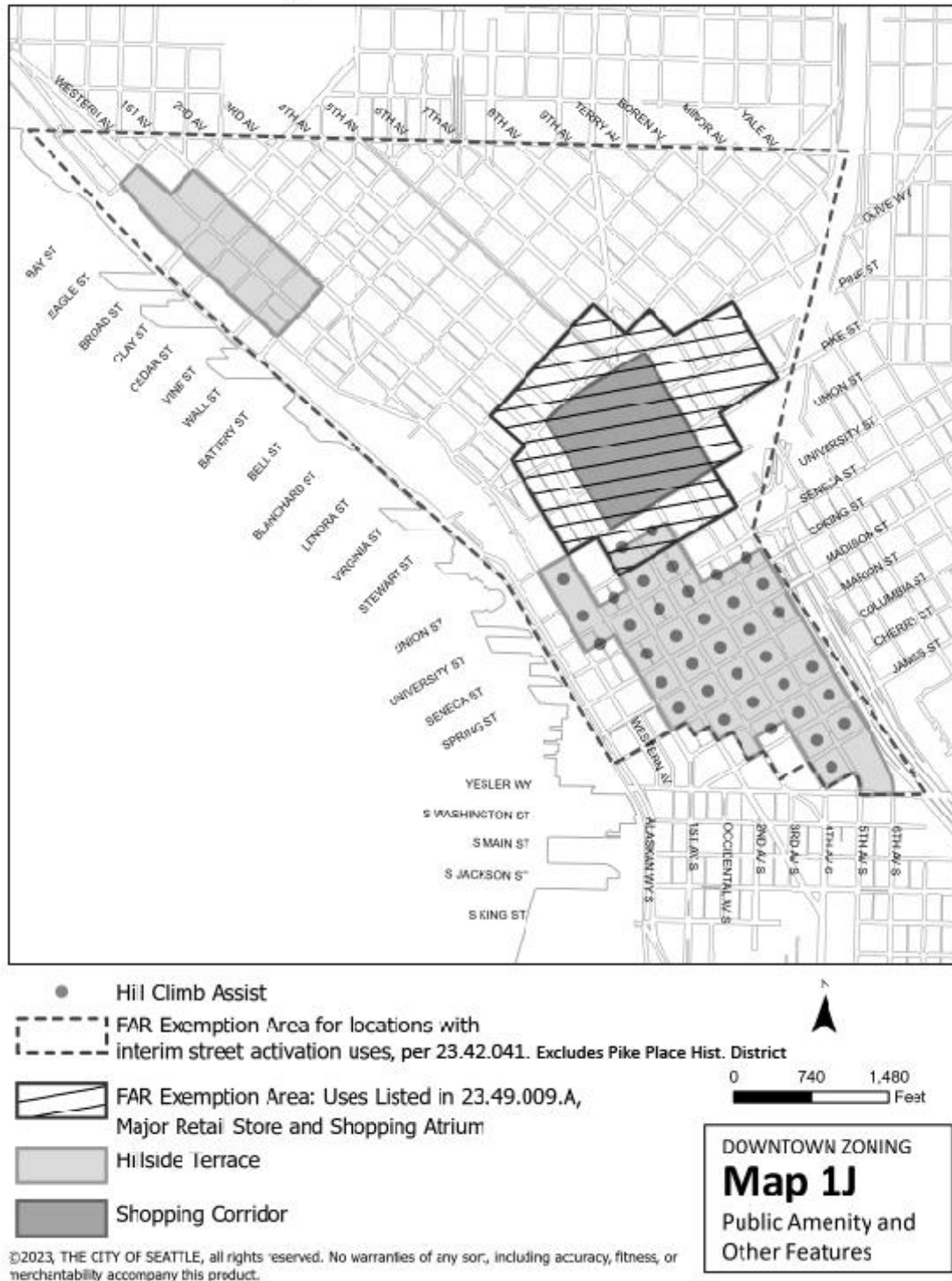
1

Map 1J: Public Amenity Features



2

Public Amenity and Other Features



1

2 Section 11. Table A for Section 23.76.004 of the Seattle Municipal Code, which section

3 was last amended by Ordinance 126821, is amended as follows:

1 **23.76.004 Land use decision framework**

2 * * *

Table A for 23.76.004 LAND USE DECISION FRAMEWORK¹	
Director’s and Hearing Examiner’s Decisions Requiring Master Use Permits TYPE I Director’s Decision (Administrative review through land use interpretation as allowed by Section 23.88.020 ²)	
*	Application of development standards for decisions not otherwise designated Type II, III, IV, or V
*	Uses permitted outright
*	Temporary uses, four weeks or less
*	Renewals of temporary uses, except for temporary uses and facilities for light rail transit facility construction
*	Intermittent uses
*	<u>Interim street activation use pursuant to Section 23.42.041</u>
* * *	
Footnotes for Table A for 23.76.004	
¹ Sections 23.76.006 and 23.76.036 establish the types of land use decisions in each category. This Table A for 23.76.004 is intended to provide only a general description of land use decision types.	
² Type I decisions may be subject to administrative review through a land use interpretation pursuant to Section 23.88.020.	
³ Shoreline decisions, except shoreline special use approvals that are not part of a shoreline substantial development permit, are appealable to the Shorelines Hearings Board along with all related environmental appeals.	

3 Section 12. Section 23.76.006 of the Seattle Municipal Code, last amended by Ordinance
 4 126821, is amended as follows:

5 **23.76.006 Master Use Permits required**

6 A. Type I, II, and III decisions are components of Master Use Permits. Master Use
 7 Permits are required for all projects requiring one or more of these decisions.

8 B. The following decisions are Type I:

- 9 1. Determination that a proposal complies with development standards;

1 2. Establishment or change of use for uses permitted outright, uses allowed
2 under Section 23.42.038, temporary relocation of police and fire stations for 24 months or less,
3 transitional encampment interim use, temporary uses for four weeks or less not otherwise
4 permitted in the zone, and renewals of temporary uses for up to six months, except temporary
5 uses and facilities for light rail transit facility construction;

6 3. The following street use approvals:

7 a. Curb cut for access to parking, whether associated with a development
8 proposal or not;

9 b. Concept approval of street improvements associated with a
10 development proposal, such as additional on-street parking, street landscaping, curbs and
11 gutters, street drainage, sidewalks, and paving;

12 c. Structural building overhangs associated with a development proposal;

13 d. Areaways associated with a development proposal;

14 4. Lot boundary adjustments;

15 5. Modification of the following features bonused under Title 24:

16 a. Plazas;

17 b. Shopping plazas;

18 c. Arcades;

19 d. Shopping arcades; and

20 e. Voluntary building setbacks;

21 6. Determinations of Significance (determination that an Environmental Impact
22 Statement is required) for Master Use Permits and for building, demolition, grading, and other
23 construction permits (supplemental procedures for environmental review are established in

1 Chapter 25.05, Environmental Policies and Procedures), except for Determinations of
2 Significance based solely on historic and cultural preservation;

3 7. Discretionary exceptions for certain business signs authorized by subsection
4 23.55.042.D;

5 8. Waiver or modification of required right-of-way improvements;

6 9. Reasonable accommodation;

7 10. Minor amendment to Major Phased Development Permit;

8 11. Streamlined design review decisions pursuant to Section 23.41.018 if no
9 development standard departures are requested pursuant to Section 23.41.012, and design
10 review decisions in an MPC zone if no development standard departures are requested
11 pursuant to Section 23.41.012;

12 12. Shoreline special use approvals that are not part of a shoreline substantial
13 development permit;

14 13. Determination that a project is consistent with a planned action ordinance,
15 except as provided in subsection 23.76.006.C;

16 14. Decision to approve, condition, or deny, based on SEPA policies, a permit
17 for a project determined to be consistent with a planned action ordinance;

18 15. Determination of requirements according to subsections 23.58B.025.A.3.a,
19 23.58B.025.A.3.b, 23.58B.025.A.3.c, 23.58C.030.A.2.a, 23.58C.030.A.2.b, and
20 23.58C.030.A.2.c;

21 16. Decision to increase the maximum height of a structure in the DOC2
22 500/300-550 zone according to subsection 23.49.008.F;

1 Section 15. This ordinance shall take effect as provided by Seattle Municipal Code
2 Sections 1.04.020 and 1.04.070.

3 Passed by the City Council the _____ day of _____, 2024,
4 and signed by me in open session in authentication of its passage this _____ day of
5 _____, 2024.

6 _____
7 President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2024.

8 _____
9 Bruce A. Harrell, Mayor

10 Filed by me this _____ day of _____, 2024.

11 _____
12 Scheereen Dedman, City Clerk

13 (Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Department of Construction and Inspections	Gordon Clowers	Christie Parker

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to land use and zoning; adopting interim provisions to facilitate occupancy of street-level spaces in the Downtown, South Lake Union, and Uptown Urban Centers; adding a new Section 23.42.041 to the Seattle Municipal Code; and amending Sections 23.42.108, 23.48.005, 23.48.020, 23.48.040, 23.48.240, 23.48.740, 23.49.009, 23.49.011, 23.76.004, and 23.76.006, and Downtown Overlay Maps 1G and 1J in Chapter 23.49 of the Seattle Municipal Code.

Summary and background of the Legislation: The Seattle Department of Construction and Inspections (SDCI), Office of Planning and Community Development (OPCD), and the Department of Neighborhoods (DON) are proposing land use legislation to temporarily add more flexibility and variety to the uses required to occupy street-level spaces. Along with new opportunities for flexible design and layout of these uses in the first two floors of buildings, the legislation will encourage the filling of vacant spaces by enabling a larger pool of potential tenants.

The intent of this legislation is to encourage new investments in Seattle’s core to support economic recovery over the next three years. It also aims to better activate street environments by encouraging greater continuity of occupied street-level uses and “eyes on the street.”¹

The legislation affects certain streets in the Downtown, South Lake Union, and Uptown Urban Centers where the street-level uses are currently limited by the Land Use Code to certain kinds of active uses like retail and restaurant uses.

The proposal is similar to the interim Ordinance 126421 (effective September 2021 through September 2022), which was prompted by the economic impacts of the COVID 19 pandemic.

The legislation includes the following:

1. **Greater flexibility in types of permitted uses at the street level.** Currently, in several mapped streets, the Land Use Code requires street-level uses to be only the most “active” categories of uses (like retail, bars/restaurants and entertainment uses) and a few types of cultural and community facilities (like libraries, museums, childcare, and religious

¹ The proposal is similar to the interim Ordinance 126421 (effective September 2021 through September 2022), which was prompted by the economic impacts of the COVID 19 pandemic.

facilities). This is meant to provide for engaging, pedestrian-oriented street environments that are continuously occupied by street-level uses that attract visitors and activity. But in 2024, too many vacant spaces are jeopardizing those qualities and contributing to economic challenges in Seattle’s core urban centers. The proposal would allow more flexibility for a greater variety of less-active uses, such as offices, research and development laboratories, art installations, co-working spaces, and a variety of other institutional uses, including medical offices, food processing/craft work, horticultural uses, and non-household sales and services.

2. **Reduced minimum depth of use.** Street-level uses could be located in spaces with minimum depths of 8 feet, in contrast to existing depth requirements of 15 feet in Downtown and 30 feet in South Lake Union and Uptown.
3. **Greater flexibility in floor area density limit exemptions, to encourage design flexibility and more occupancy of spaces on the first two floors of buildings.** Greater flexibility in floor area density limit provisions would allow street-front uses to include second-floor and mezzanine spaces in them, while not counting them as “chargeable” toward floor area density limits. Spaces could include mezzanine and second-floor spaces in street-level uses, encouraging renovation of existing building spaces for larger and more diverse kinds of uses, such as multi-floor restaurants, retail spaces, or as part of hotel uses.
4. **Duration of permit.** The proposal treats these permits like any other and would allow the use to remain after the temporary rules expire. The permitted uses would become non-conforming, but could stay in perpetuity. This would encourage a tenant to stay for the long-term, to recoup over time the costs of obtaining permits and making improvements.
5. **Where the temporary flexibility would apply.** The proposal applies to most areas in the Downtown Urban Center and in selected portions of the South Lake Union and Uptown Urban Center that have street-level use restrictions. See the attached maps. This includes:
 - Portions of Westlake Avenue and Valley Street in South Lake Union.
 - Portions of Mercer Street and 5th Avenue North in Uptown.
 - Several portions of Downtown in Belltown, Commercial Core, and Denny Triangle, except for certain key streets like Pike and Pine Streets and blocks closest to Pike Place Market.

To qualify for an interim street activation use, a location must have a certificate of occupancy that was already issued before the ordinance becomes effective; and, a complete application for the interim use must be submitted and accepted within 36 months of the ordinance effective date. The ordinance automatically expires 36 months after the effective date.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project?

Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No financial impacts, direct or indirect, are anticipated from adoption of this legislation. The cost of administering the proposal is anticipated to be covered by existing fees and with existing staff. Upgrades to the permit tracking system to aid SDCI in tracking permits under this legislation are covered by existing resources.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

SDCI does not anticipate direct or indirect costs associated with the legislation; if an additional volume of permit applications are made for tenant improvement permits in existing buildings' vacant spaces, permit fees are expected to cover the costs of review. Existing resources will be sufficient to train staff about a wider range of candidate uses that can occupy spaces in certain areas (broadening from a narrow retail-focused range of uses), create public information materials, and adjust business practices if needed. No significant technology changes are anticipated.

Please describe any financial costs or other impacts of *not* implementing the legislation.

There is no direct financial cost of not implementing the legislation. Failure to implement this or similar legislation could prolong challenges that the City is facing to help fill vacant spaces in downtown storefronts in order to generate economic activity and tax revenue.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

The legislation would affect, and has been developed in partnership with the Office of Planning and Community Development (OPCD), and with consultation of the Department of Neighborhoods (DON). SDCI, and possibly DON, will review permit applications that may use this legislation. No impacts to any departments are anticipated.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No. The legislation would not directly affect any specific piece of property but would modify the type of businesses allowed on properties along streets with street-level use requirements within the South Lake Union Urban Center, Uptown Urban Center, and Downtown Urban Center (excluding the International Special Review District, Pioneer Square Preservation District, and Pike Place Market Historical District).

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

The proposal is intended to create opportunities for new businesses and jobs, which may extend to BIPOC communities. Further actions are anticipated to help BIPOC-owned businesses and job seekers benefit from the proposal, including communication in multiple languages. OPCD and SDCI are working with other departments and offices on methods and materials to help BIPOC and other businesses navigate the permit process, and provide priority processing.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

No specific RET or equity analysis was prepared.

iii. What is the Language Access Plan for any communications to the public?

Access to language translation services is available, if needed. No language access plan was prepared.

d. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

This legislation will likely result in a reduction of greenhouse gas emissions. To the extent that the legislation facilitates incrementally more businesses providing goods and services downtown, the legislation could marginally increase the number of Seattle residents able to meet daily needs without the use of a car.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

This legislation increases Seattle's resiliency and its ability to adapt to climate change by encouraging provision of a greater range of goods and services in the center city area.

- e. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program’s desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**
Not applicable.

5. CHECKLIST

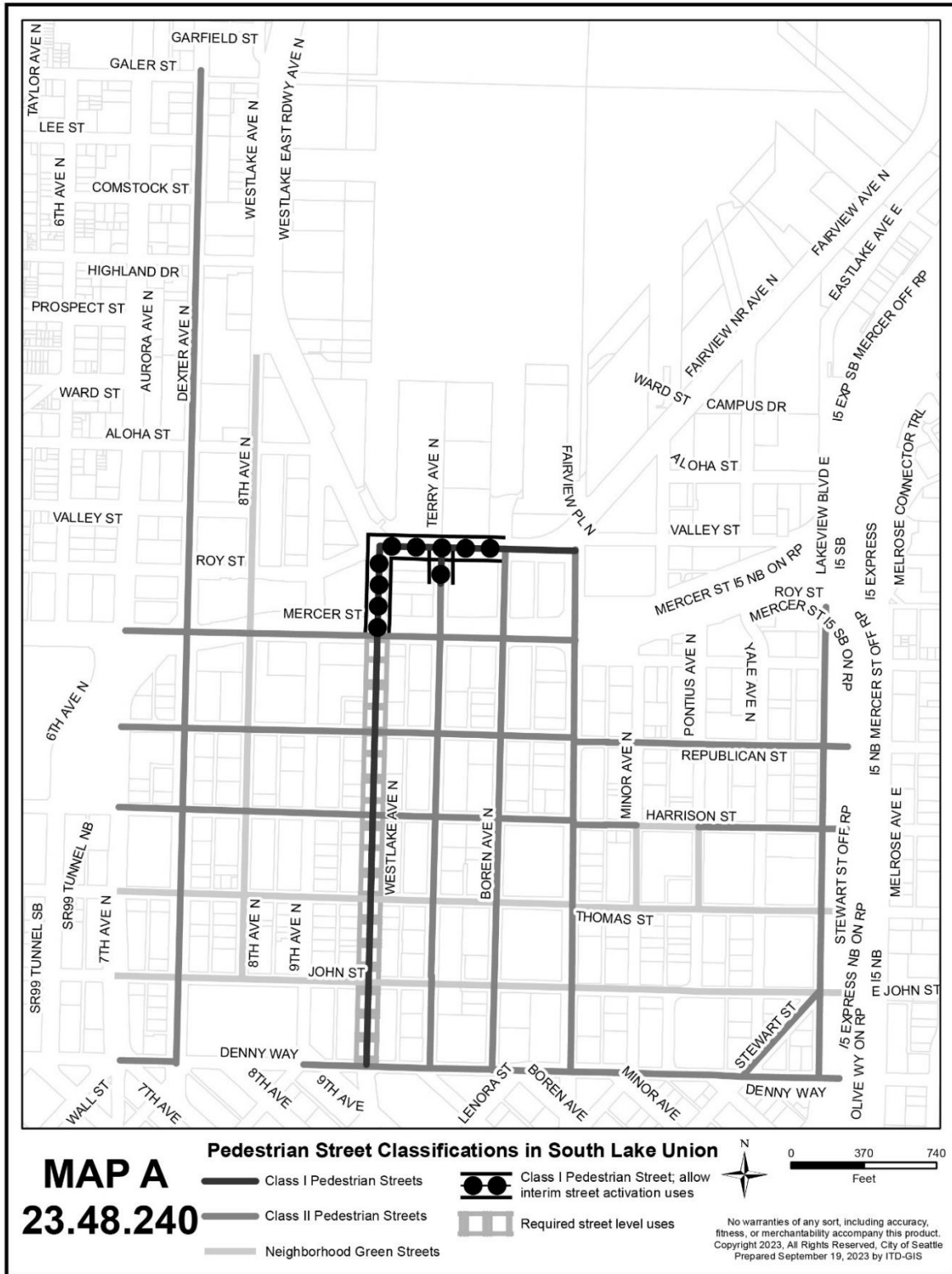
- Is a public hearing required?** The City Council will hold a public hearing.
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?** Notice of the environmental review decision and the public hearing will be posted in the DJC.
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

6. ATTACHMENTS

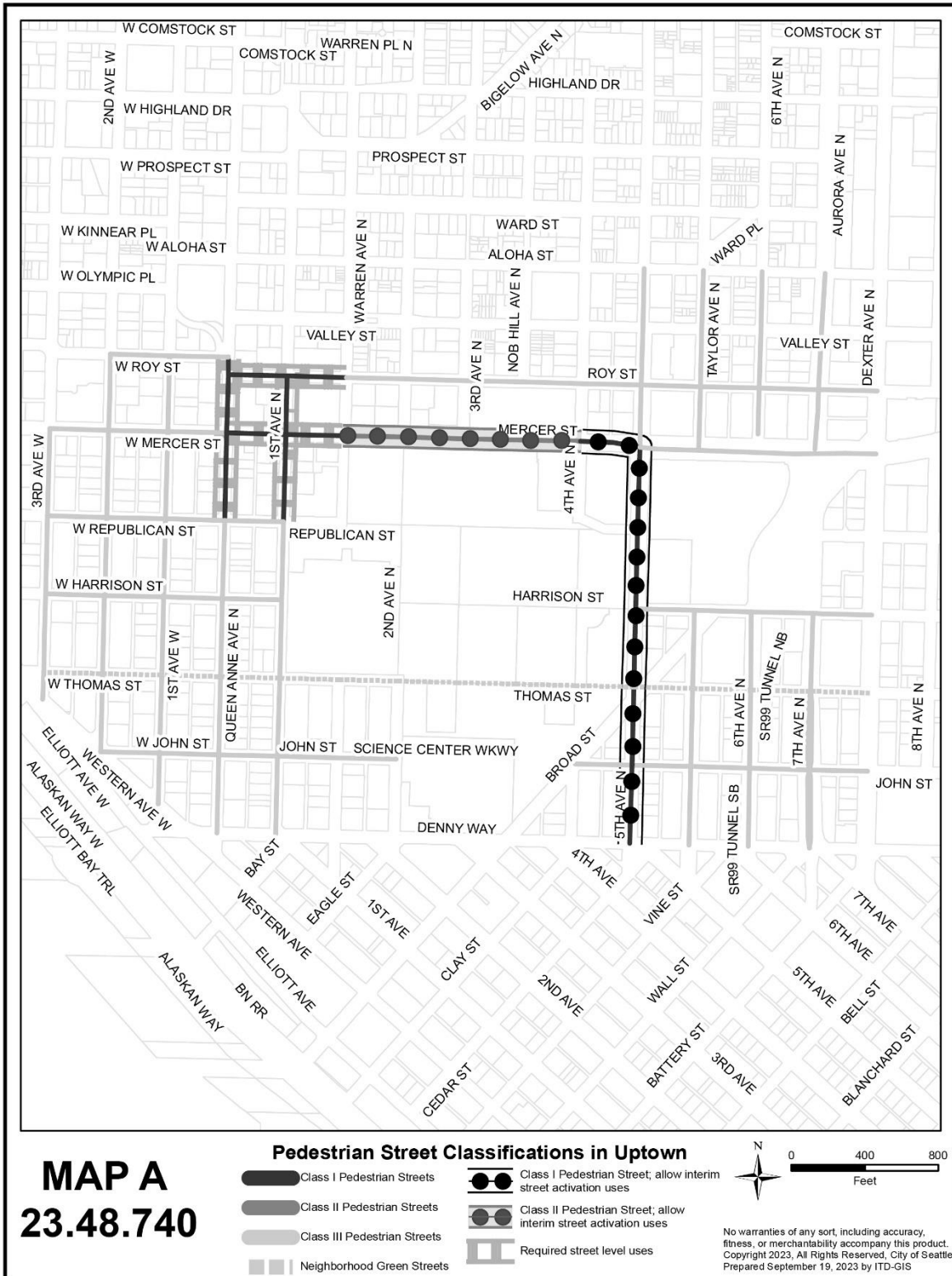
Summary Attachments:

- Summary Att A - Map A for 23.48.240 (South Lake Union)
Summary Att B - Map A for 23.48.740 (Uptown)
Summary Att C - Downtown Map 1G
Summary Att D - Downtown Map 1J
Summary Att E - Determination of Non-Significance

Attachment: Map A for 23.48.240



Attachment: Map A for 23.48.740

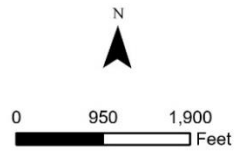


Attachment: Downtown Map 1G

Street Level Uses Required



- Require active street level uses, per 23.42.041
- == Allow interim street activation uses
- Special Review or Historic Districts

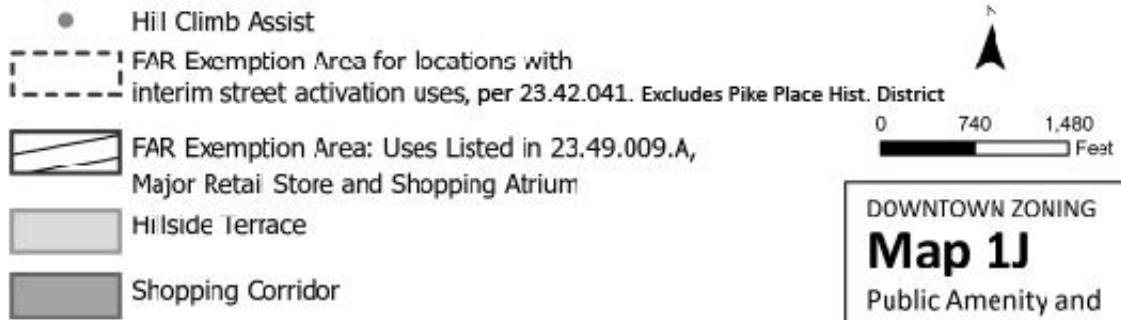


DOWNTOWN ZONING
Map 1G
Street Level Uses
Required

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Attachment: Downtown Map 1G

Public Amenity and Other Features



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**ANALYSIS AND DECISION OF THE DIRECTOR
OF THE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS**

**SEPA Threshold Determination
for
Street Activation legislation**

Project Proponent: City of Seattle

BACKGROUND AND PROPOSAL

Adoption of the proposed legislation is a non-project action that updates and amends various provisions of the Land Use Code, on an interim basis. The proposal is similar to prior land use legislation, adopted in Ordinance 126421. The proposal would add more flexibility for a broader range of uses than currently allowed in the Downtown, Uptown, and South Lake Union Urban Centers on certain streets with street-level use requirements. The proposal also includes amendments to certain development standards. The applicable area has lost many businesses that relied on office workers, tourists, recreational visitors, and convention participants. Economic recovery since has occurred unevenly. The result is many vacant spaces, reduced activity on greater downtown area sidewalks, reduced continuity of occupied uses at ground level, and a less engaging and vibrant neighborhood environment.

Proposal

The proposal would temporarily expand the variety of uses that the Land Use Code allows to locate in certain portions of Downtown, Uptown, and South Lake Union in street-level spaces and second floors to help fill vacancies in existing buildings and promote streets that are better activated by abutting occupied spaces. The proposal is for a three-year effective period, during which a property or business owner could apply for a permit to establish a type of street-level use that is not allowed under the existing code. The proposal includes the following:

1. **Broaden the uses allowed along street level sidewalks.** Currently, along several mapped streets, the Land Use Code limits allowed street-level uses to categories like retail, bars/restaurants, entertainment uses, and cultural and community facilities (like libraries, museums, childcare, and religious facilities). This is meant to provide engaging, pedestrian-oriented street environments that are continuously occupied by street-level uses that attract visitors and activity. This is seen as contributing to positive neighborhood attributes and amenities. But, recognizing that vacant spaces lack those positive qualities, the proposal would allow more flexibility for a greater variety of uses, to encourage the occupation of vacant spaces that will benefit neighborhoods by maintaining continuity of street-level occupied uses and increasing activity levels. The proposed additional uses include but are not limited to offices, research and development laboratories, art installations, community centers and a variety of other institutional uses, medical offices, food processing/craft work, horticultural uses, and non-household sales and services (like restaurant supply stores for example). Also, the proposal allows for the SDCI Director to allow other similar uses and activities that would increase pedestrian activity or increase the variety of goods and services available. While the uses may be

slightly less active than the uses currently allowed in the affected neighborhoods, they would provide more options to fill empty spaces.

2. **Reduced minimum depth of use.** The proposal allows for street-level uses to occur in spaces with minimum depths of 8 feet, in contrast to existing depth requirements of 15 feet in Downtown and 30 feet in South Lake Union and Uptown.
3. **Greater flexibility in floor area density limit exemptions, to encourage more occupancy of spaces on the first two floors of buildings.** The proposal includes more code flexibility that would reduce the restrictiveness of development standards and clarify floor area density limit provisions. This would allow street-front uses to include second-floor and mezzanine spaces, while not counting the space as “chargeable” toward floor area density limits (“FAR¹” limit), and also encourage the filling of vacant spaces on second floors of existing buildings with a broader variety of uses. This would give landlords more options for tenants, and increase flexibility in design of street-level spaces to include mezzanines and second-floors.
4. **Durability of permit.** The proposal treats these permits like any other and would allow the uses permitted as interim activation uses to remain after the temporary rules expire. The permitted uses would become non-conforming (grandfathered) uses, but could stay in perpetuity, and could even change from one non-conforming use to another non-conforming use. Minor renovations and expansions of structures with these uses could also occur as described in SMC Chapter 23.42. This would encourage a tenant to stay for the long-term, to recoup over time the costs of obtaining permits and making improvements.
5. **Where the proposal would apply.** The proposal would apply to most areas in the Downtown Urban Center (except Pioneer Square, Chinatown/International District, and Pike Place Market Historical District), and in selected portions of the South Lake Union and Uptown Urban Centers that have street-level use restrictions. See the maps on the following pages.

Downtown

-- The proposal updates Downtown Map 1G to accommodate proposed flexibility on most streets with street-level use requirements in Belltown, the commercial core, and Denny Triangle, except for a limited number of corridors (such as Pike and Pine Street, avenues near Pike Place Market, and a few other places) where the existing active street-level use requirements would still be in effect;

South Lake Union

-- North of Mercer Street, blockfaces on Westlake Avenue, Valley Street, and Terry Street that are subject to street-level use requirements;

Uptown

-- Blockfaces on Mercer Street east of Warren Avenue N to 5th Avenue N, and 5th Avenue N south of Mercer Street to Denny Way.

¹ FAR is “floor area ratio,” a measure of a building’s density. 1 FAR equals the total area of the property in square feet, meaning a building that fully covers a property with two floors is equivalent to 2 FAR. In Downtown, density limits are typically defined only for non-residential uses, and some kinds of non-residential floor area are exempt from being counted against the density limit.

Street Level Uses Required



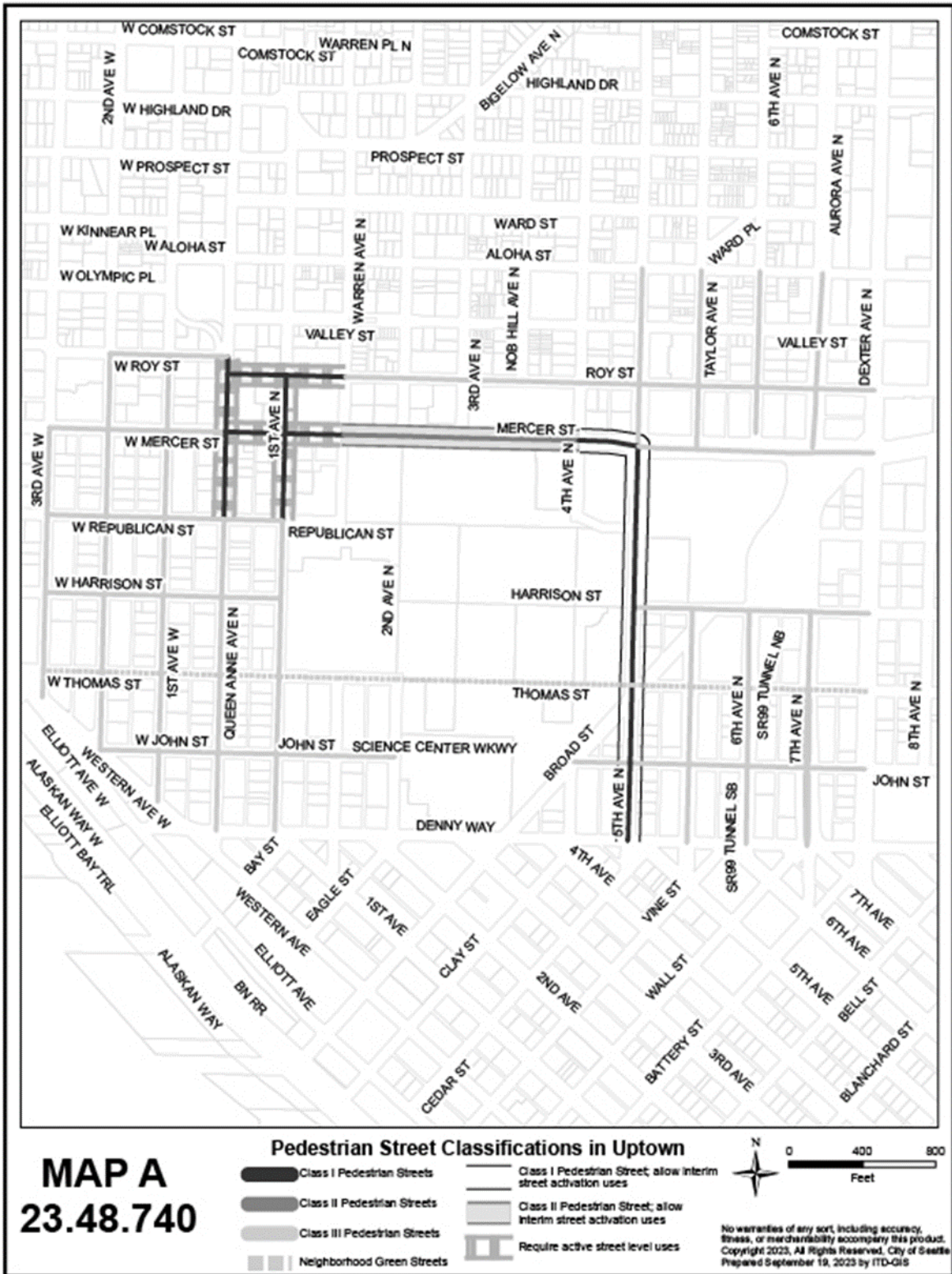
- Require active street level uses, per 23.42.041
- Allow interim street activation uses
- Special Review or Historic Districts

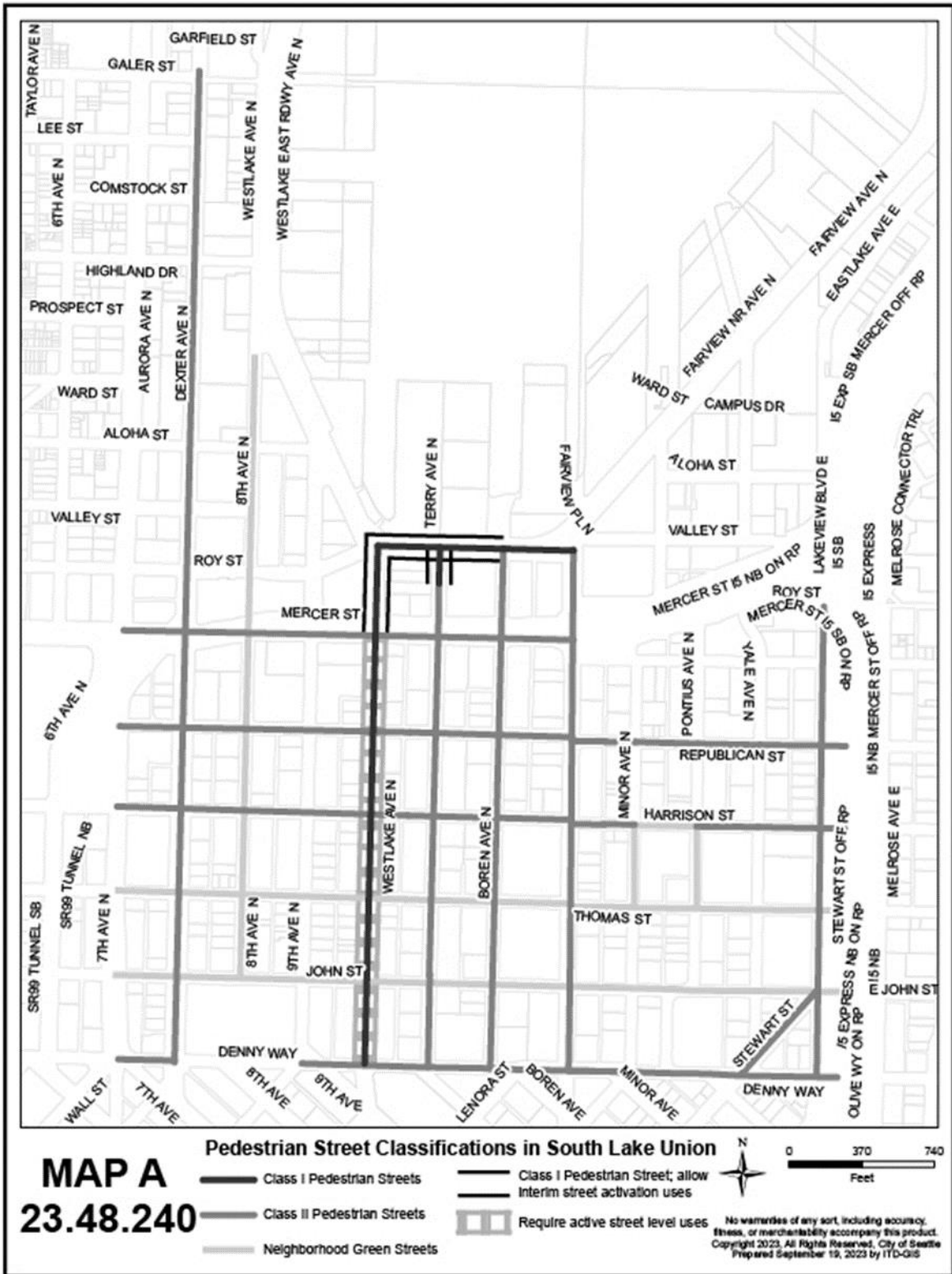
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DOWNTOWN ZONING
Map 1G
 Street Level Uses
 Required




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Public Amenity and Other Features



- Hill Climb Assist
- - - FAR Exemption Area for locations with interim street activation uses, per 23.42.041. Excludes Pike Place Hist. District
-  FAR Exemption Area: Uses Listed in 23.49.009.A, Major Retail Store and Shopping Atrium
-  Hi Side Terrace
-  Shopping Corridor



DOWNTOWN ZONING
Map 1J
 Public Amenity and
 Other Features

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Public Comment

The changes to the Land Use Code require City Council approval. Opportunity for public comment will occur during Council meetings and hearings. The ordinance and this environmental review and SEPA Determination will be available online for public comments.

ANALYSIS – OVERVIEW

Environmental review resulting in a Threshold Determination is required pursuant to the State Environmental Policy Act (SEPA), WAC 197-11, and the Seattle SEPA Ordinance (Seattle Municipal Code (SMC) Chapter 25.05).

The following report describes the analysis conducted to determine that the non-project action is not likely to result in *probable significant adverse environmental impacts*. This threshold determination is based on:

- the language of the proposed amendments and related contents as described above;
- the information contained in the *SEPA checklist* (dated September 11, 2023), including annotations made by SDCI staff;
- review of materials prepared as background information about the code amendments, prepared by City staff; and
- the experience of the SDCI analyst in reviewing similar documents and actions.

ELEMENTS OF THE ENVIRONMENT

Short-Term and Long-Term Impacts

A. Natural Environment

Earth, Water, Water Quality, Plants/Animals/Fisheries/Marine Life

The action is not expected to generate significant adverse impacts for these natural environmental elements, at a non-project level or in its potential for cumulative impacts related to future development influenced by the action.

Seattle is mostly urbanized in its development patterns, but it also has retained greenbelts, hillsides, stream, river, bay, and lake environments with diverse kinds of plant, animal, fish and marine habitats. This includes many shoreline edges hosting birds, fish, and other marine life.

- Wildlife on land largely includes those species habituated to urban areas and fragmented vegetated areas in the city, with common types including squirrels, opossum, coyotes, and a variety of bird species including eagles. Threatened, protected, or endangered species that could be present near future development include heron, and salmon in locations downstream via natural drainages.
- Seattle has numerous soil types, including mineral soils dominated by clay, silt, or sand, as well as organic soils such as peats and mucks. No agricultural soils or prime farmland are located within the Seattle corporate limits. As a densely urbanized area, much of Seattle's native soils have been extensively altered by filling, grading, and other activity. The affected areas of this proposal may include remnants of native glacial-till-related soils throughout, and other layers composed of silty and clay-influenced soils in Uptown,

and Holocene era “lake deposits” with silt, clay, and organic deposits in the vicinity of Lake Union.

- The Seattle area is known to be in an active seismic area, as is the entire Puget Sound region. The City’s geologically hazardous areas are defined by SDCI as environmentally critical areas (ECAs). Unstable soils and surfaces occur primarily in two contexts: 1) steep slopes and landslide-prone areas, where a combination of shallow groundwater and glacial sediments deposited in layers with variable permeability increases the risk of landslides; and 2) areas of fill or alluvial soils where loose, less cohesive soil materials below the water table with potential for liquefaction during earthquakes.
- Most of Seattle is located within the Lake Washington/Cedar/Sammamish Watershed (Watershed Resource Inventory Area [WRIA] 8). The Duwamish Waterway and Elliott Bay are part of the Green/Duwamish and Central Puget Sound Watershed (WRIA 9). Seattle’s surface waters include marine areas (Puget Sound), rivers, lakes, and creeks. Rivers and creeks include but are not limited to the Duwamish waterway, Longfellow, Fauntleroy, Taylors, Thornton, and Pipers Creek. Freshwater lakes include the Lake Union/Ship Canal, Green, Haller, and Bitter Lakes and numerous ponds and wetlands.

This non-project action will result in no direct adverse or significant adverse impacts to earth, water, plants, animals, fish, or marine life environmental elements because it does not directly propose development of new buildings. Similarly, this analysis identifies no adverse or significant adverse indirect or cumulative environmental impacts of this kind. All or nearly all new activities generated by the action would consist of tenant improvements or other building alterations occurring within existing buildings along certain streets of Downtown, Uptown, and South Lake Union Urban Centers. In these neighborhoods, most outdoor areas are paved or in hardscapes with limited presence of tended landscaping and a few manmade or previously altered sloped areas intermittently located. As such, the action’s influence on future uses will not likely lead to different levels of disturbance of outdoor areas, nor disturbances of environmentally critical areas, nor increases in development-related runoff or erosion, nor adverse changes in wildlife habitat or fisheries habitat. Therefore, degradation of these elements of the environment generating significant adverse impacts is not likely to occur.

Air Quality, Noise, Energy, Natural Resources Depletion, Environmental Health

This non-project action will result in no direct adverse or significant adverse impacts to these environmental elements because it does not directly propose development. Similarly, this analysis identifies no potentially significant adverse indirect or cumulative environmental impacts of these kinds.

Air Quality, Toxic/Hazardous Substances, Noise

The action will not directly, indirectly, or cumulatively lead to significant increases in discharges or emissions of toxic or hazardous substances, to the air or natural environment, or significantly increase the production of noise. Rather, it provides more flexibility in code requirements to incentivize the increased or renewed presence of more ground floor uses within existing buildings in portions of Downtown, Uptown, and South Lake Union urban center neighborhoods. The different kinds of allowed ground floor uses, such as somewhat more intensive commercial, institutional, research/development, office or food processing/craft work or horticultural uses,

conceivably could include those that would generate exhaust emissions to the air, or odors, or generate noise or vibration perceivable from outdoors, or use toxic or hazardous substances in on-site activities. In a worst-case, such emissions might be detectible enough to generate annoyances and related complaints from the public. If this occurred, those uses would be subject to enforcement of City codes that address nuisance complaints and require compliance to abate nuisances. Most probably, any new use that would occupy a Downtown, Uptown, or South Lake Union storefront as a result of this proposal would generate no unusual side effects upon air and noise conditions but would instead conduct their activities normally like other existing and permissible street-level land uses. This would include following established rules with respect to venting of exhaust, controlling noise from their activities, and properly storing any toxic substances they would use, if that is relevant to a use at all. Therefore, such impacts are not probable for most uses as a result of this non-project action, are not likely to be significant adverse impacts if they did occur, and could be avoided and mitigated by established code enforcement practices if they did occur.

Energy and Natural Resource Depletion

The non-project action would not likely generate significant direct, indirect, or cumulative adverse impacts of energy consumption or natural resource depletion. New uses encouraged by the action would tend to occupy existing building spaces where energy systems and other utilities are already present and have been predominantly in use except over the last year or two if they are currently vacant. This means the action would not necessarily lead to greater or lesser energy efficiency in the built environment, or more or less depletion of natural resources than might otherwise occur in the already-built structures. Future occupation of street-level storefronts or second-floor spaces with new uses most likely would be similar in size with or without the action, although there is a possibility that interior renovations could result in larger single uses oriented to the street than under existing codes. If these larger uses did occur, they could possibly contribute to increased energy use intensity than existing uses. For example, if a two-story restaurant space is created, the intensity of energy use conceivably could be greater than that for the existing space, potentially due to details like more total indoor heating demand or presence of more electrical or mechanical fixtures. This would depend on case-by-case circumstances. Otherwise, energy expended to occupy spaces within existing buildings would likely be similar on a site-by-site and cumulative basis with or without the action. To the extent that increased energy use is identified as possible, it is not likely to lead to harmful differential levels of adverse impacts on utility systems that provide energy. Because, in comparison to levels of energy consumption at the neighborhood or urban center level, the potential increases in energy from individual uses or small clusters of such uses would likely occur at negligible-to-minor levels. Therefore, no particular likelihood of localized utility system improvement needs are probable, and significant adverse differences in citywide total energy consumption over the long-term are not projected to occur. Seattle's energy codes, which are becoming progressively more energy-efficient, could also apply.

B. Built Environment

Land and Shoreline Use, Height/Bulk/Scale, Housing, Relationship to Plans and Policies

Existing Conditions

Like many other cities, Seattle is experiencing economic challenges in the post-pandemic period relating to shifts in patterns of employee and customer use of downtown centers. Street-level

vacant spaces create or contribute to gaps in the continuity of neighborhoods, and lesser presence of area users and pedestrians. This is contrary to the desirable qualities of pedestrian activity, a mix of uses that invite visitation, and other qualities that establish neighborhood quality and character. Seattle's policies support countering negative trends with positive actions to restore economic vitality and remedy negative trends that threaten the quality and health of neighborhoods. This is especially important in the city's core urban centers (Downtown, Uptown, and South Lake Union) that are the heart of economic activity and are among its densest residential neighborhoods as well.

Parts of these centers are rebounding with renewed employee and customer presence and recovery in tourism visits, but the benefits of these trends are experienced unevenly throughout these urban centers. There remain intermittent vacancies in street-level spaces, with uncertainties about the ability to attract new tenants. These gaps negatively impact the overall vitality of neighborhoods and may limit the availability of goods and services for residents and other customers. This is a critical factor that may affect long-term perceptions about these neighborhoods' attractiveness to host residents, visitors, and employers.

Impact Analysis

The details of this proposed non-project action are not likely to generate significant adverse impacts on land use and shoreline use patterns, directly, indirectly, or cumulatively. This action is not likely to negatively affect the arrangement and combinations of land uses on the ground that could occur within Downtown, Uptown, or South Lake Union. Rather, overall land use patterns at an urban-center level are primarily affected by the existing zoning patterns across the city, and associated factors such as density limits, and other standards that influence or define the shape of buildings and their uses. Therefore, this analysis identifies no probable impacts of overall outcomes of this proposal that would be incompatible with land use plans. The additional street-level uses are currently allowed in zoning that applies to Downtown, Uptown, and South Lake Union in upper floors and other areas where the more limited use allowances currently apply.

As a related finding, the proposed non-project action likely would not lead to substantial amounts of added height/bulk/scale of buildings or related kinds of aesthetic visual impacts, as the action only applies to existing or permitted buildings. As such, almost all related activities generated by the non-project proposal would occur within existing spaces within existing building envelopes. Also, no public views are likely to be significantly adversely impacted by the action. If visual changes at individual sites occurred, they would consist of either tenant improvements that may be visible from the sidewalks within the vicinity of the street-level use, or potentially as minor building additions, if new kinds of proposed exemptions of certain spaces from density limits would allow. These might be in locations that are visually detectible, or they may not. However, to the extent such additions would be enabled they would be subject to other development standards of the Land Use Code that control building bulk and setbacks.

The proposal would enable new ranges of uses that could vary from existing zoning allowances to some degree, by allowing less-active uses along designated pedestrian-oriented streets. As defined in the current Land Use Code, these places where street-level uses are required are places that support a mix of tenants that provide services, goods, facilities or attractions that encourage visitation by passersby. Often these are in the form of retail establishments, restaurants or similar uses that, when grouped together, tend to increase overall activity and attractiveness of an area for

patronage of those uses. Conversely, when an area has a shortage of such uses, pedestrian activity levels tend to be lower and an area may be perceived as less engaging or vibrant. The City's plans and codes tend to support the greater presence of active, pedestrian-engaging uses in targeted locations such as urban village and urban center activity centers, consistent with typical urban planning practices.

However, when circumstances lead to an existing condition that is challenged by the more frequent presence of unoccupied spaces, an adjustment in requirements, as proposed, promotes outcomes that would encourage re-establishing and retaining a greater continuity of presence of a broad mix of kinds of uses. A greater continuity of occupied uses would tend to reduce aesthetically negative appearances caused by vacant street-level spaces, and encourage activity levels that promote neighborhood economic health and improve perceived or actual safety for area users. These kinds of likely positive effects of the proposal on these urban environments would help avoid and mitigate the adverse land use related impacts that would be conceptually possible due to the lesser presence of "active street-level uses" in any given location.

In the specific contexts of the affected neighborhoods:

- **South Lake Union:** The area with required street-level uses today primarily consists of Westlake Avenue north of Denny Way, to Valley Street near Lake Union, and a limited portion of Valley Street and Terry Avenue N. In this area, there are currently intermittent ground-floor use vacancies in newer and older buildings. To the extent that the proposal would lead to establishing or re-establishing occupancy of street-level spaces, the probable outcome would be an improved continuity in presence of tenants and related positive impacts like those in the paragraph above. If the change would primarily affect the area north of Mercer Street, the total amount of potential new occupation would be less (only on a small number of block faces) than if the proposal affected a greater extent of this area.
- **Uptown:** The area with required street-level uses today primarily consists of Mercer Street between Warren Avenue N and 5th Avenue N, and 5th Avenue N from Mercer Street south to Denny Way. In addition, such uses are required in the core of the Uptown neighborhood business district between Queen Anne Avenue N and Warren Avenue N, and between Roy Street and Republican Street. Only the Mercer Street and 5th Avenue N segments are included in this proposal. Of these areas, the proposed strategies would mostly be of use in a few places on Mercer Street, and a few blocks on the east side of 5th Avenue N. Given the prevailing land use patterns and intermittent vacancies of small tenant spaces at street-level, increasing the presence of any kind of street-level use would likely lead to positive impacts by improving the potential range of new tenants in a wider variety of uses, increasing continuity of presence of street-level uses, and the attraction of new visitors and employees to the area.
- **Downtown:** Most areas affected by the proposal currently have intermittent street-level space vacancies that are more concentrated in certain blocks than others. This includes most notably in portions of Belltown, the commercial core, and the retail core. Where they exist (such as along portions of 3rd, 4th and 5th Avenues for example), these vacant uses at worst add to a sense of visual blight and lead to extended areas with reduced availability of businesses to attract regular customers. The corresponding levels of limited pedestrian activity can contribute to a perception of reduced personal safety. Other than a core group of streets where active street-level use requirements would continue (like Pike and Pine Streets and the Pike Place Market vicinity), the proposal would increase the probability for

greater occupation and greater continuity of occupied street-level uses with related potential for positive land use impacts. Given the lack of including Pioneer Square, Chinatown/International District and the Pike Place Market Historical District in this proposal, the choices to recommend new kinds of street-level uses in historic structures would remain in the purview of the historic and special review district boards, based on current codes, as it does today.

Reduced minimum depth of street-level use and street-level use design flexibility. These elements of the proposal are meant to provide increased flexibility that could support the greater presence of street-level uses in smaller or larger configurations. This flexibility could encourage new investments in street-level uses that are either not allowed or are discouraged by the existing code requirements. Examples include:

- The potential for shallow-depth spaces that could support coffee or food “windows” or small shops, likely leading to a greater presence of active street-level uses where they do not exist today.
- Street-level uses that can more easily support multi-level designs by using mezzanine or second-floor levels. This might attract new restaurants or retail stores, that could use existing floor space more efficiently, or encourage space renovations with mezzanine levels that would be discouraged or prohibited by code requirements in a street-level space today. Such flexibility in what is allowed would act as an incentive to encourage new activities and innovative improvements that could help the overall attractiveness of the street environment, including for improved business climate.

These parts of the proposal are likely to generate positive contributions to the mix of uses at street-level over time, which would lead to probable positive land use impacts and not adverse land use impacts.



Floor area exemptions from limits for first and second floor uses. For non-residential development, which is often offices and hotels, the overall size of buildings is regulated by a limit on the amount of floor area that can be built as a non-residential use, expressed using a “floor area ratio” (FAR). The FAR is defined as the total amount of floor area allowed in a new building,

divided by the property's total area. For example, a zone that allows a building's total floor area to be 4 times the size of the property has an FAR limit of 4.

The code requires street-level uses along certain streets to encourage local districts with a variety of adjacent uses that will be aesthetically and functionally attractive to pedestrians and customers. This is important to foster interesting and engaging urban environments. To recognize the public value of these street-level uses, the code exempts them from counting against floor area limits. It also exempts other building spaces like those with elevators and mechanical features. Thus, the code's floor area limits are oriented to regulating the size of the primary intended uses of each building.

The proposal for Downtown, Uptown, and South Lake Union recognizes that street-level uses may be extended to second floors, and removes design-related and floor area limit restrictions that would otherwise discourage or prevent new uses from making use of existing first- and second-floor vacant spaces in existing buildings. This is similar to current code provisions for the retail core that recognize and exempt multi-floor retail facilities like shopping arcades. The proposal would allow a wider variety of activating uses to contribute to positive activity and attractions, and lead to more eyes on the street, promoting safe environments.

For existing buildings using these provisions, the proposal may cause some floor area that was previously subject to the floor area limits to become exempt from counting against these limits. This would technically alter the mathematical accounting for these spaces as either exempt or non-exempt floor area. It may create a new extra amount of usable capacity to develop more floor area in a building, depending on individual site and building sizing. However, this is not anticipated to create any negative implications in relation to past City permit decisions for these buildings, which would not be a subject of review for interim use projects. At most, the extra usable development capacity could conceptually enable an incremental building addition, which may or may not be feasible to pursue depending on the existing physical design of buildings and their ability to support new building addition improvements. The proposal's primary intent is, rather, to attract new users of underused spaces in the first two floors of existing buildings.

To the extent that building additions could be enabled by the proposal's floor area limit amendments, if additions did occur they would incrementally add to overall building bulk. This could potentially result in changes in views toward the existing buildings. This would depend on the nature and size of building additions; the relevant added floor area amounts might range from a few hundred to a few thousand extra square feet. Some might occur in places not visible from places adjacent to the buildings, while some others could slightly alter or impair views past a building. Given an estimated low probability of additions occurring, a limited scale of floor area and probable visual change from such additions, and a lack of discernible potential to cause new significant adverse impacts to publicly-protected views (from parks and designated viewpoints), no significant adverse impacts related to these outcomes are identified.

Mandatory Housing Affordability (MHA). Currently, MHA fees for commercial development only apply sparingly to permits involving existing buildings: they only relate to building additions, or change-of-use permits that convert residential uses to commercial uses. The relevant size threshold for these situations is 4,000 square feet of floor area. There is a low likelihood that the proposal would lead to conversions of residential uses to commercial use (due to scarcity of residential uses in or near street-level spaces), or that it would lead to a building addition of greater than 4,000 square feet. But, if either of these kinds of development proposals did occur, they would

continue to be subject to meeting the MHA requirements. Therefore, the proposal does not change the applicability of MHA requirements and would have no impact on MHA funds collection.

Housing

The non-project action is not likely to directly or indirectly impact existing housing, as it addresses spaces in buildings at ground floor, where residential uses in the affected urban centers tend to be not present. It would, similarly, not be likely to induce demolition of buildings containing housing in the Downtown, Uptown, and South Lake Union neighborhoods. The MHA-related discussion above also indicates no particular potential for adverse housing impacts. This determination therefore identifies no probable significant adverse land use-related housing impacts of the proposal.

Cumulative Impacts

Due to the combination of several recent or possible future legislative and regulatory actions, this analysis evaluates the potential implications for cumulative adverse SEPA impacts that could be generated by the following actions from the 2023 State legislative session and under consideration in the Mayor’s Downtown Action Plan:

- Seattle’s future anticipated Design Review reforms prompted by State House Bill (HB) 1293 (timing to be determined);
- SEPA review reforms prompted by State HB 5412 (revised SDCI Director’s Rule 9-2023);
- SEPA review reforms, Downtown residential development threshold for review (Ord. 126843);
- Master Use Permit (MUP) lifespan extension legislation; was exempt from SEPA review; (Council Bill 120674, Council review pending)
- Downtown retail core, Third Avenue rezone (Ord. 126917);
- Belltown hotel use amendments (Ord. 126914);
- Possible legislation addressing “office to residential use” conversion of existing buildings prompted by State ESHB 1042, which is intended to promote housing development and limit code restrictions and impediments to such conversions (timing to be determined).

Potential land use impacts for cumulative impact analysis

	Potential changes to content and frequency of permit reviews	Affects use variety and designs interior to buildings	Affects building size and configuration, exterior design
Street Activation proposal (under review here)	--	Yes	A limited possibility to result in building additions
Design Review reforms prompted by State HB 1293 (under review)	Limit D.R. to one public meeting; objective dev. standards for exterior design	--	Differences in design and configuration are possible
SEPA review interim reforms for residential uses, ESSHB 5412 (see Director’s Rule 9-2023)	No SEPA review for resid. uses until 10/1/2025	--	--
SEPA review reforms, Downtown residential threshold. Ord. 126843	Given other SEPA interim reforms, this does not have additional effects	--	--

	Potential changes to content and frequency of permit reviews	Affects use variety and designs interior to buildings	Affects building size and configuration, exterior design
MUP lifespan extension, CB 120674 (Council approved, Dec. 2023)	Yes; one fewer possible review at 3-year mark	--	--
Third Avenue rezone, Ord. 126917	--	Yes	Yes
Belltown hotel amendments, Ord. 126914	--	Yes	--
Possible "office to residential conversion" legislation (under review)	Possible but uncertain	Yes	Potential effect on glazing, facades; oriented to reuse and renovation within existing buildings

The information in the table suggests the following observations, none of which indicate probable implications for significant adverse cumulative impacts:

- Overall, future new developments’ permit reviews will be subject to a lesser amount of review steps (such as no SEPA review for residential developments in the approximate two-year interim period, fewer Design Review public meetings).
- This review does not interpret that significant adverse SEPA impacts would occur due to the cumulative effects of these recent and possible or pending actions on City permitting processes. This is due to differing emphases – on existing development (street activation, office-to-residential conversion) versus new development (such as the Belltown hotel amendments); and the primary emphasis on interior uses in existing buildings (street activation, office-to-residential conversion) versus the larger building-shaping implications of Design Review and impact-assessing steps for new building development under SEPA review. In any case, the City’s permit processes (Land Use Code consistency review and land use permit decisions) would continue to afford appropriate reviews of building design and the nature of street-level uses for proposals involving both kinds of development proposals: 1) modifications to existing buildings (like the Street Activation proposal) or 2) proposals for new building development. The probability of cumulative adverse land use impacts occurring due to all of the process changes reviewed here is therefore low.
- Example: relationship to Third Avenue rezone properties. Street activation, and potential office-to-residential conversion legislation address possibilities for renovating and adaptably re-using existing Third Avenue buildings with a range of possible outcomes involving retention or possible expansion of existing buildings, and low potential for SEPA environmental impacts. Conversely, Design Review and SEPA reviews address reviews that would shape new buildings, and which could address aspects of the design and exterior appearance of the first and second floors of new buildings during Design Review. However, future possible development applications would still be reviewed against existing code requirements and requirements included in this street activation proposal. This would afford the City the continuing opportunity to assess consistency with City codes and policies. These two development scenarios – renovations of street-level and second-floor uses within existing buildings versus new development proposals to

replace existing buildings – do not overlap with each other, and do not create notable regulatory or policy conflicts.

- Based on the above discussion, for the purposes of this Street Activation non-project proposal SEPA review, the list of adopted and other possible actions are independent actions that are able to be implemented, independently or in different combinations, without any dependency on one another.

Therefore, there is not a reasonable likelihood of probable significant cumulative adverse land use impacts occurring as a result of the Street Activation proposal.

Relationship to Plans and Policies

The non-project action supports interim land use flexibility measures to help restore healthier activity levels in the Downtown, Uptown, and South Lake Union neighborhoods that would contribute to restoration of economic vibrancy, greater public safety, targeted preservation of active street-level use requirements, and other aesthetic and social benefits. These are objectives predominantly aligning with Comprehensive Plan goals and principles relevant to the core Downtown and South Lake Union Urban Centers, such as:

Goal GS G1 *Keep Seattle as a city of unique, vibrant, and livable urban neighborhoods, with concentrations of development where all residents can have access to employment, transit, and retail services that can meet their daily needs.*

Goal LU G9 *Create and maintain successful commercial/mixed-use areas that provide focus for the surrounding neighborhood and that encourage new businesses, provide stability and expansion opportunities for existing businesses, and promote neighborhood vitality, while also accommodating residential development in livable environments.*

Goal DT-G4 (Downtown Areas) Urban Form Goal – *Use regulations in the Land Use Code and other measures to encourage public and private development that contributes positively to the Downtown physical environment by: 1. Enhancing the relationship of Downtown to its spectacular setting of water, hills, and mountains; 2. Preserving important public views; 3. Ensuring light and air at street-level and in public parks; 4. Establishing a high-quality pedestrian-oriented street environment; 5. Reinforcing the vitality and special character of Downtown’s many parts; 6. Creating new Downtown parks and open spaces at strategic locations; 7. Preserving Downtown’s important historic buildings to provide a tangible link to the past; 8. Adequately mitigating impacts of more intensive redevelopment on the quality of the physical environment.*

Goal DT-G6 (Downtown Area) Retail Concentration Goal - Reinforce the concentrated shopping function of the retail core; preserve the general form and scale of the area; and protect the area from high-density uses that conflict with the primary retail function. Other concentrations of retail activity should be encouraged where they already exist or where such uses are desirable to encourage an active pedestrian environment or focal point of neighborhood activity.

Policy DT-UDP11 (Downtown) Urban Design – *Regulate uses at street-level in certain areas in order to generate pedestrian interest and activity in conformance with policies for the pedestrian environment. Promote street-level uses to reinforce existing retail concentrations, enhance main pedestrian links between areas, and generate new pedestrian activity where appropriate to meet area objectives without diluting existing concentrations of retail activity.*

Promote active and accessible uses at the street-level of new development where it is important to maintain the continuity of retail activity. Consider measures to promote street-level space of adequate size and sufficient flexibility to accommodate a variety of retail and service activities. Encourage incorporation, as appropriate, of street-level uses as part of open space public amenity features provided for a floor area bonus to promote activity and increase public use of these spaces. To encourage active and accessible street-level uses throughout Downtown, consider appropriate exemptions of these uses from floor area limits.

Policy B-P14 (Belltown) Land Use – Promote pedestrian activity through such methods as eliminating “dead spots” of street-level activity.

Policy PS-G4 (Pioneer Square) Economic Development – A diverse and unique community with an eclectic mix of businesses and major community facilities.

Policy QA-P1 (Queen Anne Uptown) Streetscape – Seek to create and maintain attractive pedestrian-oriented streetscapes and enhance Queen Anne’s community character with open space, street trees, and other vegetation.

Policy SLU-P1 (South Lake Union) Neighborhood Character – Encourage the collocation of retail, community, arts, and other pedestrian-oriented activities in key pedestrian nodes and corridors.

Goal LU G11 (Downtown Areas) Promote Downtown Seattle as an urban center with the densest mix of residential and commercial development in the region, with a vital and attractive environment that supports employment and residential activities and is inviting to visitors.

Downtown Neighborhood Plan – Commercial Core, Goal COM-G1 Maintain the Commercial Core as a major employment center, tourist and convention attraction, shopping magnet, residential neighborhood, and regional hub of cultural and entertainment activities.

Historic Preservation and Cultural Preservation

Seattle contains a number of landmarks, properties, and districts that are listed on, or proposed for, national, state, and local preservation registers. In addition, while Seattle today comprises a highly urbanized and developed area, it is also an area with potential for the presence of cultural artifacts from indigenous peoples.

The non-project proposal is not likely to affect whether historic sites or structures might be redeveloped. Existing designated/protected historic sites or structures are effectively protected by current regulations and so they may only be demolished in rare circumstances that occur with consent of the City. The action analyzed in this environmental checklist does not contain provisions that would increase the possibility of future development of new buildings, but rather the renewed occupation of existing street-level spaces that may be vacant or moribund in existing buildings. Thus, there is no probable net difference in the potential for known historic site or known cultural resources to experience demolition-related adverse impacts, comparing scenarios with or without the action.

Most cultural resources at risk from future development in Seattle are in unknown locations due to their being buried under soils, although certain vicinities such as near-shore areas are known to have greater potential for presence of such resources given past activities of indigenous peoples. The action does not include provisions that alter the likelihood of future development of

new buildings occurring in any given location or type of vicinity such as near-shore areas; and there is little or no probability that proposals would lead to additional building coverage or substantial site excavations.

Also, implementation of the action would not affect the strength of the City's regulatory protection of cultural sites or resources if they are discovered during future development, which is also addressed by other State and local regulations, policies, and practices. With or without the action, such processes are mandated to stop construction, assess the resources, and take appropriate next steps for the cultural resources' protection or preservation.

Transportation, Public Services and Utilities

The non-project action is not likely to generate significant direct, indirect, or cumulative adverse impacts on transportation, parking, public services, or utilities.

Transportation

In promoting renewed presence of active and open street-level uses, the action would generate a probable increase in total person trips and vehicle trips to Downtown, Uptown, and South Lake Union neighborhoods. This would represent a gradual, proportional renewal of activity levels and traffic that previously existed in these neighborhoods prior to the pandemic. Given that person-trip and vehicle-trip volumes dropped substantially during the pandemic and have only partially returned to prior volume levels, the effects of the action are not likely to lead to excessive or significantly adverse new levels of congestion in affected streets and transit systems in these neighborhoods. Also, many potential customers of the new street-level spaces would come from returning employees in these neighborhoods of which a substantial portion travel by transit and other non-single-occupant vehicle transport modes, which would temper net increases in vehicle traffic congestion impacts. Also, the probable amount of building area that may newly accommodate the expanded list of uses relative to the overall development existing and proposed in these urban centers would be small. Therefore, the potential differences in automobile traffic generation and impacts to the street system attributable to the non-project action are likely to be negligible-to-minor in magnitude. This is concluded for the entire street network in the affected area, as well as any given vicinity within it. This analysis therefore identifies no likelihood of probable significant adverse transportation impacts.

Public Services

This non-project action would not result in direct impacts relating to public services because it would not result in future development of new buildings at any particular location. Rather, tenant improvements within existing buildings would be the most likely indirect land use activity.

The action could slightly increase total demand and calls for service for police protection and fire/emergency services. However, it should also be noted that the currently vacant spaces in existing buildings were previously occupied and previously generated levels of public service demand. Due to the limited amount of possible added demand that might be generated by newly reoccupied street-level spaces, and the limited extent of potentially affected properties and spaces in Downtown, Uptown, and South Lake Union neighborhoods, no significant adverse impacts to these public services are probable. It should also be noted that, in their existing closed condition, unused street-level spaces may also generate police and emergency/fire calls

to deal with break-ins or other risks of unattended spaces. This means there is a lesser net difference of the action in added call volume potential when compared to the existing situation.

Also, the action may generate slight increases in demand for parks and recreation facilities, transit service, health care, school services and other similar public services. But these would likely have a negligible potential to generate adverse environmental impacts upon these public services, due to the probable limited magnitude of net change in demand the newly activated spaces could generate.

Utilities

This non-project action would not be likely to directly, indirectly, or cumulatively create significant adverse impacts on utilities, due to a lack of probable significant need for different kinds of utility service improvements to serve slightly different ranges or varieties of occupants of street-level spaces. To the extent that vacant building spaces could be reactivated with new uses, there could be upticks in water use on-site and wastewater generated by existing building uses in the affected neighborhoods. However, within the context of these core urban center neighborhoods, the potential difference in total demands on utilities due to a newly re-occupied street-level space would be negligible to minor in magnitude.

DECISION – SEPA

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist and other information on file with the responsible department. This constitutes the Threshold Determination and form. The intent of this declaration is to satisfy the requirement of the State Environmental Policy Act (RCW 43.21C), including the requirement to inform the public of agency decisions pursuant to SEPA.

- [X] Determination of Non-Significance. This action has been determined to not have a significant adverse impact upon the environment. An EIS is not required under RCW 43.21C.030(2)(c).
- [] Determination of Significance. This action has or may have a significant adverse impact upon the environment. An EIS is required under RCW 43.21C.030(2)(c).

Signature: _____/s/_____ Date: January 11, 2024
Gordon Clowers, Sr. Planner
Seattle Department of Construction and Inspections



Director's Report and Recommendation Interim Street Activation

Introduction and Summary of Proposal

The Seattle Department of Construction and Inspections (SDCI) is proposing legislation to add more flexibility to the Land Use Code to help fill empty spaces in existing buildings in Seattle's core. Along with new opportunities for flexible design and layout in the first two floors of buildings, the legislation will encourage the filling of vacant spaces by enabling a larger pool of potential tenants. The legislation would apply these interim provisions for three years.

The proposal will help encourage positive trends of new investment in Seattle's core to support economic recovery over the next three years. It will also help better activate street environments by encouraging greater continuity of occupied street-level uses and increase eyes on the street for greater pedestrian comfort. The proposal is similar to the interim Ordinance 126421 (effective September 2021 through September 2022), which was prompted by the economic impacts of the COVID 19 pandemic.

The legislation would apply to certain streets in the Downtown, South Lake Union, and Uptown Urban Centers where the street-level uses are currently limited by the Land Use Code to certain kinds of uses like retail and restaurants.

The legislation includes the following:

1. **Broaden the uses allowed along sidewalks.** Currently, along several mapped streets, the Land Use Code limits allowed uses to retail, bars/restaurants and entertainment uses, and cultural and community facilities (like libraries, museums, childcare, and religious facilities). This is meant to provide engaging, pedestrian-oriented street environments that are continuously occupied by street-level uses that help attract visitors and activity. But now, the presence of too many vacant spaces is jeopardizing those qualities and contributing to economic challenges in the greater downtown Seattle area. The proposal would allow more flexibility in the code for a wider variety of less-active uses to also include:
 - Offices
 - Research and development laboratories
 - Community centers and a variety of other institutional uses
 - Medical offices
 - Food processing/craft work
 - Art installations
 - Horticultural uses
 - Non-household sales and services
 - Any similar use or activity determined by the SDCI Director to attract and increase pedestrian activity or increase the variety of goods and services available

The proposal would require the portions of interim street activation uses that are most frequently used by people, such as lobbies, waiting areas, and retail sales, to locate along the street faces aided by this proposal.

2. **Greater flexibility in the space filled by street-uses:** Currently, uses at street-level must occupy a space with a minimum depth of 15 feet Downtown, and 30 feet in South Lake Union and Uptown. This is an obstacle to smaller-scaled businesses that can function in smaller spaces and thrive. The proposal would reduce this minimum requirement to a depth of 8 feet.
3. **Encourage occupancy of spaces on the first two floors of buildings.** Currently, along certain streets where the code requires street-level uses, it exempts them from floor area limits. However, this exemption does not apply to uses on the second floor except in the Downtown retail core, and a few other limited circumstances. In order to promote the filling of second floor spaces, the proposal would provide an exemption to the floor area limits on the second floor for the expanded list of uses in Item 1, above. These spaces could include mezzanines or lofts as well as second-floors and encourage renovation of larger and more diverse options for streetfront uses, such as multi-level restaurants and retail spaces, or as part of common areas for hotels. This would apply in Downtown and portions of Uptown and South Lake Union, in the locations identified in the attached maps at the end of this report.

The proposal would allow businesses established to remain after the legislation expires in three years. The permitted uses would become non-conforming (grandfathered) uses and could stay in perpetuity. This would encourage a successful tenant to stay for the long-term, to recoup over time the costs of obtaining permits and making improvements.

Where the temporary flexibility would apply. The proposal would apply to most areas in the Downtown Urban Center (except Pioneer Square, Chinatown/International District, and Pike Place Market Historical District), and in selected portions of the South Lake Union and Uptown Urban Center that have street-level use restrictions. See the attached maps. The areas where the proposal would apply include:

- Portions of Westlake Avenue and Valley Street in South Lake Union.
- Portions of Mercer Street and 5th Avenue N in Uptown.
- Several portions of Downtown in Belltown, Commercial Core, and Denny Triangle, except for certain key streets like Pike and Pine Streets and blocks closest to Pike Place Market.

Implementing the proposal would allow for a wider range of tenants to occupy street-level spaces that are currently vacant. Filling in these spaces would bring more continuity to street-level uses, and would encourage more pedestrian activity and enhance aesthetics and perceptions of safety. This is especially important for places in and near retail and activity centers in these neighborhoods, where most activity occurs. In the downtown retail core, the proposal is balanced by seeking new tenant opportunities where there are currently unused spaces, while maintaining current retail/service use requirements along certain streets that support the Pike Place Market, for example. See the attached maps showing the affected areas.

Pioneer Square and Chinatown/International District neighborhoods are not included in this proposal, because the special review district approach to permitting already accommodates the necessary flexibility and variety in street-level uses. For these neighborhoods, implementing this interim proposal would not be meaningful, a point expressed by the Department of Neighborhoods staff and neighborhood stakeholders.

Analysis

General

Like many other cities, Seattle is experiencing economic challenges in the post-pandemic period relating to shifts in patterns of employee and customer use of downtown centers. Vacancies at street-level create or contribute to gaps in the continuity of neighborhoods, and lessen the presence of shoppers and pedestrians. This is contrary to the desirable qualities of street activity, a mix of uses that invite visitation, and other qualities that establish neighborhood quality and character. Seattle's policies support countering negative trends with positive actions to restore economic vitality and remedy negative trends that threaten the quality and health of neighborhoods. This is especially important in the city's core urban centers (Downtown, Uptown, and South Lake Union) that are the heart of economic activity and are among its densest residential neighborhoods as well.

Parts of these centers are rebounding with renewed employee and customer presence and recovery in tourism, but the benefits of these trends are experienced unevenly throughout these urban centers. There remain intermittent vacancies in street-level spaces, with uncertainties about the ability to attract new tenants. These gaps negatively impact the overall vitality of neighborhoods and may limit the availability of goods and services for residents and other customers. This is a critical factor that may affect long-term perceptions about these neighborhoods' attractiveness to host residents, visitors, and employers.

The proposal would apply for an interim period of three years to accommodate and encourage new uses and investments to aid economic recovery and increase attractiveness and activity levels in Seattle's core urban centers. The Office of Planning and Community Development and SDCI anticipate conducting a comprehensive review of the policies and codes for street activation in these areas during the interim period to evaluate possible recommendations for future amendments.

Allow Wider Variety of Uses at Street-level

The proposed range of uses newly permitted at street-level are supportive of street activity levels. They include craft work activities, offices, labs, community centers, various forms of sales and service businesses, and other similar uses as determined the SDCI Director. These will attract employees, visitors and customers that will support higher activity levels and be a positive presence in their locality compared to the current situation. This will be greatly preferable to spaces that have been vacant for long periods that are detrimental to neighborhood character. Along with other strategies evaluated below, this increases the range of possible tenants and activities and the flexibility of the code to accept new kinds of space design for street-level uses.

The streets likely to benefit from this change include:

- 1st, 2nd and 3rd Avenues in Belltown, portions of 3rd Avenue through 8th Avenue and Union Street and Olive Way in the retail core vicinity and Denny Triangle, and 1st, 3rd and 4th

Avenues in the commercial core. Each of these vicinities currently have intermittent vacancies that create gaps in continuity and tend to decrease pedestrian and customer activity and aesthetic appeal. All of these areas would benefit from additional presence of daily residents, workers, and pedestrians.

- The 5th Avenue N corridor and portions of Mercer Street would benefit if the proposal leads to additional engaging street-level uses and more pedestrians using the streets. These corridors are transitions between Downtown, Seattle Center, and lower Queen Anne, including the Uptown business district. Supportive street-level uses along these key arterial connections would reinforce the people-attracting qualities of local business clusters near Denny Way, Seattle Center, and Uptown as activity destinations.
- The northern portion of South Lake Union – near Westlake Avenue, Mercer and Valley Streets – would benefit if the proposal fosters a greater mix of businesses and types of activities at street level. The proposal's greater flexibility in possible tenants supports the ability of the local district to reach a successful business use mix. Also, enhancing the continuity of uses here would attract more pedestrians using the area every day, and reinforce the attractiveness of pedestrian connections to and from the southern edge of Lake Union.

Development Standard Flexibility

Minimum depth of street-level spaces. The standards for street-level uses, with minimum sizes as deep as 30 feet in South Lake Union, may impede the ability for new businesses to locate in these neighborhood centers. Giving more flexibility in minimum depth of space would likely attract new varieties of active uses – such as pop-up food windows and other small, start-up businesses. These kinds of uses and opportunities can help drive positive trends in variety and attractiveness that would support renewal or growth in business creation and pedestrian activity.



Allow mezzanines and multi-floor street-level spaces. The Code currently discourages flexible design of interior spaces at street level, because it does not accommodate businesses that would occupy the street and second floors of buildings, including loft or mezzanine spaces, outside of the retail core area. This may impede new tenants interested in creating unique kinds of spaces. The proposal addresses this by removing restrictive standards that prevent mezzanines in required

interior spaces next to streets. Similarly, the proposal clarifies that when a street-level business extends to second floors, the entire space of this use can be exempt from density limits.

Adjustments to floor area limits. For non-residential development, which is often offices and hotels, the overall size of buildings is regulated by a limit on the amount of floor area that can be built as a non-residential use, expressed using a “floor area ratio” (FAR). The FAR is defined as the total amount of floor area allowed in a new building, divided by the property’s total land area. For example, a zone that allows a building’s total floor area to be 4 times the size of the property has an FAR limit of 4.

The code requires street-level uses along certain streets to encourage local districts with a variety of adjacent uses that will be aesthetically and functionally attractive to pedestrians and customers. This is important to foster interesting and engaging urban environments. To recognize the public value of these street-level uses, the code exempts them from counting against floor area limits. It also exempts other building spaces like those with elevators and mechanical features. Thus, the code’s floor area limits focus on the size of primary intended uses of each building.

The proposal for Downtown, Uptown, and South Lake Union recognizes that street-level uses may be extended to second floors, and removes design-related and floor area limit restrictions that would otherwise discourage or prevent new uses from making use of existing first- and second-floor vacant spaces in existing buildings. This is similar to current code provisions for the retail core that recognize and exempt multi-floor retail facilities like shopping arcades. The proposal would allow a wider variety of activating uses to contribute to positive activity and attractions, and lead to more eyes on the street, promoting safe environments.

For the eligible existing buildings using these provisions, the proposal may cause some floor area that was previously subject to the floor area limits on second floors to become newly exempt from counting against these limits. This may free up additional usable capacity to use more floor area in a building for uses subject to floor area limits. This will be consistent with anticipated densities in the applicable neighborhoods and further add to activity at street-level.

Mandatory Housing Affordability (MHA). Currently, MHA fees for commercial development only apply to changes of use in existing buildings that would convert residential uses to commercial uses with over 4,000 square feet of floor area. There is a low likelihood that the proposal would lead to conversions of residential uses to commercial use, or that it would lead to a building addition of greater than 4,000 square feet. But, if either of these kinds of development proposals occur, they would continue to be subject to existing MHA requirements. Therefore, the proposal does not change the applicability of MHA requirements and would have no impact on MHA funds collection.

Relationship to Comprehensive Plan

The legislation supports interim land use flexibility measures to help restore healthier activity levels in the Downtown, Uptown, and South Lake Union neighborhoods that will contribute to restoration of economic vibrancy, greater public safety, targeted preservation of active street-level use requirements, and other aesthetic and social benefits. These are objectives predominantly aligning with Comprehensive Plan goals and principles relevant to the core Downtown and South Lake Union Urban Centers, such as:

Goal GS G1 *Keep Seattle as a city of unique, vibrant, and livable urban neighborhoods, with concentrations of development where all residents can have access to employment, transit, and retail services that can meet their daily needs.*

Goal LU G9 *Create and maintain successful commercial/mixed-use areas that provide focus for the surrounding neighborhood and that encourage new businesses, provide stability and expansion opportunities for existing businesses, and promote neighborhood vitality, while also accommodating residential development in livable environments.*

Goal DT-G4 (Downtown Areas) Urban Form Goal – *Use regulations in the Land Use Code and other measures to encourage public and private development that contributes positively to the Downtown physical environment by: 1. Enhancing the relationship of Downtown to its spectacular setting of water, hills, and mountains; 2. Preserving important public views; 3. Ensuring light and air at street-level and in public parks; 4. Establishing a high-quality pedestrian-oriented street environment; 5. Reinforcing the vitality and special character of Downtown's many parts; 6. Creating new Downtown parks and open spaces at strategic locations; 7. Preserving Downtown's important historic buildings to provide a tangible link to the past; 8. Adequately mitigating impacts of more intensive redevelopment on the quality of the physical environment.*

Goal DT-G6 (Downtown Area) Retail Concentration Goal - *Reinforce the concentrated shopping function of the retail core; preserve the general form and scale of the area; and protect the area from high-density uses that conflict with the primary retail function. Other concentrations of retail activity should be encouraged where they already exist or where such uses are desirable to encourage an active pedestrian environment or focal point of neighborhood activity.*

Policy DT-UDP11 (Downtown) Urban Design – *Regulate uses at street-level in certain areas in order to generate pedestrian interest and activity in conformance with policies for the pedestrian environment. Promote street-level uses to reinforce existing retail concentrations, enhance main pedestrian links between areas, and generate new pedestrian activity where appropriate to meet area objectives without diluting existing concentrations of retail activity. Promote active and accessible uses at the street-level of new development where it is important to maintain the continuity of retail activity. Consider measures to promote street-level space of adequate size and sufficient flexibility to accommodate a variety of retail and service activities. Encourage incorporation, as appropriate, of street-level uses as part of open space public amenity features provided for a floor area bonus to promote activity and increase public use of these spaces. To encourage active and accessible street-level uses throughout Downtown, consider appropriate exemptions of these uses from floor area limits.*

Policy B-P14 (Belltown) Land Use – *Promote pedestrian activity through such methods as eliminating "dead spots" of street-level activity.*

Policy PS-G4 (Pioneer Square) Economic Development – *A diverse and unique community with an eclectic mix of businesses and major community facilities.*

Policy QA-P1 (Queen Anne Uptown) Streetscape – *Seek to create and maintain attractive pedestrian-oriented streetscapes and enhance Queen Anne's community character with open space, street trees, and other vegetation.*

Policy SLU-P1 (South Lake Union) Neighborhood Character – *Encourage the colocation of retail, community, arts, and other pedestrian-oriented activities in key pedestrian nodes and corridors.*

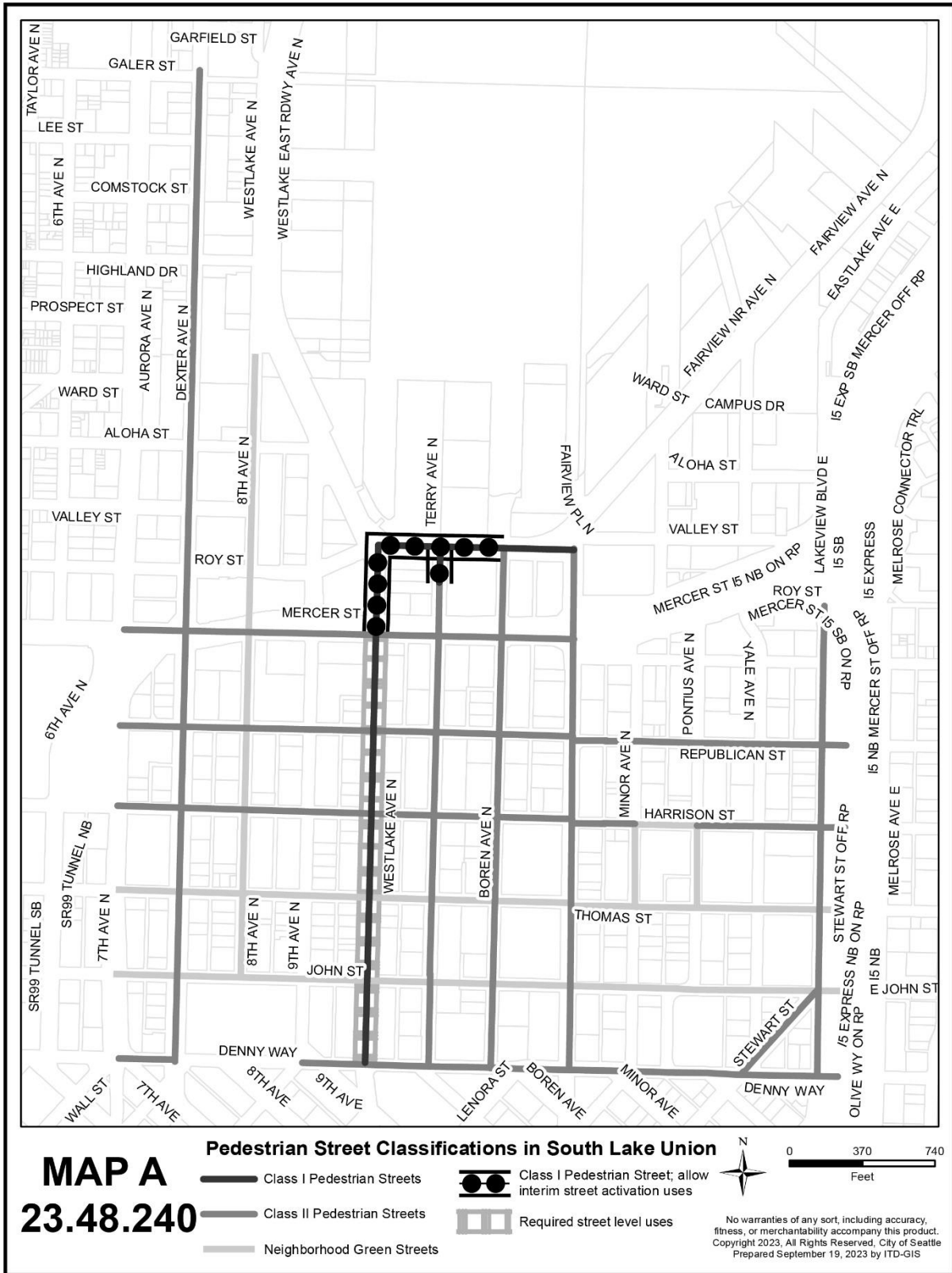
Goal LU G11 (Downtown Areas) Promote Downtown Seattle as an urban center with the densest mix of residential and commercial development in the region, with a vital and attractive environment that supports employment and residential activities and is inviting to visitors.

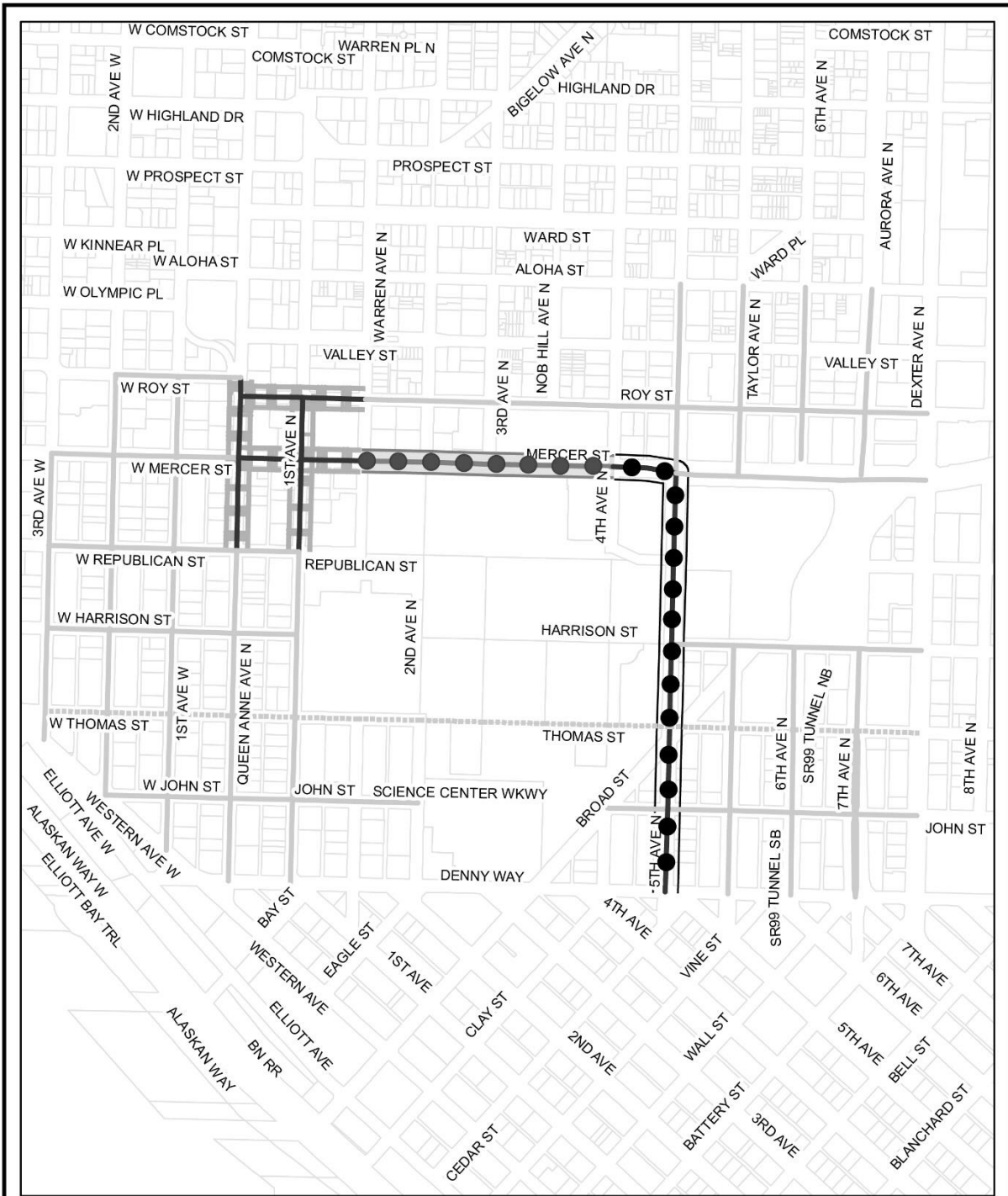
Downtown Neighborhood Plan – Commercial Core, Goal COM-G1 Maintain the Commercial Core as a major employment center, tourist and convention attraction, shopping magnet, residential neighborhood, and regional hub of cultural and entertainment activities.

Recommendation

The Director recommends adoption of the proposal to encourage filling vacant spaces in buildings on key streets in Downtown, Uptown, and South Lake Union, to aid economic revitalization of our most important urban centers.

Maps of Applicable Areas






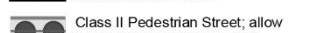
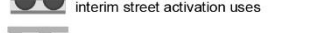




MAP A

23.48.740

Pedestrian Street Classifications in Uptown

-  Class I Pedestrian Streets
-  Class II Pedestrian Streets
-  Class III Pedestrian Streets
-  Neighborhood Green Streets
-  Class I Pedestrian Street; allow interim street activation uses
-  Class II Pedestrian Street; allow interim street activation uses
-  Required street level uses

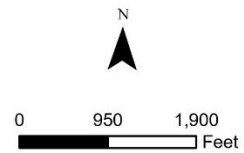


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Street Level Uses Required



- Require active street level uses, per 23.42.041
- ==** Allow interim street activation uses
- Special Review or Historic Districts




DOWNTOWN ZONING
Map 1G
Street Level Uses
Required


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Public Amenity and Other Features



- Hill Climb Assist
- FAR Exemption Area for locations with interim street activation uses, per 23.42.041. Excludes Pike Place Hist. District
- ▨ FAR Exemption Area: Uses Listed in 23.49.009.A, Major Retail Store and Shopping Atrium
- Hillside Terrace
- Shopping Corridor





DOWNTOWN ZONING
Map 1J
Public Amenity and
Other Features

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May 31, 2024

MEMORANDUM

To: Land Use Committee
From: Ketil Freeman, Analysts
Subject: Council Bill 120771 – Interim Street Level Uses

On June 5, 2024, the Land Use Committee (Committee) will have an initial briefing and will hold a public hearing on Council Bill (CB) 120771.

CB 120771 would, on an interim basis, allow additional uses to qualify as required street-level uses in parts of the Downtown, South Lake Union, and Uptown urban centers and modify otherwise applicable physical development standards, including density limits, to encourage businesses to locate in unoccupied street-level and second floor commercial spaces.

This memorandum: (1) provides background on street-level use requirements and related City efforts to encourage active street-level uses; (2) describes what CB 120771 would do; and (3) provides a preliminary issue identification.

Background

Street-level Use Regulations

On designated pedestrian streets in parts of Downtown, South Lake Union, and Uptown activating uses, such as restaurant, retail, and entertainment uses are required at the street-level. These uses are intended to generate pedestrian interest and activity and draw foot traffic to and through identified destinations, such as neighborhood nodes, public parks, and shopping districts. Destinations and designated streets are identified through neighborhood planning processes and are reflected in regulations.¹

¹ For examples of planning studies see [Downtown Seattle Public Spaces & Public Life](#) (2009) the [South Lake Union Urban Design Framework](#) (2010), [Uptown Urban Design Framework](#) (2016).

City Response to Vacant Storefronts

In response to the pandemic, in September 2021, the City passed [Ordinance 126421](#) as an interim development control, which similarly allowed additional uses to qualify as street-level uses. Ordinance 126421 expired in September 2022. Also in response to the pandemic, in 2022 the City added a small business permit facilitator position to the Seattle Department of Construction and Inspections (SDCI). The 2022 Adopted Budget describes the position as follows:

The person in this role will act as a single point of contact to help businesses and fill vacant commercial spaces downtown and in South Lake Union as well as other neighborhood business districts impacted by COVID-19. The position will provide early guidance on regulatory issues, the permitting process, application requirements, and the corrections process to help permit applicants advance more quickly through the permit process. This position will also assist in permitting for the arts community, which has been hit particularly hard during COVID-19.²

Status of Downtown Recovery

The Downtown Seattle Association (DSA) maintains an [economic revitalization dashboard](#). That dashboard indicates that the downtown economic recovery is mixed. Monthly visitors to downtown have not yet returned to pre-pandemic levels but the number of visitors is close. In April 2024 the number of visitors was about 87% of pre-pandemic levels. The number of downtown workers is significantly lower than prior to the pandemic. In April, the number of daily downtown workers was about 53% of the April 2019 amount, but the number of occupied downtown apartment units is higher than pre-pandemic levels. In the second quarter of 2023, the number of occupied apartments was 17% greater than the number in the second quarter of 2019.

Current City Work

In 2023 the City will began [reviewing and updating plans for the existing urban centers](#), starting with Downtown Seattle. Council could begin considering legislation implementing those plans in 2026. Those planning processes will likely include a review of locations where street-level uses are required and the types of allowable uses. Additionally, the proposed transportation levy allocates \$15 million for planning for the DSA's [Third Avenue Vision](#). That planning effort may result in improvements to the pedestrian environment on Third Avenue that could fill vacant storefronts.

² [City of Seattle – 2022 Adopted Budget, p.251.](#)

What CB 120771 Would Do

CB 120771 would:

- Expand the number of allowable street-level uses in certain locations to include other potentially activating uses, such as institutional uses and art installations, and non-activating uses, such as office and research and development uses;
- Delegate to the SDCI Director as a non-appealable, administrative decision authority to allow other uses not included in the expanded list if, in his determination, they would attract pedestrian activity or increase the variety of available goods and services;
- Exempt floor area for interim uses from otherwise applicable limits on the amount of developable floor area, subject to some limits;
- Modify physical development standards for the depth and frontage of allowable street-level uses; and
- Allow required and interim street-level uses to locate on the mezzanine level of buildings.

Locations where interim uses would be allowed on designated pedestrian streets are shown on page 9-11 of the SDCI Director's Report. CB 120771 would not apply to future development. Only structures that receive a certificate of occupancy from the City prior to CB 120771 becoming effective would qualify.

If passed, the ordinance would expire three years after its effective date. Uses allowed under the bill would remain conforming for the life of the use, meaning that a business could remain at a location for the life of the business and be leased to a similar business in the future.

Preliminary Issue identification

1. *Should the Council modify street-level development standards now or wait to see (a) whether the economic recovery results in fewer vacant storefronts and increased economic activity and/or (b) what recommendations flow from the 2025 – 2026 planning processes for urban centers and Third Avenue?*

The City will soon begin planning processes that may result in ongoing, not interim, changes to street-level development standards, including a review of the locations where street-level uses are required and the types of allowable uses. Additionally, the downtown economic recovery continues, although the pace of the recovery may be slowing. It is unclear how patterns of public life may have shifted because of pandemic- necessitated trends, like remote work and other trends, like increased numbers of downtown residents. Council could defer interim modifications to development standards to future planning processes that would be informed by more information about downtown post-pandemic activity patterns.

2. *Should the Council modify the locations where interim street-level uses would be allowed?*

Some locations proposed by SDCI for allowing additional uses were identified through neighborhood planning processes as key activity nodes and gateways. Those include the Mercer Blocks along Valley Street and Fifth Avenue in Uptown between Thomas and Denny. Those areas were excluded from Ordinance 126421. The Council could continue to exclude those areas. Alternatively, the Council could expand locations where interim uses are allowed. By contrast Ordinance 126421 allowed interim uses for most of the length of Westlake between Mercer and Denny. That area is not included in the proposed bill.

3. *Should the Council modify the types of allowable interim uses proposed by SDCI?*

Some proposed interim uses, like offices, research and development laboratories, and medical services, do not always allow walk-in customers and provide little pedestrian activation. Other proposed uses such as arts facilities and institutions may provide for some pedestrian activation. Council could modify the list of allowable uses to be more or less expansive.

4. *Should the Council delegate to the SDCI Director, as an administrative decision, the authority to allow uses that are not listed in the bill?*

Like Ordinance 126421, the bill would authorize the SDCI Director to administratively allow street-level uses that are not included on the list of allowable interim uses or are not otherwise allowed in a zone based on the criterion that a use would have a, “likelihood of attracting and increasing pedestrian activity...beyond 8 a.m. to 5 p.m...” Similar decisions about allowable uses might otherwise require an appealable administrative conditional use decision, legislative text amendment, rezone, or other regulatory decision process that requires notice, public comment, and other due process protections.

Next Steps

The Committee will hold a public hearing on CB 120771 on June 5, 2024. Committee consideration of the bill will continue in July.

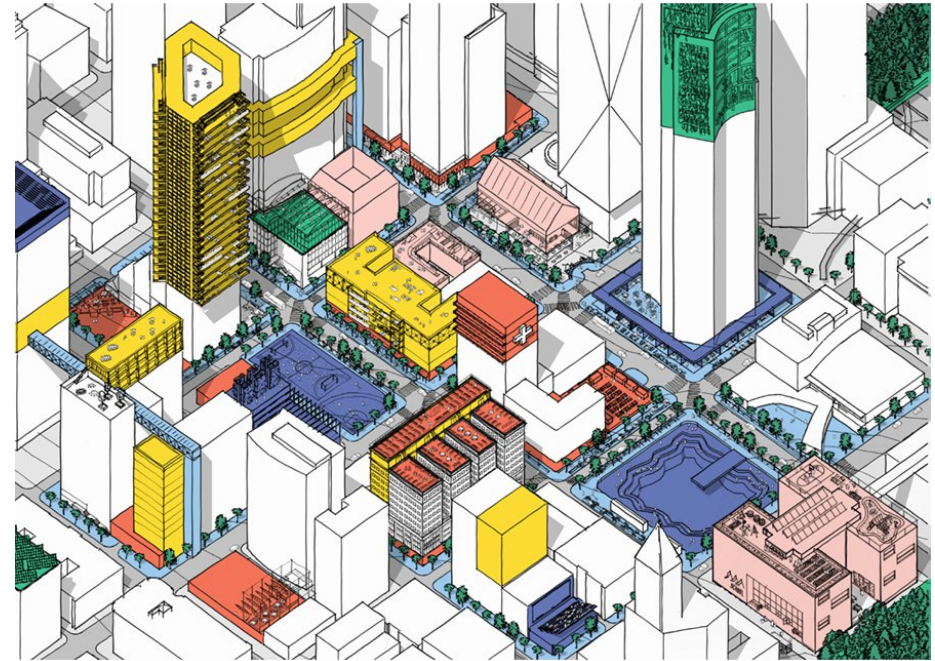
cc: Ben Noble, Director
Aly Pennucci, Deputy Director

Conversion to Residential Regulatory and Cost Relief Legislation

Office of Planning and Community Development (OPCD)
Land Use Committee Briefing
June 5, 2024

Why focus on conversions to residential?

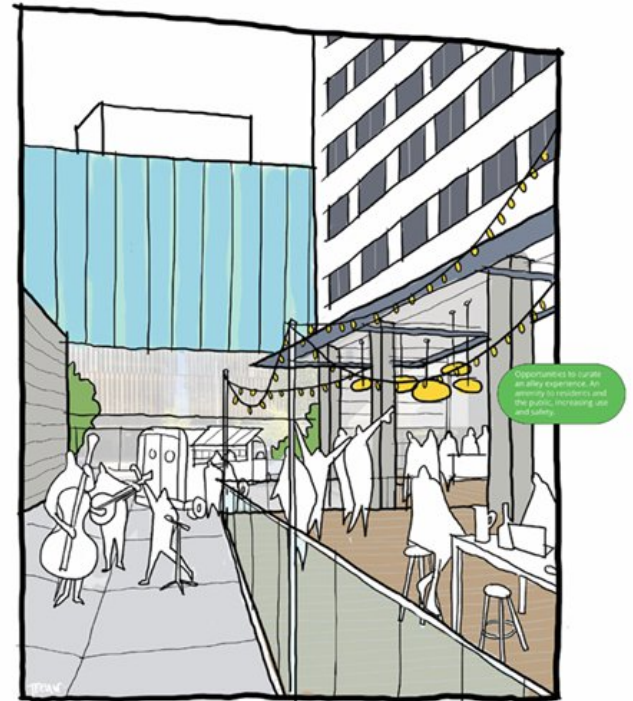
- As a result of the pandemic, office vacancy rates went from approximately 5% in 2019 to roughly 25% in downtown in early 2024.
- At the same time, Seattle continues to face a shortage of housing as average rents increased by 32% after inflation between 2012 and 2022.
- With an over inventory of commercial/office in downtown and citywide scarcity of residential, Mayor Harrell asked us to look at opportunities to right-size both.



Studies from the OPCD call for ideas envisioned how downtown could be improved with a more varied mix of uses.

Why focus on conversions to residential?

- A more balanced use mix of housing and commercial uses in downtown has long been a policy goal for Seattle
- Avoid long periods of vacancy that can result in negative perceptions
- Potential revitalization of downtowns by the presence of residents every day
- Strong support by the public



Images from the OPCD call for ideas depict how conversions to housing could help activate street level spaces.

How Seattle and the State are supporting conversions

City of Seattle

- 2023 OPCD “Call for Ideas” competition
- **Regulatory and cost relief legislation**
- Direct consultation/support to owners
 - Support for federal funding applications
 - Possible interpretations of construction codes

Washington State

- State sales tax exemption ESSB 6175



In summer 2023, Mayor Harrell released his Downtown Activation Plan

2023 OPCD call for ideas competition

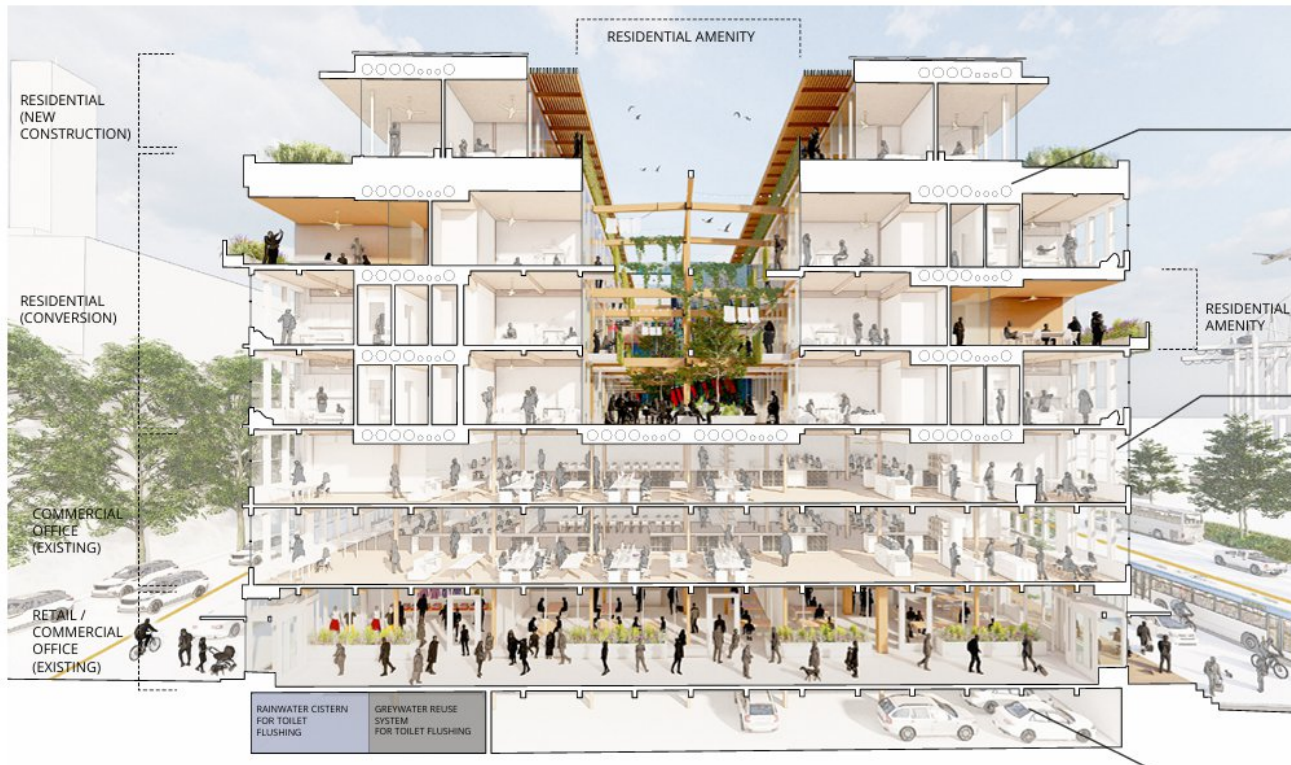
13 quality proposals

- Floor plans / design
- Financial feasibility information
- Housing mix and affordability levels
- Suggestions for policy or code changes



In mid-2023 OPCD conducted the “Call for Ideas” competition inviting building owners and designers to submit their concepts for conversions.

Example - Polson and Western Buildings



Operating as a microcosm of a diverse city, the proposal embraces a mix of uses within a singular structure. The three top levels are converted to accommodate a dense distribution of studio units to help satisfy the demand for workforce housing. In order to offset the lower lease rates of these units,

two levels of office use has been maintained on the lower floors and an additional high-end penthouse structure has been added to accommodate the demand for family units.

Sustainable Strategies:

-  PV PANELS AND PANELS OFF-SITE TO ACHIEVE NET ZERO
-  ALL ELECTRIC HVAC
-  RE-PURPOSE EXISTING DUCTWORK AND HYDRONIC PIPING DISTRIBUTION SYSTEM
-  ENHANCED MECHANICAL FILTRATION
-  OPERABLE WINDOWS
-  IMPROVED ROOF AND WALL INSULATION
-  REDUCTION IN EMBODIED CARBON FOR INTERIOR MATERIALS AND FINISHES
-  WATER EFFICIENT PLUMBING FIXTURES THROUGHOUT
-  RAIN WATER CAPTURE AND GREY WATER REUSE
-  BATTERY STORAGE SYSTEM FOR BUILDING RESILIENCE
-  BIKE PARKING



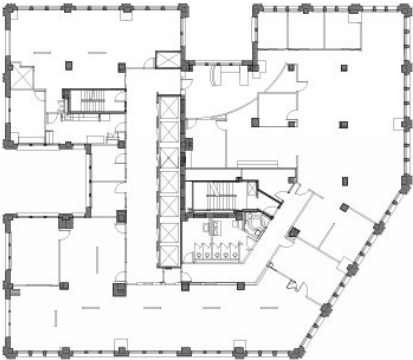
A new front door to a residential lobby opens to Alaskan Way-activating the western building facade to the newly improved public waterfront.



A central courtyard is carved out of the center of the block to provide light and air to residential units. The timber structure is maintained as a spatial remnant of the historic warehouse use.

Example - Smith Tower 2.0

Typical Existing Floorplate



Lower Tower Typical Proposed Plan



Seattle is providing direct consultation / support to owners

- Partnering with owners to support application for federal RRIF and TIFIA financing opportunities made available by the Build America Bureau
- Building officials are available to work with owners on possible early guidance about construction codes:
 - Seismic / structural
 - Energy code



A developer is exploring conversion of the Colman Building with City support for a federal financing program.

Washington State – sales tax exemption

- **Washington State legislature passed ESSB 6175 during the 2024 session**
 - **Exempts construction sales tax on conversion developments.**
 - **Requires 10% of housing units to be affordable for 10 years at the 80% AMI level.**
 - **Cities must enable the exemption with a local action. (Work is in progress)**

Business | Real Estate

Seattle office building is set for apartment conversion

Jan. 3, 2024 at 3:55 pm | Updated Jan. 3, 2024 at 4:55 pm



This office building at 201 Queen Anne Ave. N. in Seattle is set to be converted into apartments. It could be the first office-to-residential conversion in Seattle since the pandemic. (Karen Ducey / The Seattle Times) Less ^

The developer of a conversion in Lower Queen Anne is seeking to take advantage of the sales tax exemption.



City of Seattle

Distressed Office Building - Example Scenarios

- Office tenants' lease terms finish and most tenants don't renew
 - Building becomes mostly or entirely vacant
- With drastically reduced rental income the building owner struggles to repay its financing obligations
 - Owner puts the building up for sale at a reduced price



Scenario A: No Conversion to Residential

- Bank forecloses and seizes the building; or
- Private equity firms swoop in to buy and hold
- A “zombie building” sits vacant for 3 – 7 years until macroeconomic conditions change

Scenario B: Conversion to Residential

- A local development company acquires the building, motivated by a continually strong housing market and insight into unique local conditions
- New owner aggressively pursues conversion to market rate residential as soon as possible (1 – 2 years of development)
- A new revitalized residential building is occupied by hundreds of new neighbors



Vacant office structure example

- Structures left in a vacant state for an extended time have an increased likelihood of physical deterioration and foregone maintenance.
- The perception of safety and comfort can be negatively affected in public spaces near vacant structures.



The Grand Central block near Occidental Square Park.

Completed office conversion example

- **Converted structures often have unique character features that can appeal to residents.**

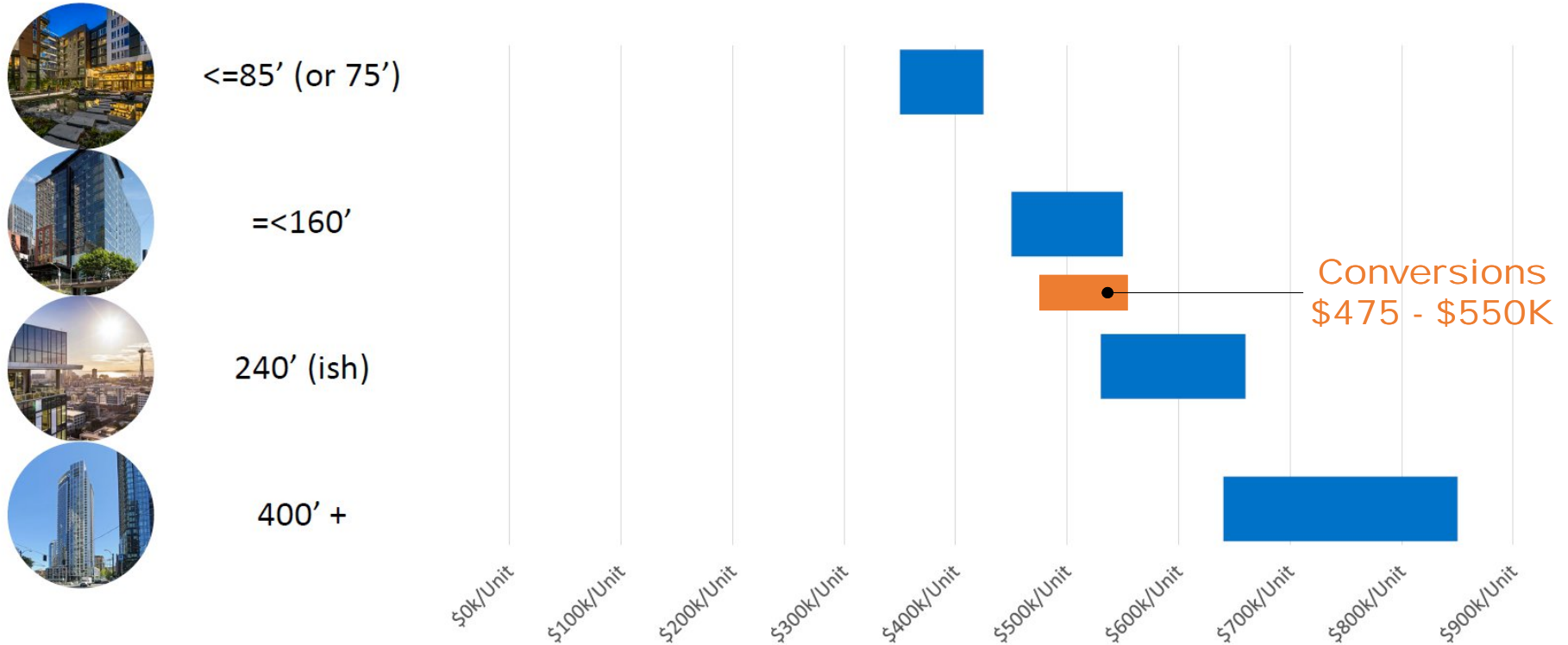
Project Overview

Property Name:	The Astor at Washington Building
Address:	1019 Pacific Ave, Tacoma, WA
Neighborhood:	Downtown Tacoma (CBD)
Year Built:	1925
Square Feet:	123,687
Floors:	18
Construction Start Date:	October 2020
C of O Date:	March 2022
Budget:	\$65 Million
Residential Units:	156



Development cost comparisons

Cost reductions are necessary to make conversion developments competitive with ground up construction.



Conversion development cost drivers

- Seismic / structural upgrades
- Energy code upgrades
- New plumbing / HVAC systems
- Accessibility requirements
- Uncertainty / unknowns



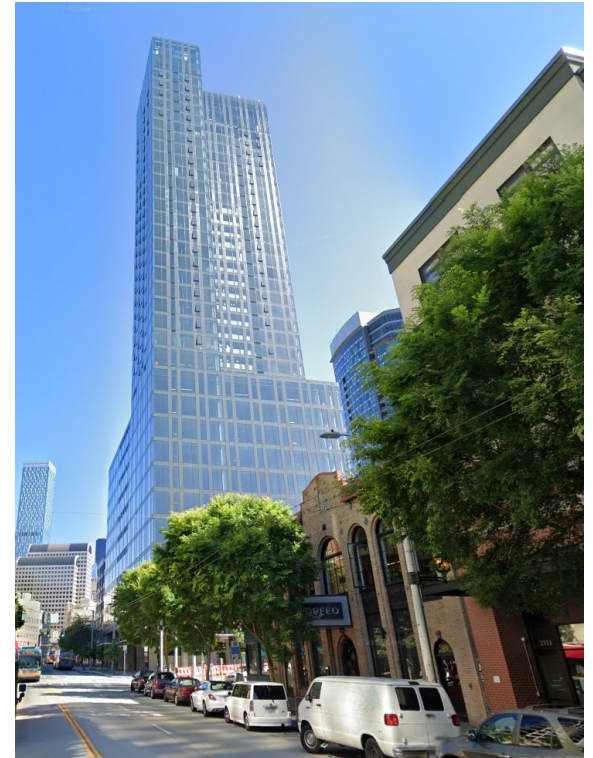
Example of seismic retrofit



Regulatory and Cost Relief Legislation Proposed CB 120761

Proposed regulatory and cost relief legislation

- Exempts conversion proposals from all dimensional and design development standards in downtown, commercial and mixed-use zones
- Applies to new projects, projects in construction, and projects with Master Use Permits (MUPs) that have not started construction yet
- Waives the Mandatory Housing Affordability (MHA) requirements
 - For conversions only
 - Pipeline and already-permitted projects still contribute



An owner intends to convert the office portion of a mixed-use tower.

Exempting conversions from MHA

The proposed exemption does not conflict with MHA's two foundational bases and does not set a precedent for other types of MHA exemptions.

1. MHA's basis as a development incentive.

- Authority is based on the Washington State Growth Management Act 36.70A.540
- MHA requirements are always accompanied by an upzone (added development capacity)
- In the case of conversion – **the builder is not accessing the added development capacity.**

2. MHA basis as impact mitigation.

- City's basic police power and SEPA allows regulation of development to mitigate impacts.
- In the case of conversion an old use is being replaced by a new use with equal or lesser impacts. **The builder is not creating a new adverse impact that needs to be mitigated.**

MHA contribution amounts in downtown are generally 2%-7% of units or \$12 - \$27 / sq. ft. for residential.



Other summary information

- OPCD estimates that with this legislation and ESSB 6175, less than a dozen conversion projects would result in 1,000 – 2,000 new housing units within a medium term 7-year time horizon.
- Without this legislation and ESSB 6175 OPCD believes there will be 0 conversions (10 units or greater) in and around downtown.
- A SEPA Determination of non-significance (DNS) was issued on the proposal in January, 2024 and no appeals were received.
- Mayor Harrell places a high priority on adding housing downtown as part of the Downtown Activation Plan, including via conversions.



Higher historic office floor to floor to heights can support the design of new lofted residential units.



Thank you.

Office of Planning and Community Development (OPCD)
Geoffrey.Wentlandt@Seattle.gov



City of Seattle

Interim Street Activation Legislation

June 5, 2024

Seattle Department of Construction and Inspections



Purpose and Goals

- Help fill vacant spaces
- Broaden the range of potential new tenants
- Attract more daily activity and eyes on the street – add more vitality
- Promote creativity and entrepreneurship by allowing new types of businesses



Business and Foot Traffic Data

- Downtown business openings and closures:
 - Nov '23 to March '24: 9 openings and 21 closures
 - 2020 to 2021: 102 openings and 161 closures
- Foot traffic is still regaining year-over-year, but pace is slowing:
 - 2022 – 2023: +10 - 15% (comparing same months)
 - 2023 – 2024: +5% (" " ")

Source: DSA, 2024



Proposal

- Interim legislation: in place for 3 years, for Downtown, S. Lake Union, Uptown
- Applies to Class I & II Pedestrian Streets with street-level use requirements (maps to follow)
- Provide more code flexibility and reduce barriers:
 - Allow greater variety of ground-floor and 2nd-floor uses
 - Encourage creative floor plans
 - Maintain exemptions from density limits
- New uses can remain after the interim period, and may revert to prior uses




Comparison of Uses Allowed


Drawn from uses allowed in pedestrian-oriented neighborhood business districts

Existing allowed uses limited to following:	Proposed additional interim uses:
Arts facilities, entertainment uses: recreational, athletic, theaters, lecture halls, libraries, parks	Arts installations, Custom & craft work: glassblowing, printing, motion picture studios, pottery, sculpture, other personal or household items, parks
General sales and services, retail major durables sales (such as furniture)	Sales and services, non-household: such as restaurant supply, business support services
Restaurants: eating and drinking	Food: food and beverage production, commissary kitchens, catering services
Human services, child care, religious facilities, museums, low-income housing (Seattle Mixed)	Medical services: doctors, dentists, vets, chiropractic
	Institutional uses: community centers and support services, community clubs, institutes of advanced study
	Offices and R&D laboratories

Downtown

Downtown Map 1G:

-  Require active street level uses, per 23.42.041
-  Allow interim street activation uses
-  Special Review or Historic Districts

- The proposal applies to the outlined streets.
- Existing street level use requirements proposed to be maintained on the streets mapped as 

All streets shown are "Class I pedestrian" designated or Green Streets



South Lake Union

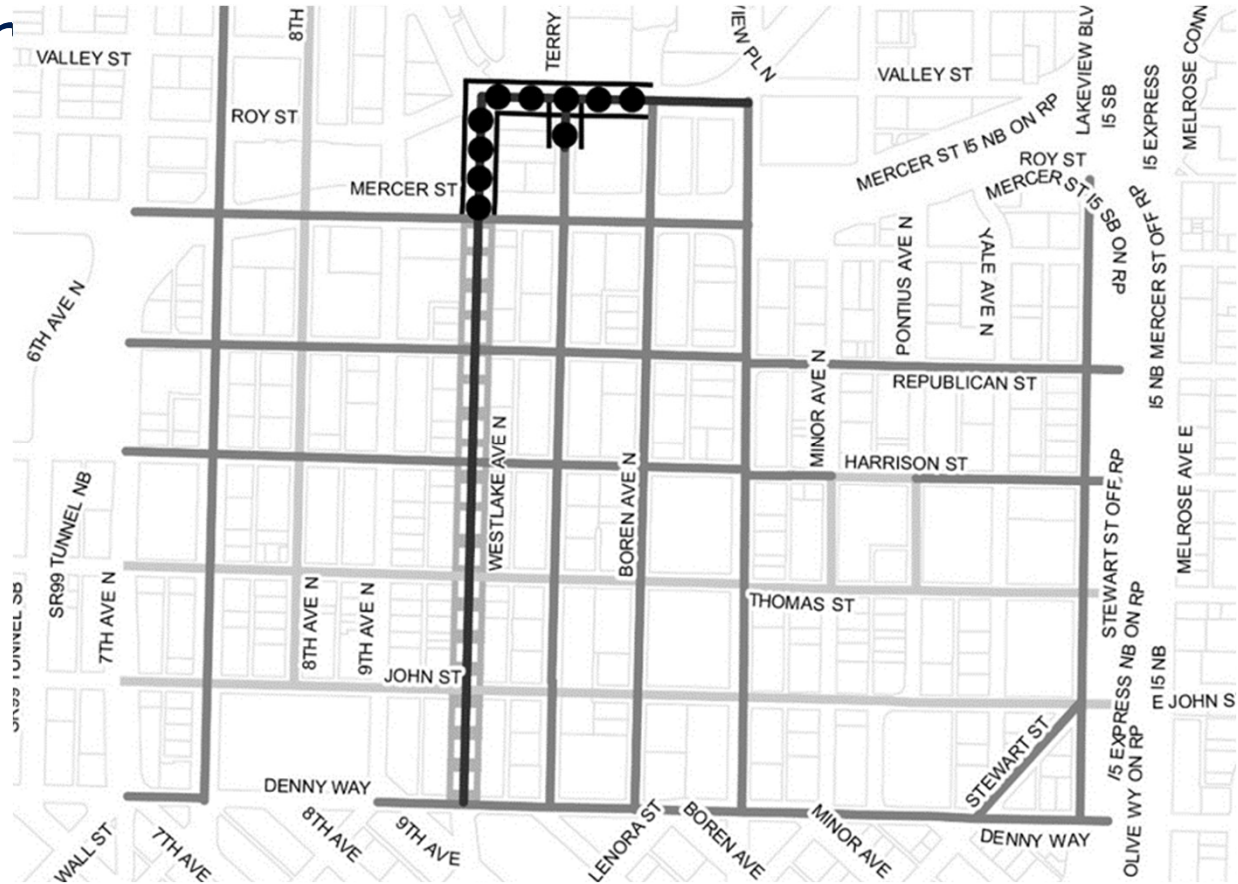


Class I Pedestrian Street; allow interim street activation uses






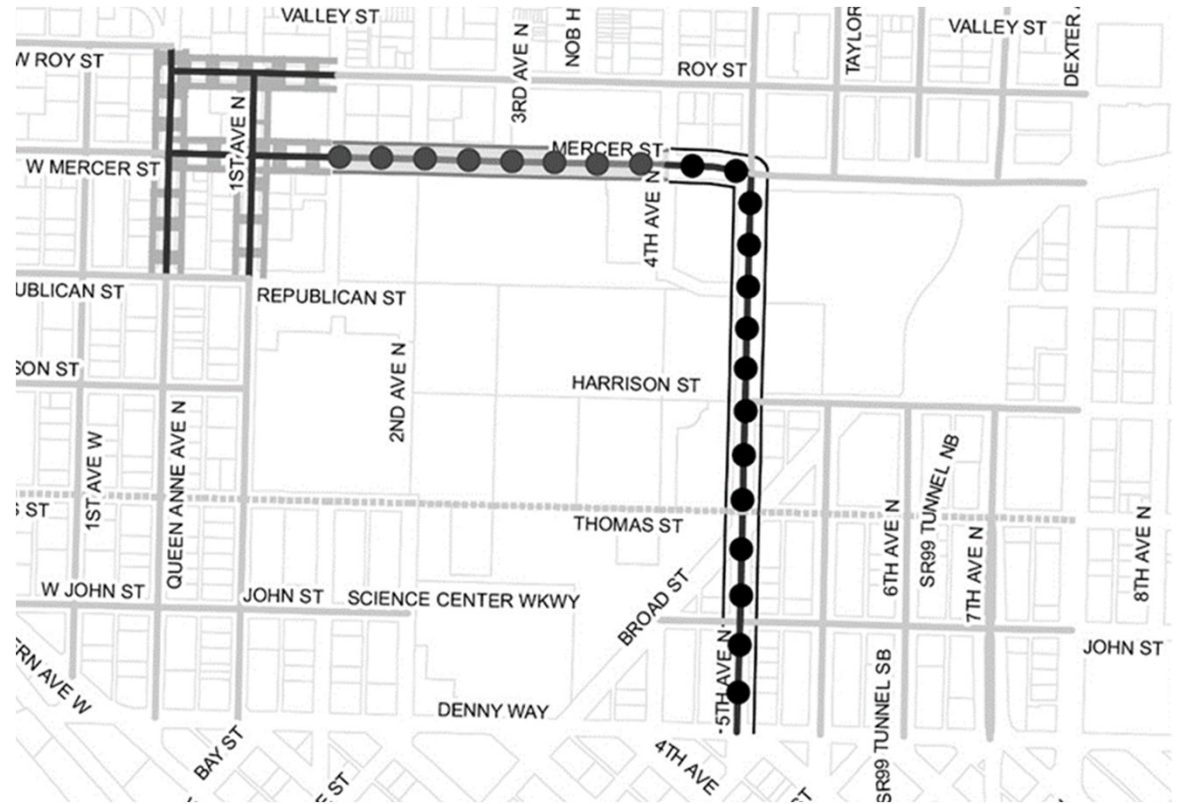
Required street level uses (Class I)

Existing requirements proposed to be maintained



Uptown

-  Class I Pedestrian Street; allow interim street activation uses
-  Class II Pedestrian Street; allow interim street activation uses
-  Required street level uses
Existing requirements proposed to be maintained



Small Spaces are Activators

- People create the daily life that animates the city
- Allow more small businesses by reducing required dimensions at street-level



Flexibility For Multi-level Destination Uses

- Interior design flexibility to encourage creative layouts, such as multi-floor street-level uses



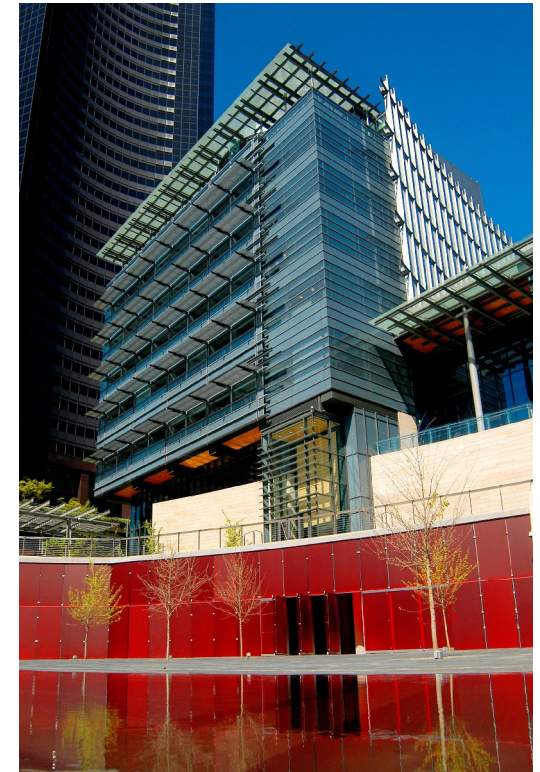
Questions?

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Legislation Text

File #: Inf 2484, **Version:** 1

Update on the Permit Audit Recommendations

Update on the Permit Audit Recommendations

Recommendation	Last Update	Status	Audit
<p>The City Budget Office, in collaboration with other City departments, should evaluate the governance and funding structures of departments that review construction permit applications and determine if changes can be made to better position the City to quickly respond to fluctuations in permit demand while meeting customer expectations.</p>	<p>According to the City Budget Office (CBO), it is working with departments on the 2025-2026 budget process as the City of Seattle faces a budget deficit and as part of this process will be reviewing all programs. In addition, according to CBO, the 2024 Adopted Budget included funding to improve the Seattle Fire Department's construction-related permit review and process supported by a new fee. The Innovation and Performance Team within CBO is also working with Seattle Department of Construction and Inspections and other City departments to evaluate the entire permitting process and will collaborate on areas of additional system integration, process improvements, and workflow enhancements identified through that effort. This recommendation will be considered implemented when an evaluation of governance and funding structures is completed.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Mayor's Office should develop and implement a strategy, including the required resources, for providing ongoing support for the Seattle Services Portal (Accela) and other software used in the construction permitting process. The Mayor's Office should collaborate with the Seattle Information Technology Department and other departments involved in construction permitting.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported that it, the Mayor's Office, the Seattle Information Technology Department, and other City departments continue to collaborate to ensure that they are making necessary investments and adjustments regarding Accela to enhance their work. Work is underway to realign the governance structure for the Enterprise, Permitting, Inspection, & Compliance (EPIC) Program as well as to shift to Software as a Service (SaaS) and to begin using Managed Accela Services (MAS) to increase internal IT capacity. Creating feedback mechanisms for continuously gathering customer experience feedback across the entire platform to be able to use that information in their collective efforts towards continuous improvement will be a critical component of continuing to address the impacts of future changes to their technology. This recommendation will be considered implemented once the City demonstrates it has implemented a strategy to support Accela and other software in the long term. This may include completing the aforementioned steps—realigning the governance structure and using SaaS and managed services—and/or other means.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Mayor's Office should lead a coordinated effort to document all recommendations related to the construction permitting process from consultant reports and internal improvement efforts. City departments should then evaluate each recommendation to determine whether they intend to implement it and why. The City should prioritize, assign an owner, and estimate a due date for each recommendation that is selected for implementation. Recommendations should be tracked in a central, publicly accessible location such as a dashboard to promote accountability.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported that collaboration between it and the Mayor's Office is ongoing regarding this recommendation. This includes reviewing historical documentation and recommendations related to the construction permitting process from consultant reports as well as ongoing internal improvement efforts. This recommendation will be considered implemented after SDCI and the Mayor's Office complete work to document, evaluate, prioritize, assign an owner, and estimate a due date for recommendations from consultant reports and internal improvement efforts, as well as develop a method to track progress.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should address potential permitting barriers and equity concerns by incorporating the City's Race and Social Justice Initiative (RSJI) values into the permitting process. This should involve completing a Racial Equity Toolkit (RET) for the entire permitting process or several RETs for specific parts of the process. SDCI should consult with the Seattle Office for Civil Rights for RET guidance and support and with other City departments that are involved in permitting or have a stakeholder interest. In the RET, SDCI should evaluate the accessibility of their current process and tools, including considering the needs of customers who lack computer skills, people with disabilities, and people with limited English proficiency, among others. The RET should also include a stakeholder analysis to determine who is impacted by the permitting process and from whom SDCI should get regular feedback. The City should implement the recommendations that result from this effort.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported it is working with its partners in other City departments on addressing permitting barriers and have collectively formed an Interdepartmental Workgroup focused on an Integrated Permit Improvement Program (IPIP). The IPIP is tasked with making and delivering recommendations to the IPIP steering committee (specified leadership of City departments who participate in whole or in part of the various City permitting processes) as a result of the Mayor's Housing Subcabinet effort conducted in 2023 for prioritization of efforts/projects to removing permitting barriers for housing production. SDCI stated it is also working with its partners in other City departments to address equity concerns. In December 2023, SDCI together with the Seattle Department of Transportation opened an in-person Customer Service Desk on the 4th floor of the Seattle Municipal Tower to support the accessibility of SDCI's current tools and to assist customers who lack access to computers or skills to use them and people with disabilities. The Customer Service Desk also helps people with language barriers by utilizing the Language Line for assistance. SDCI has not yet conducted a full Racial Equity Toolkit (RET) on the entire permitting process but reported it has completed several RETs in the past for specific parts of the permitting process and is committed to continuing to do so in the future. This recommendation will be considered implemented when SDCI demonstrates it has completed an evaluation of barriers and equity in the permitting process and implemented the resulting recommendations. This may include the aforementioned work of the Integrated Permit Improvement Program and/or completing a Racial Equity Toolkit.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should develop a department policy for how construction permit corrections should be handled, including: <ul style="list-style-type: none"> • What rises to the level of needing an official correction • What is required back from the applicant to resolve the correction, including in what format • At what point to contact the applicant to discuss the issues, such as after a certain number of correction cycles • How this policy will be enforced SDCI should coordinate with other City departments involved in the construction permitting process in developing and implementing this policy. SDCI should also put relevant information about the policy on their website.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported that it continues to use the policies that currently exist within the department while also encouraging staff to make earlier contact with applicants when correction cycles exceed normal averages or there seem to be communication gaps indicated by inadequate responses to corrections. Progress has been made toward approaching consolidation and consistency of these various policies across all teams/divisions and across all City departments involved in reviewing construction permit applications, though work continues. SDCI leadership is committed to working in coordination with the SDCI Continuous Improvement (CI) Team as well as the City-Wide Integrated Permit Improvement Program (IPIP) on consolidating these policies into a more comprehensive and consistent department-wide (and potentially City-wide) policy. This recommendation will be considered implemented when work is completed to consolidate and make more consistent policies on handling permit corrections, at SDCI and other departments that handle construction permit applications.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should develop a process to monitor and evaluate permit application corrections. This process should be sustainable given current resource levels and provide reasonable assurance that permit corrections are meeting SDCI's standards of being necessary, understandable, code-based, directive, and specific. SDCI should track this information so that correction quality can be evaluated over time. To ensure the consistency of permit corrections, SDCI should involve and coordinate with other City departments that issue permits.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported it is currently working with its partners in the Seattle Information Technology Department to secure contracted services and technology licenses to implement and integrate Customer Experience (CX) and Employee Experience (EX) feedback software into the existing permitting process workflow to be able to establish a sustainable customer and employee engagement program. The information obtained from these tools will be collected/analyzed and then used for identifying and prioritizing opportunities for continuous improvement investments. Correction letter quality concerns identified through these feedback mechanisms will be routed to the appropriate resources in Technical Plan Review Supervision/Management for evaluation and monitoring of SDCI's ongoing correction letter quality. This recommendation will be considered implemented when SDCI begins using a process to monitor and evaluate permit application corrections, whether through the mechanism identified above or through other means.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should develop a strategic customer engagement program for their construction permitting process, which could include: <ul style="list-style-type: none"> • Establishing customer service and satisfaction baseline data. • Defining performance measures that relate to SDCI's strategic goals. • A process to routinely monitor performance measures. • Defined roles for SDCI employees who are responsible for implementing process improvements. </p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported that it is currently working with its partners in the Seattle Information Technology Department to secure contracted services and technology licenses to implement and integrate Customer Experience (CX) and Employee Experience (EX) feedback software into the existing permitting process workflow to be able to establish a sustainable customer and employee engagement program. The information obtained from these tools will be collected and analyzed to be used for identifying and prioritizing opportunities for continuous improvement investments. As of this update, SDCI stated that it has also established baseline Volume and Performance Timeline metrics as well as baseline Customer Satisfaction (CSAT) metrics for the Virtual Applicant Services Center (Chat & Email). SDCI is also collecting data for services provided at the 4th floor in-person Customer Service Desk to optimize appropriate staff level coverage for the most regularly needed services requested through that resource. This recommendation will be considered implemented when SDCI has established a consistent method for gathering and analyzing customer feedback on the construction permitting process, whether through the aforementioned feedback software or other means.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should develop metrics by construction permit type for total review time and a tracking process to support meeting those metrics. The metrics and SDCI's progress on meeting those metrics, along with the methodology and notices of any data limitations, should be displayed on SDCI's website and updated regularly. The data should meet the needs and expectations of customers and include other City departments' review times. SDCI should also consider whether to publish its review queue on its website.</p>	<p>As of this update, the Seattle Department of Construction and Inspections (SDCI) reported that it has published data for permitting metrics tracking total Building Permit Timelines on its external facing website based upon requested formatting and permit type breakdowns requested by customer stakeholders. SDCI stated that it is also currently working with partners at the Seattle Information Technology Department to produce a report that will track Corrected Plan (CP) Review Performance in a similar way to the how SDCI currently reports on Initial Plan (IP) Review Performance. This new CP Performance report is expected to be ready by Q3 of 2024. This recommendation will be considered implemented when SDCI demonstrates it has an internal tracking process to meet metrics for total permit review time, and when SDCI has considered whether to publish its review queue on its website.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should evaluate its ethical culture and make any needed improvements. SDCI should consider the following: <ul style="list-style-type: none"> • Periodic evaluations of the workplace culture and ethical environment through anonymous employee surveys • An internal ethics policy to address situations that are unique to SDCI's work environment • Ongoing ethics training that is tailored to SDCI's work environment and potential ethical scenarios employees may encounter • A clear process for employees to anonymously report ethical concerns • Leadership's demonstrated commitment to strong ethical values through their directives, attitudes, and behavior (also known as "tone at the top") • Reviewing and determining which employees should complete the City's Financial Interest Statement form based on their responsibilities </p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported it is currently working with its partners in the Seattle Information Technology Department to secure contracted services and technology licenses to implement and integrate Customer Experience (CX) and Employee Experience (EX) feedback software into the existing permitting process workflow to be able to establish a sustainable customer and employee engagement program. The information obtained from these tools will be collected/analyzed and then used for identifying and prioritizing opportunities for continuous improvement investments. Any ethical concerns identified through these feedback mechanisms will be routed to the appropriate resources in SDCI-HR for evaluation and monitoring of SDCI's workplace culture and ethical environment. SDCI reported that, in partnership with the City's Office of Ethics and Elections, it has reimplemented Annual Ethics Training (previously offered regularly up until the pandemic), and all SDCI staff that have completed the training are being credited with completion in the City's Learning Management System (Cornerstone). Make-up training will be provided on an as-needed basis. SDCI stated it has also incorporated the City's online Ethics Training Overview into the New Hire Onboarding process. According to SDCI, its leadership has committed to making it absolutely clear to staff that ethical values are a top priority and has clearly identified integrity as a leading departmental value as indicated in the SDCI Strategic Plan. SDCI reported it has completed a review of the 2023 City Financial Interest Statement Disclosure Form process and has determined that 100% of those identified as needing to complete the form had done so by the required deadline. As of this update, SDCI said it is currently in the process of completing the 2024 City Financial Interest Statement Disclosure Forms and is committed to continuing to hold 100% of those required to complete the form accountable for doing so. This recommendation will be considered implemented when SDCI demonstrates it has evaluated its ethical culture and makes any needed improvements stemming from the evaluation.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should evaluate which departments are using Accela for construction permit review and determine how to improve their integration and use of the portal. SDCI should coordinate with other City departments involved in the construction permitting process.</p>	<p>The Seattle Department of Construction and Inspections (SDCI) reported that it is continuing to collaborate with the Mayor's Office, the Seattle Information Technology Department, and other City departments regarding this recommendation. Work is already underway to migrate the existing on-premises Enterprise-Wide implementation of Accela to the Software-as-a-Solution (SaaS) Online/Cloud-Based version of Accela which will provide greater opportunities for further integrations together with enhanced stability and security of the system. This SaaS migration is scheduled for completion in July 2024. The timing of any future departmental integrations is related to the backlog of knowen improvements/enhancements that have been limited by ongoing IT capacity issues together with the one-time delay necessary for the platform freeze required for the cloud migration. This recommendation will be considered implemented when SDCI has evaluated how to improve the integration of other departments that use Accela for construction permit review, particularly in relation to the new cloud-based version.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>
<p>The Seattle Department of Construction and Inspections (SDCI) should solidify and make more transparent how it prioritizes construction permit applications for review. This could include: <ul style="list-style-type: none"> • Creating a policy and providing training on how permit reviewers should prioritize projects assigned to them • Improving the workflow screen in Accela to make the priority of projects clearer • Reviewing and making updates to the Plan Review Priorities Guideline document (for example, considering the priority of medical or disability accommodations) and making it publicly available • Creating a method to document when and why the prioritization process is circumvented SDCI should coordinate with other City departments as needed to implement this recommendation.</p>	<p>As of this update, the Seattle Department of Construction and Inspections (SDCI) reported that it has reviewed, revised, and published its Plan Review Priorities Guidelines on its external facing website. SDCI has also reviewed, revised, updated, and published its Guide to Construction Permit Initial Plan Review Categories in its external facing website. This recommendation will be considered implemented when SDCI demonstrates it has made efforts to ensure reviewers prioritize applications consistently, including among all departments that review permits. This may include additional policies and trainings or changes to Accela to make the priority of projects clearer.</p>	<p>Pending</p>	<p>City's Construction Permitting Needs More Customer Focus and Consistency 10/2023</p>

City's Construction Permitting Needs More Customer Focus and Consistency

October 18, 2023

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Seattle Office of City Auditor

City's Construction Permitting Needs More Customer Focus and Consistency

Report Highlights

Background

In this audit, we reviewed the City of Seattle's (City) construction permitting process from the intake stage through corrections. The Seattle Department of Construction and Inspections (SDCI) is responsible for reviewing and issuing construction permits, though other City departments are often involved as well. In 2022, SDCI issued about 8,800 construction permits.

What We Found

We identified issues in the following areas:

- **Reinforce a customer focus:** SDCI does not actively track total permit review time, which is an important metric to customers. The City also lacks a process to routinely collect customer feedback.
- **Promote transparency and fairness:** We found inconsistencies and opaqueness in how construction permit applications are prioritized. Some SDCI employees shared concerns about fairness and ethics.
- **Strengthen a Citywide approach:** The City has engaged in permitting improvement efforts, but not all identified changes have been made. Additionally, there is not a unified approach to funding staff, nor an effective strategy for supporting permitting software.
- **Standardize review comments:** We found inconsistencies in how corrections are issued and evaluated for quality.

Recommendations

We make 11 recommendations to address the issues above. We recommend that SDCI improve permit timeliness tracking and use customer feedback to make process improvements. SDCI should also improve the permit prioritization process and evaluate its internal ethical culture. The City should act on permitting recommendations from past improvement efforts, re-evaluate department funding structures for permit staff, and develop a strategy for supporting permitting software. Finally, we recommend SDCI develop a standard process for performing and evaluating permit corrections.

Department Response

SDCI generally concurred with the findings and recommendations (see Appendix A).



WHY WE DID THIS AUDIT

This audit was conducted in response to Seattle City Councilmember Dan Strauss' request for our office to review the construction permitting process. Specifically, we reviewed:

- Process clarity, consistency, and timeliness
- The use of information technology tools
- Race and Social Justice Initiative impacts

HOW WE DID THIS AUDIT

To accomplish the audit's objectives, we:

- Analyzed construction permit application data
- Interviewed City officials who are involved in the permitting process
- Surveyed and interviewed permit applicants
- Researched construction permitting best practices

Seattle Office of City Auditor
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INTRODUCTION

Audit Overview

Seattle City Councilmember Dan Strauss requested that we examine the City of Seattle's (City) process for reviewing construction permits. Our objectives were to answer the following questions:

- Are there opportunities to improve the clarity, consistency, and timeliness of the permitting process?
- Is the City using the full potential of its permitting information technology tools?
- Is the City's permitting process contributing to its Race and Social Justice Initiative (RSJI) goals?

The scope for this audit included construction permit applications that were under review in 2021 and 2022. The Seattle Department of Construction and Inspections generally concurred with the report's findings and recommendations (see Appendix A). The audit team for this project included Melissa Alderson and Andrew Scoggin, with contributions from Miroslava Meza.

Background

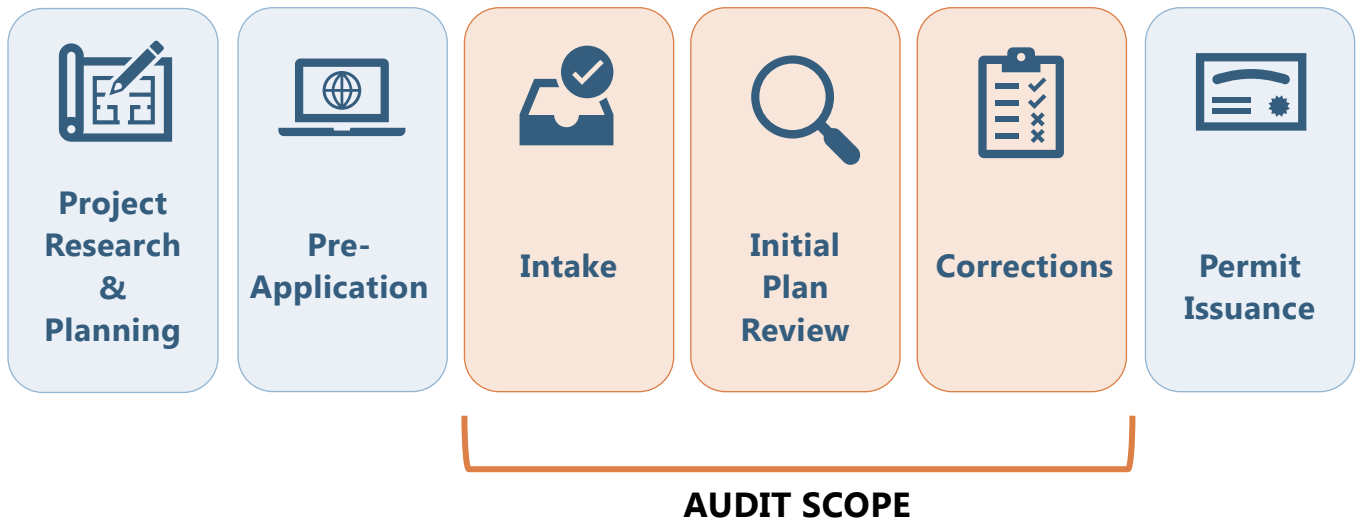
The Seattle Department of Construction and Inspections (SDCI) reviews and approves construction permits for the City of Seattle.

SDCI is responsible for regulating and ensuring compliance with building and land use codes and policies. Construction permits are one type of permit that SDCI issues. Construction permits can be for new buildings or additions and alterations and can require a detailed plan review or a more abbreviated subject-to-field-inspection review. SDCI has issued about 8,800 construction permits in 2022.

The permitting process takes multiple steps and can involve other City departments.

Customers first apply to SDCI for a pre-application and request an online intake appointment, during which the application is reviewed for overall completeness. Once the intake is completed and approved, SDCI assigns the application to the relevant review teams, which provide corrections to the applicant as needed to ensure compliance with building code and all other applicable codes and ordinances. Other City departments that can review and approve aspects of construction permits include Seattle City Light, Seattle Public Utilities, and the Transportation, Fire, Neighborhoods, Housing, and Parks and Recreation departments. SDCI issues the permit once the applicant has addressed all corrections and paid the final fees. Our audit focuses on the construction permitting process from the intake stage through corrections (see Exhibit 1).

Exhibit 1: We examined the construction permitting process from intake through corrections



Source: Seattle Office of City Auditor.

REINFORCE A CUSTOMER FOCUS

Section Summary

In this section, we identify ways the Seattle Department of Construction and Inspections (SDCI) can improve customers' experience with the construction permitting process. We found that SDCI does not actively track total permit review time, which is an important metric to customers. We also found that the City lacks a process to routinely collect customer feedback on the permitting process. This means that the full extent of permitting barriers is unknown and cannot be addressed. We make recommendations to improve timeliness tracking and use customer feedback to make process improvements.

SDCI should reevaluate its construction permit tracking metrics and reporting methods to reduce review times

SDCI's current tracking metrics focus heavily on one part of the construction permit review process. SDCI's department-level target goals are only for applications' first-round review. The length of subsequent rounds is not tracked at the department level. As a result, SDCI focuses mostly on how long this first review takes instead of overall review time. We observed it was difficult to get accurate, up-to-date publicly available information on how long construction permits take to review and approve. Customers also pointed to this as an issue and requested more transparency on permit review times.

There is a lack of incentive for reviewers to consider the overall timeliness of permit applications. Reviewers are assigned due dates that dictate each round of review should take a certain number of days. However, SDCI does not actively track total review time for a permit while it is under review. Reviewers are held accountable for the length of individual review rounds but not overall permit application timeliness.

"Gaining transparency into each reviewer's queue would be a huge help, allowing design teams to better plan workflow/next steps."

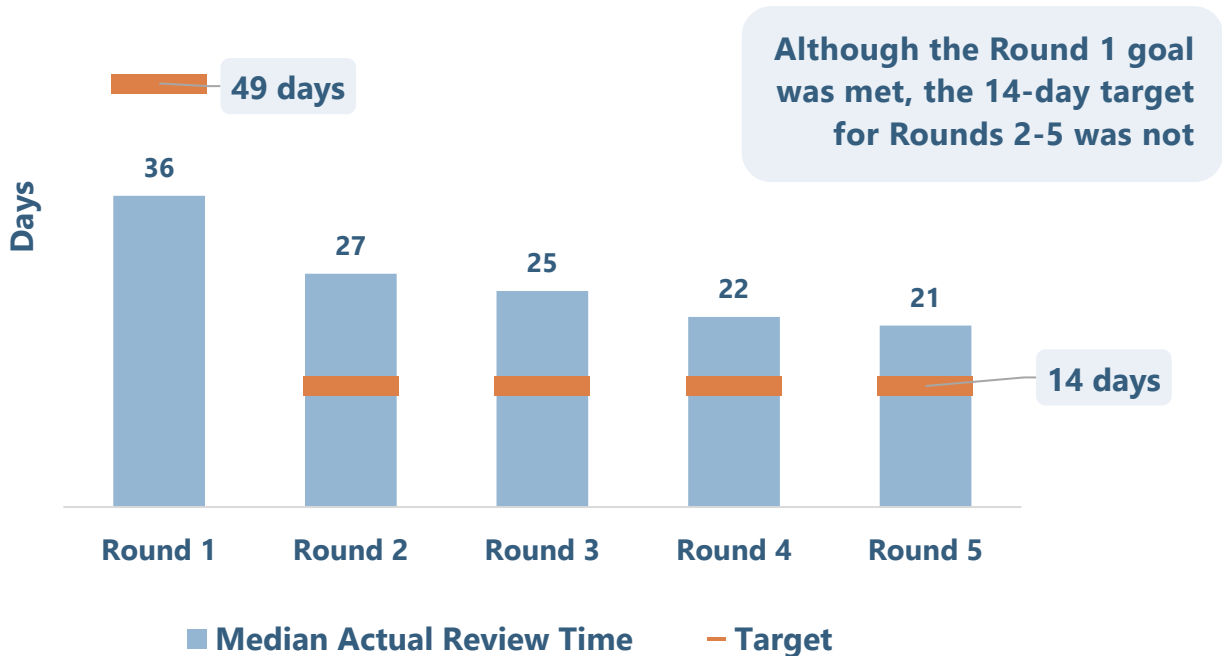
- frequent permit applicant

There are other challenges related to assigning and tracking work that may impact timeliness. After SDCI approves the intake of a permit application, supervisors assign the relevant staff to review the project. Once assigned, reviewers have access to the project in their online dashboard. However, SDCI does not consistently assign all reviewers to a project at the same time. We observed and SDCI employees said that sometimes staff are not assigned to review a permit application until near or past the target review date. SDCI supervisors also told us that they lack effective technology tools to track what reviewers are working on and monitor progress.

The City is not consistently meeting targets for the time it takes to review permits. We analyzed how long the City spent reviewing construction permit applications in 2021 and 2022. Among

applications with at least one review round completed, the median application spent 50 days in City review. But at least 10 percent of applications took at least 145 days, which is beyond the standard 120-day deadline specified by [state law](#). Also, subsequent rounds of review beyond the first round do not appear to meet internal targets that the City sets for reviewers. For example, the median for a second-round review is nearly double the target (14-day target versus 27-day median). See Exhibit 2 for a comparison of internal review targets and actual review time by round.

Exhibit 2: City reviews beyond Round 1 do not meet internal targets



Source: Office of City Auditor analysis of Seattle construction permit data, 2021-2022

Due to the complexity of and exemptions within state law, we could not determine how often the City is out of compliance with required timelines. According to SDCI management, [a new state law](#) taking effect in 2025 will exempt construction permits from existing law, including required timelines.

Some applicants say adding time to the review process has negative impacts on their projects. We conducted a targeted survey of applicants with a high number of correction rounds to get their feedback. Out of 117 applicants we attempted to contact, 38 responded—82 percent said the timeline to get their permit was not reasonable. They said the timing of their applications had the following impacts:

- Increased costs or lost revenue

- Higher rents
- Difficulty working with lenders and raising money
- Abandoned projects
- Contractors losing or abandoning work or being motivated to "proceed with unauthorized work"

Recommendation 1

The Seattle Department of Construction and Inspections (SDCI) should develop metrics by construction permit type for total review time and a tracking process to support meeting those metrics. The metrics and SDCI's progress on meeting those metrics, along with the methodology and notices of any data limitations, should be displayed on SDCI's website and updated regularly. The data should meet the needs and expectations of customers and include other City departments' review times. SDCI should also consider whether to publish its review queue on its website.

SDCI lacks a systematic process to get customer feedback, which means that customers' needs may not be met

The City lacks a method to routinely collect customer feedback on the permitting process. SDCI's vision from their strategic plan is "to set the standard for awesome local government service." However, they do not have performance measures to evaluate how well they are achieving this goal and meeting customers' expectations over time.

Customers are frustrated with aspects of the permitting process. In our targeted survey of applicants, 66 percent (25 of 38) said they were dissatisfied with the process. Also, 61 percent said it was not clear who to contact in the City if they had a question, and 42 percent said reviewers did not answer their questions timely when they did contact them (Exhibit 3). See Appendix C for the full summary results of the survey.

Exhibit 3: Respondents to targeted survey were unhappy with process and communication



Source: Seattle Office of City Auditor analysis of applicant survey results.

"We had to involve an attorney, which helped as they had contacts to straight sources and were able to get answers"

- survey respondent

A 2020 study on the City's public permitting portal showed several areas for improvement.

Customers use the City's online [Seattle Services Portal](#) to apply for construction permits. The study evaluated how easy the portal is to use by asking participants to complete tasks and rate their experience. Their satisfaction with the portal averaged 5.5 out of 10. Participants said the portal was confusing and lacked user guidance.

Customer service, review inconsistencies, and permit timeliness are common issues for applicants.

We interviewed frequent permit applicants and asked about their experience with the construction permitting process. Many cited poor customer service as a common issue and noted it was difficult to reach permit reviewers by phone. Another applicant concern was permit reviewers being inconsistent in how they reviewed applications, both within SDCI and across City departments. Applicants said that it appeared that not all departments were following the same process. Permit timeliness was also a frustration, and applicants expressed desire for more transparency and consistency around SDCI's review timelines.

The City's Racial Equity Toolkit can uncover equity impacts. The City's Race and Social Justice Initiative (RSJI) [Racial Equity Toolkit](#) (RET) process requires that departments involve stakeholders in their development, implementation, and evaluation of programs. The RET directs departments to, "Gather information from community and staff on how the issue benefits or burdens the community in terms of racial equity."

A RET is one of the primary ways the City identifies and examines potential equity issues of its programs. Ideally, City departments should complete the RET before they implement a new program, so that staff can be aware of and mitigate any unintended impacts. The City did not complete a RET for the implementation of their permitting software system, Accela. Further, we could not find evidence that SDCI has completed a RET related to reviewing construction permits or identified [racial equity actions](#) that are specific to the permitting process. Representatives from SDCI and the Seattle Office for Civil Rights told us there is value in completing a RET because process barriers likely exist, and improvements to the permitting process are still possible.

The full extent of permitting barriers is unknown and therefore cannot be addressed.

The permitting process is complex and favors experienced customers and large developers. This is because experienced customers have familiarity and in-depth knowledge of the process, and large developers have specialized expertise and resources to support their projects. First-time applicants, homeowners, and small businesses may have more difficulty navigating the process and getting their permit approved when they need it. In our review of

"I cannot imagine what it would be like for someone who is new to the system or doesn't know technology or possibly has English as a second or third language. Impossible to navigate."

- frequent permit applicant

construction permit application guidance, we found some potential barriers that some customers may face:

- Customers must create and submit construction permit applications online using software that may be difficult for some users to learn and navigate.
- The City does not offer in-person appointments for permit customers to meet with City staff. This limits customers' options to communicate with City permit reviewers to methods that require a computer and internet connection, which may create accessibility issues.
- Some of SDCI's online resources, including their "[Tips](#)" sheets, are only in English.

Without direct feedback from customers on the challenges they face, the City cannot evaluate the performance of the permitting process from the customers' perspective and make improvements to address equity issues.

Recommendation 2

The Seattle Department of Construction and Inspections (SDCI) should address potential permitting barriers and equity concerns by incorporating the City's Race and Social Justice Initiative (RSJI) values into the permitting process. This should involve completing a Racial Equity Toolkit (RET) for the entire permitting process or several RETs for specific parts of the process. SDCI should consult with the Seattle Office for Civil Rights for RET guidance and support and with other City departments that are involved in permitting or have a stakeholder interest.

In the RET, SDCI should evaluate the accessibility of their current process and tools, including considering the needs of customers who lack computer skills, people with disabilities, and people with limited English proficiency, among others. The RET should also include a stakeholder analysis to determine who is impacted by the permitting process and from whom SDCI should get regular feedback. The City should implement the recommendations that result from this effort.

Recommendation 3

The Seattle Department of Construction and Inspections (SDCI) should develop a strategic customer engagement program for their construction permitting process, which could include:

- **Establishing customer service and satisfaction baseline data.**
- **Defining performance measures that relate to SDCI's strategic goals.**
- **A process to routinely monitor performance measures.**
- **Defined roles for SDCI employees who are responsible for implementing process improvements.**

PROMOTE TRANSPARENCY AND FAIRNESS

Section Summary

In this section, we discuss how the City can improve the transparency and fairness of the construction permitting process. We found inconsistencies in how construction permit applications are prioritized. Permit prioritization criteria are not made public, which means not all customers have knowledge of how their project should be prioritized. Some employees within the Seattle Department of Construction and Inspections (SDCI) expressed concerns and confusion about the ethical culture surrounding the construction permitting process. We make recommendations to improve the permit prioritization process and for SDCI to evaluate its ethical culture.

The City is inconsistent and opaque in how it prioritizes permit applications, which may result in unfair treatment of customers

SDCI has internal guidelines for how it prioritizes construction permit applications. SDCI's Plan Review Priorities Guideline is an internal document that SDCI intake staff use to assign permit applications a priority ranking. The stated intent is to prioritize certain permit applications "to promote the health, safety, and welfare and to serve special needs." Examples of projects that are supposed to be prioritized include:

- Life safety emergencies
- Projects with serious anomalous issues
- Affordable housing
- Emergency housing shelters
- Projects identified by the SDCI director

Some of these priority rankings have specified review timelines and some do not. We noted that the Plan Review Priorities Guideline does not give priority to projects relating to medical or disability accommodations. SDCI may want to consider reviewing the prioritization criteria to ensure it is meeting the department's intent of serving special needs.

The City does not prioritize construction permit applications in a consistent and transparent way. We found that not all City departments were aware of SDCI's prioritization criteria for permit applications. This means that the permit reviewers across the City may be prioritizing permit applications differently. Frequent permit applicants we spoke with also communicated this concern. For example, the Housing Development Consortium, an organization that advocates for affordable housing in King County, told us that some

City departments do not appear to prioritize affordable housing project permits. Because of how the City reviews and approves permit applications, the prioritization (or lack thereof) of just one City employee can impact the timeliness of when the permit is issued. Consistent prioritization across all City departments is needed for customers to experience the benefit of the prioritization.

Beyond the initial project prioritization, we found inconsistencies in how SDCI staff prioritize the permit applications assigned to them. In interviews, staff noted using different criteria to decide which projects to work on. For example, some reviewers prioritize permit applications for which they are the last reviewer before the permit can be issued. Other reviewers work on projects strictly in priority order.

"[SDCI Manager] is great because we can call them, and they can push things through."

- frequent permit applicant

Some reviewers told us that they will prioritize a project if a supervisor directs them to or when a customer proactively contacts them to ask about status. In acknowledgment of potential fairness concerns raised by such communications from permit applicants, some SDCI employees told us they would like to have more department guidance on how to prioritize their work. Some SDCI employees also expressed concern about certain groups and people in positions of power appearing to have unfair access to SDCI staff to advocate for their projects.

The City's permitting software was not designed to support efficient prioritization of permit applications. SDCI supervisors manually assign permit applications to reviewers, and these assignments show up in the reviewer's workflow screen in the City's permitting software system. The workflow screen lacks important fields that reviewers need to decide what to work on, such as priority number and how long a permit application has been on their dashboard. As a workaround, employees can run a business report showing more detailed information. However, this is a static, point-in-time report and was not designed to be a long-term solution.

"How would you know if you haven't done it before?"

- frequent permit applicant

SDCI does not share their priority criteria with the public. SDCI intake staff decide the priority level based on how projects appear. This means that it is up to the customer to include enough information in their permit application so that SDCI staff can decide what priority a project should receive. Because SDCI does not make their Plan Review Priorities Guideline public, not all customers have knowledge of the prioritization criteria. Thus, some customers may not get their project prioritized when it should be.

The City's current permit review process allows prioritization of permit applications in a way that favors experienced customers.

"The squeaky wheel gets the grease. If I am complaining to [SDCI Manager], I can get mine faster."

- frequent permit applicant

Frequent customers we spoke with said they were somewhat aware of SDCI's prioritization criteria, and some said they used that to their advantage, though others said they saw no value. Frequent customers also noted they will contact permit reviewers or SDCI management directly to bring attention to their permit application and get it processed faster. SDCI facilitates a monthly meeting with select members of the Master Builders Association of Snohomish and King Counties, giving their members direct access to City permitting staff to discuss and advocate for their projects and specific interests. The absence of transparent and consistently applied prioritization criteria creates accountability concerns and gives an advantage to applicants with more experience and resources.

Recommendation 4

The Seattle Department of Construction and Inspections (SDCI) should solidify and make more transparent how it prioritizes construction permit applications for review. This could include:

- **Creating a policy and providing training on how permit reviewers should prioritize projects assigned to them**
- **Improving the workflow screen in Accela to make the priority of projects clearer**
- **Reviewing and making updates to the Plan Review Priorities Guideline document (for example, considering the priority of medical or disability accommodations) and making it publicly available**
- **Creating a method to document when and why the prioritization process is circumvented**

SDCI should coordinate with other City departments as needed to implement this recommendation.

SDCI could do more to ensure a positive ethical culture

Some SDCI employees expressed concerns and confusion about the ethical culture surrounding the construction permitting process. We interviewed employees involved in reviewing permit applications to learn how they approach their work. About 30 percent of the SDCI employees we interviewed commented on the ethical environment of the department, with several themes emerging:

- The City being influenced to make permit process changes by and for big developers, in particular the Master Builders Association of King and Snohomish Counties, which some interviewed employees believed might not be in the best interest of all customers
- SDCI managers and directors with secondary employment in the construction or development industry and having this, in the opinion of some interviewed employees, possibly be a conflict of interest for their City employment

- Supervisors or managers directing staff to prioritize some projects over others, which led some interviewed staff to question the rationale for the change in priorities
- Employees having close relatives within the department, which led some interviewed employees to question whether those relationships helped those employees advance in their careers

As part of our audit, we did not investigate these concerns to the extent necessary to substantiate them. We met with the Director of the Ethics and Elections Commission, who told us that they had not received any complaints about the permitting process in the past three years.

“City employees should recognize that public service is a sacred trust and should strive to live up to the highest ethical standards.”

*Seattle Municipal Code Chapter
4.16 – Code of Ethics*

The City's Code of Ethics sets the “minimum standard” for employees to follow. One of the purposes of the Code of Ethics is to strengthen public confidence in the integrity of City government. The Code of Ethics emphasizes that employees should do their work impartially, without conflict between their duties to the public and their personal interests. The Code provides general guidance applicable to all City employees and does not go into detail about all potential ethical scenarios that could arise. Thus, the Seattle Ethics and Elections Commission (SEEC) refers to the Code as the “minimum standard” and recommends consulting with them on specific situations.

The City can provide transparency to the public by disclosing the appearance of conflicts of interest. This allows City leaders and the public to weigh in on the appropriateness of a situation and avoid potentially unethical situations. The SEEC provides two forms to assist with such disclosure. Seattle Municipal Code 4.16.080 requires certain City employees to disclose their financial interests annually through the Financial Interest Statement process. The Code mentions several City positions by name and leaves it up to department heads to identify additional employees who should complete the form.

We asked the SEEC to verify which SDCI managers and directors in their permitting divisions completed a Financial Interest Statement form for 2022. SEEC reported to us that over half of the managers and one director had not completed the form. SDCI should examine who completes Financial Interest Statement forms to determine if there is a reason for this inconsistency.

The SEEC also has a form for employees to disclose the appearance of conflict or impaired judgment for non-financial matters. Department management review the form, determine what action to take, and send a copy to the SEEC. SDCI could consider using this form and process or adopting their own that is specific to their department.

"The oversight body and management reinforce the commitment to doing what is right, not just maintaining a minimum level of performance necessary."

- United States Government Accountability Office's Standards for Internal Control, standard 1.04

SDCI could improve internal guidance and training on the department's expectations related to ethics. We reviewed SDCI's Workplace Expectations for Employees document and found that it refers to the City's Code of Ethics but does not offer ethics guidance that is specific to SDCI employees and the kind of work they do. SDCI's Workplace Expectations for Supervisors document does not mention ethics. We also asked SDCI about the ethics training they provided to employees. SDCI told us that, before 2020, the SEEC provided general ethics training to SDCI employees, but training was paused during the COVID-19 pandemic. However, neither SDCI nor the SEEC were able to give us details, such as who attended the training, when it last occurred, and the specific content of the training.

Management has a responsibility to create, communicate, and model a positive ethical environment. A positive ethical environment contributes to a positive workplace culture, which in turn impacts all aspects of an organization. Best practices state that management should establish clear expectations on appropriate ethical behavior, model that behavior to staff, and hold employees accountable. Effective and periodic training that is scenario-based and specific to employees' work environment should also be regularly provided.

Recommendation 5

The Seattle Department of Construction and Inspections (SDCI) should evaluate its ethical culture and make any needed improvements. SDCI should consider the following:

- **Periodic evaluations of the workplace culture and ethical environment through anonymous employee surveys**
- **An internal ethics policy to address situations that are unique to SDCI's work environment**
- **Ongoing ethics training that is tailored to SDCI's work environment and potential ethical scenarios employees may encounter**
- **A clear process for employees to anonymously report ethical concerns**
- **Leadership's demonstrated commitment to strong ethical values through their directives, attitudes, and behavior (also known as "tone at the top")**
- **Reviewing and determining which employees should complete the City's Financial Interest Statement form based on their responsibilities**

STRENGTHEN CITYWIDE APPROACH

Section Summary

In this section, we discuss challenges related to having multiple departments involved in permit review and make recommendations for improving collaboration. We found that while the City has engaged in many permitting improvement efforts, not all the identified changes have been made. This is in part because the City lacks a way to manage and follow through on improvements, especially when they span departments. Additionally, there is not a unified Citywide approach to funding staff who review permits. This means that some departments occasionally experience staffing challenges as permit demand fluctuates. Finally, we found that the City does not have an effective strategy for how to support technology essential to the permitting process.

The City has not followed through on all construction permitting improvement efforts, diminishing their impact

The City has engaged in multiple efforts to improve the construction permitting process over the years. Some of these efforts resulted in completed reports with recommendations. We reviewed seven consultant reports, published between 2012 and 2022, that the City paid for to recommend improvements to various parts of the construction permitting process. We also identified six active internal City-led projects and workgroups, including this audit, that seek to improve permitting.

The City has not implemented many of the recommendations from past consultant reports. This means that the City is not realizing the full benefit from past work and may be missing opportunities to make meaningful improvements for permit applicants. Below are some examples of outstanding recommendations:

- A 2020 consultant report on the usability of the Seattle Services Portal had several recommendations to improve system use. However, the City deprioritized those improvement efforts, citing lack of resources.
- A 2015 consultant report on SDCI's quality management system recommended they conduct audits on the permit corrections that reviewers issue to ensure quality and adherence to department standards; however, these correction letter audits are not consistently performed.
- A 2013 consultant report on Seattle City Light's permit review functions recommended four full-time employees to do plan review. However, they have just one.

The City lacks a system to manage and follow through on construction permitting improvement efforts. Because permit review involves many City departments, recommendations for improvement should be compiled and evaluated at the Citywide level. We found that this is not occurring. In addition, there is not an owner who is responsible for and empowered to implement the recommendations when they fall across department lines. This means there is no accountability system to ensure recommendations are implemented and improvements are made.

Customers frequently note City coordination as a major permitting issue. Many construction permits require multiple City departments to review and approve certain aspects of the application. For example, Seattle City Light is involved in reviewing requests for new electrical service, and the Seattle Fire Department reviews a building's fire alarm system. We interviewed and surveyed permit applicants about their experience with City permitting; a common complaint was the siloed nature of the process and inconsistencies across City departments. Customers told us that departments follow different processes and do not appear to communicate with one another. The design of the City's permit review process puts responsibility on SDCI as the process owner, without full control of the other City departments involved. This structure has, in part, created a disjointed and frustrating experience for customers. One active improvement effort, the Mayor's Housing Subcabinet Permitting Workgroup, has representatives from all City departments involved in permitting and can be a great opportunity to resolve some of these coordination issues.

Recommendation 6

The Mayor's Office should lead a coordinated effort to document all recommendations related to the construction permitting process from consultant reports and internal improvement efforts. City departments should then evaluate each recommendation to determine whether they intend to implement it and why. The City should prioritize, assign an owner, and estimate a due date for each recommendation that is selected for implementation. Recommendations should be tracked in a central, publicly accessible location such as a dashboard to promote accountability.

Different funding mechanisms hinder the City's ability to respond to changes in permit demand

SDCI owns the permitting process, but other City departments are critical to the timeliness of permit reviews. Different departments have different staffing models and varying resource levels assigned to construction permit review. For example, Seattle City Light has one reviewer dedicated to permit review. Permit applicants have communicated concern with the timeliness of reviews completed by other departments. As part of an ongoing internal improvement effort coordinated by the Mayor's Office, the City is building a data tool that may make it easier to track which departments are taking longer to complete their reviews.

The City's permitting process operates at the department level, meaning there is not a unified Citywide approach to funding staff. This leaves each department to assign resources and make process changes in a vacuum that does not center the overall customer experience. SDCI uses permit fees to keep a certain number of core permit reviewers on staff to pivot quickly to changes in permit demand. They also have contingent budget authority to add temporary staff when demand is high.

Other City departments, such as the Seattle Fire Department, use the City's general fund and are limited in their response to fluctuations in demand. Fire Department review staff dwindled from eight to four employees after budget cuts in 2020. SDCI management said the Fire Department was a recent bottleneck holding up the permit review process. State law limits the ways the City can spend the revenue it earns from fees. The Fire Department is exploring how it can set aside extra funds to cope with budget reductions, similar to SDCI.

Recommendation 7

The City Budget Office, in collaboration with other City departments, should evaluate the governance and funding structures of departments that review construction permit applications and determine if changes can be made to better position the City to quickly respond to fluctuations in permit demand while meeting customer expectations.

The City needs a better strategy to address IT needs in construction permitting

The City's permitting portal has experienced issues since its launch in 2018, weighing down the process for customers and staff. SDCI implemented the portal, also called Accela, in 2018. Now, customers must submit all permit applications online using this system. SDCI issued an apology to the public shortly after implementing Accela, acknowledging it was a "rocky rollout."

Accela has fallen short of stability targets. Accela was up and running 91.3 percent of August 2022 and 90.4 percent of December 2022. The internal goal is 99.5 percent. Accela's stability appears to

have improved in 2023—Accela was online 99.1 percent of the first five months of the year. Some City staff attributed performance struggles to internal servers, an issue that dates to Accela's launch. The City plans to move to a cloud-based version of Accela. City staff said that the move would take about a year. A consultant report notes that making the switch "doesn't represent a cure for all that ails" the City's permitting portal, but it would likely make it more reliable.

The City does not have an effective strategy for how to support technology essential to the permitting process. The City has made efforts to improve the permitting portal. However, during our audit, City staff and applicants reported performance issues with Accela, such as slowness or not saving information. They said this can delay work or require submitting information multiple times. In our survey of applicants, 42 percent (16 of 38) said they were satisfied with their experience using the City's website to apply for a permit, while 39 percent were dissatisfied.

Staff in SDCI and the Seattle Information Technology Department (ITD) work together to make improvements to Accela. SDCI permitting staff and management cited difficulty getting changes made to make their work easier, including requests dating back to its launch in 2018.

The City also appears to lack a plan to ensure its recently implemented electronic tool to review plans, called Bluebeam, remains viable long term. Most staff that we interviewed had a positive impression of using this tool, as did applicants we surveyed who reported using it. However, the tool recently experienced what staff called a "very catastrophic" error that made it harder for reviewers to do their work. SDCI's ability to maintain Bluebeam's stability is made more challenging because they have just one employee supporting Bluebeam, and they are serving in the role temporarily.

Acknowledging these issues, SDCI leadership identified the need for an IT governance strategy in their most recent strategic plan.

Other departments involved in the permitting process are not fully integrated into Accela, which may confuse customers. For example, customers must manually request a water meter, rather than this happening automatically as part of their permit application. Seattle Public Utilities staff said there have been times that homes were sold without having running water because there's no way for the department to flag this issue in the permitting process.

When first implemented at the City, only SDCI used Accela. City staff said there was not a focus at the time on how to coordinate using Accela with other departments. This continues to impact the permitting process. Seattle Fire Department staff said Accela is not

customized for its needs—instead, they have a separate supplemental database used for inspections, requiring staff to enter information twice.

The Seattle IT Department (ITD) has not always been able to get funding for positions to support the permitting portal. Other City departments now also use Accela for other types of permits, such as taxis and short-term rentals. ITD staff that support Accela are paid through the City's general fund and permitting fees. All departments who use the portal chip in funding—however, this can be challenging for general fund departments. ITD staff who manage Accela say this is not a good funding model and that they need far more staff than what the City approved in recent years. SDCI leadership said it's hard to get support for IT resources, including to keep current systems stable.

Recommendation 8

The Mayor's Office should develop and implement a strategy, including the required resources, for providing ongoing support for the Seattle Services Portal (Accela) and other software used in the construction permitting process. The Mayor's Office should collaborate with the Seattle Information Technology Department and other departments involved in construction permitting.

Recommendation 9

The Seattle Department of Construction and Inspections (SDCI) should evaluate which departments are using Accela for construction permit review and determine how to improve their integration and use of the portal. SDCI should coordinate with other City departments involved in the construction permitting process.

STANDARDIZE CONSTRUCTION PERMIT REVIEW COMMENTS

Section Summary

In this section, we focus on the corrections process and how to improve consistency among permit reviewers. We found there is not enough employee guidance that is specific to corrections, such as which application issues warranted an official correction. Further, there is no point of intervention for when employees should contact an applicant rather than continuing to issue corrections. We also found that the City does not have a policy to routinely evaluate the quality and necessity of permit application corrections.

SDCI lacks a consistent process for handling construction permit corrections

Permit reviewers are inconsistent in how they approach the corrections process. During plan review, permit reviewers issue corrections for customers to fix issues with their application. We noted inconsistencies in how staff decide:

- Which permit application to work on
- What feedback constituted an official correction
- How to notify a customer when a correction is needed
- What was an acceptable correction response from the customer

"Nobody will take phone calls."

- frequent permit applicant

SDCI does not provide enough employee guidance that is specific to corrections. This includes what warrants an official correction versus an informal call or email.

In our survey, some respondents reported a positive experience working with staff, but others said reviewers were inconsistent in the amount of time they took to complete reviews and what they required of an application. Also, respondents requested to be able to address simple, minor corrections without going through a formal review cycle. One respondent said that in the issue they ran into, "a simple phone call could have cleared up the process."

"Reviewers regularly ignore requests for status or info."

- frequent permit applicant

SDCI's review process lacks a stated point of intervention for when to contact an applicant rather than continuing to issue corrections. SDCI management told us that they informally encourage reviewers to contact applicants after multiple correction rounds. However, SDCI staff and leadership acknowledged that some reviewers would rather issue a correction than call an applicant. This slows down the process for an applicant. Also, applicants do not always understand reviewers' written comments. In our survey, 34 percent of respondents said feedback from reviewers was not clear, while 32 percent said it was (34 percent were neutral).

Some review teams go through more rounds of review than others. For example, at the time of our audit, SDCI's Geotechnical team took an average of three rounds on lower-complexity permits, while the Energy/Mechanical team averaged one-and-a-half rounds. While SDCI management said some teams get more complicated projects, having a point of intervention may still reduce their number of review rounds.

Recommendation 10

The Seattle Department of Construction and Inspections (SDCI) should develop a department policy for how construction permit corrections should be handled, including:

- **What rises to the level of needing an official correction**
- **What is required back from the applicant to resolve the correction, including in what format**
- **At what point to contact the applicant to discuss the issues, such as after a certain number of correction cycles**
- **How this policy will be enforced**

SDCI should coordinate with other City departments involved in the construction permitting process in developing and implementing this policy. SDCI should also put relevant information about the policy on their website.

The City does not have a policy to routinely evaluate the quality and necessity of permit application corrections

SDCI has evaluation criteria for permit application corrections. In response to quality concerns raised in a 2015 consultant report, SDCI created quality standards for corrections on construction permit applications. Corrections must be:

- Clear and understandable
- Based in the building, energy, and land use codes, and cite code section
- Note location in plan set
- Directive (identifies action needed)
- Necessary

This consultant report recommended that SDCI perform periodic correction letter audits so that supervisors could evaluate corrections against these standards.

SDCI does not have a policy to evaluate permit correction quality. SDCI attempted to perform regular correction letter audits but determined it took too much time for the value provided. In our interviews with SDCI staff, supervisors told us they found value in the audits and completed some when time allowed. Supervisors described

inconsistent levels of thoroughness and frequency in the audits they did perform.

"More consistency with permit reviewers would improve the process so there is more predictability."

- frequent permit applicant

The variance in permit corrections among City staff warrants ongoing evaluation. We interviewed SDCI employees and found that they consistently described their general approach to permit application corrections, or in other words, their plan review philosophy. Employees described their review as focusing on the big, important issues that would impact building performance and a need to balance review thoroughness with timeliness. Our review of SDCI training confirmed this plan review philosophy at the department level.

However, at the more granular correction item level, SDCI is not consistently meeting their quality standards. For example, a correction letter audit SDCI performed in 2020 found that only 29 percent of corrections were "necessary" for the project type reviewed. In addition, some permit customers we spoke with complained about the quality of permit corrections and about new corrections being added during subsequent reviews. If correction comments do not meet SDCI's quality standards, the City could be missing code requirements, confusing customers, or delaying the permit from being issued.

Recommendation 11

The Seattle Department of Construction and Inspections (SDCI) should develop a process to monitor and evaluate permit application corrections. This process should be sustainable given current resource levels and provide reasonable assurance that permit corrections are meeting SDCI's standards of being necessary, understandable, code-based, directive, and specific. SDCI should track this information so that correction quality can be evaluated over time. To ensure the consistency of permit corrections, SDCI should involve and coordinate with other City departments that issue permits.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Seattle City Councilmember Dan Strauss requested that we examine the City of Seattle's (City) process for reviewing construction permits. Our objectives were to answer the following questions:

- Are there opportunities to improve the clarity, consistency, and timeliness of the permitting process?
- Is the City using the full potential of its permitting information technology tools?
- Is the City's permitting process contributing to its Race and Social Justice Initiative (RSJI) goals?

Scope

The scope for this audit included construction permit applications under review in 2021 and 2022.

Methodology

To accomplish the audit's objectives, we performed the following:

- Reviewed internal controls related to the construction permitting process, such as relevant SDCI policies, procedures, and training documents
- Interviewed officials from the Seattle Department of Construction and Inspections (SDCI), including permit reviewers from the Engineering Services Division and Land Use Division; supervisors and managers of permit review teams; and employees from the Organizational Strategy and Support Division
- Observed City permit review staff performing construction permit reviews
- Observed an SDCI training session for new permit reviewers
- Interviewed officials from City departments that are involved in the permitting process, including: Seattle City Light, Seattle Public Utilities, the Seattle Fire Department, and Seattle Department of Transportation
- Interviewed officials from the Seattle Information Technology Department who are involved in supporting the City's permitting information technology tools
- Interviewed officials from the Mayor's Office and the Seattle Office for Civil Rights

- Analyzed SDCI's construction permit data for City review timeliness in 2021 and 2022 and compared to state timelines and internal targets
- Surveyed customers whose permit applications had gone through five correction rounds, with 38 of 117 contacted responding
- Interviewed customers who have submitted a high number of permit applications with the City to learn about their experiences
- Attended a monthly meeting between City officials and the Master Builders Association of King and Snohomish Counties
- Researched relevant construction permitting best practices

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX A

Department Response



Seattle Department of
Construction & Inspections

August 30, 2023

David G. Jones, CGFM, CIA, CISA
Seattle City Auditor
Office of City Auditor

David Jones, and Office of City Auditor staff,

Thank you for sending the final draft audit report on construction permitting: "City's Construction Permitting Needs More Customer Focus and Consistency." SDCI appreciates having been included as an active participant in this lengthy and thorough process. In general, SDCI concurs with all of the findings/recommendations in the final draft report. We appreciate the inclusion of our consolidated comments from the SDCI Executive Team and we also appreciate the need to have further discussion regarding a number of the recommendations, particularly for those recommendations that have already had significant investments/progress made this calendar year (2023), together with those that clearly extend beyond SDCI's area of authority and may have broader impacts to other departments across the city. There are many nuances to the complex system of permitting and we are committed to the core philosophy of Continuous Improvement in line with the audit's general theme of consistency and adding value to all our customers (including permit applicants *and others* who interact with the city).

Thank you for allowing us to participate in this audit process. We look forward to continuing to partner in the final outcomes and the ongoing work to address these findings/recommendations.

Please let us know if there is anything further needed from SDCI at this time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nathan Torgelson".

(On Behalf of Nathan Torgelson, SDCI Department Director and the SDCI Executive Team)



C. Andrew ("Andy") Higgins, MBA, CBO/MCP (he/him/his)
Engineering Services Director
[Seattle Department of Construction and Inspections](#)
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[Facebook](#) | [Twitter](#) | [Blog](#)

APPENDIX B

List of Recommendations and Department Response

Recommendation 1:

The Seattle Department of Construction and Inspections (SDCI) should develop metrics by construction permit type for total review time and a tracking process to support meeting those metrics. The metrics and SDCI's progress on meeting those metrics, along with the methodology and notices of any data limitations, should be displayed on SDCI's website and updated regularly. The data should meet the needs and expectations of customers and include other City departments' review times. SDCI should also consider whether to publish its review queue on its website.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Pilot completion by end of Q4 2024 and ongoing improvements.

Department Response: SDCI is working on a list of known enhancements and improvements to its permit tracking system. Items already on this list are inclusive of tracking performance against correction cycles and total throughput time, including the goal of reducing average correction cycles through utilization of enhanced collaboration tools such as Bluebeam Revu and future SaaS solutions. Improvements are already underway on these metrics and our commitment is that these improvements will continue, including a focused realignment effort keying in on an improved end-to-end customer service experience throughout the entire permitting process.

Recommendation 2:

The Seattle Department of Construction and Inspections (SDCI) should address potential permitting barriers and equity concerns by incorporating the City's Race and Social Justice Initiative (RSJI) values into the permitting process. This should involve completing a Racial Equity Toolkit (RET) for the entire permitting process or several RETs for specific parts of the process. SDCI should consult with the Seattle Office for Civil Rights for RET guidance and support and with other City departments that are involved in permitting or have a stakeholder interest. In the RET, SDCI should evaluate the accessibility of their current process and tools, including considering the needs of customers who lack computer skills, people with disabilities, and people with limited English proficiency, among others. The RET should also include a stakeholder analysis to determine who is impacted by the permitting process and from whom SDCI should get regular feedback. The City should implement the recommendations that result from this effort.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Ongoing/TBD

Department Response: Historically, SDCI has run several Racial Equity Toolkits (RETs) for various portions of the permitting process and is committed to eliminating potential permitting barriers and equity concerns. These efforts will continue and SDCI will work with the Seattle Office for Civil Rights and other City departments to assess the racial equity impacts of specific parts of the process identified by our customer engagement efforts in the future. SDCI is already actively working on updating and publicly publishing our Plan Review Priority Guidelines on our website in an effort to increase transparency.

Recommendation 3:

The Seattle Department of Construction and Inspections (SDCI) should develop a strategic customer engagement program for their construction permitting process, which could include:

- Establishing customer service and satisfaction baseline data.
- Defining performance measures that relate to SDCI's strategic goals.

- A process to routinely monitor performance measures.
- Defined roles for SDCI employees who are responsible for implementing process improvements.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Pilot completion by end of Q4 2024 and ongoing improvements.

Department Response: SDCI is pursuing a potential mechanism for continuously gathering customer experience feedback across the entire process in order to be able to use that information in its efforts towards continuous improvement. SDCI is already collecting customer satisfaction scores in our Virtual Applicant Services Center environment, and we hope to expand that to our overall permitting process going forward. In addition, SDCI is considering a customer experience team that will service permit applicants from pre-intake to final inspection, to ensure a seamless customer service experience.

Recommendation 4:

The Seattle Department of Construction and Inspections (SDCI) should solidify and make more transparent how it prioritizes construction permit applications for review. This could include:

- Creating a policy and providing training on how permit reviewers should prioritize projects assigned to them
- Improving the workflow screen in Accela to make the priority of projects clearer
- Reviewing and making updates to the Plan Review Priorities Guideline document (for example, considering the priority of medical or disability accommodations) and making it publicly available
- Creating a method to document when and why the prioritization process is circumvented

SDCI should coordinate with other City departments as needed to implement this recommendation.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Q4 2023 with ongoing training/transparency efforts to continue.

Department Response: SDCI currently has policies and procedures related to application prioritization, though historically these documents have been internal to the department and SDCI is committed to making these documents public facing and more transparent. SDCI has edited the Plan Review Priority Guidelines to give priority to projects relating to medical or disability accommodations, as suggested in the Audit and has placed this document on our publicly facing website, as well as on our internal website. SDCI is also committed to improving the tools supervisors and staff have to be more consistent in prioritizing work across the department and city.

Recommendation 5:

The Seattle Department of Construction and Inspections (SDCI) should evaluate its ethical culture and make any needed improvements. SDCI should consider the following:

- Periodic evaluations of the workplace culture and ethical environment through anonymous employee surveys
- An internal ethics policy to address situations that are unique to SDCI's work environment
- Ongoing ethics training that is tailored to SDCI's work environment and potential ethical scenarios employees may encounter
- A clear process for employees to anonymously report ethical concerns
- Leadership's demonstrated commitment to strong ethical values through their directives, attitudes, and behavior (also known as "tone at the top")
- Reviewing and determining which employees should complete the City's Financial Interest Statement form based on their responsibilities

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Q4 2024 and ongoing.

Department Response: SDCI is pursuing a potential mechanism for continuously gathering employee experience feedback across the entire department to be able to use that information in its efforts towards continuous improvement. This mechanism may include a way for employees to anonymously report ethical concerns. SDCI hopes to partner with other city departments (including Ethics & Elections and Seattle IT) to be able to create a more standardized ethics training program, like the annual privacy and security training that exists for all city staff. It is important to point out that there were no specific findings of any unethical issues or situations as part of this audit report. SDCI will work with Ethics and Elections to develop more guidelines surrounding SDCI staff with secondary employment in the construction and development industry. The Department nor the Office of Ethics and Elections have a mechanism to track who is filling out the Financial Interest Statement, but SDCI will also send out reminders to staff more frequently to complete the form. This finding is a good reminder that the department is responsible for ongoing/routine foundational training regarding its strong ethical values and the department is committed to more consistency and rigor around providing ongoing training and gathering feedback.

Recommendation 6:

The Mayor's Office should lead a coordinated effort to document all recommendations related to the construction permitting process from consultant reports and internal improvement efforts. City departments should then evaluate each recommendation to determine whether they intend to implement it and why. The City should prioritize, assign an owner, and estimate a due date for each recommendation that is selected for implementation. Recommendations should be tracked in a central, publicly accessible location such as a dashboard to promote accountability.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): TBD

Department Response: SDCI will need to collaborate with the Mayor's Office regarding this recommendation and will continue to share all the historical documentation and recommendations previously related to the construction permitting process from years of consultant reports and internal improvement efforts.

Recommendation 7:

The City Budget Office, in collaboration with other City departments, should evaluate the governance and funding structures of departments that review construction permit applications and determine if changes can be made to better position the City to quickly respond to fluctuations in permit demand while meeting customer expectations.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): TBD

Department Response: SDCI will need to collaborate with the City Budget Office and other City departments regarding this recommendation and will continue to share all the historical documentation and recommendations related to enterprise funding, operational reserves and set asides, contingent budget authority, demand/capacity planning, etc. in order to assist other departments involved in the permitting process in their efforts to be more nimble/responsive.

Recommendation 8:

The Mayor's Office should develop and implement a strategy, including the required resources, for providing ongoing support for the Seattle Services Portal (Accela) and other software used in the construction

permitting process. The Mayor's Office should collaborate with the Seattle Information Technology Department and other departments involved in construction permitting.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): TBD

Department Response: SDCI will need to collaborate with the Mayor's Office, Seattle IT, and other City departments regarding this recommendation. Work is already underway to realign the governance structure for the Enterprise, Permitting, Inspection, & Compliance (EPIC) Program as well as to shift to Software as a Service (SaaS) and to begin using Managed Accela Services (MAS) to increase internal IT capacity. Creating feedback mechanisms for continuously gathering customer experience feedback across the entire platform to be able to use that information in our collective efforts towards continuous improvement will be a critical component of continuing to address the impacts of future changes to our technology.

Recommendation 9:

The Seattle Department of Construction and Inspections (SDCI) should evaluate which departments are using Accela for construction permit review and determine how to improve their integration and use of the portal. SDCI should coordinate with other City departments involved in the construction permitting process.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): TBD

Department Response: SDCI will need to collaborate with the Mayor's Office, Seattle IT, and other City departments regarding this recommendation. Work is already underway to incorporate a number of processes and departments into Accela that have not yet fully implemented the tool. The timing of these implementations is related to the backlog of known improvements/enhancements that have been limited by IT capacity issues. SDCI and other City departments are also currently working with the Mayor's Office of Innovation and Performance to evaluate the entire permitting process and will collaborate on areas of additional system integration, process improvements, and workflow enhancements identified through that effort.

Recommendation 10:

The Seattle Department of Construction and Inspections (SDCI) should develop a department policy for how construction permit corrections should be handled, including:

- What rises to the level of needing an official correction
- What is required back from the applicant to resolve the correction, including in what format
- At what point to contact the applicant to discuss the issues, such as after a certain number of correction cycles
- How this policy will be enforced

SDCI should coordinate with other City departments involved in the construction permitting process in developing and implementing this policy. SDCI should also put relevant information about the policy on their website.

Department Concurrence: SDCI generally concurs with this finding.

Estimated Date of Completion (Qtr./Yr.): Pilot completion by end of Q4 2024 and ongoing improvements.

Department Response: SDCI acknowledges that these policies do exist within the department, but that they are inconsistently applied across all teams/divisions, as well as across all city departments involved in reviewing construction permit applications. SDCI is committed to working on consolidating these policies into a more comprehensive and consistent department-wide (and potentially city-wide) policy. (Note: SDCI will need to collaborate with the Mayor's Office and other City departments involved in order to be able to encourage implementation of something citywide.)

Recommendation 11:

The Seattle Department of Construction and Inspections (SDCI) should develop a process to monitor and evaluate permit application corrections. This process should be sustainable given current resource levels and provide reasonable assurance that permit corrections are meeting SDCI's standards of being necessary, understandable, code-based, directive, and specific. SDCI should track this information so that correction quality can be evaluated over time. To ensure the consistency of permit corrections, SDCI should involve and coordinate with other City departments that issue permits.

Department Concurrence: SDCI generally concurs with this finding.

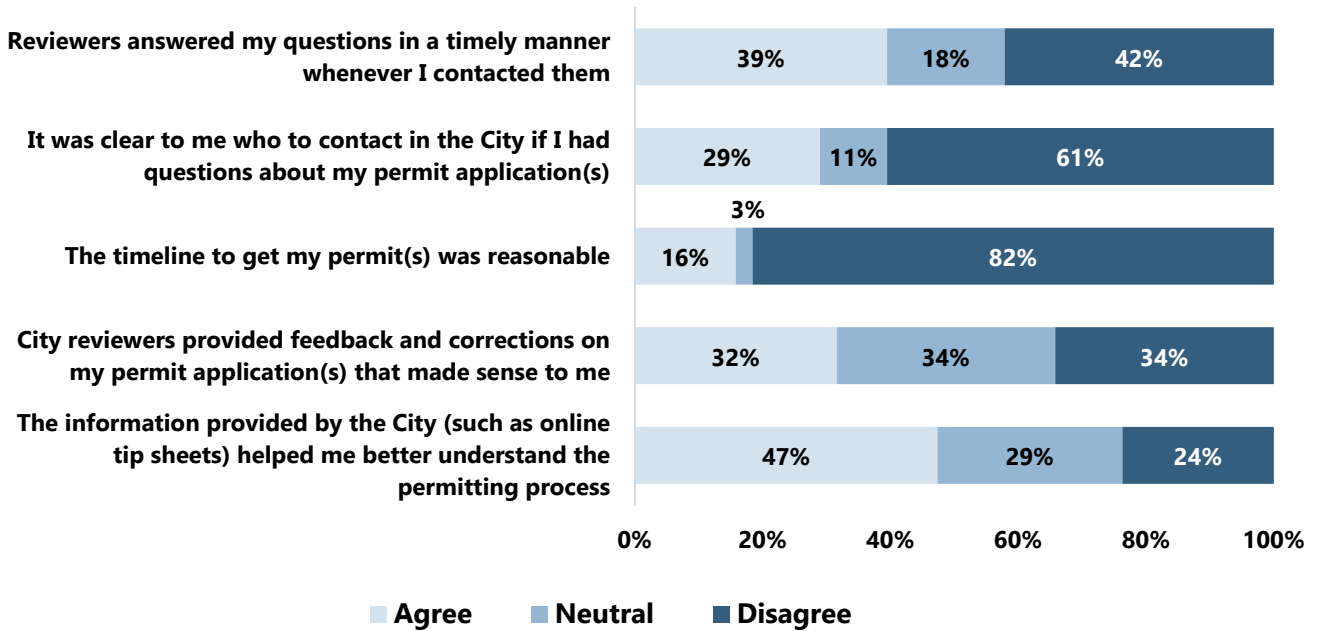
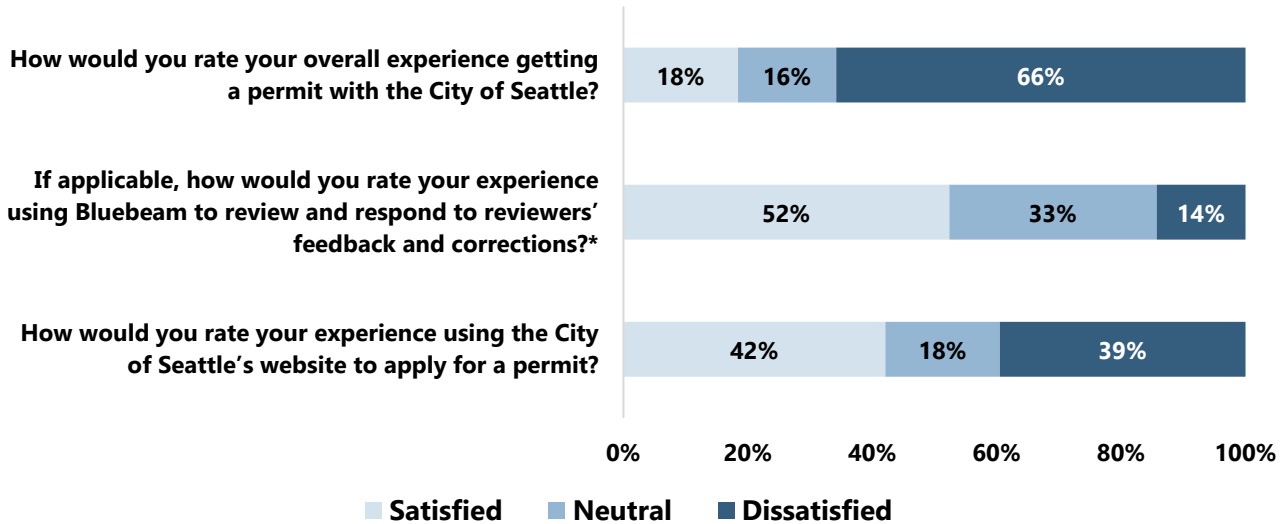
Estimated Date of Completion (Qtr./Yr.): Pilot completion by end of Q4 2024 and ongoing improvements.

Department Response: SDCI acknowledges that correction monitoring processes do exist within the department, but that they are inconsistently applied across all teams/divisions, as well as across all city departments involved in reviewing construction permit applications. SDCI is committed to working on consolidating these practices into a more comprehensive and consistent department-wide (and potentially city-wide) process. Implementation of a mechanism for continuously gathering customer experience feedback and employee experience feedback across the entire process will be critical in maximizing our efforts to measure whether permit corrections are meeting SDCI's standards of being necessary, understandable, code-based, directive, and specific. (Note: SDCI will need to collaborate with the Mayor's Office and other City departments involved in order to be able to encourage implementation of something citywide.)

APPENDIX C

Results of Audit's Construction Permit Applicant Survey

We conducted a survey of applicants with a high number of review rounds to gain an understanding of their experiences and impressions of the construction permitting process. We sent our survey in May 2023 to 117 applicants with at least five rounds of review. Of those, 38 responded. The graphs below contain summary data for questions where we asked applicants to rate their experiences.



*This figure is among the 21 of 38 (55 percent) survey respondents who reported using Bluebeam.

APPENDIX D

Seattle Office of City Auditor Mission, Background, and Quality Assurance

Our Mission:

To help the City of Seattle achieve honest, efficient management and full accountability throughout City government. We serve the public interest by providing the City Council, Mayor and City department heads with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of Seattle residents.

Background:

Seattle voters established our office by a 1991 amendment to the City Charter. The office is an independent department within the legislative branch of City government. The City Auditor reports to the City Council and has a four-year term to ensure their independence in deciding what work the office should perform and reporting the results of this work. The Office of City Auditor conducts performance audits and non-audit projects covering City of Seattle programs, departments, grants, and contracts. The City Auditor's goal is to ensure that the City of Seattle is run as effectively, efficiently, and equitably as possible in compliance with applicable laws and regulations.

How We Ensure Quality:

The office's work is performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. These standards provide guidelines for audit planning, fieldwork, quality control systems, staff training, and reporting of results. In addition, the standards require that external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.

Seattle Office of City Auditor
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www.seattle.gov/cityauditor

A photograph of the Seattle skyline, featuring the Space Needle prominently on the left. The city is filled with various high-rise buildings under a clear blue sky. In the foreground, there are green trees and a portion of a building.

SDCI Permitting Audit Update

Photo by John Skelton



Seattle Department of
Construction & Inspections

Land Use Committee
June 5, 2024

SDCI's Purpose, Vision, and Values

Our Purpose

Helping people build a safe, livable, and inclusive Seattle.

Our Vision

To set the standard for awesome local government service.

Our Values

- Equity
- Respect
- Quality
- Integrity
- Service

SDCI Permitting Overview

- SDCI reviews land use and construction-related permits, annually approving more than 53,000 permits and performing approximately 185,000 on-site and 20,000 virtual inspections.
- SDCI's work includes permit review and community involvement with Master Use Permits (MUPs); shoreline permits and design review; review and approval of permits for construction, mechanical systems, site development, elevators, electrical installation, boilers, furnaces, refrigeration, signs and billboards; field inspections for all construction and trade-related permits; annual maintenance inspections of boilers, elevators, and refrigeration equipment; and home seismic retrofits.
- During the permit review process, we work closely with other City departments (Seattle City Light, Seattle Department of Transportation, Seattle Public Utilities, Seattle Fire Department, Department of Neighborhoods, Finance and Administrative Services, Office of Housing, Seattle IT)

Audit Overview

Councilmember Strauss requested the City Auditor examine the City of Seattle's process for reviewing construction permits.

The City Auditor's objectives were to answer the following questions:

- 1) Are there opportunities to improve the clarity, consistency, and timeliness of the permitting process?
- 2) Is the City using the full potential of its permitting information technology tools?
- 3) Is the City's permitting process contributing to its Race and Social Justice Initiative (RSJI) goals?

Scope of Audit*

Exhibit 1: We examined the construction permitting process from intake through corrections



*The scope for this audit included construction permit applications that were under review in 2021 and 2022.

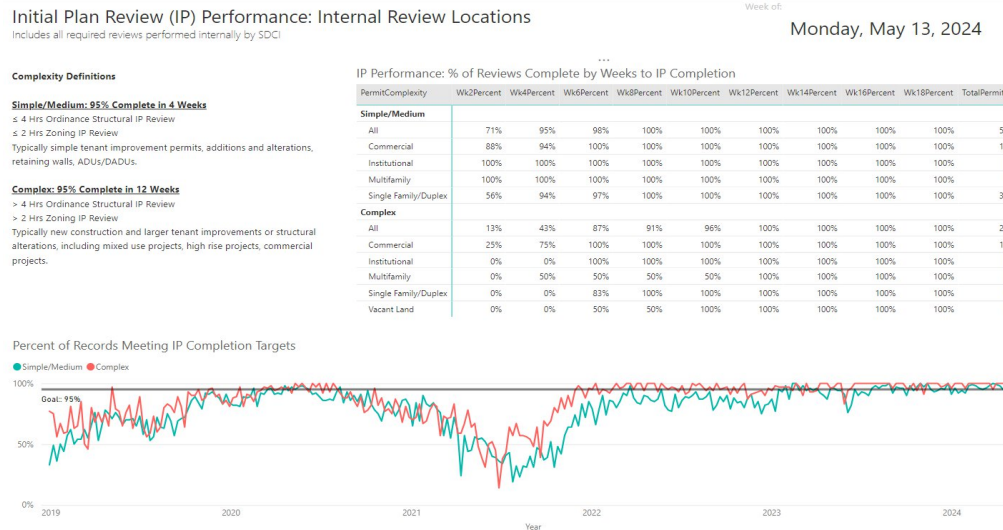
Recommendation 1

The Seattle Department of Construction and Inspections (SDCI) should develop metrics by construction permit type for total review time and a tracking process to support meeting those metrics.

- The metrics and SDCI's progress on meeting those metrics, along with the methodology and notices of any data limitations, should be displayed on SDCI's website and updated regularly.
- The data should meet the needs and expectations of customers and include other City departments' review times. SDCI should also consider whether to publish its review queue on its website.

Recommendation 1 - SDCI Update

- Published data for permitting metrics tracking total Building Permit Timelines on public website including formatting and permit type breakdowns requested by customer stakeholders.
- Currently working with partners at the Seattle Information Technology Department to produce a report that will track Corrected Plan (CP) Review Performance in a similar way to the how SDCI currently reports on Initial Plan (IP) Review Performance, expected to be complete by Q3 of 2024.



Recommendation 2

The Seattle Department of Construction and Inspections (SDCI) should address potential permitting barriers and equity concerns by incorporating the City's Race and Social Justice Initiative (RSJI) values into the permitting process.

- This should involve completing a Racial Equity Toolkit (RET) for the entire permitting process or several RETs for specific parts of the process. SDCI should consult with the Seattle Office for Civil Rights for RET guidance and support and with other City departments that are involved in permitting or have a stakeholder interest. In the RET, SDCI should evaluate the accessibility of their current process and tools, including considering the needs of customers who lack computer skills, people with disabilities, and people with limited English proficiency, among others.
- The RET should also include a stakeholder analysis to determine who is impacted by the permitting process and from whom SDCI should get regular feedback. The City should implement the recommendations that result from this effort.

Recommendation 2 – SDCI Update

- SDCI formed an Interdepartmental Workgroup focused on an Integrated Permit Improvement Program (IPIP)
- SDCI and SDOT opened Customer Service Desk on the 4th floor of the Seattle Municipal Tower to support the accessibility of SDCI's current tools and to assist customers who lack access to computers or skills to use them and people with disabilities.
- SDCI has completed several RETs in the past for specific parts of the permitting process and is committed to undertaking such work regarding the permitting process as a whole.



Recommendation 3

The Seattle Department of Construction and Inspections (SDCI) should develop a strategic customer engagement program for their construction permitting process, which could include:

- Establishing customer service and satisfaction baseline data.
- Defining performance measures that relate to SDCI's strategic goals.
- A process to routinely monitor performance measures.

Recommendation 3 – SDCI Update

- Undertaking internal realignment to focus on Customer Success
- Working with Seattle IT to implement customer and employee feedback software into the existing permitting process workflow to establish a sustainable customer and employee engagement program.
- The information obtained from these tools will be collected and analyzed to be used for identifying and prioritizing opportunities for continuous improvement investments.
- Established baseline Volume and Performance Timeline metrics as well as baseline Customer Satisfaction (CSAT) metrics for the Virtual Applicant Services Center (Chat & Email). SDCI is also collecting data for services provided at the 4th floor in-person Customer Service Desk in order to optimize appropriate staff level coverage for the most regularly needed services requested through that resource.

Recommendation 4

The Seattle Department of Construction and Inspections (SDCI) should solidify and make more transparent how it prioritizes construction permit applications for review. This could include:

- Creating a policy and providing training on how permit reviewers should prioritize projects assigned to them
- Improving the workflow screen in Accela to make the priority of projects clearer
- Reviewing and making updates to the Plan Review Priorities Guideline document (for example, considering the priority of medical or disability accommodations) and making it publicly available
- Creating a method to document when and why the prioritization process is circumvented

SDCI should coordinate with other City departments as needed to implement this recommendation.

Recommendation 4 – SDCI Update

SDCI PROJECTS Permitting Process

Plan Review Priorities Guideline September 2023

Intent:
The City of Seattle's Department of Construction and Inspections (SDCI) recognizes that we must give some permit applications priority in our review process to promote health, safety, and welfare and to serve special needs. This guideline describes the projects that should receive priority and provides goals for staff to complete their review. SDCI staff should use this guideline to ensure their review is completed based on these priorities.

PLAN REVIEW PRIORITIES:

- **Emergency:** SDCI staff shall begin review of emergency projects within 24 hours of being submitted for review. The Emergency designation will be made by the Principal Engineer/Planner, the Permit Process Leader, the Inspection Services Director or Chief Building/Electrical Inspector, the Engineering Services Director or Manager, or the Land Use Director or Manager, the Director, or by a supervisor acting on their behalf.
 - Emergency projects are life safety emergencies including:
 - Landslides damage repair
 - Repair of imminent structural hazards
 - Earthquake damage repair
 - Fire damage repairs
- **Priority One:** SDCI staff shall begin review of Priority One projects within 48 hours of being submitted for review. The Priority One designation will be made by the Principal Engineer/Planner, the Permit Process Leader, the Inspection Services Director or Chief Building/Electrical Inspector, the Engineering Services Director/Manager, or the Land Use Director or Manager, the Director, or by a supervisor acting on their behalf. Examples include:
 - Field-ordered corrections, which would interrupt the ability to proceed with construction. (Note: This is intended to address unanticipated issues and does not include applicant-initiated revisions.)
 - Projects with *serious* anomalous issues (lost plans, missed review locations, misrouted, etc.) as identified by Resource Supervisors.
 - Property hazard emergencies other than life safety emergencies including:
 - Landslide damage repair
 - Repair of imminent structural hazards
 - Earthquake damage repair
 - Fire damage repair

September 2023

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SDCI has reviewed, revised, updated, and published our Plan Review Priorities Guidelines on its external facing website.

SDCI has also reviewed, revised, updated, and published our Guide to Construction Permit Initial Plan Review Categories in its external facing website.



Guide to Construction Permit Initial Plan Review Categories

SDCI assesses each submitted permit application to determine the complexity of the project scope in relation to how quickly all reviewers can complete the application's initial plan review. SDCI reviews applications in each category in the order they are received based on the completed application date. The completed application date is the date the applicant pays the intake fees due which happens on or after the date we screen the application materials submitted to determine they are complete.

SDCI has three main review categories with these target initial review completion goals:

Type of Application	Review Category	Expected Initial Review Time (for the combined Ordinance & Structural Reviews Only)	Target to Complete All Initial Reviews
Simple complexity projects (e.g. minor additions or alterations)	Full	Up to 1 hour	1-2 weeks
Medium complexity projects (e.g. ADUs/DADUs, small single-family residence additions and alterations, small business tenant improvements, etc.)	Full+	Up to 4 hours	2-4 weeks
Complex (Full C) "Title" projects (e.g. smaller townhouse developments, larger single-family residence additions and alterations, larger tenant improvements, etc.)	Full-C	Over 4 hours and up to 8 hours	4-8 weeks (internal target only)
Complex (Full C) projects (e.g. new mixed-use buildings, substantial alterations, larger townhouse developments, new apartments and commercial buildings, etc.)	Full-C	8 hours or more	8-12 weeks

Exceptions:

- Permits that require routing to other departments outside of SDCI (Fire/SDOT/Parks/etc.) will always be assigned to at least the medium (Full+) complexity category to allow for interdepartmental coordination.
- Permits that are to "establish use for the record" are always assigned to the Complex (Full C) "Title" category because of the permit history research needed for these projects being estimated at around 8 hours of review on average.
- Permits with an Emergency priority will always be assigned to the simple (Full) category.
- Permits using an approved standard plan for a one-family dwelling will always be assigned to the simple (Full) category.
- Demolition and grading permits will always be assigned to the medium (Full+) category.

For additional information about how SDCI prioritizes plan review, see our [Prioritization Guide](#).

Updated 3/1/24

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Recommendation 5

SDCI should evaluate its ethical culture and make any needed improvements. SDCI should consider the following:

- Periodic evaluations of the workplace culture and ethical environment through anonymous employee surveys
- An internal ethics policy to address situations that are unique to SDCI's work environment
- Ongoing ethics training that is tailored to SDCI's work environment and potential ethical scenarios employees may encounter
- A clear process for employees to anonymously report ethical concerns
- Leadership's demonstrated commitment to strong ethical values through their directives, attitudes, and behavior (also known as "tone at the top")
- Reviewing and determining which employees should complete the City's Financial Interest Statement form based on their responsibilities

Recommendation 5 – SDCI Update

- Using both customer and employee feedback to identify and prioritize opportunities for continuous improvement investments. Any ethical concerns identified through these feedback mechanisms will be routed to the appropriate resources in SDCI-HR for evaluation and monitoring of SDCI’s workplace culture and ethical environment.
- Staff are required to complete SDCI Annual Ethics Training (previously offered regularly up until the pandemic), and all SDCI staff that have completed the training are being credited with completion in Cornerstone. We are also incorporating the City’s online Ethics Training Overview into the New Hire Onboarding process.
- SDCI’s Leadership has made absolutely clear to our staff that our Ethical Values are a top priority and has clearly identified and reinforced that Integrity as one of our leading departmental values, as indicated in our SDCI Strategic Plan.
- 100% completion rate for required employees of the 2023 City Financial Interest Statement Disclosure Form process; currently completing the 2024 City Financial Interest Statement Disclosure Forms and will require 100% completion of this as well.

Recommendation 6 & SDCI Update

The Mayor's Office should lead a coordinated effort to document all recommendations related to the construction permitting process from consultant reports and internal improvement efforts. City departments should then evaluate each recommendation to determine whether they intend to implement it and why.

Collaboration between SDCI and the Mayor's Office is ongoing regarding this recommendation. This includes reviewing historical documentation and recommendations related to the construction permitting process from consultant reports as well as ongoing internal improvement efforts.

Recommendation 7 & SDCI Update

The City Budget Office, in collaboration with other City departments, should evaluate the governance and funding structures of departments that review construction permit applications and determine if changes can be made to better position the City to quickly respond to fluctuations in permit demand while meeting customer expectations.

The City Budget Office (CBO) is working with departments on the 2025-2026 budget process as the City of Seattle faces a budget deficit and as part of this process will be reviewing all programs. In addition, the 2024 Adopted Budget included funding to improve the Seattle Fire Department's construction-related permit review and process supported by a new fee. The Innovation and Performance Team within CBO is also working with SDCI and other City departments to evaluate the entire permitting process and will collaborate on areas of additional system integration, process improvements, and workflow enhancements identified through that effort.

Recommendation 8 & SDCI Update

The Mayor's Office should develop and implement a strategy, including the required resources, for providing ongoing support for the Seattle Services Portal (Accela) and other software used in the construction permitting process. The Mayor's Office should collaborate with the Seattle Information Technology Department and other departments involved in construction permitting.

- The Mayor's Office, Seattle IT, SDCI, and other City departments continue to collaborate to ensure that necessary investments and adjustments are made in Accela.
- Realignment of the governance structure has taken place for the Enterprise, Permitting, Inspection, & Compliance (EPIC) Program as well as to shift to Software as a Service (SaaS) and to begin using Managed Accela Services (MAS) to increase internal IT capacity.
- The feedback mechanisms for continuously gathering customer experience helps inform methods for continuous improvement, a critical component of continuing to address the impacts of future changes to their technology.

Recommendation 9 & SDCI Update

The Seattle Department of Construction and Inspections (SDCI) should evaluate which departments are using Accela for construction permit review and determine how to improve their integration and use of the portal. SDCI should coordinate with other City departments involved in the construction permitting process.

- Continued collaboration with the Mayor’s Office, the Seattle Information Technology Department, and other City departments regarding this recommendation.
- Work is already underway to migrate the existing on-premises Enterprise-Wide implementation of Accela to the Software-as-a-Solution (SaaS) Online/Cloud-Based version of Accela -scheduled for completion in July 2024.
- The timing of any future departmental integrations is related to the backlog of known improvements/enhancements that have been limited by ongoing IT capacity issues together with the one-time delay necessary for the platform freeze required for the cloud migration.

Recommendation 10 & SDCI Update

The Seattle Department of Construction and Inspections should develop a department policy for how construction permit corrections should be handled including:

- What rises to the level of needing an official correction
- What is required back from the applicant to resolve the correction, including in what format
- At what point to contact the applicant to discuss the issues, such as after a certain number of correction cycles
- How this policy will be enforced

SDCI should also put relevant information about the policy on their website.

- We continue to work to meet these goals and encourage staff to make earlier contact with applicants when correction cycles exceed normal averages or when there seem to be communication gaps indicated by inadequate responses to corrections.
- Progress has been made on consolidation and consistency of these various policies across all SDCI teams/divisions and all City departments involved in permit application review.
- Continue to coordinate with the CI Team and IPIP to consolidate these policies into a more comprehensive and consistent department-wide (and potentially City-wide) policy.
- Small Business Permit Facilitator role helps navigate the process, including issues to consider, before and during permitting

Recommendation 11 & SDCI Update

The Seattle Department of Construction and Inspections (SDCI) should develop a process to monitor and evaluate permit application corrections. This process should be sustainable given current resource levels and provide reasonable assurance that permit corrections are meeting SDCI's standards of being necessary, understandable, code-based, directive, and specific. SDCI should track this information so that correction quality can be evaluated over time. To ensure the consistency of permit corrections, SDCI should involve and coordinate with other City departments that issue permits

SDCI will use the forthcoming Customer Experience and Employee Experience software to collect and route feedback to Technical Plan Review Supervision/Management for evaluation and monitoring of SDCI's ongoing correction letter quality.

Questions?

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