

## **SUMMARY and FISCAL NOTE**

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Mayor's Office	Kye Lee	Christie Parker

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to Seattle's construction codes; allowing for the extension of certain projects and building permits; amending Sections 106.6.10, 106.9, and 106.10 of the Seattle Building Code, adopted by Ordinance 127108.

**Summary and Background of the Legislation:** This legislation allows building permit applicants an additional 24-month extension on existing permit applications and issued permits for projects vested to the 2015 or 2018 Seattle Building Code requirements. Projects with permit applications vested to the 2015 or 2018 codes would need significant redesign should their applications or permits expire and more recent Seattle Building Code provisions be applied to the project; the redesign could add significant cost to the project.

The Seattle Building Code aims to ensure the health, safety, and well-being of occupants and the public. It and other codes are updated from time to time to address new technologies, safety improvements, and construction methods.

Currently, projects working through the process have 24 months to complete the review and approval process before they must restart, unless additional extensions are granted for causes that are beyond the applicants' control. Similarly, once permits are issued, they are valid for 18 months and may be renewed for an additional 18 months.

In order for vested projects to be eligible for extension under this legislation, property owners must attest that the project has been stalled due to financing issues and must have requested an extension prior to November 12, 2024 (the effective date of the 2024 Seattle Building Code per Ordinance 127108). There are more than 3,000 distinct project addresses with projects vested to the 2015 and 2018 codes that could be extended by this legislation. These projects include an estimated 34,000 housing units. The Mayor's Office is aware of 15 projects, mostly located downtown, that could move forward if this legislation were to pass.

On April 17, the City Council amended the bill to allow a vested project to be eligible for extension if property owners request the extension prior to November 1, 2026, rather than November 1, 2024.

### **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

See note on City revenues in Section 3.b below.

#### 3.a. Appropriations

☐ **This legislation adds, changes, or deletes appropriations.**

#### 3.b. Revenues/Reimbursements

☐ **This legislation adds, changes, or deletes revenues or reimbursements.**

**Revenue/Reimbursement Notes:** The Mayor's Office is aware of approximately 15 projects that vested under prior codes that could potentially move forward if they were to receive additional permit extensions. These projects represent approximately \$13.4 million of sales tax revenue to the City and an estimated maximum of \$75 million in mandatory housing affordability (MHA) fees; they could also produce additional but undetermined incentive zone payments as well as real estate excise tax and business and occupation tax revenue. MHA payments are adjusted annually for inflation and are assessed at the time the project vests. The extension could result in MHA revenues due to having projects continue rather than being cancelled. Although fee adjustments may have led to higher revenues if a project(s) reapplied for a new permit in the future, there is a low likelihood that projects would move forward without the extension provided by this legislation and in that event, the City would receive no revenue from cancelled projects. Extending the permitting timeline will increase the chances of these projects being constructed.

#### 3.c. Positions

☐ **This legislation adds, changes, or deletes positions.**

#### 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.

**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.**

N/A

**Please describe any financial costs or other impacts of *not* implementing the legislation.**  
See note on City revenues in Section 3.b. above.

#### **4. OTHER IMPLICATIONS**

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

The Seattle Department of Construction and Inspections manages the review and approval process for construction permitting.

The Office of Housing coordinates with developers to ensure compliance with the MHA Program.

- 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 does not affect a particular piece of property.

- 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.**

There are projects vested to the 2015 and 2018 codes for housing that serve these communities that would be costly to update to the 2021 code. The updated costs could increase the cost of housing which would be passed onto these communities. However, updating projects to current codes would ensure that those communities benefit from enhanced accessibility requirements, electric vehicle charging requirements, and seismic design standards as required by current code.

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

N/A

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

N/A

**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 increase carbon emissions since some building decarbonization methods would not be incorporated on projects vested to the 2015 or 2018 codes; however, these buildings would still be efficient by national standards. Bringing housing to city centers plays a crucial role in reducing emissions by promoting proximity between where people live, work, and access services.

- 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.**

For those projects vested to the 2015 or 2018 codes, this legislation will decrease Seattle's ability to adapt to climate change through the increased energy efficient construction standards; however, resiliency is unlikely to be materially impacted by this legislation.

- 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?**

N/A

**5. CHECKLIST**

- ☐ Is a public hearing required?
- ☐ Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?
- ☐ 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:** None.