

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to land use and zoning; revising environmental review thresholds and related provisions addressing transportation-related requirements, and archaeological and cultural resource preservation requirements; amending the title of Chapter 23.52, the title of Subchapter I of Chapter 23.52, and Sections 22.170.050, 22.170.070, 22.170.190, 23.52.004, and 25.05.800 of the Seattle Municipal Code.

Summary and Background of the Legislation:

This legislation amends the Land Use Code (Title 23), Environmental Policies and Procedures (Title 25), and Grading Code (Title 22). It updates the State Environmental Policy Act (SEPA) thresholds for environmental review, and other provisions relating to land use permitting, transportation, and archaeological and cultural resource preservation. This legislation focuses requirements for SEPA review so that it occurs only in limited circumstances for projects where environmental impacts would be most probable. This is supported by the City's current and proposed Comprehensive Plans' policies and related analyses. Currently, nearly all types of potential environmental impacts addressed by SEPA are already addressed via the City's policy intents, development regulations, and related requirements.

These amendments are intended to update the permit process to be more efficient, to better meet the current needs of the City, to expedite housing development, to support easier and faster permitting for small and medium-sized businesses and commercial and retail spaces, and support transit-oriented infill urban growth patterns. Implementing this legislation should help lead to new investment in residential and non-residential development, which should in turn support economic development, job growth, more housing supply, and a wider variety of housing options.

The legislation:

1. Updates SEPA categorical exemption thresholds defined citywide for residential and mixed-use development that includes housing, based on the levels of planned-for citywide growth, consistent with the updated Comprehensive Plan and consistent with the infill growth provisions of RCW 43.21C.229. These reflect that all of Seattle is defined as within an urban growth area (UGA).
2. Raises SEPA categorical exemption thresholds for stand-alone commercial development and other non-residential development citywide to the maximum SEPA exemption thresholds defined in WAC 197-11-800 and RCW 43.21C.229, which are 30,000 square feet for non-residential retail uses, and 65,000 square feet for non-residential non-retail

uses, respectively; and increases the SEPA categorical threshold for principal-use parking uses to 90 parking spaces.

3. Updates code provisions, rules, and permitting practices related to cultural and archaeological resources preservation, and what happens if such resources are discovered during construction. This includes:
 - a. Updates rules, requirements, and permit conditions for cultural and archaeological resources that may be unearthed during construction;
 - b. Extends those requirements to areas within a defined meander line buffer area, which are places where shorelines used to exist, where there is an elevated probability of cultural and archaeological resource presence;
4. Revises Section 23.52.004 relating to transportation level-of-service measures, by removing outdated text that no longer meets the intent of the Comprehensive Plan.
5. Identifies a need (which will be addressed administratively) to update noticing practices for development proposals, in order to notify the State Department of Transportation when state facilities may be affected, for their review on proposals that could impact state facilities.

In certain situations, developments below the SEPA thresholds will still require SEPA review, including:

- Due to presence of already-designated historic or landmark buildings;
- Changes-of-use in existing developed sites to a substantially more intensive use that would warrant SEPA review, per SDCI Director's Rule;
- Additions to existing buildings or uses, if the addition causes the use to exceed a SEPA review threshold for the first time, and certain additions to existing larger buildings;
- Projects that include or are part of a series of actions that together exceed a SEPA review threshold; and
- The addition of certain large features such as a tank greater than 10,000 gallons in most zones; or development of more than 90 parking spaces in a principal-use parking use.

This legislation may be decided in a timeframe that will effectively update and replace the City's SEPA review thresholds, following the expiration of a current two-year suspension of SEPA review for most residential and mixed-use development, brought about by State legislation (Senate Bill 5412), which expires on September 30, 2025.

The current suspension has considerably reduced the volume of SEPA reviews undertaken in the last two years. Economic conditions have also played a part in slowing down the rate of new development permit reviews. While past volumes of SEPA reviews ranged from approximately 100 to 200 in past years, only approximately 35 SEPA reviews were undertaken annually for proposals with decisions rendered in 2023 and 2024. These were mostly related to situations where SEPA review is still required due to special circumstances such as overwater construction

activity, presence of environmental critical areas such as wetlands, replacement of large tanks, and a handful of new uses or additions (industrial development, institutional development, or building changes-of-use) that exceeded the applicable thresholds.

For additional information, please see the Director's Report accompanying this legislation.

This summary and fiscal note was updated by Council Central Staff on 2.5.26 to reflect indirect impacts from the proposal to the Seattle Department of Transportation's Transportation Fund. See Section 3.d, below.

Projected effects on future annual revenues

Current economic and financing conditions are resulting in a lower rate of new development activity, with no significant changes likely in the near term. Also, a probable majority of new development proposals reviewed will be smaller-sized and below the existing SEPA thresholds, meaning they would not be affected by this legislation. This leads to a forecast of continued low volumes of potentially affected SEPA reviews, on the order of approximately 35 projects per year for 2025 and 2026, as it was in 2023 and 2024.

Analysis of 58 SEPA-reviewed development proposals that were permitted in the last 1.5 years helps to estimate the amount of future developments that may benefit from the proposed reduction in SEPA coverage. Of these 58, only approximately 17 projects (29% of the sample) could have been newly exempted by the thresholds in this legislation. This equates to an annual rate of newly exempting approximately 10 developments out of an estimated 35 total per year. The exempted developments would be due to eliminating low current SEPA thresholds, mainly in places outside of any urban center. In contrast, the other cases still expected to require SEPA review are largely due to their location over-water, or due to presence of environmentally critical areas.

This analysis evaluates an upper-end estimate of 15 total exempted projects for the coming year, in line with recent relatively slow levels of permit activity. Over the longer term, if the SEPA thresholds are raised citywide, it is possible that the annual count of exempted projects would gradually rise.

At the current land use review rate of \$467 per hour, the foregoing of 10 to 15 project permit reviews that may spend an estimated 4 to 8 hours on SEPA review tasks for a permit decision would lead to foregone revenue of approximately \$18,700 - \$56,000. While it is possible that SEPA review tasks could exceed 8 hours for large development proposals, the average time spent on SEPA review itself will continue to be relatively limited. Sample project SEPA reviews illustrate that unique SEPA-impact-based mitigation is rarely included, and the SEPA written impact analyses tend to be written with standardized language.

Other proposed amendments relating to transportation noticing practices and removing outdated code text; and adjustments to archaeological and cultural preservation process documentation such as in grading permit reviews, are not expected to result in systematic differences in use of City staff time or revenue impacts. This is due to the relative rarity of these particular

archaeological and cultural preservation processes and a low probability for them to cause significant use of SDCI staff time in future project reviews.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes

Expenditure Change (\$); General Fund	2025	2026 est.	2027 est.	2028 est.	2029 est.
		-	-	-	-
Expenditure Change (\$); Other Funds	2025	2026 est.	2027 est.	2028 est.	2029 est.
		\$0	\$0	\$0	\$0

Revenue Change (\$); General Fund	2025	2026 est.	2027 est.	2028 est.	2029 est.
		NA	NA	NA	NA
Revenue Change (\$); Other Funds	2025	2026 est.	2027 est.	2028 est.	2029 est.
		(\$18,700 - \$56,000)	(\$18,700 - \$56,000)	(\$18,700 - \$56,000)	(\$18,700 - \$56,000)

Number of Positions	2025	2026 est.	2027 est.	2028 est.	2029 est.
		-	-	-	-
Total FTE Change	2025	2026 est.	2027 est.	2028 est.	2029 est.
		-	-	-	-

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2026 Est. Revenue
Operating – 48100	SDCI	Permit fees: Construction and Inspections fund	(\$18,700-\$56,000)
TOTAL			(\$18,700- \$56,000)

Revenue/Reimbursement Notes:

The estimates here reflect a number of assumptions including:

- Legislation effectiveness on or before January 1, 2026;
- Implementation of a SEPA threshold applicable citywide that fully exempts residential developments regardless of zone unless special circumstances are present, such as

location in shoreline designated areas or presence of environmental critical areas mandates environmental review;

- Implementation of non-residential use thresholds citywide to the maximum degree possible under State law, as single-uses or in mixed-use development.
- Routine manners of SEPA review, impact conditioning, and decision-writing, which will limit the time spent on most SEPA component reviews to 4-8 hours per permit, and a land use review rate of \$467 per hour.
- The high-end estimate accommodates the possible occurrence of 5 more SEPA-exempted developments per year above the data-based estimate of 10 SEPA-exempted developments benefitting from the legislation.

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.~~ The legislation would reduce revenues from pro-rata payments to the Transportation Fund required by a SEPA-based transportation mitigation program applicable to South Lake Union and Northgate. Pro-rata payment from that program go towards capital improvements in South Lake Union and Northgate. The program is described in [SDCI TIP 243](#).

SDOT estimates that, since inception, the mitigation program has generated at least \$16 million for capital improvements. SDOT currently has a little less than \$1.5 million in partial payments in current accounts from the program for future expenditures on capital improvements. Changes to SEPA and TIA thresholds would reduce future revenue by an undetermined amount.

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.

The anticipated amount of foregone revenue is *de minimis*. The projected future volume of SEPA reviews for the foreseeable future will be low, but will still be conducted where required. SDCI does not anticipate any staffing reductions as a result of this legislation.

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

The effect of not implementing this proposed legislation would be a lost opportunity to permanently raise SEPA thresholds and would be out of step with current public policy priorities to support housing and other development in urban areas.

Please describe how this legislation may affect any City departments other than the originating department.

Of the other City departments, the most likely to benefit from amendments to SEPA is the Office of Housing, which funds and supports new housing developments serving below-median-income households. OH would be able to continue benefiting from SEPA categorical exemption threshold levels that minimize the need for future SEPA project review.

While higher SEPA thresholds are in effect, SDOT would receive less revenue from the SEPA-based transportation mitigation program applicable to South Lake Union and Northgate

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

Yes.

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?

Yes.

c. Does this legislation affect a piece of property?

This legislation will affect development permitting practices for properties citywide.

d. 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 effect of this legislation would be limited in the actual number of affected development actions, perhaps 10 to 15 annually.

The citywide applicability is not likely to lead to geographic disparities in how it is applied, nor to impacting any specific neighborhood or community populations, or City employee population or internal programs.

This is relevant because the prospective benefits of additional affordable housing opportunities as development outcomes, and the potential to benefit existing property owners citywide by encouraging development opportunity, is not likely to occur in an inequitable or disproportionate way. A citywide approach is not likely to lead to focused negative impacts in any particular geographic concentration.

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

NA.

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

This legislation is adhering to ADA accessibility principles in the materials provided for public review.

e. 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.

The legislation supports additional housing growth in patterns that are oriented to ensuring more housing supply for a range of household incomes in places that are near mass transit opportunities (centers-based and transit-proximate). This supports an increased likelihood of transportation efficiencies through transit use, which would help the City achieve its carbon emissions objectives in a material way. See the Environmental Impact Statement for the Comprehensive Plan update.

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.

Similar to the response above, supporting denser residential and mixed-use growth in Seattle, in centers-based transit-proximate ways but also throughout Seattle neighborhoods, increases the chances that communities will be resilient. This is aided by populations dense enough to provide goods, services, public services, utilities, and human services in efficient ways. These outcomes support the health and livability of cities like Seattle. These cities are by definition more resilient because they do not depend on fossil fuels as much for daily living and can resist adverse effects of disruptions to infrastructure if negative events like fires occur.

f. 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?

This legislation does not represent a new initiative or major programmatic expansion. Rather it is an extension of public policy trends to de-emphasize project-based environmental impact documentation in favor of streamlined permitting processes that will better achieve positive outcomes like more housing growth sooner, including growth in ways preferred by the City’s Comprehensive Plan.

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a new non-City partner agency or organization?

No.

6. ATTACHMENTS

Summary Attachments: None.

