

## Summary and Fiscal Note

### 1. Legislation Summary

**Department:** Office of Planning and Community Development

**Title:** An ordinance relating to land use and zoning; rezoning certain land in the University District, the Fremont neighborhood, the Madison/Miller neighborhood, the Rainier Beach neighborhood, and the Downtown neighborhood; rezoning land and amending development standards to increase housing supply, support multi-purpose redevelopment on certain sites with community-based uses, remove code barriers to passive house, modular, and mass timber construction and to conversion from commercial space to housing in more zones, and incentivize community-serving uses along with the construction of more housing in certain areas; amending Sections 23.40.080, 23.47A.009, 23.49.008, 23.49.011, 23.49.036, 23.49.058, and 23.49.158 of the Seattle Municipal Code; adding a new Section 23.40.090 to the Seattle Municipal Code; adding a new Map 1L to Chapter 23.49 of the Seattle Municipal Code; and amending Chapter 23.32 of the Seattle Municipal Code at pages 60, 76, 109, 112, and 188 of the Official Land Use Map.

**Background:** This legislation changes the City's land use code and zoning to support near-term investment in additional housing supply. The City is working to dramatically expand housing production, choice and affordability through its Seattle Comprehensive Plan update and implementing zoning changes that will occur over the next year. There is also a need to increase housing production now, while broader changes make their way through the process.

This legislation is focused on areas that have unique opportunities to create new housing production without causing displacement pressure. These changes include affordable housing through application of the City's Mandatory Housing Affordability (MHA) requirements. In total, the legislation is projected to generate an additional 3,000 – 4,000 new homes in the next decade.

This legislation consists of seven components:

- Fremont / Stone Way Rezone – Rezones land at the southern end of the Stone Way corridor, from the Industrial Commercial zone with a 65-foot height limit (IC-65) to the Neighborhood Commercial 3 zone with a 75-foot height limit (NC3-75), to unlock infill housing opportunities near major employment centers.
- Downtown Retail Core (DRC) Expansion – Expands an existing 2023 rezone along Union Street, from the existing Downtown Retail Core (DRC) zone to the Downtown Mixed Commercial (DMC 240/290-440) zone, to allow residential towers and incentivize adaptive reuse of underutilized office buildings for housing.
- Community-Based Uses Rezone Sites – Rezones and amends development standards for areas that include ownership by nonprofit and public entities in Rainier Beach, the University District, and Madison/Miller, and adjusts Planned Community Development (PCD) standards to facilitate redevelopment on larger nonprofit-owned parcels.
- Removes code barriers to passive house, modular and mass timber construction – Second Substitute House Bill (2SHB) 1183 adopted during the 2025 State legislative session calls on cities to amend their zoning codes to remove façade modulation and upper-level setback requirements for buildings constructed using passive house, modular, or mass timber construction, and for affordable housing. Although these changes are not required for five years, this legislation implements them now as a measure to spur housing production using innovative construction methods.
- Belltown Zoning Changes – Increases height limits for residential uses by 50–100 feet and makes related adjustments to development standards in Belltown. These changes would be time-limited (three years), pending broader Downtown planning updates.
- Removes code barriers to conversion from commercial space to housing in more zones. During 2024, the City passed legislation removing zoning barriers to the conversion of existing commercial structures to housing. That legislation focused on downtown and other zones with a lot of commercial and office uses. However, the State legislation, (HB 1042) calls on cities to remove barriers in all zones that allow housing. This legislation makes technical changes to add Lowrise (LR) and Neighborhood Residential (NR) to the list of zones that have development standards waivers for conversion of existing commercial structures to housing.
- Lake City – Incentivize grocery store retention and housing. Grocery and pharmacy closures are causing the neighborhood to lose convenient access to food and medicines. To encourage inclusion of grocery and pharmacy space in new developments, in Neighborhood Commercial 55 (NC-55) zones in Lake City, this legislation provides height limit exceptions of up to 30 feet for development on very large sites only (exceeding 100,000 square feet) and provides a floor area ratio (FAR) bonus of 2.0, for development that includes a grocery, pharmacy, or other community-supportive uses on site, and 200 or more homes.

## Summary Attachments:

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### 2. Capital Improvement Program (CIP)

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

Yes

No

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### 3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

Yes

No

#### 3d. Other Financial Impacts

**a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.**

No significant financial impacts are anticipated. Minor one-time cost impacts are described below.

**b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?**

Implementation will require coordination with the Seattle Department of Construction and Inspections (SDCI) to update zoning maps, modify permit-tracking systems, and update GIS and municipal code data. The scope of work includes:

- Updating zoning maps for Fremont, Downtown Retail Core, University District, Madison/Miller, Rainier Beach, and Belltown.
- Training permit review staff about code changes that waive certain development standards for mass timber, modular, and Passive House construction.
- Training permit review staff about the extensions of development standards waivers for conversion of commercial structure to housing in LR and NR zones.
- Training permit review staff about the specialized development standards that will apply in the Lake City area.

SDCI estimates that the mapping changes will require approximately 25 hours of GIS and system work to update Geocortex, Accela, public GIS layers, and Municode, resulting in a total cost of \$3,500 at \$140/hour. The training of permit review staff will occur during ongoing monthly interdepartmental code coordination meetings. These costs can be absorbed within the workloads of existing staff, but they are costs not covered by permit revenues and must be covered by hours billed to the General Fund.

**c. What financial costs or other impacts might happen if this legislation is not implemented?**

None.

**d. How might this legislation affect other City departments besides the one that proposed it?**

The legislation primarily affects SDCI which will incorporate the code amendments into permit review and tracking systems and will make mapping amendments. No additional staffing or ongoing costs are anticipated.

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**4. Other Impacts**

a. Does this legislation require a public hearing?

Yes

No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

Yes

No

OPCD issued a SEPA Determination of Non-Significance (DNS) on September 22, 2025, and a Revised DNS on October 14, 2025, both of which were published in the Daily Journal of Commerce and the City's Land Use Information Bulletin. A public hearing notice will also be published in the DJC and the LUIB at least 30 days prior to a City Council public hearing on the proposal.

**c. Does this legislation affect a piece of property?**

Yes, the ordinance includes amendments to the Official Land Use Map for multiple rezone areas in Fremont, the Downtown Retail Core, the University District,

Madison/Miller, Rainier Beach, Belltown, and Lake City. See attached Director's Report for zoning maps.

**d. Race and Social Justice Initiative impacts:**

**1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.**

This legislation is not expected to have adverse impacts on vulnerable or historically disadvantaged communities. This legislation focuses on areas with strong access to transit, services, and existing infrastructure, and is designed to expand overall housing opportunities while minimizing displacement risk.

**2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.**

None.

**3. What is the Language Access Plan for communicating with the public about this legislation?**

No separate language access plan is anticipated. Should future public materials or engagement occur related to implementation, OPCD and SDCI will follow the City's existing Language Access policies to ensure accessibility for limited-English-proficient residents.

**e. Climate change impacts:**

**1. Emissions:** Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

This legislation is not expected to materially increase carbon emissions. It does not alter the City's Energy Code or building energy performance requirements. Individual projects subject to this legislation will continue to be reviewed under applicable codes at the permit stage. In cases where older buildings are converted to housing, upgrades to building systems and envelopes are expected to reduce energy use and greenhouse gas emissions. This legislation does not substantially affect vehicle trip generation because it primarily affects existing developed areas. This legislation is intended to provide more housing in the City. To the extent more housing is provided closer to employment centers the legislation could potentially decrease overall emissions compared to the absence of the legislation if fewer or shorter trips between housing and jobs are a result of the legislation.

2. **Resiliency:** Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

The legislation is not expected to increase or decrease Seattle's overall resiliency in a material or significant way.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

N/A.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.