SEATTLE CITY COUNCIL
CENTRAL STAFF

August 18, 2026

M E M O R A N D U M

To:	Human Services, Labor, and Economic Development Committee
From:	Edin Sisic and Jasmine Marwaha, Analysts
Subject:	Council Bill 121275: Commercial Lease Transparency Legislation

On August 21, 2026, the Human Services, Labor, and Economic Development Committee (Committee) will discuss Council Bill (CB) 121275, which would amend several sections of the Seattle Municipal Code (SMC 6.104) to increase transparency in commercial lease agreements. This memo summarizes the main elements of the proposed Commercial Lease Transparency legislation, highlights policy considerations, and identifies next steps in the legislative process.

Background

According to the Office of Economic Development (OED) small businesses have identified recurring challenges when entering into commercial leases, including difficulty accessing lease documents, limited understanding of allowed uses of a space, discovering inadequate or faulty conditions after signing, and unexpected increases in triple net expenses.[1] These challenges can lead small tenants to enter into leases without a clear understanding of key aspects of the space, resulting in costly delays, extensive renovation needs, long permitting timelines, unexpected rent increases, and, in some cases, the inability to open or maintain their businesses. CB 121275 aims to reduce these risks and improve commercial leasing outcomes by ensuring tenants—particularly small businesses—have timely access to essential information before and during the lease term.

Summary of Proposed Legislation

The proposed bill requires lessors of commercial property to provide tenants with:

- A copy of the lease at the time of execution, and one additional copy upon request during the lease term.
- The Certificate of Occupancy[2] most recently issued, if available. Copies of certificates of occupancy are kept by the Seattle Department of Construction and Inspections (SDCI), and a lessor may rely on the copy provided by SDCI without independently verifying its validity. This requirement does not apply to current tenants renewing leases.
- Triple-net operating expenses, estimated for the first year of the lease, and with annual access to invoices or materials documenting triple-net expenses charged to the tenant. The lease must also include a signed statement confirming the tenant received prior-year triple-net documentation (if available).

[1] Triple-net expenses are monthly or periodic fees charged to a tenant by a landlord in addition to the base rent. They cover expenses incurred by the landlord for building operations, including but not limited to, common area maintenance, taxes, assessments, insurance, and utilities.
[2] A Certificate of Occupancy is a document issued by SDCI, certifying that a building complies with all applicable building, zoning, and safety codes and is approved for its designated use.

- An existing conditions disclosure form signed by the lessor describing conditions of building systems and infrastructure. OED will develop a model form in multiple languages.

These provisions are added to the existing Chapter 6.104 regulating commercial leases and rental agreements. Chapter 6.104 includes requirements for most commercial leases, but exempts rentals that are used as residence or for lodging; as office space; as research and development laboratory space; as a medical practice, clinic, or dispensary; or farming or cultivation. Consequently, CB 121275 would not apply to those types of tenants.

While the existing law under Chapter 6.104 is enforced by the Department of Finance and Administrative Services (FAS), the new requirements in the proposed legislation would be enforced solely by a private right of action. The Office of Economic Development (OED) would be responsible for developing rules and administering the new proposed transparency-related requirements. OED anticipates it can implement the new requirements within current resources, while SDCI and FAS may see limited increases in requests related to the new provisions, which they anticipate absorbing with existing staff capacity.

Policy Considerations

Central Staff identified the following policy considerations regarding the scope, implementation and potential impacts of the proposed commercial lease transparency requirements.

1. Enforcement Structure and Private Right of Action

   As noted above, the new provisions in SMC Chapter 6.104 are enforceable only through a private right of action (PRA). Many City regulations contain a PRA provision as an alternative to agency enforcement. A PRA provision allows an individual to file a civil lawsuit against a person or entity when a law is alleged to be violated. Typically a PRA is not the sole means of enforcement, but an alternative path to agency action if, for example, the agency is delayed or does not have capacity to pursue enforcement. PRA provisions among different regulations can vary, with differences including but not limited to whether civil penalties (not just damages) can be assessed, who would have standing to file civil action, and whether a class of people can file instead of just individuals.

   The PRA provision in Chapter 6.104 is limited to individuals who have suffered financial injury, and does not allow for civil penalties.[3] Some requirements in this bill would not likely result in direct financial injury to a commercial tenant, and therefore would effectively have no enforcement mechanism. For those tenants that do suffer financial injury as a result of a violation, those individuals would need to have the resources to pursue litigation. If the Committee has concerns as to whether the enforcement structure adequately incentivizes compliance, the Committee could strengthen the PRA provisions or incorporate the agency enforcement that already exists for the other provisions of Chapter 6.104. Adding agency enforcement is likely to have fiscal impacts on FAS that have not been calculated.

[3] SMC 6.104.A states: "Any person that suffers financial injury as a result of a violation of this Chapter 6.104 may bring a civil action in a court of competent jurisdiction against the lessor violating this Chapter 6.104 and, upon prevailing, may be awarded reasonable attorney costs and such legal or equitable relief as may be appropriate to remedy the violation including, without limitation, any payments made to the lessor by the tenant plus interest due. Interest shall accrue from the date that the payment or payments were made at a rate of 12 percent per annum, or the maximum rate permitted under RCW 19.52.020. To the extent that actual damages are unliquidated or difficult to prove, a court may award liquidated damages of up to $20,000 instead of actual damages. Such damages when awarded are to be on a per incident, rather than a per tenant basis."

2. Administrative Obligations

   The proposed legislation requires lessors to provide multiple forms of documentation, including lease copies, Certificates of Occupancy when available, existing-conditions disclosure forms, and annual triple-net expense documentation. While many landlords already follow industry best practices, smaller property owners or those with limited administrative capacity may find these new requirements challenging to implement. If the Committee has concerns about these potential administrative challenges, the Committee may wish to consider whether additional City guidance, templates, technical assistance, or phased implementation would help address these concerns while maintaining the legislation's intended transparency benefits.

3. Records Demonstrating Compliance

   While CB 121275 requires lessors to provide specific documents at certain points in the leasing process, it does not require a lessor to retain these records. The Committee may wish to consider adding a records retention requirement to support the proposed legislation's transparency goals. Considered a best practice in regulatory drafting, a records retention requirement can streamline enforcement and reduce disputes regarding compliance. Although such a requirement may add administrative burden for some lessors, these concerns may be outweighed by the desire to ensure that all parties have access to consistent, verifiable documentation.

Contextual Policy Consideration – Permitted Use and Certificate of Occupancy

Although CB 121275 requires lessors to provide the most recent Certificate of Occupancy to tenants, its occupancy classifications are often broad and limited to a review of the space's previous usage, and may offer limited insight into all the specific activities allowed under the Land Use Code. Some buildings also may not have a Certificate of Occupancy on record. Permitted use, by contrast, more clearly reflects what business activities are allowed in a particular space. Permitted use disclosure could be particularly helpful for small businesses that may struggle to interpret code requirements, reducing the risk of unexpected needs for additional approvals or permits after signing a lease.

However, understanding a space's permitted use can involve a complex case-specific analysis. Currently, any building owner or prospective tenant can call SDCI, who have staff that can look up permitted use by cross-referencing various provisions of the code that would apply to a particular building. This process is more labor-intensive than providing the latest Certificate of Occupancy on file. Central Staff's understanding is that OED intends to work with SDCI to see if there are opportunities to create efficiencies in this process, and to provide more technical assistance to businesses requiring this information. The Committee may wish to receive a status report on these efforts after implementation of the legislation.

Next Steps

The upcoming schedule for the Committee consideration of CB 121275 is shown below:

- August 21 (9:30 a.m.) – Executive presentation and Central Staff Policy Considerations presentation
- September 18 (9:30 a.m.) – Discussion and possible vote on amendments, Final Select Committee Vote on CB 121275.

If a Councilmember is interested in pursuing amendments, please contact Central Staff by no later than noon on September 9, 2026. Councilmembers are strongly encouraged to engage Central Staff as soon as possible to shape potential amendments.

cc: Lish Whitson, Director
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