SEATTLE CITY COUNCIL
CENTRAL STAFF

Council Bill 121275: Commercial Lease Transparency ORD

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HUMAN SERVICES, LABOR, AND ECONOMIC DEVELOPMENT COMMITTEE
8/21/2026

Summary of Proposed Legislation

- CB 121275 aims to improve commercial leasing outcomes by requiring lessors to provide timely, transparent access to essential lease information, including:
  - A copy of the lease
  - Certificate of Occupancy (if available)
  - Annual Triple-net operating expenses, and;
  - An existing conditions disclosure form describing the conditions of building systems and infrastructure.
- 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.

Policy Considerations (1/3)

1. **Enforcement Structure**
   - The bill relies solely on a private right of action (PRA), meaning only tenants who suffer financial injury can pursue enforcement, and no civil penalties can be assessed.
   - Some requirements may not produce direct financial harm, resulting in provisions with little or no practical enforcement mechanism.
   - Tenants with legitimate claims may face barriers to pursuing litigation due to cost and capacity.
   - The Committee may consider amending PRA provisions or adding agency-based enforcement from Chapter 6.104 to strengthen compliance incentives.

Policy Considerations (2/3)

2. Administrative Obligations

- The legislation adds several new documentation requirements for lessors, including lease copies, Certificates of Occupancy, existing-conditions disclosures, and annual triple-net expense records.
- While some landlords already follow similar practices, smaller or less-resourced property owners may struggle to meet these added administrative expectations.
- The Committee may wish to consider supportive measures—such as City-provided templates, technical assistance, or phased implementation—to ease compliance while preserving transparency goals.

Policy Considerations (3/3)

3. Records Demonstrating Compliance

- The bill requires lessors to provide key documents but does not require them to retain records, which may make verifying compliance difficult.
- Adding a records-retention requirement would support transparency goals, streamline enforcement, and reduce disputes about whether documents were properly provided.
- Although retention rules may add administrative burden for lessors, the benefits of consistent, verifiable documentation may outweigh those concerns.

Contextual Policy Consideration

1. **Permitted Use and Certificate of Occupancy**

   - Certificates of Occupancy provide only broad information about past use and may not fully reflect all activities allowed under the Land Use Code; some buildings may not have one on record.
   - Permitted use disclosures offer more precise information and can help small businesses avoid unexpected permitting needs after signing a lease.
   - Determining permitted use is more complex and labor-intensive, requiring SDCI staff to cross-reference multiple code provisions.
   - OED and SDCI plan to explore ways to streamline this process and expand technical assistance, and the Committee may wish to receive a status update after implementation.

Next Steps

- **September 18:** Committee discussion, possible vote on amendments and final Committee on CB 121275
    - Amendment concepts due Wednesday, September 9 by noon
- **October 20:** Final action on CB 121275 at the City Council meeting
    - If there are amendments in Full Council, final action will occur after completion of the 2027-2028 Budget Adoption process

Questions?