Housing Opportunities Zoning Amendments

Director’s Report and Recommendation
Office of Planning and Community Development
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Introduction

The City of Seattle is continuing to address the challenges many community members face finding a home that is affordable and available to them. This proposed legislation would make changes to the City's land use code and zoning to support near-term investment in additional housing supply to bring more homes online sooner. The City is working to dramatically expand housing production, choice and affordability through its Seattle Comprehensive Plan update and implementing zoning that will occur over the next months and year. There is also a need to increase housing production now, while broader changes make their way through the process.

The proposed legislation would amplify housing production on sites and in areas that are well-positioned to spur new housing development in the shorter term. The proposed legislation is focused on opportunity areas that have unique advantages to receive new housing production without causing displacement pressure. The proposed legislation has strong potential to result in housing developments entering the permitting pipeline in the next one to three years. The proposed changes would include affordable housing through application of the City's Mandatory Housing Affordability (MHA) requirements.

This proposed legislation has seven components. The package includes zoning map changes (rezones), and amendments to development standards that would create practical efficiencies for construction intending to spur stalled or potential housing developments forward. Components of the legislation are listed below and fully described and analyzed in subsections of this report.

Fremont / Stone Way rezone: Rezone land at the southern end of the Stone Way corridor in Fremont to unlock infill housing production adjacent to a cluster of major Seattle-based employers.

Expanded Downtown Retail Core (DRC) rezone: Expand the area of a 2023 rezone in the center of Downtown along Union St. Rezone from the existing Downtown Retail Core (DRC) zone to the Downtown Mixed Commercial (DMC 240/290-440) zone. The change would allow residential towers where they are not allowed today and incentivize the potential conversion of several underused historic-aged office structures to housing. The action would also make minor amendments to the DMC zones concerning tower spacing and maximum floor plate size to increase feasibility of tower construction in the zone.

Rezone land and amend development standards to support multi-purpose redevelopment on sites with community-based uses. Recently the City rezoned the site of the former Lake City Community Center to support higher density redevelopment with a new community center and City-funded affordable housing. This proposed legislation would expand the approach to facilitate similar mixed-use developments of sites owned by public or nonprofit actors. Such sites would be encouraged to redevelop with revitalized community facilities combined with increased amounts of housing. The legislation would rezone areas with sites owned by charitable organizations in the Madison / Miller, Rainier Beach and University District neighborhoods, and would amend the City's Planned Community Development (PCD) regulations to make redevelopment more viable on large sites owned by nonprofit agencies, such as the Goodwill site on South Dearborn Street.

Remove code barriers to passive house, modular and mass timber construction. Second Substitute House Bill (2SHB) 1183, which passed 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 the City's proposed legislation would implement them now as a measure to spur housing production using innovative construction methods.

Increase height limits and modify development standards to encourage more housing in Belltown. While most of Downtown has received major upzones in the last 25 years, zoning in Belltown has had minimal increases since 1985. Outdated zoning parameters create inefficiencies for development and may be constraining infill housing in a relatively strong housing market area. This proposed legislation would increase height limits for residential uses by 50 to 100 feet and make other minor adjustments to coverage and story size limits to encourage moderate scale residential towers. The changes would be in Belltown only for a 3-year period until broader changes to Downtown zoning could be made following adoption of a new Downtown Subarea Plan.

Remove code barriers to conversion from commercial space to housing in more zones. During 2024 the City passed legislation to remove zoning barriers associated with 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, 2023 State legislation (House Bill 1042) calls on cities to remove barriers in all zones that allow housing. The proposed 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 essential community-serving uses in new developments, in Neighborhood Commercial 55 (NC-55) zones in Lake City, the proposed legislation would provide height limit exceptions of up to 30 feet and add a bonus floor area ratio (FAR) increment of 2.0 for development on very large sites only (exceeding 100,000 square feet) for development that includes any combination of grocery store, pharmacy, medical services, child care center, elementary or secondary school, community club, or community center uses with a minimum of 50,000 square feet of ground-level space that is accessible to the elderly and disabled and reserved for the life of the project, and includes at least 200 dwelling units.

Fremont / Stone Way Rezone

Background

The area along Stone Way within the Fremont Urban Center has seen significant changes in the past decade. Previously, the Stone Way corridor had a high concentration of repair and building supply services. In the last ten years large parcel sizes, rezones, and other factors have contributed to making the corridor an attractive location for multi-story mixed use developments with dense housing. The area is a strong housing market fueled by well-paying jobs in Fremont and the University District. Most of the light industrial and building supply uses along Stone Way have relocated.

At the south end of the Stone Way corridor, two innovative Seattle-based companies in the outdoor and athletic equipment sector have established major headquarters: Brooks Running, and Evo (a mountain bike, ski, snowboard, skate and surf supplier). The co-located companies have created a cluster of employment, knowledge, skills, and a network of interpersonal connections in the location. Beyond Seattle, Evo has expanded its physical presence to Salt Lake City and Japan. Brooks sells its running products all over the world, with most of its manufacturing taking place in Vietnam, Thailand and Mexico, while its corporate headquarters are in its building on Stone Way. Black Diamond Equipment and other outdoor-oriented retailers have recently added locations in the ground floor of the buildings where Brooks and Evo are based.

The campus-like setting includes a variety of recreation facilities and services including a basement skatepark, large indoor climbing gym (Bouldering Project), equipment repair and service shops, and street level restaurants and cafes. These facilities attract visitors and patrons. Buildings are designed with a very high level of sustainability. Structures occupied by Brooks and Evo are Living Building Pilot program buildings, with cutting edge sustainability features including on-site stormwater retention and construction with mass timber materials.

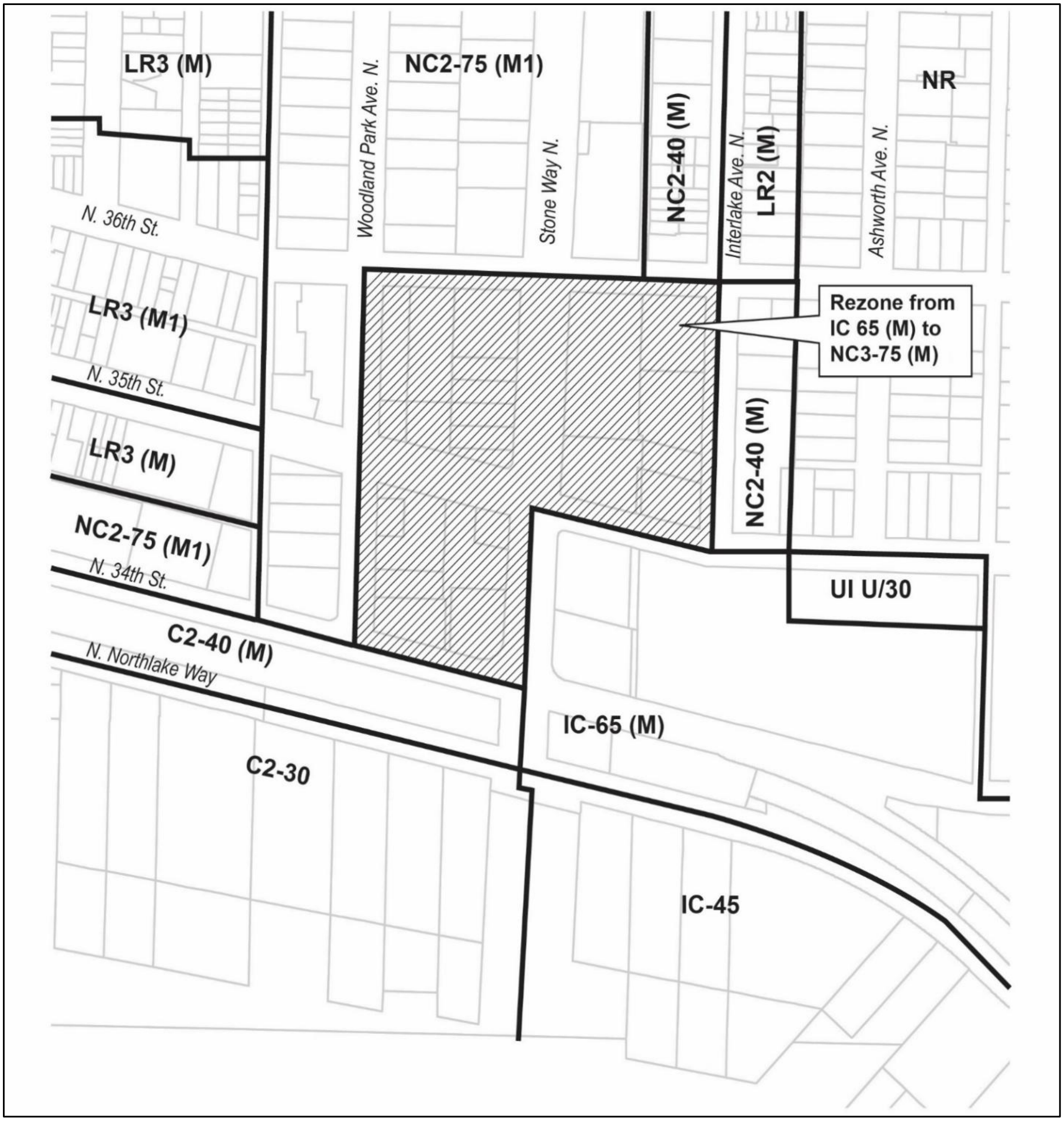
Together the companies base an estimated 1,000 employees within two contiguous city blocks, with plans for additional employment growth. The jobs span a very wide variety of income bands including executive, business and finance roles, product buyers, product design, and a wide variety of retail and service occupations.

Proposal

The proposed legislation would change the zoning map for three blocks at the south end of Stone Way within the Fremont Urban Center, including the block of the Brooks and Evo headquarters, from the Industrial Commercial (IC) zone with a 65 foot height limit (IC-65) to the Neighborhood Commercial (NC) 3 zone with a 75 foot height limit (NC3-75). In total the proposed rezone includes 5.1 acres, consisting of 23 parcels of land in private ownership by numerous landowners. (See the map of the rezone area and context map on the following pages.)

The overall massing and scale of potential development in the existing and the proposed zones is similar. The primary effect of this change is that the existing IC zone does not allow housing, and allows lodging as a conditional use, while these uses are allowed outright in the proposed NC zone.

FREMONT / STONE WAY PROPOSED REZONE MAP



ALLOWED AND PROHIBITED USES

Both the existing and proposed zones allow a broad range of commercial uses. There are a small number of substantive differences in allowed uses as summarized in the table below.

Allowed and Prohibited Uses Existing and Proposed Zones		
	IC-65 (Existing)	**NC3-75 (Proposed)**
Residential Uses	Prohibited	Allowed
Lodging	Conditional Use	Allowed
General Manufacturing	Allowed	Prohibited
Heavy Manufacturing	Conditional Use	Prohibited
Outdoor Storage	Allowed	Prohibited

The overall effect of the change in allowed uses would be to allow housing and lodging uses in the new NC3-75 zone. In addition, there would be a moderate difference in allowances for manufacturing uses and outdoor storage. These uses are allowed within the IC zone – a zone intended to support mixed commercial and industrial development – but they are prohibited in the NC3 zone. Manufacturing and outdoor storage uses are not currently present in the rezone area. Further differentiation between the intended use mix in the two zones is expressed in difference in maximum size of use limits for certain categories of uses, discussed below.

HEIGHT LIMITS

The table below summarizes the differences in the height limits between the existing IC-65 zone and the proposed NC3-75 zone.

IC-65 (Existing)	NC3-75 (Proposed)
The height limit is 65 feet. Generally, 4-5 stories of commercial development would typically result in the zone.	The height limit is 75 feet. Typically, a total of 6 stories of development would be built in the zone consisting of 5 stories of wood-framed construction over a story of concrete base construction.

The overall effect of the change to height limits is a moderate increase in allowable building height of 10 feet and potentially one additional story. It is notable that development under the proposal would be the same as recent construction in the Stone Way corridor which is directly north of the site in an NC-75 zone. The existing Brooks and Evo buildings built in the area used the Living Building Pilot Program to increase the height of those developments by 10 feet over the base height limit, for a total height 75 feet. Therefore, the proposed increase to the height limit would be fully consistent with context.

FLOOR AREA RATIO (FAR) LIMITS

The table below summarizes the differences in the Floor Area Ratio limits between the existing IC-65 zone and the proposed NC3-75 zone.

IC-65 (Existing)	**NC3-75 (Proposed)**
Maximum FAR: 2.75	**Maximum FAR:** 5.5
Key FAR Exemptions: • Underground stories	

The overall effect of the zone change with respect to FAR limits is a significant increase to the maximum allowed amount of floor area. The maximum FAR limit would double from 2.75 to 5.5. This change would support a much higher density of development within a similar overall building envelope. More floors of residential development are expected under the proposed zone than the floors of commercial development that would be expected under existing zoning. The change could support new buildings with a greater amount of mass and bulk within blocks of new development, with fewer breaks in building masses for features like courtyards.

MAXIMUM SIZE OF USES

The existing IC-65 zone and the proposed NC3-75 zone both contain maximum size of use limits for certain uses. The categories of size limited uses are different between the two zones as indicted in the table below. This is a summary focusing on substantive differences, not a comprehensive list.

Summary of Maximum Size of Use Limits Existing and Proposed Zones		
	IC-65 (Existing) ***Code maximums are for non-industrial commercial uses***	**NC3-75 (Proposed)** ***Code maximums are for nonresidential uses***
Entertainment	50,000 sq. ft.	No size limit
Lodging	75,000 sq. ft	No size limit
Office	No size limit	No size limit
General Sales & Service	50,000 sq. ft.	No size limit
Restaurants and Drinking Establishments	No size limit	No size limit
Food processing and craft work	No size limit	25,000 sq. ft.
Heavy commercial sales	No size limit	25,000 sq. ft.
Wholesale showrooms	No size limit	25,000 sq. ft.
Warehouses	No size limit	25,000 sq. ft.

Light manufacturing	No size limit	25,000 sq. ft.

The overall effect of the zone change with respect to maximum size of use is that the existing IC zone size-limits entertainment and general sales and service uses while the proposed zone does not, and several light industrial and manufacturing uses are size-limited in the proposed zone but not the existing zone.

MANDATORY HOUSING AFFORDABILITY (MHA)

Mandatory Housing Affordability (MHA) is proposed to apply to the rezone. The existing MHA suffix is the (M) level, as the site was upzoned as part of zoning changes across the city to increase height and capacity in 2019. Since the scale of development will be little changed under the existing and the proposed zone, the MHA suffix is proposed to remain at the (M) tier. MHA contribution amounts in new development are shown in the table below.

MANDATORY HOUSING AFFORDABILITY (MHA) REQUIREMENTS

	MHA (M) Tier	
	Performance % Affordable Units	Payment $ / Sq. Ft.
Residential Development	6%	$17.25
Commercial Development	5%	$9.45
Notes: Table shows quantities for the MEDIUM cost area of the city where the rezone is located.		

Analysis

Comprehensive Plan Consistency

The proposed rezone area is within the Fremont Urban Center, a designated growth area in the Seattle Comprehensive Plan. The Seattle Comprehensive Plan directs a significant share of Seattle's future housing and employment growth to urban centers and other mixed-use areas that are well served by transit, infrastructure, and services. These areas are intended to accommodate compact mixed-use development, support a concentration of housing and jobs, and foster environments that support walking, biking , and transit use.

The Fremont Urban Center is an established mixed-use area with access to frequent transit service, neighborhood services, and employment opportunities. The proposed rezone would allow additional mixed-use development and housing in this location, which is consistent with the Comprehensive Plan's strategy of directing growth to designated centers where infrastructure, services, and transit are already available.

Allowing residential uses withion the rezone area would support the Comprehensive Plan's goals of increasing housing opportunities in mixed-use areas, encouraging infill development on underutilized sites, and promoting complete neighborhoods where residents can live near jobs, services, and transit.

It is important to note that the rezone area is not within the designated Manufacturing and Industrial Center (MIC). The existing zoning is the Industrial Commercial (IC) zone. During the 2023 Industrial and Maritime strategy process the City strengthened protections for industrial lands within MICs and limited opportunities for rezones out of industrial zones in MICs. A few areas of formerly industrial land outside of MICs were kept in the Industrial Commercial zone outside of MICs. The industrial land protections applied within MICs do not apply to zones outside of MICs.

For the proposed rezone, the City is the proponent and is conducting a comprehensive review of the issue. Out of an abundance of caution with respect to Land Use Policy 10.3 OPCD includes a comprehensive review of industrial lands polices with respect to the proposed rezone in the Fremont Urban Center below.

	Policy	**Analysis / Discussion**
LU 13.1	Designate industrial zones generally where • The primary functions are industrial activity and industrial-related commercial functions, • The basic infrastructure needed to support industrial uses already exists, • Areas are large enough to allow a full range of industrial activities to function successfully, and • Sufficient separation or special conditions exist to reduce the possibility of conflicts with development in adjacent less intensive areas.	The primary function of the proposed rezone area is not industrial activity. The rezone area is not large enough to allow a full range of industrial activities to function successfully. There are not major separations between the rezone area with nearby less intensive areas.
LU 13.2	Preserve industrial land for industrial uses, especially where industrial land is near rail- or water-transportation facilities, in order to allow marine- and rail related industries that rely on that transportation infrastructure to continue to function in the city.	The proposed rezone area is not served by rail or water-transportation facilities, and land uses in the rezone area would not rely on that infrastructure.
LU 13.3	Ensure predictability and permanence for industrial activities in industrial areas by limiting changes in industrial land use designation. There should be no reclassification of industrial land to a non-industrial land use category except as part of a City-initiated comprehensive study and review of industrial land use policies or as part of a major update to the Comprehensive Plan.	The rezone proposal is a city-initiated proposal and this Director's Report contains a comprehensive study and review of industrial land use policies. Even though the comprehensive

		review of industrial land policies is provided, the City does not consider land outside of MICs to be the subject of this policy statement.
LU 13.4	Accommodate the expansion of current industrial businesses and promote opportunities for new industrial businesses and emerging industries within Seattle to strengthen the city's industrial economy.	The proposal does not limit the expansion of current industrial businesses. The proposal supports emerging Seattle-based businesses in the outdoor recreation and equipment industry.
LU 13.5	Restrict to appropriate locations within industrial areas those activities that—by the nature of materials involved or processes employed—are potentially dangerous or very noxious.	No potentially dangerous or very noxious activities are known to exist in the rezone area.
LU 13.6	Provide a range of industrial zones that address varying conditions and priorities in different industrial areas. Those priorities include maintaining industrial areas that have critical supporting infrastructure, leveraging investments in high capacity transit service, providing transitions between industrial areas and less intensive areas, and promoting high-quality environments attractive to business expansion or to new industrial activities.	The proposed rezone area is not within a MIC. The range of industrial zones described is intended for within the MICs and the proposal does not impact any MIC.
LU 13.7 (Excerpted for brevity)	Use the following industrial land use designations: • Maritime, Manufacturing and Logistics • Industry and Innovation • Urban Industrial • Industrial Commercial	The proposed rezone does not pertain to the listed industrial zones, and the proposal is for land outside of a MIC.
LU 13.8	Prohibit new residential development in industrial zones, except for certain types of dwellings, such as caretaker units or, potentially in urban industrial zones, dwellings for workers that are related to the industrial area and that would not restrict or disrupt industrial activity. Within the Stadium Area Transition Overlay District, only allow residential uses east of First Avenue S and do not expand that area.	The proposal rezones land to the Neighborhood Commercial zone. There would be no expansion of housing within an industrial zone.
LU 13.9	Use the general industrial or maritime, manufacturing, and logistics zones to promote a full range of industrial activities and related support uses.	The proposal is not within an area conducive to a full range of heavy industrial activities.

LU 13.10	Apply the maritime, manufacturing and industrial zones mostly within the designated Manufacturing and Industrial Centers, where impacts from industrial activity are less likely to affect residential or commercial uses. Outside of Manufacturing/Industrial Centers, the maritime, manufacturing, and logistics zones may be appropriate along waterways used for maritime uses.	The proposed rezone area is not within a MIC and the area is not along a waterway.
LU 13.11	Avoid placing industrial zones within regional, urban, and neighborhood centers. However, in locations where a center borders a Manufacturing and Industrial center, use the industrial commercial zone within the center where it abuts the Manufacturing and Industrial Center to provide an appropriate transition to help separate residential uses from heavier industrial activities.	The proposed rezone location is within the Fremont Urban Center 85. The action increases consistency with this policy by changing the zoning from the Industrial Commercial zone.
LU 13.12	Consider using the urban industrial zone in locations where a center borders a Manufacturing and Industrial Center and where it may provide an appropriate transition to help separate residential uses from heavier industrial activities.	The proposal does not propose urban industrial rezone.
LU 13.13	Limit the density of development for nonindustrial uses in the Manufacturing and Industrial Centers and where it may provide an appropriate transition to help separate residential uses from heavier industrial activities.	The proposed rezone area is not within a MIC.
LU 13.14	Recognize the unique working character of industrial areas by allowing flexibility in application of landscaping and street standards for industrial activities in the maritime, manufacturing, and logistics zone.	The proposed rezone does not affect landscaping or street standards for industrial zones.
LU 13.15	Set parking and loading requirements in industrial zones to provide adequate parking and loading facilities to support business activity, promote air quality, encourage efficient use of the land in industrial areas, discourage underused parking facilities, and maintain adequate traffic safety and circulation. Allow some on-street loading and occasional spillover parking. Consider limiting parking in the industry and innovation zone located in the vicinity of high-capacity transit stations.	The proposed rezone does not affect parking or loading requirements.
LU 13.16	Maintain standards for the size and location of vehicle curb cuts and driveways in industrial zones in order to balance the need to provide adequate maneuvering and loading areas with availability of on-street parking and safe pedestrian, bike, and transit access.	The proposal does not alter the size or location of curb cuts and driveway standards in industrial zones.
LU 13.17	Permit noise levels in industrial areas, except buffer areas, that would not be allowed in other parts of the city, in recognition of the importance and special nature of industrial activities. When residential uses are permitted in industrial areas apply noise	The proposal does not alter noise regulations.

	attenuation measures to the dwelling units to lessen impacts from noise on residents.	
LU 13.18	Classify certain industrial activities as conditional uses in industrial zones in order to accommodate these uses while making sure they are compatible with the zone’s primary industrial function and to protect public safety and welfare on nearby sites. Require mitigation of impacts on industrial activity and on the immediate surroundings, especially nearby less intensive zones.	The proposal does not alter conditional use standards in industrial zones.
LU 13.19	Prohibit uses that attract large numbers of people to the industrial area for nonindustrial purposes, in order to keep the focus on industrial activity and to minimize potential conflicts from the noise, nighttime activity, and truck movement that accompanies industrial activity. Consider allowing such uses in the urban industrial zone only.	The proposal is not within a MIC, and it does not contain substantial industrial activity. The proposal would attract more people and employees to the affected area.
LU 13.20	In the industry and innovation zone, consider development regulations that are compatible with employment-dense transit-oriented development. Seek to establish minimum density standards to ensure employment density at a level necessary to leverage transit investments. Consider upper-level density limits to discourage higher value ancillary uses that are more appropriate in nonindustrial areas.	The proposal does not alter development regulations for the II zone.
LU 13.21	In the Industry and Innovation zone, consider development standards that promotes development that meets the needs of industrial businesses including load-bearing floors, freight elevators, and adequate freight facilities.	The proposal does not alter development regulations for the II zone.
LU 13.22	Use the urban industrial zone to provide an appropriate transition between industrial areas and adjacent residential or pedestrian-oriented commercial zones.	Since the area is outside of the MIC the Urban Industrial zone is less appropriate than the Neighborhood Commercial zone (See also policy LU 13~~0~~.11)
LU 13.23	In the urban industrial zone, allow a range of ancillary non-industrial uses. Recognize that industrial businesses in this zone have a greater need for a limited amount of space for such uses as tasting rooms and retail facilities that directly support the industrial activity of the business.	The proposal does not alter development regulations for the UI zone.
LU 13.24	Develop transitions between industrial areas and adjacent neighborhoods that support healthy communities, reduce adverse environmental impacts, and minimize land use conflicts.	The poposed rezone supports the transition with the adjacent area
LU 13.25	In the urban industrial zone, consider establishing buffer standards to ease the transition from industrial	The proposal does not alter development

	areas to urban villages and other non-industrial parts of Seattle.	regulations for the UI zone.
LU 13.26	Recognize the unique development opportunities that the Washington National Guard Armory in the BINMIC and the WOSCA site in the Duwamish MIC represent. Work with the State of Washington or other future owners of these sites to develop a comprehensive industrial redevelopment plan that maximizes public benefits and reflects its location within a Manufacturing and Industrial Center. This plan should include features such as green infrastructure, district energy and waste management programs, and workforce equity commitments.	The proposal is not for the Interbay Armory site and does not affect that site.
LU 13.27	Allow the widest possible range of manufacturing uses and related industrial and commercial activities within the industrial buffer zone, while ensuring compatibility the activity and physical character of neighboring less intensive zones.	The proposal does not alter development regulations for the IB zone.
LU 13.28	Include development standards or performance standards for the industrial buffer zone that protect the livability of neighboring areas, promote visual quality, and maintain a compatible scale of development along zone edges. Apply these standards only in places where existing conditions do not adequately separate industrial activity from less intensive zones.	The proposal does not alter development regulations for the IB zone.
LU 13.29	Limit the height of structures on the borders of industrial buffer zones where streets along the zone edge do not provide sufficient separation for a reasonable transition in scale between industrial areas and less intensive neighboring zones, taking into consideration the permitted height in the abutting less intensive zone.	The proposal is not on the border of an IB zone.
LU 13.30	Allow a wide mix of employment activities in the industrial commercial zones, such as light manufacturing and research and development.	The proposal does not alter development regulations for the IC zone.
LU 13.31	Support employment-dense emerging industries that require greater flexibility in the range of on-site uses and activities.	The proposal does not reduce opportunities for emerging industries.
LU 13.32	Limit development density in industrial commercial and maritime, manufacturing, and logistics zones in order to reflect transportation and other infrastructure constraints, while taking into account other features of an area.	The proposal does not alter development regulations for the II or the IC zone.
LU 13.33	Include development standards in the industrial commercial zone designed to create environments that are attractive to new technology businesses and that support a pedestrian-oriented environment, while controlling structure height and scale to limit impacts on nearby neighborhoods.	The proposal does not alter development regulations for the IC zone.

LU 13.34	Provide a range of maximum building height limits in the industrial commercial zones in order to protect the distinctive features that attract new technology businesses to the area—such as views of water, shoreline access, and the neighborhood scale and character—to make sure that these features will continue to be enjoyed, both within the zone and from the surrounding area.	The proposal does not alter development regulations for the IC zone.
LU 13.35	Assign height limits independently of the industrial zoning designation to provide flexibility in zoning-specific areas and to allow different areas within a zone to be assigned different height limits according to the rezone criteria.	The proposal does not alter height limit regulations for industrial zones.
LU 13.36	Restrict or prohibit uses that may negatively affect the availability of land for industrial activity, or that conflict with the character and function of industrial areas.	The proposal is not within a MIC and the affected land does not contain industrial uses.
LU 13.37	Consider high value-added, living wage industrial activities to be a high priority.	The proposal supports value-added living wage jobs. It does not detract from industrial job creation and economic development in MICs.
LU 13.38	Permit commercial uses in industrial areas to the extent that they reinforce the industrial character, and limit specified non-industrial uses, including office and retail development, in order to preserve these areas for industrial development.	There are not industrial activities in the proposed rezone area and the area is not within a MIC.

Compatibility

There is a very high degree of compatibility between the proposed rezone to a NC-75 zone and adjacent areas. The zone would match the NC-75 zones immediately to the north and west of the rezone area along Stone Way. A major structure within the rezone area and another one immediately south of the rezone area is already built to the 75 foot height limit because it used the Living Building Pilot program to achieve extra height up to 75 feet. New development under the proposed zone would be very similar to other recent mixed use developments to the north in the Stone Way corridor. Transitions in scale are provided to the east because a half block of intervening NC zoning with a 40 foot height limit in place there.

The Seattle North Transfer Station is located directly south of North 35th Street. from a portion of the rezone area. Although there are potential compatibility conflicts in cases of close proximity of residential and lodging uses to a transfer station, these potential issues are greatly mitigated by the unique and exemplary design of the North Transfer Station. The station was rebuilt and completed in 2016. The state-of-the-art and environmentally friendly facility features advanced odor and dust control and community amenities such as an education room and an outdoor play area.

Housing

The companies located in the subject area and other area landowners see potential to add a substantial quantity of infill housing development within the blocks, which would be integrated and complementary to the growing employment campus. The change would also allow lodging uses that are only allowed as a conditional use and size-limited under existing zoning. It is anticipated that some of the homes would be amenable to workers in the general area and other members of the community seeking housing in the neighborhood. Additionally, hospitality could locate close to the company headquarters.
A rough estimate by OPCD finds that approximately 300 – 600 new homes could be expected to be constructed in the rezone area during a 20-year planning horizon. At proposed MHA levels, 6% of those homes (18 – 36) would be provided as affordable to low-income households if developers choose to provide on-site affordable units, or proceeds of $5.0M - $10M towards the City's affordable housing fund would be generated if they choose in-lieu payment.

Economic development

Although housing is the primary focus of this legislation, this component of the bill would also have an important economic development function. The action would support the continued growth in place by major Seattle-based employers (Brooks Running, and Evo, as well as other ancillary companies). These are examples of major employers that started in Seattle and are rooted in the city. A key principle of local economic development is business retention and expansion. Modifying zoning would support the retention and growth of existing businesses, which can enhance the overall business climate and improve community vitality. Growth of a cluster of outdoor and recreation companies in the location helps workforce development and creates a climate of collaboration. Potential continued growth in the location and addition of housing would support employee retention by increasing nearby housing options, which is critical for organizational success.

Expanded Downtown Retail Core (DRC) Rezone

Background

During the summer of 2023 the City rezoned a portion of the Downtown Retail Core (DRC) zone via Ordinance 120632. The current proposal would extend the same rezone to two additional blocks along Union Street between 3rd Avenue and 5th Avenue In total the proposal would rezone 12 parcels. The intent behind the rezone of the Downtown Retail Core (DRC) zone to the Downtown Mixed Commercial (DMC) zone includes the following factors:

Trends in Retail. The function and character of central downtown as a destination shopping center has declined, and the policy intent for a retail core zone that supports shopping centers is reduced.

Limited Investment. In recent years, new development with housing has been more limited in the Downtown Retail Core zone compared to other nearby zones in the downtown area.

Residential uses. The proposed DMC zone encourages much denser housing than the existing DRC zone and increasing housing supply in downtown is a policy goal for Seattle.

For a more complete description of intent for the proposed rezone refer to the Director's Report from summer 2023.

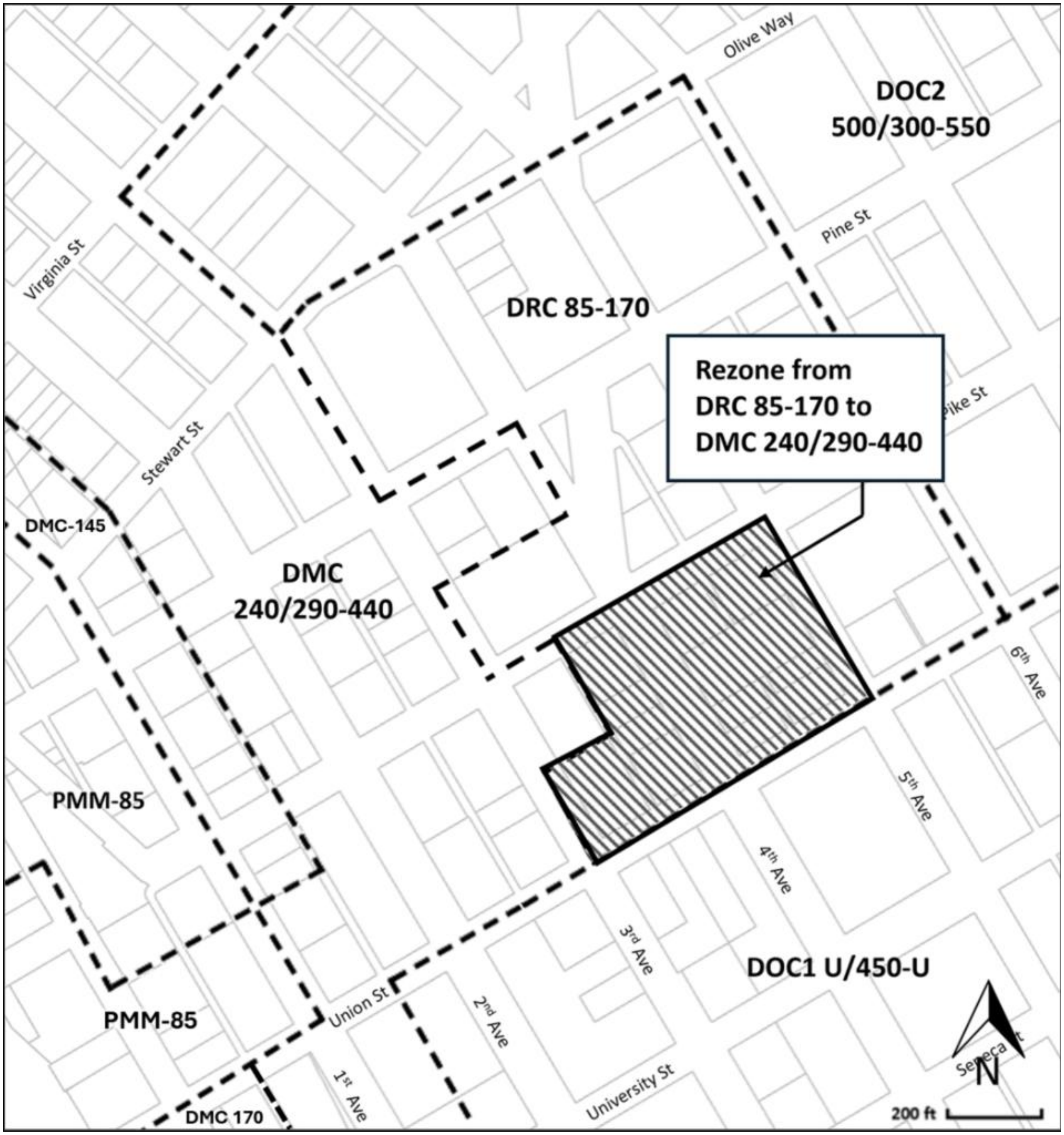
Office to Residential Conversion. Another supporting factor for extending the rezone is the potential to encourage conversions of underused office structures to housing. The City has taken multiple steps to encourage conversions as a strategy to increase housing supply and support downtown activation. These efforts include Ordinance 127054 which removed regulatory barriers to conversions, and Ordinance 127181 which provided a sales and use tax deferral to incentivize conversion projects. The currently proposed rezone will further support the potential for conversion of several vacant or underused office spaces in historic buildings by enhancing the potential for Transfer of Development Rights (TDR). The increase of allowable development capacity for housing would increase the amount of TDR these buildings can sell, potentially making certain conversions more economically viable. (See further discussion of TDR in the analysis section below.)

Proposal

The proposed rezone is from the DRC 85-170 zone to the DMC 240/290-440 zone. The map below shows the proposed rezone area (indicated as Phase 2) alongside the area that was similarly rezoned in the summer of 2023 (indicated as Phase 1). The 2023 legislation rezoned 11 strategically located parcels within a five-block area along 3rd Avenue. The current proposal extends the rezone area to 12 more parcels in adjacent blocks on Union Street as far east as 5th Avenue.

The 2023 rezone (Phase 1) is beginning to yield results. Application materials for a development proposal on the half block of the former Kress IGA site have been submitted for a new building with two residential towers totaling about 900 homes. Property owners of the Ross building in the 2023 rezone area are currently exploring preliminary development concepts.

Downtown Retail Core Rezone Map
Currently Proposed Rezone Indicated as "Phase 2"



The following summarizes the key changes to development standards between the DRC zone and the DMC zones. Not all changes can be summarized concisely in this report. The comparison focuses on the standards that govern the scale and qualities of potential development the most.

HEIGHT LIMITS

DRC 85-170 (Existing)	DMC 240/290-440 (Proposed)
The base height limit is 85 feet, except that the base height limit is 170 feet if: • All portions of a structure above 85 feet contain only residential use; or • At least 25 percent of the gross floor area of all structures on a lot is in residential use; or • A minimum of 1.5 FAR of eating and drinking establishments, retail sales, and service or entertainment uses, or any combination thereof, is provided on the lot.	• The height limit for non-residential and live-work uses is 240', the first figure after the zone designation. • For residential use, the base height limit is 290' • For residential use the maximum height is 440'. The maximum height is available to structures in residential use that use the bonus.

The overall effect of the change to height limits is that substantially taller tower structures could be built in the rezoned area. Maximum height limits would increase by 70 feet for commercial uses and 270 feet for residential uses. The change would allow a different scale of tall residential tower. Height is not the only standard that governs potential building form. Other key standards such as floor plate limits apply that govern the form of development. Height increase would be material for new infill development projects. For Landmark structures that would be preserved the primary effect is an increase in the amount of Transfer of Development Rights (TDR) that historic properties could sell. (See also analysis below.)

FLOOR AREA RATIO (FAR) AND INCENTIVE ZONING STRUCTURE

<table>
<tr><th>DRC 85-170 (existing)</th><th>DMC 240/290-440 (proposed)</th></tr>
<tr><td>Base FAR: 3
Maximum FAR: 6
(Does not apply to residential development because residential use is exempt from FAR limits.)</td><td>Base FAR: 5
Maximum FAR: 8
(Does not apply to residential development because residential use is exempt from FAR limits.)</td></tr>
<tr><td colspan="2">Bonus Floor Area (for Commercial Development)
The bonus structure to build FAR above the base amount is summarized below and is the same for the existing and proposed zones except items with an * only apply to the proposed DMC zone.
• * First 0.25 increment of FAR through Regional Development Credits
• 75% of bonus floor area derived from affordable housing (via MHA), and a contribution to childcare</td></tr>
</table>

• 25% of bonus floor area from a combination of landmark or open space TDR or downtown amenities.
Key FAR Exemptions: The FAR exemptions are the same for most uses under the existing DRC zone, and the proposed DMC 240/290-440 zone in the rezone location because Map 1j of the downtown code applies these exemptions to a mapped area that includes the land in this proposal. • Residential use • Uses in 23.49.009.A (required active street level uses) • Shopping atria • Childcare centers • Human service use • Museums • Performing arts theaters • Floor area below grade • Public restrooms • Major retail stores • Shower facilities for bike commuters • City facility (police, fire station)
Elementary and secondary schools are exempt from FAR limits in the proposed DMC 240/290-440 zone but not the existing DRC zone.

The overall effect of the zone change with respect to FAR limits is an increase to overall development capacity for commercial development. The maximum FAR limit for commercial development would increase by 33% from 6 to 8. However, in the foreseeable future new commercial/office development is not anticipated in this area. The proposed change is focused on residential development. Since residential is exempt from FAR limits in the existing and proposed zones, the scale and quantity of residential development would be controlled by other building envelope standards. The incentives to gain bonus FAR are very similar between the existing and proposed zones.

ALLOWED AND PROHIBITED USES

DRC 85-170 (existing)	DMC 240/290-440 (proposed)
All uses are allowed except for a narrow list of prohibited uses: • Drive-in businesses • Outdoor storage; • General and heavy manufacturing uses • Solid waste management and recycling • All high-impact uses.	All uses are allowed except for a narrow list of prohibited uses: • Drive-in businesses • Outdoor storage; • General and heavy manufacturing uses; • Solid waste management and recycling, • High-impact uses; • Adult theaters and panoramas; • Flexible-use parking garages for long-term parking

The overall effect of the proposed change with respect to allowed and prohibited uses is negligible. The standards under the existing zone and the proposed zone are nearly identical.

STREET LEVEL USES AND FAÇADE REQUIREMENTS

<table>
<tr><th>DRC 85-170 (existing)</th><th>DMC 240/290-440 (proposed)</th></tr>
<tr><td colspan="2">Active street level uses. All streets in the proposed zone change area are streets requiring active street level uses regardless of the zone by the downtown zoning chapter. 75% of the street frontage would have to be occupied by the following uses:
• General sales and services
• Human services and childcare
• Retail sales, major durables
• Entertainment uses
• Museums
• Libraries
• Schools*
• Public atriums
• Eating and drinking establishments
• Arts facilities
• Religious facilities
• Bicycle parking
*Except schools are not one of the options in the DRC zone.</td></tr>
<tr><td>Façade requirements
• Minimum façade height of 35'
• Facades must be placed close to the sidewalk
• 60% transparency requirement for ground floor façade
• Limitation on blank facades</td><td>Façade requirements
Standards are set according to the street classification, and all streets in the affected area are Class I Pedestrian Streets. The following standards apply:
• Minimum façade height of 25'
• Facades must be placed close to the sidewalk
• 60% transparency requirement for ground floor facades
• Blank façade limits</td></tr>
</table>

The overall effect of the proposed change with respect to street level uses and façade requirements is negligible. The standards under the existing zone and the proposed zone are nearly identical.

TOWER SPACING, UPPER LEVEL DEVELOMENT STANDARDS, AND FLOOR PLATE LIMITS

DRC 85-170 (existing)	DMC 240/290-440 (proposed)
• 15' setback required above 85' of structure height	• Required tower separation is 60' for the affected area. • Average residential tower floor area limit per story is 10,700 sq. ft. • Maximum residential tower floor area limit per story is 11,500 sq. ft. • Commercial towers are required to be modulated • Maximum tower width of 120' • 15' setback required above 45' on green streets

The overall effect of the change is that taller residential structures would be allowed in the DMC zone, but they are subject to numerous controls that would limit the bulk. The development standards of the proposed DMC 240/290-440 zone would result in relatively slender tall residential towers. Under existing regulations residential structures would be lower but could have a bulkier presence since there are not floor plate or width limits under current conditions. (See examples on following pages).

AMENDMENT TO TOWER FLOOR PLATE LIMITS

In conjunction with the rezone to the DRC zone, the proposed legislation would adjust the floor plate size limits for towers in the DMC zones. Average and maximum floor plate size limits in the zones are constraining and sometimes cause development to be more expensive, because of the limit on the amount of floor area that can be provided for homes in proportional to the vertical circulation in the structure. The proposed increase is approximately 10% to both the average and maximum limit as shown below. The change is intended to create more workable floor plans that reduce inefficiency.

DMC 240/290-440 and DMC 240/290-440	Existing DMC Floor Plate Size Limits	Proposed DMC Floor Plate Size Limits
Average residential gross floor area limit per story if tower does not exceed base height limit.	10,000 sq. ft.	11,000 sq. ft.
Average residential gross floor area limit per story of a tower if height exceeds the base height limit for residential use	10,700 sq. ft.	11,800 sq. ft.
Maximum residential floor area of any story in a tower	11,500 sq. ft.	12,700 sq. ft.

The overall effect of the change is that towers in the DMC zones would be allowed to be about 10% bulkier than currently allowed. The visual effect of a 10% increase would not be readily recognizable to many observers. However, the change could lead to an incremental decrease in the perception of lightness or slenderness to tall residential towers. Other standards limiting proliferation and spacing between towers would mitigate increased bulk effects.

PARKING

DRC 85-170 (existing)	DMC 240/290-440 (proposed)
• No long- or short-term parking is required in downtown zones. • Flexible-use parking garages for long-term parking are prohibited. • Flexible-use parking garages for short-term parking are allowed by conditional use. • Accessory parking garages for long- and short-term parking are allowed up to the parking maximum of 1 space per 1,000 sq. ft. of commercial floor area.	

The overall effect of the change on parking is negligible. The core standards governing parking are identical.

Analysis

Projected Development

Many factors inform whether properties will redevelop such as the goals of property owners, conditions in the regional economy, and interest rates. All sites within the proposed rezone area could be redeveloped under existing regulations in the absence of the rezone. Any increased likelihood of redevelopment must be considered relative to the potential development under existing zoning.

Sites in the rezone area are already built out to varying degrees. In general, more intensively used land and buildings that are occupied are less likely to be redeveloped, and properties with a lower scale of existing structures or vacancies are more likely to be redeveloped.

The presence of historic landmarks can limit redevelopment potential, as landmark status imposes additional regulatory constraints. However, the proposed rezone in the Downtown Retail Core is expected to support the office to residential conversion of vacant upper-floor office space in historic buildings through the viability of the Transfer of Development Rights (TDR) program. By increasing allowable development capacity, the rezone will boost the amount of development rights that landmarked properties can sell, thereby strengthening the financial incentive for their preservation. (See further discussion of TDR below).

A specific estimate of the quantity of projected housing development in the rezone area is difficult, but an order of magnitude range can be understood by identifying the candidate sites for redevelopment or conversion. The following sites in the rezone area have at least a moderate potential for redevelopment or conversion.

Candidate Sites for New Construction
1405 5th Avenue (5th & Union, vacant former Chase bank branch).
425 Pike Street (Washington Federal 5-story office structure).

Candidate Sites for Conversion of Upper Floors to Housing
Holland/MiKen Building (1417 4th Avenue Landmark).
Joshua Green Building (1425 4th Avenue Landmark).
Great Northern Building (1404 4th Avenue Landmark).
Liggett Building (1424 4th Avenue Landmark).

Vance Building (1402 3rd Avenue).

It is extremely unlikely that all or even most of these sites would develop during an intermediate time horizon of 10 years. However, for a general sense of scale, if all were developed (including conversions) OPCD estimates that an additional 900-1,200 homes could be created, which are estimated to generate $4.8 million- $6.6 million of MHA proceeds for affordable housing. The estimate anticipate that landmark structures would be rehabilitated and converted to housing, because they would not be demolished due to their landmark status.

Historic Landmarks

There are four landmarks within the proposed rezone area as shown in the map below: Joshua Green Building, 1425 4th Avenue, Holland/MiKen Building, 1417 4th Avenue, The Liggett Building, 1424 4th Avenue, and the Great Northern Building 1404 4th Avenue, Seattle. Other structures in the proposed rezone area are historic aged but not designated as a landmark. (Appendix 1 includes more complete description of each landmark.)

Historic Landmark Buildings in the Proposed Rezone Area
Seattle Landmark Protections

Joshua Green Building,1425 4th Ave Seattle

Holland/MiKen Building,1417 4th Ave, Seattle

The Liggett Building, 1424 4th Ave, Seattle

Great Northern Building 1404 4th Ave, Seattle

Seattle Municipal Chapter 25.12 governs the designation of landmarks, controls on landmarks, and limits on alteration of a designated landmark. When a landmark is designated, the City adopts a controls and incentives ordinance that identifies the specific features of the landmark which are designated, the basis for the designation and any controls imposed on the landmark. A certificate of approval must be issued before changes can be made to individually designated City Landmarks. A Certificate of Approval is a written authorization, much like a permit.

Before a Certificate of Approval is issued, an application must be submitted via the Seattle Services Portal, which then is reviewed by staff; once the application is determined complete it is scheduled for a public meeting of the Landmarks Preservation Board for review and action. The Secretary of the Interior's Standards for Rehabilitation are considered by the Department of Neighborhoods and the Landmarks Preservation Board when reviewing applications for certificate of approval. Demolition of any landmark is strongly discouraged by the City's policies.

Transfer of Development Rights (TDR)
The Downtown Zoning Chapter of the Land Use and Zoning Code (SMC 23.49) promotes historic preservation through several key mechanisms, including landmark protections for buildings, and the use of Transfer of Development Rights. (The technical term for transfer of commercial development rights at issue here is "Transfer of Development Potential" (TDP), but "Transfer of Development Rights" is used in this report as a more familiar and commonly used term.)

In the area of the proposed rezone, the program allows owners of designated Seattle landmarks to sell unused development rights of commercial square footage to other properties within defined areas of downtown. This incentivizes the preservation, rehabilitation, and restoration of historic structures by enabling financial return for unused commercial development capacity. The value of these rights is determined through negotiation between the sending and receiving property owners. Once transferred, the commercial development rights remain with the receiving lot in perpetuity.

For the foreseeable future, owners of historic structures may be interested in converting underused office space in underused commercial buildings to housing. If they do, the converted buildings would not have any commercial office space in them that would count against FAR limits under zoning – referred to as "chargeable" floor area. Therefore, after the conversion, the owner of the historic structure could sell off their rights to commercial development. They could sell TDR square footage up to the amount of commercial space that would be allowed on their site by zoning - governed by the base FAR limit. The proposed rezone increases the base FAR limit from 3.0 to 5.0, increasing the commercial square footage rights that the historic building owners could sell after the conversion. The increased economic value of the future proceeds from TDR would make the decision to pursue a residential conversion more viable. The table below illustrates how this would work using the Ligett Building as an example. In the example the amount of TDR that could be sold increases by 24,690 square feet.

Liggett Building at 4th and Pike Example

	Existing DRC 85-170 Zone	**Proposed DMC 240/290-440**
Site Area	12,210	12,210
Base FAR Limit	3.0	5.0
Commercial floor area that could be sold through transfer of development rights	36,360	61,050
Assumes a conversion to residential occurs and ground floor commercial square footage in the revitalized buildings is also exempt from chargeable FAR limits.		

Development Examples Under the Existing and Proposed Zones
For new development, the DMC 240/290-440 zone has resulted in a relatively consistent pattern of residential towers, characterized by slender upper stories and overall building heights of approximately 40 stories. This pattern is evident in several buildings located west of the proposed rezone area along

2nd Avenue. These projects demonstrate the scale and form made possible by the height limits, floor plate restrictions, and development capacity permitted in the DMC zone.

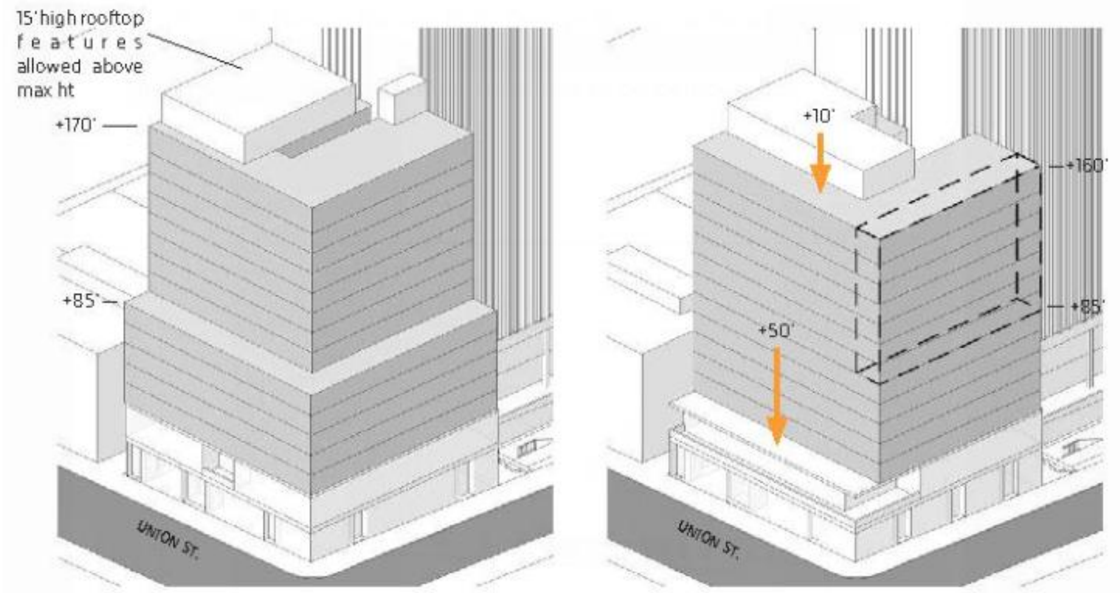
One example is a development proposal in the Commercial Core, just west of the proposed rezone area, at 1516 2nd Avenue. This project includes a 46-story, 531-unit mixed-use residential tower with ground-floor retail and parking for 268 vehicles. The scale of this development is enabled by the DMC 240/290-440 zoning, which supports greater building height and density than the existing DRC zone.

Example Development in the Proposed DMC 240/290-440 Zone

In contrast, a development proposal that is not moving forward within the Downtown Retail Core, at 5th Avenue and Union Street—within the proposed rezone area—consisted of a 15-story, 100-unit apartment building that included hotel rooms and retail space, with no parking proposed. The DRC 85-170 zoning limits the scale of development through lower height limits and fewer building form controls.

Example Development in the Existing DRC Zone

These two proposals highlight the different development patterns produced under the DRC and DMC



Code Compliant Massing

Proposed Massing Departure
Volume of Departure Request = Maximum of **107,857cf.**

zones. While both zones permit a wide range of uses and share similar ground-floor activation and parking standards, the key distinction lies in the scale and form of residential development. Rezoning to DMC 240/290-440 would allow significantly taller towers—with up to 270 additional feet for residential uses—and introduce form-based regulations such as tower spacing and floor plate limits that promote slender, vertical structures. These changes would support more efficient land use, greater housing production, and increased foot traffic and activity in the downtown core, particularly during evenings and weekends, while maintaining a strong pedestrian-scale environment through consistent street-level design standards.

Comprehensive Plan consistency

The proposed rezone area is located in Downtown Seattle, which the Seattle Comprehensive Plan identifies as a Regional center. The Plan describes Regional Centers as places of regional importance with substantial housing, office, retail, institutional, and entertainment uses and access to regional transit. The Plan also specifically recognizes the unique role and character of different neighborhoods within large Regional Centers, particularly Downtown.

The Proposed legislation would rezone 12 parcels from Downtown Retail Core (DRC 85-170) to Downtown Mixed Commercial (DMC 240/ 290-440). The proposal would extend to additional blocks the same zoning approach adopted in 2023 for nearby properties in Downtown. As described in the proposal, the intent is to respond to changing retail conditions, support additional housing, and increase opportunities for office-to-residential conversion and other mixed use redevelopment.

The proposal is consistent with the Seattle Comprehensive Plan's growth strategy for Downtown because it would increase opportunities for housing and mixed-use development within a designated Regional Center planned to accommodate substantial future growth. The Plan calls for Downtown to accommodate 13,500 new housing units and 60,000 new jobs between 2024 and 2044. The proposal would support that growth strategy by allowing more housing capacity in a central Downtown location while continuing to allow a broad mix of non-residential uses.

The proposal is also consistent with the Land Use element's direction for Downtown zones. The Plan states that Downtown zones should promote Downtown's unique regional role through high-density development, a wide diversity of residential and non-residential uses, and a vital and attractive environment. The Plan further provides that in the core of Downtown, regulations should allow a broad range of uses and significant flexibility to switch uses so Downtown can adjust to changing conditions and support a 24/7 environment. Extending the DMC zoning designation to these additional blocks is consistent with that direction because it would allow greater flexibility in how underused properties are reused and redeveloped while supporting continued retail, employment, residentioal, and pedestrian activity in this part of Downtown.

The proposed legislation therefore supports the Seattle Comprehensive Plan's direction to focus substantial growth in Regional Centers, expand housing opportunits, maintain a broad mix of uses in Downtown, and allow land use regulations in the core of Downtown to respond to changiong economic conditions.

Rezone land and amend development standards to support multi-purpose redevelopment on sites with community-based uses.

Background

In September of 2025 the City rezoned the vicinity of the former Lake City Community Center to support higher density redevelopment with a new community center and City-funded affordable housing. The currently-proposed legislation would expand the approach to facilitate similar mixed-use developments of several groups of properties anchored by sites owned by nonprofit actors. Such sites would be encouraged to redevelop with revitalized community facilities combined with increased amounts of housing. The rezone would present the opportunity for owners of community-based sites to partner with adjacent property owners for potential future development.

The intent of this proposal is to amplify housing production on groups of properties scattered across the city with a high likelihood of being developed with affordable housing, social housing, or equitable development uses.

Proposal

The legislation would make the following rezones. Maps are provided on the following pages.

Rainier Beach Light Rail Station Area. Rezone the west half of a block bounded by MLK Jr. Way South, South Trenton Street, 42nd Ave. South, and South Henderson Street from the Seattle Mixed Rainier Beach zone with a 55 foot height limit (SM-RB 55) to the Seattle Mixed Rainier Beach zone with a 125 foot height limit (SM-RB 125). In total this would rezone 2 and a half parcels and approximately 1.57

acres of land. The area is one block directly northwest of the Rainier Beach light rail station platform, within about 500 feet of the station platform.

The east half of the block is already zoned SM-RB 125 and the change would unify the zoning for the whole block. The rezone would rectify a split zone condition on the north part of the block fronting South Trenton Street. The Mt. Baker Housing Association (a non-profit development) intends to build affordable housing with community-oriented ground level uses on the split-zoned parcel, and removing the split zone would simplify the development process and increase the amount of affordable housing that could be built.

University District YMCA Vicinity. Rezone the south portion of the block between 11th Avenue NE and 12th Avenue NE fronting on NE 50th Street. Change the zoning of 4 properties owned by the Seattle / King County YMCA and the Low Income Housing Institute (LIHI) and the site of 10 townhouses from the Neighborhood Commercial 3 zone with a 75 foot height limit to the Seattle Mixed University District zone with the 75-240 height limit (SM-U 75-240). Additionally, change the zoning of four other adjacent parcels from the Midrise (MR) zone to the SM-U 75-240 zone. The rezone would create a contiguous area of the SM-U 75-240 zone, matching the existing zone directly across NE 50th Street from the rezone area. In total, 18 parcels and 1.3 acres of land would be rezoned. The change would create a consolidated block of SM-U 75-240 zoning, which would present a strong opportunity for mixed use redevelopment of the YMCA and LIHI properties, with opportunities to coordinate such development with opportunities on adjacent property.

Madison / Miller YMCA Vicinity. Rezone the property between 23rd and 24th Avenue fronting on East Olive Street that is owned by the Seattle / King County YMCA from Lowrise 2 (LR2) to Neighborhood Commercial 2 with a 75 foot height limit (NC2-75). Additionally, rezone three adjacent parcels owned by the Ebenezer AME church from the Lowrise 3 (LR3) zone to the NC2-75 zone. In total the rezone area would consist of four parcels and 1.4 acres of land.

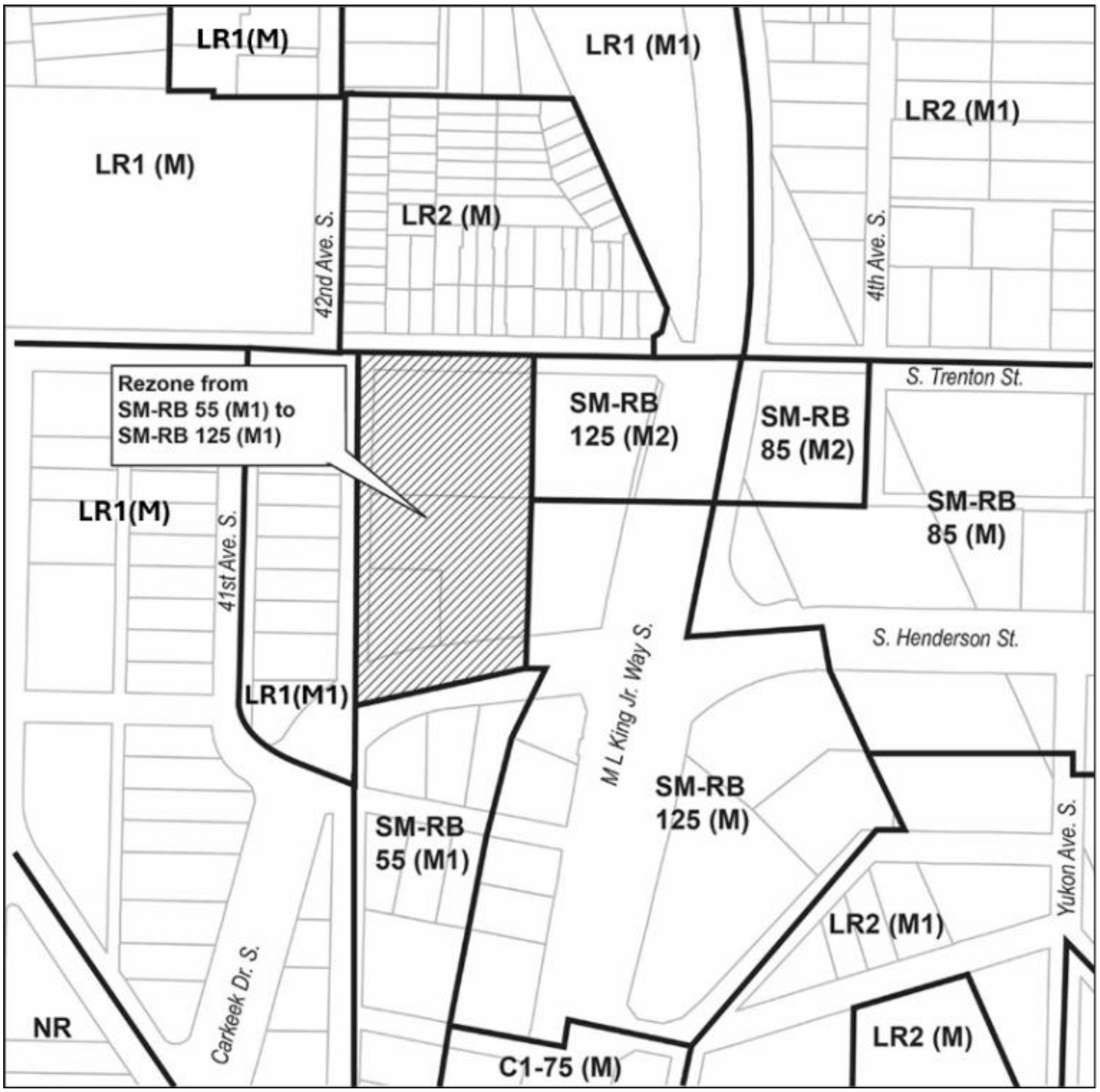
The proposal also would amend the City's Planned Community Development (PCD) regulations to make redevelopment more viable on large sites in any downtown zone that are owned by nonprofit agencies. Potentially relevant large properties include the Goodwill campus of sites on South Dearborn Street, and would also apply to other large properties owned by non-profit agencies in downtown. PCDs are applicable to sites in downtown zones with a minimum size of 100,000 square feet. (A typical downtown full city block is approximately 84,000 sq. ft.) Three changes to the PCD regulations are proposed as follows:

Remove duplicative public benefit priorities for non-profit organizations. SMC section 23.59.036.B requires a process to identify public benefit priorities for a PCD proposal prior to application for a Master Use Permit. The proposed legislation amends the eligible public benefit features to add more features that match the activities of non-profit services providers. Since the nonprofit would be providing such public benefits, the amendment makes the option to prepare a PCD more accessible to non-profit applicants.

Add a phasing plan for PCDs. The proposed legislation adds a requirement for a PCD applicant to submit a phasing plan. The phasing plan would allow for a 15-year time horizon for development before expiration of the PCD. This change is intended to give potential applicants for a PCD more certainty that they could phase their development over time, providing more incentive to undertake the PCD process.

Add a minor amendment process for PCDs. The proposed legislation adds clarity to the process for making minor amendments to a PCD. The legislation sets a process for the Director of SDCI to determine minor and major amendments and allows the SDCI Director to approve a minor amendment as a simple Type I permit decision. This proposed change gives potential applicants for PCD greater flexibility, enabling them greater confidence to pursue a PCD process.

Rainier Beach Rezone Map

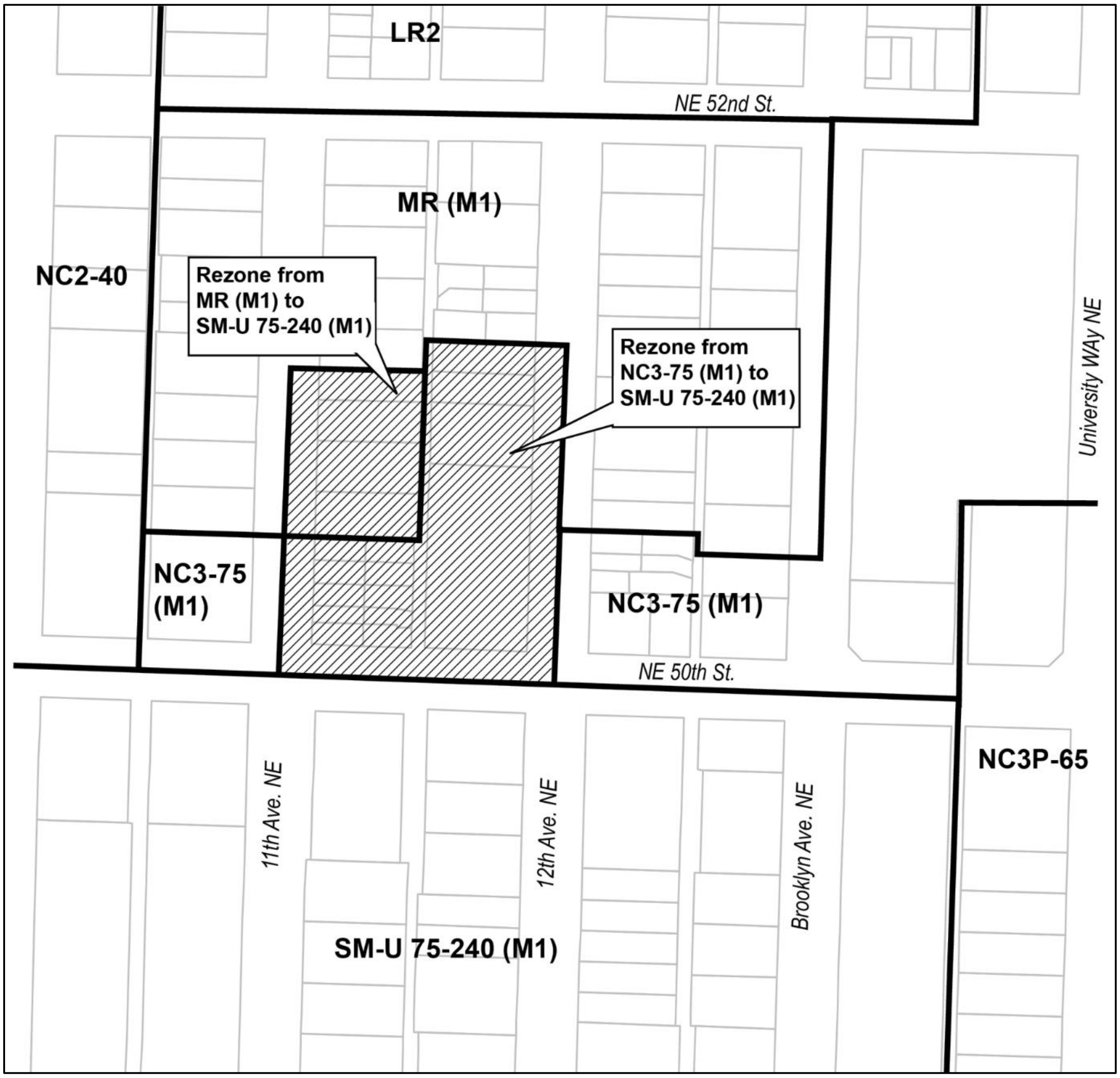


Summary of Zoning Changes – Key Development Standards
Rainier Beach Rezone

	Existing **SM-RB 55**	**Proposed** **SM-RB 125**
Maximum Height	55'	125'
FAR Limit	2.25 3.25 The FAR shall be increased by an amount of floor area equal to twice the amount of floor area occupied by these uses: light manufacturing; college; School, vocational, or fine arts; Food processing and craft work; Child care center; or Low-income housing.	3.75 5.75 The FAR shall be increased by an amount of floor area equal to twice the amount of floor area occupied by these uses: light manufacturing; college; School, vocational, or fine arts; Food processing and craft work; Child care center; or Low-income housing.
Allowable Uses	Residential and live-work uses are prohibited in street-level	Residential and live-work uses are prohibited in street-level
Typical New Development in the Zone	5 story buildings with commercial on ground floor, office and residential uses above	Up to 12-story buildings with commercial on ground floor, office and residential uses above

The primary effect of the proposed rezone from SM-RB 55 to SM-RB 125 is to allow greater building scale and intensity of development. Maximum height would increase from 55 feet to 125 feet, enabling structures more than twice as tall. FAR limits would rise from 2.25 to a range of 3.25–5.75. 5.75 is achievable if development incorporates community-serving uses such as child care, vocational schools, light manufacturing, and low-income housing. Allowable uses would remain largely unchanged from the existing zone, with residential and live-work prohibited at street level along designated streets, while a mix of commercial, institutional, and upper-level residential uses would continue to be permitted. As a result, the typical new development in the zone would shift from mid-rise buildings of about five stories to high-rise mixed-use projects up to twelve stories, with active street-level uses and a greater mix of housing and employment opportunities. However, even with the zone change, economic conditions could still lead to the production of midrise buildings in the location.

University District Rezone Map

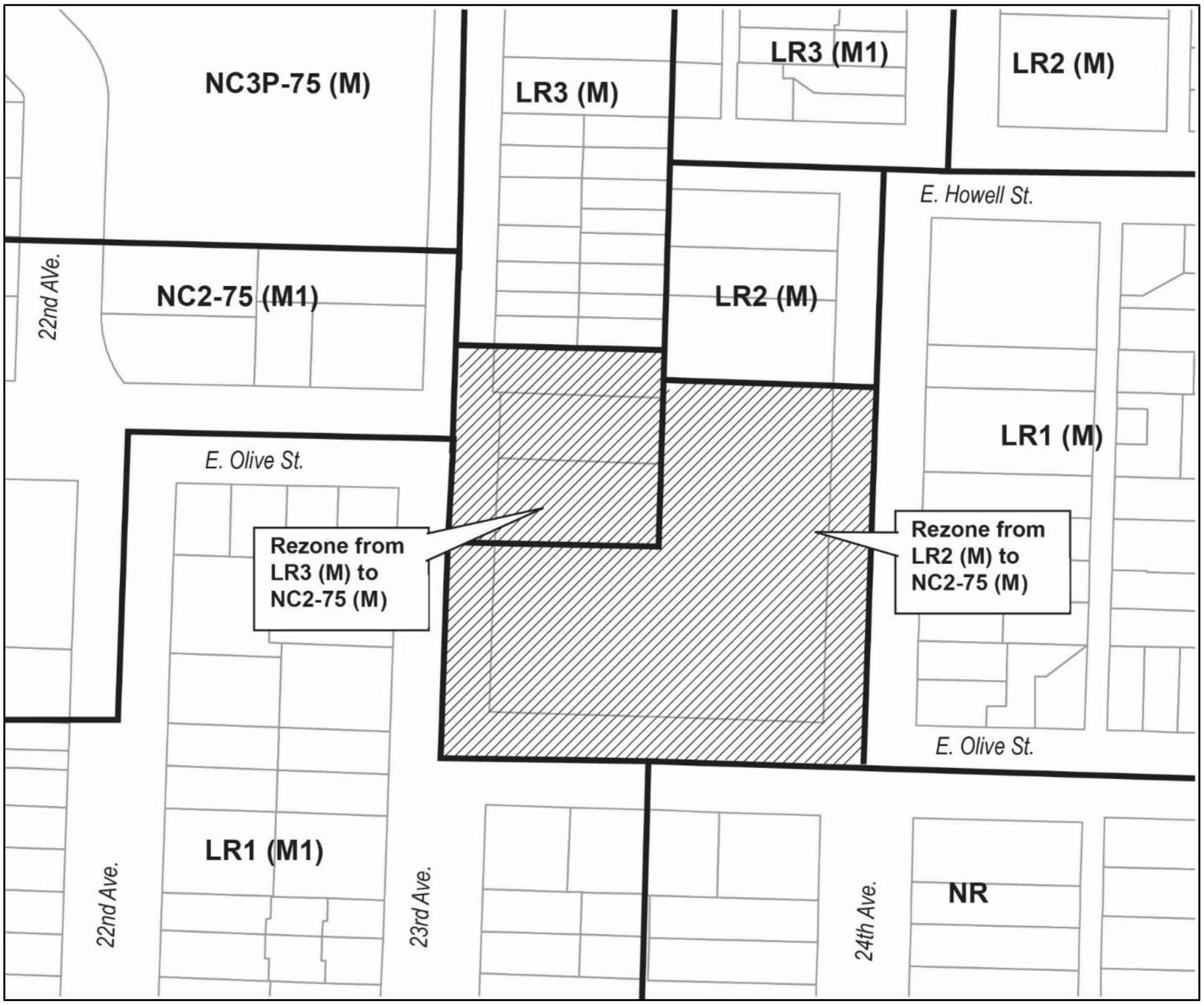


Summary of Zoning Changes – Key Development Standards
University District Rezone Area

	Existing MR Zone	**Existing NC3-75**	**Proposed SMU 75-240**
Maximum Height	80'	75'	Base of 75' for midrise structures 240' for highrise structures with bonuses
FAR Limit	4.5	5.5	Base FAR for all uses is 7 Maximum FAR for non-residential uses 10 Maximum FAR in a mixed uses development
Allowable Uses			Required street level commercial, civil, or community uses.
Typical New Development in the Zone	7- or 8-story apartment building	Mixed-use building with commercial on ground floor, housing above	Midrise or highrise buildings with commercial on ground floor, office and residential uses above

The primary effect of the proposed rezones to SMU 75-240 would be to allow taller buildings, greater floor area, and a broader mix of uses than currently permitted. Maximum height would increase from 75–80 feet in the MR and NC3-75 zones to up to 240 feet for highrise residential structures in the SMU 75-240 zone. FAR limits would expand from 4.5 in MR and 5.5 in NC3-75 to a base FAR of 4.75, with a maximum of 10 for mixed-use projects, substantially increasing development capacity. Allowable uses would continue to require street-level commercial, civic, or community uses, reinforcing an active pedestrian environment while allowing a wide range of office, residential, and other uses above. As a result, the typical new development in the zone would shift from 7- to 8-story apartment buildings or modest mixed-use projects to larger midrise and highrise mixed-use towers with commercial at the ground floor and significant residential space above. Under the proposed SM zone, maximum floor area and height above 75' is only achievable if developments provide items from the incentives menu (i.e. open space, family-sized housing etc.)

Madison Miller Rezone Map



Summary of Zoning Changes – Key Development Standards
Madison Miller Rezone Area

	Existing LR2	**Existing LR3**	**Proposed NC2-75**
Maximum Height	40'	50'	75'
FAR Limit	1.4 for attached and detached homes 1.6-1.8 for stacked flats	2.3	5.5
Allowable Uses			
Typical New Development in the Zone	Mostly 3- and 4-story townhouses, Some 4-story apartments	Mostly 5-story apartments, some 3-story townhouses	Mixed-use building with commercial on ground floor and residential above

The primary effect of the proposed rezone would be to allow larger and more intensive development than what is currently permitted. Maximum height would increase from 30–50 feet in the Lowrise zones to 75 feet in NC2-75. Floor Area Ratio (FAR) limits would expand from a range of about 1.4–2.3 in LR2 and LR3 to 5.5 in NC2-75. Allowable uses would also broaden, shifting from primarily residential with some institutional uses in LR2 and LR3 to a wide mix of residential, retail, office, and other commercial uses in NC2-75, encouraging mixed-use activity. Accordingly, the typical new development in the zone would change from small- to mid-scale apartments or townhouses to larger mixed-use buildings with active ground-floor commercial uses and multiple stories of housing above.

Analysis

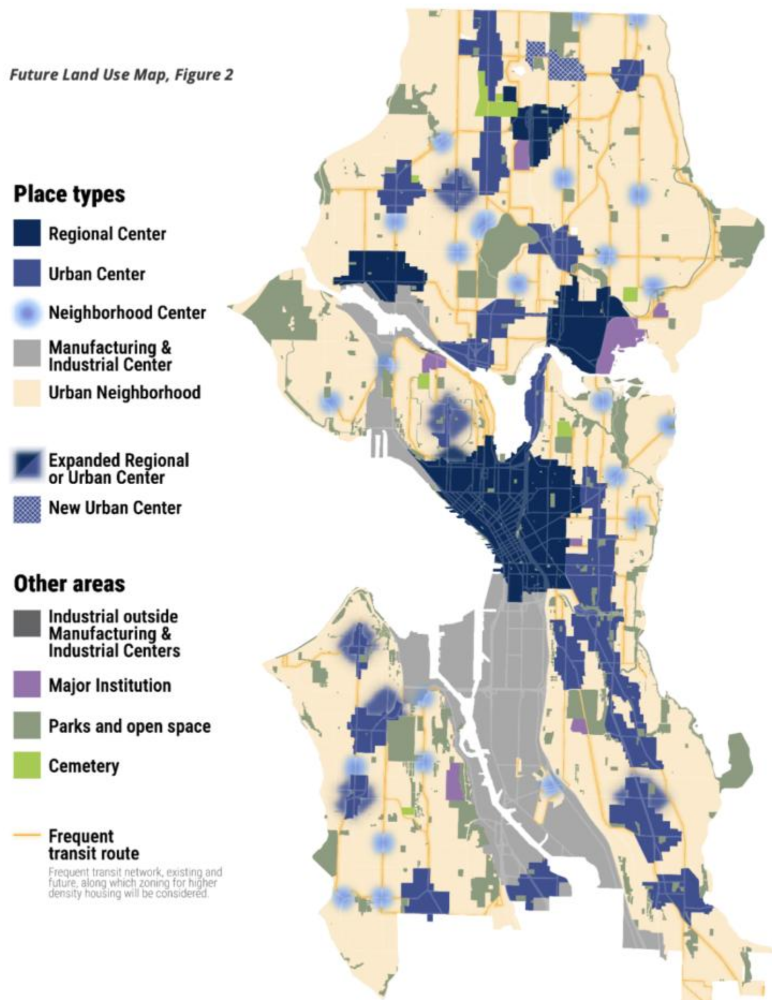
Comprehensive Plan Consistency

Rainier Beach Light Rail Station Area.
In the Seattle Comprehensive Plan, Rainier Beach is identified as an Urban Center as shown in the Future Land use map below. The plan designates Urban Centers as areas to accommodate meaningful residential and employment growth as well as concentrated investment in infrastructure, services, and affordability. Under this framework, Rainier Beach's designation as an Urban Center affirms its role as a focal node for equitable growth. The proposal emphasizes community uses and nonprofit-led development. Therefore it is strongly compatible with the Seattle Comprehensive Plan as it aligns with the Plan's core values of housing affordability, equity & opportunity, and inclusive community & neighborhoods by ensuring that growth in Rainier Beach benefits current residents, supports cultural institutions, and expands access to needed amenities without increasing displacement risks.

In Seattle Comprehensive Plan, Uban Centers near significant transit investments, especially light rail stations, may be appropriate locations for buildings greater than eight stories. The proposed rezone is consistent with that framework. The site is located within approximately 500 feet of the Rainier Beach light rail station, and the proposal would increase height capacity on the west half of the block to match the Seattle Mixed zoning already in place on the east half. The Plan's Land Use element specifically states that Seattle Mixed zones are intended to address unique local conditions in high-density, mixed-use areas outside Downtown, including the Rainier Beach light rail station vicinity.

The proposal is also consistent with the plan's direction to support equitable development and community-serving uses. The Land Use element includes a policy to consider zoning pilot programs that demonstrate the social benefits of equitable development, including community-serving uses and housing serving a spectrum of household incomes through partnerships among public, private, and community-based organizations. The Capital Facilities element also calls for collaboration with public and nonprofit organizations to construct or expand community-based facilities and to pursue co-location opportunities for community programs and services. In that context, rezoning this site to facilitate affordable housing and community-oriented ground-floor uses by a nonprofit developer is consistent with the Seattle Comprehensive Plan.

The Seattle Comprehensive Plan Future Land Use Map



University District YMCA Vicinity
In the Seattle Comprehensive Plan, the University District is identified as a Regional Center. The Plan describes Regional Centers as places of regional importance with substantial housing, office, retail, institutional, and cultural or entertainment uses, together with access to regional transit. The University District is specifically listed as a Regional Center, and the Growth Strategy plans for it to accommodate 4,000 new housing units and 3,500 new jobs between 2024 and 2044.

The proposal is consistent with that framework. The Plan states that Regional Centers should allow a wide range of higher-density housing types and a wide range of non-residential uses, including office, retail, institutional, and entertainment uses. The proposed rezone would create a larger contiguous area of Seattle Mixed University District zoning and would expand redevelopment opportunities for properties owned by the YMCA, LIHI, and adjacent property owners in a location where the Plan anticipates substantial housing and employment growth.

The proposal is also consistent with the Land Use element’s treatment of Seattle Mixed zones. The Plan explains that Seattle Mixed zones are intended to support unique local conditions in high-density, mixed-use areas outside Downtown, including the University District, and calls for using a range of Seattle Mixed zones and height limits to support the existing and desired character of those areas. In addition, the Plan supports equitable development and collaboration with nonprofit organizations to expand community-based facilities and co-located services. The proposed rezone would therefore further the Plan’s vision for growth in the University District by supporting additional housing capacity, institutional and community-serving uses, and potential nonprofit-led mixed-use redevelopment in a major transit-served Regional Center.

Madison / Miller YMCA Vicinity
In the Seattle Comprehensive Plan, Madison–Miller is identified as an Urban Center. The Growth Strategy describes Urban Centers as areas with an important citywide role that include a wide range of housing, jobs, shops, and services and access to regional or local transit. The Plan also states that Urban Centers should allow a wide range of housing types and generally allow buildings of three to eight stories, and should allow a wide range of non-residential uses including office, retail, institutional, and entertainment uses.

The Proposed rezone is consistent with that framework. Rezoning the YMCA property and adjacent Ebenezer AME Church parcels to NC2-75 would support additional mixed-use development capacity in an Urban Center and would allow a combination of housing and community-serving uses in a location where the Plan anticipates a broad mix of residential and non-residential activity. The proposal is also consistent with citywide land use policies that support a wide variety of housing options, a wide variety of businesses and institutions that meet residents’ everyday needs, and development that contributes to vibrant, equitable, complete, and walkable neighborhoods.

The proposal would also support the Plan’s direction to remove regulatory barriers to uses that support equitable development and to collaborate with nonprofit organizations to construct or expand community-based facilities. In that context, allowing additional development capacity on sites owned by the YMCA and Ebenezer AME Church is consistent with the Seattle Comprehensive Plan’s approach to concentrating growth in centers while supporting community serving institutions and opportunities for housing.

Compatibility

Rainier Beach Light Rail Station Area.
The site is one block directly northwest of the Rainier Beach light rail station, within about 500 feet of the station platform. The site consists of the west half of a block where the current SM-RB 55 designation creates a split-zoned condition with SM-RB 125 already mapped on the east half of the block. Unifying the zoning across the entire block to SM-RB 125 is important to simplify the development process and enable Mt. Baker Housing's planned affordable housing and community-serving ground-level uses.

This change is also compatible with the surrounding context. To the north, the area transitions to Lowrise zones developed with townhouses; to the west, LR1 parcels with older single-family homes; and to the east and south, it directly relates to existing Seattle Mixed zoning, including SM-RB 125. The unified zoning provides an appropriate step between lower-intensity residential areas and higher-intensity mixed-use development at the station, ensuring a logical and context-sensitive fit within the neighborhood fabric. The change would provide a zone transition a the 42nd Avenue South Street right of way instead of midblock.

University District YMCA Vicinity
The site consists of the south portion of the block where the proposal would rezone four properties owned by the Seattle/King County YMCA and the Low Income Housing Institute (LIHI), along with the site of 10 townhouses, from Neighborhood Commercial 3 with a 75-foot height limit (NC3-75) to Seattle Mixed University District with a 75–240 foot height limit (SM-U 75-240). In addition, four adjacent parcels currently zoned Midrise (MR) would be rezoned to SM-U 75-240. This change would create a contiguous area of SM-U 75-240 zoning, aligning with the existing SM-U 75-240 designation directly across NE 50th Street. The change establishes a consolidated block of SM-U 75-240 zoning provides a strong opportunity for mixed-use redevelopment of the YMCA and LIHI properties, while also enabling coordinated planning and investment with adjacent parcels.

Madison / Miller YMCA Vicinity.
The proposal would rezone property between 23rd and 24th Avenues fronting on E. Olive Street, including land owned by the Seattle/King County YMCA, from Lowrise 2 (LR2) to Neighborhood Commercial 2 with a 75-foot height limit (NC2-75). Three adjacent parcels owned by the Ebenezer AME Church, currently zoned Lowrise 3 (LR3), would also be rezoned to NC2-75. In total, the rezone area encompasses four parcels covering approximately 1.4 acres. The surrounding context supports this change, as the northwest portion of the area already carries the same NC2-75 designation, while the remaining surroundings include a mix of Lowrise zones and Neighborhood Residential to the southeast, creating a transition of uses and building scales.

Housing
Each of the rezone areas would amplify the amount of housing production that could occur on and near the community-based uses by allowing a greater number of upper stories of residential construction

over community-uses at ground level. The following is a general estimate of housing production that could result in an intermediate 10-year planning horizon.

For each of these areas It is unknown whether additional property in the rezone areas beyond the community-based sites (YMCA and Mt. Baker Housing) would redevelop, potentially in combination with the community-based sites. General assumptions about the total amount of land that would be redeveloped and the likely scale of potential development are made.

Rainier Beach Light Rail Station Area
OPCD estimates that an additional 200-275 homes could be created. If it were a typical market-generated development this would create an estimated \$2 million - \$3 million of MHA proceeds for. The actual quantity of affordable housing would probably be significantly greater since a large portion of the development would be 100% affordable. Mt. Baker Housing envisions a potential development with over 40% of homes being affordable family-sized 2 and 3 bedroom homes.

University District YMCA Vicinity
OPCD estimates that an additional 300-385 homes could be created. If it were a typical market-generated development this would create an estimated \$6 million to \$10 million of MHA proceeds for affordable housing. The actual quantity of affordable housing would probably be significantly greater since a large portion of the development on the YMCA site would be entirely affordable housing.

Madison / Miller YMCA Vicinity
OPCD estimates that an additional 200-240 homes could be created. If it were a typical market-generated development this would create an estimated \$3 million to \$5 million of MHA proceeds for affordable housing. The actual quantity of affordable housing would probably be significantly greater since a large portion of the development on the YMCA site would be entirely affordable housing.

Remove code barriers to affordable housing, passive house, modular and mass timber construction

Background and Proposal

During the 2024-2025 State Legislative session the legislature passed Second Substitute House Bill 1183 (ESHB 1183) "incentivizing affordable and sustainable building practices through building code and development regulation reform". The bill limits regulations cities can impose on residential development. Section 6 prohibits facade modulations or upper level setbacks as a condition of permitting the following types of residential projects:

- affordable housing
- construction meeting passive house requirements
- conversions to residential within existing structures
- modular construction
- mass timber construction

The currently-proposed legislation directly implements 2SHB 1183 by adding an exemption into SMC 23.40 Compliance with Regulations – Exceptions, for any of the types of construction listed above from any upper-level setback and façade modulation requirement anywhere in the Seattle Municipal Code Title 23.

Although the City of Seattle is not required to implement the mandates of 2SHB 1183 until 2028, the City is seeking to implement Section 6 early to reduce barriers to housing construction. Upper-level setbacks and façade modulation requirements present a unique challenge to construction using passive house methods, modular construction methods, and mass timber methods because those construction methods can't accommodate frequent modulations due to the inherent properties of the materials and/or panels. However, these construction methods are sustainable and can result in relatively lower cost housing development in certain circumstances. Therefore, removing modulation and upper-level setback requirements will facilitate increased housing production.

Seattle's land use code includes upper-level setback requirements in several zones including but not limited to certain Neighborhood Commercial zones, numerous downtown zones, and in some specific areas such as the Roosevelt neighborhood.

Analysis

2SHB 1183 requires that cities in Washington make the type of changes in this proposed legislation. The only aspect of this action at the city's discretion is the timeline. OPCD is recommending that Seattle make the zoning changes earlier than required by State law – the deadline would be in 2028. There could be some minor impact from the changes on the bulk and scale of upper levels of structures built in certain zones. Construction in mass timber or passive house standards is not yet widespread and constitutes a small percentage of buildings built today. Since the relevant types of construction and affordable housing are likely to be a small percentage of all development, the scale of impact from the change would be moderate. The practical scale of construction using mass timber or modular methods under today's conditions is generally limited to midrise buildings, although a few intermediate mass timber towers in the 12-18 story range have been built in the Pacific Northwest in the last five years. It is unlikely that mass timber towers greater than 18 stories will be constructed in the foreseeable future – meaning that the impact of the upper-level setback waiver in Seattle's downtown zones would have a moderated effect – since most tower built in downtown Seattle with conventional construction methods far exceed those heights. The primary effect of implementing section 6 of HB 1183 early is giving several potential residential development projects that are exploring the use of mass timber or passive house construction methods, including for affordable housing, a greater likelihood of moving forward to construction in the next few years.

Increase height limits and modify development standards to encourage more housing in Belltown

Background

While most of Downtown has received major upzones in the last 25 years, zoning in Belltown has had minimal increases since 1985. Outdated zoning parameters create inefficiencies for development and may be constraining infill housing in a relatively strong housing market area. This proposed legislation would increase height limits for residential uses by 50 – 100 feet and make other minor adjustments to coverage and story size limits to encourage moderate scale residential towers.

Proposal

This proposed legislation would make several amendments to the Land Use Code text to address zoning inefficiency and support residential development in Belltown. These amendments would apply specifically within the Belltown neighborhood and they would be for a limited time period through year 2028. The intent is to encourage development in the near term, and to allow for permanent or more comprehensive zoning updates to occur following adoption of a new Downtown Subarea Plan.
The amendments are:

For Downtown Mixed Residential (DMR) zones with a 95' height limit, increase allowed height by 50' to a maximum of 145'.

For Downtown Mixed Residential (DMR) zones with a 145' height limit, increase allowed height by 100' to a maximum of 245'.

Increase the allowed coverage limits for upper stories of buildings, above 65' by 5%.

Increase the maximum allowed story size for buildings above 145' tall from 8,800 sq. ft. to 10,700 sq. ft.

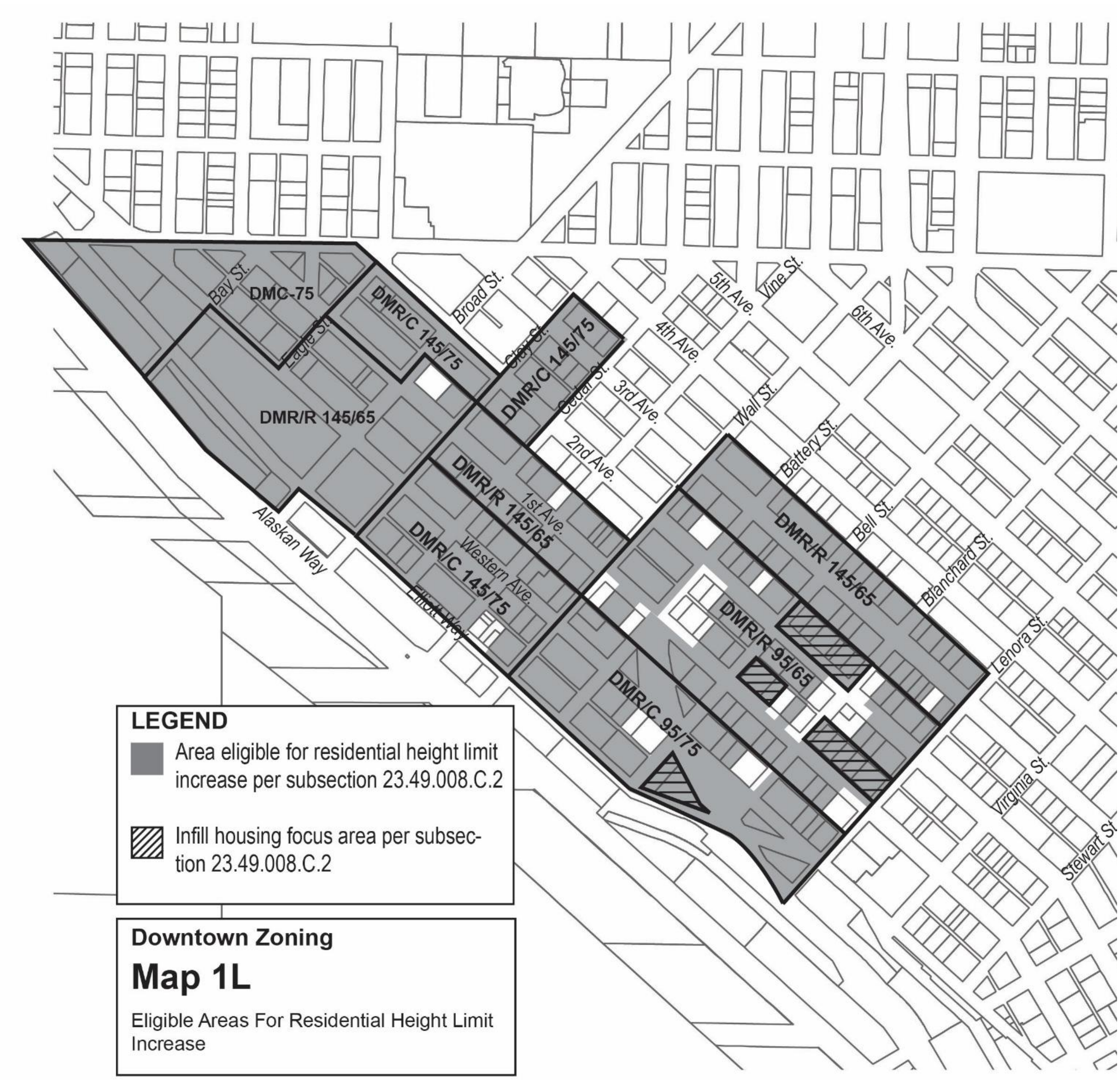
Exempt lodging uses from FAR limits in the DMR zone zones.

The proposal considers unique characteristics of Belltown. Belltown community members value the small shops and storefronts, unique local businesses, and the historic character of the neighborhood. Belltown is known for vibrant and active street level uses. Engagement during the City's Downtown Subarea Plan process ongoing in 2025 affirms these priorities.

To address the priorities, the proposed legislation exempts historic landmarks and other character structures from the increased height allowance. This aspect of the proposal is intended to keep the status quo for valued character structures and local businesses, and avoids the perception of an increase to development pressure on these sites. Intent is to spur potential infill development on key opportunity sites – especially vacant land and surface parking – while retaining character businesses and structures. See map on the following page. Only the sites shaded in gray are eligible for the increased height.

The legislation identifies two particularly strong candidate areas for infill housing. These are the northeast corner of Bell St. and 1st Ave., and the half block fronting onto 2nd Ave. between Bell St. and Blanchard St. These areas feature vacant land or underused structures and are well-positioned to receive revitalizing investment with dense housing. The legislation allows an extra height increase to 245' within the existing DMR/R 95/65 zone for these areas.

Eligible Area for Belltown Height Limit Increase



Analysis

Comprehensive Plan consistency

In the Seattle Comprehensive Plan, Downtown Seattle is identified as a Regional Center. Regional Centers are described as places of regional importance with substantial housing, office, retail, institutional, and entertainment uses and access to regional transit. The Plan recognizes that large Regional Centers, particularly Downtown, contain multiple neighborhoods with distinct identities and roles within the broader center.

Belltown is one of the established neighborhoods within the Downtown Regional Center. Citywide land use policies for Regional Centers support high-density development, a wide range of housing types, and a broad mix of residential and non-residential uses to sustain vibrant, walkable neighborhoods and support the concentration of jobs and housing in these locations.

The proposed legislation affects the Downtown Mixed Residential (DMR) zone in Belltown. Downtown mixed residential areas are intended to support predominantly residential communities within Downtown while allowing compatible non-residential uses that contribute to neighborhood vitality. The proposed legislation increases the allowed height for residential uses and makes limited adjustments to development standards in order to encourage additional housing development. Because the increased height allowance applies only to residential uses and does not expand commercial development capacity, the proposal reinforces the residential emphasis of the DMR zone.

The proposal is consistent with the Seattle Comprehensive Plan's direction to accommodate substantial housing growth within Regional Centers. The Plan's growth strategy anticipates that Regional Centers such as Downtown will accommodate a large share of the city's future housing and employment growth. Allowing additional residential density in Belltown supports that strategy by enabling infill housing development in a centrally located neighborhood with access to transit, jobs, and services.

The proposal also supports the Plan's direction to maintain a vibrant urban environment in Downtown through a mix of uses and active street-level conditions. The legislation does not modify existing street-level development standards or requirements intended to support pedestrian activity and active ground-floor uses. In addition, the legislation excludes historic landmarks and other identified character structures from eligibility for increased height limits. This approach helps maintain valued historic resources and neighborhood character while directing new development capacity to opportunity sites such as vacant land and underutilized properties.

Overall, the proposal advances the Seattle Comprehensive Plan's objectives for the Downtown Regional Center by encouraging additional housing development, supporting a dense and vibrant residential neighborhood, and directing growth to areas with strong access to transit, employment, and urban amenities.

Compatibility

The proposed legislation would allow for development that is compatible with the overall vicinity of the Belltown neighborhood and north Downtown (including Denny Triangle, Commercial Core). However, the proposed legislation could create localized incompatibilities in scale and development character within the Belltown neighborhood.

The increase to height limits for residential towers (by 50 and 100 feet) could introduce a scale of development in localized areas that is somewhat different from and larger/taller than neighboring structures. This could occur if new mixed-use towers are built on infill sites – in which case the tower portion of the new buildings in the affected areas would likely be 5-10 stories greater than structures on neighboring sites. Due to increases in the proposed legislation for floor plate size, these towers could also be incrementally wider than other existing tall structures in Belltown. This juxtaposition is not necessarily bad, since variety of scales and characters is an interesting aspect of urban life, and the higher structures would provide housing opportunities. Nonetheless, the legislation would have potential to moderately increase the degree of incompatibility between new infill structures and existing built context.

With respect to allowed uses there would be no increased incompatibility because the Belltown neighborhood is already a predominantly residential area, and the proposal would further increase the residential aspect of the district.

The proposal would be compatible with broader development patterns and context in the north part of Downtown. Areas in blocks east of the affected area in Belltown already allow for and contain residential towers of equal or greater scale than would be allowed by the proposed legislation. In the nearby neighborhoods of Denny Triangle and the Commercial Core, tower heights much greater than proposed by this legislation are allowed and already exist in ample amounts.

The impact of scale incompatibility would be moderated by the fact that the proposed legislation is time limited. There are likely to be a handful of development proposals during the 3-year effective period of the proposed height limit allowance. Following the three-year period the City may reevaluate the merits of taller towers in Belltown after conclusion of the Downtown Subarea Plan process.

Housing
The proposed legislation has the potential to increase housing production in Belltown. The proposal is intended to make new residential development incrementally more financially viable, which could spur stalled projects or projects on the margins forward to development during the 3-year period. It is anticipated that these projects would be on vacant or underused development sites. It is difficult to anticipate the amount of development that would occur during the 3-year period because the economic climate and individual decisions by property owners are unpredictable. For a rough estimate, based on available information and anecdotal conversations, OPCD estimates that about five development projects could move forward during the timeframe in an optimistic scenario. If five development projects did move forward OPCD estimates that they could yield an estimated 900 – 1,200 total housing units, which would generate $14 million - $19.2 million of MHA proceeds for affordable housing.

Remove code barriers to conversion from commercial space to housing in more zones

Background

During 2024 the City passed Ordinance 127054, removing zoning barriers to the conversion of existing commercial structures to housing. That legislation focused on downtown and other zones that contain a lot of commercial and office uses. However, the State legislation from 2024, (HB 1042) calls on cities to remove barriers in <u>all</u> zones that allow housing. The currently proposed legislation makes corrections to ensure zoning code barriers are removed in all housing zones including zones that don't typically contain significant commercial uses.

In addition to Ordinance 127054, in early 2025 the City also passed legislation enabling a sales and use tax deferral for conversion of underutilized commercial space to housing, Ordinance 127181. The sales and use tax deferral was made available to cities by Senate Bill 6175 (ESSB). Following these two legislative changes, the City started to receive development applications for conversion of commercial space to housing. OPCD administers the tax deferral program and to date has issued preliminary approvals to three projects located in Denny Triangle, Uptown, and Ballard, and has received numerous additional inquiries by property owners and designers about the option to convert their underutilized commercial structures to housing.

Proposal

The proposed legislation makes technical changes to exiting SMC Section 23.40.080 "Conversion to residential use in an existing structure", to add Lowrise (LR), and Neighborhood Residential (NR) zones to the list of zones that contain development standard waivers for conversion of existing commercial structures to housing. Other aspects of Section 23.40.080 are not substantively changed. The existing Section 23.40.080 waives Mandatory Housing Affordability (MHA) requirements as an incentive for conversions of existing structures to housing, and this opportunity would be extended by the proposed legislation to conversions in the LR, RSL and NR zones.

Analysis

The impact of this proposed legislation is primarily to achieve full technical compliance with State Law pursuant to HB 1042. The added zones (LR, and NR) do not contain many existing commercial uses. These zones generally do not allow non-residential uses as a principal use as they are intended primarily for residential uses and development. Pending changes being reviewed during the Seattle Comprehensive Planning process the zone would in the future allow a greater amount of small commercial uses in corner stores. There are rare or atypical instances of commercial structures extant in the LR and NR zones. Some of these are historic-aged commercial buildings that predate modern zoning codes, many of which are non-conforming to the current zoning regulations. Therefore, the primary substantive effect of the proposed legislation would be to make existing non-conforming commercial structures in the city's low-scale residential zones more feasible for conversion to housing.

Lake City – Incentivize Grocery Store Retention and Housing

Background

Access to healthy food is an important factor for the livability and desirability of a neighborhood. Increasingly Seattle and other cities are experiencing areas of food deserts. Grocery store closures and consolidations in recent years are contributing to food deserts.

In 2025 the Seattle City Council issued a statement of Legislative Intent (SLI) OPCD-003S-A requesting the Office of Planning and Community Development (OPCD), in partnership with the Office of Economic Development (OED) and Office of Sustainability and Environment (OSE), to submit a report outlining strategies to attract food retailers to food deserts. The resulting report included policy and zoning options to improve access to grocery stores in food deserts. Seattle's Office of Sustainability and Environment (OSE) published the Food Action Plan. In September of 2025, the City announced a budget proposal to invest nearly $12 million to significantly increase food access. This fall the City also introduced legislation that would prohibit the use of restrictive or negative covenants preventing a property from being used as a grocery store or pharmacy. Taken together, these actions demonstrate the City's continued efforts to address the issue of food deserts.

In the fall of 2025, the Fred Meyer grocery store in the Lake City neighborhood was closed by the Kroger corporation. The store served as the area's primary grocery store and pharmacy. After the closure, residents will have to travel further to procure everyday groceries. The store was also the Lake City neighborhood's last pharmacy.

Proposal

Although the closure of the Fred Mayer grocery store is a decision by a private company that can't be affected by Seattle government, the City can take steps to incentivize the retention or re-establishment of a grocery store in the neighborhood in the future. The proposed legislation uses the City's land use regulations to encourage the redevelopment of land in certain zones to include a grocery store or pharmacy or other community-supportive land uses. The Lake City neighborhood is a location well positioned to receive additional density of infill housing in appropriate locations, including market rate housing and housing for all income levels.

The proposed legislation would amend the Land Use Code at SMC 23.47A.009 to provide several incentives for inclusion of a grocery store and housing in future development in Lake City. Incentives for housing development would have the effect of supporting the economic viability of redevelopment that is inclusive of a grocery store and/or pharmacy. In Lake City, in the Neighborhood Commercial zone with a 55 foot height limit (NC-55) only, and only on lots of 100,000 sq. ft. or larger the legislation would increase the allowed height limit 30' and add a 2.0 FAR bonus increment, for development containing 50,000 sq. ft. or more gross floor area that is dedicated at ground level for any combination of: grocery store, pharmacy, medical services, child care center, or elementary or secondary school, community club, or community center uses, and the dedicated space is easily accessible to the elderly and disabled, and is reserved for the life of the project. The development would also be required to Include at least 200 residential dwelling units to qualify for the bonus increment.

Analysis

The proposed legislation would encourage inclusion of a grocery store and/or pharmacy and other eligible community serving uses at the time of future significant development in the NC-55 zone. The size threshold of at least 100,000 sq. ft. is intended to focus the incentive on sites that are obviously large enough to accommodate a grocery store and a substantial amount of housing. Two available sites are present in the affected area – the current Fred Meyer grocery store site and the First Student bus storage lot at the intersection of Lake City Way NE and NE 137th St. A few other locations in the area could achieve the 100,000 sq. ft. lot size threshold if other existing large lot sites were consolidated. An increase in the height limit of 30' in the NC-55 zone would enable development that approximates the scale of existing recent development near the center of the Lake City neighborhood. The proposed legislation could extend the geographic scope of where such mixed-use developments could be located. The resultant height limit with an added 2.0 FAR bonus increment that would likely result in buildings with a grocery store or pharmacy or other eligible uses at ground level plus 5 or 6 stories of residential development above.

Summary of Public Input

Varied streams of public input gathered via ongoing planning processes informed this Housing Opportunities legislation. OPCD also solicited direct community input on the specific legislative proposal. Public input is summarized for the purposes of this Director's Report. OPCD reviewed and considered public comments from varied sources and different formats.

Seattle Comprehensive Plan Update Process. OPCD considered content from the extensive public engagement process that accompanied the Seattle Comprehensive Plan major update between 2022 and 2025. In the Phase 1 engagement "Housing availability and affordability" was the highest priority issue for respondents. Respondents expressed a desire for additional housing and a wider range of housing types. In a community meeting series in 2023 when asked "what types of housing are needed where you live", the top responses were affordable housing, apartments, and a variety of options. This broad public engagement informs the Housing Opportunities zoning legislation. Specifically, the elements of the proposal to expand housing opportunities through zoning and development code changes (Fremont/Stone Way Rezone, Expanded Downtown Retail Core Rezone, Multi-Purpose Redevelopment on Sites with Community-Based Uses, Removal of Code Barriers to Passive House, Modular and Mass Timber Construction, Increase Residential Height Limits and Modify Development Standards to Encourage More Housing in Belltown, and Remove Code Barriers to Conversion of Commercial Space to Housing in More Zones) respond to the broad themes of public input received during the Seattle Comprehensive Plan update process.

Downtown Regional Center Subarea Planning Process. OPCD considered content from the extensive public engagement process that accompanied the Downtown Regional Centers Subarea Planning process in 2024 and 2025. Input directly from community in public meeting formats and in small group stakeholder meetings informed the Housing Opportunities legislation. A central theme of the engagement is the need to add more housing in downtown Seattle, especially as a measure to increase vitality and foot traffic. Public input was strongly in favor of converting underutilized commercial space to housing, and community members expressed a strong desire for increased foot traffic as a way to address perceived public safety concerns and address instances of disorder. An increase to the quantity of housing especially in neighborhoods that already have a strong residential base (Belltown and South Downtown) was seen as a promising measure to make downtown more safe and welcoming for everyone. Residents expressed a strong desire for livability features (i.e. open space, schools, and safe streets for walking) in conjunction with addition of more housing. Elements of the proposed legislation to rezone for expanded housing supply in downtown (Expanded Downtown Retail Core Rezone, Removal of Code Barriers to Passive House, Modular and Mass Timber Construction, Increase Residential Height Limits and Modify Development Standards to Encourage More Housing in Belltown, and Remove Code Barriers to Conversion of Commercial Space to Housing in More Zones) respond directly to the themes of public input from the Downtown subarea planning process.

OPCDs Office to Residential Call for Ideas. During 2023 OPCD invited design teams and building owners to submit proposals that explore converting existing office space into new residential and commercial uses. The design competition was a way to gauge public interest in actions by the City to spur conversion of office space to housing. Engagement included a showcase series of exhibitions where project submissions were available to the public. American Institute of Architects, Seattle Architecture Foundation and the City of Seattle hosted a reception and all submissions were available to community online. Community input on the proposals was overwhelmingly positive, with few detractors or concerns expressed about the general strategy to facilitate conversion of underutilized commercial space to housing. The portion of the proposed Housing Opportunities legislation that facilitates conversions to housing is in direct response to this public input (Expanded Downtown Retail Core Rezone and Remove Code Barriers to Conversion of Commercial Space to Housing in More Zones).

Washington State Legislature ESSHB Community Input Process. OPCD reviewed and considered public testimony provided during the 2025 State legislative session on ESSHB. A variety of public commenters from the design, development, and sustainability/environmentalism communities testified in strong support of actions in ESSHB to facilitate mass timber and modular construction methods. Several of the commenters were stakeholders from Seattle. The portion of the proposed Housing Opportunities legislation that implements the requirements of ESSHB years early is in response to the strong public comment on the topic.

SEPA Determination and Public Announcement of Housing Opportunities Legislation. In addition to the broad public input that informed the crafting of the proposed legislation, OPCD also conducted engagement directly on the proposed legislation. OPCD posted all of the materials online including draft ordinance, director's report, and SEPA documents on its public-facing "DailyPlanIt" blog site. OPCD published two SEPA Determinations of Non-Significance, with SEPA checklists, and all associated materials in September and October of 2025. OPCD did not receive any written community comments from members of the public on the proposed legislation. OPCD received written comments from staff at the Seattle Department of Neighborhoods requesting clarification of information pertaining to historic preservation. OPCD received a comment from the Washington State Department of Commerce acknowledging receipt of materials and noting that the agency had no concerns about the proposal.

Recommendation

In consideration of the factors and information contained in this report and other information, OPCD recommends that City Council review the proposed legislation and adopt the proposed zone changes and Land Use Code text amendments. OPCD considered and balanced various policy priorities and acknowledges that the proposal could lead to changed conditions in localized areas near the opportunity sites and areas this bill directly addresses. OPCD notes that the timing of the proposed changes is more immediate than broader adjustments to growth and development patterns that are advancing in coming years through the Seattle Comprehensive Plan major update process and Regional Centers Subarea planning. The intent of forwarding this legislation now is to take short-term action to bring more housing and essential community-serving uses online soon where tangible opportunities exist for infill housing. All of the proposed changes are consistent with the City's recently adopted comprehensive plan for growth.

Appendix -1
Historic Landmark Information

There and four designated landmark buildings within the proposed rezone of the Downtown Retail Core area: Joshua Green Building,1425 4th Ave Seattle, Holland/MiKen Building,1417 4th Ave, Seattle, The Liggett Building, 1424 4th Ave, Seattle, and Great Northern Building 1404 4th Ave, Seattle. For reference, information is provided below about these landmarks.

Photo Credit: Joe Mabel Photos Joe Mabel - Art and photography
photo sourse: www. en.wikipedia.org/wiki/Liggett_Building_(Seattle)
photo source: www.joshuagreenbuilding.com
Photo credit: Joshua Green Building

Liggett Building
Address: 1424 4th Ave.
Constructed in 1927, the Liggett Building is a ten-story Gothic Revival office and retail building at the southeast corner of Fourth Avenue and Pike Street. Designed by Lawton and Moldenhour, the building was constructed with reinforced concrete and steel and clad in ivory terra cotta. Intended to support five additional stories (never built), its sculptural facade blends Tudor English and Venetian Gothic elements. A modern two-story retail base supports an eight-story office structure defined by Chicago-style windows, fluted piers, and ornate tracery. Decorative features include quatrefoil spandrels, finialed pinnacles, and ogee arches culminating in a richly detailed parapet.

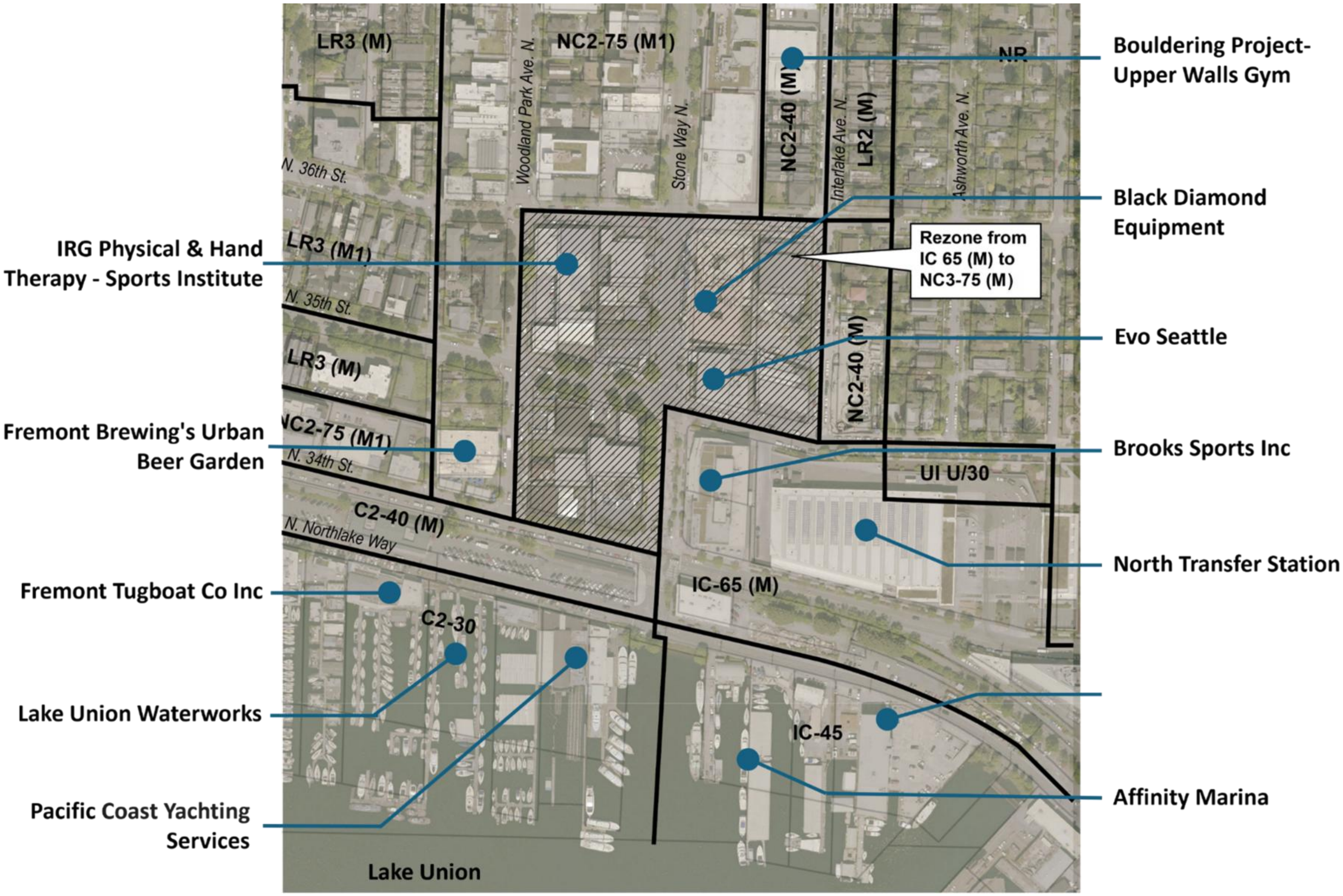
Joshua Green Building
Address: 1425 4th Ave.
Constructed in 1912, the Joshua Green Building is a ten-story retail and office structure located at the southwest corner of Fourth Avenue and Pike Street. Designed with a nearly square footprint, the building features a cream-colored terra cotta façade characterized by wide window bays framed by decorative pilasters. The facade is horizontally layered with cornices and detailed vertical piers with acanthus leaf and shield capitals, creating a balanced rhythm on both street-facing elevations. Originally featuring glass-and-metal storefronts and multi-part transom windows, the ground and second floors have since been remodeled with modern materials, obscuring some of the original design intent.

Holland/MiKen Building
Address: 1411 4th Ave.
Constructed in 1929, the 15-story Building exemplifies a transitional modernist design with subtle Art Deco and Celtic influences. Designed in an "L" shape for optimal daylight exposure, the stone-clad structure features recessed spandrels and unornamented vertical piers that gently taper at the parapet. Notable for being the tallest Seattle building at the time to be fully clad in stone, it shares architectural lineage with other R.C. Reamer-designed buildings nearby, including the Great Northern Building. The facade's verticality and material quality convey a dignified and streamlined urban presence.

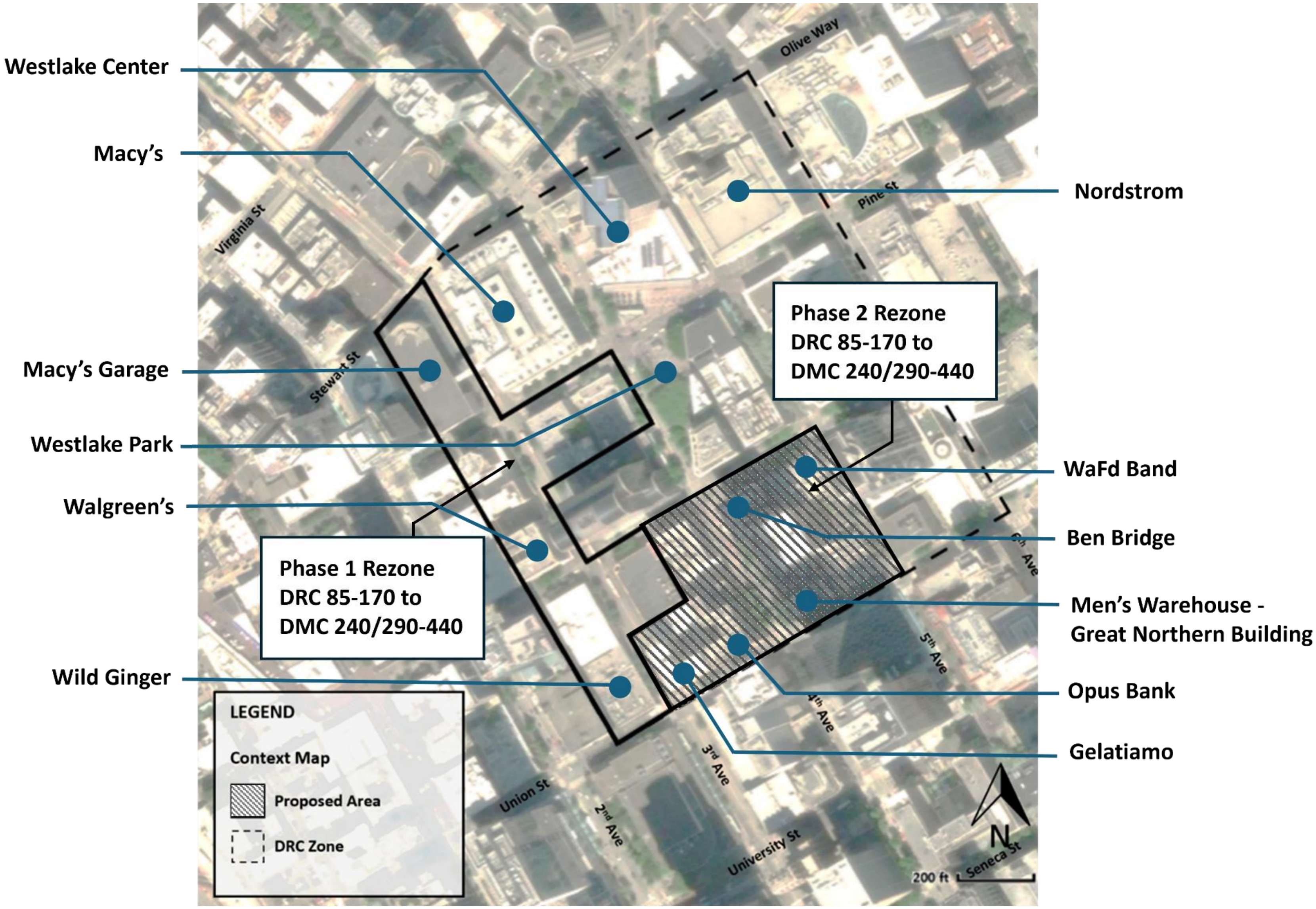
Great Northern Building
Address: 1404 4th Ave.
Completed in 1928, the four-story Great Northern Building was originally developed to house the main ticket office of the Great Northern Railroad. Designed by R.C. Reamer and noted as Seattle's earliest example of a modernistic medium-rise, the building signaled a transition from traditional Beaux-Arts ornamentation toward streamlined design. While some historic elements remain—such as floral plaster friezes— the ground floor has been significantly altered with modern windows, signage, and a bronze canopy. The building stands as a pivotal example of late 1920s architectural shifts toward simplified forms and restrained detailing.

Appendix -2 Illustrative Maps of Zoning Change Areas

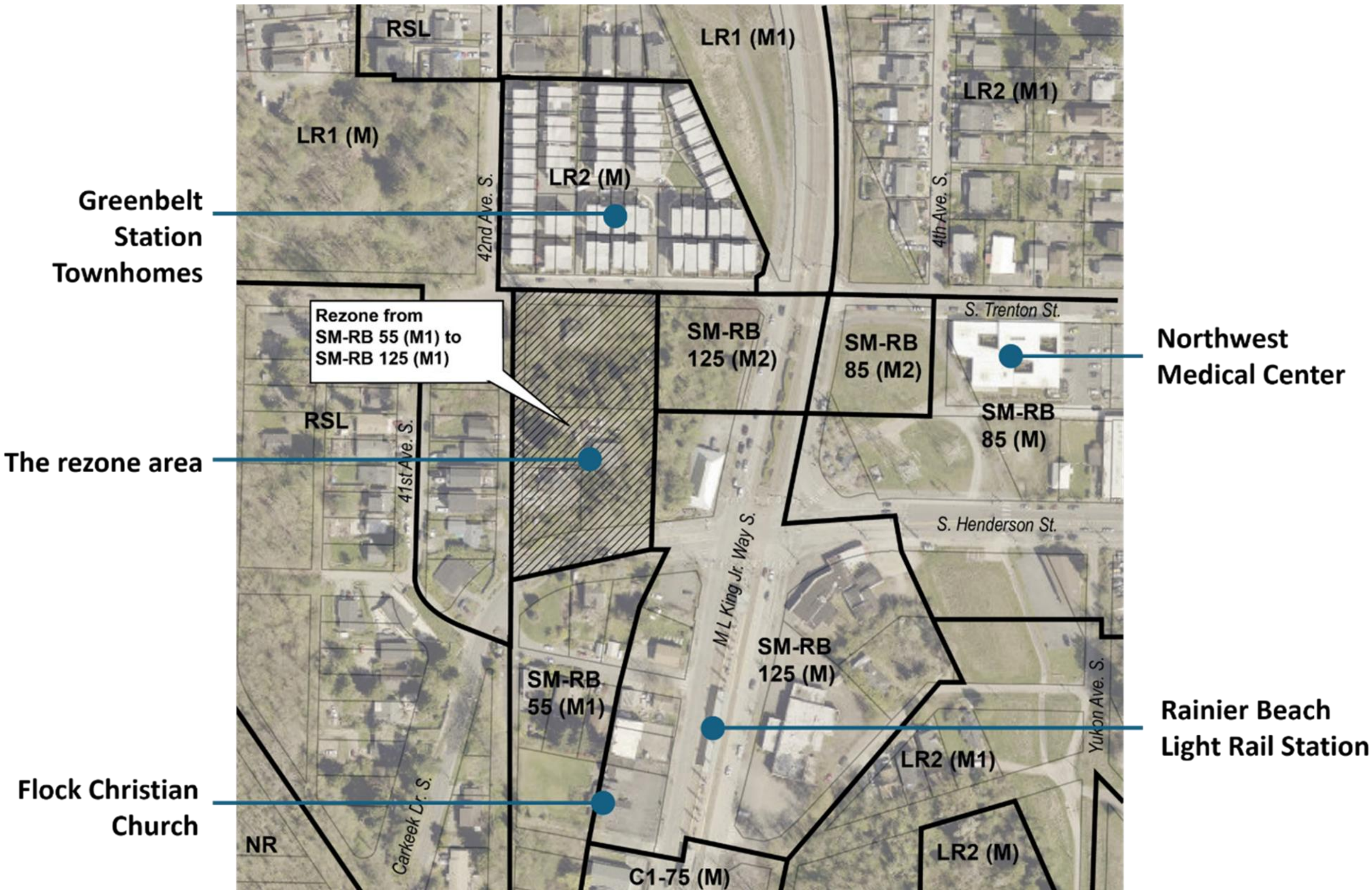
Fremont/Stone Way



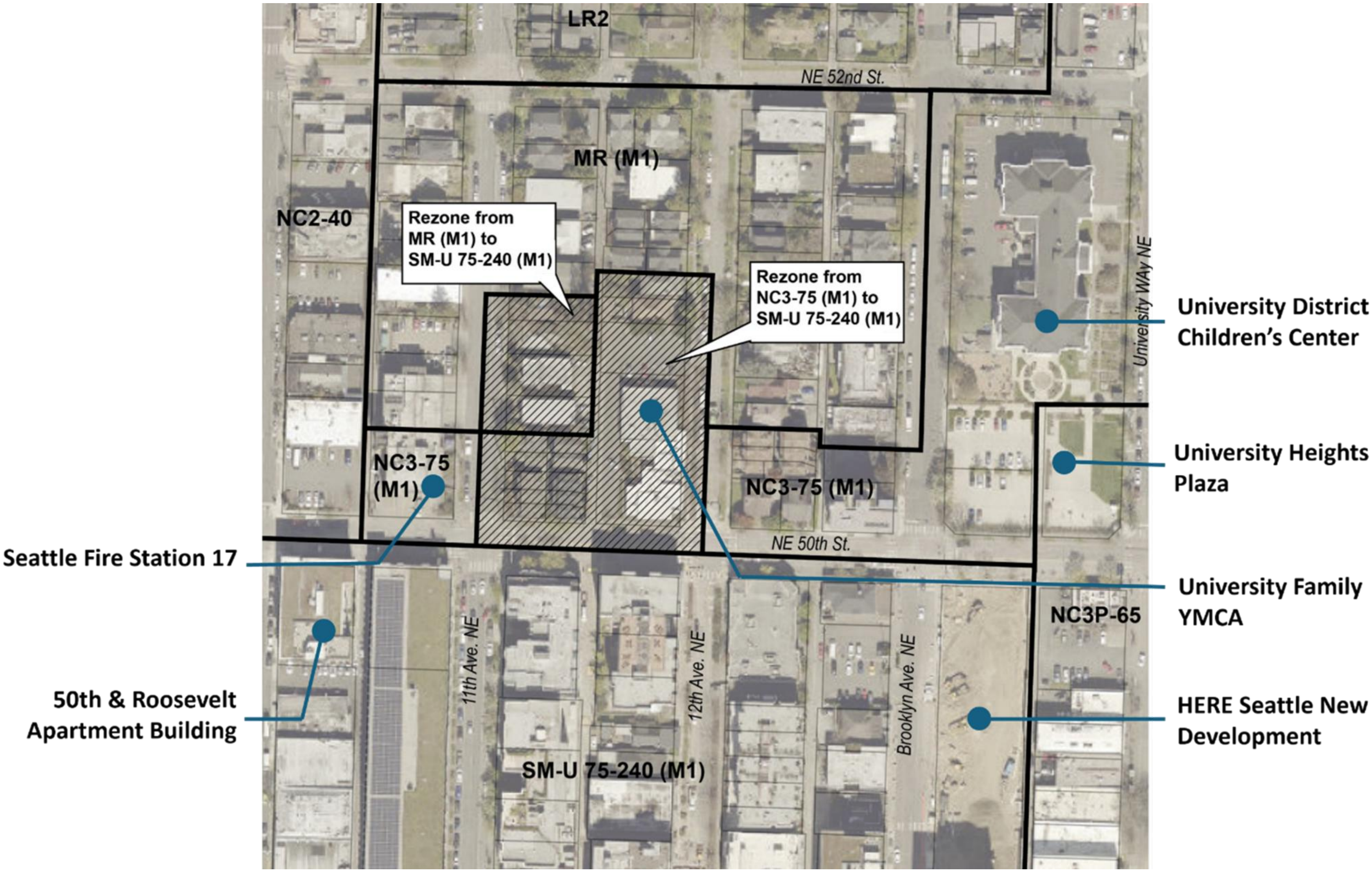
Downtown Retail Core



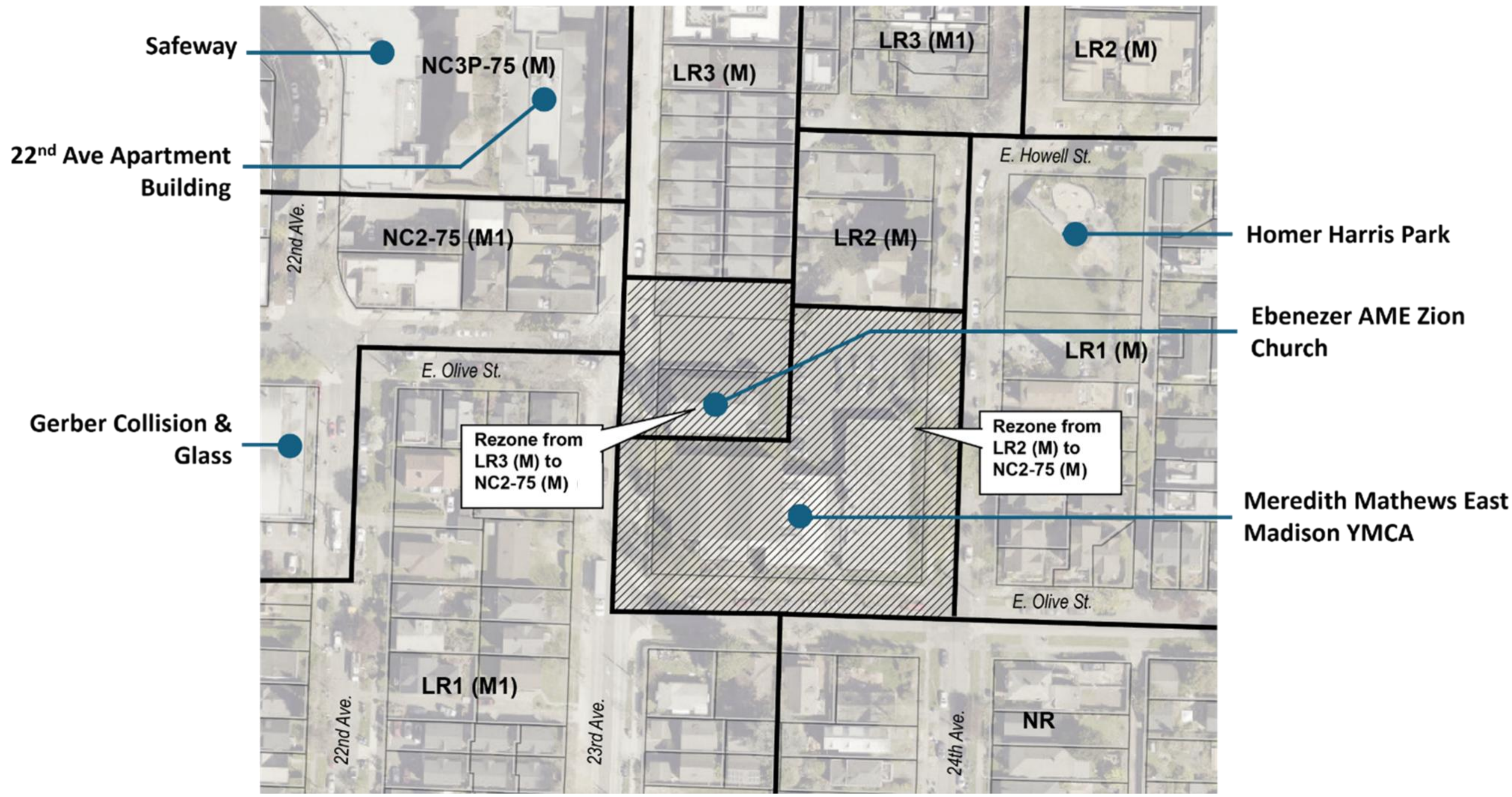
Rainier Beach



University District



Madison/ Miller



Belltown

Areas indicated in pink are extra residential height allowance (+50' in DMR 95 and the DMC-75 zone, and +100' in DMR 145 zones).
Hatched areas are infill residential focus blocks for extra height limit allowance of +100' in DMR 95 zone.