

May 20, 2026

## MEMORANDUM

**To:** Land Use and Sustainability Committee  
**From:** HB Harper, Analyst  
**Subject:** CB 121196 – Housing Opportunities Zoning Amendments

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### Introduction and Overview

On May 20, 2026, the Land Use & Sustainability Committee will discuss Council Bill (CB) 121196, which would:

1. rezone certain areas around the City,
2. amend development standards to support increased development and multi-purpose redevelopment,
3. reduce requirements for passive house, modular, and mass timber construction, and for conversion from commercial space to housing in more zones, and
4. incentivize community-serving uses in certain areas.

The legislation contains five rezones and five types of development standard changes.

### Legislation Components – Rezones

#### Fremont

The legislation would rezone 23 parcels in Fremont around Stone Way in Council District 4 from Industrial Commercial (IC) with a 65-foot height limit to Neighborhood Commercial 3 (NC3) with a 75-foot height limit. This area is located near several Seattle-based employers, such as Brooks Running and Evo. This would change allowed uses to prohibit heavier industrial type uses such as manufacturing, and to allow housing (permitted outright) and lodging (as a conditional use). It would also allow an additional 10 feet in height and double the allowable floor area ratio (FAR); a somewhat bulkier building could result. The proposed rezone would remove size limits on certain commercial uses (such as general sales and service and entertainment), while adding size limits on other commercial uses (like warehouses and heavy commercial sales). The new zoning would be proximal to NC2-75 and NC2-40, as well as Industrial Commercial with a 65-foot height limit and Commercial 2 with a 40-foot height limit, but no other NC3-75 exists in the immediate area.<sup>1</sup>

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<sup>1</sup> NC2 and NC3 mainly differ in terms of the amount of non-residential use that is permitted. Many uses, including office uses, lodging, and retail sales are limited to 25,000 square feet in NC2 zones. There is no maximum size limit for most nonresidential uses in NC3 zones.

## Downtown

The legislation also rezones twelve parcels in Downtown from Downtown Retail Core 85-170 (DRC 85-170) to Downtown Mixed Commercial 240/290-440 (DMC 240/290-440) in Council District 7. This rezone would facilitate substantially taller residential tower structures. Permitted uses and other development standards would not be substantially different; some slight differences in bulk and massing may result from minor changes in FAR and floorplate sizes combined with tower spacing requirements. The new zoning would be contiguous with another area of DMC 240/290-440 to the west along Union Street and north on 2nd and 3rd Avenue, which was rezoned in 2023 under [Ordinance 126917](#).

The legislation rezones three distinct areas in support of nonprofits with community uses either in existence or planned.

- In the Rainier Beach area in District 2, a rezone from Seattle Mixed Rainier Beach zone (SM-RB) with a 55-foot height limit to the same zone with a 125-foot height limit aims to facilitate development on the Mt. Baker Housing Association site that is currently split-zoned. The new zoning would be contiguous with SM-RB 125 zoning to the east and southeast. West of the site is zoned Low Rise 1, and north of the site is zoned Low Rise 2. Development that occurs under the new zoning would be significantly taller.
- In the University District in District 4, 18 parcels including sites owned by the Seattle/King County YMCA and the Low Income Housing Institute would be rezoned from Midrise and Neighborhood Commercial 3 with a 75-foot height limit to Seattle Mixed University District zone (SM-U) with a 75-240 height limit. The new zoning would be contiguous with the SM-U 75-240 zone across NE 50<sup>th</sup> Street to the south. Development that occurs under the new zoning would be significantly taller, and a broader mix of uses would be permitted. The regulatory scheme in place for this zone emphasizes and incentivizes street-level commercial uses, open space, and family-sized housing, meaning taller or bigger buildings are only achievable through the provision of at least one of these types of public goods.
- In the Madison/Miller area in District 3, four parcels are proposed to be rezoned from LR2 and LR3 to NC2-75, to be contiguous with an area of NC2-75 to the northwest; all other surrounding zoning is LR and NR. The four parcels include a Seattle/King County YMCA as well as a religious institution. This rezone would allow taller buildings and more than twice the allowable FAR under current zoning; bigger and bulkier buildings would result. The rezone would allow a wider mix of uses making for more likelihood of mixed use development as opposed to purely residential construction.

The application of Mandatory Housing Affordability requirements would generate either on-site affordable units or proceeds toward the City's affordable housing fund if residential were to develop in any of the above rezoned areas.

## **Legislation Components – Planned Community Development Regulations**

Planned Community Developments (PCDs) are a way to support the development of phased projects that provide public benefits in Downtown Seattle. Seattle Municipal Code (SMC) provides that PCDs may be permitted in most downtown zones and adjacent to downtown zones, with restrictions including a minimum size of 100,000 square feet. Properties of this size are somewhat rare; the Goodwill campus of sites on South Dearborn Street is one known location that would be eligible to utilize these regulations. The code provides a list of public benefits that qualify, including low-income housing, townhouse development, and public open space, but also gives significant discretion to the Director of Seattle Department of Construction and Inspections to determine if a project “provides a demonstrable public benefit” through a process that occurs prior to application.

CB 121196 would expand the list of public benefits to specifically include employment training and the processing of donated materials for reuse or recycling, thus obviating the need for individual determinations of public benefit for projects providing those proposed listed benefits. The legislation would add a subsection setting a timeline and the potential for phasing of a project—including a process for the Director to determine whether amendments are minor or not, with associated implications for decision-making and expiration dates. The result is intended to provide more clarity for large projects with extended timelines and potential amendments to approved PCDs.

The specific allowance for phasing raises implementation considerations related to granting approvals based on somewhat speculative considerations (“forecasted information about real estate markets”), although project proponents may benefit from such flexibility. See “Considerations” section below.

## **Legislation Components – Second Substitute House Bill 1183**

Second Substitute House Bill (2SHB) 1183 was passed in the 2025 State Legislative session with the stated aim of incentivizing affordable and sustainable building practices through regulation reform; specifically, it prohibits cities from requiring façade modulations or upper-level setbacks as a condition of permitting certain types of residential projects. Seattle’s land use code includes upper-level setback requirements in several zones. The types of projects in the bill, and in the transmitted legislation, include affordable housing (defined differently than in SMC), construction meeting Passive House requirements, conversions to residential within existing structures, modular construction, and mass timber construction. The legislation would exempt all these types of residential projects from all upper-level setback or façade modulation requirements. While compliance with 2SHB 1183 law is not due until 2028, this legislation would bring the City into compliance earlier than the due date and is intended to lower costs to construct these types of projects.



## **Legislation Components – Conversion to Residential**

Recent state laws (House Bill 1042 and Engrossed Substitute Senate Bill 6175) have encouraged conversions from commercial to residential, and the City has taken steps to comply. Zoning barriers to such conversions include development standards related to building form and site design, since commercial structures, particularly older ones, are built under different codes than the codes to which new residential would be subject. Conversions to residential are exempt from meeting many development standards and regulations, but thus far only for projects in commercial, Downtown, Seattle Mixed, Highrise, and Midrise zones.

The legislation proposes adding Lowrise and Neighborhood Residential zones to this list. The outcome would be that any existing commercial structures, which are relatively rare in these zones, could be converted to housing without having to meet most development standards such as floor area ratio, density, or amenity area requirements.

## **Legislation Components – Lake City**

Since the recent closure of a major grocery store in the Lake City area, there has been renewed focus on steps cities can take to ensure residents have convenient access to fresh, healthy food. The proposed legislation would increase the height limit and allow higher FAR in NC-55 on lots over 100,000 square feet in size within Lake City, if the development contains 50,000 square feet or more of a list of desirable uses, which includes grocery store, pharmacy, medical services, childcare center, school, and community center. There are a few sites in the area that may be large enough for this kind of redevelopment; the former Fred Meyer site is one of them. Other sites may not be large enough but through aggregation could eventually redevelop and take advantage of these bonus standards as well.

## **Considerations**

The Downtown rezone encompasses four buildings identified as landmarks. The effect of the rezone on these historic structures will be to increase the developability of the sites; this pressure makes redevelopment and/or demolition more likely if the outcome is more profitable. While the Director's Report mentions Transfer of Development Rights (TDR) as a potential avenue to translate that profitability into the further preservation of landmark structures, this has been used infrequently in recent years because rehabilitation of a landmark structure needs to happen before funding from TDRs can be realized and modifications to the Downtown incentive zoning program have prioritized low-income housing preservation and production. Moreover, the increase in profitability from a future development could just as easily (or even perhaps more easily) be attempted to be used as a justification to demonstrate a vast gap between the value of the historic structure and the possible value to be obtained through redevelopment; this sort of analysis may be considered as part of permit process and used to justify demolition of the landmark.

The discretion afforded the Director in the case of phased PCDs could benefit from additional requirements for clear documentation, similar to what [SMC 23.50A.300](#) contains related to Major Phased Developments. Phased projects can be difficult for reviewers to assess without

clarity about what project components are slated to occur in which phase, and how impacts of various phases are assessed and mitigated. For instance, Major Phased Developments are required to document the following:

1. A level of detail which is sufficient to reasonably assess anticipated impacts, including those associated with a maximum buildout, within the timeframe requested for Master Use Permit extension.
2. An anticipated timeline for construction of the phases with information documenting the rationale for the proposed phasing timeline.

Such documentation would benefit PCD projects to ensure clarity for permit reviewers and transparent decision-making for the public.

Finally, it is notable that the legislation covers many disparate components, all sharing a common goal. Generally speaking, zoning decisions are usually made either through continuous, stepwise implementation of long range planning projects, or site-specific contract rezones designed to facilitate a specific project with clear benefits recorded through property use and development agreements. This legislation's approach is a hybrid of the two approaches. As a result, CB 121196 lacks the detail that is normally provided through a contract rezone process and the broader context that is generally provided through a more comprehensive zoning proposal. To the extent that these changes facilitate residential construction, they appear to be in line with the City's general long range approach to densifying the City through a mainly market-based, supply-side approach to housing affordability. Whether any individual change would be better situated within a different legislative context is a question that does not render the outcomes of the bill any less meaningful.

cc: Lish Whitson, Director  
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