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Planning and Building
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MEMORANDUM

To: Planning Commission

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Date: April 28, 2025

Subject: WA State Housing Code Compliance Zoning Amendments – File No. CAM24-00561

RECOMMENDATION

Hold a public hearing to receive public testimony on the WA State Housing Code Compliance Zoning Amendments – File No. CAM24-00561. At the conclusion of the public hearing, the Planning Commission should deliberate and make a recommendation to City Council on the proposed code amendments.

BACKGROUND

In recent years, the Washington State Legislature has enacted multiple housing laws that cities and counties must implement within six months of adopting their major Comprehensive Plan updates. For Kirkland, that deadline is the end of June 2025. The City of Kirkland proposes to amend sections of the Kirkland Zoning Code (KZC) to comply with these various State residential requirements for middle housing, accessory dwelling units, parking, and design review within low-, medium-, and high-density residential zones. The proposed draft KZC amendments also include updates to Chapter 105 to ensure compliance with the state's unit lot subdivision requirements (please note that the Municipal Code (KMC) amendments related to unit lot subdivisions are being managed through a separate project).

The proposed KZC amendments address:

- Compliance with State minimum residential density requirements (RCW 36.70A.635);
- Compliance with State accessory dwelling unit requirements (RCW 36.70A.681);
- Compliance with State residential parking requirements (RCW 36.70A.622);
- Compliance with portions of State design review requirements relevant to residential development within low-, medium, and high-density residential zones (RCW 36.70A.630); and
- Compliance with State unit lot subdivision requirements (RCW 58.17.060(3)).

The Planning Commission (PC) convened study sessions on February 27¹ and March 27, 2025² to discuss proposed KZC amendments concerning minimum residential density, accessory dwelling units, and residential design review. To date, the PC has provided Staff direction on minimum unit density and accessory dwelling unit requirements, the allowed housing types in low density and multifamily zones, affordable housing, and residential parking requirements. At their March 27, 2025, meeting, staff also informed the PC of pending draft amendments concerning residential parking requirements. The PC directed staff to prepare these additional amendments for the public hearing and specified that an additional study session was not necessary for these specific amendments. The proposed affordable housing amendments reflect the PC's recommended option (provided at the March PC meeting), as well as draft requirements to address feedback received from the City Council (Council). Zoning amendments necessary to implement the State's unit lot subdivision requirements have been incorporated into this package of draft KZC amendments. Their inclusion is due to their relatively minor scope and the expectation that they will be largely administered in conjunction with middle housing projects.

The proposed draft amendments include several revisions to enhance code clarity and streamline administration, along with technical adjustments necessary to meet State requirements.

PROPOSED AMENDMENTS

The proposed KZC amendments modify development standards to: permit a wider range of middle housing types; create consistent development and design regulations for both single-family and middle housing; vary residential density allowances relative to transit proximity; revise accessory dwelling unit regulations; change the required number and specifications for residential parking; acknowledge the ongoing permissibility of existing non-conforming parking; and update general development standards for clarity and consistency.

Below is a detailed overview of amendments to specific KZC chapters followed by staff's analysis of key zoning changes.

- Chapter 5 – Definitions: New definitions pertaining to middle housing, major transit stops, and tandem parking have been added. Minor edits to the definition of “lot” for consistency with new unit lot subdivision code amendments.
- Chapters 15, 20, and 25 – Residential Zones: Amended to improve navigation to Chapter 113 KZC for middle housing and Chapter 115 KZC for accessory dwelling units.
- Chapter 95 – Tree Management and Required Landscaping: Amended to add new middle housing terminology as well as amendments related to parking modifications and existing surface material, size, and configuration allowances.
- Chapter 105 – Parking Areas, Vehicle and Pedestrian Access: Amended for consistency with new unit lot subdivision code requirements as well as residential parking requirements related to surface materials, tandem parking, and parking dimensions.
- Chapter 110 – Required Public Improvements: Amended to exempt new accessory dwelling units from street improvement requirements.
- Chapter 112 – Affordable Housing Incentives: An amendment option is provided to include

¹ <https://kirklandwa.primegov.com/Portal/Meeting?meetingTemplateId=2875>

² <https://kirklandwa.primegov.com/Portal/Meeting?meetingTemplateId=3187>

Option 2 affordable housing requirements in low-density residential zones, based on Council feedback. Staff would note that this option was not endorsed by Planning Commission at the March 27, 2025 meeting.

- Chapter 113 – Middle Housing: Amended to match the State’s minimum residential density requirements and housing types as well as adjustments to design standards to meet State requirements. Staff has included two versions of this chapter (Attachments 1 and 2) that incorporate different approaches to affordable housing: Option 1 (no action) as recommended by the Planning Commission, and Option 2 (new affordable housing requirements within low-density zones) based on Council feedback.
- Chapter 115 – Miscellaneous Use Development and Performance Standards: Amended to meet State requirements for accessory dwelling units, adds new middle housing terminology, and makes minor amendments to floor area ratio standards to align with current practice.
- Chapter 162 – Amended to align with State residential parking stall allowances related to existing surface material, size, and configuration.
- Chapter 180 – Plates: Amended to align with State residential parking stall allowances and for consistency with new unit lot subdivision code amendments.

Middle Housing Code Updates and Affordable Housing Requirement Options

Since the PC March 27 meeting, staff has revised Chapter 113 KZC based on PC feedback (see Attachment 1). Specifically, the chapter was amended to retain existing affordable housing requirements in KZC section 113.40 (No Action) to reflect the PC recommendation to defer any new affordable housing requirements until Phase 2 of middle housing code amendments (currently scheduled to begin in 2026). Staff also made minor amendments to development standards in KZC 113 to improve clarity and consistency with other KZC chapters.

In response to Council feedback, staff has also drafted affordable housing provisions in KZC 112 consistent with the Option 2 framework presented to the PC at their March meeting (see Attachment 2). With this option, the affordable housing section in KZC 113.40 has been removed, meaning that the Option 2 requirements would replace the affordable housing set-aside requirements for middle housing projects of 10 units or more.

Payment In Lieu Methodology in Low-Density Zones Under Option 2

As noted above, Option 2 is being included in the code amendments to be considered as part of the public hearing because Council had expressed interest in the option at their March 18, 2025 meeting. In summary, Option 2 would impose an in-lieu affordable housing fee on new residential units larger than 2,000 square feet, meaning that the vast majority of middle housing units would not be subject to any in-lieu fee. In addition, renovations and remodels of existing housing units would be exempt from the fee. The per unit in-lieu fee would be 0.1 of an affordable housing unit, based on the methodology described below.

The methodology to calculate the in-lieu fee is the one currently contained in KZC 112.30(4)(b). This section of the Zoning Code, applicable to most zoning districts other than low-density zones, establishes that the in-lieu fee is “based on the difference between the cost of construction for a

prototype affordable housing unit on the subject property, including land costs and development fees, and the revenue generated by an affordable housing unit.” A prototypical affordable housing unit is an approximately 1,300-square-foot cottage containing three bedrooms, meaning that the development costs are substantially lower than for a typical market-rate, newly-built single-family house.

This in-lieu method calculates fees based on typical local or expenses for land acquisition, site development, and standardized construction costs³. Table 1 summarizes what the in-lieu fee would be for a typical, newly built single-family house in the North Rose Hill neighborhood using the currently established in-lieu fee methodology and representative land acquisition costs. This typical house consists of five bedrooms and three baths and comprises 3,249 square feet on a 7,260-square-foot lot. It sold for \$2.9 million on January 30, 2025. Based on the calculations shown in Table 1, the in-lieu fee for this house would be \$45,118, or about 1.6 percent of the sales price. This in-lieu fee is similar to the in-lieu fee already imposed on newly-built stand-alone units in medium-density zones.

Table 1: Representative In-lieu fee for a newly-built single-family house

1.	Local land acquisition	\$359,946
2.	Construction and land development (including public infrastructure)	\$325,000
3.	Other development costs	\$256,830
4.	Total development costs (sum of rows 1 to 3) =	\$941,776
5.	Revenue generated by an affordable housing unit (i.e., sales price to a median-income household)	\$490,600
6.	Fee in lieu of construction for 10 newly-built single-family houses (difference between rows 4 and 5) =	\$451,176
7.	Fee in lieu of construction for one newly-built single-family house (10% of row 6) =	\$45,118

Parking, Unit Lot Subdivisions, and General Clarity and Consistency Code Updates

Staff has also proposed code amendments to comply with new State parking and unit lot subdivision requirements (see Attachment 3). Please note that the PC will review new municipal code amendments for unit lot subdivisions at a future meeting. As mentioned above, KZC amendments related to unit lot subdivision requirements have been included because they are minor and it is expected that unit lot subdivisions will be primarily utilized in conjunction with middle housing projects. Staff has also made additional minor amendments to development standards with respect to middle housing and accessory dwelling units to improve clarity and consistency with other Zoning Code chapters.

³ Observed estimated acquisition costs are from sales data in the period of September 2023 – April 2024.

CODE AMENDMENT PROCESS AND CRITERIA

Pursuant to KZC 160.60 and KZC 135.25, the City may amend the text of the Zoning Code only if it finds that:

1. The proposed amendment is consistent with the applicable provisions of the Comprehensive Plan;
2. The proposed amendment bears a substantial relation to public health, safety, or welfare;
3. The proposed amendment is in the best interest of the residents of Kirkland; and
4. When applicable, the proposed amendment is consistent with the Shoreline Management Act and the City's adopted shoreline master program.

The proposed Zoning Code amendments are consistent with the Comprehensive Plan because they would enable a wider variety of housing options within residential zones. This increased housing diversity would directly benefit the health, safety, and welfare of Kirkland residents by improving access to housing.

STATE ENVIRONMENTAL POLICY ACT (SEPA)

A SEPA Addendum to the City of Kirkland 2015 Comprehensive Plan Update Draft and Totem Lake Planned Action Ordinance Final Environmental Impact Statement (EIS), the NE 85th St Station Area Planned Action Final Supplemental EIS, and the Comprehensive Plan Update Final Supplemental EIS will be issued prior to Council adoption of the KZC amendments and contained in the official files in the Planning and Building Department. The SEPA Addendum compares the difference in impacts between the existing and revised Zoning Code amendments and concludes that the proposed amendments would not result in new adverse impacts beyond those identified in the Comprehensive Plan Environmental Impact Statement. The code amendments, by increasing housing affordability and choice, would result in beneficial environmental impacts.

PUBLIC NOTICE AND TESTIMONY

In accordance with KZC 160.40, public notice was distributed 14 calendar days before the public hearing. Notice of the Zoning Code amendments was published in the official newspaper, posted on the City's official notification boards, and posted on the City's website.

The public may provide verbal testimony to the PC on the Zoning Code amendments, either virtually or in-person, at the May 8, 2025 public hearing, or submit written comments to the PC prior to the hearing.

The PC has received public comments on the Zoning Amendments at their November 14, 2024, February 27, 2025, and March 27, 2025 meetings. Public comments received since the March meeting are included in Attachment 4.

NEXT STEPS

Following the public hearing, the PC should deliberate and make a recommendation to the Council. The PC recommendation for the KZC amendments is scheduled to be considered by the Council on June 3, 2025.

ATTACHMENTS

1. Proposed Zoning Code Amendments – Chapter 113 PC No Action on Affordable Housing Requirements
2. Proposed Zoning Code Amendments – Chapters 112 and 113 Council Option 2 Affordable Housing Requirements
3. Proposed Zoning Code Amendments – Chapters 5, 15, 20, 25, 95, 105, 110, 115, 162, 180
4. Public Comments received after March 27, 2025