



City of Kirkland
Planning and Building
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MEMORANDUM

To: Planning Commission

From: Allison Zike, AICP, Deputy Planning Director
Adam Weinstein, AICP, Planning & Building Director

Date: October 16, 2024

Subject: Houghton Village Development Plan Update

Recommendation

Receive a briefing and hold a study session to receive an update on the Houghton Village Development Plan process. No action is requested from Planning Commission (PC) at the October 16, 2024 meeting.

Background

The City purchased the Houghton Village property in 2022 to help realize City Council's (Council's) vision for creating potential public benefits at the site, such as affordable housing, school space, non-profit program space, arts and cultural space, and City recreational program space. The City used a three-year interfund loan to acquire the property with the intent to identify a development partner and a long-term financing plan by the time the interfund loan comes due in May 2025. Additional details of the purchase can be found in the staff memorandum from the January 18, 2022, Council meeting¹.

Council directed staff to conduct an initial public engagement campaign to connect with the local community to accomplish key objectives. These community conversations included a diverse range of community members and groups and built upon various recent relationship-building efforts from the R-5434 process and others to help identify priorities within the Council's vision for the site, a potential redevelopment plan, and potential partners to help execute the plan. Details of phase one of the public engagement campaign can be found in the staff memorandum from the May 16, 2022, Council meeting².

At the conclusion of phase one engagement, Council directed staff to perform a second phase of outreach to include key stakeholders, such as surrounding commercial property owners, the Lake Washington School District, Northwest University, developers, and others to determine interests and potential partnerships for the site. Details of phase two

¹ https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2022/january-18-2022/10a_business.pdf

² https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2023/may-16-2023/9b_business.pdf

of the public engagement campaign can be found in the staff memorandum from the December 12, 2023 Council meeting³.

At the December 12, 2023, meeting, staff recommended, and Council authorized, the City Manager to initiate a Development Plan process for the Houghton Village property to accomplish public benefits in alignment with Council's goals for purchasing the property. To complete that work, the City issued a Request for Qualifications in early 2024 and selected Seattle-based design firm Mithun, with subconsultants Transpo Group and ECONorthwest, to design a Development Plan for Houghton Village. Within the current scope of work, the project team is conducting additional community engagement with stakeholders.

The project team provided a development plan briefing at Council's July 16, 2024, regular meeting⁴ with an update on the opportunities and challenges analysis that had been completed by the City's consultants. That report provided a site analysis, zoning analysis, transportation analysis, and an initial market analysis that reviewed residential and commercial market trends as well as a high-level overview of alternative ownership model opportunities. A briefing on initial options for the development plan and an update on market feasibility was presented at the September 17, 2024 Council study session⁵, which is the same information being presented to the PC at their October 24, 2024 meeting.

Currently, the former PCC space on the Houghton Village property has undergone renovation to bring the space up to Building and Fire Codes and is serving as the temporary home to the nonprofit Studio East.

DISCUSSION

Initial Options for Development Plan

The consultant project team has developed three initial design options for the framework of the development plan, included as Attachment 1, to solicit input that will help establish design values and components from any of the options that should be included in a final option. The three initial options each provide a similar amount of total residential units, but varying amounts of commercial/retail/community space. Each option includes:

- Potential buildings footprints and massing that include ground floor commercial/retail/community space, residential floors (including an estimate of possible unit counts), outdoor residential amenities, and locations for parking garage and service access;
- Locations for public open space;
- Sidewalks and bike paths;
- Potential connection points to adjacent parcels, rights-of-way, and the Cross Kirkland Corridor (CKC); and

³ https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2023/december-12-2023/3c_study-session.pdf

⁴ https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2024/july-16-2024/3b_study-session.pdf

⁵ https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2024/september-17-2024/3b_study-session.pdf

- Preliminary location of a new public street (with further analysis of alignments pending).

The initial options report in Attachment 1 also provides narrative for each option that includes design and phasing considerations as well as identified opportunities and challenges. The initial options serve as the foundation for the Market Analysis (discussed below) completed by ECONorthwest, and as a tool to foster conversations with the community to further refine and understand the best balance and feasibility of community benefits.

Market Analysis

Further market analysis has been completed by ECONorthwest that provides initial development feasibility results for a baseline affordable rental project (10% of total units affordable), higher affordability rental (60% of total units affordable), and a cooperative ownership option (see Attachment 2). The analysis includes a sensitivity analysis to test how reduced parking requirements impact development feasibility for each option. Key takeaways from this phase of analysis are as follows:

- Development feasibility is heavily impacted by the required amount of vehicular parking spaces, and finding a creative solution to providing on-site parking for mixed uses is essential to achieving feasibility across the full site;
- Affordable housing (rental units) supported by tax credits is feasible, but timing of winning tax credit awards can create uncertainty for delivery;
- A cooperative ownership model has potential to create a feasible ownership opportunity, but partnership with cooperative developers and lenders would be essential.
- A large financial contribution from the City would be required to ensure development of the property as initially proposed (under existing zoning standards for maximum height and minimum parking requirements). The consultants also tested reduced parking requirements to provide information to reduce the needed financial contribution to make development feasible and achieve community benefits.

The feasibility analysis in Attachment 2 provides additional details on the assumptions for each option studied as well as feasibility results reported as expected residual land value.

Public Participation Plan

In addition to previous community outreach efforts in 2022 and 2023, in Summer 2024 staff implemented a Public Participation Plan (PPP) developed in collaboration with Mithun. This plan includes several ways for staff to interact with the community: an Open House held on July 15, 2024, smaller focus groups aimed at encouraging participation from key groups and stakeholders, and staff attendance at meetings of various stakeholder and community organizations. Upcoming engagement events include City Hall for All, and meetings with Kirkland's Senior Council, Youth Council, Cultural Arts

Commission, Human Services Commission, and Park Board. The PPP document is accessible to the public on the Future of Houghton Village webpage.⁶

Summer 2024 Focus Groups

On August 20 and September 4, 2024, City staff and Mithun facilitated two focus groups to solicit input on the initial options for the development plan. The first focus group attendees were primarily from community-based organizations serving priority populations in Kirkland and across the Eastside. The second focus group attendees comprised a broad range of community interests, and included individuals representing: adjacent property owners, businesses currently operating at Houghton Village and Houghton Plaza, the Houghton and Everest Neighborhood Associations, design professionals in Kirkland, and general community interests. A third focused conversation is being coordinated with Kirkland Initiative alumni.

The program for each event focused on gathering opinions from attendees on two key components: 1) Identifying design values/priorities by evaluating each initial option and providing feedback on the location and layout of open space, relation of the building(s) (including commercial/retail/community frontage and residential entries) to the larger site, and connections from the site to rights-of-way, streets, and the CKC; and, 2) Providing feedback related to potential future programming by answering the following questions:

- What would be important to provide for kids and seniors on site?
- What uses would complement housing?
- What uses, programs, and amenities would serve community members from outside and inside the neighborhood?

A final focus group for this phase of engagement will be held on October 16, 2024 at Lakeview Elementary School, and will be attended by Lakeview Elementary teachers and parents.

Zoning and Development Plan Adoption Overview

The Houghton Village property is located within the Everest neighborhood, and is zoned Houghton/Everest Neighborhood Center (HENC) 1. Future development of the property is governed by the development standards in the HENC 1 zone, and by policies in the Everest Neighborhood Plan⁷ (within the Comprehensive Plan). The maximum height allowed in the HENC 1 zone for the property is 35 feet. Pursuant to the criteria in Policy EV-10 in the neighborhood plan, the site may be developed up to five stories if Council adopts a Development Plan (formerly referred to as a “Master Plan”) through a public process, which is currently underway. The PC does not have a formal role in the process for Council to adopt a Development Plan, but staff will continue to update the PC in order to provide Council with advisory feedback.

In order to make the relationship between the allowances in the Zoning Code and Comprehensive Plan more clear, staff anticipates introducing a minor text amendment in the HENC 1 KZC chapter to specifically reference the development standards specifically allowed if a Development Plan is adopted by Council. This approach has been utilized in other zones when development is guided by a Council-adopted

⁶ <https://www.kirklandwa.gov/Government/City-Managers-Office/Future-of-the-Houghton-Village-Property>

⁷ <https://www.codepublishing.com/WA/Kirkland/?KirklandCP15E/KirklandCP15E.html>

Development Plan (e.g., Evergreen Hospital, Northwest University). The process to amend the KZC requires the PC to hold a public hearing and make a recommendation to Council.

Next Steps

The project team is currently working to complete transportation analysis for surrounding intersections, and additional market analysis including interviews with firms focused on development or financing of affordable housing. Council is scheduled to receive an update on a draft Development Plan (based on feedback received on the initial options included in Attachment 1) in November, and is expected to consider adoption of a plan in early 2025.

Attachments

Attachment 1 – Houghton Village Development Plan Initial Options, prepared by Mithun, September 2024

Attachment 2 – Houghton Village Development Plan Feasibility Analysis, prepared by ECONorthwest, September 2024