



**City of Kirkland**  
**Planning and Building**  
123 Fifth Avenue, Kirkland, WA 98033  
425-587-3600 | [www.kirklandwa.gov](http://www.kirklandwa.gov)

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## MEMORANDUM

**To:** Planning Commission

**From:** Scott Guter, AICP, Senior Planner  
Martha Rubardt, Planner  
Priya Vellaipandian, Planner  
Nicholas Lopez, Planner  
Allison Zike, AICP, Deputy Planning & Building Director  
Adam Weinstein, AICP, Planning & Building Director

**Date:** February 24, 2025

**Subject:** **Briefing on Middle Housing Code State Compliance – File No. CAM24-00561 (revised with added attachment)**

### Recommendation

Planning Commission (PC) should receive a briefing to review and discuss proposed zoning code amendments, as well as provide feedback on staff's options to amend affordable housing requirements, to comply with newly mandated State rules for middle housing. The PC should focus on the below questions during their review of this memorandum:

1. Does PC have any questions or feedback on staff's draft zoning amendments?
2. Does PC have any questions or feedback on staff's options for amending the City's affordable housing requirements?

### Background

In recent years, the Washington State Legislature has enacted multiple housing laws<sup>1</sup> that cities and counties must implement within six months of adopting their major Comprehensive Plan updates. Kirkland must adopt new development standards by June 30, 2025<sup>2</sup>, to comply with the State requirements discussed in this memorandum (compliance with other State legislation beyond middle housing will be brought to Council separate from this task).

On January 7, 2025<sup>3</sup>, the Council conducted an initial study session on a phased approach to amending the Kirkland Zoning Code (KZC) to meet State-mandated requirements related to middle housing. The "Phase 1" amendments discussed cover

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<sup>1</sup> <https://deptofcommerce.app.box.com/s/jfd6j7vsgpiotketm4c09eekocovd4lc>

<sup>2</sup> Requirements of RCW 36.70A.535 (co-living) are not required until December 31, 2025. Requirements of RCW 36.70A.622(2) (parking) have been in effect since June 6, 2024.

<sup>3</sup> [www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/january-7-2025/3b\\_study-session.pdf](http://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/january-7-2025/3b_study-session.pdf)

new State requirements for middle housing, accessory dwelling units, parking, design review, and co-living developments. Compliance with these State middle housing requirements is crucial; failure to meet the June 30, 2025, deadline will result in the State's "model code"<sup>4</sup> taking effect in Kirkland. Staff has since drafted proposed amendments for middle housing (Chapter 113 KZC) (Attachment 1). Please note that staff has included these draft proposed amendments for middle as a "clean" version (without legislative changes shown) of the relevant KZC chapters due to the extent of changes to existing standards. To view these legislative changes see Attachment 2.

While not required by State legislation, one optional component of Phase 1 is exploring the potential for implementing new inclusionary zoning requirements (i.e., affordable housing set-asides) for middle housing in lower density residential zones. Staff has collaborated with A Regional Coalition for Housing (ARCH) on options for potential affordable housing amendments (Chapter 112 KZC), discussed further in this memorandum.

Amendments for co-living housing have been removed from this project due to their broader scope and a later compliance deadline of December 31, 2025. This work will be managed separately.

### **Proposed Draft Amendments to Chapter 113**

Washington State House Bill (HB) 1110, often referred to as the "middle housing" bill, mandates cities to permit a wider variety of housing types in areas traditionally zoned for single-family homes. Under these new requirements<sup>5</sup>, cities statewide, including Kirkland, must revise their codes to allow middle housing types in all residential zones. Specifically, Kirkland is required to permit up to six out of nine middle housing types (duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing) and ensure a minimum density of 4 to 6 dwelling units per lot in all predominantly residential zones.

Purpose of Chapter 113: This chapter provides an alternative to the residential density limits imposed in low-density residential zones, allowing the development of cottages, carriage houses, and two/three-unit homes in traditionally single-family areas.

Issue: The new State law sets minimum density guarantees at the lot level, effectively overriding local density maximums in predominantly residential zones. Local regulations, which often establish a minimum lot size per unit or maximum number of units per acre, are inconsistent with the new State-required minimum densities. These new State requirements affect all residential zones (low-, medium-, and high-density) as existing regulations would not be compliant with State minimum density requirements per lot.

Solution: Staff has amended Chapter 113 to incorporate State density minimums. Given that the effects span all residential zones, staff has included all allowed building types identified in HB 1110 to provide the greatest flexibility for development. This approach is particularly beneficial in medium- and high-density zones, where the city has historically directed growth, and on larger lots where development capacity may benefit from additional building types. With the Phase 1 code amendments, staff has not adjusted the development standards for lot coverage, floor area ratio, and maximum building height. With this approach, middle housing types are still governed by the underlying (current)

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<sup>4</sup> <https://deptofcommerce.app.box.com/s/tfivrrq4t97nggquanr3syaz4zeo8nxd>

<sup>5</sup> <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.635>

zoning regulations, which control the overall bulk and mass of the development. Considering changing these development allowances to optimize development of middle housing will be a major focus of the Phase 2 work.

**Code Amendment Summary Table**

Section	Description
5.10	<p>Definitions:</p> <p>Added “middle housing” definition to link specific housing types that may use and are regulated within Chapter 113 KZC.</p> <p>Added the State’s definition of “major transit stop,” which dictates the applicability of adopted State minimum density and parking requirements.</p>
113.05	<p>User Guide:</p> <p>Updated user guide to include allow all middle housing types identified in HB 1110 in all residential zones.</p>
113.10	<p>Provisions and Intent:</p> <p>Updated to allow residential uses in multifamily zones to use the standards of Chapter 113.</p>
113.15	<p>Housing Types Defined:</p> <p>Updated to include all middle housing types identified in HB 1110.</p>
113.20	<p>Applicable Use Zones:</p> <p>Replace referenced low density zones definition with residential zones definition. Prohibit the use of Chapter 113 for properties within the Goat Hill Overlay and within the jurisdiction of the Shoreline Management Act<sup>6</sup>.</p>
113.25	<p>Development Standards. The new table:</p> <ul style="list-style-type: none"> <li>• Regulates all middle housing types identified in HB 1110</li> <li>• Establishes new State minimum densities while preserving the chapter's original density bonus to retain this advantage for larger lots capable of utilizing it.</li> <li>• Removes unit number maximum for cottage development.</li> <li>• Adds unit lot subdivision allowance consistent with new State allowance established with ESSSB 5258<sup>7</sup>.</li> <li>• Sets a standard minimum required yard to reduce complexity of Chapter use and administration.</li> </ul>

<sup>6</sup> Per State guidance, properties within the jurisdiction of the Shoreline Management Act (SMA) have not been included to avoid conflict between the SMA and the Growth Management Act.

<sup>7</sup> Staff is updating the short subdivision requirements as a separate code amendment project.

Section	Description
	<ul style="list-style-type: none"> <li>• Sets parking standards consistent with HB 1110.</li> </ul>

Section	Description
	<ul style="list-style-type: none"> <li>Adds affordable housing requirement reference to KZC 112</li> <li>Amends footnotes for consistency with State requirements, administration clarity, and updates to references to other code sections that now apply to this Chapter<sup>8</sup>.</li> </ul>
113.25	<p>Design Regulations:</p> <p>This section has been amended to include objective-based design regulations for all housing types regulated in this Chapter consistent with State requirements and the State's model code.</p>
113.40	<p>Median Income Housing:</p> <p>Section was removed. This will be replaced with an amendment to Chapter 112. Affordable housing requirements are discussed further in this memorandum.</p>
113.40	<p>Additional Standards:</p> <p>Minor amendments to this section making it applicable to all middle housing types.</p>

### Proposed Options for Amending Chapter 112

HB 1110 requires cities to allow affordable housing in areas predominantly containing single-family homes and facilitates this objective by requiring that cities grant additional density for middle housing projects containing affordable housing. The overarching goal is to enable low and moderate-income individuals to find homes in residential neighborhoods.

In most parts of the city, the bill allows up to six homes on each lot, provided that two of them are affordable for households earning at 60% area median income<sup>9</sup> (AMI) for renter-occupied, or at 80% AMI for owner-occupied. However, if the property is within ½ mile of a major transit stop<sup>10</sup>, the last two homes do not need to be affordable. In Kirkland, the only major transit stop currently is the Sound Transit Stride Station being constructed on I-405 and NE 85th Street, an area recently upzoned with the NE 85th Street Station Area Plan. Exceptions to State-mandated affordable housing requirements would also apply to future major transit stops along the K-line. Nevertheless, the new law does not restrict the city's ability to expand or modify its existing affordable housing requirements to meet local needs.

At present, the city's affordable housing requirements apply primarily in multifamily zones to developments proposing four or more units. In general, multi-family projects or

<sup>8</sup> Staff will brief Planning Commission and City Council on additional zoning chapters affected by this update at a future meeting.

<sup>9</sup> Area median income is the median household income adjusted for household size, for the county where the household is located, as reported by the United States Department of Housing and Urban Development.

<sup>10</sup> Under section RCW 36.70A.030(25) the definition of "major transit stop" includes stops on bus rapid transit routes, including those stops that are under construction:

<https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.030>

four or more units must set-aside 10% of their units at 50% of the Area Median Income (AMI) for rental projects or 80% AMI for homeownership units. If a housing development does not include affordable units on site, developers must pay a fee to the city, which is used to develop or preserve affordable housing elsewhere. The City's approach to affordable housing requirements could be perceived to be inequitable in that multi-family projects are required to have affordable housing set-asides, but no such requirements apply to single-family projects. Chapter 113 currently has an affordable housing requirement, but it only applies to developments of 10 units or greater and does not offer an option for payment in lieu of constructing the affordable housing unit (most middle housing built in the City to date occurs in developments of far fewer than 10 units). In addition, the affordability requirement for the set-aside units is generally at 100% of the Area Median Income.

As the city considers amendments to its affordable housing regulations to meet State requirements, it must balance the need for affordable housing across a broader spectrum of housing types while ensuring these requirements do not hinder the construction of new housing. Below, staff provide guiding principles for amending affordable housing regulations and compare four options against these principles.

### Guiding Principles for Amending Affordable Housing Regulations

Staff has developed the following principles to guide the analysis of potential amendments to affordable housing regulations.

1. *Ensure Fair Treatment Across Housing Types (Equitable Treatment/Housing Diversity)*
  - Amend the inclusionary zoning program to eliminate any biases against specific housing types (e.g., multi-family housing). This will promote equity by ensuring that no housing type is unfairly penalized, thus fostering a diverse range of affordable housing options.
2. *Foster Middle Housing Production (Supply)*
  - Sustain and enhance a regulatory environment that continues to encourage the robust production of middle housing units. This approach will facilitate more accessible homeownership opportunities, particularly for moderate-income households, and help bridge the housing affordability gap.
3. *Utilize Value from Density Allowances (Community Value)*
  - Leverage the increased value generated from new density allowances in compliance with HB 1110. Allocate a portion of this value to support the development of affordable housing, thereby ensuring that growth and development contribute to housing affordability and equity within the community.

These principles aim to create a balanced and equitable regulatory framework that continues to add affordable housing options while not inadvertently restricting the supply of new housing. By addressing potential equity impacts and ensuring a fair approach across different housing types, we can better support the housing needs of our diverse community.

## Description of Proposed Affordable Housing Amendment Options

The options below focus on imposing the City's existing inclusionary zoning requirements on residential zones that are not currently subject to those requirements, in order to create more equity in the City's inclusionary zoning program. The options below also take into account economic analysis conducted by ARCH for different housing types, and concludes that the inclusionary options recommended below (other than the No Action option) would be economically feasible for developers of middle housing.

Any of these options (aside from the No Action option) may be considered for adoption as a standard provision or as a pioneer provision to Chapter 112 KZC. The No Action option is required to be implemented as part of HB 1110.

### *1. Adopt State Standards (No Action)*

- For properties more than a 1/2-mile from a Major Transit Stop, up to six units may be developed per lot if two are affordable at 60% area median income<sup>11</sup> (AMI) (renter-occupied) or 80% AMI (owner-occupied).<sup>12</sup>

### *2. Apply Kirkland's Existing Affordable Housing Requirements to low density zones (citywide adoption of KZC 112)*

- All development of four or more dwelling units is required to provide 10% affordable housing at 50% AMI (renter-occupied) and 100% AMI (owner-occupied). As an option, exclude dwelling units equal to or less than 1,000 square feet from affordable housing requirement.

### *3. Amend Kirkland's Affordable Housing Requirements in all residential zones (enhanced citywide adoption of KZC 112)*

- All density limited residential development (including single-family), and regardless of number of units, is required to provide 10% affordable housing at 50% AMI (renter-occupied) and 80% AMI (owner-occupied - matching the State's AMI level for owner-occupied units). As an option, exclude dwelling units equal to or less than 1,000 square feet from affordable housing requirement.

### *4. Amend Kirkland's Affordable Housing Requirements in all residential zones (enhanced citywide adoption of KZC 112 with modified AMI<sup>13</sup>)*

- All density limited residential development (including single-family), and regardless of number of units, is required to provide 10% affordable housing at 50% AMI (renter-occupied) and 100% AMI. As an option, exclude dwelling units equal to or less than 1,000 square feet from affordable housing requirement.

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<sup>11</sup> Area median income is the median household income adjusted for household size, for the county where the household is located, as reported by the United States Department of Housing and Urban Development.

<sup>12</sup> Six units per lot, regardless of affordability, are allowed within 1/2-mile of a major transit stop.

<sup>13</sup> Pursuant to RCW 36.70A.540, cities may establish higher income levels for rental housing or for owner occupancy housing upon finding that higher income levels are needed to address local housing market conditions. The higher income level for rental housing may not exceed eighty percent of the county area median family income. The higher income level for owner occupancy housing may not exceed one hundred percent of the county area median family income.

### Amendment Options Comparison Matrix

	Option 1: State Req. (No Action)	Option 2: Apply Existing KZC 112 Req. (4+ unit)	Option 3: Apply KZC 112 Req. (1+ unit)	Option 4: Apply KZC 112 Req. (1+ unit / modified AMI)
<b>Minimum Unit Application</b>	5+ (up to 6 units total)	4+	1+	1+
<b>Affordable Requirement</b>	60% AMI (renter- occupied) 80% AMI (owner- occupied)	10% Affordable at: <ul style="list-style-type: none"> <li>• 50% AMI (renter-occupied)</li> <li>• 100% AMI (owner-occupied)</li> </ul>	10% Affordable at: <ul style="list-style-type: none"> <li>• 50% AMI (renter-occupied)</li> <li>• 80% AMI (owner-occupied)</li> </ul>	10% Affordable at: <ul style="list-style-type: none"> <li>• 50% AMI (renter-occupied)</li> <li>• 100% AMI (owner-occupied)</li> </ul>
<b>Applied Zones</b>	Low-, med-, & high-density zones <sup>14</sup>	Low-, med-, & high-density zones	Low-, med-, & high-density zones	Low-, med-, & high-density zones
<b>Optional Size Exemption (Units ≤ 1,000 sq. ft)</b>	N/A	Yes	Yes	Yes
<b>Feasibility of Inclusionary Options (for- sale units on a 10,000- square-foot lot)</b>	Building two affordable units in a six-unit project is not feasible	Feasible for the following modeled prototypes: <ul style="list-style-type: none"> <li>• Duplex</li> <li>• Triplex</li> <li>• Cottage Housing (3- units)</li> <li>• Townhouses (4-units)</li> <li>• Fourplex</li> <li>• Fiveplex</li> <li>• Sixplex</li> <li>• Single-Family with 2 ADUs</li> </ul>	Feasible for the following modeled prototypes: <ul style="list-style-type: none"> <li>• Duplex</li> <li>• Triplex</li> <li>• Cottage Housing (3- units)</li> <li>• Townhouses (4-units)</li> <li>• Fourplex</li> <li>• Fiveplex</li> <li>• Sixplex</li> <li>• Single-Family with 2 ADUs</li> </ul>	Feasible for the following modeled prototypes: <ul style="list-style-type: none"> <li>• Duplex</li> <li>• Triplex</li> <li>• Cottage Housing (3- units)</li> <li>• Townhouses (4-units)</li> <li>• Fourplex</li> <li>• Fiveplex</li> <li>• Sixplex</li> <li>• Single-Family with 2 ADUs</li> </ul>
<b>Equitable Treatment/ Housing Diversity</b>	<ul style="list-style-type: none"> <li>• Allows ≤ 4 units to be built without any contribution to affordable housing.</li> <li>• Affordable housing only the responsibility of multifamily developers.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies affordable housing requirements to lower-density housing types.</li> <li>• Allows ≤ 3 units to be built without any contribution to affordable housing.</li> </ul>	Applies affordable housing requirements to lower-density housing types, regardless of unit number.	Applies affordable housing requirements to lower-density housing types, regardless of unit number.
<b>Likely Effect on</b>	<ul style="list-style-type: none"> <li>• Uses State standard to leverage</li> </ul>	Applies City's existing standards to	Modifies City standards to increase the value	Modifies City standards to increase the value

<sup>14</sup> If zone allows for higher density existing KZC 112 applies.



	Option 1: State Req. (No Action)	Option 2: Apply Existing KZC 112 Req. (4+ unit)	Option 3: Apply KZC 112 Req. (1+ unit)	Option 4: Apply KZC 112 Req. (1+ unit / modified AMI)
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>increased value generated from new density with HB 1110.</li> <li>Market less likely or unable to use this option.</li> </ul>	leverage increased value generated from new density allowances.	generated from new density allowances.	generated from new density allowance.

### Next Steps

Staff will incorporate the PC's feedback on the draft code amendments and affordable housing options discussed at their February 27, 2025 meeting. Additionally, staff will provide a future briefing on these and related code amendments for other zoning code sections to align City rules with State requirements on middle housing, parking standards, and accessory dwelling units, tentatively scheduled for the PC's March 27, 2025 meeting.

### Attachments

1. Proposed Draft Amendments to Chapters 5 and 113 KZC (clean version)
2. Proposed Draft Amendments to Chapters 5 and 113 KZC (legislative edits)