



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033
425-587-3000

MEMORANDUM

To: Kurt Triplett, City Manager

From: Jim Lopez, Deputy City Manager of External Affairs
Allison Zike, Deputy Planning and Building Director
Diana Hart, Government Affairs Manager

Date: July 8, 2024

Subject: **Houghton Village Development Plan Briefing**

RECOMMENDATION:

Staff recommends that the City Council (Council) receives a briefing on the Houghton Village Development Plan process to-date.

EXECUTIVE SUMMARY:

- The City purchased the Houghton Village Shopping Center in 2022 to support a variety of public purposes.
- Staff has conducted two phases of public engagement to understand the community's interests and to identify partnership opportunities to maximize the property's redevelopment. Staff implementation of a Public Participation Plan is ongoing.
- At the conclusion of an RFQ process in early 2024, the City selected Seattle-based design firm Mithun, with subconsultants Transpo Group and ECONorthwest, to complete the draft Development Plan for Council's consideration of adoption in late 2024.
- The initial Opportunities and Challenges Report, which serves as the first step in creating the Houghton Village Development Plan, has been completed and will be the focus of the July 16 study session. The report includes initial transportation and market analyses (see Attachment 1).
- Staff is requesting Council feedback at the July 16 study session; the item will not include any formal action.

BACKGROUND:

The City purchased the Houghton Village Shopping Center in 2022 to help realize Council's vision for potential public purposes, 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, City Council meeting¹.

City Council directed staff to conduct an initial public engagement campaign to connect with the local community to accomplish a few 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, City 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 more to determine interests and potential partnerships for the site. Details of phase two of the public engagement campaign can be found in the staff memorandum from the December 12, 2023 City 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.

Currently, the former PCC space in the Houghton Village 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/ANALYSIS:

Opportunities and Challenges Analysis

The report included as Attachment 1 to this memorandum provides an analysis of the current site conditions for the City-owned property (commonly known as Houghton Village) and the surrounding community and regulatory context. This includes how existing zoning and Comprehensive Plan policies apply to the site, and existing and potential transportation conditions in the "area of consideration." The initial opportunities, including existing benefits that

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

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

should be leveraged to maximize value for the community and potential benefits that can be achieved with redevelopment of the site, include:

- Central location near transit, the Cross Kirkland Corridor (CKC), and existing retail/services;
- Adequate access and ample dimensions for development of housing, commercial/community spaces, parking, and open space;
- Potential for pedestrian-oriented development;
- Improved pedestrian, biking, and rolling facilities;
- Strong demand for rental and for-sale housing of all types;
- Opportunities for restaurants, retail shops and/or community organizations at ground floor;
- Potential to develop as a sustainability showcase project; and
- Expanded opportunities if, or when, adjacent properties redevelop to achieve improved connections to the CKC and a more cohesive center.

The report also identifies potential challenges that should be further discussed and addressed in the Development Plan as follows:

- Optimal design of the City-owned parcel should include redevelopment of the adjacent parcels to the east and west, and a phasing plan should address redevelopment of just the City-owned parcel while identifying how it can be connected to future redevelopment of any neighboring parcels;
- Ground floor spaces could be challenging for smaller ground floor uses;
- Parking and traffic mitigation will need to be carefully designed and managed;
- Preservation of existing tree canopy will be difficult with potential construction of new streets; and
- High costs of undergrounding utilities, and new or widened street construction.

Lastly, Attachment 1 contains an initial Market Analysis. This analysis includes a study of the existing housing, commercial, and office markets in proximity of Houghton Village. It also provides an overview of alternative housing-ownership models, with examples of new housing developments in nearby cities that have been established with community land trusts and cooperative ownership structures. This initial analysis provides the following high-level takeaways:

- Kirkland's housing market is unaffordable to many households, including median income earners;
- High rents in the study area, particularly in new commercial spaces, will make it difficult for small business, community organizations, and mission-driven industries to establish/maintain a presence in Kirkland; and

- The City's ownership of the site presents a unique opportunity to advance the City's goals related to housing affordability and equitable economic development.

Future phases of the development planning process will include additional market analysis, integrated with the progress on the draft development plan options. At the July 16 Council meeting, staff will be joined by the consultant team to facilitate Council's discussion of the opportunities and challenges identified.

Public Participation Plan

In addition to previous community outreach efforts in 2022 and 2023, staff has started to implement 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 scheduled for 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. Staff will share the feedback received from recent engagements completed to date during the study session on July 16, 2024. The PPP document is accessible to the public on the Future of Houghton Village webpage.⁴

Project Name Considerations

Staff notes that the name "Houghton Village" for the project site was the name established by the previous owner(s) for the shopping center. While the name is a convenient reference for the project site, as many community members are familiar with it as "Houghton Village" or the former location of the PCC Market, the site is actually in the Everest Neighborhood (though within the Houghton-Everest Neighborhood Center). Council may decide it is appropriate to rename the site at some point during this planning process, or to involve the community or potential future residents in such a decision. In consideration of the desired community benefits for the future of the site, a new name may provide an opportunity for enhanced and inclusive community ownership of the future development.

NEXT STEPS:

Staff will incorporate Council feedback provided into future phases of the Development Plan creation, continue implementation of the Public Participation Plan, and will return in the fall to evaluate the draft Development Plan.

ATTACHMENTS:

Attachment 1 – Houghton Village Development Plan Opportunities and Challenges Analysis, prepared by Mithun, July 2024

⁴ <https://www.kirklandwa.gov/Government/City-Managers-Office/Future-of-the-Houghton-Village-Property>



Houghton Village Development Plan

Opportunities and Challenges Analysis

Prepared for the City of Kirkland
July 8, 2024

OVERVIEW

PROJECT OVERVIEW

The City purchased the Houghton Village Shopping Center to support a variety of potential public purposes, such as affordable housing, school space, non-profit program space, arts and cultural space, and City recreational program space. Mithun, together with sub-consultants Transpo Group and ECONorthwest, were hired by the City to create options for a future development that can best achieve these public benefits and also create a thriving, walkable, sustainable mixed-use development.

The City Council will consider public, community, and stakeholder feedback and decide on a preferred option for redevelopment in the fourth quarter of 2024. This will be documented in a Development Plan which will include possible future uses, guidelines for redevelopment, and possible recommended changes to land use and development standards. For more information about this project, please see the City website: [Future of the Houghton Village Property – City of Kirkland](#).

This Opportunities & Challenges Analysis document is the first step in creating that Development Plan. It includes analysis of the existing Houghton Village (“City Owned Parcel”) and adjacent Houghton Plaza and Lakeview Center parcels--all of which make up the “Study Area” for the New Village Development Plan. Opportunities and challenges related to developing other parcels on the periphery of this area were also analyzed and are grouped into an Area of Consideration.

OPPORTUNITIES ON CITY-OWNED PARCEL & STUDY AREA

There are many opportunities for redeveloping the existing Houghton Village and adjacent properties. The parcels are well located along transit, have wonderful proximity to the Cross Kirkland Corridor (CKC) trail for recreation, walking and biking, and are located in the heart of the Houghton-Everest retail core. All three sites have adequate access and ample dimensions for development of housing, commercial / community spaces, parking, and open space.

When redeveloped, the existing strip-mall style developments with parking in front of the buildings can give way to vibrant, pedestrian-oriented development with storefronts and community-oriented ground floor spaces activating improved and widened public sidewalks, with cars tucked to the rear of their sites. Improved bike facilities along NE 68th Street can improve safety for cyclists travelling west, and a safer crossing could be created along NE 68th Street at NE 106th Avenue.

There is currently a strong demand for all types of housing in the neighborhood. Huge opportunities exist on the City-owned parcel to create new housing units, including for-rent or for-sale multi-unit affordable housing. Long term economic opportunities could also be gained by creating ground-floor spaces for small business, in-home childcare units, or many other ideas that could be identified by the community at upcoming outreach events. The Houghton Village parcel also has potential to become an environmental sustainability showcase demonstrating best practices in urban stormwater management, tree canopy, and low-carbon, efficient, and possibly net-zero building systems.

With possible development of Lakeview Center, there is an opportunity to connect to the CKC and to extend Feriton Spur Park to the south. The redevelopment of this site and of Houghton Plaza will also unlock the potential to create new, finer-grained street connections, creating a new urban block that is more appropriately sized for walkability and for hiding loading and services away from the arterials. (See more information in the Transportation Analysis section.)

CHALLENGES ON THE CITY-OWNED PARCEL & STUDY AREA

The optimal design of the City-owned parcel depends on the potential redevelopment of the two adjacent parcels, since the future street connections to the north and west of the site could serve all sides of the future buildings on the City-owned site. Redeveloping only Houghton Village in a first phase is possible, but will bring phasing challenges such as bringing temporary fire and parking access through the center of the site. Designing a flexible west edge to the project will be challenging and important, as it will serve as a temporary side yard and a future commercial front yard when the new street is built within the Lakeview Center site. The ground floor spaces in this location could work well for lager ground-floor uses, but challenging for smaller ground-floor uses.

Parking and traffic mitigation will need to be carefully designed and managed, and preservation of tree canopy (especially along the west and north lot lines) will be challenging with the creation of new streets. Steep grade at Lakeview Center must be overcome to create pedestrian-friendly frontage and to create the new extension of 106th Avenue NE. Also challenging in this location is the CKC bridge abutment which restricts future sidewalk widening and bike lane improvements.

There are also financial hurdles. The cost of under-grounding utilities and creating new or widened streets is above and beyond typical development and construction costs. Also, non-profit organizations typically need lower commercial space rents, which makes more challenging project financials.

OPPORTUNITIES & CHALLENGES IN THE AREA OF CONSIDERATION

There are several large properties in the Area of Consideration that should be considered as important context for the Development Plan on the City-owned parcel, including the Western Pneumatic Tube Company, Houghton Court Apartments, and Houghton Center which includes Metropolitan Market. These properties could choose to participate in the planning process to help form the vision for a cohesive district in the future. The plan for the City-owned parcel will aim to identify opportunities

KEY MAP



LEGEND

- CITY OWNED PARCEL
- STUDY AREA
- AREA OF CONSIDERATION

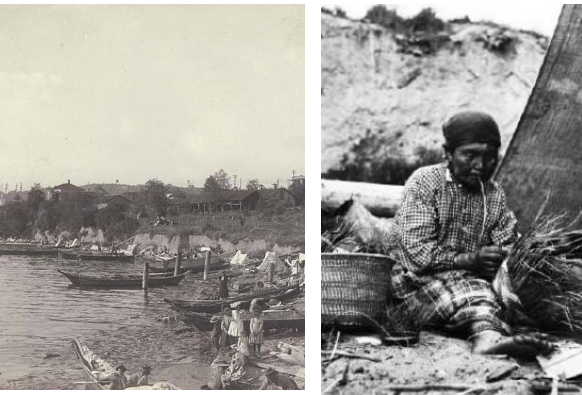
for future connections or other mutual benefits with these properties, Lakeview Elementary School, and other parcels identified in the community engagement process in the Area of Consideration. Improved and safe pedestrian and bicycle access to the school will be addressed.

With redevelopment comes more pressure on existing transportation and utility systems. But redevelopment of the Area of Consideration also represents an extraordinary opportunity for the neighborhood center, including: potential for greater connections to the CKC and surrounding pedestrian and bike network; more accessible housing choices in Kirkland which would include greater production of affordable housing under inclusionary zoning; better connections to the Google Campus, public parks, and other points to the north; Potential for connection at 9th Ave S.; more pedestrian-friendly and vibrant streetscapes with more opportunities for retail / businesses along street frontage; and new places for people to connect with each other and to feel a sense of belonging.

Site Analysis—

HISTORICAL TIMELINE

INDIGENOUS COMMUNITY & EARLY SETTLEMENT



INDUSTRIAL ERA & REGIONAL DEVELOPMENT



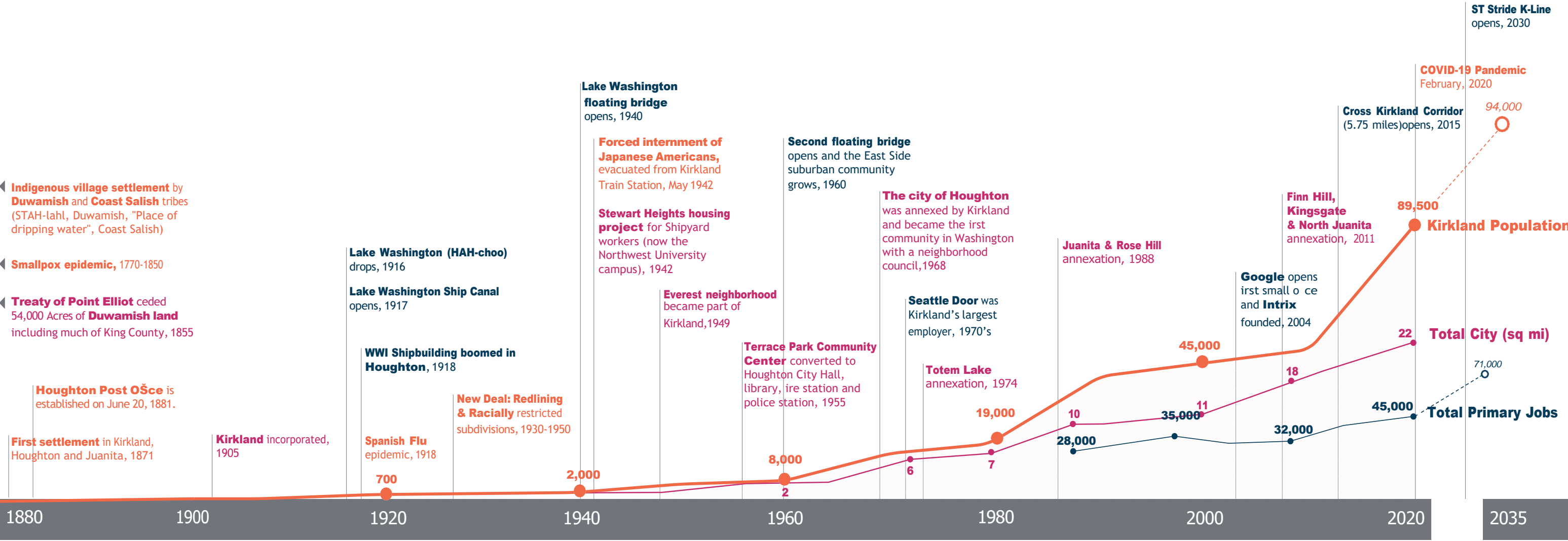
SUBURBAN GROWTH & ANNEXATION



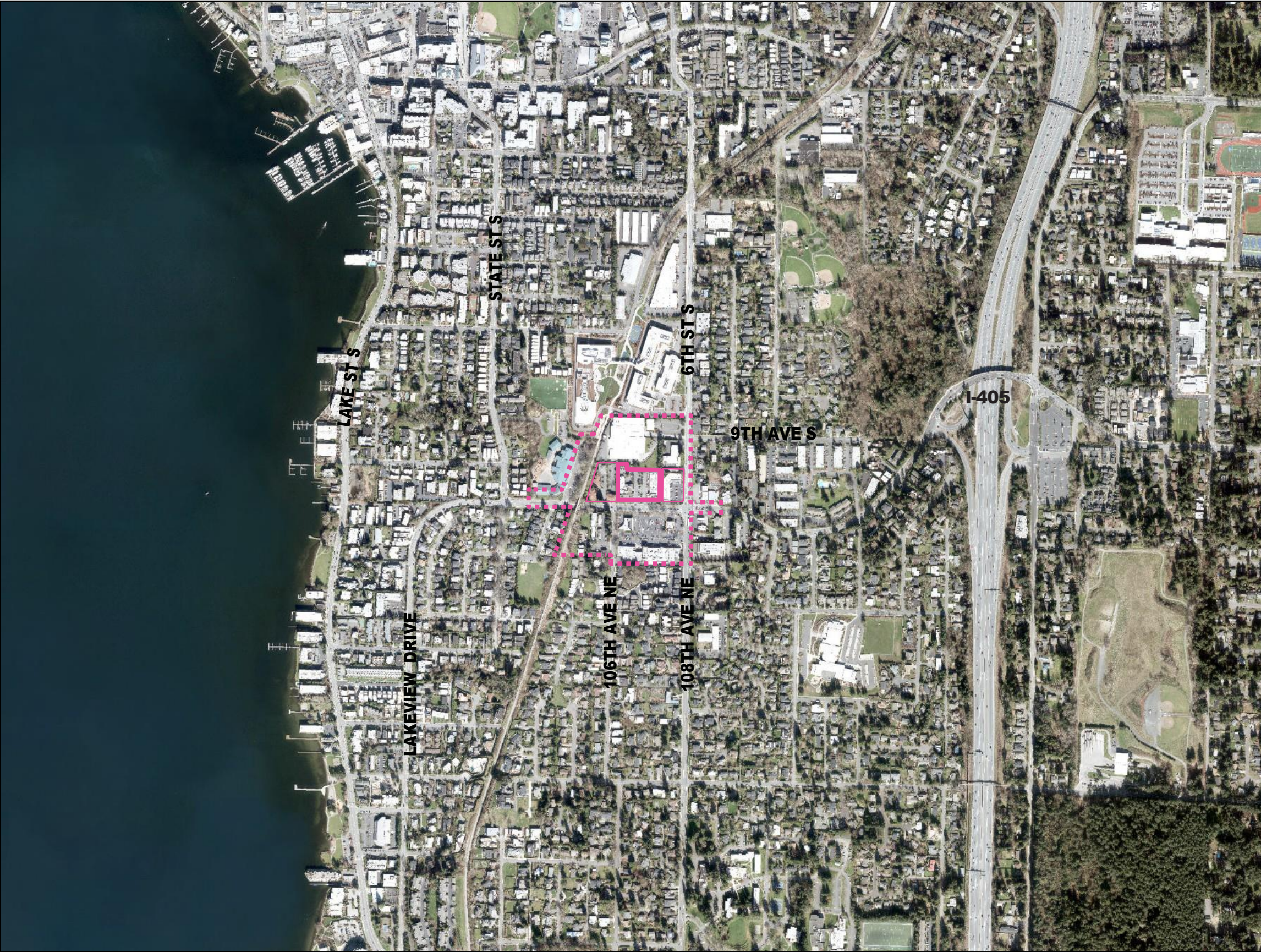
INNOVATION & MOBILITY INVESTMENT



HOUGHTON VILLAGE TODAY



EXISTING CONTEXT AERIAL



SOURCE: GOOGLE EARTH

LEGEND

- CITY OWNED PARCEL
- STUDY AREA
- AREA OF CONSIDERATION

0' 400' 800' 1600'

N

EXISTING AND POTENTIAL TRANSPORTATION CONDITIONS*



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, KING COUNTY, PARCEL VIEWER; CITY OF KIRKLAND GIS DATA SET; CITY WIDE TRANSPORTATION CONNECTIONS MAP.

*SUBJECT TO CHANGE

ARTERIAL DESIGNATIONS

NE 68TH ST: Minor arterial between 132nd Ave. NE and Lake Washington Blvd.
6TH ST S/108TH ST NE: Minor arterial between Central Way and southern city limit

PLANNED NORTH-BOUND "QUEUE JUMP" BUS LANE

City of Kirkland is re-designing a 15-block section of 108th Avenue NE to include transit-only lanes that will allow buses to bypass traffic back-ups. The project will create sidewalk-level bicycle lanes, new sidewalk and a landscaped median that separates people who are bicycling and walking from automobiles. Design is expected to be complete in Fall 2024; and should be reviewed to assess any potential affects on Study Area parcels.⁽¹⁾

PLANNED RAPID RIDE K LINE

King Country Metro is planning a bus rapid transit line along an 18-mile north-south corridor between Kirkland and Bellevue as part of Metro's long-range vision for the region. This RapidRide K Line is planned to open in 2030. It is anticipated to include a bus stop in the vicinity of NE 68th St and 6th Street S.⁽²⁾

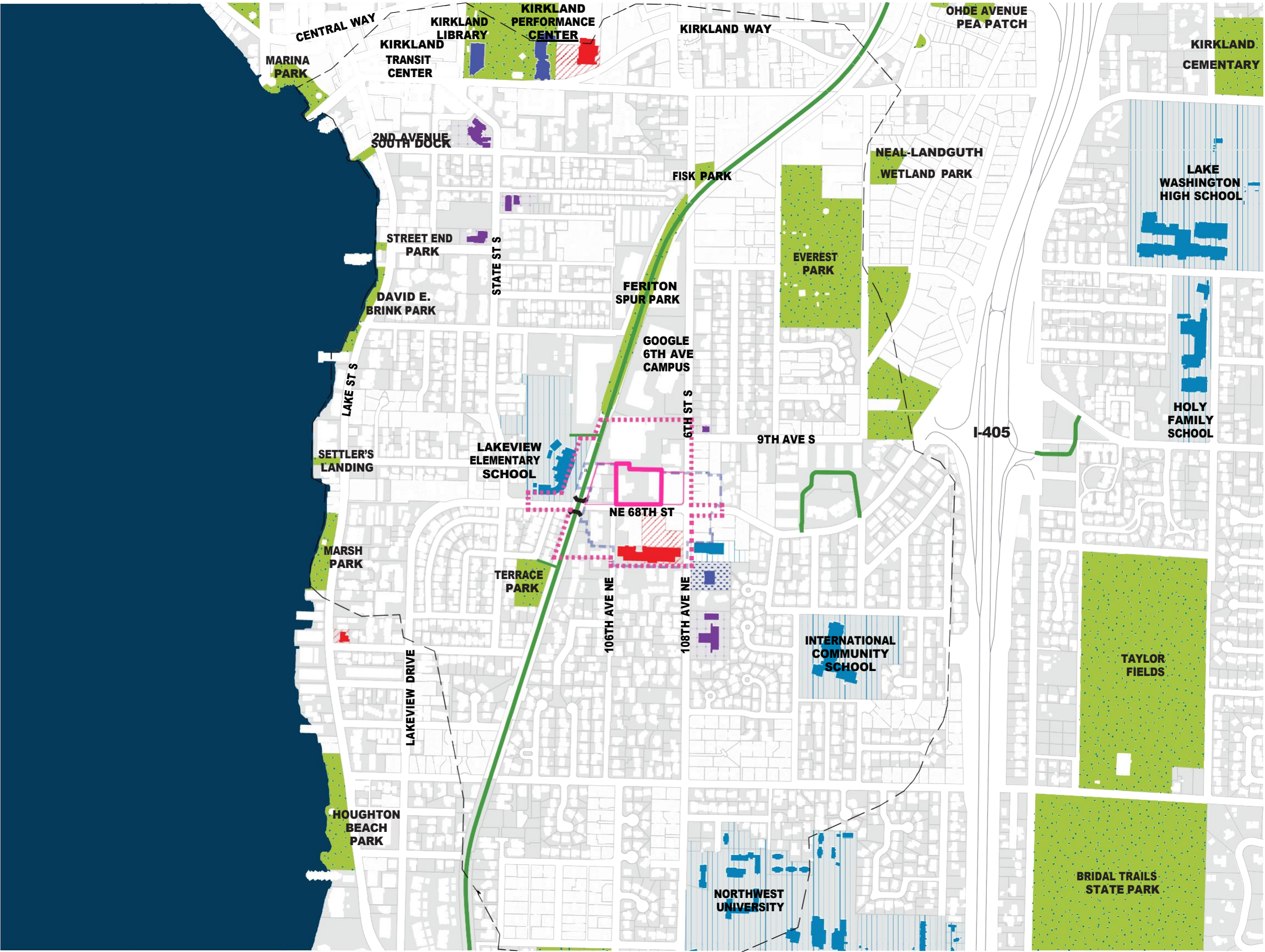
Sources: 1. <https://www.kirklandwa.gov/Government/Departments/Public-Works-Department/Construction-Projects/108th-Avenue-Northeast-transit-queue-jump>. 2. <https://kingcounty.gov/en/dept/metro/travel-options/bus/rapidride/k-line>

LEGEND

- CITY OWNED PARCEL
- STUDY AREA
- AREA OF CONSIDERATION
- TRAILS & CROSS KIRKLAND CORRIDOR
- POTENTIAL PEDESTRIAN CONNECTION
- FUTURE STREET (APPROX. LOCATION)
- BICYCLE ROUTE
- POTENTIAL BIKE FACILITIES
- 15 MINUTE WALK FROM SITE
- BUS ROUTE
- FUTURE RAPID RIDE K LINE
- BUS STOP
- PARKS
- BRIDGE

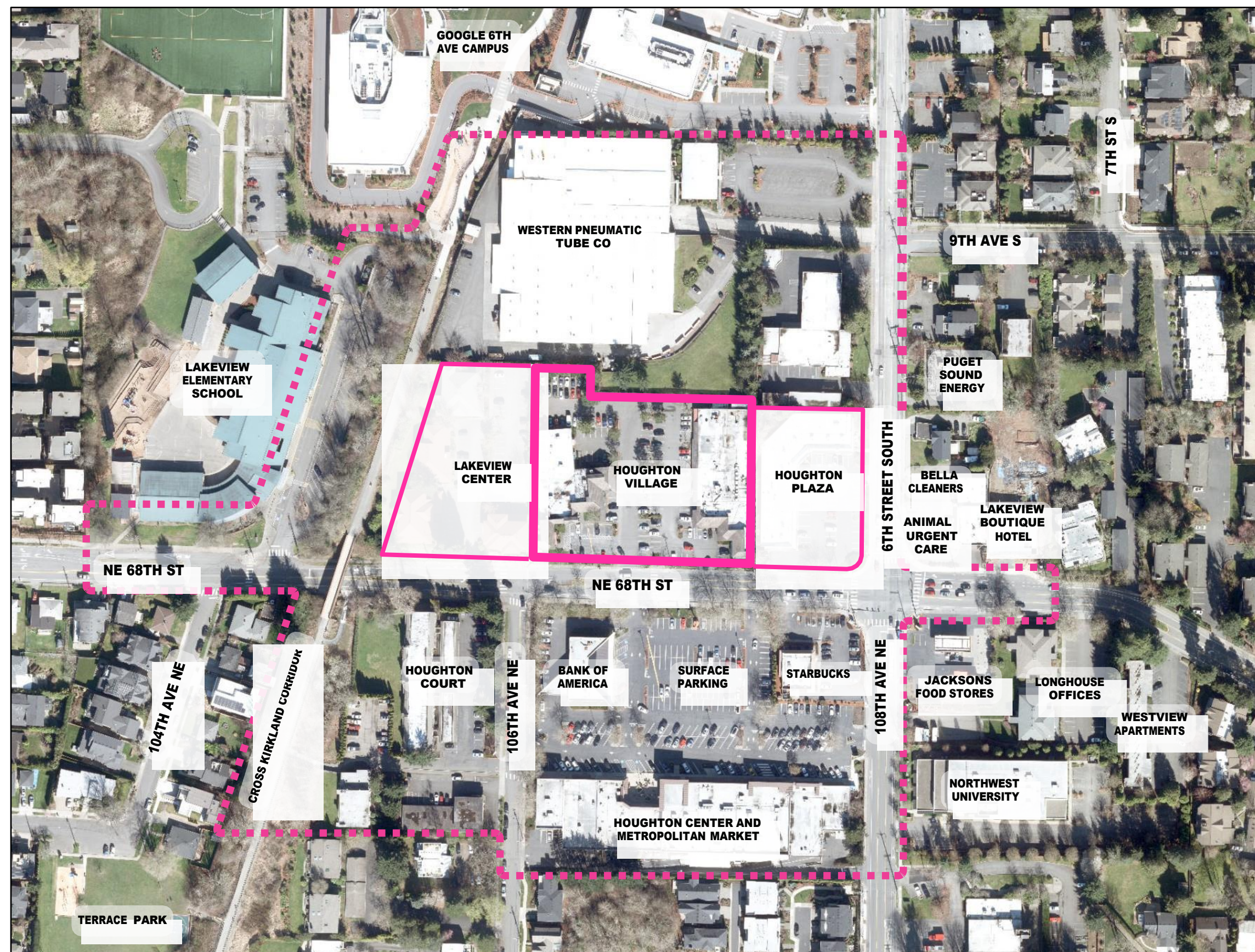


EXISTING COMMUNITY ASSETS



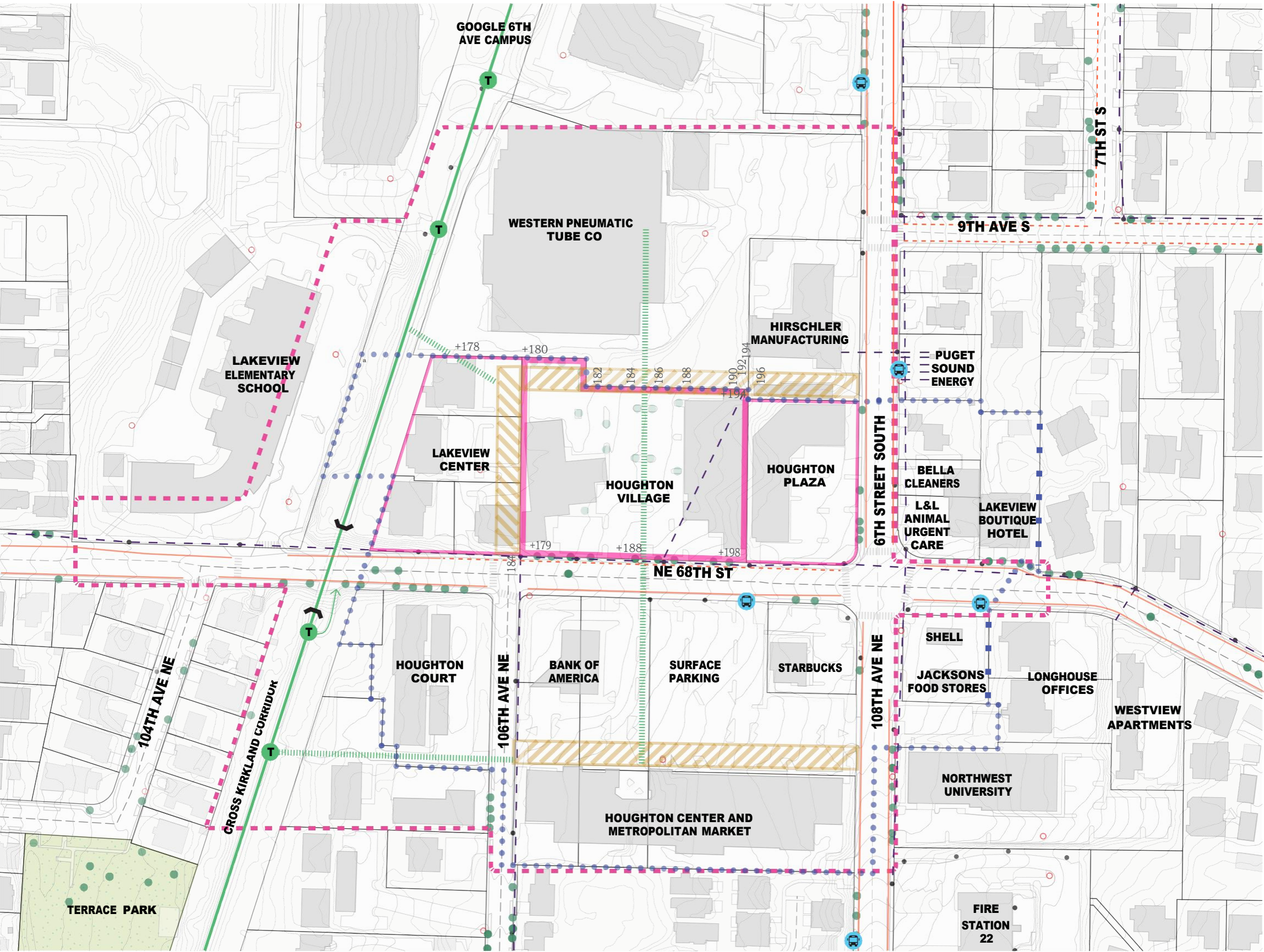
SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, KING COUNTY, PARCEL VIEWER; OPEN STREET MAPS; CITY OF KIRKLAND GIS DATA SET; CITY WIDE TRANSPORTATION CONNECTIONS MAP.

EXISTING PROJECT AREA AERIAL



SOURCE: GOOGLE EARTH

EXISTING AND PLANNED PROJECT AREA



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY; CITY OF KIRKLAND GIS DATA SET; CITY WIDE TRANSPORTATION CONNECTIONS MAP.

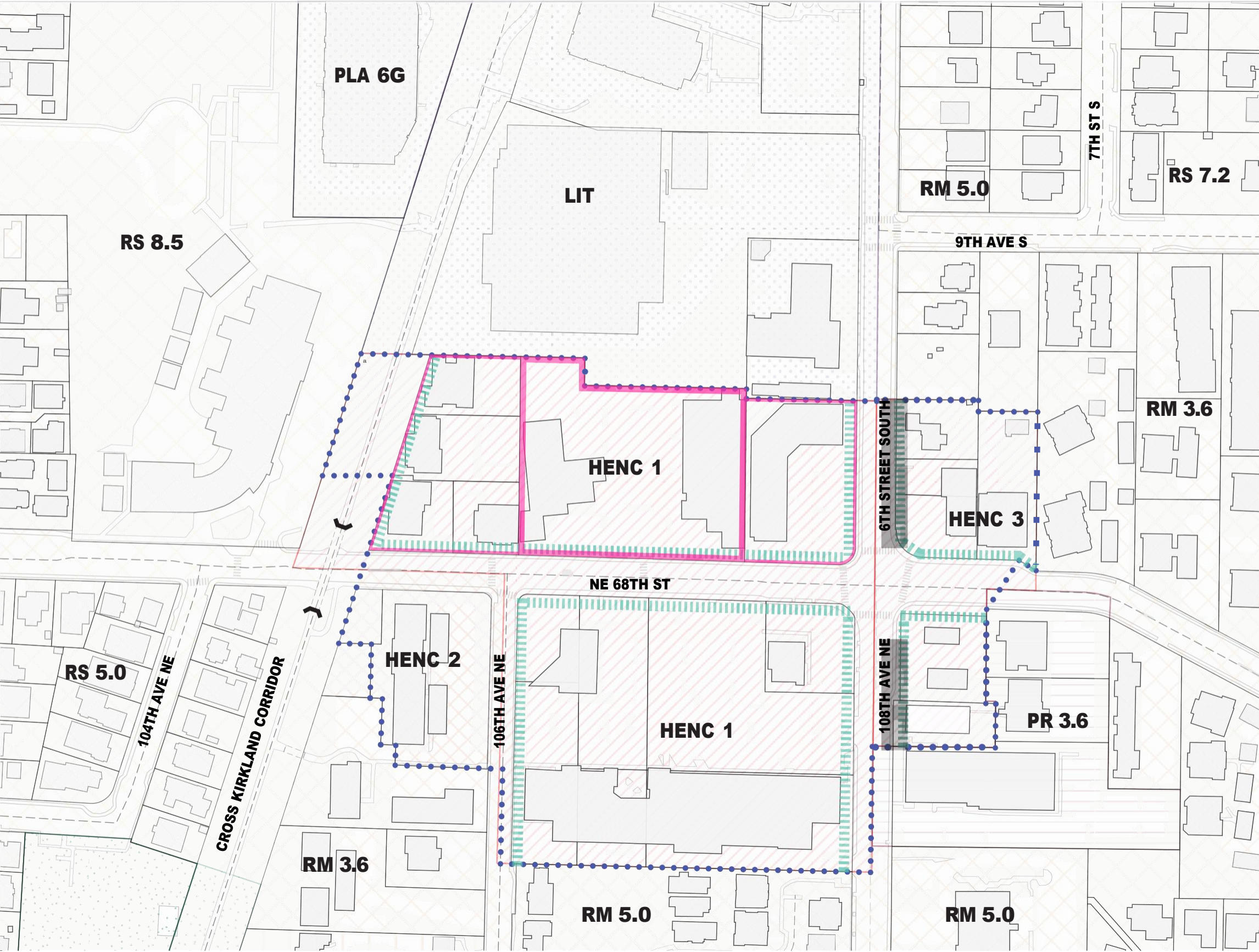
ADDRESSES AND PARCEL NUMBERS	
Houghton Village:	788260-0611, 10600 NE 68TH ST
Houghton Plaza	082505-9072, 941 6TH ST S
Lakeview Center	788260-0621, 10532 NE 68TH ST
	788260-0605, 10512 NE 68TH ST
	788260-0622, 10518 NE 68TH ST
	788260-0623, 10526 NE 68TH ST

PARCEL AREAS	
Houghton Village:	95,656 GSF, 2.20 acres (before future ROW dedications)
Houghton Plaza:	42,852 GSF, 0.98 acres
Lakeview Center:	55,952 GSF, 1.28 acres

- LEGEND**
- CITY OWNED PARCEL
 - STUDY AREA
 - AREA OF CONSIDERATION
 - PARCEL LINES
 - HOUGHTON EVERST NBHD CENTER
 - CROSS KIRKLAND CORRIDOR
 - CROSS KIRKLAND CORRIDOR ACCESS POINT
 - POTENTIAL PEDESTRIAN CONNECTION
 - FUTURE STREET (APPROX. LOCATION)
 - BUS STOP
 - BICYCLE LANES
 - POTENTIAL BIKE FACILITIES
 - ROAD CENTERLINE
 - OVERHEAD POWER
 - MAPPED ROW TREES
 - UTILITY AND LIGHT POLES
 - FIRE HYDRANTS
 - CROSSWALK
 - BRIDGE
 - TOPO CONTOUR LINES, 2 FEET



EXISTING ZONING



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY; CITY OF KIRKLAND GIS DATA SET; KIRKLAND ZONING CODE.

PEDESTRIAN CIRCULATION REQUIREMENTS

NE 68TH ST: Pedestrian-Oriented Street (14' sidewalks both sides), Minor arterial

6TH ST S / 108TH AVE NE: Major Pedestrian Sidewalks (14' sidewalks west side), Minor arterial

106TH AVE NE: Major Pedestrian Sidewalks (14' sidewalks east side)

LEGEND

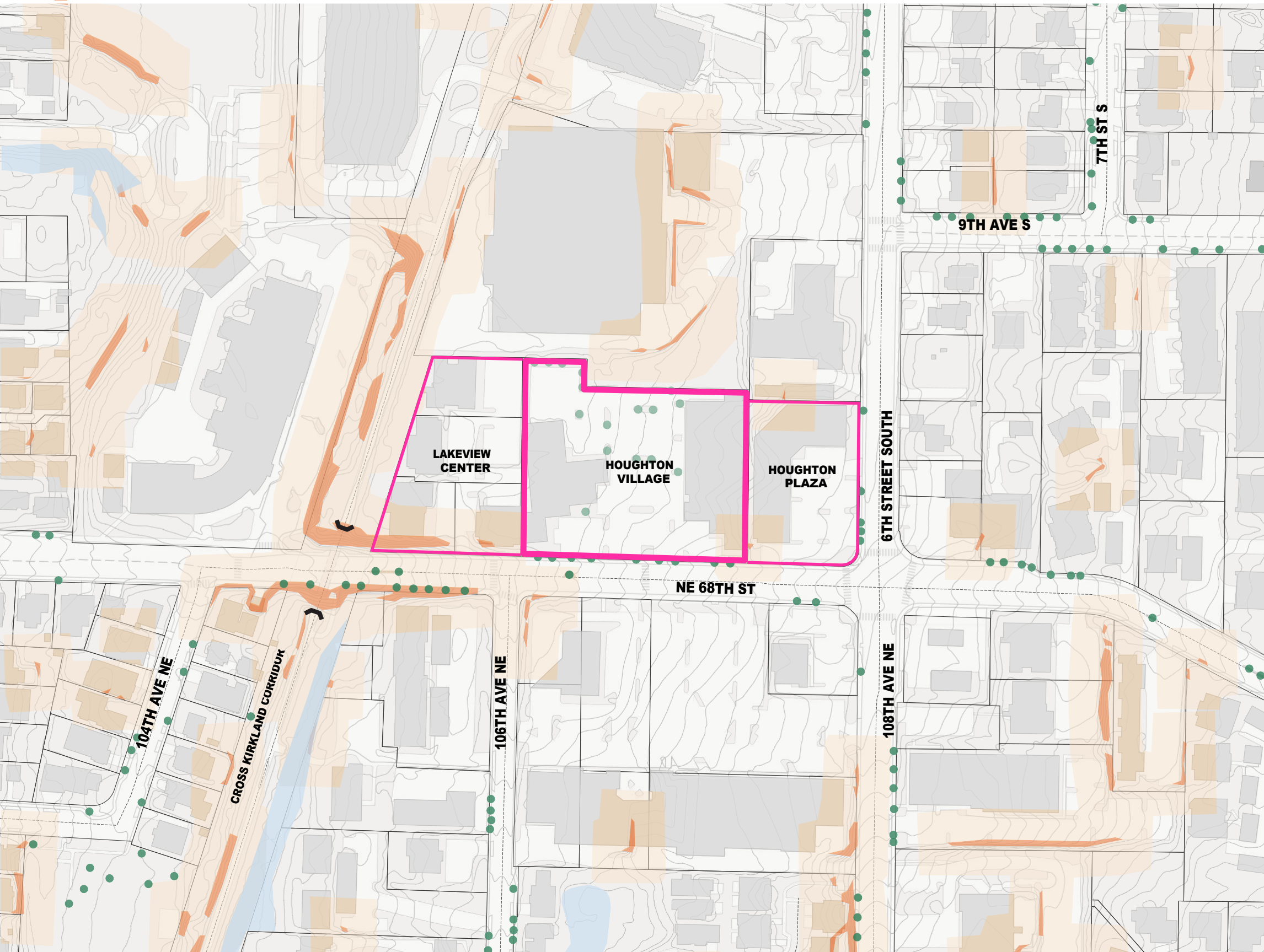
- CITY OWNED PARCEL
- STUDY AREA
- PARCEL LINES
- HOUGHTON EVERST NBHD CENTER
- ROAD CENTERLINE
- STEPBACKS REQUIRED ABOVE 2ND STORY**
- COMMERCIAL ZONES*
- HIGH DENSITY RESIDENTIAL ZONES*
- MEDIUM DENSITY RESIDENTIAL ZONES*
- LOW DENSITY RESIDENTIAL ZONES*
- OFFICE ZONES*
- INDUSTRIAL ZONES*
- PARKS*

* The land use designations denoting zones reflect the adopted land use designations in the Kirkland 2035 Comprehensive Plan, and are subject to change with adoption of the Kirkland 2044 Comprehensive Plan update.

** In the HENC-1 and HENC-3 zones, 5' average and 5' min stepbacks are required for portions above 2 stories when adjacent to NE 68th Street, 106th Avenue NE, 108th Avenue NE, 6th Street South and CKC



EXISTING ENVIRONMENTAL CONDITIONS

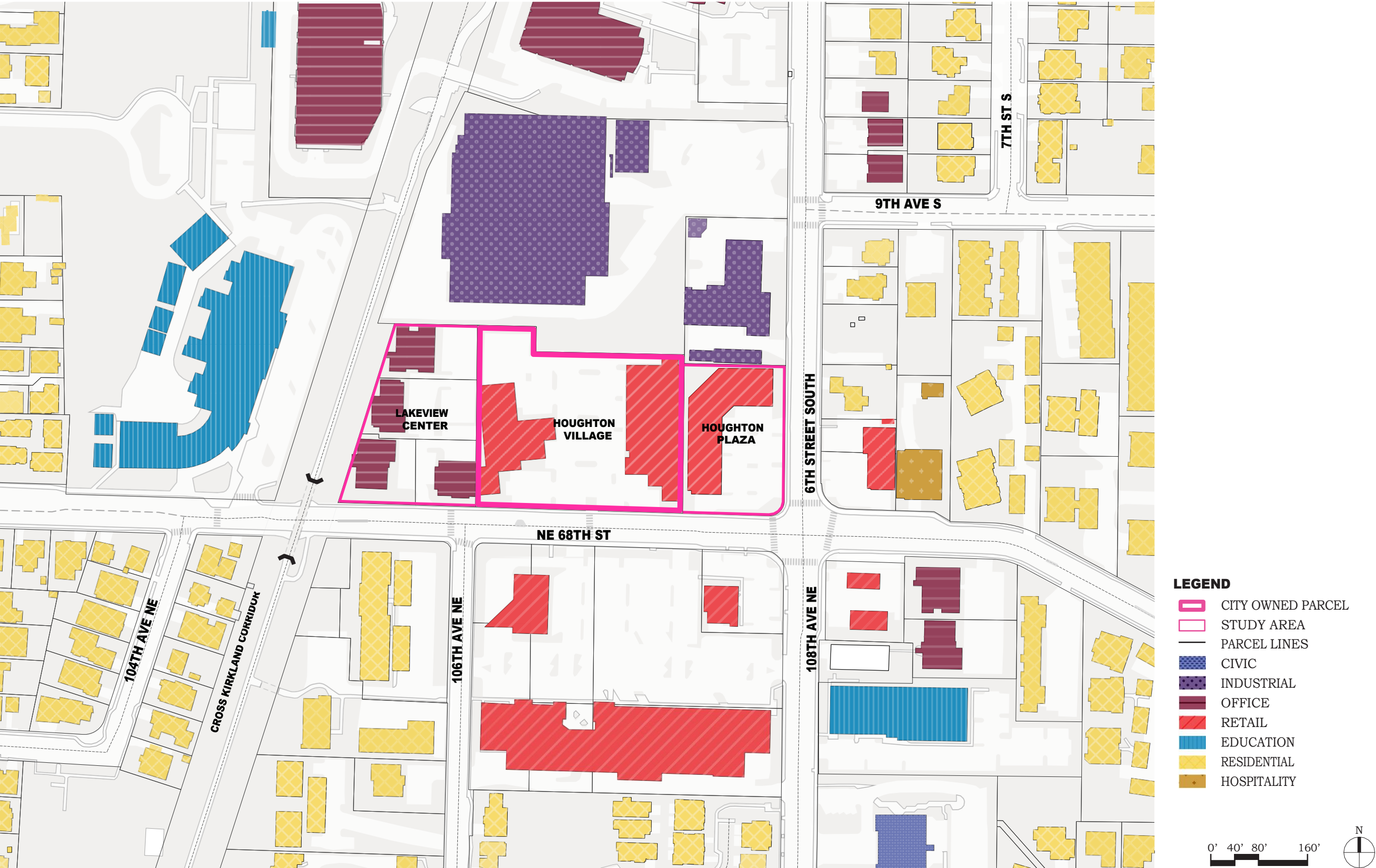


SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY; CITY OF KIRKLAND GIS DATA SET.

- LEGEND**
- CITY OWNED PARCEL
 - STUDY AREA
 - LANDSLIDE MODERATE SUSCEPTIBILITY
 - LANDSLIDE HIGH SUCEPTIBILITY
 - WETLAND
 - MAPPED ROW TREES
 - TOPO CONTOUR LINES 2 FEET

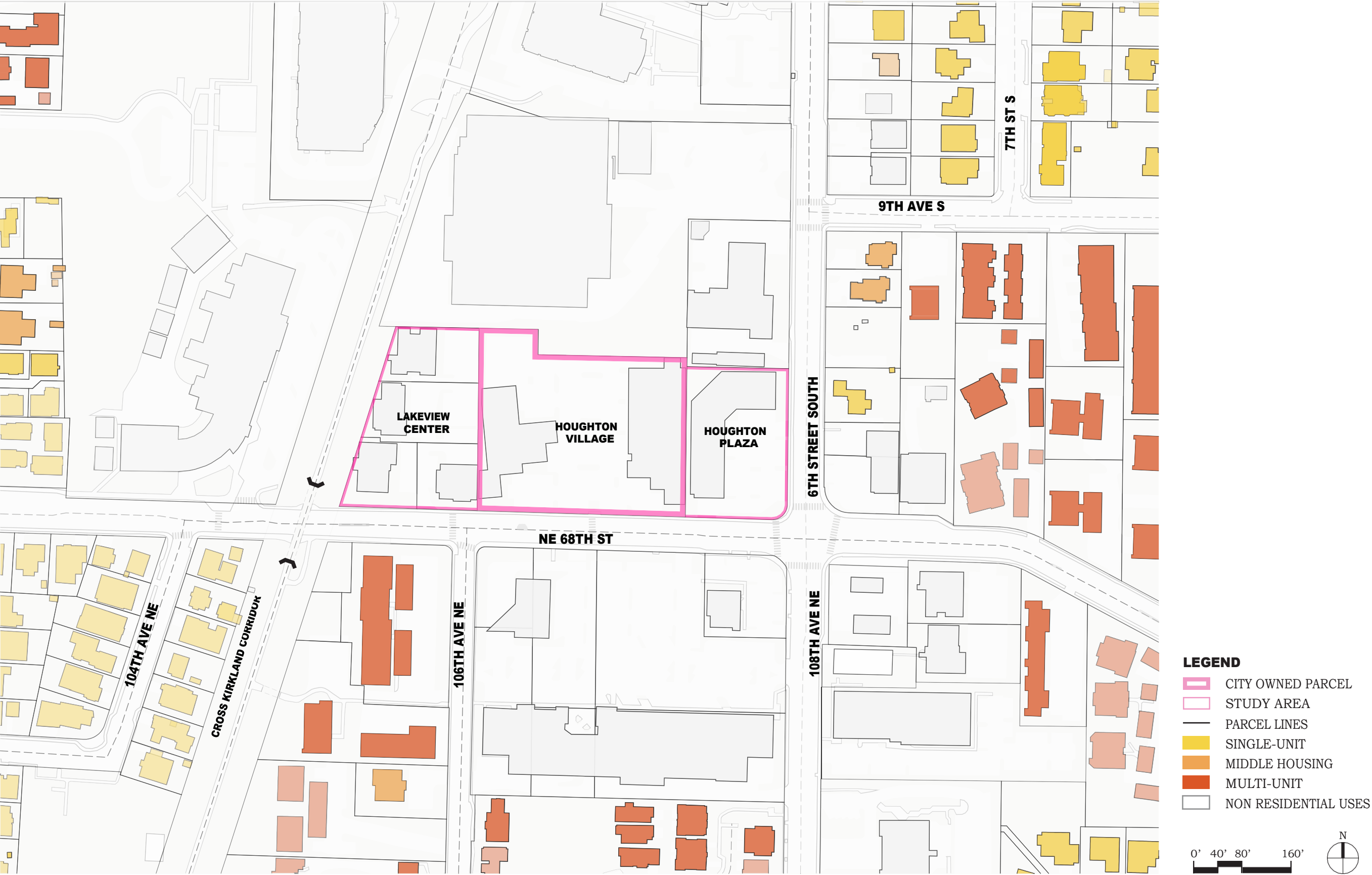


EXISTING LAND USE



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY/ CITY OF KIRKLAND GIS DATA SET.

EXISTING RESIDENTIAL BUILDING TYPES



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY; CITY OF KIRKLAND GIS DATA SET.

EXISTING ARCHITECTURAL CHARACTER



Houghton Plaza



CKC Bridge over 68th Street



Lakeview Center



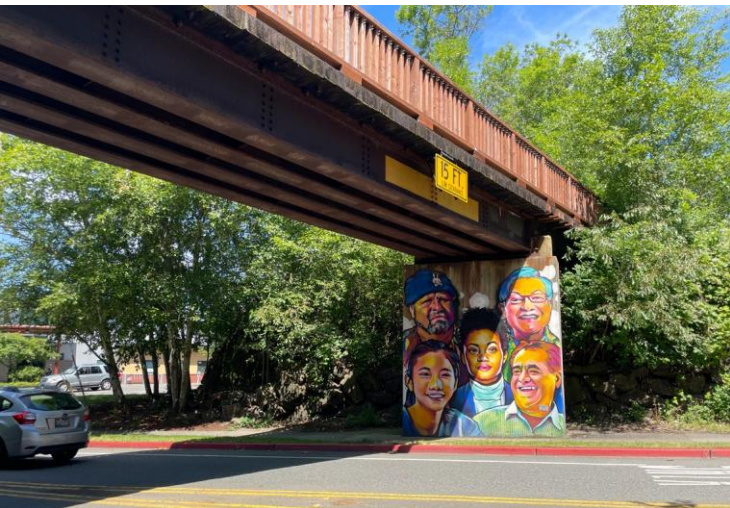
Feriton Park at Google Campus



Google 6th Street Campus



Houghton Village Retail



Street art at the CKC Bridge
SOURCES: PHOTOGRAPHY BY MITHUN, GOOGLE EARTH



Houghton Village Retail



Lakeview Elementary School

Zoning Analysis—

EVEREST NEIGHBORHOOD PLAN POLICY

Everest Neighborhood Plan Policy language states that buildings may go up to 5 stories with an approved Development Plan:

POLICY EV-10

A plan for future development of the Houghton/Everest Neighborhood Center should help create a mixed-use neighborhood center that provides goods and services to the local community and should be coordinated with the Central Houghton Neighborhood.

The Land Use Element designates the Houghton/Everest Neighborhood Center as a commercial and mixed-use area. It spans the north and south sides of NE 68th Street and includes property on the east side of 6th Street and 108th Avenue NE. The Houghton/Everest Neighborhood Center located on the north side of NE 68th Street is located within the Everest Neighborhood. The Neighborhood Center should serve the needs for goods and services of the local community. Uses within the Neighborhood Center may include retail, restaurants, office, service businesses and housing, with grocery and drug stores a high priority anchor to serve the everyday needs of the community. Housing provides the opportunity for people to live close to shops, services, employment, transit and the Cross Kirkland Corridor. Redevelopment plans for properties on the west side of 6th Street South/108th Avenue should promote a coordinated strategy for redevelopment of the Neighborhood Center on both sides of NE 68th Street.

The following principles should be incorporated into development plans and standards for the area:

- Preserve and enhance neighborhood-serving retail, especially grocery stores;
- Promote a mix of complementary uses;
- Promote high quality design by establishing building, site and pedestrian design standards and guidelines;
- Foster walkable neighborhoods and increased transit service;
- Integrate affordable housing where possible;
- Create gathering places and opportunities for social interaction.

Properties along 6th Street South, 108th Avenue NE and NE 68th Street are impacted by heavy traffic volumes. Future redevelopment and transportation improvements should incorporate the recommendations from the 6th Street Corridor Transportation Study. A new east/west connection from 106th Avenue NE through the Neighborhood Center should also be considered.

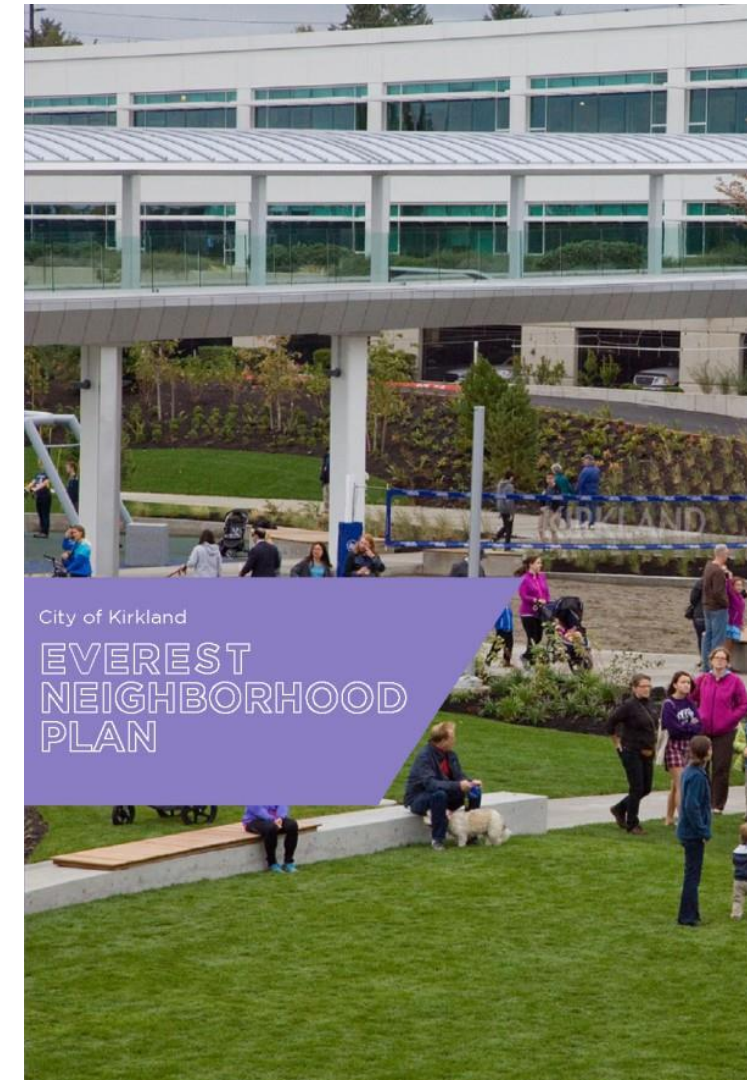
Properties to the east of 6th Street South should be encouraged to develop together with joint access off of 6th Street South.

Building heights should be allowed to step up to three stories if certain retail uses that primarily serve the neighborhood are provided. Careful attention should be given through the design review process to pedestrian orientation, building modulation, upper story setbacks, and use of materials to reduce the appearance of bulk and mass.

With regard to building height, an additional two stories (five stories maximum) may be authorized by a Master Plan, which is approved by the City Council after full legislative process with opportunities for public participation. The Master Plan should include the following:

- Provision for traffic mitigation as recommended in the 6th Street Corridor Transportation Study;
- Consolidation of the property on the northwest corner of NE 68th Street and 6th Street South and property or properties west of the corner property;
- Compliance with the principles outlined above for development in this commercial area; and
- A circulation plan and a driveway consolidation plan for the Everest portion of the Houghton/Everest Neighborhood Center north of NE 68th Street.

The Zoning Map designates this area on the north side of NE 68th Street as HENC 1 and HENC 3 zone. See the Zoning Code for allowed uses and development regulations, and the Design Guidelines for Pedestrian Oriented Development, which provide the design guidelines for future redevelopment of the HENC zones.



The Houghton/Everest Neighborhood Center has evolved into a thriving, pedestrian-oriented mixed-use center, with businesses that meet the retail and service needs of the community, housing that supports these businesses and residents of the neighborhood. Attractive streetscapes, vehicular and pedestrian through-block connections, landscaping, pedestrian amenities and building design create a true neighborhood center for Everest and other adjoining neighborhoods.

- Excerpt from the Everest Neighborhood Plan

ZONING SUMMARY

ZONING CODE USER GUIDE

The following analysis is based on review of the Kirkland Zoning Code and the Everest Neighborhood Plan. Codes were reviewed for relevance to the HENC-1 zone, the Houghton Everest Neighborhood Center overlay, and for specific streets or locations within the scope of this study area. Detailed requirements for architectural design (such as extent of window transparency) are beyond the scope of this study and not reviewed in detail.

- Some requirements have been footnoted as candidates for potential modification to better:
- meet city and community goals for the site
 - allow for more flexibility to produce affordable housing
 - allow flexibility for changing uses over time
 - create a more pedestrian-oriented environment
 - clarify the intent of the code

Footnotes can be found on the last page of zoning analysis.

ABBREVIATIONS

- AMI: Area Median Income
- CKC: Cross Kirkland Corridor
- DRB: Design Review Board
- DUA: Dwelling Units per Acre
- GFA: Gross Floor Area
- GSF: Gross Square Feet
- KZC: Kirkland Zoning Code
- ROW: Right-of-Way (public road/path)
- SF: Square Feet

GENERAL

ADDRESSES AND PARCEL NUMBERS

See Project Area Map

PARCEL AREAS

Houghton Village:	95,656 GSF, 2.20 acres
(City-owned parcel)	(before future ROW dedications)
Houghton Plaza:	42,852 GSF, 0.98 acres
Lakeview Center:	55,952 GSF, 1.28 acres

ZONE

HENC 1 (Houghton-Everest Neighborhood Center)

STREET DESIGNATIONS

- NE 68TH ST: Pedestrian-Oriented Street, Minor Arterial
- 6TH ST S / 108TH AVE NE: Major Pedestrian Sidewalks, Minor Arterial
- 106TH AVE NE: Major Pedestrian Sidewalks, Neighborhood Access Street

COMMERCIAL ZONES (CH 35)

USE LIMITS/REQUIREMENTS

- 20% max of the GFA for any building may include office uses. Excludes Lakeview Center parcels.
- 1 75% min GFA of ground floor must contain retail, restaurants, taverns, hotels or offices. Orient to a pedestrian-oriented street, major sidewalk, through-block pathway, or CKC
- 2 Attached dwelling units (except lobbies) [and presumably amenities] may not be located on the ground floor (PU-4)
- School and Daycare uses require a 6’ fence along the property lines adjacent to outside play areas
- 3 Delis and bakeries may contain accessory seating if it doesn’t exceed over % GFA and is designed to preclude an expansion of seating
- Development adjoining the CKC must comply with KZC 115.24. Safe ped paths to CKC are required.

MAX LOT SIZE

None for most uses

MAX HEIGHT

- 4 30’. May be increased to 35’ if:
- 2) Includes grocery, hardware, and/or drug stores. (One at 20,000 GSF min, and another at 10,000 SF min.)
 - 3) Site plan approved by DRB, and includes public gathering places and community plazas with public art (one must be at least 1,500 GSF and 30’ wide.)
 - 4) 13’ min commercial height
 - 5) Max 900 SF per unit, or 48 DUA
 - 6) Certified to achieve high performing building standards per KZC 115.62
 - 7) 10% affordable units

REQUIRED YARDS (SETBACKS)

- 5 Front: 0’ for most uses. Except 10’ front yards for Schools, Daycare, Offices, Banks, Community, Entertainment, Cultural, Recreational
- Side: 0’
- Rear: 0’

MIN STEPBACKS

15’ average and 5’ min required for portions above 2 stories when adjacent to NE 68th Street, 106th Avenue NE, 108th Avenue NE, 6th Street South and CKC.

MAX LOT COVERAGE

80% for most uses

REQUIRED SIDEWALKS

- 14’ min along 106th Ave NE, 108th Ave NE, 6th Street S, NE 68th St where they abut HENC-1.
- See Chapter 110 for sidewalk requirements at other streets.

DESIGN REGULATIONS (CH 92)

BUILDING CORNERS

If one street is a ped-oriented street:

1. 100 sf of additional open space at corner
2. Entry at corner
3. 8’ wide ped path connecting to another street, public feature or building
4. Certain architectural elements at the corner

PED ORIENTED SPACE & PLAZAS IN PARKING AREAS

175 SF min ped-oriented space at the main building entry

PED-ORIENTED SPACE & PLAZAS

Space between sidewalk and building (if any) has several requirements, including at least 2 linear feet of seating area, or 1 seat / 65sf of plaza/sidewalk. May not be adjacent to an unscreened parking lot.

PARKING GARAGES

Facades must provide ground floor area at least 10’ deep for ped-oriented businesses (excluding access points)

Architectural screening required

HORIZONTAL DEFINITION

Differentiate a building’s top, middle and base

ARCHITECTURAL SCALE

- Use two of the listed elements for buildings over 3 stories or which have a footprint over 10,000 GSF:
- a. Stepback 10’ above 2nd story on two facades
 - b. Horizontal modulation if viewed from street: max 70’ width before requiring 10’ deep x 15’ wide modulations
 - c. Balconies
 - d. Modulate roofline vertically (even flat roofs) after 50’ (8’ for <50’ segments, 12’ for > 50’ segments)

HUMAN SCALE

Use at least three elements on street or ped-path facades if over 3 stories or facade is over 100’ long

ZONING SUMMARY

TREE MANAGEMENT & REQUIRED LANDSCAPING (CH 95)

LANDMARK TREES - MITIGATION REQUIREMENTS

Removal of Landmark Trees must be mitigated. No landmark trees on site.

TREE RETENTION ASSOCIATED WITH DEVELOPMENT ACTIVITY

Development of Multifamily, Commercial and Mixed Use: Retaining High and Moderate Retention Value trees may offer variations to development standards

TREE REPLACEMENT STANDARDS RELATED TO DEVELOPMENT ACTIVITY

Not applicable

REQUIRED LANDSCAPING BASED ON ZONING DISTRICT

Landscape Category Per Chapter 35:

- Entertainments, Cultural, Recreation, Restaurant, Retail: B
- Community Facility, Office: C
- Schools, Daycare: D

LAND USE BUFFER REQUIREMENTS

Adjoining property use of office, commercial or industrial:

- No buffer at Landscaping Categories B, C, D

6 Adjoining property use of medium or high density residential:

- Buffer Standard 1 at Category B
- Buffer Standard 2 at Category C
- No buffer at Category D

Buffering Standards

- Standard 1: 15’ wide strip, 6’ solid fence/wall at property line, trees at 20’ centers, 60% shrubs, groundcover
- Standard 2: 5’ wide strip, 6’ solid fence/wall at property line, trees at 10’ centers, groundcover
- Provide least stringent buffer if adjoining property contains several uses

- Provide most stringent buffer if the subject property contains several uses
- (15’+15’=30’ buffers required at east/west parcel lines if all 3 properties are developed as mixed use)

OUTDOOR USE, ACTIVITY & STORAGE

Must comply with buffers except:

- When abutting another outdoor use
- Within 5’ of fence to max of 50% of facade or fence
- Beyond 5’ if path included to max of 50% of facade or fence
- Outdoor dining areas

INTERNAL PAKRING LOT LANDSCAPING REQUIREMENTS

25 SF landscaping per stall, including trees

PARKING, VEHICLE & PED ACCESS (CH 105)

CH 92 or 110 supercede conflicts in Ch 105

ROADWAYS/DRIVEWAYS

6% max grade for first 20’, then 15% max

Min 24’ wide driveways in garages,

Min 20’ wide driveways outside of garages

Shared access between lots is encouraged

PEDESTRIAN ACCESS

5’ wide min, unless otherwise noted in Chapter 110

Separated from vehicular areas.

- Minimize length of path from sidewalks and transit facilities to primary entrances,
- Provide between other entries on property and to other properties (except industrial). Requires easement.

c., d. Provide through parking lots and garages

PUBLIC PEDESTRIAN WALKWAYS

(Through block pedestrian pathways as identified in Comp or Trans. Plans - see map within)

- 8’ wide
- Trees at 30’ spacing along parking with 4.5’ planting strip
- Dedicate as ROW or easement
- Width determined by Public Works Preapproved Plans
- Structures must setback 5’
- Requires dedication or easement

MIN PARKING

Ped, bike, transit and garages not included in determining requirements

Stacked Units

Studio:	0.75 / unit (reduced from 1.2 for transit or low income)
1BR:	1.0 / unit (reduced from 1.3 for transit or low income)
2BR:	1.6 / unit
3BR+:	1.8 /unit
Senior housing	None, except staff per KZC 105.25
Guest parking	10% of required parking spaces in addition to the min required

Office & Retail	1/300 GSF
Restaurant	1/100 GSF

Other Non-specified Uses: Determined on a case-by-case basis based on parking demand of existing similar uses.

Reductions

- 1 stall can be reduced per 6 covered & secured bicycle spaces (max of 5% stalls).
- Shared parking between uses is conditionally allowed if the supply is equal to the max of peak parking demand for the uses. The reduction would most likely apply to commercial parking vs. residential.

PARKING STANDARDS

Prohibited between street and building.

May be allowed at side of building if occupies 30% max of the frontage and visibility is minimized

Turnaround clearances per 105.62

BIKE PARKING

1 bicycle space per 12 parking stalls

Locate within 50’ of exterior and retail entries

Must be sheltered, but are not required to be interior, and Public Works Pre-approved Plans require long-term parking to be interior.

Parking requirements for other not specified uses including: Community, Entertainment, Cultural/ & Rec Centers, Schools or Daycare are determined on a case-by-case basis based on parking demand on existing similar uses.

The community values the diverse population of people who live in the neighborhood and the sense of belonging. There is a sense of community and cohesiveness. Children know each other. People who are new to the community are welcomed at neighborhood gatherings. The neighborhood is maturing gracefully and is adapting to change in an inclusive way.

- Exceptrt from the Everest Neighborhood Plan

ZONING SUMMARY

REQUIRED PUBLIC IMPROVEMENTS (CH 110)

NEIGHBORHOOD ACCESS STREETS (R-28)

(106th St extension, new east-west street north of site)

- 28’ pavement width
- 40-50’ ROW
- Parking allowed both sides
- 4.5’ planting strip both sides
- 5’ sidewalks both sides, except where required to be 14’ per Chapter 35

MINOR ARTERIAL STREETS

(68th, 6th/108th)

Standards per Public Works Director

SIDEWALKS

If improvements cannot be made up within existing ROW, the difference may be made up with a public easement provided that 5’ min from curb is retained as public ROW. Building may cantilever over easement.

PED-ORIENTED STREETS IN DESIGN DISTRICTS

(68th Street)

10’ min, except where required to be 14’ per Chapter 35

MAJOR PED SIDEWALKS IN DESIGN DISTRICTS

(6th/108th Ave NE, 106th Ave)

8’ wide, except where required to be 14’ per Chapter 35

LANDSCAPE STRIPS

Planted strips with trees at 30’ spacing and 2.5’ behind sidewalk

UTILITIES

Power to be undergrounded unless deemed infeasible

AFFORDABLE HOUSING INCENTIVES (CH 112)

REQUIREMENTS

10% min units as affordable housing

Calculate before bonus units are added

BASIC INCENTIVES

Bonus Units

2 bonus units for every affordable unit, to a max of 25% of allowed base units

Alternative Affordability Levels

Renter Occupied

- 60% AMI: 1.9 to 1 (bonus unit to affordable unit ratio)
- 70% AMI: 1.8 to 1

Owner-Occupied

- 90% AMI: 2.1 to 1
- 80% AMI: 2.2 to 1

Dimensional Standards Modification

Lot coverage - increased by 5%

Parking - reduced to 1.0 stall per affordable unit with covenant limited cars per unit. Guest parking waived.

Height - increase by 6’ for portions 20’ from property lines

Yards - may encroach 5’ (if leave 5’)

Common Rec Space - reduced by 50 sf per affordable unit

ADDITIONAL INCENTIVES

Density Bonus - more than 2 bonus units per affordable unit or exceed 25% up to 50%; review by Planning & Building Director

Dimensional Standards - more modifications allowed if cannot meet max density

AFFORDABILITY PROVISIONS

Intermix with other units

Same type of ownership as other units

Bedroom counts similar to other units

Size can only be 10% smaller than other units or:

- 1 BR 500 sf
- 2 BR 700 sf
- 3 BR 900 sf

MISC USE, DEVELOPMENT & PERFORMANCE STDS (CH 115)

FAMILY CHILD-CARE HOME

Permitted use

CKC DEVELOPMENT STANDARDS

Min 10’ yard from CKC parcel (or 1’ if one-story retail)

Ped path connecting building entry to CKC

Bike parking: 1 space per 6 parking stalls; must be visible from the CKC

Design standards: essentially design as a front of the building. 120’ max width divided by vertical definitions

GARBAGE & RECYCLING

Setbacks: 10’ front, 5’ side, 10’ rear, or comply with zone setback

May not be located in landscape buffers, must screen

LOADING & SERVICE AREAS

7 May not be visible from street or ped walkway, or must be screened

HIGH PERFORMING BUILDINGS

Per KZC 115.62

OUTDOOR USE, ACTIVITY & STORAGE

Allowed in side and rear yards

8 6’ fence required

Counts towards GFA if used over 2 months per year, except outdoor cafes may operate 6 months

May not exceed 6’ above grade

COMMON ROOFTOP AMENITY ROOMS

May exceed height limit by 15’

500 SF max or 10% of building footprint (whichever is less; does not include elevators)

Setback from roof edge same distance as height of the room

May not block views from adjoining property

Minimize visibility from adjoining properties and street

Public Benefit: landscaped area or plaza equal in size to room, or public use of the room

ZONING AMENDMENTS FOR CONSIDERATION

1. Consider amending to allow community oriented uses. Intent seems to be active uses.
2. Consider amending to allow residential amenities such as lounges, community kitchens, teen rooms, management/leasing offices, and similar. Intent seems to be active uses.
3. Discuss intent of limiting seating.
4. Consider raising height limit to increase affordable housing feasibility.
5. Discuss simplification of front setbacks to allow mixed uses that change over time.
6. Consider minimizing buffer standards between mixed use projects.
7. Confirm that garage doors to loading areas are acceptable to be viewed from street.
8. Consider amending to reduce or eliminate fence at front and side yards to allow for activities to relate to street.

Transportation Analysis—

TRANSPORTATION ANALYSIS INTRODUCTION

The traffic analysis developed as part of this initial report focuses primarily on the following:

- Review of existing and potential conditions (see previous Transportation Map)
- Multi modal (pedestrian, bicycle, bus, automobile) infrastructure challenges and opportunities
- Existing vehicular trip generation and potential changes in future trip generation

While vehicular improvements and conditions are often described in terms of level of service, which is a letter grade applied to an intersection delay value, the analysis for non-motorized users focuses more on general connectivity and/or the quality of the network surrounding the site. The following table outlines the tranposrtation challenges and opportunities existing in the Area of Consideration.

Challenge	Opportunity - City Property	Opportunity - Expanded Area
Missing segment of westbound bike lane on NE 68th Street	Widen along the project frontage to construct and connect to the existing westbound bike lane at NE 68 Street	Consistent with City Property opportunity
Vehicle congestion along NE 68th Street and 108th Avenue NE	Limited due to property extents	Construct southbound right-turn lane at NE 68th Street and 108th Avenue NE intersection
No direct connection to the Cross Kirkland Corridor from the north side of NE 68th Street	Consider an enhanced crossing at NE 68th Street @ intersection with 106th Avenue NE (connecting to the CKC stairs on south side of NE 68th St)	Direct connections to the Cross Kirkland Corridor trail can be provided without accessing NE 68th Street (via the Lakeview Business Center parcel)
Site access	Limited due to property extents	Future access aligned with 106th Avenue NE, improved traffic control at NE 68th Street/106th Avenue NE, as well as additional connectivity to 6th Street S along the north boundary
Height and quality of pedestrian connections along NE 68th Street at the Cross Kirkland Corridor bridge	Improving the east/west connection under the crossing would require regrading and potentially walls north and south of the existing piers.	Improving the east/west connection under the crossing would require regrading and potentially walls north and south of the existing piers. However access to the adjacent Elementary school could be achieved via a direct connection to the CKC and entering the school property on the north end.
Multiple curbs cuts into Houghton Village and Houghton Plaza properties	Consolidate into one (possibly temporary) curbcut along NE 68th Street to improve safety for pedestrians and cyclists	Eliminate curbcuts from arterials into Houghton Plaza and Lakeview Center properties and replace with consolidated curbcuts from new local streets to improve safety for pedestrians and cyclists



TRIP GENERATION | EXISTING & PREVIOUS USES

All developments generate person trips throughout the course of the day with the peak periods typically occurring during the weekday AM (7-9) and PM (4-6) peak hours. Person trips can be made by vehicles, transit, walking, biking, or micro-mobility solutions such as scooters. As discussed previously, the general connectivity and quality of the non-motorized connections is considered when identifying needed improvements. Whereas the vehicular trip generation for the site is used to assess access needs, and identification of any transportation improvements needed in the area to support the future development. Trip generation for the site is determined based on the individual uses envisioned within the development. When considering the impacts of the future site development it is important to understand the change from existing conditions.

To estimate the existing and future trip generation of the site, AM and PM peak hour trip generation rates published in the ITE Trip Generation Manual, 11th Edition are utilized. Although the existing trips could be counted at the site access, uses previously operating on the site that generated traffic at a higher rate than what is current on-site should be considered. The ITE Trip Generation Manual identifies trip rates for hundreds of land uses and is used by the City of Kirkland and surrounding agencies in assessing impacts of future development as well as long range planning processes. Trip rates are presented for the one-hour peak traffic levels within the 7-9 AM and 4-6 PM periods.

Existing trip generation for the site is forecast to be 77 trips in the AM peak hour and 226 trips during the PM peak hour, of which 53 trips and 154 trips are considered new to the area during the AM and PM peak hours, respectively, and the remaining trips are pass-by trips (trips already in the area). This forecast reflects the activity associated with a supermarket use that was previously operating on the site. Commercial uses such as a Supermarket have a percentage of the total trips that were assumed to be traveling adjacent to the site and stopped for goods. These would not be considered new trips in the area.



NVDP Trip Generation

Existing Use																
							Gross Trips			Pass-By Trips				Primary Trips		
Land Use	Setting	Size	Units	Model	Rate	Inbound %	Inbound	Outbound	Subtotal	%	In	Out	Total	Inbound	Outbound	Total
Supermarket (850)		12,822 sf														
Daily	General Urban/Suburban			Rate	93.84	50%	602	602	1,204	24%	144	144	288	458	458	916
AM Peak Hour	General Urban/Suburban			Rate	2.86	59%	22	15	37	24%	4	4	8	18	11	29
PM Peak Hour	General Urban/Suburban			Rate	8.95	50%	58	57	115	24%	14	14	28	44	43	87
Retail (822) - Building 1		4,708 sf														
Daily	General Urban/Suburban			Rate	54.45	50%	128	128	256	40%	51	51	102	77	77	154
AM Peak Hour	General Urban/Suburban			Rate	2.36	60%	7	4	11	40%	2	2	4	5	2	7
PM Peak Hour	General Urban/Suburban			Rate	6.59	50%	16	15	31	40%	6	6	12	10	9	19
Retail (822) - Building 2		12,127 sf														
Daily	General Urban/Suburban			Rate	54.45	50%	330	330	660	40%	132	132	264	198	198	396
AM Peak Hour	General Urban/Suburban			Rate	2.36	60%	17	12	29	40%	6	6	12	11	6	17
PM Peak Hour	General Urban/Suburban			Rate	6.59	50%	40	40	80	40%	16	16	32	24	24	48
Subtotal																
Daily							1,060	1,060	2,120		327	327	654	733	733	1,466
AM Peak Hour							46	31	77		12	12	24	34	19	53
PM Peak Hour							114	112	226		36	36	72	78	76	154

Notes:
1. Trip rates based on Institute of Transportation Engineers' (ITE) *Trip Generation Manual* (11th Edition) equation and average trip rates as shown above.

TRIP GENERATION | POTENTIAL FUTURE USES

Future development on the site are anticipated to include the residential and commercial uses. Estimates for the residential uses for a range of residential density includes the following:

Low end (89 units) : AM peak hour trips - 33, PM peak hour trips - 35

High end (170 units): AM peak hour trips - 63, PM peak hour trips - 66

As the future commercial uses are not known at this time, information on the AM and PM peak hour trip rates (including pass-by adjustments) is presented. Depending on the final mix of uses and requirements of the development further reductions in trip generation for “Internal Capture” could be applied. This reflects a reduction in trip generation for complementary site uses, such as residential trips accessing commercial services and not creating a vehicle trips. Any reductions are tied to the specific uses, so no information is presented at this time.

Trip Generation Rate Summary Table

NVDP Potential Land Uses	ITE Land Use	Unit assumed	ITE TG Rates			Pass-by %	Land Use Category for potential IC
			Weekday Daily	AM Peak Hour	PM Peak Hour		
Residential							
1. Midrise	Multifamily Housing (Mid-Rise) - Not Close to Rail Transit (22	dwelling	4.54	0.37	0.39	-	Residential
2. High Rise	Multifamily Housing (High-Rise) - Not Close to Rail Transit (2	dwelling	4.54	0.27	0.32	-	Residential
Commercial							
1. Non profit office	General Office Building (710)	1,000 sf	10.84	1.52	1.44	-	Office
	Small Office Building (712)	1,000 sf	14.39	1.67	2.16	-	Office
	Single Tenant Office Building (715)	1,000 sf	13.07	1.85	1.76	-	Office
2. Childcare	Day Care Center (565)	Students	4.09	0.78	0.79	To be considered	To be considered
3. Afterschool K-12 program							
4. Adult education / GED							
5. Community center							
6. Cultural center							
7. Art academy							
8. Neighborhood service center							
9. Social services	Recreational Community Center (495)	1,000 sf	28.82	1.91	2.50	-	To be considered
10. Senior center							
11. Restaurant	Fast Casual Restaurant (930)	1,000 sf	97.14	1.43	12.55	To be considered	Restaurant
	Fine Dining Restaurant (931)	1,000 sf	83.84	0.73	7.80	44%	Restaurant
	High-Turnover (Sit-Down) Restaurant (932)	1,000 sf	107.20	9.57	9.05	43%	Restaurant
	Fast-Food Restaurant without Drive-Through Window (933)	1,000 sf	450.49	43.18	33.21	To be considered	Restaurant
	Coffee/Donut Shop without Drive-Through Window (936)	1,000 sf	To be considered	93.08	32.29	To be considered	Restaurant
12. Small retail	Strip Retail Plaza (<40k) (822)	1,000 sf	54.45	2.36	6.59	40% per LU 821	Retail
13. Grocery store	Supermarket (850)	1,000 sf	93.84	2.86	8.95	24%	Retail
14. Art gallery	Museum (580)	1,000 sf	To be considered	0.28	0.18	-	To be considered
15. Fitness/yoga or martial arts studio	Health/Fitness Club (492)	1,000 sf	To be considered	1.31	3.45	-	To be considered
16. Health clinic	Clinic (630)	1,000 sf	37.60	2.75	3.69	-	Office
17. Mental health services	Medical-Dental Office Building - Stand-Alone (720)	1,000 sf	36.00	3.10	3.93	-	Office
18. Commissary kitchen	To be considered					-	To be considered
19. Public park	Public Park (411)	acres	0.78	0.02	0.11	-	To be considered
20. Playground	To be considered					-	To be considered
21. Play fields	Soccer Complex (488)	fields	71.33	0.99	16.43	-	To be considered
22. Skate park	To be considered					-	To be considered

Market Analysis—

Market Trends & Alternative Ownership Models

Houghton Village
Development Plan
Kirkland, WA

July 2024



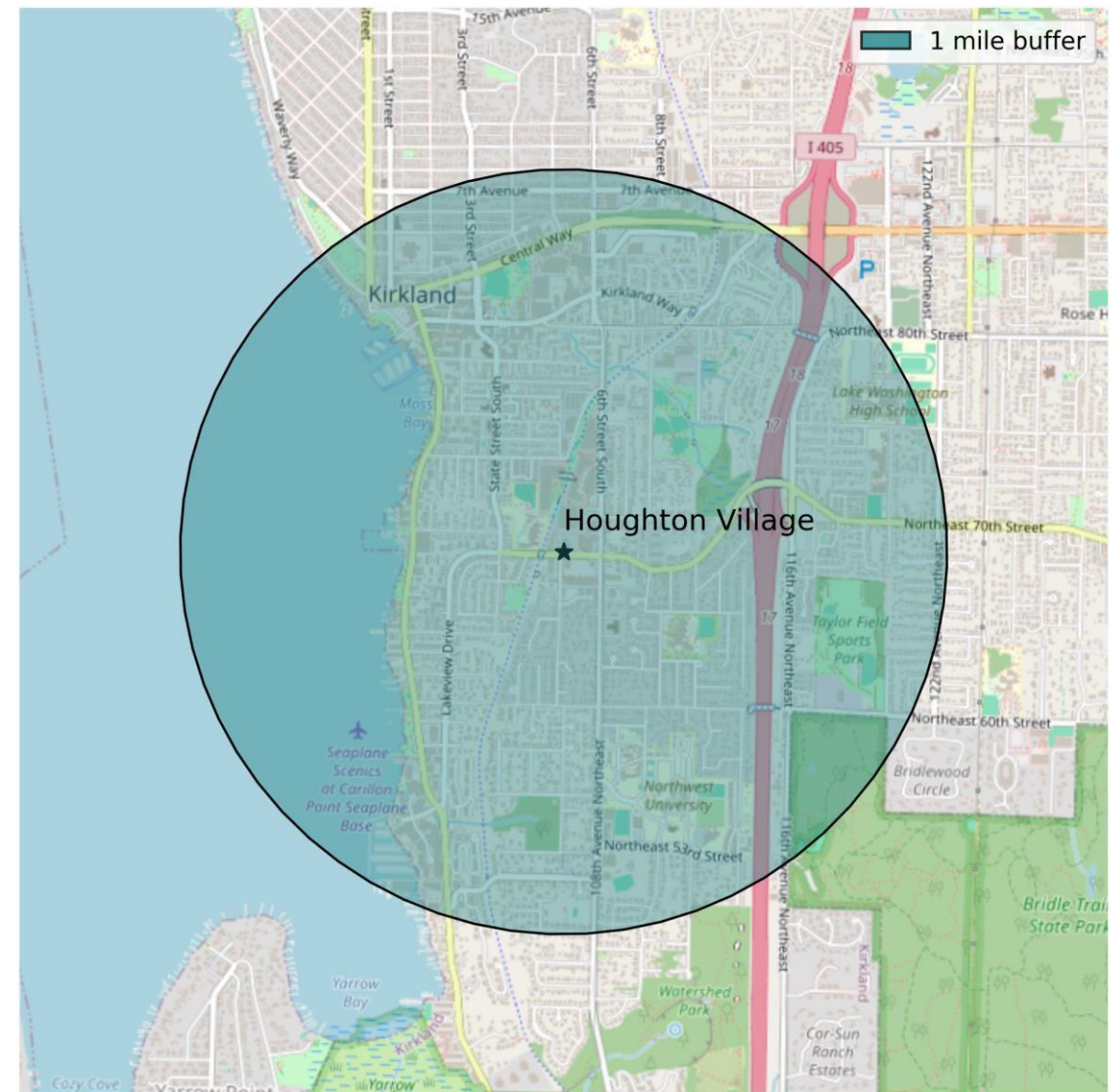
Market Analysis Key Takeaways

- **Housing Affordability:** Kirkland's housing market is unaffordable to many households, including median income earners, and recent housing developments near the site demonstrate how expensive new housing in Kirkland has become.
- **Commercial Rent:** High rents in the study area, particularly in new commercial spaces, will make it difficult for small businesses, community organizations, and mission-driven industries to establish or maintain a presence in Kirkland.
- **Site Control:** The city's ownership of the site presents a unique opportunity to advance the city's goals related to housing affordability and equitable economic development by directly influencing its development. This could include both affordable housing units and below-market commercial spaces.



Study Area

- Study area for market analysis is a **1-mile radius from New Village** site
 - ◆ Captures **retail commercial areas and multi-unit rentals** comparable to the area in and around Houghton Village
 - ◆ Includes areas such as downtown Kirkland, Kirkland Urban, Carillon Point, and the major residential districts between



Overview of Analysis

- Market trends includes

- ◆ Residential

- ◇ Multi-unit rental - rent and vacancy trends, **study area**, 2019-2024 YTD
 - ◇ Condominiums and townhomes – sales price trends, **citywide**, 2019-2024 YTD
 - ◇ Single-unit - sales price trends, **citywide**, 2019-2024 YTD

Note: Market trends for ownership products were collected citywide, excluding waterfront areas to avoid major price outliers. Collecting citywide ownership data allows us to capture the diverse range of for sale housing types Kirkland has seen developed in recent years.

- ◆ Office

- ◇ Rent and vacancy trends between 2019-2024 YTD

- ◆ Retail

- ◇ Rent and vacancy trends between 2019-2024 YTD

- Data sources

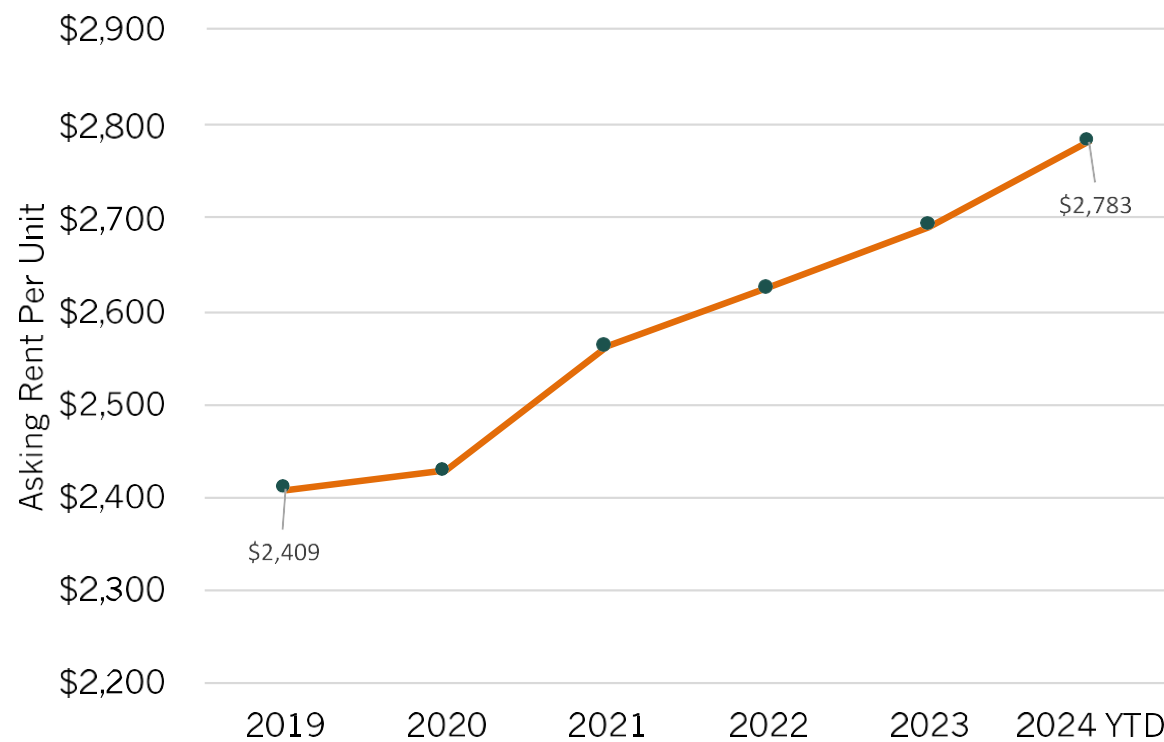
- ◆ CoStar for multi-unit residential, office, and retail trends
 - ◆ Redfin for residential sales price trends

Residential

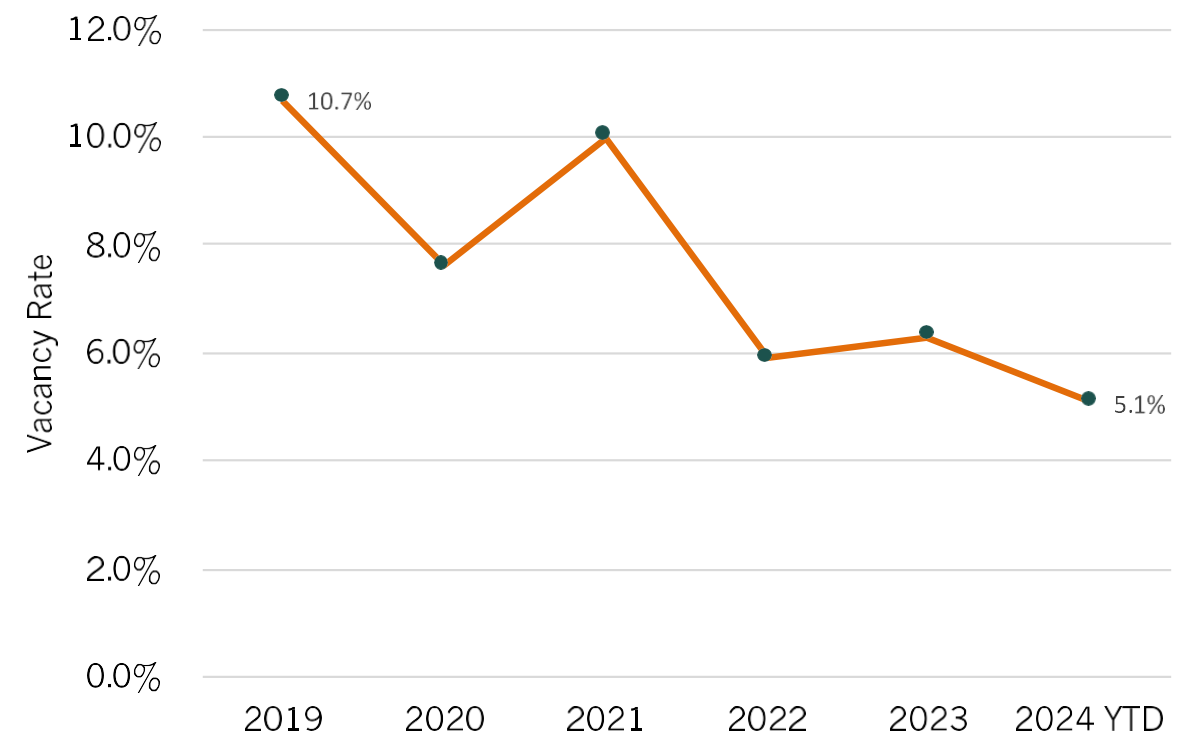


Multi-Unit Rental

Average Asking Rent Per Unit



Annual Vacancy Rates



- Unit mix includes studios & 1–3 bedroom units

Recent Development Examples

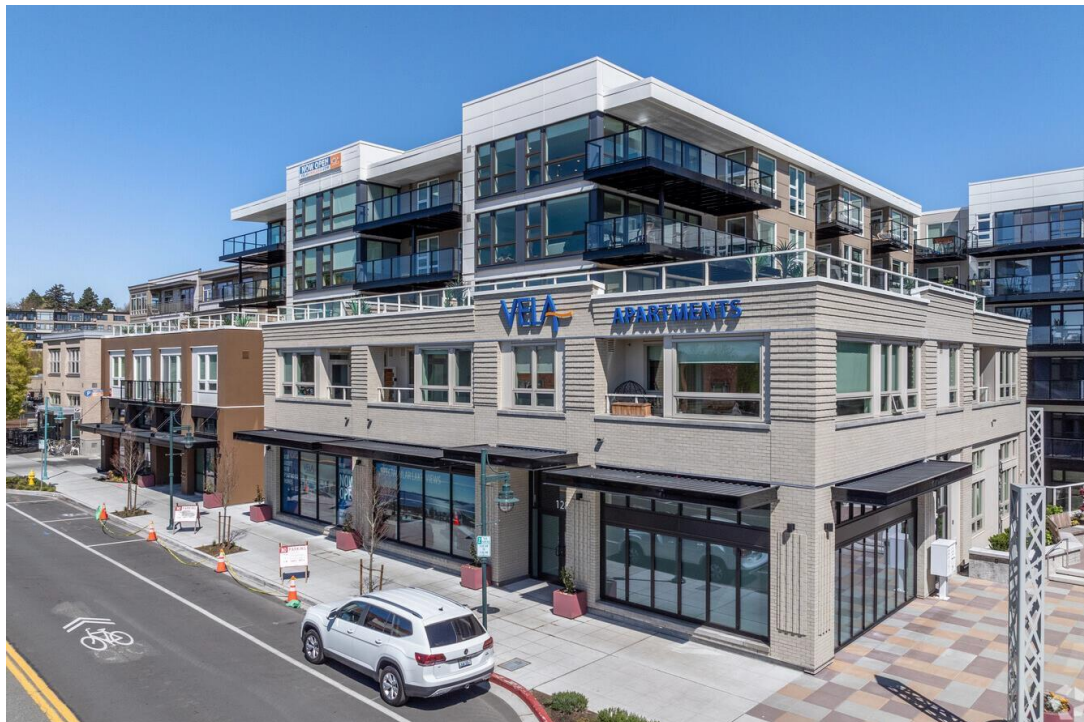


Image source: CoStar

Vela Apartments - 40 Lake St S
Built in 2023, Rental
141 units, average asking rent \$4,041

Note: Neither of these developments were subject to inclusionary zoning requirements.

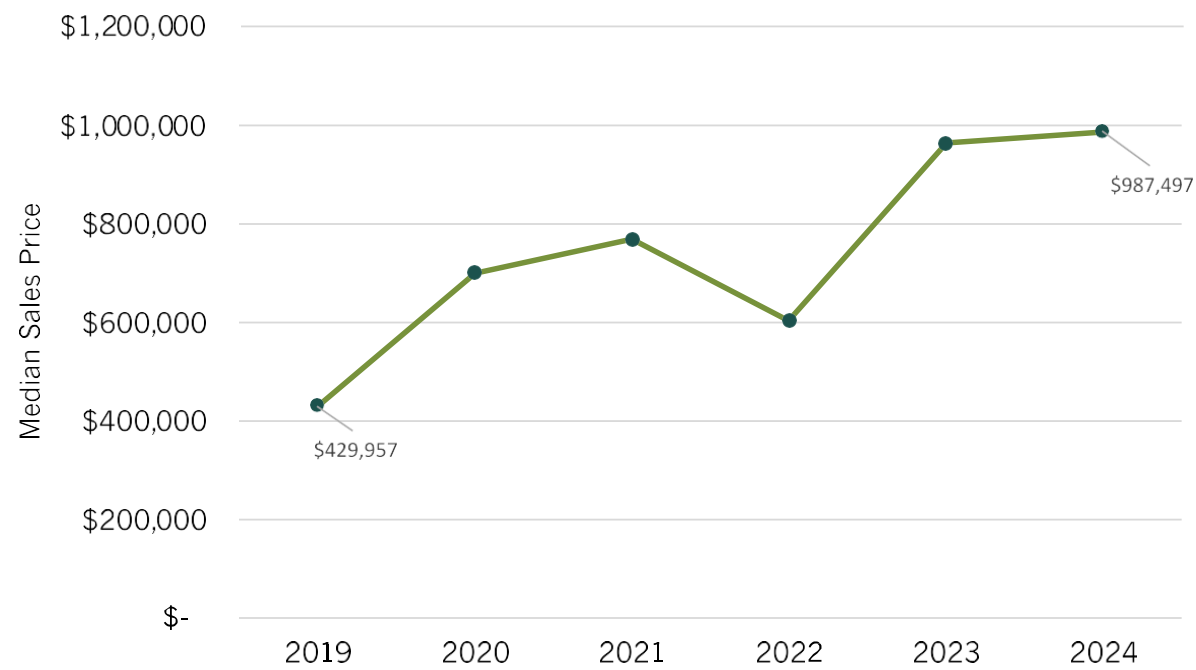


Image source: CoStar

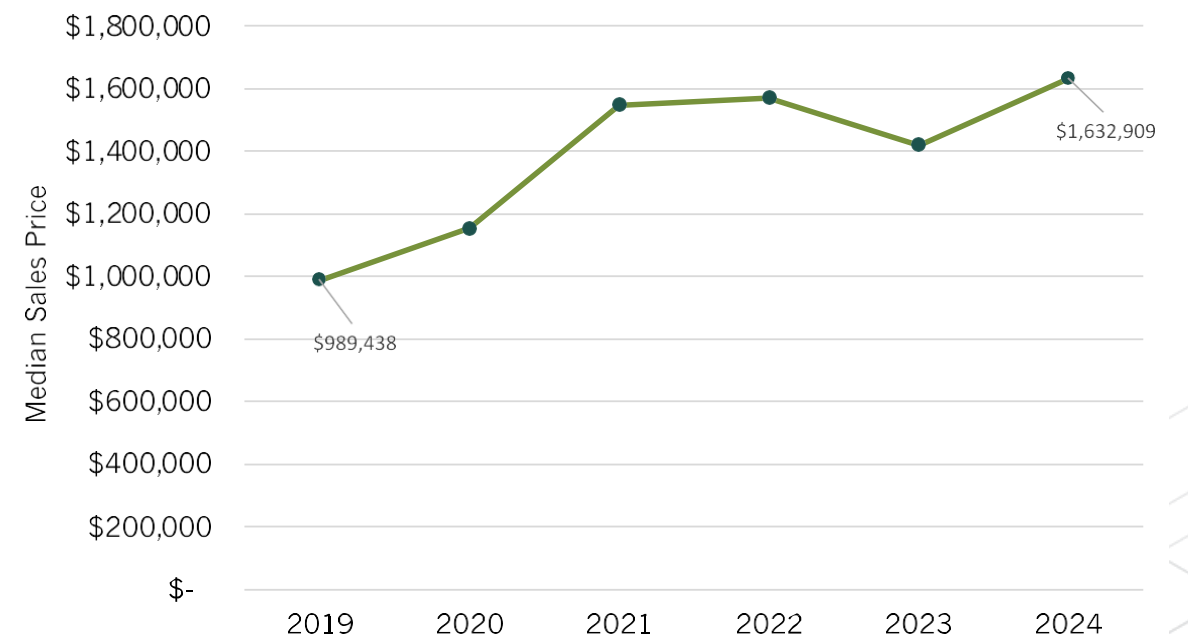
Parque Kirkland - 312 Central Way
Built in 2021, Rental
70 units, average asking rent \$3,072

Sales Price Trends

Condominiums & Townhomes



Single Unit



- Unit mix includes studios & 1–4 bedroom units

Recent Development Examples



Image source: Redfin

New single-unit near Houghton Village
Built in 2023, sold for \$4.25 million
5 beds, 5 baths – 5,000 square feet
Ownership

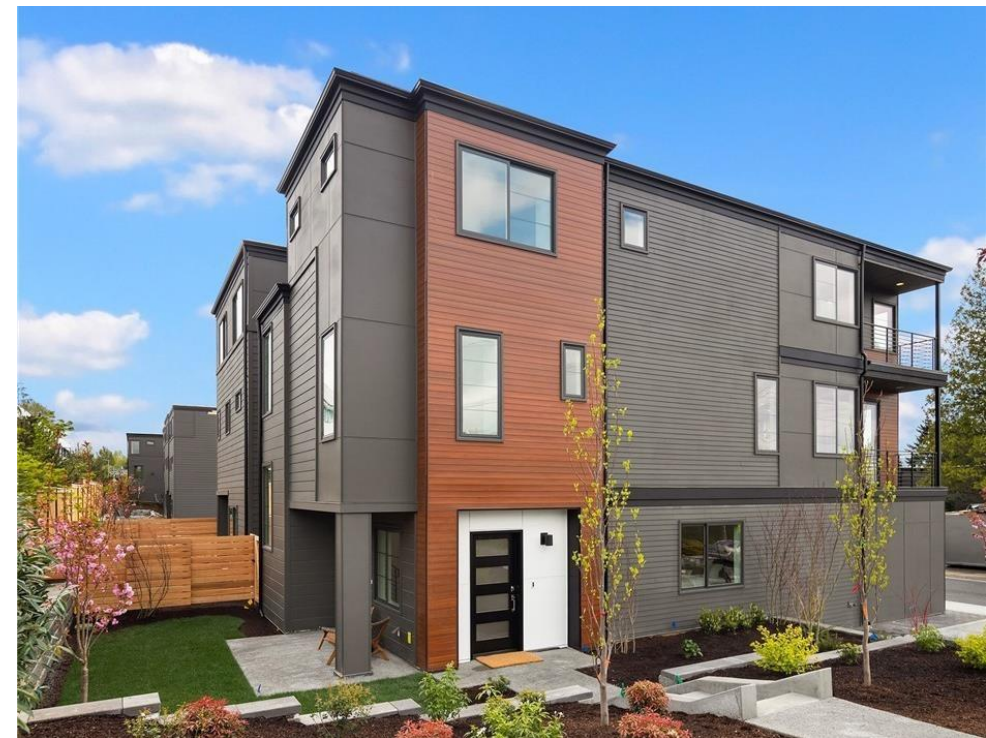


Image source: Redfin

New townhome near Houghton Village
Built in 2020, sold for \$2.3 million
3 beds, 3.5 baths – 2,600 square feet
Ownership

Recent Development Examples



Image source: Redfin

Jade - New condominium development, Totem Lake
Sample Unit: \$679,000 – 1 bedroom, 2 baths 789 square feet
Built 2021, Ownership

Residential Key Takeaways

- Multi-unit rents increase by 15% in the last 5 years.
- Average asking rent in 2024 (year to date) was \$2,783, which is unaffordable to those earning below 80% of the area median income (AMI).
- Multi-unit rents are rising, while vacancy rates are declining. This a strong demand for rental units and a growing lack of supply.
 - The combination of rising interest rates and escalating construction costs has put a damper on new housing supply in the last year. This economic uncertainty has also shifted preferences, with many potential buyers opting to rent instead, likely contributing to the tightening of Kirkland's rental housing market.
- Median home sale price in May 2024 was \$1,382,500, which is unaffordable to median income earners (100% AMI).
- Condo and townhome sale prices increased by 129% in the last 5 years and single-unit home sale prices increased by 65% in the last 5 years.
- New market-rate stacked condominiums offer a more affordable housing option compared to other recent attached development types but are still unaffordable to median income earners.

For reference...

If your household earns...			
50% of AMI	80% of AMI	100% of AMI	120% of AMI
\$75,350	\$110,950	\$147,400	\$176,900
Then you can afford...			
\$2,100 monthly rent	\$3,100 monthly rent	\$4,100 monthly rent	\$4,900 monthly rent
or	or	or	or
\$226,000 \$264,000	\$333,000 \$388,000	\$442,000 \$516,000	\$531,000 \$619,000
home sales price	home sales price	home sales price	home sales price

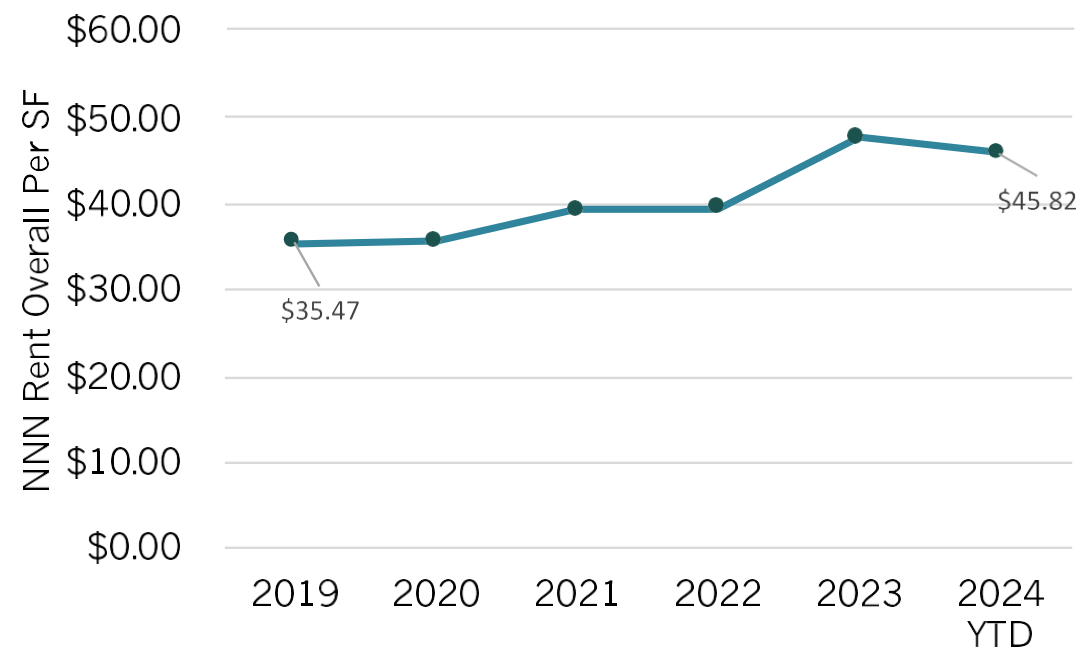
Source: HUD FY 2024 Income Limits Summary for a household of four, Seattle-Bellevue WA HUD Metro FMR Area

Retail

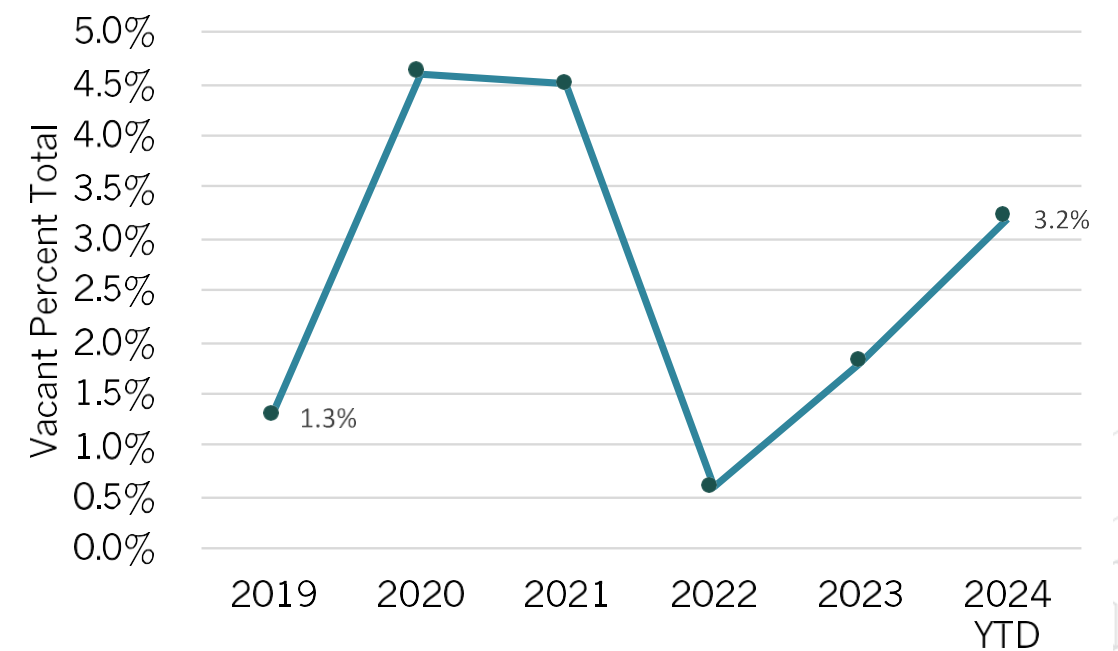


Retail

Asking Rent Per Square Foot, annual



Annual Vacancy Rates



Note: “NNN” or “triple net” is a typical lease agreement owners/operators use to cover building expenses. Under a triple net lease, the tenant pays additional property expenses in addition to base rent. These expenses typically include property taxes, insurance, and maintenance costs.

Recent Development Examples



Image source: CoStar

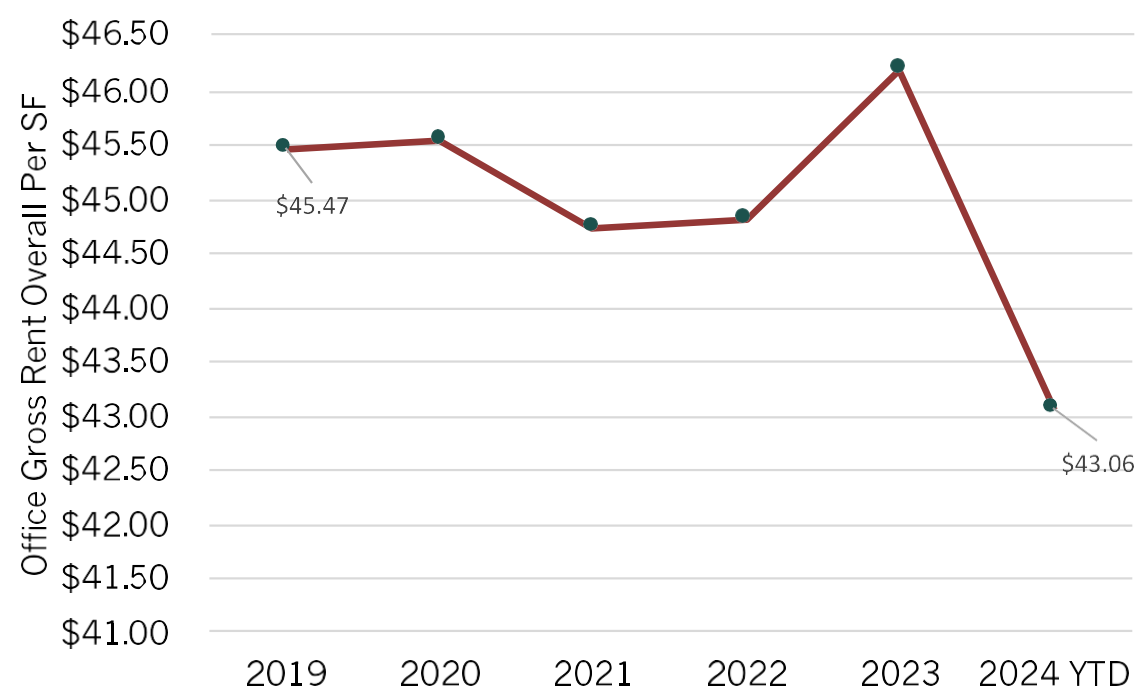
112-150 Lake St - Vela Apartments Retail
Built in 2023
5,100 square feet available, \$55 per square foot asking rent

Office

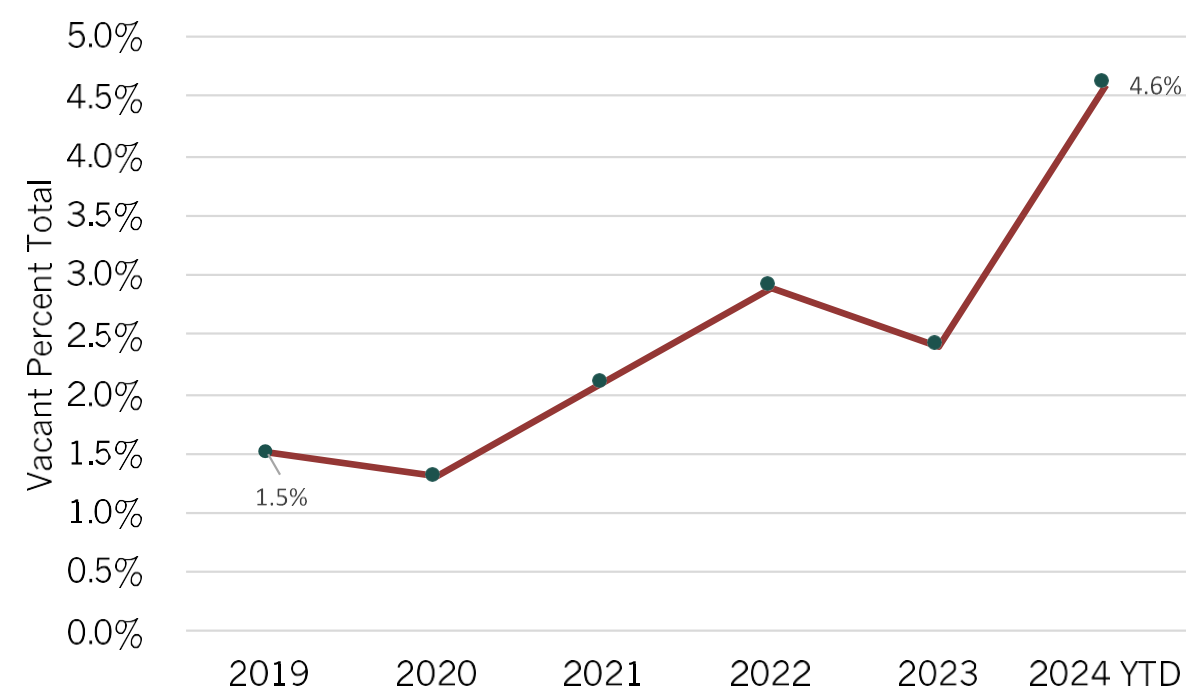


Office

Gross Rent Overall Per Square Foot



Annual Vacancy Rates



Note: The data represented includes single and multiple tenant buildings in the study area.

Recent Development Examples



Image source: Seattle DCJ

200 Peter Kirk Lane, Kirkland Urban South
Built in 2023, 300,000 square feet



Image source: Sierra Construction

5501 Lakeview
Built in 2021, 46,000 square feet

Commercial Key Takeaways

- Asking retail rents rose from \$35.47 per square foot in 2019 to \$45.82 per square foot in 2024 and vacancy rates dropped to a low of 0.7% in 2022 before rising sharply to 3.2% in 2024.
 - ◆ The increase in vacancy rate between 2022-2024 could be attributed to new ground-floor commercial space deliveries in the study area, with approximately 350,000 square feet added during this period.
 - ◆ The increase in asking rent despite rising vacancy rates reflects the high-quality ground-floor retail space that was delivered which commands higher rents.
- The sharp rise in office vacancy rates and decrease in rents reflect the ongoing national and regional trend of office markets adjusting to pandemic-induced changes in work patterns.

Implications for modeling development feasibility

- *Current asking commercial rents are likely too high for non-profits, community-based organizations, service providers, or small businesses.*
- *Typically, EConorthwest assumes 25-50% lower rents for these organizations. Qualitative research during the development feasibility analysis will help determine specific feasible rents, especially for community-based groups of interest to the city.*

Market Analysis Key Takeaways

- **Housing Affordability:** Kirkland's housing market is unaffordable to many households, including median income earners, and recent housing developments near the site demonstrate how expensive new housing in Kirkland has become.
- **Commercial Rent:** High rents in the study area, particularly in new commercial spaces, will make it difficult for small businesses, community organizations, and mission-driven industries to establish or maintain a presence in Kirkland.
- **Site Control:** The city's ownership of the site presents a unique opportunity to advance the city's goals related to housing affordability and equitable economic development by directly influencing its development. This could include both affordable housing units and below-market commercial spaces.

Alternative Ownership Models



What do we mean by alternative ownership?

There are many creative approaches to financing, accessing, and owning housing across the country, from cohousing to fractional ownership, rent-to-own, and a renewed interest in publicly-owned social housing.

When we talk about **alternative ownership** we are primarily focused on non-conventional approaches to **owning housing units**.

Our recent work has focused on two models with a deep history in the U.S.—land trusts and cooperatives—which have the greatest potential to be successful in different community contexts.

Key Questions for Alternative Models

- *Who owns the land?*
- *Who owns the housing units?*
- *What is the legal structure for these ownership arrangements?*
- *Who will be able to afford the housing?*
- *Are there opportunities for building wealth?*

How do we define home ownership structures?

Four primary legal structures for homeownership

CONVENTIONAL



FEE SIMPLE

This is the most common form of ownership, in which individuals own their home and the land underneath it outright.



CONDO

Condominium ownership involves owning individual units within a larger building or complex, with shared ownership of common areas and land.

ALTERNATIVE



LAND LEASE

Land leasing, often employed by land trusts, involves leasing the land while the household owns the structure on it.



COOPERATIVE

Cooperatives are a legal structure that allows shared ownership of real property in which individuals own shares in the cooperative corporation that owns buildings, land, or both.

Each structure offers different benefits and drawbacks for owners in terms of resident autonomy, ability to access loan products, and potential for building wealth, as well as for meeting public policy goals related to housing affordability and stability.

What opportunities do alternative ownership models offer?

Many communities we work with are looking for more innovative programs and approaches to help meet housing needs, especially for lower barrier and lower cost ownership housing.

Policy Goal	Benefits of Alternative Models
Affordability	<ul style="list-style-type: none">• Options to bring in other subsidy (such as land lease)• Feasibility for moderate-income households (80%–100% of area median income)
Stability	<ul style="list-style-type: none">• Affordable ownership can offer greater stability compared to renting• Predictable long-term housing costs—insulated from market escalation• Many models involve nonprofit partners that support resident owners with financial counseling
Wealth Building	<ul style="list-style-type: none">• Full or partial equity capture through appreciating property values• Greater potential for savings with reduced housing cost burden• Increased household stability contributes to community wealth

Ground-Floor Commercial

How do alternative ownership models **relate to ground-floor commercial** spaces?

Example Options	Considerations
Cooperative	<ul style="list-style-type: none">• Co-op maintains ownership of ground floor space and leases to tenants• Offers potential for community input on tenant selection
Condominium	<ul style="list-style-type: none">• Ground floor space divided into condo units and sold separately from residential spaces above• Allows for diverse ownership within the building, but offers less input and control over tenants
City Ownership	<ul style="list-style-type: none">• City owns, leases, and manages ground floor space• Offers potential for prioritizing community-serving businesses by offering below-market rents

Each structure offers different levels of community control. It's important to note that over-programming the ground floor with commercial space *can* create risk and undesirable outcomes under all options related to market saturation, financial strain, and vacant commercial spaces.

What is different about alternative models?

From a **development feasibility** perspective

- Different sources of permanent financing
 - ♦ Blanket mortgage
 - ♦ Leased land
- Support for owners can reduce risk for underwriting
 - ♦ Land trust homeowners had a foreclosure rate < 1% during the Great Recession

From an **operational** perspective

- Different monthly costs for residents
 - ♦ Ground lease or stewardship fee
 - ♦ Co-op dues (mortgage, maintenance, reserves)
 - ♦ Potential property tax abatements

What are some example projects?

Community Land Trust – Homestead

Phinney Ridge, Seattle

- **Form:** two 19-unit buildings with permanently affordable condominium homes
- **Affordability:** 15 market-rate units with the remaining units at less than 80% area median income (AMI), targeting sales price at 60%–65% of AMI
- **Land:** surplus city property, land donation, low-cost land loan
- **Long-term financing:** mortgages, low-cost loans, and recoverable grants
- **Monthly costs:** stewardship fee, HOA, taxes
- **Wealth-building:** fixed 1.5% annual price appreciation to seller



Source: schemataworkshop.com/paho

What are some example projects?

Shared-Equity Cooperative – Homesight

U-lex Housing Co-op, Seattle

- **Form:** one 68-unit building with 1–3 bedroom units for ownership
- **Affordability:** 80% AMI or less
- **Long-term financing:** blanket mortgage, shares (down payments), share loans
 - ♦ Share prices: \$104 per square foot (partnering with local credit union to offer share loans)
- **Monthly costs:** co-op fee
 - ♦ 1-bed: \$1,885
 - ♦ 2-bed: \$2,526
 - ♦ 3-bed: \$2,862
- **Wealth-building:** fixed 2% annual share price appreciation to seller



Source: SKL Architects

What are some example projects?

Deed Restricted Units – ARCH

Prototypical Example

- **Form:** townhomes, Condos
- **Affordability:** 60–100% area median income (based on local inclusionary and MFTE programs)
- **Land:** low cost or donation
- **Long-term financing:** mortgage, subsidy
- **Monthly costs:** HOA, taxes, etc.
- **Wealth-building:** appreciation factor based on the change in AMI since the previous sale



Source: archhousing.org

What questions do we ask about alternative models?

When we evaluate alternative housing models, we consider:

Development costs, including different financing and design possibilities

- What sources of financing and partnership might be available for alternative ownership that can lower development costs?
- What design options are possible with this form of housing that might not be standard for rental housing?

Level of affordability, including any subsidy required

- Low- to moderate-income (60–80+ area median income); starts becoming feasible with low-levels of subsidy (or no subsidy) at ~80% AMI
- Buying down development costs and/or down payment assistance
- Shared equity models have potential to become more deeply affordable over time

Organizational capacity

- What supports are needed to make this model successful for long-term operation?

What does subsidy look like?

In previous work estimating feasibility for these models, we found that down payment assistance and the target level of affordability drive how much subsidy is needed for each unit

- At 80 percent of AMI, relatively small subsidies for construction can make projects feasible
- The potential for lower financing costs for co-op structures can reduce the subsidy required relative to other types, especially at deeper levels of affordability

	Deed- Restricted Condo	Community Land Trust Condo	Co-Op
80% AMI Multifamily	\$40,000	\$44,000	\$10,000
80% AMI Multifamily w/DPA	\$107,568	\$111,568	\$124,743
80% AMI Townhomes	\$58,500	\$62,500	\$1,000
80% AMI Townhomes w/DPA	\$130,572	\$134,572	\$126,776
50% AMI Multifamily	\$163,500	\$173,500	\$134,000
50% AMI Multifamily w/DPA	\$231,068	\$241,068	\$205,343
50% AMI Townhomes	\$182,500	\$192,500	\$150,000
50% AMI Townhomes w/DPA	\$254,572	\$264,572	\$223,626

This model was feasible without subsidy.

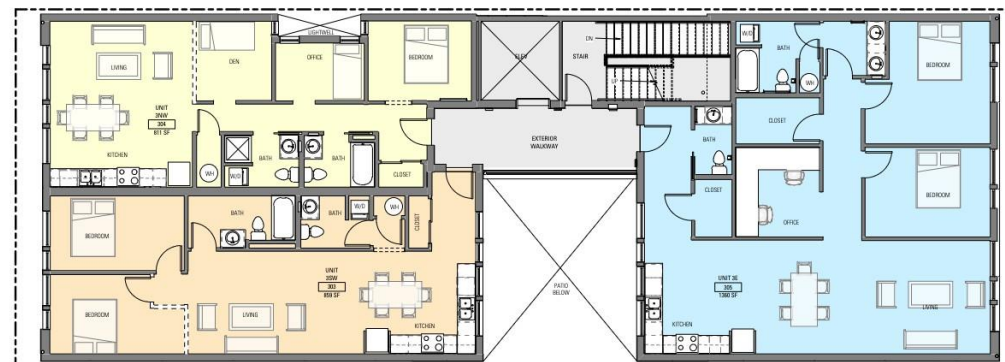
We modeled a nominal public contribution to meet requirements for Washington's property tax exemption for shared equity cooperatives.

What possibilities open for site programming?

Feasibility considerations for alternative ownership can inform site and building program choices, including allocating space for community uses, more family-sized units, and different ground-floor activation



May not have to maximize leasable area



Unit sizes and mixes that accommodate a wider range of households



Higher amenity value for direct access to ground-floor outdoor area in ownership products