



**CITY OF KIRKLAND**  
Planning and Community Development Department  
123 Fifth Avenue, Kirkland, WA 98033 425.587-3225  
www.kirklandwa.gov

## MEMORANDUM

**To:** Kurt Triplet, City Manager

**From:** Jeremy McMahan, Planning Supervisor  
Eric Shields, AICP, Director

**Date:** May 25, 2011

**Subject:** Planning Commission Recommendation to adopt Zoning Code Amendments for CBD Ground Floor Storefront Uses (File ZON10-00027)

### RECOMMENDATION

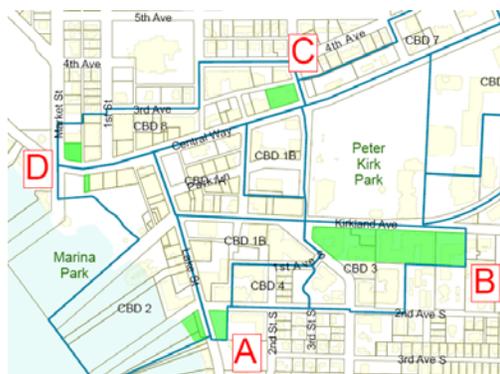
City Council adopts the enclosed ordinance to approve additional office uses in three subareas of the Central Business District (CBD), consistent with the recommendations of the Planning Commission (Attachment 1).

City Council also adopts the enclosed resolution to approve a supporting amendment to the Design Guidelines for Pedestrian-Oriented Business Districts, consistent with the recommendations of the Planning Commission. Staff would note that the Planning Commission edited the design guidelines for glazing and storefront height (Attachment 1 to R 4882) to replace the word "should" with "shall". This is inconsistent with the construct of the City's design guidelines and staff would recommend that "should" be included in the adopted guideline (Council would include this in their motion to approve R-4882). The 15' minimum height requirement is already found in the Zoning Code, so there is not a substantive difference.

### BACKGROUND DISCUSSION

The approved 2010 Planning Work Program includes a task to consider loosening of "end of block" retail requirements to address the challenges in finding retail tenants for some of these spaces. Prior to scheduling public hearings, the Planning Commission and City Council carefully scoped the amendments to four specific subareas of the CBD. Those subareas are illustrated below.

Once these four subareas were identified by the City Council, public notice of the amendments was provided accordingly. The focus of the Planning Commission process was then on how much latitude to provide on allowed uses within each subarea. The Planning Commission recommendation is to allow additional office uses in three of the four subareas but no changes to Subarea C or the south side of Subarea D.



Memo to Council - CBD Ground Floor Use

November 5, 2010

Page **2** of **2**

Subareas B and D are recommended for a limited spectrum of office uses.

Links to all packet materials considered by the Planning Commission and City Council in association with this proposal are provided below:

*November 18, 2010 meeting Planning Commission scoping study session* [meeting packet](#)

*January 18, 2011 meeting City Council scoping direction to Planning Commission* [agenda](#)

*March 10, 2011 hearing Planning Commission hearing* [meeting packet](#)

*May 12, 2011 hearing Planning Commission hearing (continued)* [meeting packet](#)

### **SEPA Compliance**

The City issued a SEPA Addendum for the proposed amendments on February 11, 2011.

### **Public Process**

Notice of the public hearing was provided to property owners in the subareas, the Chamber of Commerce, the Seattle Times, the Neighborhood Associations and Kirkland Alliance of Neighborhoods. Staff also attended a meeting of the Boulevard Condominiums Directors to review the proposed changes.

Attachment:

1. Planning Commission Recommendation and Enclosure

cc: ZON10-00027  
Planning Commission



**CITY OF KIRKLAND**  
**PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT**  
**123 FIFTH AVENUE, KIRKLAND, WA 98033 425.587.3225**  
**WWW.KIRKLANDWA.GOV**

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## **MEMORANDUM**

**Date:** May 25, 2011

**To:** Kirkland City Council

**From:** Jay Arnold, Chair  
Kirkland Planning Commission

**Subject:** Planning Commission Recommendation to adopt Zoning Code Amendments for CBD Ground Floor Storefront Uses (File ZON10-00027)

### **Introduction**

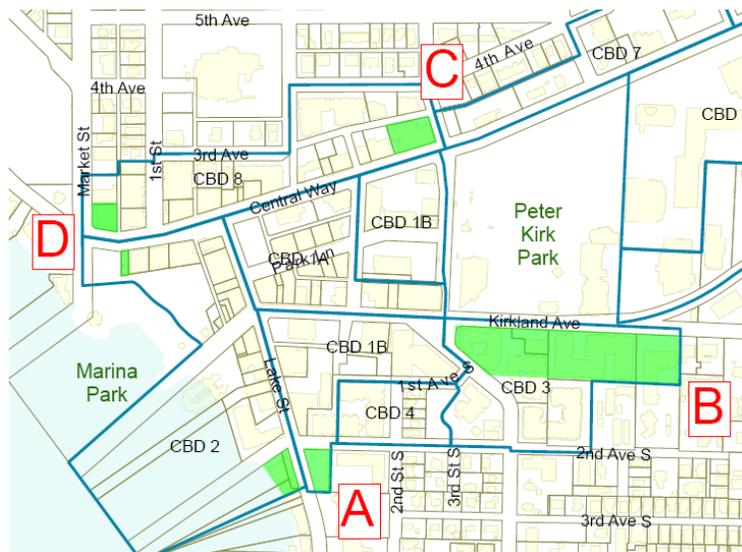
We are pleased to submit our recommendation for amendments to the Kirkland Zoning Code related to ground floor storefront uses in parts of the Central Business District.

The recommended amendments to the Kirkland Zoning Code are included as Attachment A to the attached Ordinance. A supporting amendment to the Design Guidelines for Pedestrian-Oriented Business Districts is included as Attachment A to the attached Resolution.

### **Background**

The proposed amendments were identified in the approved 2010 Planning Work Program. The task has been to consider loosening "end of block" retail requirements where retail conditions have been more challenging. These areas have been identified because they have demonstrated an unknown or weak market demand for ground floor retail. Due to their geographic location, the potential detrimental impacts of providing flexibility of uses in these spaces are less significant than providing that flexibility mid-block in the core area.

The Planning Commission held a study session to discuss a recommended scope of the potential code amendments on [November 18, 2010](#). The City Council reviewed the Planning Commission's proposed scope on [January 18, 2011](#) and directed the Planning Commission to include the four subareas illustrated on the map below in the scope of the public hearing.



## POLICY DISCUSSION

Zoning restrictions are a common Main Street tool where, absent the central ownership control of a shopping mall to require complementary uses through leases, the City establishes use restrictions. The City's most recent study of downtown's retail opportunities was the 2009 [Hovee Report](#).

Kirkland's ground floor use restrictions are based on long time Comprehensive Plan policies that set the vision for the type of downtown envisioned by the community. Some form of ground floor retail restrictions have been in place in the downtown core for over 30 years. The vision and policy direction for the downtown area are found in the Downtown Plan section of the Moss Bay Neighborhood Plan.

### Relevant KZC Definitions:

**.795 Retail Establishment** A commercial enterprise which provides goods and/or services directly to the consumer, whose goods are available for immediate purchase and removal from the premises by the purchaser and/or whose services are traditionally not permitted within an office use. The sale and consumption of food are included if: (a) the seating and associated circulation area does not exceed more than 10 percent of the gross floor area of the use, and (b) it can be demonstrated to the City that the floor plan is designed to preclude the seating area from being expanded.

**.590 Office Use** A place of employment providing services other than production, distribution or sale or repair of goods or commodities. The following is a nonexclusive list of office uses: medical, dental or other health care; veterinary; accounting; architectural, engineering, consulting or other similar professional services; management, administrative, secretarial, marketing, advertising, personnel or other similar personnel services; sales offices where no inventories or goods are available on the premises; real estate; insurance; travel agent; brokerage; computer programming or consulting; data processing; technical, specialty or professional schools; or other similar services. The following uses are specifically excluded from the definition of office: banks, loan companies and similar financial institutions.

## Recommendations

While the Commission agrees on the vision and policies in the Comprehensive Plan that enable a vibrant, walkable downtown core with strong retail, individual members differ on policy changes to support that, including some members in favor of no change to existing zoning in most of the identified subareas. The recommendations below in each subarea reflect a view of a majority of the Commission after a detailed and spirited discussion.

Summary Recommendation: The Commission considered three options for each of the four subareas:

1. Allow offices uses outright in the storefront space (recommended for subarea A)
2. Continue to preclude office in the storefront space (recommended for subarea C and the south side of subarea D)
3. Allow limited office uses in the storefront space – those offices that generate higher customer traffic while continuing to preclude offices that generate low customer traffic (recommended for subarea B and the north side of subarea D). Staff created the following provisions in the recommended ordinance for this limited range of office (draft text for KZC 50.64):

*...On the street level floor of buildings in these subareas, the Planning Director may approve certain Office Uses determined to complement existing pedestrian-oriented uses in the CBD. The applicant must demonstrate that the proposed type of Office Use is primarily oriented to serving visiting customers and that the design of the street frontage will maximize visual interest. Examples of such uses may include offices for medical, dental, veterinarian, travel agency, and real estate sales but not include offices for administrative, management, medical labs, attorneys, and accountants. The interior space shall orient to the storefront by placing lobby, reception, or accessory sales uses to the front and avoiding uses in the storefront area that would require window coverings...*

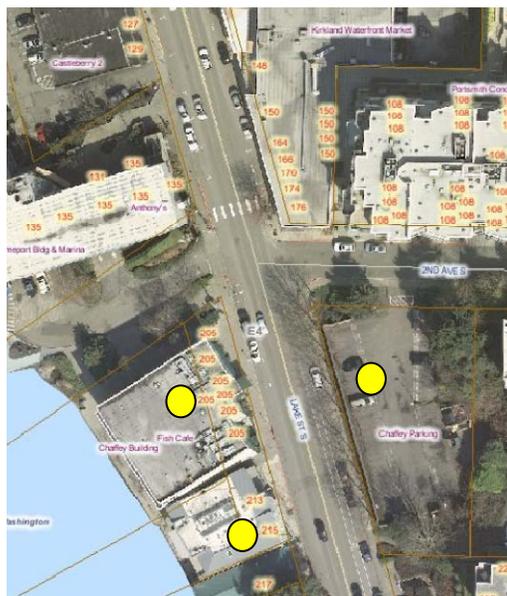
## **Area A**

Planning Commission Recommendation: Amend the Code to allow ground floor office uses outright.

Zoning: CBD 1 east of Lake Street South; CBD 2 west of Lake Street South

Existing Conditions: Three parcels under two separate ownerships (the Chaffey Building, the Chaffey Building parking lot, and the mixed use building south of the Chaffey Building).

Planning Commission Assessment: The primary shopping circulation on Lake Street ends with the crosswalk located on the north side of Second Avenue South. On the west side of Lake Street, retail storefronts end with the Anthony's Homeport



building and it's blank concrete wall fronting the street. On the east side, retail storefronts continue all the way to Second Avenue South with the Waterfront Market Building. Allowing office uses outright in this area is not a change from existing conditions and will not be detrimental to existing retail to the north.

### Area B

Planning Commission Recommendation: Amend the Code to allow limited ground floor office uses as recommended by staff in the draft KZC 50.64 language.

Zoning: CBD 3

Existing Conditions: Four parcels including Plaza on State Condominiums, Fox Cleaners, The Boulevard Condominiums, and a steep slope owned by Townhomes at Kirkland Condominiums (note – this parcel has split zoning with PLA 6J and is on the Planning Department's list to consider a future rezone to a non-CBD zone).

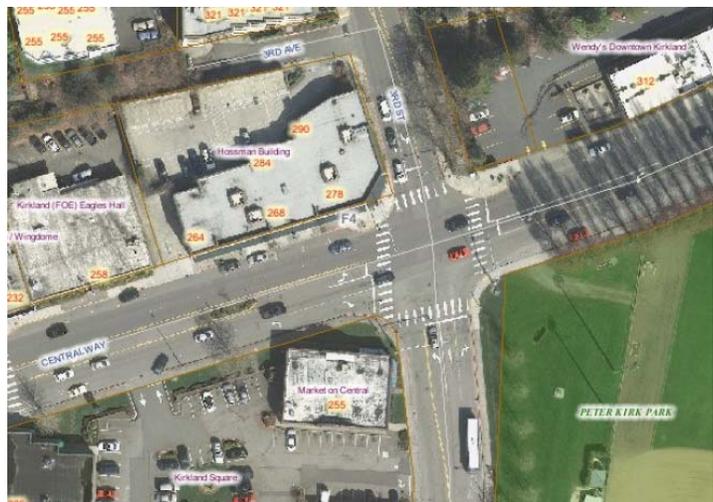


Planning Commission Assessment: This end of Kirkland Avenue is off the main retail circulation flow of the core area. Because the retail pattern may improve over time with the redevelopment of Parkplace and the Bungee Studio building, the Commission recommends allowing the more limited range of office uses in this area. Allowing these limited office uses that have some customer draw will preserve the long term opportunity without being detrimental to current retail uses in the area.

### Area C

Planning Commission Recommendation: Do not change existing code (continue to prohibit office uses in storefront on ground floor).

Zoning: CBD 8



Existing Conditions: One property, the Hossman Building built in 2005.

Planning Commission Assessment: The retail conditions in this area should improve with the completion of the Transit Center and associated pedestrian draw. Allowing office or limited office at this important intersection would be detrimental to the retail potential of properties to the east and west and to Peter Kirk Square.

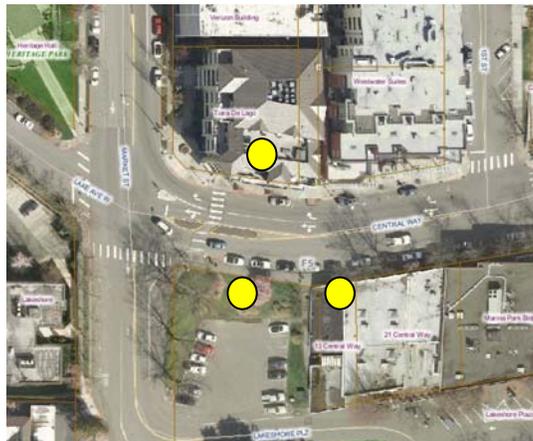
## Area D

Planning Commission Recommendation: Amend the Code to allow limited ground floor office uses as recommended by staff in the draft KZC 50.64 language on the north side of Central Way (CBD 8). Do not change existing code on the south side (CBD 2).

Zoning: CBD 2 and CBD 8

Existing Conditions: Three parcels including the Tiara de Lago Condominiums, the City parking lot, and the Foster Foundation building.

Planning Commission Assessment: The pedestrian shopping flow from to the east is good, but the retail space on the north side of Central Way suffers from poor visibility. Allowing the limited list of office uses for this property reflects existing conditions and will not be detrimental to existing retail to the east. However, the properties on the south side of Central are critical to drawing pedestrians down the street and into the Park. The existing use restrictions support potential future development of the City parking lot at Market and Central and should not be changed.



## Public Participation

The Planning Commission held a public hearing on [March 10, 2011](#). Following public testimony and deliberations at the March 10 hearing, the Commission asked staff to develop an alternative that would allow a limited spectrum of office uses. The Commission's objective was to allow offices that generate higher customer traffic while continuing to preclude offices that generate low customer traffic. Staff presented the draft revision to KZC 50.64 and the revised proposal was considered at the continued public hearing on [May 12, 2011](#).

Seven individuals spoke to the Commission at the public hearing. All correspondence received by the City on this topic is included as Enclosure 1.

Enclosure:

1. Correspondence

Cc: ZON10-00027

**Jeremy McMahan**

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**From:** Andy Loos [andy@srmdevelopment.com]  
**Sent:** Thursday, April 28, 2011 10:42 AM  
**To:** Jeremy McMahan; Eric Shields; Ellen Miller-Wolfe  
**Cc:** Bob Sternoff; Penny Sweet; Joan McBride; Amy Walen; Doreen Marchione; Dave Asher; Jessica Greenway  
**Subject:** Retail Uses in Downtown

Jeremy, Eric and Ellan: I am writing to ask the status of the process you were undertaking to relax the retail use requirements in parts of downtown Kirkland?

I also want to let you know that we are having a very difficult time leasing our retail spaces at 101 Kirkland (and soon to be 201 Kirkland as the BofA relocates). We have had inquiries from users that would not meet the criteria of "retail" established by the City. In fact, we have tried to offer the spaces with "net" leases where our rental income would be dependent upon the gross sales of the business and we still can't find tenants. Bank of America is moving into the corner space next week and we have Tully's relocating to our "café" space but have been unable to entice anyone into our other spaces despite a year of marketing by Cushman-Wakefield.

Do you think there is any way that the City would relax the requirements in the core given the process you have just gone through? Empty storefronts are terrible for the downtown and we aren't seeing the situation changing unless we can offer the spaces to others beyond strict retail uses. Although the physical therapist is probably a "marginal" retail use we have found that the use has created activity, enlivened the street, provided service to the community and has promoted other businesses in Kirkland through the owner's civic involvement.

I know we have all gone around and around on the issue of retail uses but it is apparent to me that downtown Kirkland is not attracting retailers even with new spaces, plenty of parking and favorable lease terms. Being able to accommodate a mix of goods and services that will boost economic activity would seem to me to be a logical solution. Bringing workers, clients and customers into the downtown during the daytime is a good thing as we seem to have our share of evening dining patrons.

I have copied the City Council in order to get any comments they may have.

Let me know your thoughts.

Thanks.

Andy

Andy Loos  
Development Manager  
**SRM Development, LLC**  
520 6<sup>th</sup> Street South  
Kirkland WA 98033  
(Direct) 425-629-4433  
(Cell) 206-200-0675  
[andy@srmdevelopment.com](mailto:andy@srmdevelopment.com)

## Jeremy McMahan

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**From:** ROBBROWN1@aol.com  
**Sent:** Tuesday, November 16, 2010 10:39 PM  
**To:** Jeremy McMahan  
**Subject:** to: the Kirkland Planning Commission

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

To: The Kirkland Planning Commission:

Re: November 18th discussion of downtown ground floor approved uses

I would like to express both my support *and* my concern for the details of the proposed changes to the zoning rules for ground floor uses in downtown Kirkland.

1) the positive - **The concept being discussed of allowing loosening of the retail use requirement for peripheral locations / end of core locations is perfectly legitimate.** Retail success in the downtown core requires significant foot traffic. That foot traffic does not occur at the end corners of downtown.

The specific locations noted in the meeting packet are well thought-out and well-chosen. The perfect example of the validity of this proposal is the Chaffey parking lot which, when eventually built-out, will require ground-floor retail yet only will only require one small pad. Nothing will have a valid chance of survival when located essentially on an island. **I urge you to support this part of the proposal.**

2) the negative - **The loosening of requirements for any other locations will be detrimental to the future of downtown retail.** Retail success in like locations, whether they be downtown cores or shopping malls, requires density of other retail. Foot traffic only works if there are attractions that keep pulling that pedestrian along the route. These attractions require window appeal, they require constant interest. Humans have no patience for simply hoping there is something of interest after a 20, 20, or 50 foot break in their stroll.

Watch what happens on sidewalks, watch what happens in malls. If there are banks, if there is construction, if there is a row of vacancies, if there is an office on the street, the foot traffic moves to the other side of the street or to the other side of the mall in search of visual stimulation.

Foot traffic is a science. Human nature makes pedestrian traffic turn right. Foot traffic must be dragged along by bright lights, attractive displays, unique experiences. Blank walls, covered windows, non-retail uses stop that traffic.

That brings me to the downside of loosening the regulations in the core area. Current zoning does not allow the Lake Washington Physical Therapy location in the Merrill Gardens building. If current tenants are not even required to follow zoning as it is, why would we make things worse by loosening the existing requirements. Nearly one third of the window of the LWPT location is NOT retail. Not only that, but there is no 30 foot depth of retail, let along 20 foot average depth of retail. **This use should never have been approved for this location. It is however a perfect use for end of core, peripheral locations with no foot traffic patterns to protect.**

Current vacancies match vacancies throughout the retail world, they are not unique to Kirkland, they are not a product of a lack of shopping interest in Kirkland. They are simply a symptom of the current economic downturn. There are already small signs of recovery, there are already signs of entrepreneurs returning to the establishment of new businesses. The vast majority of current vacancies are in new buildings with "superior retail", those with significantly higher rental rates. Temporary over-supply of high-priced retail locations does not require the city to allow change of use approval. Let the market catch up with the supply and all will be well.

**Responding to short term challenges by loosening retail requirements in the retail core will have negative effects on downtown Kirkland for years to come.**

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\*\*\* The above comment about breaks in attractions that pull pedestrians along a street route is of critical importance in eventually bringing more foot traffic to the north side of Central near the Lake Street intersection. The parking lot at Lake and Central is a critical flaw in the pedestrian flow of downtown Kirkland. One need only to do a cursory inspection of pedestrian activity along Lake Street and you will see virtually no one walking along the eastern side of Lake Street bordering the parking lot.

This site needs retail storefronts in order to pull foot traffic to the northern border of downtown. Return to my comment about foot traffic turning right when entering a shopping area.....what happens when pedestrians walk west on Park Lane? - they very rarely turn right as they face a full block of nothing but parking lot. They either turn left away from Central or they cross Lake Street, disrupting their circulation.

thank you for considering my thoughts and comments,

Rob Brown  
108 2nd Ave S #105  
Kirkland  
206-226-5078

**Jeremy McMahan**

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**From:** Paul Stewart  
**Sent:** Monday, December 13, 2010 9:45 AM  
**To:** Andrew Held; Byron Katsuyama; C. Ray Allshouse - Home; C. Ray Allshouse - Work; George Pressley; Glenn Peterson; Jay Arnold; Jon Pascal; Jon Pascal; Karen Tennyson; Mike Miller  
**Cc:** Eric Shields; Jeremy McMahan; Ellen Miller-Wolfe  
**Subject:** FW: Retail Space Conversion

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

To: Planning Commission

Margaret Carnegie requested this message be sent to you. The City Council will be discussing this issue at their January 4<sup>th</sup> meeting.

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**From:** Margaret Carnegie [<mailto:carnegiema@frontier.com>]  
**Sent:** Saturday, December 11, 2010 10:53 AM  
**To:** [planningcommission@ci.kirkland.wa.us](mailto:planningcommission@ci.kirkland.wa.us)  
**Subject:** Retail Space Conversion

Planning Commission Members,

Regarding the issue of allowing downtown retail space to be converted to office space, I want to strongly state my disagreement. I believe the current rules should be honored. Even if the conversion could bring in more income on a short term basis, it is still unwise, in my opinion. If the desire exists to increase "shopping" in Downtown, the change would work against that goal. People are going to be attracted to shop in a place where retail shops are available, not where that space has been converted to offices. Thank you for your work and your attention to this issue.

Margaret Carnegie  
11259 126<sup>th</sup> Ave. N.E.  
Kirkland, WA 98033

Remarks by Bea Nahon, Moss Bay Resident  
To the Kirkland Planning Commission  
November 18, 2010  
Re: CBD Ground Floor Uses  
ZON10-00027

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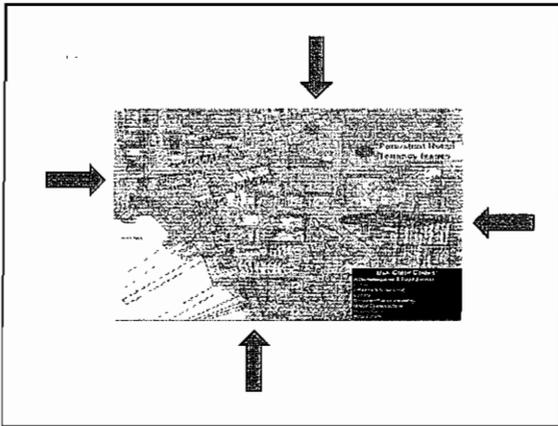
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**Why doesn't retail seek out these specific locations?**

- Peripheral to the downtown core (these are not just end of block, these are all at the corners of downtown)
- Disconnected from the retail core by non-retail uses – pedestrian connectivity is severed and there's no sense of curiosity to search further. The eye carries the pedestrian elsewhere.

Message: We should learn from these examples and not spread the same result to other areas of the downtown core, i.e. the non-retail part of downtown "stops" at these corners so that the core has retail activity and life.

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Past work on Kirkland downtown

- Comp Plan for the Moss Bay Neighborhood
- Comp Plan Framework Goal:
  - “Plan for a fair share of regional growth, consistent with State & Regional goals, to minimize low-density sprawl and direct growth to urban areas”
  - Moss Bay Neighborhood is specifically to be encouraged to have medium to high-density residential uses, especially in the core
- Leland Consulting
- Hovee Report 2009
- Downtown Advisory Committee
- Downtown Strategic Plan

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Downtown Strategic Plan  
re: The Core Area \*

Page 9:

“Land uses in the core area to be encouraged, promoted (and protected) should be:

- a. Retail uses on the ground floor of all buildings;
- b. Primarily housing or hotels on the upper floors; and
- c. Some office uses or live/work units on the upper floors”

\* The Core Area is defined on Page 5 of the DSP as the area bounded by Lake Street, 3<sup>rd</sup> Street, Central and Kirkland Ave, as well as the north side of Central Way and the area south of Kirkland Ave

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Retail needs retail “clusters” to survive.  
What does office need?

- Office also benefits from other office uses, especially professional offices
- Strong successful professional offices do not benefit from ground floor “presence”
  - Walk-in business is not desired
  - Street presence does not attract the desired clientele for established stable firms
  - Impulse patronage of professional office from pedestrians is slim to none

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**Office use on ground floor in an otherwise retail area is:**

- Boring to pedestrians, a dead-end to retail traffic
- Closed on weekends and evenings
- Less interesting/ambience for visitors and residents and therefore less attractive (and less safe) and less likely to achieve our goals for high density in the core
- Invasive to privacy of office clients
- Expensive to retrofit
  - Walls including soundproofing
  - Ceilings and flooring
  - HVAC
  - Lighting
- Our existing retail floorplates don't allow for highly desired window offices (without very expensive and often ineffective retrofitting of window wells)

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**But would it at least help with the retail vacancy problems?**

- Retail tenants will find downtown Kirkland even less attractive for leasing and renewals of leases if the owners can't be sure of surrounding retail "clusters" which they must have to survive
- Office-oriented businesses also demand free rent & large TI allowances. And then, many of them fail!
- Opening up retail spaces to office – besides being very expensive to retrofit – is not a panacea for Kirkland because we already have attractive office space available and vacant –

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**CB Richard Ellis 2010 MarketView (office space)**

Category	Puget Sound	Downtown Seattle	Eastside	Kirkland
Q3 Vacancy	19.3%	20.0%	17.6%	25.1%
Q2 Vacancy	20.5%	21.3%	19.0%	28.9%
Q1 Vacancy	19.3%	20.23%	19.65%	30.57%
Square footage	95,933,265	42,386,861	30,143,124	1,465,805
Q3 net absorption	1,077,536	466,716	387,989	56,221
Q3 Class A average Full Service Asking rate	\$28.68 PSF/Yr	\$29.80 PSF/Yr	\$28.76 PSF/Yr	\$30.53 PSF/Yr

\*The amounts for total square footage are occupied as well as vacant spaces  
 \*Puget Sound is south to Puyallup and north to Everett.  
 \*Downtown Seattle includes Lake Union, Danny Regrade and Lower Queen Anne.  
 \*Eastside includes Bellevue, Kirkland, Redmond and Bothell

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**Conclusions: Think long term!**

- Loosening up and allowing certain compatible office uses on the corners of downtown may be OK, but we should go no further than the identified corners
- Loosening up the rest of downtown is not consistent with our Comp Plan, retail vitality and connectivity nor with the City's need for sales tax revenues. It will also reduce residential appeal and therefore compromise our goals for urban density in the core.
- Increased office tenancies will help Kirkland, but they should be on the perimeter or if in the core, then on upper story.
- We need to learn from what has happened with "retail light" and not make it worse by increased loosening.
- **Once changed, we can't go back**
- Downtown is hurting, but we are not alone. Adding office use will not cure the problem, and stepping on an ailing downtown's air hose is not the solution

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# MarketView Puget Sound Office

Third Quarter 2010

www.cbre.com/research

## Quick Stats

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy	19.3%	↑	↓
Direct Lease Rate	\$28.68	↑	↑
Net Absorption	1,077,536 SF	↑	↓
Completions	158,333 SF	↑	↑

The arrows indicate a trend and do not represent a positive or negative value for the underlying statistic (e.g. Net Absorption could be negative, but still represent a positive trend over the time period).

## Hot Topics

- Investment activity increased with the sale of the office portion of The Bravern, City Center Plaza and Advanta—all trophy assets.
- Occupancy increased strongly as tenants such as Amazon.com and Digipen experienced growth.
- Class A rates remained stable at \$27.71 for direct and sublease blended, and \$28.86 for direct space—well off the peaks of \$31.58 and \$32.66 respectively at the end of 2008, but no longer falling dramatically.

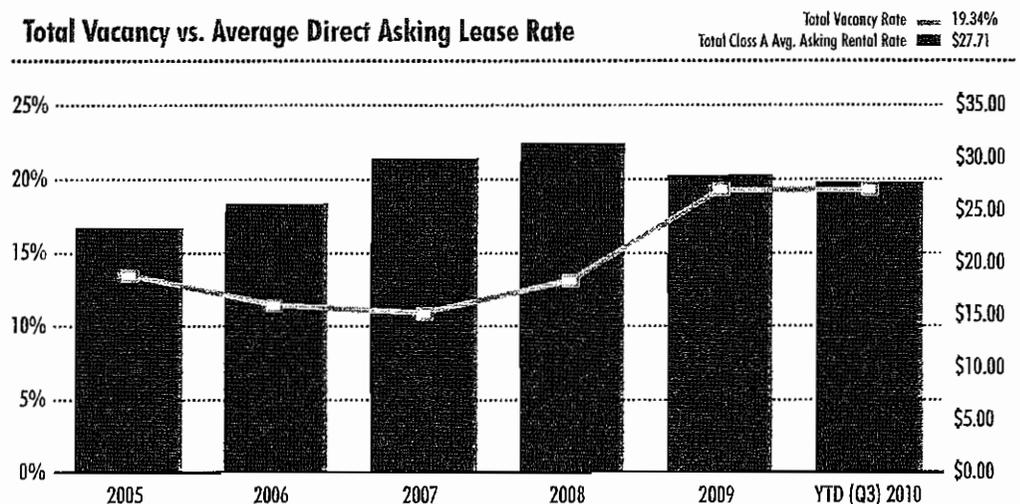
The Puget Sound office market's recovery is firmly underway as evidenced by just over one million square feet of positive absorption over the third quarter. Tenants on the Eastside grew by close to 388,000 SF while occupancy in downtown grew by 466,000 SF. Total vacancies dropped over 100 basis points in the overall Puget Sound market place with the Eastside and Southend accounting for a large share of the drop in vacancy at 130 basis points each. The market numbers have improved over the last two quarters and year-to-date absorption for the region totals a positive 702,000 SF.

The sale of fully-leased buildings with credit tenants was pervasive in the third quarter. Phoenix-based Cole Real Estate bought City Center Plaza in Bellevue CBD for \$310 million, or approximately \$532.00 PSF, from Beacon Capital Partners. The building is fully leased to Microsoft, reportedly until 2024. Schnitzer is shaking up its portfolio as well with the sale of Advanta Office Commons in Bellevue and Equinox Apartments in Seattle for a combined \$306 million. The price of Advanta Office Commons was estimated at \$240

million or \$400.00 PSF, while the Equinox apartment project sold for \$66 million or roughly \$316,940 per unit. Schnitzer has also sold two office towers and the parking garage at the Bravern in Bellevue. The sale consisted of 755,000 SF, fully leased to Microsoft for a total of \$410 million or roughly \$547.00 PSF.

Brokers agree that the market seems to be turning as big leases are being signed and companies are beginning to move or expand. The top Puget Sound expansions include the Federal Way School District, AT&T in Bothell, and T-Mobile in the I-90 corridor. In Seattle, leasing activity is brisk as Cobalt leased 100,000 SF at Union Station and the Institute for Systems Biology signed for a similar amount at the former Rosetta Building. Due to the upcoming moves, the supply of vacant space is going to keep up with tenant demand. Amazon.com is vacating various spaces to move to their new campus being built by Vulcan Real Estate, and the Bill & Melinda Gates Foundation is building their own campus and will likely move out of space in several buildings.

## Total Vacancy vs. Average Direct Asking Lease Rate



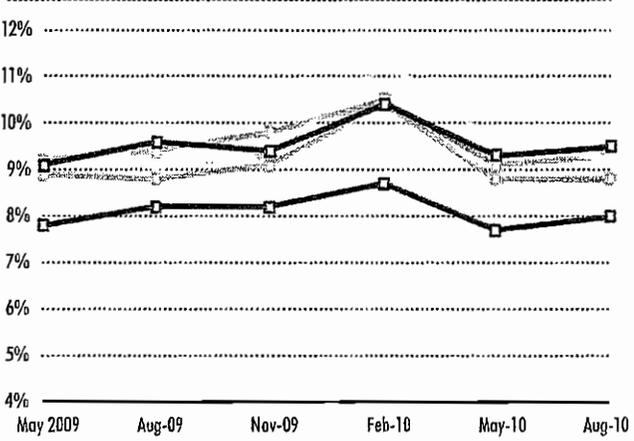
Market Statistics

MarketView Puget Sound Office

Submarket	Building SF	Total Vacancy %	Class A Avg. Asking Direct Lease Rate (Full Service PSF/Yr)	Class A Avg. Asking Total Lease Rate (Full Service PSF/Yr)	3Q Net Absorption	Last 4 Qtrs Net Absorption	Under Construction
Seattle CBD	20,296,695	19.9%	\$30.51	\$30.07	160,570	142,577	—
Waterfront	2,306,493	14.3%	\$27.08	\$24.90	(47,772)	(54,865)	—
Pioneer Square	3,935,789	27.7%	\$28.79	\$26.53	(38,208)	(231,075)	—
Denny/Regrade	6,935,851	26.3%	\$31.54	\$31.31	28,085	69,772	—
Lower Queen Anne	3,049,683	17.1%	\$33.03	\$32.93	5,514	(31,780)	—
Lake Union	4,538,518	10.2%	\$30.26	\$29.94	385,856	794,221	766,229
Canal	1,323,832	15.9%	\$26.82	\$26.14	(27,329)	(45,480)	—
Downtown Seattle	42,386,861	20.0%	\$30.52	\$29.80	466,716	643,370	766,229
North Seattle/Interbay	2,344,990	19.4%	\$24.11	\$22.39	52,629	(44,578)	—
Capitol Hill/E Seattle/Rainier	1,118,975	21.6%	\$23.83	\$21.80	5,080	16,539	—
South Seattle	1,442,851	28.2%	\$24.67	\$24.67	2,225	(20,719)	141,200
Seattle Close-In	4,906,816	22.5%	\$24.44	\$23.39	59,934	(48,758)	141,200
Sea-Tac	891,108	21.1%	\$22.70	\$22.49	(8,440)	6,116	—
Tukwila	2,208,168	16.4%	\$20.38	\$20.33	9,802	25,162	57,800
Renton	3,122,922	12.6%	\$21.56	\$20.75	9,283	6,258	—
Kent	1,222,046	32.2%	\$21.28	\$21.29	(1,961)	(26,701)	—
Auburn	289,025	6.0%	\$19.50	\$19.50	0	950	—
Federal Way	2,102,953	39.1%	\$20.10	\$20.49	119,571	20,371	—
<b>Southend</b>	<b>9,836,222</b>	<b>22.1%</b>	<b>\$21.04</b>	<b>\$20.89</b>	<b>128,255</b>	<b>32,156</b>	<b>57,800</b>
Bellevue CBD	7,925,601	16.2%	\$31.86	\$30.61	117,581	(261,049)	—
I-405	2,909,251	17.5%	\$25.77	\$25.07	(34,958)	(26,342)	—
SR-520	2,571,507	19.6%	\$25.89	\$24.60	10,482	(60,464)	—
I-90	6,561,305	14.6%	\$30.39	\$28.86	67,879	114,166	165,320
Bel-Red Road	1,384,897	13.8%	\$29.22	\$27.11	(8,251)	(62,527)	—
Kirkland	1,465,805	25.1%	\$30.53	\$28.44	56,221	42,664	—
Redmond	4,247,895	22.6%	\$26.35	\$25.71	121,478	38,255	—
Bothell	3,076,863	17.7%	\$23.31	\$22.58	57,557	165,038	—
Eastside	30,143,124	17.6%	\$28.76	\$27.64	387,989	(50,259)	165,320
Lynn/Edm/Milk Terr	2,502,650	29.3%	\$25.00	\$24.31	21,844	(58,688)	—
Everett	1,656,735	10.5%	\$22.15	\$22.15	1,013	(22,226)	—
<b>Northend</b>	<b>4,159,385</b>	<b>21.9%</b>	<b>\$24.76</b>	<b>\$24.13</b>	<b>22,857</b>	<b>(80,914)</b>	<b>—</b>
Tacoma CBD	2,828,792	13.9%	\$23.38	\$23.40	27,409	15,807	—
Tacoma Suburban	1,153,241	7.8%	\$22.63	\$22.63	(6,837)	(4,329)	—
Fife	213,994	14.4%	\$23.00	\$24.48	(1,835)	(1,670)	—
Puyallup	304,830	13.7%	\$20.55	\$20.55	(6,952)	(14,127)	—
Tacoma/Fife	4,500,857	12.4%	\$22.78	\$23.30	11,785	(4,319)	—
<b>Market Total</b>	<b>95,933,265</b>	<b>19.3%</b>	<b>\$28.68</b>	<b>\$27.71</b>	<b>1,077,536</b>	<b>491,276</b>	<b>1,130,549</b>

Unemployment Rate

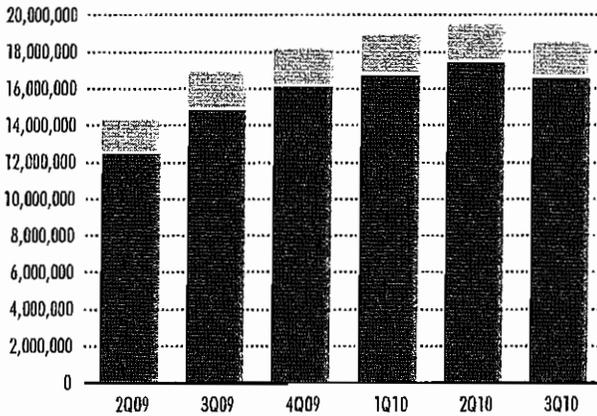
King Co. 8.0% WA State 8.8%  
 Snohomish Co. 9.3% US Avg. 9.5%  
 Pierce Co. 9.2% (Not seasonally adjusted)



The Puget Sound region continues to be slightly out of step with the rest of the nation economically. The region entered the recession late and is exiting slightly after the United States as a whole, but the local upturn is more promising. The latest *Puget Sound Economic Forecaster* anticipates above average employment growth by late 2011; an average of 2.3% more jobs every year until the middle of the decade compared to the national forecast of 1.7%. Trade and technological change are key sectors that are ending the global recession and several industries in the Puget Sound area; aerospace, software, internet commerce and computer games, are significant contributors. These sectors will keep the region growing faster than the rest of the nation.

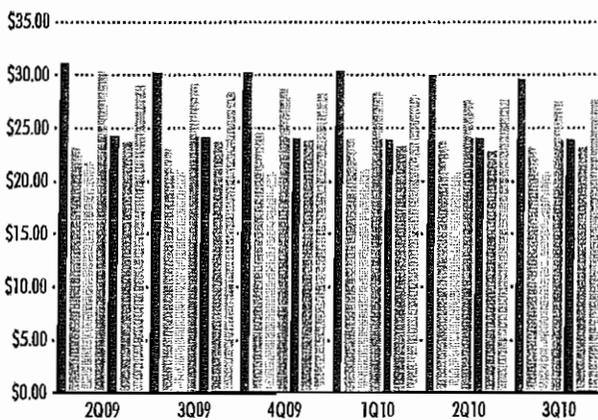
**Total Vacancy**

Direct Vacant 16,669,543  
 Sublease Vacant 1,886,413  
 Total Vacant 18,555,956



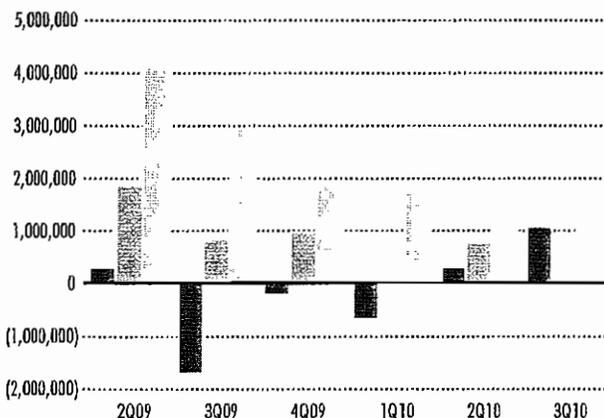
**Total Asking Rental Rates**

Downtown \$29.80 Northend \$24.13  
 Seattle Close-In \$23.39 Tacoma/Fife \$23.30  
 Southend \$20.89 Regional Avg. \$27.71  
 Eastside \$27.64



**Under Construction, Absorption & Construction Completions**

Total Absorption 1,077,536  
 Construction Completions 158,333  
 Under Construction 1,130,549



The Puget Sound experienced its first drop in vacancy since the start of 2008, finally falling below 20% to 19.3%. The new trend reflects the area's increase in market activity as well as the ongoing growth of Amazon.com into its new campus in South Lake Union. This quarter Amazon.com continued its expansion by moving into 205,000 SF at 2201 Westlake, and 158,333 SF Phase II at 500 Boren Avenue, from its former headquarters in Beacon Hill's Pacific Medical Center. The Seattle CBD submarket experienced 171,651 SF of positive absorption bringing the region's largest submarket down from 21.5% to 19.9% vacant. Eastside vacancies dropped from 19.0% to 17.6%, largely due to Digipen moving into 107,336 SF in Willows Commerce Park from a building on the Nintendo campus, and increases in market activity.

Third quarter Class A asking rates remained consistent at \$27.71 PSF, full service, nearly mirroring last quarter's asking rate of \$27.79 PSF. The rates in the major downtown areas of Seattle and Bellevue each decreased slightly to \$29.80 and \$30.61, respectively. The Bellevue CBD's premium over downtown Seattle narrowed to \$0.81 from \$1.09 as high vacancies continue to put pressure on asking rates. Across the board the region's submarkets experienced a slight rate decrease, except for the Tacoma CBD, which saw a rate increase of \$0.48 over the previous quarter. Over the past four quarters the region has maintained stable rates as rates have remained within \$0.50 of \$28.00 PSF, full service.

In contrast to last quarter's delivery of nearly 800,000 SF of additional space to the market, third quarter saw the second lowest level of construction completions since early 2008 adding only 158,333 SF. Coupled with an across the board increase in market activity, the Puget Sound region experienced an astounding 1,077,536 SF of positive absorption. The most recent phase of Amazon.com's move accounts for only 363,333 SF of this absorption, with the Seattle CBD contributing 171,651 SF and the Eastside adding another 419,232 SF of positive absorption. Construction continues on the remaining stages of Amazon.com's 1.7 million-SF campus as well as 900,000 SF in phase I of the future Bill & Melinda Gates Foundation's global headquarters, scheduled for completion in the spring of 2011.

**MarketView Puget Sound Office**

**Local Offices**

**BROKERAGE**

Seattle  
1420 Fifth Avenue  
Suite 1700  
Seattle, WA 98101  
206.292.1600

701 Pike Street  
Suite 2100  
Seattle, WA 98101  
206.223.0200

Bellevue  
10885 NE Fourth Street  
Suite 500  
Bellevue, WA 98004  
425.455.8500

Kent  
20415 72nd Avenue South  
Suite 210  
Kent, WA 98032  
253.872.9881

Tacoma  
1145 Broadway Plaza  
Suite 1000  
Tacoma, WA 98402  
253.572.6355

**PROJECT MANAGEMENT**

1420 Fifth Avenue  
Suite 1700  
Seattle, WA 98101  
206.292.6086

**ASSET SERVICES**

Seattle  
1420 Fifth Avenue  
Suite 1700  
Seattle, WA 98101  
206.292.1600

Bellevue  
110 110th Avenue NE  
Suite 607  
Bellevue, WA 98004  
425.455.8500

Kent  
20415 72nd Avenue South  
Suite 210  
Kent, WA 98032  
253.872.9881

Canyon Park  
22118 20th Street SE  
Suite 138  
Bothell, WA 98021  
425.483.1166

Seattle Municipal Tower  
700 Fifth Avenue  
Suite 4040  
Seattle, WA 98104  
206.624.7005

**VALUATION & ADVISORY SERVICES**

1420 Fifth Avenue  
Suite 440  
Seattle, WA 98101  
206.292.6122

**CBRE CAPITAL MARKETS**

1420 Fifth Avenue  
Suite 1720  
Seattle, WA 98101  
206.830.6400

**Office Submarket Map**

**MARKET AREA DESCRIPTIONS**

**Downtown Seattle**

Downtown Seattle consists of 42,386,861 SF (44%) of the office market GLA. It includes office buildings west of I-5 from the Ship Canal in Fremont to Royal Brougham near the stadiums.

**Seattle Close-In**

North Seattle consists of 4,906,816 SF (5%) of the office market GLA. It includes office buildings within the city limits of Seattle, Shoreline and Lake Forest Park, not included in the downtown submarket.

**Southend**

The Southend consists of 9,836,222 SF (10%) of the office market GLA. It comprises all of King County south of Lake Washington.

**Tacoma/Fife**

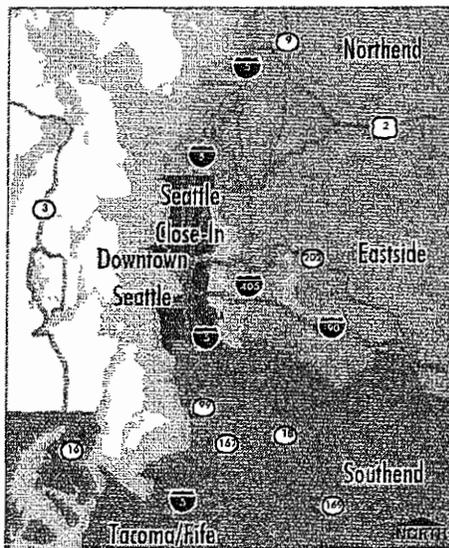
Tacoma/Fife consists of 4,500,857 SF (5%) of the office market GLA. It comprises Pierce County.

**Eastside**

The Eastside consists of 30,143,124 SF (31%) of the office market GLA. It comprises all King County markets directly east of Lake Washington, plus that portion of Bothell extending into Snohomish County.

**Northend**

The Northend consists of 4,159,385 SF (4%) of the office market GLA. It consists of Snohomish County except that portion of Bothell extending into Snohomish County.



**Market Coverage**

Includes all investor-owned, Class A, B, or C office buildings 10,000 SF and greater in size.

**Building SF**

The building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas.

**Vacancy %**

Vacant square feet, either direct or total (direct and sublease combined), divided by the building square footage.

**Absorption**

The change in occupied square feet from one period to the next. Total absorption counts vacant sublease space as not occupied, direct absorption counts vacant sublease space as occupied.

**Average Asking Direct Lease Rate**

The average gross asking lease rate for each building multiplied by the amount of direct vacant space, summed for all buildings in a submarket and then divided by the total amount of direct vacant space.

**Full Service Lease**

Lease type whereby the landlord pays all of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses. Increases in operating expenses after the first year of the lease may be passed to the tenant.

**Class A Space**

The most prestigious buildings competing for premier office users with rents above average for the area. These buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

For more information regarding the MarketView, please contact:

Carolyn Davis, Research Manager  
CB Richard Ellis  
1420 Fifth Avenue, Suite 1700, Seattle, WA 98101  
T. 206.292.6098 F. 206.292.6033  
carolyn.davis@cbre.com

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Dear Kirkland City Council Members

In Ernie Veltons email below, he gives another perspective on Kirkland's retail zoning requirements, in addition to the email I recently sent you from Andy Loos. Ernie is a senior partner in JSH Properties and his company manages over 12 million sf of commercial space in Washington, 3 million of that is retail. JSH Properties manages a wide variety of commercial and residential buildings in downtown Kirkland.

The message here again is the need to consider loosening up the retail zoning requirements in the Kirkland's CBD. As I mentioned before, there are not many things the City can do to improve the vitality of the downtown area, but taking a hard look at our retail zoning requirements and making some minor changes would certainly help.

Thank you again for your time.

Joe Castleberry  
Commercial Property Owner

---

Subject: Downtown Kirkland retail uses  
Date: Thu, 25 Feb 2010 10:29:12 -0800  
From: [ErnieV@jshproperties.com](mailto:ErnieV@jshproperties.com)  
To: [bob@sternoffinc.com](mailto:bob@sternoffinc.com)  
CC: [joe.d.castleberry@hotmail.com](mailto:joe.d.castleberry@hotmail.com)

Bob,

Joe and I, and many others, have been discussing what ground floor uses are allowed in the Kirkland CBD. JSH manages and leases several properties in downtown Kirkland including the Homeport building, the Kirkwood building (Banner Bank), the Westwater apartments and related retail (Sur La Tab), Kirkland Square and others. Most of the associated retail spaces are relatively small and most are leased to Banks, food uses or mom & pop businesses.

We manage over 12 MM sf of commercial property in Washington State and are the leasing representatives for approximately 3 MM sf of retail space in Washington. I mention all this so you understand our perspective.

In short, retail owners state wide are hurting a bit. Occupancies are down in most markets and rents are down 10-30% depending upon the market. Kirkland retail and office rents are off 20%-30 from earlier highs. Kirkland is especially impacted by the weakness of many mom & pop tenants. As the retail world has changed, there are fewer traditional small, retail businesses. National businesses and the internet have reduced the types of businesses that can be successful small operators. Other than food uses, most small retail categories have contracted.

As you know, Kirkland has parking and traffic limitations that have often been discussed. These issues make it hard to draw national tenants that would help the City build critical retail mass.

As we've marketed retail space in Kirkland over the last several years, we have often had to turn away medical uses and quasi office uses. Vacant spaces don't help anyone; not the City, the Community, the other tenants nor the Landlords. From a Landlord's perspective many of the uses that the City forbids from ground floor space are often stable businesses that are good tenants.

The City could make Kirkland a more active, vibrant community by changing its zoning to allow more of these uses. While these businesses aren't the uses many Cities think of when they envision their downtown, they tend to be stable and their employees support the neighboring tenants. And, they are much better than vacant space. Also, many of these businesses are better suited as ground floor tenants in mixed use developments. A dentist, for instance, can live with parking behind or under his space much better than many other traditional retail uses.

Thanks for all your efforts on behalf of our Kirkland Community.

Best regards, Ernie



Ernie Velton  
JSH Properties, Inc.  
10655 NE 4th Street, Suite 300  
Bellevue, WA 98004

e-mail: [erniev@jshproperties.com](mailto:erniev@jshproperties.com)

Office (425) 455-0500  
Office direct (425) 283-5471  
Cell (425) 985-7573  
Fax (425) 455-3100

May 3, 2010

To: Kirkland City Council  
Mayor Joan McBride  
Deputy Mayor Penny Sweet  
Council Member Jessica Greenway  
Council Member Dave Asher  
Council Member Bob Sternhoff  
Council Member Doreen Marchione  
Council Member Amy Walen

RE: Downtown Retail Zoning

Dear Ms. McBride and Council:

I am representing a group of commercial property and business owners in downtown Kirkland in an effort to bring attention to the plight we face in the downtown core.

There has been an ongoing effort over the years to incentivize and encourage retail establishments in downtown Kirkland. The comprehensive plan envisions a diverse and active retail environment, but one that, we have not been able to achieve. Scores of meetings, consultants and well-intentioned City Councils, residents, staff and commercial property owners have all struggled to find the solutions to our under-performing downtown.

There is no simple solution to creating a vibrant downtown as we deal with a myriad of issues including our difficult access due to a street grid that has limited capacity, the lack of parking at peak times, our reliance upon “mom and pop” retail establishments (except banking) which are subject to high failure rates and our retail make-up which results in even our residents going to Redmond and Bellevue to shop and dine.

All of us want a mix of goods and services in our downtown core. Over the last couple of years there has been much discussion on the definition of “retail”. The Bank of America situation highlighted the ambiguity in the code and as a result the City adopted the new zoning code which narrowly defined retail uses for ground floor spaces in downtown Kirkland. The Kirkland Staff is currently drafting a plan that will further define acceptable retail uses in specific segments of downtown.

Several commercial property owners joined Joe Castleberry and me in meeting with the City Staff where we expressed our concerns about limiting retail uses in downtown Kirkland. We, as commercial property owners, have a bundle of rights that are being eroded in the face of difficult economic conditions. We contend that every new rule, mitigation fee and zoning restriction affects our ability to market and lease our properties and attract viable businesses to Kirkland.

We support a modification of the zoning code changes that were adopted last year. We would ask that the Staff include the following modification in their upcoming recommendations for downtown retail uses.

1. Retail uses for all areas of downtown except Park Lane shall include professional service and office uses. We visualize that these service businesses would have open window displays, inviting lobbies and not just blank wall facades. These service businesses would contribute to the environment that enables traditional retail to thrive. This change is what downtown Kirkland desperately needs. This provision would allow for physical therapists, chiropractors, dentists, architects and other professional office uses. We see no difference between these uses and a hair salon, nail salon or barber shop- all of which are permitted.
2. We would also ask that traffic mitigation or impact fees be reduced to enable prospective businesses to open in Kirkland. Our fees are currently a major impediment to new retailers. We understand that Kirkland Public Works is working on a project to change these fees to be a more shopping center or cluster oriented structure. If this study results in a substantial reduction in these impact fees, then we would applaud the effort. In 2007 Kirkland's road impact fee for general retail was 84 cents per square foot. In 2008 the impact fee increased to \$3.13 per square foot (an increase of 272%). The fee increased again in 2009 to \$3.49 per square foot (another increase of 11%). Restaurants were \$5.56 in 2007, \$19.78 in 2008 and \$22.04 in 2009 – a 400% increase in three years.

We don't believe these actions, restricting retail uses and increasing impact fees, are sending the message to prospective tenants that Kirkland is "open for business". Yes, with no Business and Occupation tax we hope to encourage business investment but the B&O tax is based upon revenue which is taxed once a business is operating. Impact fees are a capital cost which is much tougher for them to justify when opening a new location.

We contend that the addition of professional office uses in the downtown will do the following:

1. Fill currently vacant retail spaces with high-value tenants instead of vacant storefronts
2. These expanded office service uses will NOT add to the parking problem since they typically are not using parking during peak hours.
3. The expanded uses will add employees and clients to the daytime hours in downtown which is typically our slow period. And these employees and clients will support neighboring retail uses.
4. The expanded uses will also provide stable employment in the downtown at a time when office development is non-existent.

We'd all like to fill our downtown with cute shops and restaurants but that is not realistic. Our location and waterfront is a draw for the restaurants in our downtown but our infrastructure can only support so many of them. We can't accommodate an entire downtown of restaurants and cafes. Our local retail shops must compete with national

and regional retailers in dynamic area malls which include entertainment and a wide variety of shopping experiences. The market has clearly spoken to us about what can succeed in Kirkland.

We propose amending the staff report on ground-related retail uses to include professional service and office uses and also to request a substantial reduction in mitigation or impact fees.

We would welcome the opportunity to meet and discuss these issues at your convenience.

Thank you.

Andy Loos  
Representing SRM Development for  
Merrill Gardens at Kirkland  
RD Merrill at 101 Kirkland Avenue

ORDINANCE NO. 4306

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO ZONING, AND LAND USE AND AMENDING ORDINANCE NO. 3719, AS AMENDED, THE KIRKLAND ZONING ORDINANCE, TO AMEND THE ALLOWED GROUND FLOOR USE PROVISIONS IN SPECIFIED SUBAREAS OF CENTRAL BUSINESS DISTRICT ZONES 1B, 2, 3, AND 8; AND APPROVING A SUMMARY ORDINANCE FOR PUBLICATION, FILE NO. ZON10-00027.

WHEREAS, the City Council has received a recommendation from the Kirkland Planning Commission to amend certain sections of the text of the Kirkland Zoning Code, Ordinance 3719 as amended, all as set forth in that certain report and recommendations of the Planning Commission dated May 25, 2011 and bearing Kirkland Department of Planning and Community Development File No. ZON10-00027; and

WHEREAS, prior to making said recommendation, the Kirkland Planning Commission, following notice thereof as required by RCW 35A.63.070, on March 10 and May 12, 2011, held a public hearing on the amendment proposals and considered the comments received at said hearing; and

WHEREAS, on February 4, 2011, draft regulations were forwarded to the Washington State Department of Commerce, as required by RCW 36.70A.106, for expedited review; and

WHEREAS, pursuant to the State Environmental Policy Act (SEPA), there has accompanied the legislative proposal and recommendation through the entire consideration process, a SEPA Addendum to Existing Environmental Documents issued by the responsible official pursuant to WAC 197-11-625; and

WHEREAS, in regular public meeting the City Council considered the environmental documents received from the responsible official, together with the report and recommendations of the Planning Commission;

NOW THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. Zoning text amended: The following specified sections of the text of Ordinance No. 3719, as amended, the Kirkland Zoning Ordinance, be and are hereby amended as set forth in Attachment A attached to this ordinance and incorporated by reference.

Section 2. If any section, subsection, sentence, clause, phrase, part or portion of this ordinance, including those parts adopted by reference, is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, pursuant to Kirkland Municipal Code Section 1.08.017, in the summary form attached to the original of this ordinance and by this reference approved by the City Council as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Signed in authentication thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney

# CHAPTER 50 - CENTRAL BUSINESS DISTRICT (CBD) ZONES

## 50.05 User Guide.

The charts in KZC [50.12](#) contain the basic zoning regulations that apply in the CBD 1 zones of the City. Use these charts by reading down the left hand column entitled Use. Once you locate the use in which you are interested, read across to find the regulations that apply to that use.

Section 50.10



### Section 50.10 – GENERAL REGULATIONS

The following regulations apply to all uses in this zone unless otherwise noted:

1. Refer to Chapter [1](#) KZC to determine what other provisions of this code may apply to the subject property.
2. The maximum height of structure shall be measured at the midpoint of the frontage of the subject property on the abutting right-of-way, excluding First Avenue South. See KZC [50.62](#) for additional building height provisions.
3. The street level floor of all buildings shall be limited to one or more of the following uses: Retail; Restaurant or Tavern; Banking and Related Financial Services; and Entertainment, Cultural and/or Recreational Facility; Parks; Government Facility; or Community Facility use. The required uses shall have a minimum depth of 20 feet and an average depth of at least 30 feet (as measured from the face of the building on the abutting right-of-way, not including alleys and similar service access streets). Buildings proposed and built after April 1, 2009, and buildings that existed prior to April 1, 2009, which are at least 10 feet below the maximum height of structure, shall have a minimum depth of 10 feet and an average depth of at least 20 feet containing the required uses listed above.  
The Design Review Board (or Planning Director if not subject to D.R.) may approve a minor reduction in the depth requirements if the applicant demonstrates that the requirement is not feasible given the configuration of existing or proposed improvements and that the design of the retail frontage will maximize visual interest. Lobbies for residential, hotel, and office uses may be allowed within this space subject to applicable design guidelines.
4. Where public improvements are required by Chapter [110](#) KZC, sidewalks on pedestrian-oriented streets within CBD 1A and 1B shall be as follows:  
Sidewalks shall be a minimum of 6 feet wide and shall be paved. Sidewalk configuration shall be approved through D.R.  
**The street level floor of buildings south of Second Avenue South may also include Office Use.**
5. Upper story setbacks shall be subject to the following regulations, the term “setback” shall refer to the horizontal distance between the property line and any exterior wall of the building. The measurements shall be taken from the property line abutting the street prior to any potential right-of-way dedication.
  - a. **Lake Street:** No portion of a building within 30 feet of Lake Street may exceed a height of 28 feet above Lake Street except as provided in KZC [50.62](#).
  - b. **Central Way:** No portion of a building within 30 feet of Central Way may exceed a height of 41 feet above Central Way except as provided in KZC [50.62](#).
  - c. **Third Street and Main Street:** Within 40 feet of Third Street and Main Street, all stories above the second story shall maintain an average setback of at least 10 feet from the front property line.
  - d. **All other streets:** Within 40 feet of any front property line, other than Lake Street, Central Way, Third Street, or Main Street, all stories above the second story shall maintain an average setback of at least 20 feet from the front property line.

(GENERAL REGULATIONS CONTINUED ON NEXT PAGE)

Section 50.17



USE ZONE CHART

DIRECTIONS: FIRST, read down to find use...THEN, across for REGULATIONS													
Section 50.17	USE ↓ REGULATIONS ↑	Required Review Process	MINIMUMS			MAXIMUMS		Lot Coverage	Height of Structure	Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)
			Lot Size	REQUIRED YARDS (See Ch. 115)									
				Front	Side	Rear							
.070	Private Club or Lodge	D.R., Chapter 142 KZC.	None	0'	0'	0'	100%	28' above the abutting right-of-way measured at the midpoint of the frontage of the subject property on each right-of-way.	D	B	See KZC 50.60 and 105.25.	1. The following provisions, which supersede any conflicting provisions of this Chapter, apply only if the subject property abuts or includes a portion of Lake Washington: <ol style="list-style-type: none"> <li>A high waterline yard equal in depth to the greater of 15 feet or 15 percent of the average parcel depth is hereby established on the subject property.</li> <li>Balconies that are at least 15 feet above finished grade may extend up to four feet into the high waterline yard.</li> <li>No structure, other than moorage structures, may be waterward of the high waterline. For regulations regarding moorages, see the moorage listings in this Zone.</li> <li>Must provide public pedestrian access from an adjoining right-of-way to and along the entire waterfront of the subject property within the high waterline yard. In addition, the City may require that part or all of the high waterline yard be developed as a public use area. The City shall require signs designating public pedestrian access and public use areas.</li> </ol> 2. Ancillary assembly and manufacture of goods on premises may be permitted as part of an office use if: <ol style="list-style-type: none"> <li>The ancillary assembled or manufactured goods are subordinate to and dependent on this office use; and</li> <li>The outward appearance and impacts of this office use with ancillary assembly and manufacturing activities must be no different from other office uses.</li> </ol> 3. This use may be located on the street level floor of a building only if there is a retail space extending a minimum of 30 feet of the building depth between this use and the abutting right-of-way. The Planning Director may approve a reduction to the depth requirement for the retail space if the applicant demonstrates that the proposed configuration of the retail use provides an adequate dimension for a viable retail tenant and provides equivalent or superior visual interest and potential foot traffic as would compliance with the required dimension.                     4. Veterinary offices are not permitted in this zone.	
.080	Office Use									D	One per 350 sq. ft. of gross floor area. See KZC 50.60.		

See Special Regulation 3

This special regulation shall not apply to properties located south of Second Avenue South.

Section 50.27



USE ZONE CHART

DIRECTIONS: FIRST, read down to find use...THEN, across for REGULATIONS												
Section 50.27	USE ↓ REGULATIONS ↑	Required Review Process	MINIMUMS			MAXIMUMS		Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)	
			Lot Size	REQUIRED YARDS (See Ch. 115)			Lot Coverage					Height of Structure
				Front	Side	Rear						
.060	Office Use See Spec. Reg. 5.	D.R., Chapter 142 KZC.	None	20' See Spec. Reg. 6. <span style="border: 1px solid blue; padding: 2px;">5 &amp;</span>	0'	0'	80%	41' above average building elevation.	D See Spec. Reg. 4.	D	One per each 350 sq. ft. of gross floor area.	<ol style="list-style-type: none"> <li>1. Primary vehicular access to the subject property may not be directly from Second Avenue South between Second Street South and State Street unless no other alternative exists.</li> <li>2. The following regulations apply to veterinary offices only:                             <ol style="list-style-type: none"> <li>a. May only treat small animals on the subject property.</li> <li>b. Outside runs and other outside facilities for the animals are not permitted.</li> <li>c. Site must be designed so that noise from this use will not be audible off the subject property. A certification to this effect, signed by an Acoustical Engineer, must be submitted with the D.R. and building permit applications.</li> <li>d. A veterinary office is not permitted if the subject property contains dwelling units.</li> </ol> </li> <li>3. Ancillary assembly and manufacture of goods on the premises of this use are permitted only if:                             <ol style="list-style-type: none"> <li>a. The assembled or manufactured goods are directly related to and dependent upon this use, and are available for purchase and removal from the premises.</li> <li>b. The outward appearance and impacts of this use with ancillary assembly or manufacturing activities must be no different from other retail uses.</li> </ol> </li> <li>4. Landscape Category C is required if the subject property is adjacent to Planned Areas 6C, 6D, or 6J.</li> <li>5. This use may be located on the street level floor of a building only if there is a retail space extending a minimum of 30 feet of the building depth between this use and the abutting right-of-way. The Planning Director may approve a reduction to the depth requirement for the retail space if the applicant demonstrates that the proposed configuration of the retail use provides an adequate dimension for a viable retail tenant and provides equivalent or superior visual interest and potential foot traffic as would compliance with the required dimension. This special regulation shall not apply along portions of State Street and Second Avenue South not designated as pedestrian-oriented streets.</li> <li>6. Ground floor porches and similar entry features may encroach into the required front yard, provided the total horizontal dimensions of such elements may not exceed 25 percent of the length of the facade of the structure.</li> </ol>

(see KZC 50.64 for limited exceptions)

Section 50.52		DIRECTIONS: FIRST, read down to find use...THEN, across for REGULATIONS										
		Required Review Process	MINIMUMS			MAXIMUMS		Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)	
			Lot Size	REQUIRED YARDS (See Ch. 115)			Lot Coverage					Height of Structure
USE ↓	REGULATIONS ↑		Front	Side	Rear							
.060	Private Club or Lodge (continued)										REGULATIONS CONTINUED FROM PREVIOUS PAGE 4. Ground floor porches and similar entry features may encroach into the front yard, provided the total horizontal dimension of such elements may not exceed 25 percent of the length of the facade of the structure.	
.070	Office Use See Special Regulation 6.	D.R., Chapter 142 KZC.	None	10'	0'	0'	100%	30 feet above the elevation of 3rd Avenue or 4th Avenue as measured at the projected midpoint of the frontage of the subject property on the nearest applicable right-of-way.	D See Spec. Reg. 4.	D	1 per each 350 sq. ft. of gross floor area. See KZC 50.60.	1. The following regulations apply to veterinary offices only: <ol style="list-style-type: none"> <li>May only treat small animals on the subject property.</li> <li>Outside runs and other outside facilities for the animals are not permitted.</li> <li>Site must be designed so that noise from this use will not be audible off the subject property. A certificate to this effect signed by an Acoustical Engineer must be submitted with the D.R. and building permit application.</li> <li>A veterinary office is not permitted if the subject property contains dwelling units.</li> </ol> 2. Ancillary assembly and manufacture of goods on premises may be permitted as part of an office use if: <ol style="list-style-type: none"> <li>The ancillary assembled or manufactured goods are subordinate to and dependent on the office use; and</li> <li>The outward appearance and impacts of this office use with ancillary assembly and manufacturing activities must be no different from other office uses.</li> </ol> 3. If the subject property abuts Third Avenue between First Street and Second Street, or Fourth Avenue, the site and buildings must be designed to provide residential character and scale adjacent to Third Avenue and Fourth Avenue.                     4. Landscape Category C is required if the subject property is adjacent to Planned Areas 7A or 7B, or PR 3.6 zones.                     5. Ground floor porches and similar entry features may encroach into the front yard, provided the total horizontal dimension of such elements may not exceed 25 percent of the length of the facade of the structure.                     6. This use may be located on the street level floor of a building only if there is a retail space extending a minimum of 30 feet of the building depth between this use and the abutting right-of-way. The Planning Director may approve a reduction to the depth requirement for the retail space if the applicant demonstrates that the proposed configuration of the retail use provides an adequate dimension for a viable retail tenant and provides equivalent or superior visual interest and potential foot traffic as would compliance with the required dimension. This special regulation shall not apply along portions of Third Avenue not designated as pedestrian-oriented streets.

See Special Regulation 5.  
↑  
**& 6**

**(see KZC 50.64 for limited exceptions)**

## 50.62 Building Height Provisions in the CBD

1. Height shall be measured above the point of measurement (e.g, above average building elevation, or above right-of-way) as specified in the particular use zone charts. For purposes of measuring building height above the abutting right(s)-of-way, alleys shall be excluded.
2. Where retail frontage is required along an abutting street and along Pedestrian-Oriented Streets (see Plate 34 H), the minimum ground floor story height for retail; restaurant and tavern; entertainment, cultural, and/or recreational facility uses shall be 15 feet; provided, however, that in CBD 1A and CBD 1B, any buildings proposed and built after April 1, 2009, or buildings that existed prior to April 1, 2009, which are 10 feet or more below the permitted maximum height of structure, shall be required to provide a minimum 13-foot ground floor story height.

## 50.64 Limited Ground Floor Office Use Exceptions for CBD 3 and 8

1. This section provides limited exceptions to ground floor office use restrictions in CBD 3 and that portion of CBD 8 located within 110' of Market Street.
2. On the street level floor of buildings in these subareas, the Planning Director may approve certain Office Uses determined to complement existing pedestrian-oriented uses in the CBD. The applicant must demonstrate that the proposed type of Office Use is primarily oriented to serving visiting customers and that the design of the street frontage will maximize visual interest. Examples of such uses may include offices for medical, dental, veterinarian, travel agency, and real estate sales but not include offices for administrative, management, medical labs, attorneys, and accountants. The interior space shall orient to the storefront by placing lobby, reception, or accessory sales uses to the front and avoiding uses in the storefront area that would require window coverings.

In the CBD 3 or CBD 8 zones, if an Office Use is approved pursuant to this section the required front yard for this use shall be zero feet for one story at street level. No parking may encroach into the required front yard. If this use provides a zero-foot front yard, the lot coverage for the entire property shall be 100 percent.

PUBLICATION SUMMARY  
OF ORDINANCE NO. 4306

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO ZONING, AND LAND USE AND AMENDING ORDINANCE NO. 3719, AS AMENDED, THE KIRKLAND ZONING ORDINANCE, TO AMEND THE ALLOWED GROUND FLOOR USE PROVISIONS IN SPECIFIED SUBAREAS OF CENTRAL BUSINESS DISTRICT ZONES 1B, 2, 3, AND 8; AND APPROVING A SUMMARY ORDINANCE FOR PUBLICATION, FILE NO. ZON10-00027.

SECTION 1. Amends certain text of the Kirkland Zoning Code.

SECTION 2. Provides a severability clause for the ordinance.

SECTION 3. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the \_\_\_\_\_ day of \_\_\_\_\_, 2011.

I certify that the foregoing is a summary of Ordinance \_\_\_\_\_ approved by the Kirkland City Council for summary publication.

\_\_\_\_\_  
City Clerk

RESOLUTION R-4882

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING AMENDED DESIGN GUIDELINES FOR PEDESTRIAN ORIENTED BUSINESS DISTRICTS AND AUTHORIZING THE MAYOR TO SIGN.

WHEREAS, the Planning Commission considered the proposed amendments to the Design Guidelines for Pedestrian Oriented Business Districts at their public hearing on March 10 and May 12, 2011, in association with related amendments to the Kirkland Zoning Code; and

WHEREAS, the City Council has determined that it is appropriate to amend the Design Guidelines for Pedestrian Oriented Business Districts as they directly support Ordinance No. 4308 (Central Business District Zoning Amendments) and under KMC 3.30.040 design guidelines bearing the signature of the Mayor and Director of the Department of Planning and Community Development are adopted by reference;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The amendments to the Design Guidelines for Pedestrian Oriented Business Districts, attached hereto as Exhibit A, are hereby approved.

Section 2. The Mayor is hereby authorized to sign the amended Design Guidelines for Pedestrian Oriented Business Districts.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_ day of \_\_\_\_\_, 2011.

Signed in authentication thereof this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

## Design Guidelines for Pedestrian-Oriented Business Districts - Amendment

### “Pedestrian-Friendly” Building Fronts

#### *Special Consideration for Downtown Kirkland - Glazing*

~~Retail Building~~ frontages along pedestrian-oriented streets in the Central Business District ~~should~~ shall be configured to have a 15' story height to ensure suitability for diverse retail tenants and enhance the pedestrian experience. Where these taller retail stories are required, special attention to storefront detailing is necessary to provide a visual connection between pedestrian and retail activity.

#### Guideline

**Storefronts along pedestrian-oriented streets should be highly transparent with windows of clear vision glass beginning no higher than 2' above grade to at least 10' above grade. Windows should extend across, at a minimum, 75% of the façade length. Continuous window walls should be avoided by providing architectural building treatments, mullions, building modulation, entry doors, and/or columns at appropriate intervals.**