



## CITY OF KIRKLAND

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### MEMORANDUM

**To:** Kurt Triplett, City Manager  
**From:** Ellen Miller-Wolfe, Economic Development Manager  
**Date:** July 21, 2011  
**Subject:** Summary of Urban Land Institute (ULI) Presentation on Totem Lake Business District

#### Purpose

Staff seeks Council comment on ULI preliminary findings and confirmation of next steps.

#### Background

The City of Kirkland retained the Urban Land Institute (ULI) to undertake a Technical Assistance Panel (TAP) to review City policies and plans for the Totem Lake Business District with a focus on the southeast quadrant of the district that includes the Totem Lake and BNSF railroad corridor. The City prepared briefing materials for the ULI on many aspects of the Totem Lake Business District. ULI assembled a panel of experts including land use, transportation, finance and real estate professionals to vet city plans and provide their own suggestions as to what best to focus on for the near and long term repositioning of the Totem Lake Business District. The ULI presented initial findings at a July 20, 2011 public meeting at Northwest University. A final ULI written report will be available at the end of October.

Preliminary suggestions by the ULI panel were as follows:

- The City's vision for the Totem Lake Business District including the mall plan is on target. However, given the recessionary economy, anticipate no large development taking place in Totem Lake over the next several years.
- Adjust development regulations to incent smaller developments including relieving developers of infrastructure requirements and providing more flexibility in ground floor uses.
- Expect that the individual quadrants of the district will redevelop independent of each other, as the implementation of connections over I-405 will be difficult and costly.
- Work with Evergreen Hospital to ensure that its growth needs are met.
- Consider acquiring properties around the lake, enlarging and deepening the lake, and programming surrounding areas for active and passive park use.
- Take control of the railroad corridor. It has recreational value as a trail (including access to a larger lake park) and also for transit and as a vehicular connector that could compensate for the lack of other connector options.

### Next Steps

Staff plans to revise its Totem Lake workplan in light of ULI findings including reprioritization of items based on ULI and Council input. These revisions will include potential reprioritizing of CIP dollars for both stormwater and roads projects in the Totem Lake area, as well as proposed expenditures to continue due diligence of acquiring the BNSF Corridor and to develop a park master plan for Totem Lake.

City of Kirkland Technical Assistance Panel



Totem Lake Business District Redevelopment

Technical Assistance Panel

July 20, 2011



City of Kirkland Technical Assistance Panel

**Panelists**

Al Levine, *Panel Chair, Seattle Housing Authority*

Christopher Bitter, *University of Washington - College of Built Environments*

Chris Cole, *Sher Partners*

Grace Crunican, *Crunican Consulting*

Susie Delmer, *Cushman & Wakefield*

Chris Fiori, *Heartland*

Scott Matthews, *Vulcan Inc.*

Kerry Nicholson, *ULI Seattle Chair, Legacy Partners*

Pete Stone, *Trinity Real Estate*



## City of Kirkland Technical Assistance Panel

### *City of Kirkland*

Ellen Miller-Wolfe

Eric Shields

Kurt Triplett

### *Support Team*

Clair Enlow, *Freelance Journalist*

Kelly Mann, *ULI Seattle*

Miguel Solano, *University of Washington*

Karli Taubeneck, *ULI Seattle*



## City of Kirkland Technical Assistance Panel

### *Introduction*

The City of Kirkland's objective for the ULI Technical Assistance Panel (TAP) is to obtain practical advice on methods to achieve the vision of transforming the Totem Lake Business District into a high-density, mixed-use Urban Center.



## City of Kirkland Technical Assistance Panel

### *Overview*

*The overall vision and intent for Totem Lake is close to the mark, but completing it will take time. Be flexible in thinking and responsive to the market. Impatience is not a good thing to have now.*

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### *Market Segments: Retail*

- *This is a very desirable market for particular types of retail. Regional demand is excellent.*
- *Look for "medium box" and second-tier anchors in the next 10 years. Rents at \$15/sf are not high enough for construction now.*
- *Not a market for fashion tenants. Development capital focused on urban areas.*
- *Lunch spots can expand, but sit-down must wait for cinema.*
- *General grocery will not work. "The freeway is a raging river." Grocery is a 180 degree market.*
- *Rents unlikely to support new development in near future, especially with structured parking.*

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### *Market Segments: Residential*

- *Development is now center-city oriented.*
- *This market is very cost-sensitive; this area must compete on price.*
- *Capitalize on access to employment centers, and transit to Bellevue.*
- *Amenities such as trails and open space are critical.*
- *Southwest quadrant offers potential for residential development due to trail access.*
- *Difficult to envision anything over 5-6 stories.*

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### *Market Segments: Office*

- *Office market is soft. Development unlikely in near term.*
- *Pros: proximity to executive housing along Lake Washington, competes well against Bothell and Woodinville.*
- *Cons: in Bellevue's shadow.*
- *Encourage expansion of the hospital, the current largest employer.*
- *Near term development would likely demand surface parking—probably for 4.0/1000 sf ratio “commodity office.”*

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### 1) Scale of Development

Consistent with the Urban Center vision, zoning regulations allow high intensity development to be designed with an urban form and be served by an urban level of infrastructure.

#### Question A:

Is this type of development realistic in the foreseeable future, given regional economic conditions?

- The current economic environment has stalled the desired transformation of suburban hubs into higher-density forms of development.
- Less likely today. Rents will not support higher-density development in suburban markets.
- The vision may be realistic in the long term but must be coupled with transit capacity improvements to reach full potential. Need to prioritize transit investment in this corridor.

## City of Kirkland Technical Assistance Panel

### 1) Scale of Development

#### Question B:

Are there appropriate intermediate forms of development that would support and preserve options for long term urban development?

- The mall and the hospital are critical for success for the entire district.
- City resources need to make the Totem Lake Mall work.
- Continue to support the growth of the hospital and ancillary uses, including medical office and assisted living uses.
- The mall development is the most transformational and should be the first focus.
- Secondly, outside the mall, focus on one quadrant and within a quadrant, a smaller scale development to act as a catalyst for future development.
- Invest in place making and transformational projects such as the trail, a Totem Lake revitalization plan, and connectivity.



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### 2) Transportation Improvements

The study area is bisected by arterial streets carrying high traffic volumes and creating large blocks. Plans call for a limited number of traffic capacity improvements, improving street connections and breaking up blocks with internal street grids. Greater reliance on transit service is anticipated. City funds for transportation improvements are limited.

#### Question A:

Given limited funds, what are the best ways of maintaining vehicular access while improving walkability and transit use?

- Arterial capacity is generally sufficient; wayfinding may be needed.
- Connectivity to employment bases is critical.
- Grid system: If City is anxious to break super blocks into street grids, it should consider this on its own. Grids are good, but creating these is a burden on development that would prolong the lack of development in the area. Thus, City can decide to incentivize to assist a developer to put in street grids. Be patient or call it the "Rip Van Winkle quadrant."
- Potential flyer stop: some addition to 405 as a pullover for buses from expressways on 116<sup>th</sup>. Similar to Montlake station on 520.

## City of Kirkland Technical Assistance Panel

### 2) Transportation Improvements

#### Question B:

Are there suggested ways to improve the connectivity among the four quadrants of the TLBD formed by the intersection of I-405 and NE 124th Street?

- Purchase and develop the railroad ROW, which would connect 3 of the 4 quadrants. This is the cheapest solution with significant connection value.
- Create walkway and amenities through the Totem Lake Park connecting to Totem Lake Mall.
- Not realistic to expect a lot of walking across quadrants.
- Need to integrate the north/south quadrants, especially on the east of 405.

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### 3) Burlington Northern Railroad right of way

The unused railroad right-of-way (ROW) cuts through the TLBD and extends southward through Kirkland to the City of Bellevue. The ROW is now owned by the Port of Seattle, but acquisition by either Kirkland or King County is a possibility. There is particular interest in developing a pedestrian and bicycle trail, and the ROW could also be used for future regional rail transit.

#### Question:

Would acquisition and development of the railroad ROW be considered an asset to attract development? How could the City maximize this potential?

- Yes, acquiring and developing the railroad ROW is a key asset to attract development.
- To maximize the ROW's potential, one idea is to allow alternative transportation users such as electric vehicles, scooters, Segways, etc. to use the trail.
- There is potential to brand Kirkland as progressive on transportation.
- This will attract office employees and commuters to use the trail to access retail and recreation.

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### 4) Amenities

The City seeks to make the TLBD a more pedestrian-oriented people place. To do so, a mix of well-designed parks, plazas and open spaces is desired. As an example, a master plan for Totem Lake and the areas that surround it is expected to get underway following the ULI TAP.

#### Question:

What investments in amenities could the City make that would be most effective in attracting new development?

- Trail: acquire and improve ROW, leverage connections
- Totem Lake: "Go big or go home."
- Potential streetscape improvement on new streets.
- Daylighting is least attractive of potential investments.



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### 5) Totem Lake and surrounding properties

Totem Lake is a significant natural open space that could be an amenity, but is inaccessible and not very visible. Surrounding properties are subject to strict environmental regulations. Water exiting the west side of the lake is currently piped to the west side of I-405 where it becomes a tributary of Juanita Creek.

#### Question A:

Is the lake a potential amenity to attract development?

- Yes, it can help modestly. The amount of money spent on it needs to be balanced against the amount of value it will create.
- Not a game changer, but a branding strategy.



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### 5) Totem Lake and surrounding properties

#### Question B:

Would improvement of the lake as a nature park be an asset?

- Yes, creating an upland, active park could be good for the City at large.
- Placemaking is important; opportunity for an oasis along the trail.



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### 5) Totem Lake and surrounding properties

#### Question C:

Would day-lighting of the stream be desirable?

- Con: it's a political quagmire. Also, this is right along 405.
- Pro: Make a green, wet corridor. Green makes it livable.
- Daylighting will not have a major bearing on development.
- Tie it into flood control strategy; if it helps City on that, then do it.
- Thoughtfully weigh this; learn from Thornton Creek.



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### 5) Totem Lake and surrounding properties

#### Question D:

What can the City do to maximize the potential of the lake?

- Acquire adjoining parcels under the right circumstances.
- Walking corridors, playfields, dog walking.
- Recognize financial constraints here; acquiring these properties may cost a great deal. Wrap this effort into the trail. Rails to trails offers access to federal funds.
- Invest in design vision to explore possibilities, build support, etc.
- Can this lake/park be an amenity for the City at large? Thus, the costs can be spread across many stakeholders.
- Investigate expansion of Totem Lake as stormwater detention area/recreation area for Mall and sector 2.



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### 5) Totem Lake and surrounding properties

#### Question E:

What kinds of development are appropriate surrounding the lake?

- Residential on property between ROW and NE 124<sup>th</sup>.
- Purchase land for lake access and park activities. This creates an entry to the park.



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### 6) Area West of 124<sup>th</sup> Avenue NE

The area lying between 124<sup>th</sup> Avenue NE and I-405 has been envisioned as a future urban village, with upper story office or residential used, ground floor retail uses, and an internal street grid. Regulations for this area are structured to limit the height of buildings unless certain internal streets are improved and a master plan is approved for an area of at least 4 acres. Floor area ratio limits are established to limit traffic on a constrained street network.

#### Question A:

Is this a realistic vision? Is it reasonable to insist on ground floor retail given the retail focus at Totem Lake Mall?

- Realistic vision in the long term, but not the near term.
- Retail demand is market-driven. Do not insist on ground floor retail. Developers will include retail if it makes economic sense.
- You can require that ground floor space be built with higher ceilings and other infrastructure to accommodate future conversion to retail.
- Be flexible on your definition of retail to include services, financial, and medical/dental uses.
- Consider relaxing the 4 acre requirement to allow smaller, incremental development near-term that is still compatible with the greater vision.

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### 6) Area West of 124<sup>th</sup> Avenue NE

#### Question B:

Are regulations tying permitted height to land aggregation and improvement of an internal street grid appropriate?

- We don't believe zoning is the best mechanism in today's market to reach your goals.
- For example, the street grid concept is a desirable urban design approach, but is economically difficult to achieve today.

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### 6) Area West of 124<sup>th</sup> Avenue NE

#### Question C:

Are FAR limits (2.0) a serious inhibition to redevelopment?

- Yes, FAR limits are a serious inhibition.
- If market improves, City will need a higher FAR. It is not an inhibition now; keep it in your back pocket.

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### 6) Area West of 124<sup>th</sup> Avenue NE

#### Question D:

Are there better ways to promote desired redevelopment?

- We suggest the City facilitate a negotiated development proposal that provides flexibility on FAR, street grid, retail, height, etc. that could more realistically meet market reality.

## City of Kirkland Technical Assistance Panel

### *Executive Summary*

- *Trail: Invest in the railroad ROW trail to serve as catalyst and major connector.*
- *Lake: "Go big or go home." Invest in a vision to win support.*
- *Transportation: Let centers develop before investing in major transportation changes.*
- *Multi-family: Relax requirements for retail in multi-family development.*
  - *"First, do no harm": Concentrate retail in the mall.*
- *Retail: "The freeway might as well be a raging river."*

City of Kirkland Technical Assistance Panel

*Many thanks to:*

- *The City of Kirkland for presenting this exciting opportunity to help maximize the potential for its Totem Lake Business District*
- *Our esteemed panelists for contributing their time, energy, and expertise*
- *Our volunteers and support team for keeping us on track and informed throughout this process*

*It could not have happened without each of you!*



City of Kirkland Technical Assistance Panel



*ULI's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.*

