



**MEMORANDUM**

**Date:** September 16, 2009

**To:** Houghton Community Council

**From:** Dawn Nelson, Planning Supervisor  
Dorian Collins, Senior Planner

**Subject:** **ZONING CODE AMENDMENTS FOR AFFORDABLE HOUSING (File ZON09-00005)**

**RECOMMENDATION**

Staff recommends that the Houghton Community Council review and provide input on the proposed amendments to the Kirkland Zoning Code – Affordable Housing Incentives – Multifamily, included in Attachments 1 and 2 to this memo. The text for the proposed amendments, along with your comments, will be presented at a public hearing before the Planning Commission on November 5<sup>th</sup>.

**MEMO ORGANIZATION**

This memo is organized into the following sections:

- I. Project Background
  - What is affordable housing?
  - Policy background
  - Kirkland’s history with affordable housing regulations
  - Legislative background
  
- II. Proposed Code Amendments
  - Background discussion with the Planning Commission
  - Amendments to Chapter 112 and Use Zone Charts
  - Amendments being reviewed outside HCC jurisdiction
  - Amendments to Multifamily Tax Exemption

**I. PROJECT BACKGROUND**

Even though the economy is slow and housing prices have recently declined, the cost of housing is still beyond the reach of many families. In response to this, the City Council requested that staff and the Planning Commission study code amendments that would ensure

that affordable housing units are constructed in the City of Kirkland by requiring affordable housing as part of market rate multifamily developments.

***What is Affordable Housing?***

Housing is considered “affordable” when the monthly cost of housing does not exceed 30% of the monthly income of the parties paying for the housing. This standard is often applied when determining the amount that can be borrowed to finance the purchase of a home. The median (or average) income for a single person in King County in 2009 is \$59,010. It is \$84,300 for a family of four. The following chart shows what affordable rents and sales prices would be at various levels of median income, based on 2009 median income for King County.

	<b>50% Median</b>	<b>60% Median</b>	<b>70% Median</b>	<b>80% Median</b>	<b>100% Median</b>
<b>Single Person (Studio)</b>					
Income	\$29,505	\$35,406	\$41,307	\$47,208	\$59,010
Affordable Rent	\$701	\$848	\$985	\$1,143	\$1,438
Affordable Sales Price*	\$91,450	\$114,500	\$137,500	\$160,550	\$201,050
<b>Family of 4 (3 Bedroom)</b>					
Income	\$42,150	\$50,580	\$59,010	\$67,440	\$84,300
Affordable Rent	\$961	\$1,172	\$1,367	\$1,593	\$2,015
Affordable Sales Price*	\$128,950	\$161,850	\$194,750	\$227,650	\$285,550

\*Affordable Sales Price assumes: 10% down payment, 30 year fixed mortgage at 5.5%

***Why Does the City Care if Affordable Housing Exists?***

King County and all the cities within it are required to adopt Comprehensive Plans under the Growth Management Act. Housing is one of many elements that must be included in the Plan. The City is assigned a growth target for new housing as part of the Countywide Planning Policies process, as well as a target for affordable housing. The [Housing Element](#) of Kirkland’s Comprehensive Plan includes the following goals from the Countywide Planning Policies:

- Twenty-four percent of growth in new households affordable to low income households (earning up to 50% of the King County median); and
- Seventeen percent of growth in new households affordable to moderate income households (earning between 50% and 80% of the King County median).

The market and other policies of the City have been moderately successful at providing rental housing affordable to moderate income households. However, the City has never achieved its affordable housing goals.

The City Council has also stated a vision that those who work in Kirkland should have an opportunity to live here. Approximately one third of the jobs in the City in 2008 were lower

paying retail and service sector jobs. Attachment 3 shows how salaries for specific jobs in the Seattle-Bellevue-Everett Metropolitan Statistical Area compare to the income needed to afford housing.

### ***Kirkland's History with Affordable Housing Regulations***

The City of Kirkland adopted a package of incentives, including generous density bonuses, site development flexibility, tax exemptions, and fee waivers in May 2004 to encourage development of affordable housing as part of market rate housing developments in multifamily zones. These incentives are contained in Chapter 112 of the Kirkland Zoning Code (see Attachment 4). The program is entirely voluntary and was set up so that the value of the available incentives would exceed the cost to the developer of providing the affordable housing units. The affordability requirements are stringent, with rental units required to be affordable to households earning no more than 50% of King County median income and for sale units required to be affordable to households earning no more than 70% of King County median income.

The density bonus and development flexibility incentives apply only in zones that have an established maximum density, such as the RM and PR zones. For example, in the RM 3.6 zone, 3,600 square feet of land area is required for every residential unit and a property that is 36,000 square feet in size could be developed with 10 units. If one affordable housing unit is provided in the 10 units, then two additional market rate units could be built for a total of 12 units (one affordable and 11 market rate).

As major rezoning occurred in the Totem Lake and Rose Hill business districts, the City has offered the option of significant height increases in some areas in exchange for 10% of residential units being affordable. For example, in the TL6A zone, the basic height limit is 35 feet but residential development is allowed to build to 65 feet if at least 10% of the units are affordable housing units. Different subareas were allowed different height bonuses based on locational context and the City's desire to incentivize housing in that area.

Little residential development has occurred in the zones with incentives since the incentives were put in place. Two projects have taken advantage of the incentives, out of nine projects that could have used them. One is a small 6 unit development east of State Street South in the Moss Bay neighborhood and the other is a 165 unit development in the Totem Lake neighborhood. Neither project has been built yet due to changes in the economy.

### ***Legislative Background***

The State Legislature adopted Engrossed Substitute House Bill 2984 in 2006, creating [RCW 36.70A.540](#) which specifically allows cities planning under the Growth Management Act to enact or expand affordable housing incentive programs. Incentive programs must provide an increase in residential capacity and the legislation identifies the following elements that may, but are not required to, be included.

- Density bonuses
- Height and bulk bonuses
- Fee waivers or exemptions
- Parking reductions
- Expedited permitting

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- Mixed use projects

This statute removes some of the legal uncertainty that previously surrounded mandatory affordable housing regulations. Subsection 3 of the statute authorizes cities to adopt mandatory affordable housing requirements to address the need for increased residential development when certain requirements have been met. It reads as follows:

- (3) Affordable housing incentive programs enacted or expanded under this section may be applied within the jurisdiction to address the need for increased residential development, consistent with local growth management and housing policies, as follows:
  - (a) The jurisdiction shall identify certain land use designations within a geographic area where increased residential development will assist in achieving local growth management and housing policies;
  - (b) The jurisdiction shall provide increased residential development capacity through zoning changes, bonus densities, height and bulk increases, parking reductions, or other regulatory changes or other incentives;
  - (c) The jurisdiction shall determine that increased residential development capacity or other incentives can be achieved within the identified area, subject to consideration of other regulatory controls on development; and
  - (d) The jurisdiction may establish a minimum amount of affordable housing that must be provided by all residential developments being built under the revised regulations, consistent with the requirements of this section.

Under the framework of this legislation, cities have the authority to take the following approaches with the goal that affordable housing will be incorporated into market-rate housing developments:

- Provide a purely voluntary incentive based program, as the City of Kirkland has done in the RM and other zones that have a specific density limit where extra density and other incentives are available in exchange for affordable housing;
- Provide a voluntary incentive based program associated with rezones, as the City of Kirkland has done in the Totem Lake and Rose Hill business districts where significant extra height and other incentives are available in exchange for affordable housing;
- Provide a mandatory inclusionary housing program associated with rezones where increased development potential is provided and affordable housing is required regardless of whether the developer chooses to take advantage of the added development potential, which the City is currently studying.

## **II. PROPOSED CODE AMENDMENTS**

The direction provided by the City Council at the outset of this project was to look at all but a few zoning districts in the City that allow multifamily development to determine where opportunities existed to allow increases in development capacity in exchange for required affordable housing. The exceptions were the BC and BCX zones, which include the Houghton

and Bridle Trails shopping districts, and the Central Business District. The Council wanted to defer conversations in those areas to the appropriate neighborhood planning processes.

***Background Discussion with the Planning Commission***

Staff met with the Planning Commission three times this spring and summer to define the scope of the project and again in September to discuss specific issue areas. The results of those meetings are included in the following sections. Staff's approach to the project was to:

- Build on the background work that had previously been done to create the existing incentives; and
- Make only those modifications to the incentives that would be necessary to transition the program from voluntary to mandatory.

The final list of zoning districts included in the proposed amendments can be found in Attachment 5. Attachment 6 is a map showing the locations of all of those zones. The map also includes a blue line depicting the jurisdiction of the Houghton Community Council. The following is a summary of the specific issue areas that were discussed by the Planning Commission. The recommendations outlined below apply to all zoning districts with density limits. Amendments to make affordable housing requirements consistent in Totem Lake and Rose Hill zones will also be made and are summarized on pages 8 and 9 of this memo.

*Minimum Amount of Affordable Housing Required*

One of the primary questions when instituting a mandatory affordable housing program is what percentage of units in a development should be required to be affordable.

Recommendation: 10% of new housing in the identified zones be provided as affordable housing.

Rationale:

- The City's Multifamily Tax Exemption regulations, which provide significant value in offsetting the cost of providing affordable housing (discussed further on page 9), are currently written to require 10% of the units to be affordable to achieve an eight year tax exemption on the value of improvements.
- Both the Totem Lake and Rose Hill zoning regulations currently require 10% of the units to be affordable for development to access the height incentives. Establishing the same requirement would create consistency in the City's regulations.
- Ten percent of units should provide a significant affordable housing benefit to the City without being overly burdensome to individual developments.

*Minimum Threshold for Requiring Affordable Housing*

When affordable housing will be required with new development of projects including multifamily units, a decision must be made as to when the requirement should apply. The

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Planning Commission requested that staff explore the feasibility of having no minimum threshold, requiring affordable housing regardless of the size of the development.

Recommendation: Establish a minimum threshold of 4 new multifamily units before affordable housing requirements apply.

Rationale:

- Under State law, a minimum of four new units must be added in order for a project to be eligible for the Multifamily Tax Exemption. This allowance provides significant value in offsetting the cost of providing affordable housing (discussed further on page 9).
- Assuming a 10% affordable housing requirement, a 4-unit project would be required to provide 0.4 units of affordable housing (through a fee-in-lieu, discussed on page 7) and the density bonus would allow construction of one additional unit ( $0.4 \times 2 = 0.8$ , rounded up to 1 whole unit). This would represent a density increase of 25%, which is within the scope of what is allowed to be developed without a zoning permit review under the current affordable housing incentives in KZC Chapter 112.
- Under State law, an increase in development capacity must be provided in order to require affordable units. For density limited properties in Kirkland, this means that at least one additional unit must be allowed. If no minimum threshold for requiring affordable units is established, 3 units would be allowed on properties that would normally allow 2 units to be built, a density increase of 50%. Four units would be allowed on properties that would normally allow 3 units to be built, a density increase of 33%. This amount of density increase exceeds the threshold established in the current affordable housing incentives in KZC Chapter 112 for approval without a zoning permit. The zoning permit requirement would need to be eliminated if affordable housing were required. When the incentives were developed, neighborhood representatives were not comfortable with this level of density increase without a public process.

Affordability Level

Kirkland's current incentives for affordable housing require that rental units be made affordable to those earning no more than 50% of the King County median income, adjusted for household size, and that for sale units be made affordable to those earning no more than 70% of King County median income. The City chose to be aggressive in its requirements in exchange for what was considered a generous package of incentives that offset the cost of providing units at these affordability levels. A summary of the updated economic analysis of the cost of providing affordable units compared to the value of the incentives that the City can provide in exchange is included in Attachment 7. A sample of the full economic analysis is included in Attachment 8. Staff reviewed the economic analysis with five developers and land owners and all agreed that approach is sound and that the assumptions are supportable, assuming a return to some level of economic normalcy.

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Recommendation: Require that rental affordable housing units be affordable to households earning no more than 50% of median income.

Require that for sale affordable housing units be affordable to households earning no more than 100% of median income.

Rationale:

- The economic analysis summary in Attachment 7 shows that the value of all available incentives for rental housing at 50% of median income results in a significant net benefit to the developer.
- Because the value of the 8 year Multifamily Tax Exemption accrues to the owner of the unit and not the developer, the economic analysis summary shows that the remaining incentives provide a significant benefit to the developer only at higher income levels for ownership housing.

Alternative Compliance

Both a fee-in-lieu of providing affordable housing units on site and providing affordable housing units at a different location within the City are examples of alternative ways to comply with the affordable housing requirements. The Planning Commission indicated that they were interested in allowing a fee-in-lieu of affordable units as long as the program encourages actual construction of units where feasible. Providing affordable units at another location in Kirkland is already allowed in KZC Chapter 112.

Recommendation: Allow a fee-in-lieu payment only for portions of affordable units that are less than 0.66 units. Require rounding up to the next whole number of units and actual construction of affordable units, either on-site or off-site within the City, when the calculated number of required affordable units results in a fraction of 0.66 or more. Continue to allow other forms of alternative compliance as currently outlined in KZC Chapter 112.

Rationale:

- This mechanism is intended to provide equity and balance in the system – equity for developers and balance for the City. Without alternative compliance, smaller projects where less than a whole affordable unit would be required would either have to provide a greater percentage of affordable units or be given a greater density bonus to offset providing a whole affordable unit. This could result in a greater impact on surrounding properties.
- 0.66 is consistently established in the KZC as the rounding point for multifamily units.
- Allowing a fee-in-lieu only for fractions of units that are less than 0.66 will encourage the construction of actual affordable units in the City.

- Providing for alternative compliance allows developers to propose methods of creating affordable units that would provide an affordable housing benefit to the City that is equal to or better than that which would be achieved by providing the units on-site. Planning Director approval is currently required for alternative compliance.

#### *Non-Conformance Threshold*

Whenever a new requirement is established, a threshold needs to be set for when existing developments would need to comply with that requirement. The Planning Commission indicated that conformance with affordable housing requirements should occur whenever a project was undergoing significant work and the cost of the work exceeded 50% of the replacement cost of the project. However, this approach does not take into account whether there is room on an already developed property for additional units to be placed. An increase in development capacity must be provided when the City is imposing affordable housing requirements.

Recommendation: Require the affordable housing regulations to apply whenever at least four new multifamily units are being added to a development. The affordable housing requirement should apply only to the new units being added.

Rationale:

- This approach establishes a consistent approach for the addition of new multifamily units in zones where affordable housing is required.

#### ***Amendments to Zoning Code Chapter 112 and Use Zone Charts***

The concepts discussed above will be incorporated into the City's Zoning regulations. The proposed amendments to Chapter 112, Affordable Housing Incentives – Multifamily, and the definition of Affordable Housing Unit (establishing the income level to be served) are included in Attachment 1. The proposed language for the RM Use Zone Chart is included in Attachment 2. The same amendments would be made to the Use Zone Charts for all of the listed zones with density limits in Attachment 5.

#### ***Amendments Being Reviewed Outside HCC Jurisdiction***

In addition to the general affordable housing incentives and requirements under study for zones in the city where density is limited, the Planning Commission has also been studying changes to several mixed use zones in the Rose Hill Business District and in Totem Lake. In these areas, residential density is not limited, so additional building height, ranging from 10 to 50 feet, is currently provided as an incentive for the development of affordable housing.

The amendments under study at this time include the following key changes for these areas:

- Replace affordable housing incentives with requirements. Existing requirements for affordable housing apply only when the height incentive is used. Under the proposed changes, affordable housing would also be required when the height incentive is not used.
- Expand the areas where "stand-alone" housing may be located within the TL 10 zone
- Add 20' height incentive and require affordable housing in the TL 4A,4B and 8 zones

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- Add a sliding scale option in the Totem Lake (TL) and Rose Hill Business District (RH) zones, which would allow a developer to choose to provide more affordable units than prescribed at higher percentage of median income or fewer affordable units than prescribed at lower percentage of median income
- Phase affordability requirement in TL and RH zones to encourage pioneer projects. For example, the first 100 rental units developed may be required to be affordable at 70% of median, the next 100 rental units may be required to be affordable at 60% of median, etc.

***Amendments to Multifamily Property Tax Exemption***

One of the key components in the incentive package the City adopted in 2004 is the Multifamily Property Tax Exemption (MFTE) ([KMC 5.88](#)). It allows an exemption from property taxes assessed on the improvement value of new multifamily housing for eight or twelve years. The City requires that affordable housing be provided for the tax exemption to be used. Ten percent of the units must be affordable for the eight year exemption and 20 percent must be affordable for the 12 year exemption. For rental housing, the value of all residential improvements is exempted even though only a percentage of the units are affordable. For housing units that are individually owned, only the affordable units are granted the exemption. For rental housing, the MFTE fills the gap remaining between the cost of providing an affordable housing unit and the value of the land use and fee incentives provided in the Zoning regulations.

Staff will be proposing amendments to the MFTE regulations in the Municipal Code to parallel the changes that are being made to the Zoning Code. In addition, staff will be proposing that the MFTE program be expanded to encourage the development of affordable units in zoning districts where no requirements for affordable housing are being proposed. This would be accomplished through targeting higher levels of median income with the affordable units. For example, the MFTE alone may provide enough economic incentive for a developer to set aside 10% of the units in a rental development for households earning 80% of King County median income (compared to the 50% of median targeted through the Zoning regulations).

**Attachments**

1. Proposed Amendments to KZC Chapter 112 – Affordable Housing Incentives
2. Proposed Amendments to KZC Section 20.08 – RM Use Zone Chart
3. Salaries by Job and Comparison to Income Needed to Afford Housing
4. Existing text of KZC Chapter 112
5. Affordable Housing Study Zone List
6. Affordable Housing Study Zone Map
7. Summary of Economic Analysis of Affordable Housing Incentives
8. Full Economic Analysis of Affordable Housing Incentives

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1 **Chapter 112 – AFFORDABLE HOUSING INCENTIVES – MULTIFAMILY**

2 Sections:

- 3 [112.05](#) User Guide
- 4 ~~[112.10](#) Voluntary Provisions Purpose~~
- 5 ~~[112.15](#) Applicable Use Zones Affordable Housing Requirement~~
- 6 ~~[112.20](#) Defined-Basic Affordable Housing Incentives~~
- 7 ~~[112.25](#) Additional Affordable Housing Incentives (Non-Defined)~~
- 8 ~~[112.30](#) Alternative Compliance~~
- 9 ~~[112.35](#) Affordability Provisions~~
- 10 ~~[112.40](#) Regulatory Review and Evaluation~~

11 **112.05 User Guide**

12 This chapter offers dimensional standard flexibility and density and economic incentives to encourage  
13 construction of affordable housing units in commercial zones, high density residential zones, medium  
14 density zones and office zones.

15 If you are interested in proposing ~~affordable housing~~four or more residential units in commercial zones,  
16 high density residential zones, medium density zones or office zones, or you wish to participate in the  
17 City's decision on such a project ~~including affordable housing units~~, you should read this chapter.

18 **112.10 ~~Voluntary Provisions~~ Purpose**

19 ~~The provisions of this chapter are available, at the sole discretion of the property owner as incentives to~~  
20 ~~encourage the construction of multifamily affordable housing units.~~ There is a limited stock of land within  
21 the City zoned and available for residential development and there is a demonstrated need in the City for  
22 housing which is affordable to persons of low and moderate income. Therefore, this chapter provides  
23 development incentives in exchange for the public benefit of providing affordable housing units in  
24 commercial zones, high density residential zones, medium density zones and office zones.

25 **112.15 ~~Applicable Use Zones~~ Affordable Housing Requirement**

26 ~~The affordable housing incentives described in this chapter may be used~~All developments creating four or  
27 more new detached, attached or stacked dwelling units in commercial, high density residential, medium  
28 density and office zones ~~that allow dwelling units shall provide at least 10 percent of the new units as~~  
29 affordable housing units and comply with the provisions of this chapter.

30 **112.20 ~~Defined-Basic~~ Affordable Housing Incentives**

31 1. Approval Process – The City will process an application for the affordable housing incentives  
32 identified in this section through the same required review process as if no affordable housing units  
33 were provided.

34 2. Density Bonus

- 35 a. Bonus Units. In use zones where the number of dwelling units allowed on the subject property is  
36 determined by dividing the lot size by the required minimum lot area per unit, two additional units  
37 ('bonus units') may be constructed for each affordable housing unit provided. (See Plate 32 for  
38 example of bonus unit calculations.)

39 ~~b. Bonus FAR. In use zones where the density allowed on the subject property is expressed as a~~  
 40 ~~maximum floor area ratio (FAR), two additional square feet of floor area ('bonus FAR') may be~~  
 41 ~~constructed for each square foot of floor area constructed in affordable housing units. (See Plate~~  
 42 ~~32 for example of bonus FAR calculations.)~~

43 ~~c. Alternative Calculation of Density Bonus. Except in those zones that have an established~~  
 44 ~~affordable housing requirement, an applicant may propose alternative affordability levels for the~~  
 45 ~~affordable housing units. The ratio of bonus units or bonus floor area per affordable housing unit~~  
 46 ~~for alternative affordability levels will be as follows:~~

47

<del>Affordability Level</del>	<del>Density Bonus to Affordable Ratio</del>
<del>Renter Occupied Housing</del>	<del>=</del>
<del>60% of median income</del>	<del>1.33 to 1</del>
<del>70% of median income</del>	<del>1 to 1</del>
<del>Owner Occupied Housing</del>	<del>=</del>
<del>80% of median income</del>	<del>1.6 to 1</del>
<del>60% of median income</del>	<del>2.67 to 1</del>

48 ~~Depending on the level of affordability provided, the affordable housing units may not be eligible for~~  
 49 ~~the impact fee waivers described in subsections (4)(a) and (4)(b) of this section.~~

50 ~~db. Maximum Unit Bonuses. The maximum number of bonus units or amount of bonus FAR achieved~~  
 51 ~~through a defined basic affordable housing incentive shall be 25 percent of the number of units or~~  
 52 ~~floor area allowed based on the underlying zone of the subject property.~~

53 ~~ec. Density Bonus for Assisted Living Facilities. The affordable housing density bonus may be used~~  
 54 ~~for assisted living facilities to the extent that the bonus for affordable housing may not exceed 25~~  
 55 ~~percent of the base density of the underlying zone of the subject property.~~

56 ~~d. Height Bonus. In RH and TL use zones where there is no minimum lot size per dwelling unit,~~  
 57 ~~additional building height will be granted in exchange for affordable housing, as specified in each~~  
 58 ~~Use Zone Chart.~~

59 ~~3. Alternative Affordability Levels Alternative Calculation of Density Bonus. - Except in those zones that~~  
 60 ~~have an established affordable housing requirement, a~~  
 61 ~~An applicant may propose alternative affordability levels different from those defined in KZC Chapter 5 for the affordable housing units.~~

62 | a. In use zones where a density bonus is provided in exchange for affordable housing units, ~~the~~  
 63 | ratio of bonus units or bonus floor area per affordable housing unit for alternative affordability  
 64 | levels will be as follows:

65

<u>Affordability Level</u>	<u>Density Bonus to Affordable Ratio</u>
<b><u>Renter Occupied Housing</u></b>	=
<u>60% of median income</u>	<del>1.33 to 1</del> <u>1 to 1???</u>
<u>70% of median income</u>	<del>1.5 to 1</del> <u>1 to 1???</u>
<b><u>Owner Occupied Housing</u></b>	=
<del>80</del> <u>90% of median income</u>	<del>1.6 to 1</del> <u>1 to 1???</u>
<del>60</del> <u>80% of median income</u>	<del>2.67 to 1</del> <u>1 to 1???</u>

66 | Depending on the level of affordability provided, the affordable housing units may not be eligible  
 67 | for the impact fee waivers described in subsections (4)(a) and (4)(b) of this section.

68 | b. In use zones where additional height is provided in exchange for affordable housing units, the  
 69 | percent of affordable units required for alternative affordability levels will be as follows:

<u>Affordability Level</u>	<u>% of Project Units Required to be Affordable</u>
<b><u>Renter Occupied Housing</u></b>	=
<u>60% of median income</u>	<u>???</u>
<u>70% of median income</u>	<u>???</u>
<b><u>Owner Occupied Housing</u></b>	=
<u>70% of median income</u>	<u>???</u>
<u>90% of median income</u>	<u>???</u>
<u>100% of median income</u>	<u>???</u>

70 | c. Depending on the level of affordability provided, the affordable housing units may not be eligible  
 71 | for the impact fee waivers described in subsections (5)(a) and (5)(b) of this section.

72 | **34.** Dimensional Standards Modification – The following requirements of the Kirkland Zoning Code may  
 73 | be modified through the procedures outlined in this subsection, to the extent necessary to  
 74 | accommodate the bonus units allowed under KZC 112.20.2.a on-site. These modifications may not  
 75 | be used to accommodate the units resulting from the base density ~~or FAR~~ calculation.

76 | a. Maximum Lot Coverage. The maximum lot coverage may be increased by up to five percentage  
 77 | points over the maximum lot coverage permitted by the underlying use zone. Maximum lot  
 78 | coverage may not be modified through this provision on properties with streams, wetlands, minor  
 79 | lakes or their buffers.

80 | b. Parking Requirement. The required parking may be reduced to 1.0 space per affordable housing  
 81 | unit. No additional guest parking is required for affordable housing units. If parking is reduced  
 82 | through this provision, the owner of the affordable housing unit shall sign a covenant, in a form

83 acceptable to the City Attorney, restricting the occupants of each affordable housing unit to a  
84 maximum of one automobile.

85 c. Structure Height. Maximum height for structures containing affordable housing units may be  
86 increased by up to six feet for those portions of the structure(s) that are at least 20 feet from all  
87 property lines. Maximum structure height may not be modified through this provision for any  
88 portion of a structure that is adjoining a low density zone.

89 d. Required Yards. Structures containing affordable housing units may encroach up to five feet into  
90 any required yard except that in no case shall a remaining required yard be less than five feet.

91 e. Common Recreational Space. Common recreational open space per unit, when required, may be  
92 reduced by 50 square feet per affordable housing unit.

93 **45. Permit Fee Calculation**

94 a. Applicants proposing affordable housing units may request an exemption from payment of road  
95 impact fees for the affordable housing units as established by KMC 27.04.050.

96 b. Applicants proposing affordable housing units may request an exemption from payment of park  
97 impact fees for the affordable housing units as established by KMC 27.06.050.

98 c. Applicants proposing affordable housing units are eligible for exemption from various planning,  
99 building, plumbing, mechanical and electrical permit fees ~~and sewer capital facility charges~~ for the  
100 bonus units allowed under KZC 112.20.2.a as established in KMC 5.74.070 ~~and 15.12.063~~ and  
101 KMC Title 21.

102 **56. Property Tax Exemption** – A property providing affordable housing units may be eligible for a property  
103 tax exemption as established in Chapter 5.88 KMC.

104 **112.25 Additional Affordable Housing Incentives (Non-Defined)**

105 1. Approval Process for Additional Affordable Housing Incentives (Non-Defined) – An applicant may  
106 request that the City grant affordable housing incentives in addition to or in place of the ~~defined basic~~  
107 affordable housing incentives allowed in KZC 112.20 due to specific site conditions. Such a request  
108 shall be reviewed and decided upon as outlined below. ~~Such a request shall be reviewed and decided~~  
109 ~~upon using Process IIA, described in Chapter 150 KZC. If the development, use, or activity requires~~  
110 ~~approval through Process IIB or Process III, the entire proposal will be decided upon using that other~~  
111 ~~process.~~

112 2. Density Bonus – An applicant may propose more than two bonus units ~~or two additional square feet~~  
113 ~~of floor area~~ for every affordable housing unit ~~or square foot of affordable housing unit, as applicable.~~  
114 However, in no event may a project receive a bonus that would result in a ~~total~~ number of bonus units  
115 ~~or floor area~~ that exceeds 50 percent of the number of units ~~or floor area~~ allowed based on the  
116 underlying zone of the subject property. Such a request shall be reviewed and decided upon by the  
117 Planning Director. The decision of the Planning Director in approving or denying a modification under  
118 this subsection may be appealed using the appeal provision, as applicable, of Process I, KZC 145.60  
119 through 145.110..

- 120 3. Dimensional Standards Modification – An applicant may request further modification from the  
121 | dimensional standards listed in KZC 112.20.4(3). Approval of any further modification of the  
122 | dimensional standards will be based on the applicant's demonstration that the subject property  
123 | cannot reasonably achieve the permitted density, including the bonus units. Such a request shall be  
124 | reviewed and decided upon using Process II, described in Chapter ~~450~~145 KZC. If the  
125 | development, use, or activity requires approval through Process II, IIB or Process III, the entire  
126 | proposal will be decided upon using that other process.
- 127 4. Criteria for Approving Additional Affordable Housing Incentives (Non-defined) – The City may approve  
128 | one or more of the additional affordable housing incentives listed in KZC 112.25(2) or 112.25(3), in  
129 | addition to or in place of the ~~defined-basic~~ affordable housing incentives, if one or more of the  
130 | following requirements are met:
- 131 a. The additional incentive is necessary to provide sufficient economic incentive to the applicant to  
132 | offset the cost of providing the affordable housing units.
- 133 b. The additional incentive is necessary to reasonably achieve the permitted density, including the  
134 | bonus units.
- 135 c. The additional incentive is necessary to achieve a greater number of affordable housing units  
136 | than the ~~defined-affordable housing incentives-requirements~~ would prescribe or a greater level of  
137 | affordability than is defined by the term affordable housing unit.
- 138 In making its decision on additional incentives, the City will consider the value of any property tax  
139 | exemptions available to the project from the City as established in Chapter 5.88 KMC, as well as  
140 | other fee waivers or reductions as established in the Kirkland Municipal Code.

### 141 **112.30 Alternative Compliance**

- 142 1. Approval Process for Alternative Compliance – As an alternative to providing some or all of the  
143 | required affordable housing units on the subject property, the Planning Director may approve a  
144 | request for alternative compliance. Alternative compliance may include providing affordable housing  
145 | units at another location within the City of Kirkland, payment to the City in lieu of constructing partial  
146 | affordable housing units to be used to create affordable housing units, or such other means proposed  
147 | by the applicant and approved at the discretion of the Planning Director, consistent with the following  
148 | criteria for alternative compliance.
- 149 2. Criteria for Alternative Compliance – The City may approve a request for alternative compliance if  
150 | both of the following requirements are met:
- 151 a. The applicant demonstrates that the proposed alternative compliance method achieves an  
152 | affordable housing benefit to the City equal to or better than providing the affordable housing  
153 | units on-site.
- 154 b. The affordable housing units provided through the alternative compliance will be based on  
155 | providing the same type of ownership of units as would have been provided on-site.
- 156 3. Requirements for Off-Site Alternative Compliance – Off-site affordable housing units are subject to  
157 | the following requirements:

158 a. The off-site location chosen for the affordable housing units shall not lead to an undue  
159 concentration of affordable housing either at the off-site location or in any particular area of the  
160 City.

161 b. Any building permits required for off-site affordable housing units shall be submitted prior to  
162 submittal of building permits for the subject property. Certificates of occupancy for off-site  
163 affordable housing units shall be issued prior to issuance of the final certificate of occupancy for  
164 the subject property.  
165

166 4. Requirements for Payment in Lieu Alternative Compliance - Payments in lieu of constructing  
167 affordable housing units are subject to the following requirements:

168 a. Payments in lieu are allowed only for portions of required affordable housing units that are less  
169 than 0.66 units. Rounding up to the next whole number of units and actual construction of the  
170 affordable units is required when the calculated number of required affordable units results in a  
171 fraction of 0.66 or more.

172 b. Payments in lieu shall be based on the difference between the cost of construction for a prototype  
173 affordable housing unit on the subject property, including land costs and development fees, and  
174 the revenue generated by an affordable housing unit. The formula for payments shall be  
175 established by the Planning Director.

176 c. The payment obligation shall be established prior to issuance of any building permits for the  
177 project and shall be due prior to issuance of any certificate of occupancy for the project.

178

179 **112.35 Affordability Provisions**

180 1. Approval of Affordable Housing Units – Prior to the issuance of any permit(s), the City shall review  
181 and approve the location and unit mix of the affordable housing units consistent with the following  
182 standards:

183 a. The affordable housing units shall be intermingled with all other dwelling units in the  
184 development.

185 b. The type of ownership of the affordable housing units shall be the same as the type of ownership  
186 for the rest of the housing units in the development.

187 c. The affordable housing units shall consist of a range of number of bedrooms that are comparable  
188 to units in the overall development.

189 d. The size of the affordable housing units, if smaller than the other units with the same number of  
190 bedrooms in the development, must be approved by the Planning Director. In no case shall the  
191 affordable housing units be more than 10 percent smaller than the comparable dwelling units in  
192 the development, based on number of bedrooms, or less than 600 square feet for a one bedroom  
193 unit, 800 square feet for a two bedroom unit, or 1,000 square feet for a three bedroom unit,  
194 whichever is less.

195 e. The affordable housing units shall be available for occupancy in a time frame comparable to the  
196 availability of the rest of the dwelling units in the development.

197 f. The exterior design of the affordable housing units must be compatible and comparable with the  
198 rest of the dwelling units in the development.

199 g. The interior finish and quality of construction of the affordable housing units shall at a minimum  
200 be comparable to entry level rental or ownership housing in the City of Kirkland.

201 2. Affordability Agreement – Prior to issuing a certificate of occupancy, an agreement in a form  
202 acceptable to the City Attorney that addresses price restrictions, homebuyer or tenant qualifications,  
203 long-term affordability, and any other applicable topics of the affordable housing units shall be  
204 recorded with King County Department of Records and Elections. This agreement shall be a  
205 covenant running with the land and shall be binding on the assigns, heirs and successors of the  
206 applicant.

207 Affordable housing units that are provided under this section shall remain as affordable housing for a  
208 | minimum of ~~35~~50 years from the date of initial owner occupancy for ownership affordable housing units  
209 and for the life of the project for rental affordable housing units.

## 210 **112.40 Regulatory Review and Evaluation**

211 At least every two years, the Planning Department shall submit a report that tracks the use of these  
212 regulations to the Houghton Community Council, Planning Commission and City Council.

213

214 **5.10 Definitions**

215 .023 Affordable Housing Unit – (A) ~~a~~An owner-occupied dwelling unit reserved for occupancy by  
216 eligible households and affordable to households whose household annual income does not  
217 exceed ~~70~~the following percent of the King County median household income, adjusted for  
218 household size, as determined by the United States Department of Housing and Urban  
219 Development (HUD), and no more than 30 percent of the monthly household income is paid for  
220 monthly housing expenses:

221 (1) 80 percent in zoning districts where additional building height is allowed in exchange for the  
222 creation of affordable housing units; or

223 (2) 100 percent in zoning districts where additional dwelling units are allowed in exchange for the  
224 creation of affordable housing units.

225 ~~or~~ (B) ~~a~~A renter-occupied dwelling unit reserved for occupancy by eligible households and  
226 affordable to households whose household annual income does not exceed 50 percent of the  
227 King County median household income, adjusted for household size, as determined by HUD, and  
228 no more than thirty percent of the monthly household income is paid for monthly housing  
229 expenses (rent and an appropriate utility allowance).

230 In the event that HUD no longer publishes median income figures for King County, the city may  
231 use any other method for determining the King County median income, adjusted for household  
232 size.

233

**CHAPTER 20 – MULTIFAMILY RESIDENTIAL (RM) ZONES**

**20.05** User Guide. The charts in KZC 20.10 contain the basic zoning regulations that apply in each RM 5, RM 3.6, RM 2.4, and RM 1.8 zone 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 20.08**



**Section 20.08 – GENERAL REGULATIONS**

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

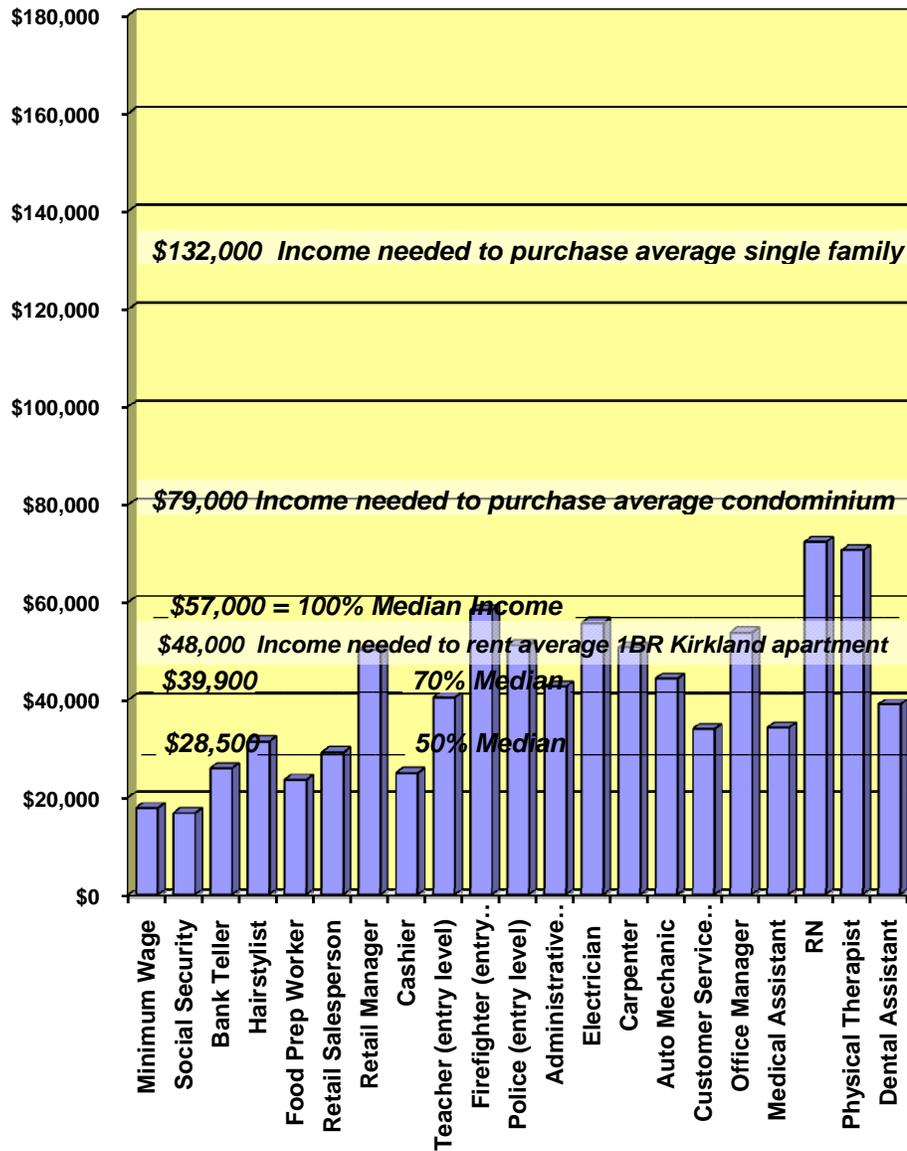
1. Refer to Chapter 1 KZC to determine what other provisions of this code may apply to the subject property.
2. Developments creating four or more new detached, attached or stacked dwelling units shall provide at least 10 percent of the units as affordable housing units as defined in Chapter 5 KZC. Two additional units may be constructed for each affordable housing unit provided. See Chapter 112 KZC for additional affordable housing incentives and requirements.
23. If any portion of a structure is adjoining a low density zone or a low density use in PLA 17, then either:
  - a. The height of that portion of the structure shall not exceed 15 feet above average building elevation; or
  - b. The horizontal length of any facade of that portion of the structure which is parallel to the boundary of the low density zone shall not exceed 50 feet.See KZC 115.30, Distance Between Structures/Adjacency to Institutional Use, for further details.  
(Does not apply to General Moorage Facility and Detached Dwelling Units uses).
34. If the subject property is located east of JBD 2 and west of 100th Avenue NE, the following regulation applies:  
Must provide a public pedestrian access easement if the Planning Official determines that it will furnish a pedestrian connection or part of a connection between 98th Avenue NE and 100th Avenue NE. Pathway improvements will also be required if the easement will be used immediately. No more than two complete connections shall be required.  
(Does not apply to General Moorage Facility uses).
45. If the subject property is located within the North Rose Hill neighborhood, east of Slater Avenue NE and north of NE 116th Street, the minimum required front yard is 10 feet. Ground floor canopies 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 structure. No parking may encroach into the required 10-foot front yard.
56. Any required yard abutting Lake Washington Boulevard or Lake Street South must be increased two feet for each one foot the structure exceeds 25 feet above average building elevation.  
(Does not apply to General Moorage Facility and Public Park uses).

(GENERAL REGULATIONS CONTINUED ON NEXT PAGE)

(GENERAL REGULATIONS CONTINUED FROM PREVIOUS PAGE)

- 67.** If the subject property is located between Juanita Drive and Lake Washington or 98th Avenue NE and Lake Washington, the following regulations apply:
- a. Must provide a required yard of 15 feet or 15 percent of average parcel depth, measured from the high waterline. To the extent that this provision is inconsistent with other required yard dimensions identified in this chapter, this provision shall govern.
  - b. Must provide public pedestrian access from the right-of-way to and along the entire waterfront of the subject property within the high waterline yard. Access to the waterfront may be waived by the City if public access along the waterfront of the subject property can be reached from adjoining property. 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 the public pedestrian access and public use areas.
  - c. A view corridor must be maintained across 30 percent of the average parcel width. The view corridor must be in one contiguous piece. Within the view corridor, structures, parking areas, and landscaping will be allowed, provided they do not obscure the view from Juanita Drive or 98th Avenue NE to and beyond Lake Washington. This corridor must be adjacent to either of the side property lines, whichever will result in the widest view corridor given development on adjacent properties.  
(Does not apply to General Moorage Facility, Detached Dwelling Units and Public Park uses).
- 78.** If the property is located in the NE 85th Street Subarea, the following shall apply:
- a. If the subject property is located south of NE 85th Street between 124th Avenue NE and 120th Avenue NE, the applicant shall to the extent possible save existing viable significant trees within the required landscape buffer separating nonresidential development from adjacent single-family homes.
  - b. If the subject property is located directly north of the RH 4 zone, the applicant shall install a through-block pedestrian pathway pursuant to the standards in KZC 105.19(3) to connect an east-west pedestrian pathway designated in the Comprehensive Plan between 124th Avenue NE and 120th Avenue NE. (See Plate 34K).
- 89.** May not use lands waterward of the high waterline to determine lot size or to calculate allowable density.
- 910.** May also be regulated under the Shoreline Master Program, KMC Title 24.

## 2008 Salaries by Job Comparison to Median Income and Income Needed to Afford Housing



Source: Seattle-Bellevue-Everett MSA Mean Wage Estimates for May 2007  
 10/19/2009 \\srv-file02\Users\dnelson\DATA\EXCEL\Housing\Sample of Salaries 2008.xls



## Chapter 112 – AFFORDABLE HOUSING INCENTIVES – MULTIFAMILY

Sections:

- [112.05](#) User Guide
- [112.10](#) Voluntary Provisions
- [112.15](#) Applicable Use Zones
- [112.20](#) Defined Affordable Housing Incentives
- [112.25](#) Additional Affordable Housing Incentives (Non-Defined)
- [112.30](#) Alternative Compliance
- [112.35](#) Affordability Provisions
- [112.40](#) Regulatory Review and Evaluation

### 112.05 User Guide

This chapter offers dimensional standard flexibility and density and economic incentives to encourage construction of affordable housing units in commercial zones, high density residential zones, medium density zones and office zones.

If you are interested in proposing affordable housing units in commercial zones, high density residential zones, medium density zones or office zones, or you wish to participate in the City's decision on a project including affordable housing units, you should read this chapter.

### 112.10 Voluntary Provisions

The provisions of this chapter are available, at the sole discretion of the property owner as incentives to encourage the construction of multifamily affordable housing units. There is a limited stock of land within the City zoned and available for residential development and there is a demonstrated need in the City for housing which is affordable to persons of low and moderate income. Therefore, this chapter provides development incentives in exchange for the public benefit of providing affordable housing units in commercial zones, high density residential zones, medium density zones and office zones.

### 112.15 Applicable Use Zones

The affordable housing incentives described in this chapter may be used in commercial, high density residential, medium density and office zones that allow dwelling units.

### 112.20 Defined Affordable Housing Incentives

1. Approval Process – The City will process an application for the affordable housing incentives identified in this section through the same required review process as if no affordable housing units were provided.
2. Density Bonus
  - a. Bonus Units. In use zones where the number of dwelling units allowed on the subject property is determined by dividing the lot size by the required minimum lot area per unit, two additional units ('bonus units') may be constructed for each affordable housing unit provided. (See Plate 32 for example of bonus unit calculations.)
  - b. Bonus FAR. In use zones where the density allowed on the subject property is expressed as a maximum floor area ratio (FAR), two additional square feet of floor area ('bonus FAR') may be constructed for each square foot of floor area constructed in affordable housing units. (See Plate 32 for example of bonus FAR calculations.)

- c. Alternative Calculation of Density Bonus. Except in those zones that have an established affordable housing requirement, an applicant may propose alternative affordability levels for the affordable housing units. The ratio of bonus units or bonus floor area per affordable housing unit for alternative affordability levels will be as follows:

Affordability Level	Density Bonus to Affordable Ratio
Renter Occupied Housing	
60% of median income	1.33 to 1
70% of median income	1 to 1
Owner Occupied Housing	
80% of median income	1.6 to 1
60% of median income	2.67 to 1

Depending on the level of affordability provided, the affordable housing units may not be eligible for the impact fee waivers described in subsections (4)(a) and (4)(b) of this section.

- d. Maximum Bonuses. The maximum number of bonus units or amount of bonus FAR achieved through a defined affordable housing incentive shall be 25 percent of the number of units or floor area allowed based on the underlying zone of the subject property.
  - e. Density Bonus for Assisted Living Facilities. The affordable housing density bonus may be used for assisted living facilities to the extent that the bonus for affordable housing may not exceed 25 percent of the base density of the underlying zone of the subject property.
3. Dimensional Standards Modification – The following requirements of the Kirkland Zoning Code may be modified through the procedures outlined in this subsection, to the extent necessary to accommodate the bonus units on-site. These modifications may not be used to accommodate the units resulting from the base density or FAR calculation.
- a. Maximum Lot Coverage. The maximum lot coverage may be increased by up to five percentage points over the maximum lot coverage permitted by the underlying use zone. Maximum lot coverage may not be modified through this provision on properties with streams, wetlands, minor lakes or their buffers.
  - b. Parking Requirement. The required parking may be reduced to 1.0 space per affordable housing unit. No additional guest parking is required for affordable housing units. If parking is reduced through this provision, the owner of the affordable housing unit shall sign a covenant, in a form acceptable to the City Attorney, restricting the occupants of each affordable housing unit to a maximum of one automobile.
  - c. Structure Height. Maximum height for structures containing affordable housing units may be increased by up to six feet for those portions of the structure(s) that are at least 20 feet from all property lines. Maximum structure height may not be modified through this provision for any portion of a structure that is adjoining a low density zone.
  - d. Required Yards. Structures containing affordable housing units may encroach up to five feet into any required yard except that in no case shall a remaining required yard be less than five feet.
  - e. Common Recreational Space. Common recreational open space per unit, when required, may be reduced by 50 square feet per affordable housing unit.

**4. Permit Fee Calculation**

- a. Applicants proposing affordable housing units may request an exemption from payment of road impact fees for the affordable housing units as established by KMC 27.04.050.
  - b. Applicants proposing affordable housing units may request an exemption from payment of park impact fees for the affordable housing units as established by KMC 27.06.050.
  - c. Applicants proposing affordable housing units are eligible for exemption from various planning, building, plumbing, mechanical and electrical permit fees and sewer capital facility charges for the bonus units as established in KMC 5.74.070 and 15.12.063 and KMC Title 21.
5. Property Tax Exemption – A property providing affordable housing units may be eligible for a property tax exemption as established in Chapter 5.88 KMC.

**112.25 Additional Affordable Housing Incentives (Non-Defined)**

1. Approval Process for Additional Affordable Housing Incentives (Non-Defined) – An applicant may request that the City grant affordable housing incentives in addition to or in place of the defined affordable housing incentives allowed in KZC [112.20](#) due to specific site conditions. Such a request shall be reviewed and decided upon using Process IIA, described in Chapter [150](#) KZC. If the development, use, or activity requires approval through Process IIB or Process III, the entire proposal will be decided upon using that other process.
2. Density Bonus – An applicant may propose more than two bonus units or two additional square feet of floor area for every affordable housing unit or square foot of affordable housing unit, as applicable. However, in no event may a project receive a bonus that would result in a total number of units or floor area that exceeds 50 percent of the number of units or floor area allowed based on the underlying zone of the subject property.
3. Dimensional Standards Modification – An applicant may request further modification from the dimensional standards listed in KZC [112.20](#)(3). Approval of any further modification of the dimensional standards will be based on the applicant's demonstration that the subject property cannot reasonably achieve the permitted density, including the bonus units.
4. Criteria for Approving Additional Affordable Housing Incentives (Non-defined) – The City may approve one or more of the additional affordable housing incentives listed in KZC [112.25](#)(2) or [112.25](#)(3), in addition to or in place of the defined affordable housing incentives, if one or more of the following requirements are met:
  - a. The additional incentive is necessary to provide sufficient economic incentive to the applicant to offset the cost of providing the affordable housing units.
  - b. The additional incentive is necessary to reasonably achieve the permitted density, including the bonus units.
  - c. The additional incentive is necessary to achieve a greater number of affordable housing units than the defined affordable housing incentives would prescribe or a greater level of affordability than is defined by the term affordable housing unit.

In making its decision on additional incentives, the City will consider the value of any property tax exemptions available to the project from the City as established in Chapter 5.88 KMC, as well as other fee waivers or reductions as established in the Kirkland Municipal Code.

**112.30 Alternative Compliance**

[Type text]

[Type text]

Attachment 4  
Affordable Housing Amendments  
September 26, 2009 HCC

1. Approval Process for Alternative Compliance – As an alternative to providing some or all of the affordable housing units on the subject property, the Planning Director may approve a request for alternative compliance. Alternative compliance may include providing affordable housing units at another location within the City of Kirkland or such other means proposed by the applicant and approved at the discretion of the Planning Director, consistent with the following criteria for alternative compliance.
2. Criteria for Alternative Compliance – The City may approve a request for alternative compliance if both of the following requirements are met:
  - a. The applicant demonstrates that the proposed alternative compliance method achieves an affordable housing benefit to the City equal to or better than providing the affordable housing units on-site.
  - b. The affordable housing units provided through the alternative compliance will be based on providing the same type of ownership of units as would have been provided on-site.
3. Requirements for Off-Site Alternative Compliance – Off-site affordable housing units are subject to the following requirements:
  - a. The off-site location chosen for the affordable housing units shall not lead to an undue concentration of affordable housing either at the off-site location or in any particular area of the City.
  - b. Any building permits required for off-site affordable housing units shall be submitted prior to submittal of building permits for the subject property. Certificates of occupancy for off-site affordable housing units shall be issued prior to issuance of the final certificate of occupancy for the subject property.

### **112.35 Affordability Provisions**

1. Approval of Affordable Housing Units – Prior to the issuance of any permit(s), the City shall review and approve the location and unit mix of the affordable housing units consistent with the following standards:
  - a. The affordable housing units shall be intermingled with all other dwelling units in the development.
  - b. The type of ownership of the affordable housing units shall be the same as the type of ownership for the rest of the housing units in the development.
  - c. The affordable housing units shall consist of a range of number of bedrooms that are comparable to units in the overall development.
  - d. The size of the affordable housing units, if smaller than the other units with the same number of bedrooms in the development, must be approved by the Planning Director. In no case shall the affordable housing units be more than 10 percent smaller than the comparable dwelling units in the development, based on number of bedrooms, or less than 600 square feet for a one bedroom unit, 800 square feet for a two bedroom unit, or 1,000 square feet for a three bedroom unit, whichever is less.
  - e. The affordable housing units shall be available for occupancy in a time frame comparable to the availability of the rest of the dwelling units in the development.

[Type text]

[Type text]

Attachment 4  
Affordable Housing Amendments  
September 26, 2009 HCC

- f. The exterior design of the affordable housing units must be compatible and comparable with the rest of the dwelling units in the development.
  - g. The interior finish and quality of construction of the affordable housing units shall at a minimum be comparable to entry level rental or ownership housing in the City of Kirkland.
2. Affordability Agreement – Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the City Attorney that addresses price restrictions, homebuyer or tenant qualifications, long-term affordability, and any other applicable topics of the affordable housing units shall be recorded with King County Department of Records and Elections. This agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the applicant.

Affordable housing units that are provided under this section shall remain as affordable housing for a minimum of 30 years from the date of initial owner occupancy for ownership affordable housing units and for the life of the project for rental affordable housing units.

### **112.40 Regulatory Review and Evaluation**

At least every two years, the Planning Department shall submit a report that tracks the use of these regulations to the Houghton Community Council, Planning Commission and City Council.

## 5.10 Definitions

- .023 Affordable Housing Unit – (A) an owner-occupied dwelling unit reserved for occupancy by eligible households and affordable to households whose household annual income does not exceed 70 percent of the King County median household income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30 percent of the monthly household income is paid for monthly housing expenses, or (B) a renter-occupied dwelling unit reserved for occupancy by eligible households and affordable to households whose household annual income does not exceed 50 percent of the King County median household income, adjusted for household size, as determined by HUD, and no more than thirty percent of the monthly household income is paid for monthly housing expenses (rent and an appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the city may use any other method for determining the King County median income, adjusted for household size.

## **Multifamily and Mixed Use Zones Where Affordable Housing Requirements are Being Studied**

### **Density Limited Zones (2 bonus units allowed for each affordable unit provided in base density)**

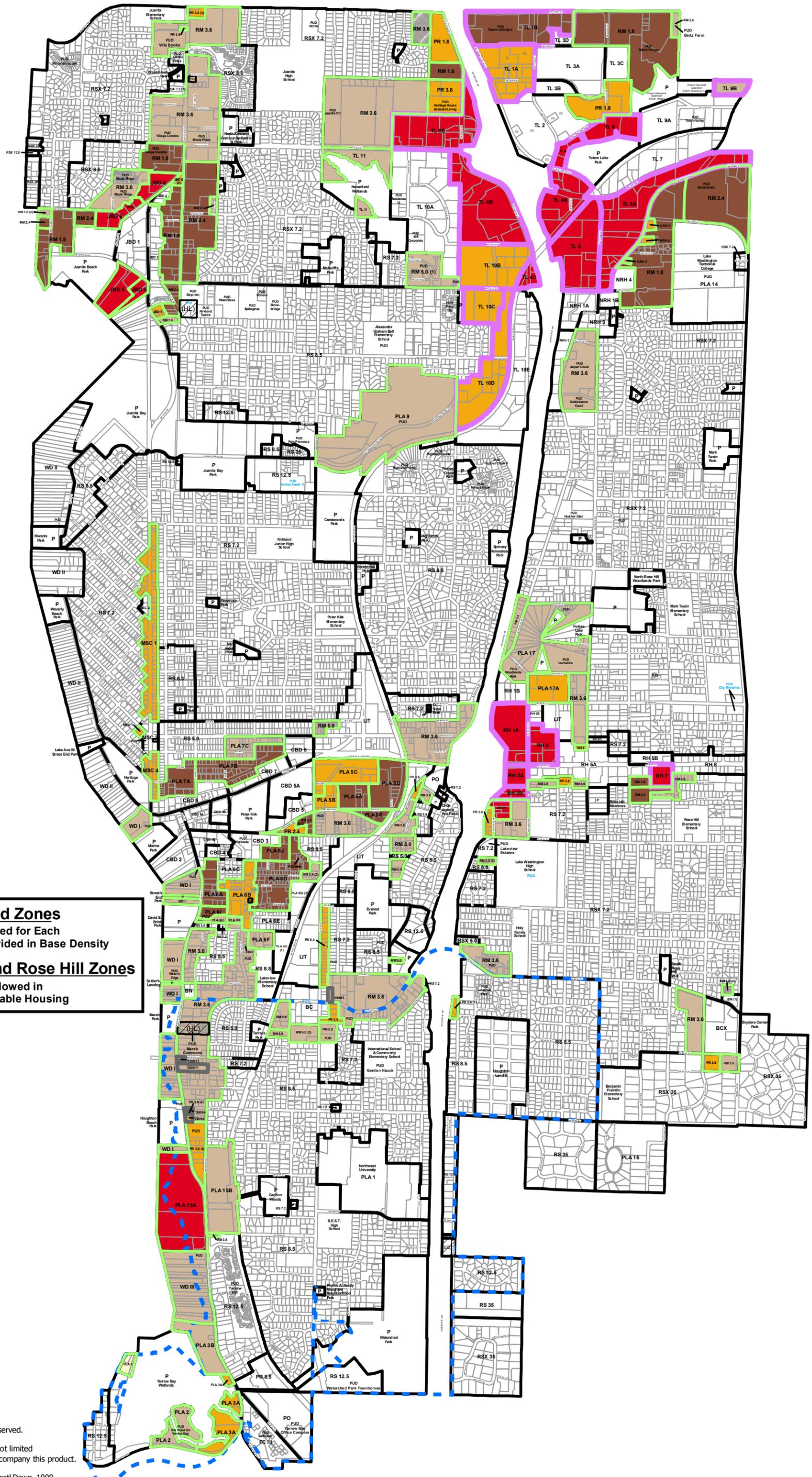
RM 1.8, 2.4, 3.6, 5.0  
PR 1.8, 2.4, 3.6, 5.0  
WD I  
WD III  
PLA 2  
PLA 3A  
PLA 3B  
PLA 5A  
PLA 5B  
PLA 5C  
PLA 5D  
PLA 5E  
PLA 6A  
PLA 6B  
PLA 6D  
PLA 6F  
PLA 6H  
PLA 6I  
PLA 6J  
PLA 6K  
PLA 7A  
PLA 7B  
PLA 7C  
PLA 9  
PLA 15A  
PLA 15B  
PLA 17  
PLA 17A  
JBD 3  
JBD 4  
JBD 5  
JBD 6  
MSC 1  
MSC 4  
NRH 5  
NRH 6  
TL 11  
RH 2C  
RH 4

### **Totem Lake and Rose Hill Zones (Additional height allowed in exchange for affordable housing)**

TL 1A  
TL 1B  
TL 4A  
TL 4B  
TL 4C  
TL 5  
TL 6A  
TL 6B  
TL 8  
TL 9B  
TL 10B  
TL 10C  
TL 10D  
RH 1A  
RH 2A  
RH 2B  
RH 3  
RH 7



# Affordable Housing Requirements Study Zones



**Density Limited Zones**  
 2 Bonus Units Allowed for Each Affordable Unit Provided in Base Density

**Totem Lake and Rose Hill Zones**  
 Additional Height Allowed in Exchange for Affordable Housing





# Summary of Economic Analysis of Affordable Housing Incentives

Attachment 7

Affordable Housing Amendments

September 26, 2009 HCC

## CHAPTER 112 SCENARIOS (2:1 DENSITY BONUS)

RENTAL	Affordability Level as % of Median Income			
	50%	60%	70%	80%
Cost of Affordable Unit	\$162,500	\$130,400	\$98,300	\$66,200
<b>Incentives</b>				
Density Bonus	\$80,000	\$80,000	\$80,000	\$80,000
Fee Waivers	\$12,681	\$12,681	\$12,681	\$12,681
Reduced Parking	\$6,175	\$6,175	\$6,175	\$6,175
Smaller Units	\$0	\$0	\$0	\$0
Increased Profits	\$13,514	\$13,514	\$13,514	\$13,514
<b>Value of Incentives</b>	<b>\$112,370</b>	<b>\$112,370</b>	<b>\$112,370</b>	<b>\$112,370</b>
<b>Remaining Gap</b>	<b>\$50,130</b>	<b>\$18,030</b>	<b>(\$14,070)</b>	<b>(\$46,170)</b>
Value of 8 Year MF Tax Exemption <sup>1</sup>	\$98,783	\$98,783	\$98,783	\$98,783
<b>Gap After Tax Exempt</b>	<b>(\$48,653)</b>	<b>(\$80,753)</b>	<b>(\$112,853)</b>	<b>(\$144,953)</b>

<sup>1</sup>Exemption applies to all units and accrues to property owner

OWNERSHIP	Affordability Level as % of Median Income			
	70%	80%	90%	100%
Sales Price Gap	\$156,000	\$128,500	\$101,100	\$73,900
<b>Incentives</b>				
Density Bonus	\$80,000	\$80,000	\$80,000	\$80,000
Fee Waivers	\$12,681	\$12,681	\$12,681	\$12,681
Reduced Parking	\$6,175	\$6,175	\$6,175	\$6,175
Smaller Units	\$0	\$0	\$0	\$0
Increased Profits	\$13,514	\$13,514	\$13,514	\$13,514
<b>Value of Incentives</b>	<b>\$112,370</b>	<b>\$112,370</b>	<b>\$112,370</b>	<b>\$112,370</b>
<b>Remaining Gap</b>	<b>\$43,630</b>	<b>\$16,130</b>	<b>(\$11,270)</b>	<b>(\$38,470)</b>
Value of 8 Year Tax Exemption <sup>2</sup>	\$9,878	\$9,878	\$9,878	\$9,878
<b>Gap After Tax Exem</b>	<b>\$33,752</b>	<b>\$6,252</b>	<b>(\$21,148)</b>	<b>(\$48,348)</b>

<sup>2</sup>Exemption only applies to affordable units and accrues to owner of unit

## TL/RHBD SCENARIOS (MIN. 3:1 DENSITY BONUS)

RENTAL	Affordability Level as % of Median Income			
	50%	60%	70%	80%
Cost of Affordable Unit	\$134,600	\$102,500	\$70,400	\$38,300
<b>Incentives</b>				
Density Bonus	\$105,000	\$105,000	\$105,000	\$105,000
Fee Waivers	\$4,757	\$4,757	\$4,757	\$4,757
Reduced Parking	\$2,100	\$2,100	\$2,100	\$2,100
Smaller Units	\$0	\$0	\$0	\$0
Increased Profits	\$24,612	\$24,612	\$24,612	\$24,612
<b>Value of Incentives</b>	<b>\$136,469</b>	<b>\$136,469</b>	<b>\$136,469</b>	<b>\$136,469</b>
<b>Remaining Gap</b>	<b>(\$1,869)</b>	<b>(\$33,969)</b>	<b>(\$66,069)</b>	<b>(\$98,169)</b>
Value of 8 Year MF Tax Exemption <sup>1</sup>	\$88,229	\$88,229	\$88,229	\$88,229
<b>Gap After Tax Exempt</b>	<b>(\$90,098)</b>	<b>(\$122,198)</b>	<b>(\$154,298)</b>	<b>(\$186,398)</b>

<sup>1</sup>Exemption applies to all units and accrues to property owner

OWNERSHIP	Affordability Level as % of Median Income			
	70%	80%	90%	100%
Sales Price Gap	\$133,200	\$105,700	\$78,300	\$51,100
<b>Incentives</b>				
Density Bonus	\$105,000	\$105,000	\$105,000	\$105,000
Fee Waivers	\$4,757	\$4,757	\$4,757	\$4,757
Reduced Parking	\$2,100	\$2,100	\$2,100	\$2,100
Smaller Units	\$0	\$0	\$0	\$0
Increased Profits	\$24,612	\$24,612	\$24,612	\$24,612
<b>Value of Incentives</b>	<b>\$136,469</b>	<b>\$136,469</b>	<b>\$136,469</b>	<b>\$136,469</b>
<b>Remaining Gap</b>	<b>(\$3,269)</b>	<b>(\$30,769)</b>	<b>(\$58,169)</b>	<b>(\$85,369)</b>
Value of 8 Year MF Tax Exemption <sup>1</sup>	\$7,388	\$9,709	\$11,609	\$10,142
<b>Gap After Tax Exem</b>	<b>(\$10,657)</b>	<b>(\$40,478)</b>	<b>(\$69,778)</b>	<b>(\$95,511)</b>

<sup>2</sup>Exemption only applies to affordable units and accrues to owner of unit



**ECONOMIC ANALYSIS OF AFFORDABILITY INCENTIVES  
KIRKLAND:**

I. IMPACT OF PROVIDING AFFORDABLE UNITS		GENERAL AFFORDABILITY BONUS		TOTEM LAKE AFFORDABILITY BONUS	
		WEIGHTED AVERAGE: Based on Unit Mix:		WEIGHTED AVERAGE: Based on Unit Mix:	
A. RENTAL HOUSING		Studio	10%	Studio	10%
		1 Bedroom	55%	1 Bedroom	55%
		2 Bedroom	35%	2 Bedroom	35%
<b>MARKET RENTS</b>					
Monthly Market Rent		\$ 1,689	\$ 1,689	\$ 1,538	\$ 1,538
Income Affordability					
Annual Income					
% King County Median Income					
Average Unit Size		\$ 755	\$ 755	\$ 755	\$ 755
Rent Per Square Foot		\$ 2.25	\$ 2.25	\$ 2.05	\$ 2.05
King County Median Income	\$ 84,300				
Utility Allowance					
<b>AFFORDABILITY OBJECTIVE</b>					
Income Level Serving					
Hourly					
Annual					
% of median		50%	60%	50%	60%
Corresponding Affordable Rent		\$ 809	\$ 983	\$ 809	\$ 983
<b>GAP / INCENTIVE VALUE (PER UNIT)</b>					
Monthly Rent Gap (market rent - affordable rent)		\$ 880	\$ 706	\$ 729	\$ 555
Cap Rate		6.5%	6.5%	0	0
<b>Present Value</b>		<b>\$ 162,518</b>	<b>\$ 130,419</b>	<b>\$ 134,641</b>	<b>\$ 102,542</b>
<b>B. OWNERSHIP HOUSING</b>					
<b>MARKET SALES PRICE</b>					
Market Sales Price		\$ 319,375	\$ 319,375	\$ 296,563	\$ 296,563
Size (square feet)		\$ 913	\$ 913	\$ 913	\$ 913
Price per square foot		\$ 350	\$ 350	\$ 325	\$ 325
<b>AFFORDABILITY OBJECTIVE</b>					
Income Level Serving					
Hourly					
Annual					
% of median		70%	80%	70%	80%
Corresponding Affordable Sales Price		\$ 163,370	\$ 190,840	\$ 163,370	\$ 190,840
(assumes 10% down, 5.5% mortgage rate, homeowner dues of approximately \$175 - \$225, property tax rate: .85%.)					
<b>GAP / INCENTIVE VALUE (PER UNIT)</b>					
<b>Sales Price Gap per Unit</b>		<b>\$ 156,005</b>	<b>\$ 128,535</b>	<b>\$ 133,193</b>	<b>\$ 105,723</b>

II. VALUE OF PUBLIC INCENTIVES (Higher Density / Mixed Use Housing)

INCENTIVES (Value Per Affordable Unit)

WEIGHTED AVERAGE: Based on Unit Mix:

WEIGHTED AVERAGE: Based on Unit Mix:

Development Capacity Incentives

Per Unit Land Cost	\$ 40,000	\$ 40,000
Total Bonus per affordable unit	2.0	2.0
<b>Value of Density Bonus</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>

\$ 35,000	\$ 35,000
3.0	3.0
<b>\$ 105,000</b>	<b>\$ 105,000</b>

Permitting/Fee Costs

Impact Fee Waivers (60% median for rental / 80% median for ownership)

Transportation	\$ 2,242	\$ 2,242
Parks	\$ 2,515	\$ 2,515
Schools	\$ -	\$ -
Utility Hook-up Fees	\$ 3,912	\$ 3,912

\$ 2,242	\$ 2,242
\$ 2,515	\$ 2,515

Land Use/Building Permits Provisions don't appear to apply to affordable units in Totem Lake.

Permit Fees (Per Unit)	\$ 2,006	\$ 2,006
Impact Fees (Per Unit)	\$ 8,669	\$ 8,669
Units exempted per affordable unit	2.0	2.0
<b>Value of Fee Waivers</b>	<b>\$ 12,681</b>	<b>\$ 12,681</b>

\$ -	\$ -
\$ 4,757	\$ 4,757
-	-
<b>\$ 4,757</b>	<b>\$ 4,757</b>

Reduced Parking

Cost Per Stall	\$ 12,350	\$ 30,000
Parking Reduction per unit	0.50	0.50
<b>Value Reduced Parking</b>	<b>\$ 6,175</b>	<b>\$ 15,000</b>

\$ 12,350	\$ 30,000
0.07	0.07
<b>\$ 865</b>	<b>\$ 2,100</b>

Smaller Units

Reduced Size (square feet)	-	-
Hard Costs per square foot (savings)	\$ 130	\$ 130
Soft Costs (as percent of hard cost)	30%	30%
<b>Value of Smaller Units</b>	<b>\$ -</b>	<b>\$ -</b>

-	-
\$ 130	\$ 130
30%	30%
<b>\$ -</b>	<b>\$ -</b>

Increased Profits

A. Profit (8% of 100x monthly rent): 8%	\$ 13,514	\$ 13,514
Additional Bonus Units	1.0	1.0
<b>Value Increased Profit</b>	<b>\$ 13,514</b>	<b>\$ 13,514</b>

\$ 12,306	\$ 12,306
2.0	2.0
<b>\$ 24,612</b>	<b>\$ 24,612</b>

Soft Cost Savings

Undetermined Undetermined

Undetermined Undetermined

**SUB-TOTAL \$ 112,370 \$ 121,195**

**\$ 135,234 \$ 136,469**

Property Tax 8 Year Exemption

Tax Rate (Per \$1,000)	\$ 7.35	\$ 7.35
Improvement Value Per Unit	\$ 234,000	\$ 234,000
Annual Tax Saving per Exempt Unit	\$ 1,719	\$ 1,719
Discount Rate	8.0%	8.0%
Present Value per Exempt Unit	\$ 9,878	\$ 9,878
<b>Ratio of Exempt Units to Affordable Units</b>	<b>10.0</b>	<b>10.0</b>
<b>Present Value per Affordable Unit</b>	<b>\$ 98,783</b>	<b>\$ 98,783</b>

\$ 7.35	\$ 7.35
\$ 209,000	\$ 209,000
\$ 1,535	\$ 1,535
8.0%	8.0%
\$ 8,823	\$ 8,823
<b>10.0</b>	<b>10.0</b>
<b>\$ 88,229</b>	<b>\$ 88,229</b>