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MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Deputy City Manager
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Date: March 24, 2022

Subject: NE 85TH ST STATION AREA PLAN – CITY COUNCIL MEETING, FILE NO. CAM20-00153

STAFF RECOMMENDATION

Receive a briefing from the project team to review the following:

- Station Area Preferred Plan Direction adopted by Council Resolution R-5503 in December 2021;
- Status updates of 2022 work to develop the plan, including an introduction to the incentive zoning analysis that will inform development incentives to achieve community benefits;
- Outlines of the documents and code amendment packages that will be included in the Station Area Plan legislative process; and
- Timing and phasing of final plan adoption.

BACKGROUND

With the passage of the 2019-2020 budget, City Council authorized creation of a Station Area Plan associated with the Sound Transit Bus Rapid Transit (BRT) station planned for the I-405/NE 85th Street interchange.

This budget direction was affirmed on February 19, 2019 when the City Council adopted Resolution R-5356 approving the 2019-2020 Priority Goals and City Work Program. One of the twelve City Work Plan initiatives related to developing the Station Area Plan is shown in the following excerpt from R-5356:

Continue partnerships with Sound Transit, the State Department of Transportation and King County Metro Transit to ensure that I-405 investments serve Kirkland's mobility needs and maximize the benefit of Sound Transit's NE 85th Street/I-405 Bus Rapid Transit interchange project by completing land use, zoning, and economic development plans for areas adjacent to the interchange project to further the goals of Balanced Transportation and Economic Development.

The BRT station, anticipated to be operational in 2026, will provide the Station Area with frequent high capacity transit service to regional destinations and transit connections. The

intent of the Station Area Plan is to fully leverage this significant, voter-approved, regional investment in transit with a land use plan that would result in a walkable, equitable, sustainable, and complete transit-oriented neighborhood that will provide affordable housing, school capacity, park amenities, family wage jobs, and commercial and retail services.

City Council last discussed the Station Area Plan at their [December 14 Council meeting](#), where they adopted the Station Area Preferred Plan Direction by adopting Resolution R-5503 (see Attachment 1). The Resolution adopted the following vision for the Station Area Plan:

The Station Area is a thriving, new walkable district with high tech and family wage jobs, plentiful affordable housing, sustainable buildings, park amenities, and commercial and retail services linked by transit.

The vibrant, mixed-use environment is a model of innovation. With an outstanding quality of life and unmatched mobility choices, the Station Area is eco-friendly, a place to connect, and deeply rooted in the history of the land, the people, and the culture of this special crossroads in Kirkland. The highly visible integration of ecological systems within an urban setting set the Station Area apart while tying the unique sub-area districts together with existing open space and active living opportunities.

PREFERRED PLAN DIRECTION - ADOPTION BY RESOLUTION

At their December 14, 2021 meeting, City Council voted to adopt Resolution R-5503 to confirm the Preferred Plan Direction (see Attachment 1), based on prior Council direction around June Alternative B from the [Fiscal Impacts and Community Benefits Analysis](#). The Preferred Plan direction does not represent a complete plan, policies, or form-based code. Rather, the resolution and Preferred Plan Direction:

- Encapsulate Station Area analysis and work completed between February 2019 and December 2021, and Council and community input received;
- Establish clear direction for the work of the Planning Commission, staff, and consultant team in 2022 by setting a framework for final plan and code development;
- Reflect the legislative intent of the City Council for the general type and intensity of development for inclusion in the Final Supplemental Impact Statement (SEIS) that was administratively issued on December 30, 2021; and
- Provide direction for the forthcoming Planned Action Ordinance(s) that will facilitate future private development and public infrastructure.

The Preferred Plan Direction includes the following components. Each component is summarized below; Exhibit A to Resolution R-5503 (see Attachment 1) includes complete descriptions of each component with accompanying maps and graphics.

Long Range Vision for the Station Area

Resolution R-5503 adopted the long-range vision for the Station Area Plan. The vision statement is excerpted above.

The long range vision also includes the following components:

- *Description of growth expectations.* The long range vision includes the growth capacity in the area through the year 2044, for:
 - Households: 8,152 total households by the horizon year of 2044 (6,243 households above existing).

- Jobs: 22,751 total households by the horizon year of 2044 (17,763 jobs above existing).
- *Framework for community benefits and recommended strategies.* This framework confirmed the previous Council direction to further develop the recommended strategies to achieve community benefits including commercial linkage fees, Tax Increment Financing (TIF) district(s), and a density bonus/incentive program.

Implementation Framework for the Station Area (basis for form-based code)

- *Future character zones map and tables.* The character zones adopted in the Preferred Plan Direction set a vision for each distinct district within the Station Area; they set the “guideposts” for what the future development regulations and implementation of community benefits strategies should achieve.

The Preferred Plan Direction adopted five distinct character districts, shown in the following figure and described in Attachment 1.

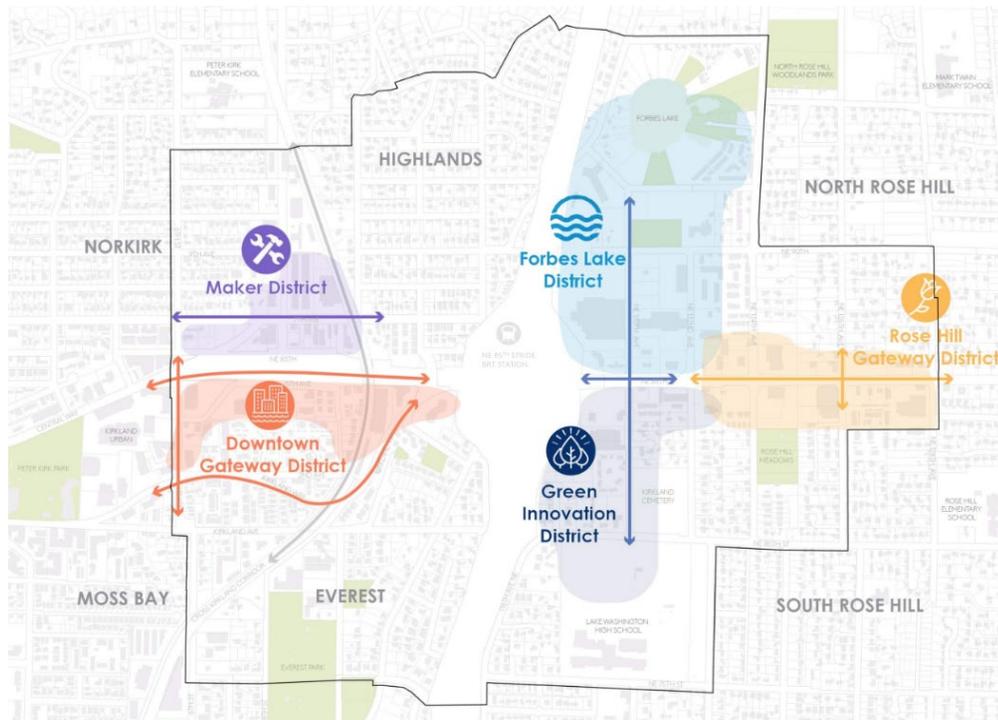


Figure 1: Draft Character District Map, prepared by Mithun

- *Regulating Districts map (i.e., draft form-based zoning districts).* The regulating districts adopted in the Preferred Plan Direction set the framework for future development regulations unique to each district and established the general maximum allowable height for each district that will be refined to incorporate standards for height transitions (e.g., setbacks, upper-story stepbacks, land use buffers, floor plate limits).

The Preferred Plan Direction adopted five regulating districts, shown in the following figure and described in Attachment 1.

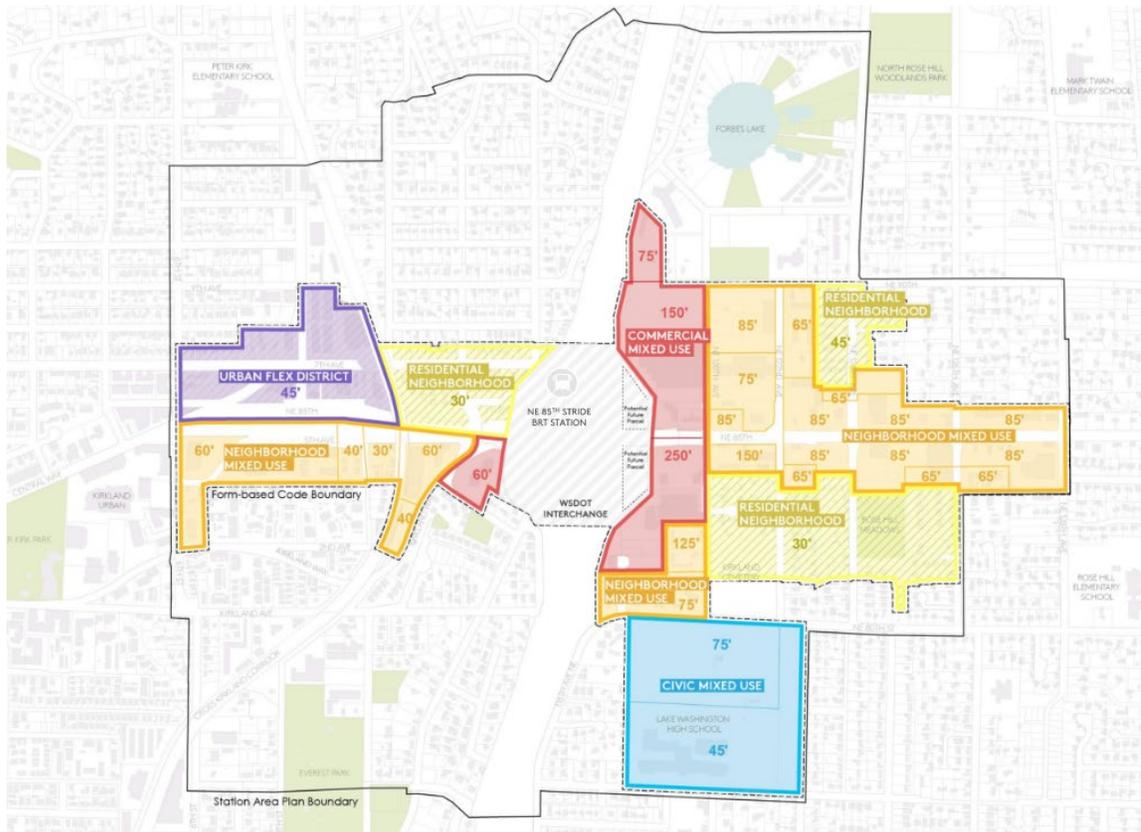


Figure 2: Draft Regulating District Map, prepared by Mithun

- *Future street and frontage types map and tables.* The street and frontage types begin to establish a foundation for how the form-based code will regulate how building types interact with the public realm. The maps and tables in the Preferred Plan Direction (see Attachment 1) distinguish the general character and travel-mode priorities for each street type, and establish an initial idea of what types of building frontages should be permitted on each street type.

ADDITIONAL STATION AREA ANALYSIS IN 2022

In 2021, together with adoption of R-5503, Council directed staff to further develop community benefits strategies and undertake additional analysis in order to complete the Station Area Plan deliverables described in the section below. These additional tasks include:

- Additional transportation analysis to quantify the number of pedestrian and biking trips in the Station Area, examine the travel times for transit through the Station Area, and develop refined transportation project concepts that prioritize pedestrians and cyclists.
- Economic analysis for the Incentive Zoning program to be included as part of the Form-based Code.
- Formation of a Green Innovation Development Code that identifies parameters for baseline requirements (development regulations), incentives, and long-term strategies.
- Tax Increment Financing (TIF) analysis to identify a potential TIF district and recommended projects to consider for funding through TIF.

STATION AREA PLAN DELIVERABLES

Work in 2022 is focusing on the preparation of final deliverables for the Station Area, briefly described below. The additional analysis mentioned above will inform the preparation of these deliverables, which will establish policies and development regulations for the Station Area. Each of the Station Area Plan deliverables are informed by community input gathered to-date, and also by the framework and vision established in the Preferred Plan Direction.

Final Station Area Plan Document

The final plan document will include Vision and Goals for: Land Use and Urban Design, Open Space, Transportation and Mobility, and Sustainability. The document will include a summary of the entire process, including an executive summary, overview of the planning process, and plan recommendations. The final Station Area Plan will be a highly graphic document with illustrative plans, systems diagrams, and renderings that communicate the vision for the future character of the district.

Comprehensive Plan Amendments

Comprehensive Plan amendments related to the Station Area plan are expected to include a new sub-area chapter for the district that codifies the goals and policies for future growth. This new chapter will overlay portions of the six neighborhoods that comprise the geography of the Station Area but will not alter any existing neighborhood boundaries. The forthcoming draft amendments will address any inconsistencies with the adopted underlying neighborhood plans, for example, in cases where the Station Area planning process has performed environmental review and established different standards for allowed development capacity.

Final Planned Action Ordinance

The Final Planned Action Ordinance (PAO) is the culmination of the environmental review process under the State Environmental Policy Act (SEPA) and will include specific mitigation measures for future development and submittal requirements for development applications to be reviewed as planned actions. Planned actions will be those projects that do not exceed thresholds established in the PAO (e.g. activity units, vehicle trips, etc.), and are therefore not required to perform environmental review beyond that in the Final SEIS for the Station Area. The purpose of the PAO is to streamline the environmental review of future development projects that help promote the vision of the Station Area Plan.

Zoning Code Amendments

Zoning Code amendments for all regulating districts established in the Preferred Plan Direction will include the below components. Note the Adoption Phasing section of this memo for an explanation of the phasing plan for Zoning Code amendments.

- Station Area Form-based Code
 - *The form based code will include the base requirements and incentive options for community benefits, informed by the Incentive Zoning analysis discussed in the below section to this memo.*

- Amendments to the existing Zoning Code for consistency, to clarify general regulations, and to clean-up pre-Station Area zoning districts
- Parcel rezones
- Design Guidelines
 - Design guidelines will be established to encourage high-quality architecture and design, and create an engaging pedestrian environment. The design guidelines also provide a framework to guide the Design Review Board (DRB) members where the DRB is required for future new development applications.

Potential Development Agreements

As part of a parallel process, City staff and outside counsel are engaging with Google to explore the terms of a development agreement to provide some certainty of development requirements to help inform the proposed purchase of the Lee Johnson properties in the Station Area in mid-2022. A development agreement is a voluntary contract between a local jurisdiction and a property owner, detailing the obligations of both parties and specifying the standards and conditions that will govern development of the property. There are several factors that resulted in this effort. As the 85th BRT Station Area planning process began in earnest in 2020, Google and Lee Johnson reached out to City staff in support of the vision for the Station Area and expressed their potential interest in developing consistent with the vision, assuming adoption of a Station Area Plan and associated development regulations in mid-2021. At that time, the City Council requested additional analysis related to the fiscal impact and community benefits of the Station Area Plan, delaying the planned adoption of the Station Area plan until mid-2022. Upon completion of the supplemental work and adoption of the Preferred Plan Direction in December 2021, staff recommended that the zoning work be completed in two phases to provide more time for Council, Planning Commission, and public consideration of the zoning, as described earlier. Phase 1 encompassing the Mixed Use Commercial Zone is targeted for adoption by June 30, 2022. Please note the discussion of the adoption phasing plan in the below section of this memo for more detail.

There are two primary reasons why staff believes the development agreement process is important to pursue on this parallel timetable:

1. For the Station Area to achieve its vision and capitalize on the once-in-a-generation investment in mass transit that the BRT station represents, there needs to be one or more catalyst projects to drive redevelopment. As the City experienced with the delayed redevelopment following its up-zoning in Totem Lake over two decades ago, without a catalyst project the vision is dependent on the volatility of the real estate market. The project described by Google is such a catalyst project. By enabling the catalyst project to proceed, while ensuring it is supportive of the Station Area vision, the City can help ensure that the BRT investment achieves its promise, community benefits are achieved, and that the impacts of new development can be addressed. In the absence of the catalyst project and the Station Area Plan, it is likely that the area will redevelop within its current zoning, but will not likely provide sufficient community benefits and may not be able to support the impacts on City services and infrastructure.
2. At the same time, one of Kirkland's long-time businesses and largest sales tax producers is planning to sell its property and has entered into an option for another site in Kirkland. In order for the owner to decide whether to exercise the option before it

expires, Google must make a decision by mid-2022 on whether to purchase the Station Area site and develop it as a catalyst project. A Development Agreement will provide the certainty Google needs to make a timely decision for the current owner. The potential to retain an important existing business within Kirkland in a different location while obtaining a catalyst project within the Station Area creates a win-win for the City, the businesses, and the residents of Kirkland.

The City and Google are negotiating terms for a potential development agreement that could give Google the certainty it needs to make a purchase decision while ensuring that development of a catalyst project by Google would meet or exceed the requirements in the new Form Based Code for the Station Area that the City is developing at the same time.

If agreement is reached on these and other terms of the development agreement, a development agreement could be entered into contingent on approval of the zoning or after Phase 1 zoning is adopted. The development agreement process, as established by RCW 36.70B.170, requires a public hearing before such agreement is approved by ordinance or resolution.

INTRODUCTION TO INCENTIVE ZONING ANALYSIS

With the Preferred Plan Direction, Council adopted a framework to guide development of strategies to achieve community benefits across the five key issue areas, and through future redevelopment in the Station Area. One of the strategies identified was to develop a bonus incentive program, through which additional development capacity could be achieved if development provides community benefits. The benefits provided to utilize the incentivized development capacity would be beyond the established baseline development requirements in the Station Area. These requirements may be different than existing requirements under current zoning (e.g., increased baseline requirements for sustainability). However, the incentivized development capacity cannot exceed the growth and height maximums established in the Preferred Plan Direction.

The incentive zoning analysis will help inform the future base requirements for community benefits that will be set in the forthcoming zoning regulations, and will also help calibrate the levels of incentivized development capacity available for each community benefit amenity option a development may opt to provide. The analysis will “test” several different levels of amenities for potential inclusion in the base requirements, or as incentive options. The Key Issue Updates section below includes elements that will be considered and “tested” in the analysis for each key issue. This analysis will inform the ultimate incentive zoning program that will be embedded within the future zoning regulations for the Station Area. This incentive zoning will be reviewed by Planning Commission and Council with both phases of zoning code amendments.

What is Incentive Zoning?

Incentive zoning is a simple concept based on the valuation of land as defined by the intensity of uses permitted. In general, the higher the intensity of development allowed, the higher the value of the land itself. Assuming development to maximum allowances, the value of any building developed on the land is also greater. True incentive zoning is a voluntary program that offers property owners and developers the option of obtaining increased density and/or

additional allowable building height over what is allowed in the base zoning code (also referred to "as-of-right") in exchange for the provision of public amenities.

This intensity bonus is the "incentive" and is structured as an inducement rather than a mandate. To obtain the bonus, developers must provide stipulated types of improvements or other public amenities as prescribed within the incentive zoning program. For incentive zoning to work optimally, there must be real benefits to the developer to encourage applicants to be willing to go beyond the base zoning and want to access the higher density and height limits allowed through the incentive system.

While most incentive zoning programs provide for additional floor area and height beyond the base development capacity by providing public benefits, programs may also provide other departures from the base zoning in addition to, or instead of, additional floor area as the incentive. The value of the incentive has to outweigh the cost of providing the public benefits. The range of incentives that are typically available include:

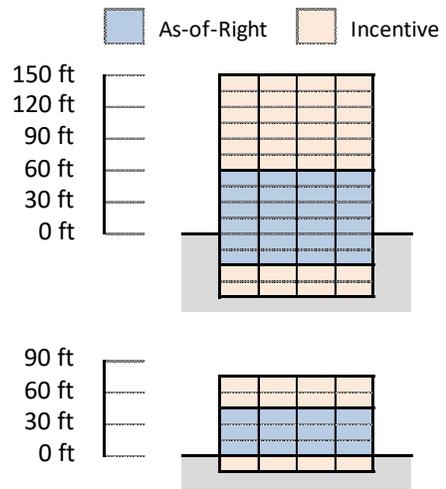
- Increased Densities. As discussed, most programs provide for additional floor area beyond the base density up to a maximum by providing public benefits according to specified conditions. Most incentives are typically enacted through establishing a ratio, such as additional bonus floor area per square foot of public open space provided on site.
- Increased Height. Increased height has been used by some jurisdictions both in tandem and independent of density/floor area ratio (FAR). When used in tandem with FAR, it is necessary for height to be able to accommodate the maximum FAR so that height does not become a limiting factor. When height is offered independent of FAR, the key issue is how different types of development value the additional height, particularly as buildings move up code/construction type and/or cost breakpoints (i.e., wood to concrete/steel construction).
- Modification of Zoning and Development Standards. Incentive zoning could offer developers other concessions and incentives through the zoning code that are not in the form of increased density. These items can contribute greatly to the reduction in development costs. Items typically seen here are reductions of parking standards, exempting certain uses from FAR maximums when established, or modifications in architectural design requirements that exceed minimum building standards.

Conceptual Model for a Kirkland Incentive Zoning Program

As per the Council Direction established in December 2021, a key implementation strategy for the Station Area Plan is to create a new form-based zoning code that integrates an incentive component that would provide a basis for linking new development capacity (upzone value)

with provision of public improvements and/or amenities. The simple graphic to the right shows how such a system could be structured. This conceptual zoning model would include the following components:

1. An as-of-right component that would define the allowed height, intensity and other zoning parameters that describe the base zoning and development requirements.
2. An incentive component that would define the additional height and/or intensity of development that would be allowed in exchange for developer-provided improvements and/or amenities. The incentive component would not exceed the maximum growth capacity and heights established by Council in the Preferred Plan Direction.



Residual Land Value Analysis

The principal analytic tool used in this analysis is a residual land value (RLV) analysis. The basic structure of this analytical approach is to estimate the likely development costs and potential value of a development project under different zoning parameters.

- *Development costs.* The cost side of the equation builds upon the project characteristics, of which the primary cost drivers include parcel size, building square footage and height, predominant use, construction type, and parking requirements. In addition, total costs need to account for soft costs, such as design, permitting, construction management, financing costs and developer profit.
- *Project value.* The value equation is driven by estimated net operating income (NOI), which is the difference between the revenue potential of the finished product and the cost of vacancies and annual operations. The NOI is then used to generate an estimated project value by dividing by the current market capitalization, or cap, rate. The cap rate is a simple ratio expressing the current relationship between what the market is willing to pay for a stabilized project and the income produced by the project (NOI).
- *Residual land value.* Assuming the estimated project value is greater than the development costs, the difference is the maximum amount that a developer would be willing to spend to purchase the property. Thus, to be feasible, this amount would need to be equal to or greater than current land values plus the transactional costs of acquiring the site.

Economic Analysis of Potential Land Use Code Changes

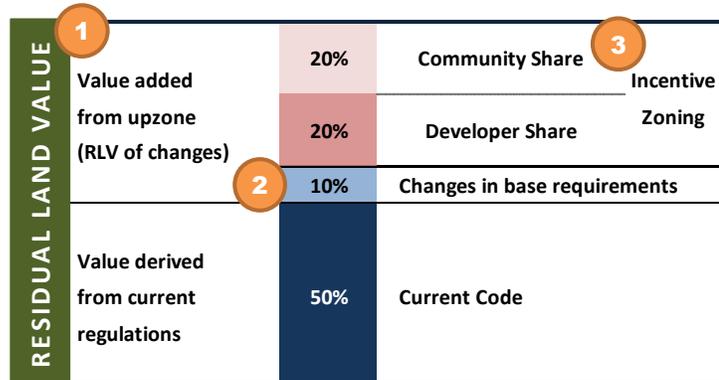
The objective of the economic analysis is to evaluate the economic implications of a potential incentive zoning program as part of the forthcoming form-based zoning code. The analysis will also provide a sound technical basis from which the City can make informed policy choices about how to implement the Station Area Plan land use code. This work began in early 2022 and is being conducted in parallel with the development of the form-based code such that each work program can inform the other in an iterative manner.

The analysis is principally concerned with addressing three key questions:

1. How much private value can be created through changes in land use policy?

2. How much of that new value might be used to increase base development requirements (e.g., requirements that require more robust frontage improvements to improve the active transportation network or sustainability measures)?
3. How much of the value might be left to support a functional incentive zoning program?

The graphic to the right shows how each of these key questions will ultimately define the economic potential for the new code to support an incentive program.



The first step will determine the magnitude of the upzone value – the more value that is added, the greater the likelihood that it will be possible to accommodate new base requirements and support a functional incentive system.

Once the preferred zoning parameters for the new form-based code start to firm up, the next key issue (step 2) will be to determine how much of the new value might be consumed by increases in base zoning requirements. The final step (step 3) will define how much value might remain for the incentive program. It is likely that the economic implications and opportunities will vary, perhaps significantly, for each of the new designating districts proposed in the Station Area.

Zoning regulations present a set of opportunities and constraints that will shape the real estate development options for a given piece of property. The objective is to establish an envelope for development that is economically feasible to achieve (taking into account construction costs, financing, risk, and a profit margin) while achieving the community’s vision for the area.

COMMUNITY BENEFITS: KEY ISSUE UPDATES

With the Preferred Plan Direction, Council adopted a framework to guide development of strategies to achieve community benefits across the five key issue areas: Affordable Housing; Mobility; Open Space / Parks; Sustainability; and Schools. These key issues are the focus of the project team’s work to fold community input and Council priorities into the final plan implementation. Policy choices around each key issue will determine how they are incorporated into the final Station Area Plan deliverables discussed early in this memo. Below is a brief description of work around each key issue, along with a summary of progress on the TIF analysis directed by Council; staff anticipates more detailed discussion with Council during the April 5 study session.

Affordable Housing

The Preferred Plan Direction adopted by Council in the identifies a vision for plentiful affordable housing in the Station Area. The Final SEIS offered the following mitigation options for affordable housing:

- Leverage regional partnerships (e.g., A Regional Coalition for Housing (ARCH)) to add affordable housing opportunities in the Station Area,
- Create density bonuses that prioritize affordable housing,
- Establish minimum requirements for family-size units,
- Require development to provide a minimum number of activity units (i.e. housing units or jobs), and
- Commercial linkage fees.

City staff has met with ARCH to discuss the mitigation options that the City might consider to add affordable housing opportunities in the Station Area. ARCH will be a key partner in assisting the City with investing resources to produce affordable housing. To the extent that the City receives cash payments toward affordable housing rather than units being built directly by the developer, it will be important that those funds be directed to affordable housing projects located in or near the Station Area to assist with making progress toward a better jobs/housing balance.

In the incentive zoning analysis, the project team will be evaluating options for base and incentive housing requirements, including: providing more than 10% (current inclusionary zoning requirement) of units as affordable; providing units at deeper levels of affordability; providing more family-size (2+ bedroom) units. Staff anticipates transmitting an issue paper with policy analysis to Council at a future date.

Commercial Linkage Fee Update

After additional research into commercial linkage fees for affordable housing, staff recommends deferring consideration of this fee as a mitigation strategy at this time. Instead, the recommendation is to use the potential development agreement, existing programs, and incentive zoning to generate affordable housing in the Station Area. This approach can generate additional units of affordable housing. For example, an incentive zoning-based contribution toward affordable housing by commercial development could approximate the revenue that might be generated by a commercial linkage fees in the near term. Staff believes that commercial linkage fees could be a valuable tool and should be evaluated in the future. To support evaluation of commercial linkage fees as a tool for the future, the City should continue to work with ARCH to identify legislative changes that might better address such fees being mandatory and applying on a jurisdiction-wide basis.

Schools

Ensuring future capacity for new students generated by future growth in the Station Area has been a continued area of interest to the Council, and the community. The FSEIS identified the following options to address the anticipated student growth associated with the increased density:

1. Increase development capacity on existing school sites,
2. Explore development bonus incentives for provision of school space in new development,
3. Consider policy changes to allow active frontages or required retail space to contain educational uses, and
4. Promote partnerships to encourage shared facilities in the Station Area and/or optimize utilization of shared use agreements.

Staff has continued coordination with the Lake Washington School District while evaluating the above options. The in-progress Schools Issue Paper (see Attachment 3) provides an overview of staff evaluation to date, and is intended to serve as a background document for Council consideration. Staff will continue to build on the information in the draft and will return to Council with the results of continued analysis, and policy recommendations at a future date.

Mobility

As noted above, with the adoption of the Preferred Plan Direction, Council directed staff to further develop community benefits strategies and additional analysis in order to complete the Station Area Plan deliverables. This further development includes additional transportation analysis to quantify the number of pedestrian and biking trips in the Station Area, examine the travel times for transit through the Station Area, and develop refined transportation project concepts that prioritize pedestrians and cyclists. Work in 2022 builds on the list of potential transportation projects developed for the [Supplemental Transportation Analysis report](#) included in the [Fiscal Impact and Community Benefits Analysis](#), and that is also included as an appendix to the FSEIS. Per Transportation Commission and Council input, the project team has completed work on further enhancements of the transportation project concepts that prioritize pedestrians and cyclists and develop a bolder vision of a multimodal transportation network in the Station Area.

The project team's work to advance the transportation project concepts since adoption of the Preferred Plan Direction has been informed by the comments from the Transportation Commission, and input from Council, that the transportation network concepts should go further to focus on the active transportation infrastructure in the Station Area, including:

- Provide a consistent, connected network for walking and bicycling,
- Provide more protection and comfort for walking and bicycling, particularly on high-speed, high-volume roadways such as 124th Ave NE,
- Provide delineated bike space in the enhanced sidewalks on NE 85th St; and
- Improve safety for people walking and bicycling through intersections.

Staff discussed these refined concepts at the Transportation Commission's March 23 meeting and received positive feedback on refinements made to prioritize the active transportation network, along with suggestions to further prioritize active transportation through measures to slow down, or limit, certain types of vehicular traffic. Analysis to quantify the number of pedestrian and biking trips in the Station Area and examine the travel times for transit through the Station Area is anticipated to be available for the Transportation Commission and Council to review in April.

Open Space / Parks

The Preferred Plan Direction adopted by Council in the identifies a vision for the Station Area as a thriving, new walkable district with park amenities. The Final SEIS offered the following mitigation options for open space and parks:

- Consider an urban level-of-service standard for the Station Area,
- Make more efficient use of existing parks and open spaces in the area,
- Advance parks and open space at a neighborhood and site scale,

- Leverage public assets and partnerships,
- Explore excess WSDOT right-of-way more for stormwater treatment, natural area, or sustainable landscape areas,
- Expand access and open space near Forbes Lake,
- Enhance the Cross Kirkland Corridor, and
- Create green connections to parks and schools.

For many of the above items, the project team is coordinating Station Area efforts with the current PROS plan update, in order to sync resulting PROS plan policies and capital projects lists across the two plans. At the same time, staff is continuing to iterate on concepts introduced in the Preferred Plan Direction that could provide multiple benefits such as mid-block connections that include linear park opportunities, enhanced frontage improvements that provide green space and amenities, and more. Additionally, the incentive zoning analysis will be evaluating options for base and incentive Parks and Open Space requirements for new development, including: on-site public open space (e.g., plazas, pocket parks, etc.), enhanced on-site common spaces, and linear parks. Staff will be bringing the results of the incentive zoning analysis and policy options forward for Council at a future meeting in Spring 2022.

Sustainability

The Preferred Plan Direction adopted by Council in the identifies a vision for the Station Area where sustainability is a highly integrated and defining feature. Council has provided staff with direction to perform additional analysis to inform the formation of a Green Innovation Development Code that identifies parameters for baseline requirements (development regulations), incentives, and long-term strategies. This work is currently underway, and will result in recommendations for a “Future Ready” district framework to align development in the Station Area with the City’s Sustainability Master Plan policies and performance targets. Specific areas of focus will be: energy and decarbonization; and habitat/ecology and green infrastructure. Staff will be bringing the policy options forward for Council at a future meeting in Spring 2022.

TIF Analysis Status Update

One of the funding mechanisms identified for further study in the Preferred Plan Direction Community Benefits Framework was the use of Tax Increment Financing (TIF), a tool approved for use in Washington in the last legislative session (HB 1189). TIF allows a jurisdiction to capture the future value of public investments and catalyze growth, by designating a geographic area in which public investment is needed and issuing bonds against a likely increase in assessed values catalyzed by those investments. This tool may be a good opportunity for the Station Area. Improvements that are the best fit for a TIF are ones that are unlikely to happen through typical CIP, critical to make desired development possible, and ideally can provide multiple benefits.

The City issued a request for proposals late last year and selected Stowe Development Strategies to provide analysis and expertise to evaluate the use of TIF in the Station Area. The work is being done in two steps. The first is currently underway and will develop a TIF Strategy to identify targeted public improvements as well as the TIF area boundary and potential revenue. The City’s priority for targeted public improvements are multi-benefit projects that are

unlikely to be funded through the CIP, especially related to Open Space, Parks, Green Infrastructure, and Active Transportation. This work is expected to be completed during 2Q 2022. Once a TIF area and candidate projects are identified, the second phase is to develop the TIF Project Implementation Study and Report and support the public process that is defined in the statutory authority. To begin identified projects in the next couple of years, this process would take place over about a 9-month window to have the TIF established by June 1, 2023.

COMMUNITY INPUT ON THE STATION AREA PLAN

The community has provided input during all phases of the project, including as part of two community workshops, scoping for the environmental review, the formal comment period for the Draft SEIS, specific outreach using a variety of methods to connect with priority populations (as defined in the Equity Impact Analysis) most likely to be affected by the Station Area Plan, a City Council listening session in May 2021, a Community Q&A Session in November 2021, and feedback to staff, Planning Commission and Council sent by numerous community members.

Staff notes that there are some areas of concern from the community and Council that begin to be conceptually addressed in the Preferred Plan Direction with the more comprehensive work to be completed in developing the final Station Area Plan and Form-based Code. Those areas of concern include, but are not limited to, height transitions, adequacy of the active transportation network and transit capacity, traffic congestion, parking, ample provision of affordable housing, school capacity, and sustainability.

The project team continues to encourage members of the public to provide comments to the City's elected and appointed officials and the project team. Public comment may be made at all Council meetings under *Items from the Audience*, and via email directly to the Council or Planning staff at any time. Additional scheduled opportunities to participate in the planning process will be offered in 2022 through another community workshop, and as the project team begins work with the Planning Commission at public meetings and a public hearing to draft the final Station Area Plan and future Comprehensive Plan and Zoning Code amendments.

ADOPTION TIMELINE

The City began work on the Station Area Plan in 2019. With input from the community, and elected and appointed officials, several phases of the project have been completed (see Attachment 2). The next phase of the process will be focused on the legislative process to adopt the Station Area Plan deliverables. This legislative work was originally scheduled to occur in 2021, with adoption projected by June 2021. That planned adoption has been extended by over a year to allow for additional due diligence, including supplemental transportation analysis, Fiscal Impacts and Community Benefits Analysis, and more community feedback.

Work in 2022 will be divided into two phases to ensure adequate time for the community and appointed/elected officials to consider important community benefits and urban design components for each phase.

- **Phase 1**, with anticipated completion in June 2022, will include:
 - Adoption of the following guiding documents for the entire Station Area (Station Area Plan, Comprehensive Plan, Planned Action Ordinance)
 - Specific rezones and Zoning Code amendments will be limited to the Commercial Mixed-Use District that is closest to the highway interchange (see Attachment 2).

- **Phase 2**, with anticipated completion later in 2022, will include:
 - Specific rezones and Zoning Code amendments for the perimeter areas. This allows more time to consider how these districts of the Station Area can be successfully integrated into neighborhoods closer to existing low-density edges of the Station Area (see Attachment 2).

Phase 1 work will include a series of joint Planning Commission and City Council meetings, a community workshop, a public hearing in early June, and Council adoption in late June. Another series of public meetings and community outreach will be held in Phase 2.

During the legislative process, within the bounds of the Preferred Plan Direction established by the City Council and guided by community input, the Planning Commission will study and recommend policies and regulations to guide future transit-oriented redevelopment of the station area and ensure that redevelopment aligns with the vision. Prior to making their recommendation, the Planning Commission will conduct a public hearing consider all public comment on the proposal. The final adoption of the Station Area Plan will be by City Council.

NEXT STEPS

Given the complex and multi-disciplinary nature of the Station Area planning process, staff is proposing that the Council engage in a special joint session, or multiple sessions, with the Planning Commission to allow for an extended opportunity to review draft concepts from the project team and hold discussions. The proposed joint session(s) would occur in April and/or May, and would be designed to give staff the direction needed to compile the final drafts of the Station Area Plan deliverables. The Planning Commission public hearing, and Council adoption are anticipated in June 2022.

ATTACHMENTS

1. Adopted Resolution R-5503 Confirming the NE 85th St Station Area Plan Draft Preferred Plan Direction
2. Station Area Plan Adoption Timeline
3. In-progress Draft Issue Paper: Schools

RESOLUTION R-5503

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING AN 85TH STREET STATION AREA PREFERRED PLAN DIRECTION AND RELATED MATTERS.

1 WHEREAS, voters in the Puget Sound region approved
2 Sound Transit 3 in 2016, a ballot measure to expand regional
3 transit; and
4

5 WHEREAS, Sound Transit plans to implement a Bus Rapid
6 Transit ("BRT") line along I-405 to connect to light rail service in
7 Lynnwood and Bellevue and to fund the redevelopment of the I-
8 405 interchange at NE 85th Street to include a BRT station; and
9

10 WHEREAS, the Washington State Growth Management Act
11 ("GMA") sets goals that cities must address in their comprehensive
12 plans, requires cities to update their comprehensive plans every 8
13 years, and address expected growth for the next 20 years; and
14

15 WHEREAS, the Puget Sound Regional Council ("PSRC")
16 and/or King County County-wide Planning policies focus housing
17 and jobs growth in urban centers; and
18

19 WHEREAS, the 2035 City of Kirkland Comprehensive Plan
20 ("Comprehensive Plan") includes land use policies that support
21 land use patterns to accommodate growth targets, focusing
22 development near high-capacity transit, commercial
23 redevelopment in Rose Hill, and transit-oriented development
24 around the future BRT Station at NE 85th Street; and
25

26 WHEREAS, the North and South Rose Hill Neighborhood
27 Plan was updated in 2018 and the Highlands and Norkirk
28 Neighborhood Plans were updated in 2020 to reflect changing
29 conditions, including the passage of ST 3 and plans for Sound
30 Transit's BRT station at I-405 and NE 85th Street; and
31

32 WHEREAS, the Moss Bay and Everest Neighborhood Plans
33 are being updated in 2021 to reflect changing conditions,
34 including the passage of ST 3 and plans for Sound Transit's BRT
35 station at I-405 and NE 85th Street; and

36 WHEREAS, on February 19, 2019, the City Council adopted
37 Resolution R-5356 approving the 2019-2020 Priority Goals and
38 City Work Program, which included an initiative to continue
39 partnerships with Sound Transit, the State Department of
40 Transportation, and King County Metro Transit to ensure that I-
41 405 investments serve Kirkland's mobility needs and maximize the
42 benefit of Sound Transit's NE 85th Street/I-405 Bus Rapid Transit
43 interchange project by completing land use, zoning, and economic
44 development plans for areas adjacent to the interchange project
45 to further the goals of Balanced Transportation and Economic
46 Development; and

47
48 WHEREAS, in August 2019, the City issued a Request for
49 Qualifications ("RFQ") for planning consulting services to support
50 creation of an 85th Street Station Area Plan ("Station Area Plan");
51 and

52
53 WHEREAS, on September 3, 2019, the Council adopted
54 Resolution R-5384 authorizing the submittal of applications to
55 King County and PSRC for the Greater Downtown Kirkland Urban
56 Center and adoption of a consolidated plan for the Greater
57 Downtown, with the intent to include the future Station Area
58 within the boundaries of the Greater Downtown Urban Center;
59 and

60
61 WHEREAS, in October 2019, City Planning staff began
62 development of an 85th Street Station Area Planning process; and

63
64 WHEREAS, in 2019 the Washington State Legislature
65 passed E2SHB 1923, encouraging all cities planning under the
66 GMA to increase residential building capacity, and in October 2019
67 the City was awarded \$150,000 in related grant assistance from
68 the state Department of Commerce to include a Form-based Code
69 and Planned Action Ordinance in the Station Area Plan; and

70
71 WHEREAS, on November 13, 2019, the Metropolitan King
72 County Council adopted Ordinance 19007 to amend the 2012 King
73 County Countywide Planning Policies to designate the Greater
74 Downtown Kirkland Urban Center as an Urban Center, inclusive of
75 the core areas surrounding the BRT Station of the Station Area
76 Plan study area; and

77
78 WHEREAS, the City has applied to PSRC for a regional
79 center designation for the greater downtown area, with PSRC
80 review pending completion of the Station Area subarea plan and
81 the Moss Bay Neighborhood subarea plan; and

82 WHEREAS, in February 2020, the City entered into a
83 contract for consulting services as a result of the RFP with Mithun
84 for creation of a Station Area Plan, including a Form-based Code,
85 Supplemental Environmental Impact Statement, and a Planned
86 Action Ordinance; and

87
88 WHEREAS, the City completed an Opportunities and
89 Challenges Analysis to assist in identifying the vision, values, and
90 goals for the Station Area Plan, and published the Station Area
91 Plan Opportunities and Challenges Report on April 15, 2020; and

92
93 WHEREAS, the City published the State Environmental
94 Policy Act ("SEPA") Environmental Checklist and Scoping Notice
95 for the Station Area planning process on May 26, 2020, held a
96 scoping comment period from May 26, 2020 to June 16, 2020,
97 and received public comments from 29 parties; and

98
99 WHEREAS, the City held the first public Community
100 Workshop to discuss the identified Station Area Plan opportunities
101 and challenges and gather community feedback on the initial
102 concepts for the Station Area Plan on June 4, 2020; and

103
104 WHEREAS, the City published a Station Area Plan Market
105 Analysis Report on June 16, 2020 that assessed the market
106 conditions for the Station Area and suitability for new transit-
107 oriented development; and

108
109 WHEREAS, City Council held a study session on July 21,
110 2020 to receive a briefing on the Station Area Plan initial concepts
111 and provided feedback on the preliminary Draft Supplemental
112 Environmental Impact Statement (SEIS) alternatives; and

113
114 WHEREAS, at their July 21, 2020 study session, the Council
115 confirmed the following Station Area Plan Project Vision, Values,
116 and Goals:

- 117 1. Project Vision: The NE 85th St Station Area Plan is a
118 regional gateway district that supports transit, creates
119 opportunity for all, and reflects Kirkland's unique identity.
120 2. Project Values: Livability, Sustainability, Equity.
121 3. Project Goals: Development Near Transit, Connected
122 Kirkland, Inclusive District.

123
124 WHEREAS, the City published the Station Area Plan Draft
125 SEIS that evaluated three Station Area Plan alternatives on
126 January 5, 2021, which opened a 30-day Draft SEIS public

127 comment period and identified a Project Objective to leverage the
128 WSDOT/Sound Transit I-405 and NE 85th St Interchange and
129 inline Stride BRT station regional transit investment to maximize
130 transit-oriented development and create the most: opportunity
131 for an inclusive, diverse, and welcoming community; value for the
132 City of Kirkland; community benefits including affordable housing;
133 and quality of life for people who live, work, and visit Kirkland;
134 and

135
136 WHEREAS, the City held the second public Community
137 Workshop to discuss the Draft SEIS analysis and gather
138 community feedback on the three Draft SEIS Station Area Plan
139 Alternatives on January 7, 2021; and

140
141 WHEREAS, in response to requests from the community,
142 and in recognition that an extended comment period would
143 provide all stakeholders more time to engage with the Draft SEIS
144 and allow for further outreach to community members
145 traditionally underrepresented in past planning processes, the City
146 extended the Draft SEIS public comment period to 45 days,
147 closing the public comment period on February 19, 2021; and

148
149 WHEREAS, the City received 114 written Draft SEIS
150 comments, and gathered additional input on the Draft SEIS at the
151 January 7, 2021 Community Workshop, through an online Draft
152 SEIS survey that received 408 responses, at a human service
153 provider roundtable, through responses to a "meeting-in-a-box"
154 from 26 clients of Sophia Way via coordination with their staff,
155 through two Lake Washington High School Economics class
156 projects focused on the Station Area and Draft SEIS alternatives,
157 and through input provided by various community organizations
158 in meetings with City Planning staff; and

159
160 WHEREAS, the comments on the Draft SEIS and planning
161 process from the community included concerns about the impacts
162 of growth and increased density such as traffic congestion,
163 increased building heights and transitions between areas of
164 differing height and intensity, impacts on schools and transit
165 capacity, and a desire for the plan to help achieve community
166 benefits such as affordable and diverse housing opportunities,
167 plentiful parks and recreational spaces, enhancements and
168 improvements to the active transportation network, new school
169 capacity, and a balance of housing and jobs for people with a
170 range of background and experience levels;

171 WHEREAS, at their January 19, 2021 meeting, the Council
172 was presented with the results of the Draft SEIS, considered Draft
173 SEIS comment themes, and directed the Station Area project team
174 to expand the project scope to complete a Fiscal Impacts and
175 Community Benefits Analysis in order to: analyze the fiscal
176 impacts of infrastructure and public service provision to
177 accommodate future growth in the Station Area; explore
178 strategies to achieve community benefits from growth; and
179 further analyze the transportation network; and

180
181 WHEREAS, in advance of Council decisions about which
182 growth alternatives were to be analyzed in a Fiscal Impacts and
183 Community Benefits Analysis, the Council held a special meeting
184 on May 26, 2021 that served as a Listening Session for community
185 members to provide input on the Station Area Plan directly to
186 Council members; and

187
188
189 WHEREAS, at their June 15, 2021 meeting, the Council
190 reviewed the final scope for a Fiscal Impacts and Community
191 Benefits Analysis and endorsed two "June Alternatives", June
192 Alternative A (Current Trends) and June Alternative B (Transit-
193 Connected Growth), for study in the Analysis; and

194
195 WHEREAS, June Alternative A and June Alternative B were
196 selected by the Council in response to community feedback and
197 narrowed the "bookends" of potential growth in the Station Area
198 based on Draft SEIS Alternatives 1 and 2, respectively, and
199 eliminated Draft SEIS Alternative 3 from future consideration; and

200
201 WHEREAS, the focus of the Fiscal Impacts Analysis was to
202 find if the City could afford the investments necessary to address
203 increased demand on infrastructure and public services if the City
204 implements its vision of the Station Area as a thriving, new
205 walkable district with high tech jobs, plentiful affordable housing,
206 sustainable buildings, and shops, and restaurants linked by
207 transit; and

208
209 WHEREAS, the focus of the Community Benefits Analysis
210 was to find how the public can receive benefits of growth and how
211 development can advance the City's priority objectives if the City
212 implements its vision of the Station Area as a thriving, new
213 walkable district with high tech jobs, plentiful affordable housing,
214 sustainable buildings, and shops, and restaurants linked by
215 transit; and

216 WHEREAS, on October 26, 2021, the City published the
217 Fiscal Impacts and Community Benefits Analysis Technical Memo
218 and Appendices, which found that if the City were to select June
219 Alternative B to implement its vision of the Station Area, the City
220 could afford the investments necessary to address increased
221 demand on public services (especially schools, parks/open spaces,
222 transportation, and utilities), and avoid a reduction in service for
223 existing community members and businesses if the City also
224 adopts a series of policy changes, impact fees, commercial linkage
225 fees, and benefit capture strategies such as Tax Increment
226 Financing, density bonuses, and partnership opportunities; and
227

228 WHEREAS, at their October 26, 2021 meeting, the Council
229 directed staff to draft a Station Area Plan Preferred Plan Direction
230 based on June Alternative B for inclusion in the Final SEIS, and
231 directed staff to prepare an additional scope of work to support
232 development of the community benefits strategies for Tax
233 Increment Financing, commercial linkage fees, and a density
234 bonus program, green infrastructure, and to complete
235 supplemental transportation analyses; and
236

237 WHEREAS, the City held a Community Question and
238 Answer Session on November 1, 2021 to provide an opportunity
239 for the community to engage directly with the project team and
240 to answer community questions related to the Fiscal Impacts and
241 Community Benefits Analysis and other Station Area topics; and
242

243 WHEREAS, the Council held a public hearing in accordance
244 with Kirkland Municipal Code 5.02.020 for the mid-biennial budget
245 process, which included a budget adjustment to support the
246 supplemental analyses required for development of recommended
247 community benefits strategies and additional transportation
248 analyses, with the intent for the Council to adopt the Mid-Biennial
249 Budget Adjustments at their December 14, 2021 meeting; and
250

251 WHEREAS, at their November 16, 2021 meeting, the
252 Council held a joint meeting with the Kirkland Planning
253 Commission to receive an update on the draft Station Area Plan
254 Preferred Plan Direction; and
255

256 WHEREAS, the Station Area Project team has coordinated
257 with Lake Washington School District ("LWSD"), regional transit
258 agencies, and major property owners in the Station Area to
259 explore creative solutions to key issues that will require future
260 strategic partnerships to which the City may, or may not, be a
261 necessary party to; and

262 WHEREAS, the City is conducting an ongoing development
263 review fee study and is exploring creating additional tiers of
264 building permit fees for projects with total valuations over
265 \$1,000,000 to more accurately reflect the review and inspection
266 demands of very large projects as highlighted in the fiscal impacts
267 analysis; and
268

269 WHEREAS, through December 2021, the City has reviewed
270 the Station Area in meetings at five public Planning Commission
271 meetings on: June 25, 2020; January 14, 2021; April 22, 2021;
272 June 10, 2021; and, November 16, 2021 (jointly with City
273 Council); and
274

275 WHEREAS, through December 2021, the City has discussed
276 the Station Area in meetings at four public Transportation
277 Commission meetings on: September 23, 2020; January 27,
278 2021; July 28, 2021; and, September 22, 2021; and
279

280 WHEREAS, through December 2021, the City has discussed
281 the Station Area in meetings at eight public City Council meetings
282 on: March 17, 2020; July 21, 2020; January 19, 2021; April 6,
283 2021; June 15, 2021; October 26, 2021; November 16, 2021
284 (jointly with Planning Commission); and December 14, 2021; and
285

286 WHEREAS, the Council recognizes and shares areas of
287 concern from the community related to the Station Area Plan that
288 will require continuing work to address in the final Station Area
289 Plan, including, but not limited to issues like, height transitions,
290 adequacy of the active transportation network and transit
291 capacity, traffic congestion, parking, ample provision of affordable
292 housing, school capacity, park amenities, and sustainability and it
293 is the intent of the Council that these areas of concern will be
294 addressed prior to final adoption of the Station Area Plan through
295 extensive additional study, community outreach, and
296 partnerships; and
297

298 WHEREAS, the project team has completed the Draft
299 Station Area Plan Preferred Plan Direction for inclusion in the Final
300 SEIS that includes a long-range vision and implementation
301 framework for the Station Area, included as Exhibit A to this
302 Resolution; and
303

304 WHEREAS, the Draft Station Area Plan Preferred Plan
305 Direction is intended to establish the City Council's broad vision
306 for the transit oriented development of the Station Area based on

307 stated objectives for the Plan and to guide the City's future Station
308 Area work toward achieving that vision, including development of
309 planned action ordinances, development agreements and related
310 code, policy, and permitting changes.

311
312 NOW, THEREFORE, be it resolved by the City Council of the
313 City of Kirkland as follows:

314
315 Section 1. The 85th Street Station Area Plan Preferred Plan
316 Direction, as shown in Exhibit A to this resolution, and consisting
317 of the following elements, is adopted:

- 318 1. Conceptual Long Range Vision Statement: the Station
319 Area is a thriving, new walkable district with high tech
320 and family wage jobs, plentiful affordable housing,
321 sustainable buildings, park amenities, and commercial
322 and retail services linked by transit;
- 323 2. Description of growth expectations;
- 324 3. Framework for community benefits and recommended
325 strategies;
- 326 4. Future character zones map and tables;
- 327 5. Regulating districts map; and,
- 328 6. Future street and frontage types map and tables.

329
330 Section 2. The Station Area project team shall proceed
331 with drafting a final Station Area Plan, Form-based Code and
332 zoning amendments, Comprehensive Plan amendments, and
333 Planned Action Ordinance(s) based on the adopted Preferred Plan
334 Direction. The Preferred Plan Direction shall also guide any related
335 legislative actions in the Station Area such as development
336 agreements.

337
338 Section 3. The Planning Commission shall study and
339 recommend Station Area Plan policies and regulations to guide
340 future transit-oriented redevelopment of the Station Area within
341 the bounds of the Preferred Plan Direction adopted herein by the
342 City Council and ensure that redevelopment will align with the
343 long-range vision.

344
345 Section 4. The City shall continue coordination with LWSD,
346 regional transit agencies, major property owners in the Station
347 Area, and community members to explore creative solutions to
348 key issues such as affordable housing, school capacity, future
349 transit capacity and service, and other opportunities to achieve
350 community benefits from growth that may require future strategic
351 partnerships.

352

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Section 5. The City Manager is hereby authorized and directed to:

1. Procure consulting services to develop community benefits strategies including Tax Increment Financing, commercial linkage fees, green infrastructure and a density bonus program for inclusion in the final Station Area Plan.
2. Prepare an ordinance for City Council consideration in early 2022 that would amend the building permit fee schedule to create additional tiers of building permit fees for projects with total valuations over \$1,000,000.

Passed by majority vote of the Kirkland City Council in open meeting this 14 day of December, 2021.

Signed in authentication thereof this 14 day of December, 2021.



Penny Sweet, Mayor

Attest:



Kathi Anderson, City Clerk

EXHIBIT A0: NE 85TH STATION AREA
 GROWTH EXPECTATIONS AND COMMUNITY BENEFITS

Growth Expectations for Preferred Plan Direction

	Preferred Plan Direction
Households	8,152
Employment	22,751

Consistent with Transit-Connected Growth (June Alternative B), over the 23-year planning horizon, the Preferred Plan Direction would support a maximum of:

- 8,152 total households (6,243 above existing)
- 22,751 total jobs (17,763 above existing)

Based on the City's existing Inclusionary Zoning requirement for affordable housing, that maximum development potential would result in:

- 624 total affordable homes, or 10% of new potential households
- Other affordable housing measures will be implemented to increase the production of affordable housing beyond 624 units

Disclaimer: The growth expectations describe the assumed amount of potential growth during the 23-year plan time horizon but is not meant to pre-suppose the decisions of individual property owners or actions of the market, which will likely differ.

The Station Area Plan policies will not preclude current land uses from staying in place.

Community Benefits for Preferred Plan Direction



Community Benefits Policy Framework

Parks

- Consider offsetting deficit with a portion of general government operating surplus
- Level of Service (LOS) policy change appropriate for urban centers, coordinate with the Parks, Recreation and Open Space (PROS) plan
- For larger Community Parks:
 - Tax Increment Financing (TIF) strategy: evaluate bold vision opportunities for TIF candidate projects, and complete conceptual / feasibility study
 - Leverage existing public space and partnerships for shared use agreements
- For Neighborhood, small scale and linear parks:
 - Multi-benefit TIF project for NE 120th including a linear park: evaluate as a TIF candidate project, and complete conceptual / feasibility study
 - Development requirements/bonuses
 - Creative adaptation of existing public space like Forbes Lake, the future interchange surplus right of way, and existing right-of-way

Affordable housing

- Pursue a commercial linkage program
- Allocate a portion of the Linkage Fees toward a workforce development program or equivalent
- Pursue additional implementation strategies

Mobility

- Develop a TIF strategy, and evaluate bold vision opportunities for TIF candidate projects, and complete conceptual / feasibility study prioritizing multi-benefit project opportunities where infrastructure needs overlap
- Development requirements/bonuses: mobility and parking programs and policies

Sustainability

- Green infrastructure strategies and multi-benefit projects
- Development requirements/bonuses
- Explore partnerships around sustainability, climate action, health and well-being initiatives

Schools

- Support LWSD and the community need for childcare and early education with tools such as:
- Development requirements/bonuses for integrated educational or childcare space
 - Explore partnership opportunities such as Joint/Shared Use Agreements
 - Policy changes to define active frontages to include uses for schools, childcare, or other community-serving uses
 - Increase allowed development capacity on existing underutilized public parcels

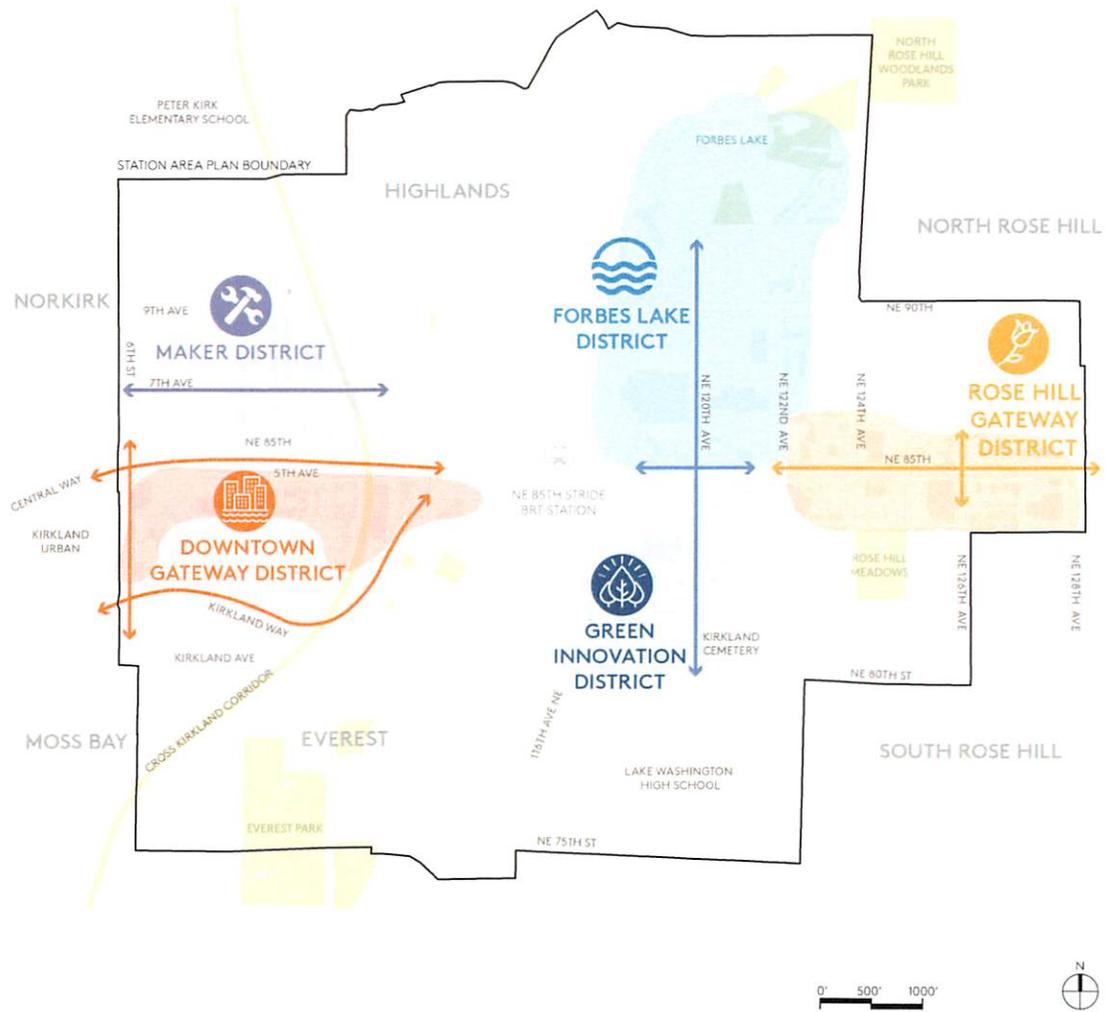
Source: Mithun

EXHIBIT A1: NE 85TH STATION AREA CHARACTER SUB-DISTRICTS

THE VISION

The Station Area is a thriving, new walkable district with high tech and family wage jobs, plentiful affordable housing, sustainable buildings, park amenities, and commercial and retail services linked by transit.

The vibrant, mixed-use environment is a model of innovation. With an outstanding quality of life and unmatched mobility choices, the Station Area is eco-friendly, a place to connect, and deeply rooted in the history of the land, the people, and the culture of this special crossroads in Kirkland. The highly visible integration of ecological systems within an urban setting set the Station Area apart while tying the unique sub-area districts together with existing open space and active living opportunities.



Source: Mithun

**EXHIBIT A2: NE 85TH STATION AREA
 CHARACTER SUB-DISTRICT PRECEDENT IMAGERY**



MAKER DISTRICT

Pedestrian-oriented district building on Norkirk's character and excellent Cross Kirkland Corridor trail connections. 7th is a lively connection between the BRT drop off and old downtown. The traditional mixed industrial/commercial character of the area is recognized while encouraging more urban uses supporting "maker" activities, locally-owned small businesses, active lifestyle and recreation-related private and public uses.



DOWNTOWN GATEWAY DISTRICT

Gateway district to Downtown Kirkland via 6th St that emphasizes mid-rise residential and office uses along 6th and important bicycle and pedestrian connections along green pathways to and from the station and the Cross Kirkland Corridor.



FORBES LAKE DISTRICT

A walkable mixed-use district with opportunities for shops and office uses as well as mid-rise residential uses, organized around a green main street corridor with retail and active uses combined with small open spaces on 120th that connects to Forbes Lake. Biophilic design and visible water, energy, and biodiversity strategies tell the story this place.



GREEN INNOVATION DISTRICT

This vibrant, mixed use district is a model of innovation and place for community, students, and the workforce to connect. It transitions from shops and office uses to townhouses, small apartment buildings, and civic uses. Active transportation choices, connections to green space, and walkable South 120th offer a healthy lifestyle. Views abound.



ROSE HILL GATEWAY DISTRICT

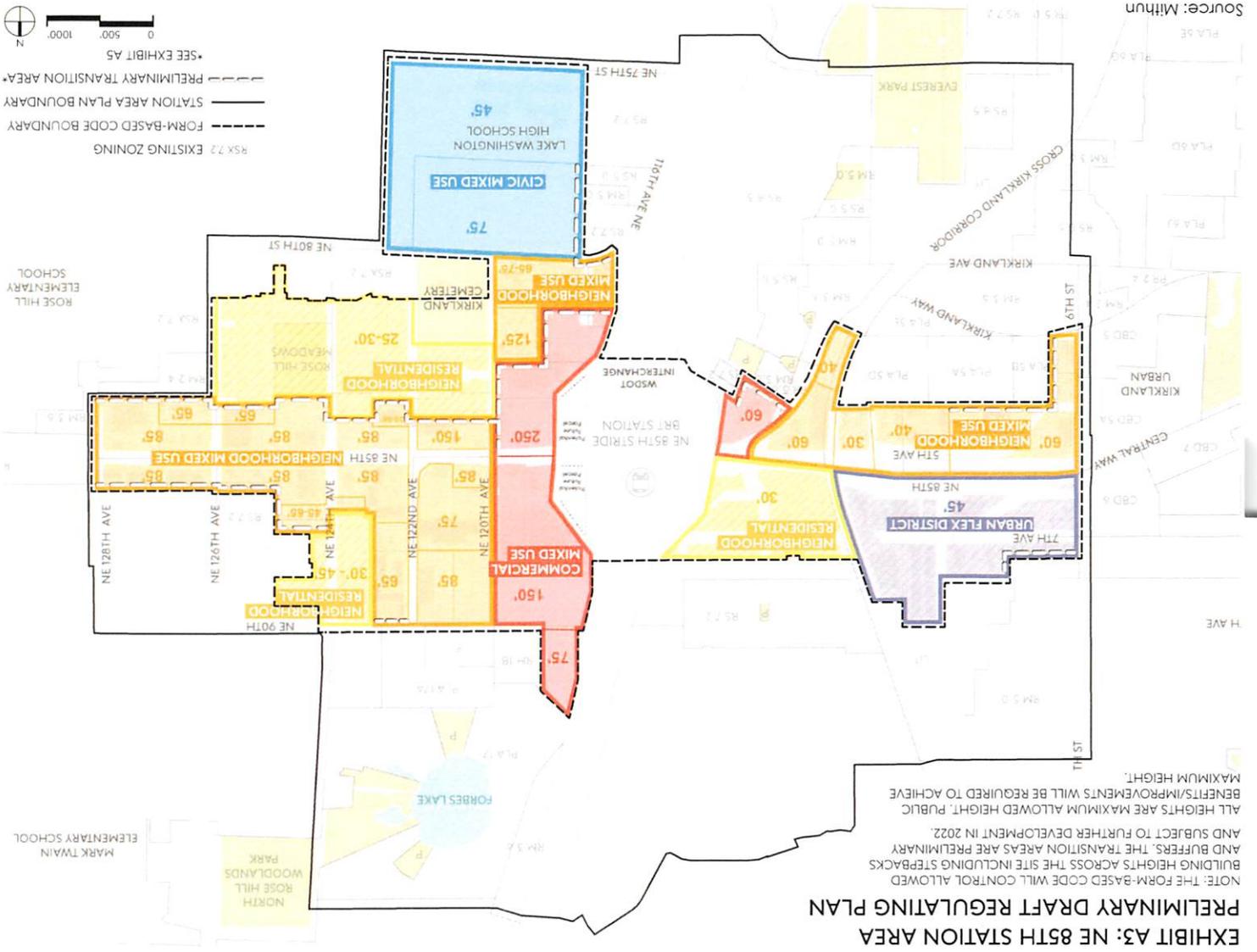
Corridor-based gateway with a mix of active ground floors and mid-rise residential along NE 85th that focuses on creating a strong sense of arrival from Redmond with streetscape design, public art, and urban design features.



Source: Mithun

**EXHIBIT A3: NE 85TH STATION AREA
 PRELIMINARY DRAFT REGULATING PLAN**

NOTE: THE FORM-BASED CODE WILL CONTROL ALLOWED BUILDING HEIGHTS ACROSS THE SITE INCLUDING STEPBACKS AND BUFFERS. THE TRANSITION AREAS ARE PRELIMINARY AND SUBJECT TO FURTHER DEVELOPMENT IN 2022.
 ALL HEIGHTS ARE MAXIMUM ALLOWED HEIGHT. PUBLIC BENEFITS/IMPROVEMENTS WILL BE REQUIRED TO ACHIEVE MAXIMUM HEIGHT.



Source: Mithun

RSX 7.2 EXISTING ZONING
 FORM-BASED CODE BOUNDARY
 STATION AREA PLAN BOUNDARY
 PRELIMINARY TRANSITION AREA*
 *SEE EXHIBIT A5

0 500 1000
 N

EXHIBIT A4: NE 85TH STATION AREA PRELIMINARY DRAFT REGULATING TABLE

NOTE: REGULATING DISTRICTS WILL BE PART OF THE FUTURE FORM-BASED CODE. THEY WILL ESTABLISH BROAD PARAMETERS FOR DEVELOPMENT, INCLUDING ALLOWED USES, HEIGHTS, AND SIDE SETBACKS. ELEMENTS SUCH AS FRONTAGES, TRANSITIONS AND STREETScape DESIGN WILL BE ADDRESSED THROUGH OTHER ELEMENTS OF THE FUTURE FORM-BASED CODE.

	Commercial Mixed Use	Neighborhood Mixed Use	Neighborhood Residential	Urban Flex District	Civic Mixed Use
Maximum Heights (see height subdistrict on regulating plan for maximum allowed height in a specific location)	60-250'	30-150'	20-45'	45'	45-75'
Permitted Uses (General)	Commercial, Civic	Commercial, Residential, Civic	Residential	Commercial, Light Industrial*, Residential, Civic *where compatible with residential	Commercial, Residential, Civic
Upper level setbacks	In progress*	In progress*	In progress*	In progress*	In progress*
Max Floor Area Ratio or Development Area	In progress*	In progress*	In progress*	In progress*	In progress*
Setbacks (Side, Rear) <i>Note: Front Setbacks are regulated through frontage types</i>	In progress*	In progress*	In progress*	In progress*	In progress*

*In Progress parameters will be reviewed as part of the Form-based Code development in 2022

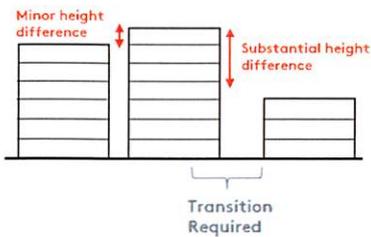
Source: Mithun

EXHIBIT A5: NE 85TH STATION AREA
 PRELIMINARY DRAFT TRANSITIONS APPROACH

Transition rules will apply along the lot lines of any adjacent parcels where the difference in proposed building height and adjacent maximum allowed height is greater than a specified number of feet*. New development would be required to include a combination of the following strategies:

- Site Setbacks
- Upper Level Stepbacks
- Landscape Buffers
- Maximum Façade Length

**Parameters will be reviewed as part of the Form-based Code development in 2022*



Ground Level Set Backs

Allowed build-to line is set back from the lot line, creating more space between building and adjacent parcels or right of way



Upper Level Step Backs

Upper floors must be set back from allowed lower-level building envelope. May be applied multiple times for a single building at different levels to create a "stepped" effect

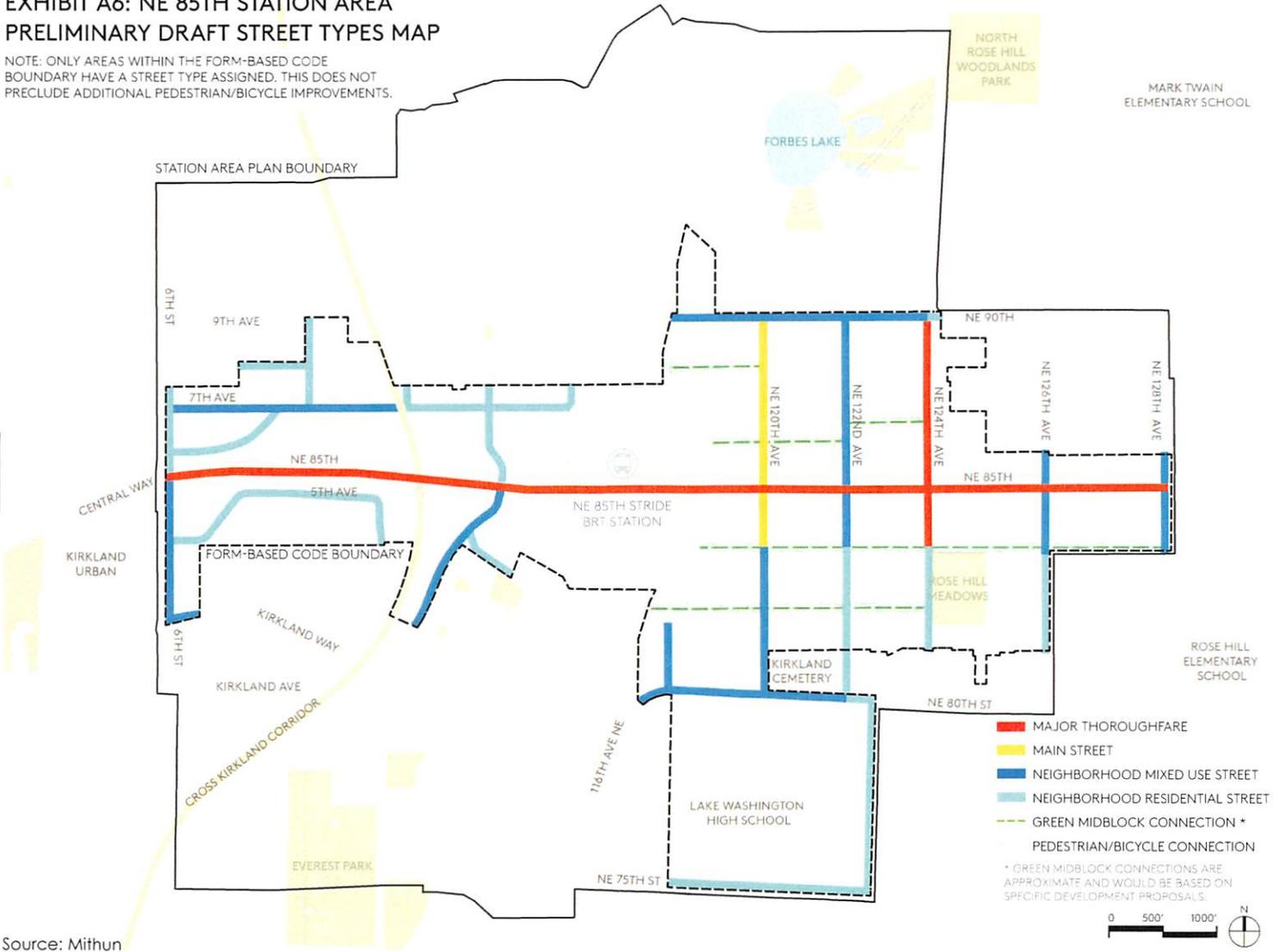


Landscape Buffers

Landscaped open area that is intended to provide visual screening as well as open space separating a building from adjacent parcels. Can also include pedestrian or bike connections or other amenities

**EXHIBIT A6: NE 85TH STATION AREA
 PRELIMINARY DRAFT STREET TYPES MAP**

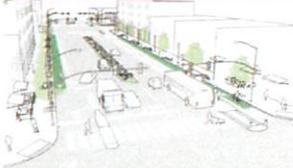
NOTE: ONLY AREAS WITHIN THE FORM-BASED CODE BOUNDARY HAVE A STREET TYPE ASSIGNED. THIS DOES NOT PRECLUDE ADDITIONAL PEDESTRIAN/BICYCLE IMPROVEMENTS.



Source: Mithun

**EXHIBIT A7: NE 85TH STATION AREA
 PRELIMINARY DRAFT STREET TYPES TABLE**

NOTE: STREET TYPES WILL BE PART OF THE FUTURE FORM-BASED CODE. THEY WILL ESTABLISH ALLOWED FRONTAGE TYPES ALONG EACH STREET SEGMENT, AND ALSO RECOMMEND THE FUTURE DESIGN CHARACTERISTICS OF THE PUBLIC RIGHT OF WAY. ELEMENTS SUCH AS FRONTAGES, TRANSITIONS, AND DEVELOPMENT REQUIREMENTS WILL BE ADDRESSED THROUGH OTHER ELEMENTS OF THE FUTURE FORM-BASED CODE.

Major Thoroughfare	Main Street	Neighborhood Mixed Use Street	Neighborhood Residential Street	Green Midblock Connection
				
Streets that connect regional centers or run through central commercial corridors. Many of these streets have significant traffic volumes at peak hours and are key places for high-capacity transit routes and auto-separated bike facilities.	Primary corridors for ground-floor retail, often with generous public realm design. They are high pedestrian volume streets that balance that pedestrian activity with auto, bike, and transit needs.	Neighborhood streets with low to mid-intensity commercial and midrise residential and occasional ground floor retail. Generally lower vehicular traffic volume than major thoroughfares, and some may contain auto-separated bike facilities.	Residential-focused streets with low vehicular traffic volumes, which can accommodate shared bike facilities.	Generously landscaped mid-block connections within larger commercial or residential developments or between parcels. May include required on-site green stormwater infrastructure. Does not include public ROW improvements to "green" an existing street.
Typical ROW Width 80-120'	65-85'	45- 75'	45- 70'	30-50'
Functional Classes Principal Arterial	Minor Arterial, Collector	Collector, Local	Collector, Local	Local
Adjacent Land Uses High intensity commercial, residential, and active ground-level uses.	Mid-intensity commercial, residential, and ground-level retail uses.	Low to mid-intensity commercial, residential, and occasional active ground-level uses.	Predominantly low to medium intensity residential uses.	Low to high intensity commercial or residential uses, typically within larger developments. May have active ground-level uses, depending on site design.
Allowed Frontage Types Urban Street Edge, Retail & Active Uses, Plaza/Public Space	Retail & Active Uses, Plaza/Public Space	Urban Street Edge, Plaza/Public Space, Residential Stoop/Porch	Urban Street Edge, Plaza/Public Space, Residential Stoop/Porch, Private Yard	Urban Street Edge, Retail & Active Uses, Plaza/Public Space.
Travel Priorities Ped*, Bike*, Transit, Freight, Auto	Ped, Bike, Transit, Auto	Ped, Bike, Auto	Ped, Bike, Auto	Ped, Bike, Auto**
*Separated facilities				**Local access, loading only

Source: Mithun

EXHIBIT A8: NE 85TH STATION AREA PRELIMINARY DRAFT FRONTAGE TYPES

NOTE: FRONTAGE TYPES WILL BE PART OF THE FUTURE FORM-BASED CODE. THEY WILL REGULATE THE RELATIONSHIP BETWEEN PRIVATE DEVELOPMENT AND THE PUBLIC REALM, INCLUDING GROUND FLOOR FACADE DESIGN, FRONT SETBACKS, LANDSCAPE CHARACTERISTICS, PEDESTRIAN ACCESS, AND OTHER CHARACTERISTICS. ALLOWED FRONTAGE TYPES WILL BE DETERMINED BASED ON THE STREET TYPE DESIGNATION FOR EACH PARCEL'S FRONTAGE. ELEMENTS SUCH AS TRANSITIONS, STREETSCAPE DESIGN, AND GENERAL DEVELOPMENT REQUIREMENTS WILL BE ADDRESSED THROUGH OTHER ELEMENTS OF THE FUTURE FORM-BASED CODE.

Urban Street Edge

- Shallow to no setbacks
- Pedestrian-oriented facades with transparency and building entries
- Additional travel zone if constrained sidewalk



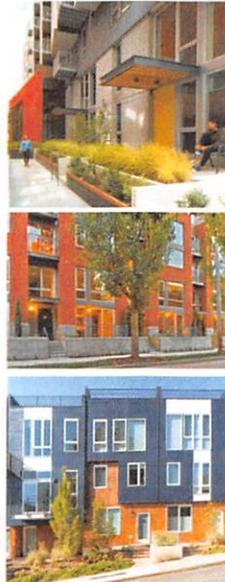
Retail & Active Uses

- Generous pedestrian zone with seating, overhead protection, and other furnishings and building entries
- Articulated bays, active facades, higher ground floor heights



Residential Stoop/Porch

- Shallow setbacks, first floor at different level than sidewalk
- Direct entries from individual units
- Stoops and porches address grade change
- Articulated facades to reflect units



Plaza/Public Space

- Deep setback to establish public space
- Active frontages and entries facing onto open space
- Smooth transition to public ROW with occupiable open space



Private Yard

- Landscaped front yard
- Visual connection to primary building from sidewalk
- Street wall edge maintained with elements like low walls and vegetation



Source: Mithun

NE 85th St. Station Area Plan: 2022 Plan Adoption and Phasing

The City began work on the Station Area Plan in 2019. Adoption of the Station Area Plan was originally planned for **June 2021**. With input from the community and elected and appointed officials, several phases of the project have been completed.

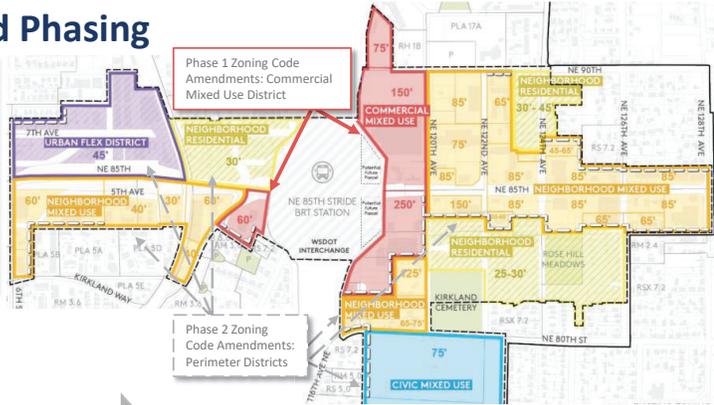


The planned adoption has been extended by over a year to allow for additional due diligence, including supplemental transportation analysis, Fiscal Impacts and Community Benefits Analysis, and more community feedback. In 2022, with further input from the Community, Planning Commission, and City Council, we are moving into the final phases of the project that will result in final Station Area Plan adoption.

What's included in the final Plan?	FINAL STATION AREA PLAN	COMPREHENSIVE PLAN AMENDMENTS	FINAL PLANNED ACTION ORDINANCE	ZONING IMPLEMENTATION
	<ul style="list-style-type: none"> Vision & Goals for Land Use & Urban Design, Open Space, Transportation & Mobility, and Sustainability Policies for Station Area 	<ul style="list-style-type: none"> Amend General Elements (Land Use, CFP, Transportation, etc.) New sub-area chapter for Station Area Amend existing Neighborhood Plans for consistency with SAP 	<ul style="list-style-type: none"> Environmental review for planned actions Specific mitigation measures for and submittal requirements for applicant SEPA exemption 	<ul style="list-style-type: none"> Form-based Code / Zoning Code Amendments Parcel Rezones (to Station Area regulating districts) Design Guidelines

NE 85th St. Station Area Plan: 2022 Plan Adoption and Phasing

Notes on Adoption and Phasing Timeline
 Work in 2022 is divided into two phases to ensure adequate time for the community and appointed/elected officials to consider important community benefits and urban design components for each phase. **Phase 1**, with anticipated completion in June 2022, will include adoption of guiding documents for the entire Station Area (Station Area Plan, Comprehensive Plan, Planned Action Ordinance) but will only include specific rezones and Zoning Code amendments for the Commercial Mixed-Use District (see red area on adjacent regulating district map) that is closest to the highway interchange. **Phase 2, which will include specific rezones and Zoning Code amendments for the perimeter areas, is being extended further into 2022. This allows more time to consider how these districts of the Station Area can be successfully integrated into neighborhoods closer to existing low-density edges of the Station Area.**



Issue Paper: School Mitigation Options Analysis

Draft – March 18, 2022

Issue Description

As part of the Final SEIS for the 85th Station Area Plan, School Mitigation Options were identified to address the anticipated student growth associated with the increased density. City staff has evaluated these options and has developed preliminary staff recommendations summarized in this Issue Paper for City Council consideration. The purpose of these issue papers is to assist the City Council with balancing the incentive options to achieve community benefits, while not discouraging redevelopment.

Background

Policy Context: The Preferred Plan Direction approved by Resolution 5503 at the City Council meeting on December 14, 2021, included the following findings and direction:

WHEREAS, the Station Area Project team has coordinated with Lake Washington School District (“LWSD”), regional transit agencies, and major property owners in the Station Area to explore creative solutions to key issues that will require future strategic partnerships to which the City may, or may not, be a necessary party to;

Section 4. The City shall continue coordination with LWSD, regional transit agencies, major property owners in the Station Area, and community members to explore creative solutions to key issues such as affordable housing, school capacity, future transit capacity and service, and other opportunities to achieve community benefits from growth that may require future strategic partnerships.

As part of the Final SEIS for the 85th Station Area Plan issued on December 31, 2021, the following School Mitigation Options were identified to address the anticipated student growth associated with the increased density:

- Increase development capacity on existing school sites
- Explore development bonus incentives for provision of school space in new development,
- Consider policy changes to define active frontages or required retail space to include educational uses,
- Promote partnerships to encourage shared facilities in the Station Area and/or optimize utilization of shared use agreements.

School District Needs: The FSEIS identifies that School capacity would need to increase by 936 students under the Preferred Plan Direction, by the horizon year of 2044. Accommodating this growth during the 22-year plan horizon will require additional school capacity, which is increasingly challenging to site given urbanization in the District. As a result, LWSD has identified the need to move beyond traditional approaches to find innovative solutions to school student capacity needs. LWSD provided the following comments to the City in their letter dated October 26, 2021:

- *To consider not just approval of height increases, but other updates to zoning code challenges faced by Lake Washington School District including: allowing decreased setbacks and increased impervious surface limits,*

- *To consider provision of future school sites as part of permitted development,*
- *To consider partnership with the district on the development of nontraditional models to address overcapacity (e.g., a multi-grade (P-12) standalone tower concept),*
- *To consider, when planning development of parking areas, that parking areas be accessible to and utilized by school buses.*

City of Kirkland Role: The City of Kirkland can help address LWSD needs in three primary areas:

- Regulatory authority over development of LWSD and private property in the Station Area.
- Funding via school impact fees adopted by the City based on LWSD analysis and collected from new residential development and remitted to the District.
- Partnership in both advocacy for funding and flexibility for school funding, shared use arrangements, and in pursuing relationships of mutual benefit.

The City has developed and analyzed conceptual-level options in each of these areas and preliminary findings are summarized as follows.

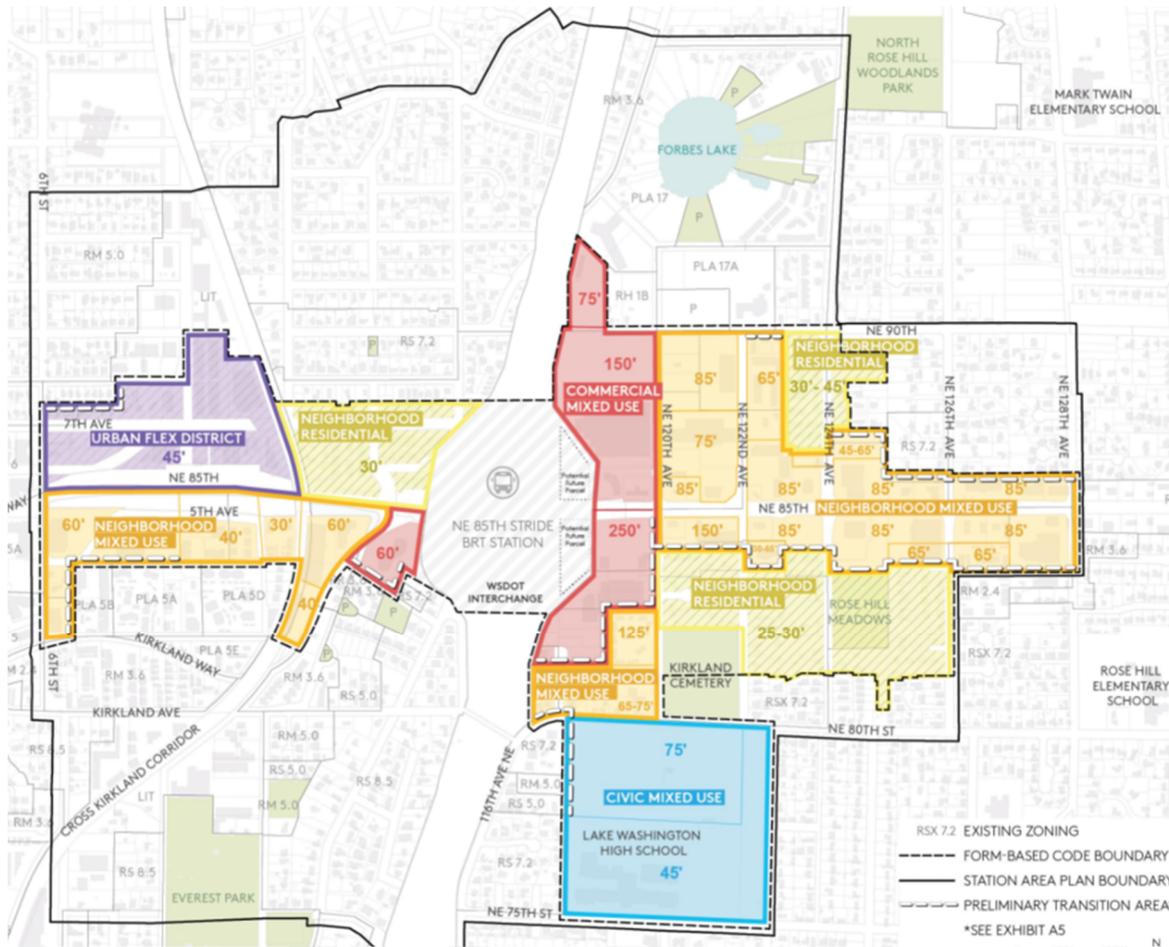
Analysis of School Mitigation Options

As noted earlier, the FSEIS identified the following options to address the anticipated student growth associated with the increased density:

1. Increase development capacity on existing school sites,
2. Explore development bonus incentives for provision of school space in new development,
3. Consider policy changes to define active frontages or required retail space to include educational uses,
4. Promote partnerships to encourage shared facilities in the Station Area and/or optimize utilization of shared use agreements.

Each option has been analyzed as described below followed by preliminary staff recommendations.

1. Increase development capacity on existing school sites: The major existing school site in the Station Area is Lake Washington High School. The Preferred Plan Direction contemplates increased density on the site by incorporating it into a future Civic Mixed Use regulating district, shown (in blue), and described on the following page. The Preferred Plan Direction established an increased maximum height allowance up to 75' on portions of the site.



The Civic Mixed Use regulating district will encourage uses consistent with civic functions including education facilities, while preserving flexibility for additional uses in the future. The district will allow for educational, residential, and retail uses. Maximum heights will range from 45-75’.

Based on the density analysis the district provided as part of their October 26, 2021 correspondence, the City assumed that approximately 150,000 to 180,000 SF is needed to accommodate 1,000 students, roughly what was projected to be student generation in the preferred alternative. The rough area of the existing NW parking lot is approximately 114,000 SF of land, and if property surrounding the parking lot is included, could be as large as 285,000 SF of land. Under the allowed height of 75’ in the preferred alternative, up to 5 stories could be accommodated on that land area, including structured parking above, or below, ground, which could multiply the building square footage and generate sufficient space to accommodate long-term needs. LWSO would need to further study the concept of co-locating different grade levels on this site and issues related to parking and traffic management related to urban school concepts.

In addition, on March 1, 2022, the City Council approved the following item for the Planning Commission work program:

- Growing School Capacity: The City is consistently receiving feedback from the community and the Lake Washington School District (LWSO) about the capacity issues at current District

facilities. This Planning Work Program project, building on a collaboration between City staff, LWSD, and University of Washington urban design students in 2018 (that addressed this issue on a separate site), would partner with the District to explore potential development constraints on existing District-owned properties that create barriers to adding student capacity, and then undertaking code amendments to reduce or eliminate these barriers. Examples might include height, setbacks, parking, and permitting processes.

- ***The Planning Commission recommends this [Planning Work Program] project as a high priority, occurring early in the [Planning Work Program] PWP. In addition, Commissioners suggested that the City consider how the [PWP] project might align with the Parks, Recreation and Open Space (PROS) Plan in terms of collaboration on creation of indoor and outdoor recreation space.***

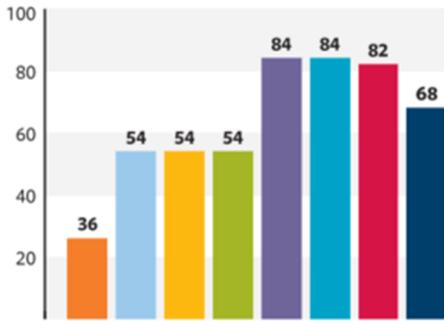
Very preliminary calculations of the potential capacity on LWSD properties in areas adjacent to the Station Area (LWHS, Rose Hill/Peter Kirk/Mark Twain Elementaries, Kirkland Middle School) estimate that several hundred thousand square feet of additional capacity could be made available for more dense, multi-story, school prototypes. In terms of comparable property size and allowed height for urban schools, staff looks to a Kirkland example in Eastside Preparatory School (EPS). According to King County Assessor data, EPS has 169,000 gross square feet of classrooms, office, gym, cafeteria, and theater (including 50,000 square feet for Tali Hall). The height limit in that zone is 60'. EPS purchased five one story office buildings for \$15.8 million in 2017, rebuilding and remodeled since then with projects like Tali Hall and the science/gym building. It would appear that they have additional capacity for growth if they choose to redevelop the two remaining low rise office buildings in the future. The EPS website indicates that they have 517 students from grades 5-12. The site has relatively little parking and relies heavily on Metro and their own private bus service.



Eastside Prep Site

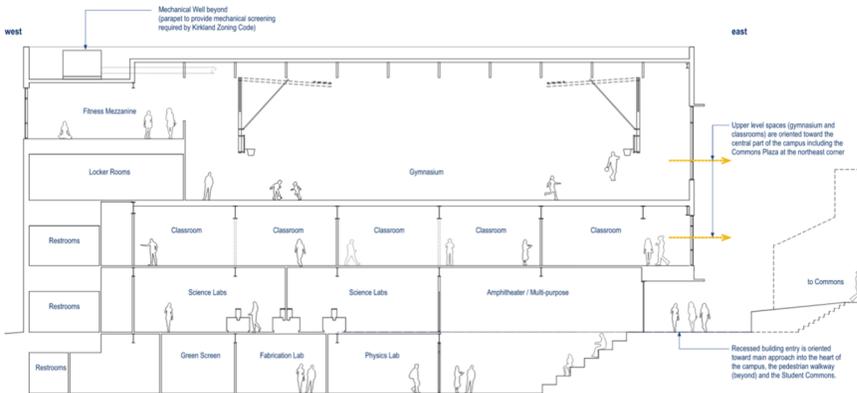
517 students are enrolled for 2020-2021

Grade: ● 5 ● 6 ● 7 ● 8 ● 9 ● 10 ● 11 ● 12



Eastside Prep Enrollment

BUILDING SECTION



21 • Eastside Preparatory School - Science Building • Design Response Conference • August 2014

PUBLIC47ARCHITECTS

Eastside Prep Science Building Cross Section

2. Explore development bonus incentives for provision of school space in new development: Staff evaluated the feasibility of providing bonus density incentives in two broad categories: commercial development and residential development.

Commercial Dedication of School Space

Based on recent office building sales in the Spring District and downtown Bellevue – areas with similar zoning and building quality to what is expected in the NE 85th St SAP – the value of built space that could be dedicated to school use could be between \$750-\$1000 per SF. The table below shows the opportunity cost of developer-provided space for a range of dedicated school facility capacities.

Value (Opportunity Cost) of Providing Space for Schools

No. of Floors	Floor Plate	Total SF	Value per SF		
			\$750	to	\$1,000
1	24,000	24,000	\$18.0m	to	\$24.0m
2	24,000	48,000	\$36.0m	to	\$48.0m
3	24,000	72,000	\$54.0m	to	\$72.0m

The magnitude of this opportunity cost likely precludes requiring dedication of commercial space unless the District was able to pay for the space as a tenant in the form of a long-term lease or acquire a condominium interest. It is our understanding for LWSD that they are prohibited from using their capital levies to pay for capital leases. As discussed further under partnerships below, the City would gladly support legislative action to change the statutory authority to allow school districts to enter into long-term capital leases paid by capital levies. Given the magnitude of the cost, requiring dedication of such a large space without compensation could also make it unlikely that redevelopment would proceed to trigger the incentive as projects may be economically infeasible. It also might not produce spaces of sufficient size to help the school district effectively address its capacity needs.

There is a finite amount of value created by the proposed Station Area upzones and the City Council will need to prioritize the targeted investments in community benefits. The magnitude of the opportunity cost of requiring dedicated commercial space without compensation would likely result in no residual land value capacity for the City to achieve its other community benefit goals of affordable housing, parks and open space, transportation, and sustainability.

There are partnership opportunities with private commercial developers that include shared public spaces that might be of use to both the District and the City, discussed further in the section below.

Residential Dedication of School Space

An option that staff is continuing to explore is providing for development bonus incentives for provision of school space (likely for pre-K programs) in new residential development of sufficient size to support such facilities. These would likely be located within ground floor commercial spaces which may be economically beneficial to project applicants. Depending on factors such as location and size of these commercial units, these spaces sometimes do not provide significant rental income. Combining this with the possibility of requiring less parking for a pre-K use as compared to general retail or restaurant, there could be a net economic benefit to the project.

[This discussion is still under development pending information from LWSD on the minimum square footage that would be useful for these uses. Depending on that information, incentive options for both residential and commercial space will be evaluated, including the possibility of offering space to LWSD for purchase or lease (perhaps at a reduced cost)]

3. Consider policy changes to define active frontages or required retail space to include educational uses: The City is developing a form-based code to regulate future development in the Station Area. A form-based code will include allowed land uses, but focuses more on the form of the built environment

and how private property and the public right-of-way interface. In order to allow flexibility for more types of educational space to be provided in the future, the Preferred Plan Direction included draft regulating districts that would allow educational (“civic”) uses in all zones. Additionally, the form-based code will establish allowed frontage types, and land uses, along each street. Where those frontage types may require an active use, the project team’s working assumption is that educational uses will be included in any definition of an “active” use and/or frontage type.

4. Promote partnerships to encourage shared facilities in the Station Area and/or optimize utilization of shared use agreements: The City is working to explore and promote partnerships as follows:

Private Sector

As development interest in the Station Area arises, staff has coordinated with the private sector and the District to encourage conversations to explore opportunities and barriers. These connections should help the City and the District understand the most effective partnership strategies based on shared interests. These partnerships could take the form of shared space agreements or lease arrangements as discussed earlier. City staff will continue to connect the District with potential partners as opportunities arise.

Another opportunity for collaboration with the private sector is to develop District properties for shared use. Public entities are increasingly using the value of their property to partner with private interests to develop these properties to further facility capacity/improvement needs or policy objectives. Examples include TOD developments such as the East Main project in Bellevue, or affordable housing developments on surplus public land. The NE quadrant of the Lake Washington High School site is very well situated in relation to the most significant upzone parcels in the SAP and at \$100-\$200 per SF, the potential “development-site” would be valued at approximately \$20-\$55 million. In other words, the District owns a significant developable parcel in the SAP that could be a significant asset to support a public-private partnership to develop a project with structured parking, school facilities and private residential or commercial development. The high school site’s proximity to the future Bus Rapid Transit station, along with the pedestrian and other connections to the BRT station that would be developed as part of the Station Area Plan, will also provide flexibility to LWSD and a potential future development partner to minimize the on-site parking supply, allowing limited resources to be invested in actual educational facilities.

City Partnerships

There are several ways that the District and the City can partner to make progress on capacity issues:

Shared use - Cultivate and expand the existing City-School partnership for shared use of facilities for park and recreation needs. As both agencies develop plans to expand services, opportunities for additional share uses should be actively explored. As the City completes its updates to the Parks, Recreation, and Open Space (PROS) plan and as LWSD pursues expansion opportunities, the agencies should share information early to ensure that potential joint uses are identified and incorporated into projects.

Property acquisition – The City is continuing to pursue properties in proximity to the Station Area that could be purchased on service multiple purposes. Two active examples are the Houghton Park & Ride, which is currently being evaluated by WSDOT for surplus and expanded development of Taylor Fields in

the event that the Northeast Recycling and Transfer Station is rebuilt at its current location. The first site could be developed to meet a variety of needs that may include transit, affordable housing, and/or school uses. The transfer station site could provide for expanded athletic field capacity.

Funding – The City can support legislative changes to encourage expansion of funding flexibility in urban areas, such as using capital levies to fund long-term leases as described earlier. The need to expand urban options is likely to be a common need in the Puget Sound area and a coalition of school districts and cities would likely have a significant voice with Legislators.

In addition, the City will continue to support the district through school impact fees. –A conservative estimate based on current fees is that about \$16.9 million in school impact fee revenue would be available for school capital needs under the preferred plan over the next 20 years. Estimates of fees beyond a 6-year time window are speculative, however, this figure could be significantly higher as the impact fee calculations are updated periodically to incorporate new capital programs and student generation (for example, if increased by inflation only, the figure grows to \$24.6 million). In addition, the School District estimated that the new assessed valuation generated due to re development in the Station Area could allow the Lake Washington School District to reauthorize additional construction levy/bond funds by an average of \$5 million per year from 2024-2044 (cumulative total \$106.5 million) while maintaining a level tax rate. This figure assumes that levies are periodically re-authorized by voters to maintain a level rate.

Preliminary Staff Recommendations – [in progress]

Reference Materials

- LWSD Letter dated October 26, 2021
- Existing SAP Background on Schools
 - Fiscal Impacts & Community Benefits Analysis
 - Community Benefits Strategy Framework (Preferred Plan Direction)
 - Final SEIS
- Existing City Policies / Plans / Regulations
 - Comprehensive Plan (Policies)
 - Zoning Code Development Regulations for Schools