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Planning and Building Department
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MEMORANDUM

To: Planning Commission and Houghton Community Council

From: Scott Guter, AICP, Senior Planner
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Date: May 5, 2021

Subject: Missing Middle Housing Update

Recommendation

Receive an update on the implementation of Kirkland Zoning Code (KZC) 113 – Cottage, Carriage and Two/Three-Unit Homes Code Amendments adopted in 2020. This memo also includes some data regarding implementation of the Accessory Dwelling Unit (ADU) Amendments that were adopted at the same time.

Background Discussion

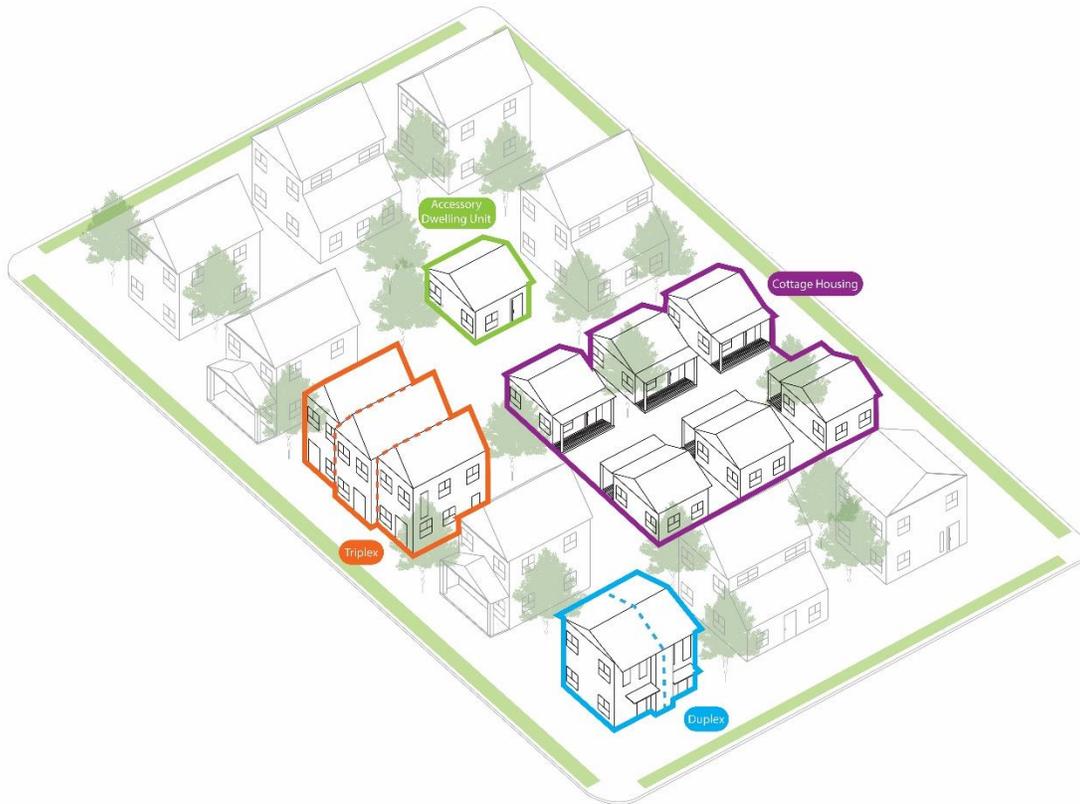
As part of the 2019-2021 Planning Work Program, the City amended Kirkland Zoning Code (KZC) 113 – Cottage, Carriage and Two/Three-Unit Homes. Council adopted the current code with Ordinance 4717 on March 17, 2020. The amended code aims to encourage an expansion of the supply of these missing middle housing (MMH) types. The following goals were set forth when amending the code:

- Develop amendments that incentivize development of MMH that is both economically viable and reflects Kirkland’s community values; and
- Draft clear, concise and actionable code, that is responsive to the needs of the development community, the market and the public, and can be administered by City staff in a consistent and predicable manner.

The Houghton Community Council accepted the amendments to ADUs but exercised their disapproval authority over the KZC 113 amendments, so the prior version of the Chapter remains in effect within HCC jurisdiction.

On April 21, 2021, the City was honored to receive the [Housing Development Consortium](#) (HDC) 2021 Municipal Champion Award for our initiatives on MMH and ADUs. The award presentation and Mayor Sweet’s acceptance speech can be viewed on YouTube by following [this link](#).

What is “Missing” Middle Housing



Communities across the U.S. are experimenting with ways to increase housing affordability that reflects the differing needs and income levels of residents. In Kirkland, housing affordability challenges are exacerbated by the relative scarcity and cost of land. In lieu of traditional upzoning, whereby low-density residential areas are re-zoned to allow for more intensive, multi-family housing construction, some communities are opting for a more neighborhood-compatible approach to encourage residential infill that is of a smaller scale and looks and functions more like single-family residential housing. The term MMH typically refers to a range of housing types, compatible in design and scale with single-family homes, which fill the gap between conventional single-family homes and apartment or condominium units in multi-story buildings. Typically, MMH units (by nature of their relatively smaller size and clustered nature) are designed to be more affordable than conventional single-family units and supportive of walkable neighborhoods, transit, and local-serving commercial uses. Historically, MMH was common prior to World War II, when neighborhoods in many cities were designed to be mixed-income. Communities as diverse as Olympia; Minneapolis; and Montgomery County, Maryland have recently sought to encourage MMH alongside single-family residences, so to increase housing supply and meet demand for this type of housing. The City’s MMH regulations are not intended to produce “affordable housing” in the same defined manner as other more targeted regulations in Kirkland. Rather, the regulations create dwelling units that are more affordable than the typical large single-family product by restricting the square footage of the units and spreading the high costs of land development out across more units.

History of KZC 113

In 2002, endeavoring to encourage variety in housing size, stock and affordability, the City drafted interim regulations allowing the construction of cottage, carriage and two/three-unit homes within prescribed low-density zones. These regulations were crafted with the acknowledgement that they would not likely yield housing affordable to lower-income households, but

could encourage more compact housing that would be relatively more affordable than conventional single-family units. The interim regulations resulted in the construction of the Danielson Grove project, located in the Rose Hill neighborhood. Danielson Grove (see photo) consists of 16 one-, two-, and three-bedroom compact homes. Each home is on a single lot, carefully planned around garden courtyards and a “Commons” building. The City



codified the original interim regulations in 2004, resulting in the construction of other developments, such as the Juanita Farmhouse Cottages and a couple of duplex and triplex projects.

Despite a few successes, the regulations were not utilized broadly in the City. While allowing a variety of housing types, limitations on location, size of units, and lengthy permit requirements were determined to be factors limiting broader utilization of this regulatory option. Other factors that may have influenced the production of MMH in Kirkland include high land values, a strong market for larger, more expensive homes, and lack of developer experience in developing MMH. The 2020 amendments and subsequent implementation were intended to address these identified limitations.

Revised KZC 113 Regulations (outside HCC)

The current regulations generally relaxed a number of restrictions in preexisting code related to size, location, and process. A summary of the code amendments as well as Planning Commission’s recommendations to City Council can be reviewed in a [memo](#) to City Council at their March 3, 2020 meeting. Since the adoption over a year ago, there has been tremendous interest in developing these housing types.

The following table shows the number of applications, from presubmittal meeting applications to permit issuance, for MMH types (ADUs and Cottage, Carriage and Two/Three Unit Homes) over the last four years. A presubmittal meeting is a scheduled meeting between those interested in developing a property and City staff who will review any required permits. While not required for these housing types, a presubmittal meeting is often held at the request of a property owner or developer to determine project feasibility, identify potential roadblocks, determine applicable development code standards, and discuss permitting requirements. While some presubmittal meetings do

not ultimately yield permit applications, the volume and type of presubmittal meetings is often used by the Planning & Building Department to assess future permit activity.

	March 2020 – February 2021*	March 2019 – February 2020	March 2018 – February 2019	March 2017 – February 2018
ADUs				
Presubmittal Meetings	25	5	6	3
Building Permits Applied	56	23	43	39
Building Permits Issued	18	28	36	38
Cottages				
Presubmittal Meetings	24 (125 Units)	2 (8 Units)	0	2 (13 Units)
Building Permits Applied	5 (22 Units)	1 (14 Units)	1 (6 Units)	0
Building Permits Issued	1 (2 Units)	1 (6 Units)	0	0
2/3 Unit Homes				
Presubmittal Meetings	2 (5 Units)	0	0	0
Building Permits Applied	1 (3 Units)	0	0	0
Building Permits Issued	0	0	0	1 (3 Units)

**The City Council adopted amendments to the codes governing two- and three-unit homes, cottages, and ADUs in March 2020.*

Conversations with developers proposing cottage housing projects continue as they work to perfect their site designs. We anticipate that a large percentage of the

presubmittal conversations held over the last year will result in development applications in the coming months.

Implementation Efforts

In amending the regulations in a manner that would attract additional development interest, the City anticipated that there would be a learning curve for both staff and the development community. To facilitate discussions with the development community, as well as ensure successful implementation of the code, City staff have implemented the following strategies:

- "Cottage council": Staff created an internal working group to discuss current proposed projects. The aim of this group is to assemble a core group of staff as code experts, identify any common issues that they are encountering in review of applications, and to develop a collective and consistent response to questions from the development community. This group is also identifying areas where the code can be improved with future code amendments.
- Code Interpretations: As the code is tested with real projects, interpretations are being issued by the Planning and Building Director to help add clarity and predictability to code sections that seem ambiguous and to ensure the code is being applied uniformly, consistent with its intent.
- Engagement & Education: Staff has been working with the residential development community together with the Master Builders Association of Snohomish-King County to foster closer working relationships, develop a forum to identify implementation issues, and to educate the development community on the amended code. Staff has also worked with the broader community to foster a broader understanding about the regulations so that homeowners understand the opportunities available to them to add units on their property. Although the City Council's adoption of the MMH and ADU code amendments coincided with the initial phase of the COVID pandemic, City staff conducted focused outreach on the amendments, including meetings with neighborhood associations, the Master Builders Association, webpage and social media postings, and press releases.
- Pre-Approved ADU Plans: The City is currently exploring participating in [Seattle's pre-approved detached ADU program](#).

Key Takeaways & Next Steps

As noted above, the development community has shown significant interest in developing more compact housing pursuant to the code amendments. Many permit applications approach approval within an initial submittal or two while others require more work to ensure they are code compliant. As a result, staff has focused on ensuring that projects adhere to the design principles and regulations outlined in the code. The MMH regulations allow additional density, but that density is based on a number of design standards that ensure that projects fit into residential neighborhoods and provide future residents with a number of community amenities. The following is a summary of some of the issues staff has identified at the preapplication stage:

- Some projects seem more like “mini short plats” rather than cottage projects, where proposed site and housing design is auto-focused and parking and access design leaves the common open space as an afterthought. While the code allows most ADUs to be built with no on-site parking, and transit-proximate cottage projects to be built with only one on-site parking space per unit, applications have been submitted that include two or more parking spaces per unit, making it difficult to meet the open space and pedestrian-orientation provisions of the code.
- Some cottage development proposals over four units do not include sufficient common open space to promote a sense of community or have tried to bypass the requirement entirely.
- Required pedestrian elements providing a common linkage between buildings, the common open space, parking areas, and the street are either missing or auto-focused in design.
- Lack of variation in unit design and layout.
- Limited interest in development of two/three-unit homes.

Staff has been actively working to clarify code with consistent answers to developers and through interpretation where warranted.

As with any newly adopted code, the MMH code is not perfect, and requires work both in education and refinement in order to be successfully implemented. Staff is encouraged by the increased interests by the development community in these compact housing types and the productive working relationships developed thus far between staff and the development community. Staff is also focused on ensuring that the intent of the regulations is adhered to so that new projects are received favorably by the community and more homeowners and developers see an opportunity to create more projects. As part of our ongoing implementation, staff is working with the Master Builders Association to facilitate a meeting (or series of meetings) with the development community to develop a common set of guiding principles that will ensure new projects start off on the right foot based on a common understanding between staff and developers. This process will also be useful to continue to identify ways the current code could be improved for clarity and predictability.

Recent State Legislation

The Planning Commission requested an overview of legislation coming from the State level that may impact the City’s MMH regulations. The main piece of related legislation from the recent session is [ESSB 5235](#) (currently on the Governor’s desk for signature), which is intended to further reduce barriers to ADUs. The key mandates in that bill, to be implemented within two years of the next Comprehensive Plan update, are as follows:

- ADUs:
 - Cities can’t require parking for ADUs within ¼ mile of frequent transit
 - Cities generally can’t impose owner occupancy requirements unless the ADU is used for short term rentals

- Occupancy: Cities generally can't limit number of unrelated people in a dwelling unit outside of building and fire code occupancy limits.