



## **CITY OF KIRKLAND**

**City Manager's Office**

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### **MEMORANDUM**

**To:** City Council

**From:** Kurt Triplett, City Manager

**Date:** June 29, 2021

**Subject:** POTENTIAL PROPERTY ACQUISITION

#### **RECOMMENDATION:**

That the City Council approves a resolution authorizing the City Manager to enter negotiations to acquire The Village Plaza of Kirkland, a six-unit apartment complex at 11825 100<sup>th</sup> AVE NE near Juanita Village. (See Plaza for sale description flyer as Attachment A)

#### **BACKGROUND DISCUSSION:**

One clear priority of the City Council is to increase the amount of affordable housing of all types in Kirkland. In 2021 the Council revised the housing goal to "Attainable Housing: To provide access to housing and to encourage the construction and preservation of housing stock that meet a diverse range of incomes and needs." The Council also included accomplishing more affordable housing in multiple ways as one of the eleven priorities in the adopted 2021-2022 City Work Program.

Throughout the pandemic in 2020 and 2021, Kirkland (along with the region and the state) has grappled with the challenge of the increase in those experiencing homelessness due to the impact of COVID-19. Temporary solutions have included new shelter capacity and use of hotel vouchers while housing and services are identified. Permanent supportive housing is a longer-term solution that is also part of the City Work Program.

At the May 18, 2021 Council meeting, the Council reviewed the new community responder program and authorized staff to develop job descriptions and recruit nationally for mental health professionals and social workers. The high cost of housing in Kirkland is a potential impediment to qualified candidates coming from other areas.

At the June 1, 2021 Council meeting, the Council deliberated whether to relocate the historic Snyder-Moody House to the southeast corner of the Wester Lot to be converted to a potential duplex or triplex and retained as affordable housing. Ultimately, the Council concluded that the overall cost per unit of a relocated Snyder-Moody house was too high. The Council also concluded that the opportunity to use the publicly owned land should result in more units such as a four-plex or six-plex on the same space.

The Village Plaza came on the market for sale around the same time these issues were all being evaluated by staff and discussed by the Council. Acquiring the complex could be helpful for any of these City initiatives.

The Village Plaza includes five two-bedroom one-bathroom apartments and a single one-bedroom one-bath apartment. Two-bedroom units are desirable but relative scarce commodities in the affordable housing inventory. Most new multi-family affordable housing projects produce predominantly studio and one-bedroom units. The Village Plaza is also within a 10-minute neighborhood, located within walking distance to Metro's frequent Route 255 transit service, Juanita Village and Juanita Beach Park.

If The Village Plaza is acquired, staff do not yet have a recommendation as to the best public use of the complex. There are several options that could be considered. The complex could simply be added to the affordable housing inventory and transferred to a housing provider such as the King County Housing Authority, Friends of Youth, or Attain Housing. The complex could become transitional workforce housing for employees joining Kirkland from out of the region or the state. The complex could also serve as emergency housing for those experiencing homelessness. Each of these options has operational and financial complexities that have not yet been defined or evaluated.

Staff also have not yet identified a recommended permanent funding strategy for acquiring the complex. Staff is recommending that the initial purchase occur through an interfund loan which must be repaid within three years with a modest amount of interest. During the three-year period staff would develop a final funding plan to repay the loan. Financing options could include funding from federal and state sources, money through A Regional Coalition for Housing (ARCH), utilizing City REET reserves dedicated to affordable housing, councilmanic debt with repayment from rent, or a combination of all of the above.

### **Council Direction Needed**

While there are still many questions to be answered, the opportunity to get a versatile, well-located six-unit complex such as The Village Plaza is rare. If the complex is acquired and the City is unable to figure out an appropriate use or funding source, the option to sell the complex back to the private market is always available. Therefore, staff is seeking approval of the resolution allowing the City Manager to enter negotiations to purchase the property at an appropriate price. A final purchase and sale agreement would be brought back to the Council for approval. The complex was built in 1967, and so given its age, any purchase and sale agreement would include appropriate due diligence contingencies to ensure any potential issues are identified and addressed prior to a final purchase.

Attachment A: The Village Plaza of Kirkland "For Sale" Flyer