



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000

www.kirklandwa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Beth Goldberg, Deputy City Manager of Operations
James Lopez, Deputy City Manager for External Affairs

Date: June 7, 2022

Subject: Future Use of Houghton Village Property

RECOMMENDATION:

The City Council adopts the attached resolution (Attachment A) articulating the City Council's objectives for the future use of the Houghton Village property and community engagement process to achieve those objectives.

BACKGROUND DISCUSSION

On May 27, 2022, the City purchased the Houghton Village Shopping Center, located at 10702 NE 68th Street in Kirkland, for \$14 million plus closing costs following a due diligence period. As part of the due diligence, the City engaged consultants to complete an appraisal of the property, a site survey, two building inspections, a regulated building materials analysis and Phase 1 and Phase 2 environmental site assessments.

The acquisition of this property at a competitive price in the heart of a walkable neighborhood near Terrace Park, Lakeview Elementary School, the Cross Kirkland Corridor, the Metropolitan Market and the Google campuses with access to frequent transit service offers the City a unique opportunity to enhance the future of this neighborhood while meeting community priorities.

The City Council authorized the purchase of this property through Resolution R-5512 (Attachment B), which it adopted on January 18, 2022. As stated in Resolution R-5512, the City Council sees future redevelopment potential for the property as a mixed-use facility with affordable housing and non-profit, arts, public school, community organization, and/or other public services, which help would further City Council objectives established in several key City planning documents, including:

- **Everest Neighborhood Plan Policy EV-10**, which provides that plans for future development of the Houghton/Everest Neighborhood Center should help create a mixed-use neighborhood center that provides goods and services to the location community in coordination with the Central Houghton Neighborhood, including through principles of preservation and enhancement of neighborhood-serving retail, a mix of complementary uses, high-quality design standards, walkable neighborhoods and increased transit service, the integration of affordable housing where possible, and the creation of gathering places and opportunities for social interaction.

- **NE 85th Street Station Area Plan**, which seeks to create a framework to develop a thriving, new walkable district around a future Bus Rapid Transit (BRT) station, with high-tech and family-wage jobs, plentiful affordable housing, sustainable buildings, park amenities, and commercial and retail services all linked by transit.
- **City Council 2021-2022 Goals**, including, creation of Attainable Housing; Inclusive and Equitable Community; Vibrant Neighborhoods; Supportive Human Services; and Abundant Parks, Open Spaces & Recreational Services.

The City Council does not intend on using this property for permanent supportive housing.

As authorized under Resolution R-5512, the City financed the purchase of this property using a three-year interfund loan from fleet replacement reserves, facilities sinking funds, and development services reserves. This financing strategy will allow the City time to solicit community input on priorities for redeveloping the property, develop long-term financing plans, and identify partners to help the City redevelop the site to meet community needs.

NEXT STEPS

The attached resolution (Attachment B), if approved by the City Council, is intended to memorialize the purchase of the Houghton Village property and reaffirm the City Council's intent for next steps as the City pursues opportunities to develop the property.

- **Community Engagement:** In keeping with City practice, the City Manager's Office will solicit community input to identify community interests about desired potential future uses of the property. Staff will conduct a thorough community conversation using the TREK framework used for other major CMO-led engagement efforts. The details of the engagement plan have not been finalized, but they are anticipated to include a community town hall meeting, follow-up small group meetings, an informational webpage with an input collection feature, and a robust communications plan that includes social media. The community conversation will include a diverse range of community members and groups and will build on various recent relationship-building efforts from the R-5434 process and others. The goal will be to gather feedback by May of 2023, so that the City can use this input to identify a redevelopment plan and partners to help execute the plan. The City Manager will report back to the City Council at the conclusion of the community engagement process.
- **Identify Development Partner(s) and Long-Term Finance Plan:** Based on feedback received from the community engagement effort above and direction provided by the City Council, the City Manager will identify a development partner(s) and long-term financing plans by May 2026 to allow the City to retire the three-year interfund loan used to purchase the property. Redevelopment of the property will require remediation of contaminated soil, as identified by the Phase 2 environmental assessment. The City will explore ways to offset these clean-up costs.

While work on these next steps unfold, the City will continue lease the space to current occupants and look to find tenants for the vacant spaces, focusing initially on community based-non-profits serving the Kirkland community. A Request for Proposals or solicitation of interest process with criteria will be developed to identify and select non-profits for the vacant space.

Attachments:

- Proposed Resolution (Attachment A)
- Resolution R-5512 (Attachment B)