



**CITY OF KIRKLAND**  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Adam Weinstein, AICP, Planning & Building Director  
Allison Zike, AICP, Deputy Planning & Building Director  
Scott Guter, AICP, Senior Planner

**Date:** February 25, 2023

**Subject:** NE 85<sup>TH</sup> ST STATION AREA PLAN – PHASE 2 BRIEFING - FILE NO. CAM20-00153

## STAFF RECOMMENDATION

Receive an update on the Phase 2 Station Area Plan implementing code amendments, focusing on an overview of the items considered at the February 23, 2023 Planning Commission Public Hearing. Also receive an update on the draft structure for affordable housing requirements in the Station Area, which was postponed by the Planning Commission for further outreach and analysis.

## BACKGROUND

At a [June 28, 2022 special meeting](#), following a planning process extended to allow for more community input and project analysis, City Council (Council) adopted a plan for the NE 85th St Station Area. The adoption of the plan created a new subarea chapter in the city's Comprehensive Plan, and paves the way for a thriving, transit-oriented, new walkable district with high tech and family wage jobs, plentiful affordable housing, sustainable buildings, park amenities, and commercial and retail services. At that time, Council also adopted the first phase (Phase 1) of Station Area Zoning code amendments which implemented a Form-based Code (FBC) for the Commercial Mixed-use District, and the NE 85<sup>th</sup> St Station Area Plan Design Guidelines for the full subarea.

In fall 2022, Planning Commission (PC) held three study sessions, on [October 13](#), [October 27](#), and [November 10, 2022](#), to specifically discuss the code amendments for Phase 2 of the Station Area Plan. Phase 2 of the Station Area is guided by the goals and policies adopted for the subarea in Phase 1. The Phase 2 adoption process includes consideration of specific parcel rezones and Zoning Code (KZC) amendments to implement the FBC for the Neighborhood Mixed-use, Civic Mixed-use, and Urban Flex districts (see Figure 1), along with a Municipal Code (KMC) amendment to adjust the Multi-family Tax Exemption (MFTE) residential target area. Phase 2 will also include adoption of the final Planned Action Ordinance (PAO) for the full Station Area. Council last received an update on Phase 2 at their [November 15, 2022 meeting](#), when a [public hearing for the Station Area PAO](#) was held as a separate agenda item.

## NE 85TH ST STATION AREA PLAN - REGULATING DISTRICTS

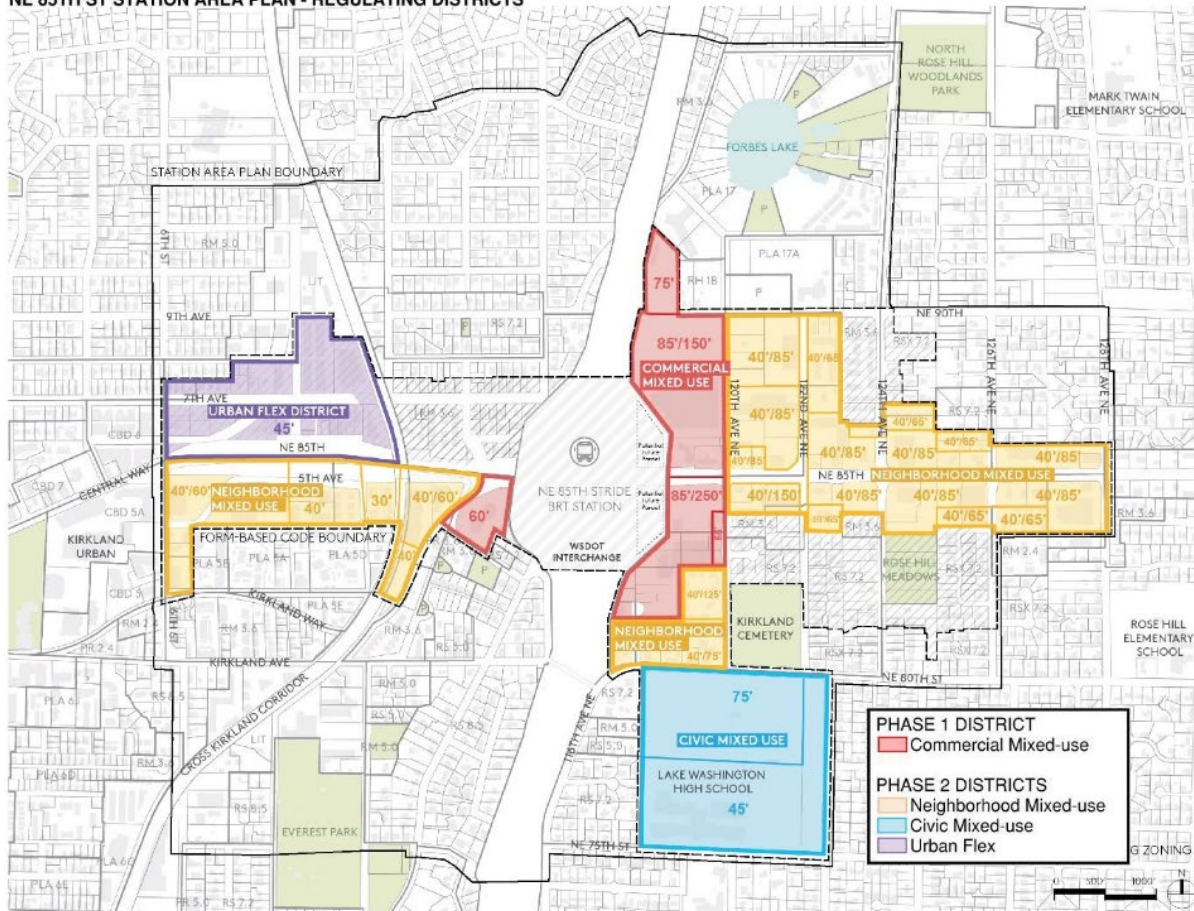


Figure 1: Station Area Regulating Districts

## SUMMARY OF PHASE 2 – FEBRUARY 23, 2023 PC PUBLIC HEARING AND PC FOCUS TOPICS

On February 23, 2023, Planning Commission held a public hearing to collect public testimony, deliberate, and make recommendations to Council on the Phase 2 implementing amendments shown below. The full text of the proposed amendments, and a more expansive staff summary are included in the [Planning Commission meeting materials](#) prepared for the public hearing.

- KZC Amendments
  - Station Area FBC for Neighborhood Mixed-use (NMU), Civic Mixed-use (CVU), and Urban Flex (UF) districts
  - Updates to FBC district-wide standards (e.g., transitions, parking, etc.)
  - Miscellaneous KZC Amendments for consistency/clarity
- Legislative Rezones (zoning map amendments)
  - Apply NMU, CVU, and UF districts to specific parcels
- KMC Amendments
  - MFTE boundary expansion to include UF district

To assist with the PC's consideration of the draft amendments, for the February 23 public hearing staff recommended that focus be directed to the topics that were the source of the most public input from the community throughout the planning process and raised the most questions and discussion with the PC during the fall 2022 study sessions. For their deliberations following the public hearing, the PC was asked by staff to specifically discuss, deliberate, and prepare a recommendation on the following focus topics within the draft KZC amendments (within the broader deliberations):

- New/Adjusted NMU Boundary Proposal
- Height Transition Standards
- Residential Parking Requirements
- Affordable Housing Standards
- Incentive Zoning – Grocery Store Amenities

*Note – the PC's deliberation and recommendation were not limited to these topics, and other specific items were able to be discussed at the PC's discretion.*

The following subsections include a brief review, summary of related staff work to develop draft standards, a staff recommendation, the question(s) the PC was asked to answer in their deliberations, and the PC recommendation on each focus topic.

### 1. New NMU Boundary

During previous study sessions, the PC expressed concern over the abrupt change in maximum building height between the properties in the NMU district containing a maximum bonus height of 150 feet and neighboring residential properties. The PC requested that staff explore introducing increments of allowed height on parcels to serve as transitions between adjacent zones. Furthermore, Council requested (in response to a letter from a property owner included in the [February 23, 2022 PC packet](#), Attachment 9) that staff explore expanding the boundary of the NMU boundary to be inclusive of all parcels south of NE 85<sup>th</sup> St (within the Station Area) that are currently zoned for medium-density residential uses. With this direction, staff developed an option that adjusts the NMU boundary to incorporate the RM 3.6 zones south of the existing NMU boundary (see Figure 2, below) to address comments by PC and Council.

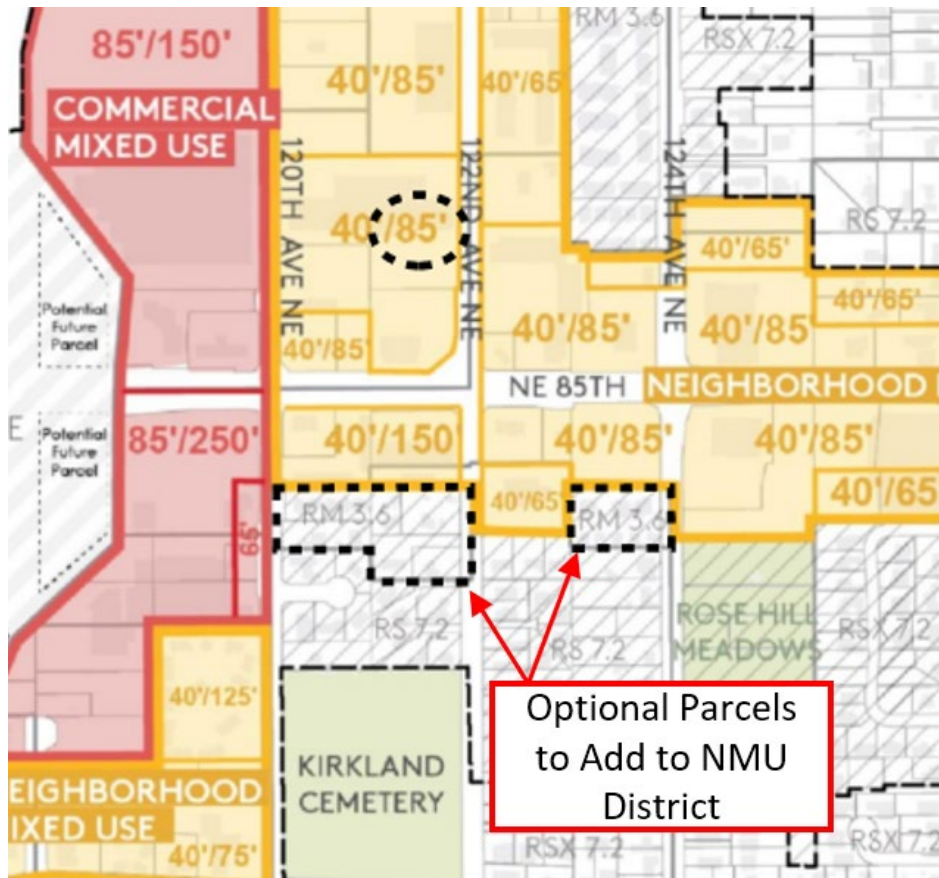


Figure 2: Existing Zoning Map - Optional parcel rezones from RM 3.6 to NMU.

Question for PC: Should the NMU district include the additional parcels shown in Figure 2? If included, is a maximum allowed height of 65 feet appropriate?

Staff Recommendation: Staff supported the adjusted boundary as it addresses the PC's concerns over the height difference between zoning districts and provides the "stepping down" of building heights between zones that Commission requested. Staff recommended a maximum allowed height of 65 feet for the subject parcels.

PC Recommendation: The PC deliberated and recommended that the additional parcels be included in the NMU district with a base allowed height of 40 feet, and a maximum allowed height of 65 feet, as recommended by staff.

In addition to these parcels, and in response to a request made during public testimony, PC recommends that three additional parcels (640 8th Ave., Parcel ID: 3885805765; 720 8th Ave., Parcel ID: 3885805760, and Parcel ID: 3885805530 (no site address)) located just north of the Urban Flex district boundary be included in that district (see Figure 3 below). As these parcels were not included within the FBC boundaries in the Station Area subarea chapter of the Comprehensive Plan, or as part of the subject legislative rezone public notice for the hearing, the PC made this recommendation with the caveat that if there is not a legal avenue to rezone these parcels as part of the current work, their recommendation to Council on the matter may be considered withdrawn. Staff is currently researching the issues related to the PC recommendation. An alternative to including these parcels in the current Station Area implementation process would be to evaluate them as part of the



forthcoming 2044 Comprehensive Plan Updates (after which a parcel rezone could be completed).

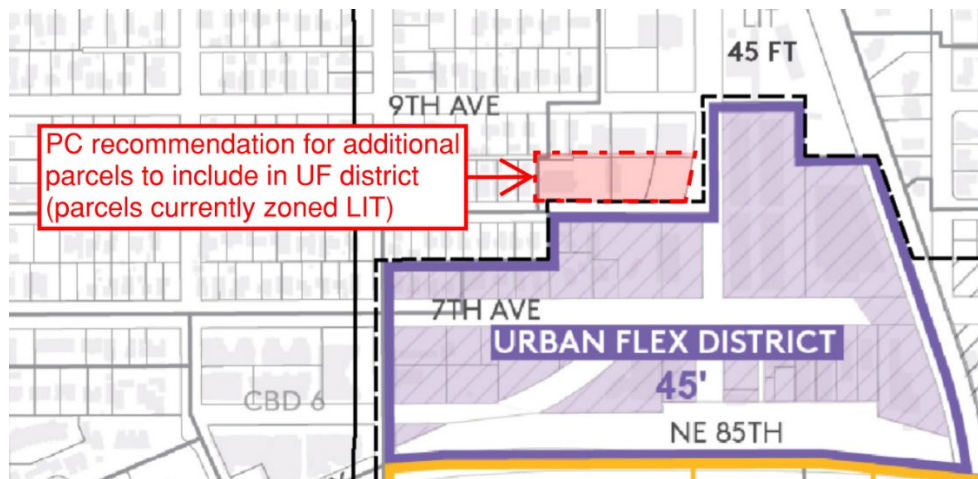


Figure 3: Urban Flex district – additional parcels recommended by PC.

## 2. Transition Standards

Transitions are intended to ensure that new development is consistent with the vision of the Station Area Plan to provide appropriate transitions of development intensity, height, and bulk between different zones. In the draft code amendments (see [February 23, 2022 PC packet](#), Attachment 1, pages 87 - 89), transition standards include both a landscape buffer and a sky exposure plane. The PC had extended discussions at the fall 2022 study sessions on transition standards, specifically the sky exposure plane requirements. The PC's feedback focused on the effectiveness of the draft sky exposure plane angle at mitigating bulk and mass impacts between neighboring properties with significant differences between maximum building heights. Staff has responded to the PC's input in the draft FBC by:

- Addressing sloped parcels (where there is a difference in the grade elevation between properties) by establishing a maximum height of the vertical plane based on the average elevation of the common property line between zoning districts.
- Increasing the angle of the sky exposure plane if the height between zoning districts is 50 feet or higher.

At their November 10 meeting, the PC agreed that no transition standard was necessary for locations where the maximum allowed height difference was less than 30 feet, and that a sky exposure plane of 25 degrees was adequate for locations where the maximum allowed height difference was between 30 feet and 50 feet. At that meeting, the PC asked staff to explore additional options to identify if there was an appropriate sky exposure plane angle (bullet 2 above) greater than 30 degrees where the maximum allowed height difference is over 50 feet.

Question for PC: What sky exposure plane angle should be required for locations where the maximum allowed height difference is greater than 50 feet?

Staff Recommendation: Staff recommended a 30-degree sky exposure plane for the referenced locations, which offers reasonable massing relief and ensures consistency with Station Area Land Use Goal SA-2 (excerpted from Comprehensive Plan Chapter XV.G):

*Encourage development intensities that create the capacity to accommodate higher growth targets for the Subarea in the future.*

Per PC direction, staff and the Station Area Plan consultants explored a sky exposure plane for the affected locations that was between 30 and 45 degrees, and selected 35 degrees for that analysis. Staff found the difference between a 30 degree and 35-degree sky exposure planes result in little massing relief. A 35-degree sky exposure plane could also result in a more complicated and costly building form on the upper floors. A 45-degree sky exposure plane, studied previously, results in a significant loss of both development capacity and related public amenities, and could also require a more complicated and costly building form on the upper floors, potentially discouraging new development from reaching the full allowed capacity.

PC Recommendation: The PC deliberated and recommended a 25-degree sky exposure plane for transition areas where the maximum allowed height difference is between 30 and 50 feet (Transition Type A) and a 30 degree sky exposure plane for transition areas where the maximum allowed height difference is greater than 50 feet (Transition Type B).

### 3. Parking Requirements

On November 10, the PC provided feedback on proposed parking ratios for residential uses and asked staff to provide lower parking standards for affordable housing and explore additional parking reductions.

The draft parking standards shown below (included in [February 23, 2022 PC packet](#), Attachment 1, page 92) establish affordable housing parking requirements. Staff also included specific parking requirements for residential suites (micro housing).

*Draft Districtwide Parking Standards Recommended by Staff*

Land Use	Minimum Required Parking
Residential: Detached Dwelling Unit	2/unit
Residential: Residential Suites, Attached or Stacked Dwelling Units	0.5/affordable studio unit or residential suite 0.75/affordable one-bedroom unit 0.75/studio unit or residential suite 1/one-bedroom unit 1.25/two-bedroom unit 1.5/three- or more bedroom unit
Residential: Assisted Living Facility	0.5/unit
Residential: Convalescent Center	0.5/bed
Commercial	2/1000 SF GFA
Industrial	1/1000 SF GFA  Breweries, wineries or distilleries shall apply the minimum required industrial parking rate only for the portion of the building engaged in industrial uses. Tasting rooms for breweries, wineries, or distilleries shall provide parking at 2/1000 SF GFA.
Institutional	Set by the City Transportation Engineer under KZC 105.25

In acknowledging that the parking standards presented above are quite low compared to other parts of Kirkland, staff noted that a further reduction or even elimination of parking requirements would help promote the Station Area Plan's objectives of increasing the City's housing supply, leveraging the regional transit investment, and creating a more walkable community. Staff also noted that the State Legislature is currently reviewing legislation that could eliminate parking requirements in areas, like the Station Area Plan, with substantial transit access.

Question for PC: Does PC agree with the draft residential parking standards recommended by staff?

Staff Recommendation: Planning and Transportation staff completed significant background research on contemporary parking demand to draft the proposed parking rates for Residential and Institutional uses, including proposing that certain specific uses warrant rates that are different from the general rate. Staff recommended the draft parking

standards, shown above, as they reflect the planned multi-modal, transit-oriented approach of future development.

PC Recommendation: At the conclusion of extensive deliberations (with a minority of Planning Commissioners supporting the elimination of any minimum parking requirements in the Station Area), the PC recommended the above parking rates as minimum parking requirements for new development (additional parking can be provided by developers if desired), with an amendment to the staff recommendation for market rate residential suites and the affordable housing parking requirements. The PC recommends market rate residential suites parking be reduced from .75/suite to .5/suite and *no* minimum parking requirement for affordable housing units that are reserved as affordable in perpetuity (note: this would not prevent development from providing parking spaces at their discretion for affordable housing units).

#### 4. Incentive Zoning – Grocery Store Amenities

During previous discussions with City staff, some Commissioners expressed concern over the effects of the Station Area's upzone and a possible resulting loss of a neighborhood grocery store like Safeway in the Station Area (e.g., the Safeway store site being redeveloped without a grocery store). Extensive discussion by the PC at the fall 2022 study sessions considered if the Incentive Zoning program adopted in Phase 1 (included in KZC 57.30) should be amended to include the provision of a grocery store as an incentive amenity that developments could utilize to achieve bonus capacity over the base height. The PC did not reach consensus on the matter; however, staff drafted an amendment to the incentive program that includes the addition of a grocery store as an eligible amenity and assigns a bonus capacity exchange rate to that amenity.

The drafted grocery store incentive amenity would utilize the definition of 'grocery store' the PC previously recommended for use in the BCX zone in Bridle Trails (shown below), and proposes that in order to be used in exchange for bonus development capacity, a grocery store must be of significant size (at least 20,000 square feet).

##### *Minimum Requirements for Grocery Stores in BCX Zone*

*A grocery store that sells food and supplies including but not limited to fresh fruits and vegetables; refrigerated and frozen foods; dairy products; canned goods; dry goods; fresh meats and cheeses; delicatessen items; beverages; nonfood items such as soaps, detergents, paper goods, and other household products; and health and beauty aids.*

Additionally, staff considered that the grocery store should only be considered an incentive amenity if it is truly filling a "gap" or need in the district; therefore, the drafted language would only grant bonus development capacity for a grocery store if no others were in operation within one-half mile of the subject property. Note this would not preclude a multitude of grocery stores from operating – only what additional development capacity a developer may, or may not, receive in exchange for providing a grocery store. The intent here is to use the development bonus incentive judiciously and secure public benefits from developers that would not otherwise be provided.

Question for PC: Should the Incentive Zoning program be amended to include an option for development to receive bonus development capacity if a grocery store of at least 20,000 square feet is provided on-site?



Staff Recommendation: While grocery stores are, and will continue to be, an important service in the Station Area, staff posits that it may not be necessary to incentivize grocery store uses in order to retain existing stores or potentially attract new stores. The Station Area contains existing transportation infrastructure with high vehicular frequency and large parcel sizes suitable for larger grocery stores. The growth framework of the Station Area will concentrate additional development capacity and population density and improves the area's multimodal transportation infrastructure that will support additional economic growth in this area. Existing conditions and the planned growth within the Station Area are favorable for locating a grocery in this area. The PC should consider that incorporating a grocery store use into the incentive zoning program could detract from the creation of affordable housing benefits (i.e., the primary benefit expected to be generated from Phase 2 as identified by City Council), and from the other incentive amenities that are included in the adopted Incentive Zoning program (enhanced mobility connections, parks/open space, sustainability, and schools). Staff would note that the two grocery stores in Moss Bay (PCC and QFC in and around Kirkland Urban) were developed not as a result of prescriptive zoning or incentive zoning, but through community feedback and leveraging good planning principles to support market opportunities (i.e., the establishment of ground-floor retail requirements, and the addition of substantial employment and residential density to create a sufficient customer base for the grocery stores).

PC Recommendation: The PC deliberated and recommended that the drafted grocery store incentive amenity option be included in the incentive zoning program for commercial uses.

## 5. General PC Deliberations and Recommendations

Outside of the PC focus topics detailed in the subsections above, the PC deliberated and unanimously voted to forward the KZC, Zoning Map, and KMC code amendments to City Council as recommended by staff in the [February 23, 2022 PC packet materials](#).

## **STATION AREA AFFORDABLE HOUSING REQUIREMENTS UPDATE**

Creating more opportunities for housing in the Station Area, particularly affordable housing, has been a primary focus of the Council and the community since the early phases of this project. Affordable housing is paramount among the benefits the community wants to see achieved with future growth (per extensive community input gathered beginning in 2020 and continuing to the current project phase), which was emphasized by direction from the PC and Council, and accordingly emphasized in the adopted goals and policies in the subarea Comprehensive Plan Chapter (Ch. XV.G). Staff has worked diligently to identify the best method to encourage and enable housing production and maximize the number of affordable housing units in the subarea. In addition to adopted goals and policies, staff sought to develop a regulatory framework that is balanced with the Incentive Zoning program for commercial development adopted in Phase 1 (i.e., taking care not to make either commercial or residential development substantially more attractive to developers than the other). Additionally, staff worked to create a simple structure that is easy to for developers to understand, staff to administer, and the community to understand likely development outcomes.

Given the above background and considerations, City staff has collaborated with staff from [A Regional Coalition for Housing \(ARCH\)](#) through our existing interlocal agreement to develop the

recommended affordable housing requirements for the Station Area. ARCH staff, working as technical advisors to Kirkland staff, have completed an analysis to support this joint recommendation that, at a high level, evaluates the increased value of properties in the Station Area resulting from the proposed code amendments (e.g., increased height/development capacity, lower parking requirements, and abating property taxes through Multifamily Housing Tax Exemption) and identifies the affordable housing set-aside (as a percentage of total units) that can be supported in a given zone by that increased value. ARCH's analysis incorporated numeric data from past development projects, an understanding of current market conditions, real estate and development information from the Phase 1 incentive zoning analysis and draws from economic data from the fiscal impacts and benefits analysis for the Station Area. A draft background memorandum on the context and methodology behind the analysis was prepared by ARCH staff for the Planning Commission. ARCH is not yet finished with all of the work and has also contracted for a consultant review of the analysis. But ARCH did complete enough to provide ranges for the Planning Commission to review as part of the public hearing as described below.

The analysis yielded a calibrated minimum affordable housing set-aside (in percentage terms) that can be supported by redevelopment, varying slightly according to the maximum height allowed in each Station Area zone. The affordable housing requirements in the Station Area will pair with the Incentive Zoning program for commercial development adopted with Phase 1.

The proposed Station Area affordable housing requirements were included in the [February 23, 2022 PC packet](#), Attachment 2, pages 127 – 132, as draft amendments to KZC Chapter 112, and are summarized below:

- All projects creating four or more new dwelling units in the Neighborhood Mixed Use (NMU), Civic Mixed Use (CMU), or Urban Flex (UF) zones regulated in Chapter 57 KZC shall set aside the following minimum percentage of their residential units as affordable units, based on the maximum allowed height for each zone shown in the NE 85<sup>th</sup> St Station Area Regulating Plan in Figure 2, KZC 57.10.030:

<b>Maximum Allowed Zone Height (up to bonus height where applicable)</b>	<b>Minimum Percent of Affordable Housing Units Required*</b>
Less than 65'	10% - 15%
65' to 85'	20% - 25%
Above 85'	20% - 25%

*\*Please note that in order to optimize the calibration of the minimum requirement, ARCH is conducting some additional analysis and the final recommended required number will fall somewhere in the range of the above drafted requirement.*

Affordable housing units provided pursuant to the above would be required to comply with the definition of "Affordable Housing Unit" as set forth in KZC 5. The KZC defines affordable housing units as units that are affordable to households earning no more than 50% of the King County area median income (AMI) for rental units, and households earning no more than 80% of the King County AMI for owner-occupied units.

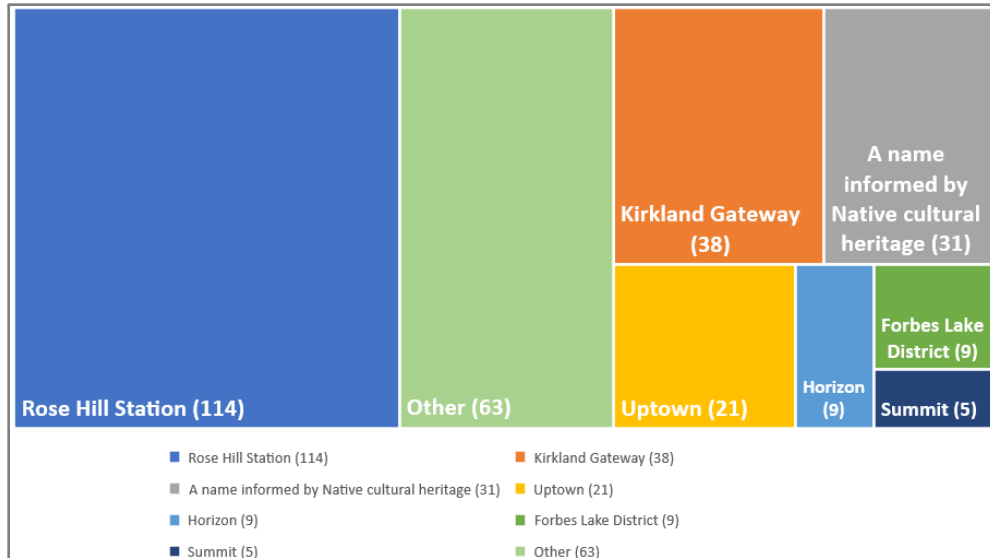
In addition to these proposed standards, staff drafted an option to include an alternative compliance standard in KZC 112.20 (see [February 23, 2022 PC packet](#), Attachment 2, pages 130 -131) that would implement a sliding scale allowing developers to propose providing affordable housing units at a higher level of affordability (e.g., units affordable to households making no more than 60-80% of King County AMI) if a higher total share of units in the development are provided as affordable housing units.

Jointly with ARCH, City staff recommended the base Station Area affordable housing requirements as shown in the table above and in the proposed KZC 112 amendments (see [February 23, 2022 PC packet](#), Attachment 2), with the option for alternative compliance included. While the need for units at deeper levels of affordability is very important, providing flexibility for developers to consider varying levels of affordability and a higher number of total affordable housing units may aid in encouraging and enabling overall production of housing in the Station Area with future redevelopment, helping the City meet its affordable housing need.

In advance of the February 23 hearing, the Planning Commission and staff received correspondence from developers and other community members suggesting that the proposed inclusionary requirements are too high and could impede development. Commenters also requested some additional time to review ARCH's underlying assumptions used to craft the proposed inclusionary requirements. At their February 23 meeting, the PC opted to delay a public hearing and consideration of the draft Station Area affordable housing requirements and requested that staff conduct additional vetting of the inclusionary standards with the development community to ensure that redevelopment under the ultimate requirements remains feasible. Per PC direction at the meeting, the background information and recommendations on affordable housing were not included in the staff presentation for the public hearing, and the PC did not collect public testimony on the topic. The PC did hold a hearing on all other aspects of Station Area Plan Phase 2 implementing code amendments covered in this memo.

## **STATION AREA NAME**

Council still has the option to replace the generic denotation of "Station Area" with a more distinguishing name for the plan and district. In Spring 2022, many community members participated in a survey to provide input on what an appropriate name for the district might be, and the below results were provided to Council. Councilmembers briefly discussed the survey results at the time but declined to choose a name. Another name that has been suggested by Council is the "Cedar District," in recognition of the importance of the iconic western red cedar (*Thuja plicata*) tree to the Coast Salish people, the tree's unique natural characteristics, and its role in the long history of the Puget Sound region. The City Manager's Office is continuing outreach to tribal representatives to explore a name informed by Native cultural heritage (including one associated with the cedar tree). If Council desires to choose a distinguishing name for the district, it is suggested they give staff direction to bring forward an option for adoption along with the Phase 2 deliverables. If a name is chosen, amendments would be made in all relevant policy and regulatory documents to replace instances of "Station Area" with the chosen name.



## NEXT STEPS

Staff is beginning additional work to address the PC request for additional information related to the Station Area affordable housing requirements. When complete, it is anticipated that the PC will hold an additional public hearing specific to those draft requirements, deliberate, and prepare a recommendation to City Council on the matter. That recommendation will be combined with the Phase 2 recommendations discussed in this memorandum and brought to Council for adoption. Additionally, staff will present the Station Area PAO to Council for adoption with the Phase 2 code amendments. The meeting date for these topics is pending.