



CITY OF KIRKLAND
PLANNING AND BUILDING
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Adam Weinstein, AICP, Planning and Building Director
Allison Zike, AICP, Deputy Planning and Building Director
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Martha Rubardt, Associate Planner

Date: July 21, 2025

Subject: **Briefing on Co-Living Housing Code Amendments, File No. CAM25-00302**

RECOMMENDATION:

Staff recommends that City Council reviews and discusses the State-mandated requirements for local regulations of co-living housing and staff's initial options for approaching the required code amendments and provides feedback to staff for drafting amendments to present at the Planning Commission public hearing.

EXECUTIVE SUMMARY:

- This memo outlines staff's recommended approach for amending the Kirkland Zoning Code (KZC) to address the State-mandated requirements for co-living housing.
- Co-Living Housing is a residential use with independent lockable sleeping units that provide individual living and sleeping space, combined with communal kitchen facilities that are shared between all the units. Co-Living Housing provides an option for residents looking for affordable-by-design housing located in desirable neighborhoods with good access to schools, jobs, and transit.
- In Kirkland, Co-Living Housing is often referred to as "Residential Suites" and is allowed in only select zoning districts.
- State law now requires cities to allow for Co-Living Housing on any lot that could develop six or more multi-family units, and local governments are restricted in the development standards that can be applied on Co-Living Housing.
- Staff is recommending a minimum compliance approach for the code amendments and is looking for feedback from Council on the approach.

BACKGROUND:

In 2024, the Washington State Legislature passed House Bill (HB) 1998, which requires cities to allow Co-Living Housing as a permitted use on any lot located within the Urban Growth

Area (UGA) that allows at least six multi-family residential units.¹ HB 1998 contains restrictions on the review process and development standards that cities can apply to Co-Living Housing. Cities must implement the requirements of HB 1998 by no later than December 31, 2025. The requirements of HB 1998 have been codified as RCW 36.70A.535.²

Co-Living Housing is a type of residential use that consists of independent lockable sleeping units that provide individual and private living and sleeping space, but with communal kitchen facilities that are shared between all the units. Kirkland currently allows for a very similar type of use in several zones under the use type “Residential Suites,” as defined in Section 5.10.778 of the Kirkland Zoning Code (KZC).³ However, the City’s existing Residential Suites use definition is not fully consistent with the new requirements of RCW 36.70A.535, as described in the “Preliminary Analysis” section, below. As a result, KZC 5.10.778 will need to be amended before December 31.

Co-Living Housing provides an option for residents looking for affordable-by-design housing, which means housing that is inherently more affordable to build and maintain, primarily through design choices and construction methods, rather than relying on subsidies or covenants that come with income restrictions for units. This approach aims to make housing attainable for a wider range of income levels without compromising quality or livability. The State’s Co-Living Housing regulations encourage such housing to be located in desirable neighborhoods with good access to schools, jobs, and transit. Co-Living Housing offers a housing option that has both private and shared space, which fosters social connection and helps combat loneliness. Co-Living Housing is an option for seniors, people in the general workforce, and individuals seeking a rentable room without the typical setup of a large house with roommates. Because Co-Living units do not have the full amenities of a traditional apartment unit and are generally smaller, they are typically expected to be offered at a lower rental rate that may be more attainable for some individuals even prior to applying any income restrictions through affordable housing requirements.

Another benefit of Co-Living Housing identified by the Washington State Department of Commerce (Commerce) is that it could be a practical housing type for office buildings converted to residential uses, as co-living units do not always require the typical fixtures for kitchens and bathrooms in each individual unit like traditional apartment dwelling units.

Commerce has created a Co-Living Guidance document that provides further details on the benefits and opportunities of Co-Living Housing.⁴ Additionally, when adopting HB 1998, the legislature provided detailed findings in the bill that describe the intent of the legislation.

DISCUSSION/ANALYSIS:

Staff has conducted a gap analysis, included as Attachment 1, comparing the existing development standards in the KZC and the State-mandated requirements for Co-Living Housing.

Below is a summary of the State requirements for Co-Living Housing that the proposed code amendments will focus on:

¹ Washington State Legislature, *House Bill (HB) 1998*, <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/House/1998-S.SL.pdf>

² Revised Code of Washington (RCW) 36.70A.535, <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.535>

³ City of Kirkland, Washington, *Kirkland Zoning Code § 5.10.778*, <https://www.codepublishing.com/WA/Kirkland/html/KirklandZ05/KirklandZ05.html#5.10.778>.

⁴ Washington State Department of Commerce. *Co-Living Guidance*, <https://deptofcommerce.app.box.com/s/8zh89f3rvn4fksn5mv7vel7bi2d4e179>.

- Co-Living Housing must be permitted on any lot that could develop six or more multifamily units.
 - City staff have confirmed with Commerce staff that this requirement does not apply to low-density zoned lots located more than ¼ mile from a major transit stop, where the base density is four units under the recently adopted HB 1110 implementation code amendments — even if those lots could otherwise achieve six units with allowances for Accessory Dwelling Units (ADUs). The base density for low-density zoned lots within ¼ mile of a major transit stop is six units and therefore will be subject to these requirements.
- Co-Living Housing sleeping units cannot count as more than one-quarter of a dwelling unit for calculating maximum allowed density.
- Co-Living Housing cannot be required to contain room dimensional standards (e.g., minimum unit size) beyond the requirements of the State Building Code or be required to incorporate a mix of unit sizes or number of bedrooms.
- Co-Living Housing cannot be required to:
 - Provide off-street parking if within ½ mile walking distance of a major transit stop, and
 - Provide more than 0.25 off-street parking spaces per sleeping unit.
 - This parking requirement may be increased if the City can demonstrate through a study that implementation of the State parking requirement will be less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location. Council should note that this parking study option would likely be superseded by the implementation of State Senate Bill (SB) 5184.⁵ In general, SB 5184 would allow most Co-Living Housing projects to require no parking.
- Co-Living Housing cannot be required to go through any additional review, notice, or public meetings that would not be required of other types of residential development in the same location.
- Co-Living Housing cannot be subject to development regulations or standards that are more restrictive than other multi-family residential uses in the same zone.
- Co-Living Housing cannot be excluded from affordable housing incentive programs, meaning they cannot be excluded from receiving the variations and bonuses in development standards that the City offers in return for providing affordable units.
- Co-Living Housing units cannot be counted as more than one-half of a dwelling unit for sewer connection fee calculations, unless there are facts to support charging more than the one-half dwelling unit calculation.

“Residential Suites” as currently defined in the KZC are similar to Co-Living Housing units in that they provide relatively small, independent rooms with a shared kitchen space. However, pursuant to the City’s current regulations, Residential Suites are subject to development standards for unit size, parking rates and use, inclusion of commercial uses, green building

⁵ Washington State Legislature, *Engrossed Substitute Senate Bill 5184*, <https://lawfilesexternal.leg.wa.gov/biennium/2025-26/Pdf/Bills/Senate%20Passed%20Legislature/5184-S.PL.pdf>.

standards, minimum size for common living areas, common ownership of units and parking, and ground floor height requirements, which cannot be imposed on such units per the State's new Co-Living Housing regulations. Thus, these standards will need to be removed or modified to meet the new State requirements. Additionally, Residential Suites are currently only permitted in select zones, and Co-Living Housing will need to be permitted in any zone that allows for a density of at least six multi-family units per lot.

Amendment Approach

Staff recommends a minimum compliance approach to implement the requirements of HB 1998. This includes removing all references to Residential Suites—the definition and related use regulations—from the KZC and instead implementing Co-Living Housing in its place. Staff proposes creating a new definition for Co-Living Housing in Chapter 5 and creating a new KZC chapter that contains the regulations specific to the State's Co-Living Housing requirements. The new chapter would specify where Co-Living Housing is permitted (based on State law) and the applicable development standards. For the development regulations that will be consistent between Co-Living Housing and the currently allowed residential uses, the chapter would refer to the general and special regulations in the respective zone chart that apply to the (non-Co-Living) residential use (i.e., any co-living buildings will be subject to the same development regulations as other multi-unit residential development in the same zone for items such as height and other massing standards, landscaping, and commercial requirements).

Below is an overview of the primary code amendments that will be needed for minimum compliance with State law.

- *Use Type:* The Zoning Code contains a very similar use as Co-Living Housing under the name “Residential Suites”. Staff is proposing to replace the Residential Suites use and its definition with the Co-Living Housing use and definition. This will make our code consistent with State law and staff believes the term “Co-Living Housing” better describes this type of housing compared to “Residential Suites.”
- *Use Allowance:* Currently, Residential Suites are only permitted in select zones in the City (select Central Business District, Totem Lake, and Station Area zones). Staff is proposing to remove Residential Suite standards from those zones and replace them with new Co-Living Housing standards to achieve minimum compliance with State requirements. The new Co-Living Housing chapter would specify that Co-Living Housing is permitted only if six multi-family units could be achieved on the subject lot per *base* zoning density allowances.

State law requires Co-Living Housing to be permitted on lots that can achieve six middle housing units by right, meaning on lots that are within $\frac{1}{4}$ mile of a Major Transit Stop per House Bill 1110⁶ and the amended KZC Chapter 113. Staff proposes to specify in the use allowance section in the new code chapter that Co-Living Housing is permitted within $\frac{1}{4}$ mile of a Major Transit Stop in all residential zones.

- *Review Process:* HB 1998 states that Co-Living Housing may not be required to go through a permit review process that would not be required for other residential uses in the same zone. Under the current code, multi-family residential uses may be subject to the Design Review process or only a building permit review, depending on the scale of

⁶ Washington State Legislature, *Engrossed Second Substitute House Bill 1110*, Chapter 332, Laws of 2023, <https://lawfilesext.leg.wa.gov/biennium/2023-24/Pdf/Bills/House%20Passed%20Legislature/1110-S2.PL.pdf>.

the project and its location. Staff proposes that the applicable review processes for currently allowed residential uses should be applied to Co-Living Housing with this code amendment (meaning that in some locations Co-living Housing development may be required to undergo the applicable Design Review process, pending the City's adoption of code amendments to comply with HB 1293).

- *Density*: RCW 36.70A.535(7) states: "A city or county may not treat a sleeping unit in Co-Living Housing as more than one-quarter of a dwelling unit for purposes of calculating dwelling unit density."⁷ Currently, Residential Suites are counted as one dwelling unit for the purposes of calculating maximum density.⁸ Staff is proposing to implement the one-quarter of a dwelling unit density for minimum compliance and to include that note under the new Co-Living Housing regulations code chapter.
- *Parking*: The existing parking regulations for Residential Suites require the applicant to prepare a Transportation Management Plan with an extensive list of requirements. These requirements do not comply with State law and will need to be removed. The minimum compliance approach with HB 1998 would set the parking minimum at the following:
 - Zero off-street parking spaces when located within ½ mile of a Major Transit Stop, or
 - 0.25 parking space per unit when located outside of the ½ mile radius of a Major Transit Stop.

Alternatively, Council may choose to implement the parking requirements of SB 5184 for Co-Living Housing with this code update, using a hybrid of the minimum requirements under both HB 1998 and SB 5184. Under this approach the minimum parking would be the following:

- Zero off-street parking spaces if the unit is
 - less than 1,200 square feet,
 - located within 1/2 mile of a Major Transit Stop, or
 - is affordable
- Otherwise, 0.25 spaces per unit.

Because almost every Co-Living Housing unit is likely to comprise less than 1,200 square feet, no parking would be required for most co-living projects. Council should note that the lower parking standards in SB 5184 are not required to be implemented prior to January 2027. Some version of parking regulation amendments will be included in the new Co-Living Housing chapter, regardless, since the parking rates will differ from the existing parking requirements for other residential uses.

- *Affordable Housing Requirements*: Currently, Residential Suites are subject to the affordable housing requirements in Chapter 112 of the KZC ("Developments creating four or more new dwelling units shall provide at least 10 percent of the units as affordable housing units")⁹ in only the Station Area Plan. Residential Suites are not subject to

⁷ Revised Code of Washington (RCW) 36.70A.535, <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.535>

⁸ City of Kirkland, Washington, *Kirkland Zoning Code* § 5.10.778, <https://www.codepublishing.com/WA/Kirkland/html/KirklandZ05/KirklandZ05.html#5.10.778>.

⁹ City of Kirkland, Washington, *Kirkland Zoning Code* § 112, <https://www.codepublishing.com/WA/Kirkland/html/KirklandZ112/KirklandZ112.html>.

affordable housing requirements in the Totem Lake zones or the Central Business District zones where they are listed as a permitted use.

State law requires that Co-Living Housing not be excluded from being able to utilize the affordable housing incentives but does not have any requirements for affordable housing beyond that. Staff proposes to apply the affordable housing requirements of Chapter 112 to Co-Living Housing where it is applied to other residential uses in each respective zone. This would mean that affordable housing requirements would apply to Co-Living Housing developments of four or more units in zones where affordable housing is required by a General Regulation for the zone or a Special Regulation for the stacked, attached, or detached dwelling unit uses.

- *Mixed Use:* State law requires that cities not apply more restrictive development standards to Co-Living Housing than to other residential uses in the same zones. State law also prohibits cities from requiring Co-Living Housing to “include other uses.” Per guidance from Commerce both directly and through the Co-Living Guidance document, staff received further explanation that cities may apply mixed use requirements, such as ground floor commercial use requirements, to Co-Living projects if the standards are required for other residential uses in the respective zone as well. Therefore, staff proposes to apply the existing mixed-use requirements that are applicable to stacked, attached or detached dwelling units to Co-Living Housing as well. This will be specified in the new Co-Living Housing chapter.
- *Other Development Standards:* Staff proposes that the other development standards for Co-Living Housing, including landscape category, common recreational space, setbacks, building height, and lot coverage, be equivalent to the standards that apply to stacked, attached or detached dwelling units in each respective zone. This is in line with the State requirement that Co-Living Housing may not be subject to development standards that are more restrictive than those to which other residential uses are subject.
- *Sewer Connection Fees:* State law requires that cities not count Co-Living Housing as more than one-half of a dwelling unit for sewer connection fee calculations, unless they find facts to support charging more than the one-half dwelling unit calculation. Staff proposes to amend the sewer connection fee schedule to comply with the State mandate.

Planning Commission Discussion and Feedback

At the July 10, 2025 PC meeting, staff briefed the PC on the Co-Living Housing code amendments and asked them for feedback on the amendment approach, parking, affordable housing, and the public outreach approach. Below is a summary of the discussion points:

Amendment Approach

Commissioners were generally supportive of the minimum compliance with the State mandate amendment approach.

Public Outreach

One commissioner suggested adjusting the plan to better engage and inform the community members who may be most interested in this type of housing. Staff agrees that potential residents

could benefit from being more aware of this housing option, but outreach for this purpose is not necessary to inform the objective of this project, which is to meet minimum compliance with the State's HB 1998 mandate. The rest of the Commission expressed support for the existing public outreach approach.

Parking

Commissioners were supportive of the hybrid compliance approach with HB 1998 and SB 5184 for Co-Living Housing. There was discussion of whether Co-Living units would ever exceed 1,200 square feet and be subject to any parking requirements under the hybrid option. Staff responded that there are no size restrictions on these units, as mandated by the State, so they could be larger than 1,200 square feet. However, since Co-Living units are sleeping rooms rather than full dwelling units (i.e., they lack private kitchens), units over 1,200 square feet are not likely to be common. Thus, under the hybrid option, parking minimums would effectively be eliminated for most foreseeable Co-Living projects.

Affordable Housing

The Commission explored the possibility of applying affordable housing requirements to Co-Living Housing but ultimately agreed to move forward without applying them to Co-Living units. Commissioners discussed whether Co-Living units are inherently affordable in the current market—often renting at rates comparable to 50% of Area Median Income (AMI)—even in the absence of formal affordability covenants.

One commissioner raised concern about the potential of “luxury” Co-Living developments and suggested that affordability requirements could help prevent such outcomes. However, the majority of commissioners did not view “luxury,” or high-cost, Co-Living units as a significant risk. By the end of the discussion, all commissioners reached consensus to move forward without applying affordable housing requirements to Co-Living Housing in any zone.

Staff would note that there are other approaches to ensuring housing affordability for Co-Living Housing that staff has not explored in detail, such as requiring an in-lieu fee per unit. Staff could bring back additional information on such approaches if desired by Council.

Since the July 10 PC meeting, staff has conducted additional research on this topic. The existing Residential Suites developments in Kirkland are marketing the sleeping units for between \$995-\$1,295 at Plaza and \$1,199-\$1,295 at Arete.¹⁰ Under the 50% AMI affordable housing requirements, the maximum rent (including utilities) for a studio (generally a larger size unit than a Co-Living unit, with a full kitchen and bathroom) would be \$1,375.¹¹

Staff has also learned from Commerce that approximately 15 cities in Washington have amended their codes to comply with HB 1998, and none of them have applied affordable housing requirements to the Co-Living use.

Project Timeline and Public Outreach:

The following is a draft timeline for this project. The timeline is tentative and subject to change.

¹⁰ Redside Partners. Plaza Apartments: <https://www.redsidepartners.com/property/plaza/#vacancy>. Arete Apartments: <https://www.redsidepartners.com/property/arete/>. Sites visited July 21, 2025.

¹¹ ARCH – A Regional Coalition for Housing. *ARCH rent and income limits charts: Effective April 18, 2025*. https://www.archhousing.org/s/ARCH-Rent-and-Income-Limits-Charts_-2025.pdf

Meetings	Meeting Date
Planning Commission Briefing	July 10, 2025
City Council Briefing	August 6, 2025
Planning Commission Public Hearing	August 28, 2025
City Council Meeting (adoption)	September 16, 2025

Given the scope of the project and the code amendment approach of minimum compliance for following the State mandate, staff has proposed a public outreach plan that includes: information about the meetings in This Week in Kirkland, a project webpage with information on the subject, meeting dates, and resources for interested parties; and distribution of updates on the project to the housing email list to keep the housing stakeholders informed.

NEXT STEPS:

Staff will draft code amendments that incorporate PC and Council feedback. Staff will then bring the draft code amendments to PC for a public hearing tentatively scheduled for August 28, 2025. The draft code amendment would then be presented to Council for adoption, tentatively scheduled for September 16, 2025.

ATTACHMENTS:

Attachment 1 – Gap Analysis

HB 1998 Co-Living State Requirements & City Development Standards Gap Analysis

Compliance with State Co-Living Housing Requirements (ESHB 1998)

TOPIC	SECTION	ANALYSIS (Kirkland Compliance Status with Existing Zoning)
Allowance of co-living	RCW 36.70A.535 ¹ (1) Cities must allow co-living housing as a permitted use on any lot that allows at least six multifamily residential units, including on a lot zoned for mixed-use development.	Does Not Comply: The City regulates a type of co-living facility as “Residential Suites” as defined in KZC 5.10.778. This use is only allowed in specific zones within the city. KZC 50, KZC 55, and KZC 57.
Room dimensions, unit mixture, and other uses	RCW 36.70A.535 (2) Cities may not require Co-living housing to: <ul style="list-style-type: none"> Contain room dimensional standards larger than that required by the state building code, including dwelling unit size, sleeping unit size, room area, and habitable space. Provide a mix of unit sizes or number of bedrooms. Include other uses. 	Does Not Comply: Residential suites have specific dimensional standards (KZC 5.10.778) and are often required to be mixed with another use. KZC 50 and KZC 55.
Parking²	RCW 36.70A.535 (3) Cities may not require co-living housing to: <ul style="list-style-type: none"> Provide off-street parking within one-half mile walking distance of a major transit stop. Provide more than 0.25 off-street parking spaces per sleeping unit. 	Does Not Comply: Residential Suites have higher parking standards than State requirements allow. KZC 50, KZC 55, and KZC 57.

¹ Co-living housing: <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.535>

² Compliance with State parking requirements are not required if cities can demonstrate through a study that parking limitations will be less safe for vehicle drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location.

Restrictive use standards	RCW 36.70A.535 (4) Cities may not require through development regulations any standards for co-living housing that are more restrictive than those that are required for other types of multifamily residential uses in the same zone.	Does Not Comply: Residential Suites often have more stringent development standards compared to other multifamily uses. KZC 50, KZC 55, and KZC 57.
Permitting	RCW 36.70A.535 (5) Cities may only require a review, notice, or public meeting for co-living housing that is required for other types of residential uses in the same location, unless otherwise required by state law including, but not limited to, shoreline regulations under chapter 90.58 RCW.	Complies: Residential Suites have the same review process requirements as other types of residential uses. KZC 50, KZC 55, and KZC 57.
Affordable housing	RCW 36.70A.535 (6) Cities may not exclude co-living housing from participating in affordable housing incentive programs under RCW 36.70A.540.	Complies: Residential Suites may participate in the affordable housing incentive program. KZC 112.20.
Unit density	RCW 36.70A.535 (7) Cities may not treat a sleeping unit in co-living housing as more than one-quarter of a dwelling unit for purposes of calculating dwelling unit density.	Does not Comply: Residential Suites are counted as one dwelling unit where minimum density applies. KZC 5.10.778.
Fees	RCW 36.70A.535 (8) Cities may not treat a sleeping unit in co-living housing as more than one-half of a dwelling unit for purposes of calculating fees for sewer connections, unless the city or county makes a finding, based on facts, that the connection fees should exceed the one-half threshold.	Does Not Comply: Residential Suites are not distinguished from other multi-family residential uses per the Public Works fee schedule. KZC 5.10.778 and Public Works Fee Schedule.
Definitions	RCW 36.70A.535 (11)(a) The following definition applies:	Does Not Comply: The City's definition of Residential Suites does not match this definition

	<p>"Co-living housing" means a residential development with sleeping units that are independently rented and lockable and provide living and sleeping space, and residents share kitchen facilities with other sleeping units in the building. Local governments may use other names to refer to co-living housing including, but not limited to, congregate living facilities, single room occupancy, rooming house, boarding house, lodging house, and residential suites.</p>	<p>precisely. KZC 5.10.778. City should repeal Residential Suites and adopt State definition of "Co-Living Housing."</p>
	<p>RCW 36.70A.535 (11)(b) The following definition applies: "Major transit stop" means:</p> <ol style="list-style-type: none"> 1. A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCW; 2. Commuter rail stops; 3. Stops on rail or fixed guideway systems, including transitways; 4. Stops on bus rapid transit routes or routes that run on high occupancy vehicle lanes; or 5. Stops for a bus or other transit mode providing actual fixed route service at intervals of at least 15 minutes for at least five hours during the peak hours of operation on weekdays. 	<p>Notes on Application of Provision: Definition of Major Transit Stop has been adopted with the Middle Housing code amendments.</p>