



CITY OF KIRKLAND
PLANNING AND BUILDING
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Scott Guter, AICP, Senior Planner
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Date: June 4, 2025

Subject: **Adoption of WA State Housing Code/Middle Housing Compliance Zoning Amendments - File No. CAM24-00561**

RECOMMENDATION:

Staff recommends that the City Council adopts Ordinance O-4905 that:

- Amends various sections of the Kirkland Zoning Code (KZC) to implement State-mandated requirements related to middle housing, accessory dwelling units, parking, and design review within low-, medium-, and high-density residential zones.
- Authorizes early implementation of lower parking minimums in Senate Bill 5184 that must be adopted by January 1, 2027.
- Requires affordable housing fee-in-lieu contributions for larger single-family homes, effective after January 1, 2027. The affordable housing provisions are not required by state law but can only be implemented when additional density is created through zoning.
- Requires the Planning and Building Director to propose alternative methodologies for calculating affordable housing for Council consideration by June 30, 2026.

EXECUTIVE SUMMARY:

- Staff recommends Council adopts Ordinance O-4905 updating the Kirkland Zoning Code (KZC) in accordance with State residential housing code mandates. These mandates focus on increasing the production of middle housing.
- These KZC amendments would ensure the City meets minimum State requirements by the June 30, 2025 deadline, preventing the automatic adoption of the State's middle housing model code within the city.
- Ordinance O-4905 also includes as the early implementation of the lower parking minimums contained in Senate Bill (SB) 5184 and affordable housing requirements that would apply to housing units over 2,000 square feet.
- Exhibit H to O-4905 requires the Planning and Building Director to propose alternative

methodologies for calculating affordable housing for Council consideration no later than June 30, 2026.

- This is the first of two phases for residential code amendments. This first phase focuses on achieving minimum compliance with State legislation, with some additional modifications to parking minimums and affordable housing requirements arising from Planning Commission recommendations and Council direction. Phase 2 will address code optimization for middle housing development; Phase 2 is an adopted task on the City's 2025- 2027 Planning Work Program, which is scheduled to begin January 2026.

BACKGROUND:

In recent years, the Washington State Legislature has enacted multiple housing laws that cities and counties must implement within six months of adopting periodic Comprehensive Plan updates. For Kirkland, that deadline is the end of June 2025. The City proposes to amend sections of the Kirkland Zoning Code (KZC) to comply with these various State residential requirements for middle housing, accessory dwelling units (ADUs), parking, and design review (as it pertains to middle housing) within low-, medium-, and high-density residential zones. The proposed draft KZC amendments also include updates to Chapter 105 (Parking Areas, Vehicle and Pedestrian Access) to ensure compliance with the State's unit lot subdivision requirements. Please note that the Municipal Code (KMC) amendments related to unit lot subdivisions are being managed through a separate project, which is also scheduled for consideration at the June 17, 2025 Council Meeting.

The proposed KZC amendments address:

- Compliance with State minimum residential density requirements (RCW 36.70A.635 – House Bill (HB) 1110 (2023) and HB 2321 (2024));
- Compliance with State ADU requirements (RCW 36.70A.681 – HB 1337 (2023));
- Early implementation of compliance with State residential parking requirements (RCW 36.70A.622 – SB 6015 (2024));
- Implementation of affordable housing requirements on new large single-family houses over 2000 square feet, effective January 1, 2027.
- Compliance with portions of State design review requirements relevant to residential development within low-, medium-, and high-density residential zones (RCW 36.70A.630 – HB 1293 (2023)); and
- Anticipation of adoption of code amendments addressing State unit lot subdivision requirements (RCW 58.17.060(3) – SB 5258 (2023) and SB 5559 (2025)).

The Council received briefings on proposed amendments at its January 7,¹ March 4,² March 18,³ and June 3, 2025⁴ meetings.

¹ www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/january-7-2025/3b_study-session.pdf

² www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/march-4-2025/9b_business.pdf

³ www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/march-18-2025/9a_business.pdf

⁴ www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/june-3-2025/9b_business.pdf

DISCUSSION/ANALYSIS:

At the June 3, 2025 meeting, Council received a briefing and discussed the proposed draft zoning code amendments as recommended by the Planning Commission. Council also provided staff specific feedback on draft affordable housing and parking requirements.

Affordable Housing

Staff briefed Council on the rationale for including affordable housing requirements with this phase of KZC amendments, provided the Planning Commission's reasoning for its recommendations, and presented several options for implementing affordable housing requirements in low density zones.

Incorporating affordable housing requirements with these code amendments would help address Kirkland's critical affordable housing gap primarily by generating revenue that can be used to build affordable housing units. Furthermore, State law authorizes cities to impose affordable housing requirements only with increases in development allowances and there is no mechanism for banking any development allowances toward a future amendment involving affordable housing.

Council was presented four affordable housing options:

- **Option 1:** A Planning Commission (PC) recommended requirement that would assess a 10% affordable housing set-aside or payment in-lieu with all new residential construction above 2,500 square feet per unit and that imposes a per square foot payment in-lieu fee after the first 2,500 square feet of new residential construction. This option would exempt from the affordable housing requirements any additions and alterations that do not add more than 100% of the existing residential unit's square footage. These requirements would not go into effect until June 30, 2026.
- **Option 2:** A staff-drafted Council-guided requirement that would assess a 10% affordable housing set-aside or payment in-lieu for new residential units greater than 2,000 square feet. Like Option 1, this option would exempt from the affordable housing requirements any additions and alterations that do not add more than 100% of the residential unit's square footage and would not go into effect until June 30, 2026.
- **Option 3:** An alternative City Manager-drafted requirement that would assess a 10% affordable housing set-aside or payment in-lieu with all new residential units over 2,000 square feet per unit. Like Options 1 and 2, this option would exempt from the affordable housing requirements any additions and alterations that do not add more than 100% of the residential unit's existing square footage. These requirements would not go into effect until January 1, 2027 (likely aligned with adoption of the Phase 2 middle housing code amendments). Unlike Options 1 and 2, this option explicitly contemplates that the affordable housing requirements are subject to change with future amendments, but such amendments would in no case be more burdensome than those imposed with this requirement, unless the City is considering any additional increases to development capacity.
- **Option 4:** Defer any affordable housing requirements until a second phase of middle housing code amendments is scheduled to begin in 2026. This option would not be able to factor in the additional development capacity being granted by the Phase 1 code amendments.

There was general support for the alternative City Manager-drafted requirement (Option 3). Staff has incorporated Option 3 into Ordinance O-4905, in Exhibit H

Option 3 as presented on June 3 contained a subsection that said the Council “may adopt an alternative program” prior to January 1, 2027. The Council requested that there be certainty that alternatives would be presented to the Council for consideration. Staff has incorporated the new language in two sections of Exhibit H. Only the new text from the June 3 meeting is underlined in the memo for emphasis, but all the language below is incorporated and underlined text as part of Exhibit H.

On Exhibit H, page 1, 112.12(1)(b), it states:

b. Alternative Requirement – No later than June 30, 2026, the Planning and Building Director will propose for City Council consideration alternative affordable housing methodologies in low density residential zones. The City Council may adopt an alternative program to that set forth in subsection (a) above. The alternative program should not impose minimum affordable housing requirements that are more burdensome than those in subsection (a) above

On Exhibit H, page 11, 112.30(4)(b)(1), it states:

1) No later than June 30, 2026, the Planning and Building Director will propose for City Council consideration alternative affordable housing methodologies to that set forth in subsection (b) above. The City Council may adopt an alternative methodology to that set forth in subsection (b) above, provided that the alternative program does not result in an in-lieu fee payment that exceeds the cost of developing 10 percent of the units on a subject property as affordable housing units.

One councilmember inquired about a potential loophole under Option 3 in which a homeowner could undertake multiple sequential addition projects that individually do not exceed the 100% threshold but cumulatively exceed the threshold. After discussing this concern internally, staff do not believe that it is a likely outcome for the following reasons. First, permit fees for individual projects can be costly, creating a disincentive to split one project into multiple projects. Second, to receive a final inspection on a project, external sheathing and roofing must be installed, making it difficult and costly to keep adding additions onto incremental building projects. In addition, construction can be disruptive to household life, creating a natural disincentive to phasing addition projects in residential settings. Therefore, staff has not included any code language related to this potential loophole. However, the proposed ordinance does require the staff to bring back alternative affordable housing options for review in 2026 and this issue could be reexamined at that time.

Parking Requirements

There are multiple recently-adopted State bills requiring reduced parking for middle housing units, beginning with reduced parking standards established in HB 1110. More recent State requirements passed in the 2024 legislative session (SB 5184) set new parking maximums (e.g., limiting the number of parking spaces cities can require as a minimum) for Washington cities, beyond the parking reductions required by HB 1110 (middle housing); however, jurisdictions like Kirkland are not required to adopt these new parking standards (SB 5184) until January 2027. When this matter was before the PC, staff compared draft parking standards that would be compliant with SB 5184 with draft parking standards that meet only HB 1110 requirements, and the PC recommended the

draft standards compliant with SB 5184. It is important to note that the PC recommended the reduced parking standards in SB 5184 for middle housing development *only*; citywide implementation of these parking standards for all uses would require additional code amendments in the future and can be done with the State-required January 2027 time horizon.

There was general Council support for the PC-recommended parking requirements. Staff has retained these requirements in Ordinance O-4905 in Exhibit I.

NEXT STEPS:

In 2026, staff will begin work on the Middle Housing Optimization (Phase 2) and Affordable Housing Incentives project, which is Task 25 of the City's adopted 2025-2027 Planning Work Program. This project will further explore potential changes to development standards and affordable housing incentives to encourage more housing supply, diversity, and affordability throughout the City's residential zones. Staff expects that an early step in that process will be to touch base with Council to confirm the scope of potential changes that should be studied.

ATTACHMENTS:

Ordinance O-4905, Relating to Zoning and Land Use and Amending the City of Kirkland Zoning Code, Ordinance O-3719 as Amended, including Chapters 5, 15, 20, 25, 95, 105, 110, 112, 113, 115, 162, and 180; File No. CAM24-00561

Exhibit A – KZC 5.05 and 5.10

Exhibit B – KZC 15.05.020 and 15.20

Exhibit C – KZC 20.05.020 and 20.20

Exhibit D – KZC 25.05.020 and 25.20

Exhibit E – KZC 95.25, 95.30, 95.34, 95.47, and 95.51

Exhibit F – KZC 105.10, 105.18, 105.47, 105.60, and 105

Exhibit G – KZC 110.05

Exhibit H – KZC 112.05, 112.10, 112.15, 112.20, and 112.30

Exhibit I – KZC 113.05, 113.10, 113.15, 113.20, 113.25, 113.35, 113.40, and 113.50

Exhibit J – KZC 115.07, 115.08, 115.40, 115.42, 115.45, 115.60, 115.90, 115.115, and 115.125

Exhibit K – KZC 162.35

Exhibit L – KZC 180