



CITY OF KIRKLAND
PLANNING AND BUILDING
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MEMORANDUM

To: Kurt Triplett, City Manager

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Date: May 14, 2025

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

RECOMMENDATION:

Staff recommends that the City Council reviews proposed Ordinance O-4905, as recommended by the Planning Commission and provides feedback. The ordinance does the following:

- Amends various sections of the Kirkland Zoning Code to implement State-mandated requirements for middle housing, accessory dwelling units, parking, and design review within low-, medium-, and high-density residential zones.
- Proposes 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 June 29, 2026. The affordable housing provisions are not required by state law but can only be implemented when additional density is created through zoning.

Staff will be seeking feedback on all three elements of the proposed ordinance and returning to the June 17 Council meeting for any amendments and final adoption.

EXECUTIVE SUMMARY:

- Staff recommends Council considers the Ordinance O-4905, as recommended by the Planning Commission, to update the Kirkland Zoning Code (KZC) in accordance with State mandates for residential codes. 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.

- This is the first of two phases for residential code amendments. This Phase 1 focuses on achieving minimum compliance with State legislation. Phase 2 will address code optimization for middle housing development and is an adopted task on the City's 2025-2027 Planning Work Program.
- Staff will be seeking feedback on the Planning Commission recommendations for affordable housing fee-in-lieu requirements, effective June 29, 2026, for new larger single-family homes, as well as the early implementation of the lower parking minimums contained in Senate Bill (SB) 5184.
- This memorandum summarizes the Phase 1 code amendments and decisions made by the Planning Commission (PC) and Council to date, including the PC recommendations for new affordable housing requirements and incorporation of parking requirements mandated by the State's Senate Bill (SB) 5184.¹
- Staff will return to the June 17 Council meeting for final adoption of Ordinance O-4905

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 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 Kirkland Municipal Code (KMC) amendments related to unit lot subdivisions are being managed through a separate project.

The proposed KZC amendments address:

- Compliance with State minimum residential density requirements (RCW 36.70A.635);
- Compliance with State ADU requirements (RCW 36.70A.681);
- Early implementation of compliance with State residential parking requirements (RCW 36.70A.622);
- Compliance with portions of State design review requirements relevant to residential development within low-, medium, and high-density residential zones (RCW 36.70A.630); and
- Compliance with State unit lot subdivision requirements (RCW 58.17.060(3)).

The Council received briefings on the proposed amendments at its January 7,² March 4,³ and March 18, 2025⁴ meetings. To date, Council has provided staff with direction on minimum unit density and the relationship of ADUs to density, the allowed housing types in low-density and multifamily zones, and affordable housing requirements.

¹https://app.leg.wa.gov/BillSummary/?BillNumber=5184&Initiative=false&Year=2025&utm_medium=email&utm_source=govdelivery

² www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/january-7-2025/3b_study-session.pdf

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

⁴ www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/march-18-2025/9a_business.pdf

The Council has yet to review and comment on zoning amendments related to the State's residential parking requirements. The PC recommendation was made in consideration of SB 5184, which was signed into law by the Governor on May 7, 2025. This draft package of KZC amendments also includes zoning changes, but not Municipal Code amendments, needed for implementation of the State's unit lot subdivision requirements. The KMC amendments for unit lot subdivisions are the subject of a separate project, with review by the PC and Council; unit lot subdivisions would not be fully authorized in Kirkland until these KMC amendments are adopted.

The proposed zoning code amendments also include several revisions to enhance code clarity and streamline administration, along with technical adjustments necessary to meet State requirements.

DISCUSSION/ANALYSIS:

PROPOSED AMENDMENTS

The proposed KZC amendments modify development standards to: permit a wider range of middle housing types; create consistent development and design regulations for both single-family and middle housing; vary residential density allowances relative to transit proximity; revise ADU regulations; change the required and specifications for residential parking; acknowledge the ongoing permissibility of existing non-conforming parking; and update general development standards for clarity and consistency. Note that some parking changes are required by the state to be implemented now, and the parking minimums of SB 5184 are not required until January 1, 2027.

Below is a high-level overview of amendments to specific KZC chapters, followed by staff's analysis of some zoning changes not yet presented to the Council.

- Chapter 5 – Definitions: New definitions pertaining to middle housing, major transit stops, and tandem parking have been added. Minor edits to the definition of “lot” were made for consistency with new unit lot subdivision code amendments.
- Chapters 15, 20, and 25 – Residential Zones: Amended to improve navigation to Chapter 113 KZC for middle housing and Chapter 115 KZC for ADUs.
- Chapter 95 – Tree Management and Required Landscaping: Amended to add new middle housing terminology as well as amendments related to parking modifications and existing surface material, size, and configuration allowances.
- Chapter 105 – Parking Areas, Vehicle and Pedestrian Access: Amended for consistency with new unit lot subdivision code amendments as well as residential parking requirements related to surface materials, tandem parking, and parking dimensions.
- Chapter 110 – Required Public Improvements: Amended to exempt new ADUs from street improvement requirements.
- Chapter 112 – Affordable Housing Incentives: Amended to include affordable housing requirements in low-density residential zones, focusing on projects involving large single-family homes.
- Chapter 113 – Middle Housing: Amended to match State's minimum residential density requirements and housing types as well as adjustments to design standards to meet State requirements.

- Chapter 115 – Miscellaneous Use Development and Performance Standards: Amended to meet State requirements for ADUs, adds new middle housing terminology, and makes minor amendments to floor area ratio standards.
- Chapter 162 – Amended to align with State residential parking stall allowances related to existing surface material, size, and configuration.
- Chapter 180 – Plates: Amended to align with State residential parking stall allowances and for consistency with new unit lot subdivision code amendments.

Parking, Unit Lot Subdivisions, and General Clarity and Consistency Code Updates

As outlined above, the proposed code amendments are designed to ensure compliance with new State regulations concerning both parking and unit lot subdivisions. Some parking changes are required by state law to be implemented now. The new lower state parking minimums are not required to be in place until January 1, 2027. However, the Planning Commission is recommending early implementation of the new requirements. Given their minor nature and anticipated primary use in conjunction with middle housing developments, amendments related to unit lot subdivisions have been incorporated into the KZC, primarily in Chapter 105, although the general KMC will also be amended to address unit lot subdivisions in a separate project. Staff have also taken the opportunity to make additional minor revisions to development standards applicable to middle housing and ADUs. These adjustments aim to improve clarity and maintain consistency with other chapters of the Zoning Code. Changes to middle housing parking requirements, informed by the PC recommendation at their May 8 public hearing, are discussed in greater detail in the subsequent “PC Hearing and Recommendation” section.

PREVIOUS COUNCIL DIRECTION

Housing Types, ADUs, and Unit Density

Following staff presentations to the PC and Council regarding options to meet State minimum housing type and density requirements, the proposed KZC amendments were crafted to reflect Council feedback aimed at achieving minimum State compliance.

Specifically, on March 18, the Council directed staff to limit allowed middle housing types in low-density zones to six of the nine State-defined options: duplexes, triplexes, fourplexes, townhouses, cottages, and stacked flats. In multifamily zones, however, all housing types allowed in low-density zones would be allowed, in addition to fiveplexes and sixplexes. The draft code amendments incorporate this Council direction.

Regarding ADUs, it is important to understand that while State law does not require them to be allowed as one of the nine middle housing types, they can be counted to contribute towards the minimum units per lot required by the State (at an individual jurisdiction’s discretion). The Council, on March 18, supported continuation of the City’s current practice in zones that allow middle housing (including low-density residential zones) as follows: allowing up to two Attached ADUs (AADUs) per development (e.g., within cottages, duplexes, triplexes) without including them in density calculations. This Council direction is also reflected in the draft code amendments.

Affordable Housing Requirement Options

As a result of Council and PC direction in 2025, Staff prepared two versions of affordable housing requirements for the PC public hearing, which provided an opportunity for the public to offer testimony specific to both options. These code amendment options consisted of:

- *Retain Existing Affordable Housing Requirements for Middle Housing:* An amended Chapter 113 KZC that would retain existing affordable housing requirements in KZC section 113.40⁵ (No Action) to reflect the PC recommendation provided at their March 27 meeting. This option would defer consideration of any new affordable housing requirements until Phase 2 of middle housing code amendments.
- *Expand Affordable Housing Requirements in Low-density Residential Zones:* An amended Chapter 112 KZC with provisions consistent with the Option 2 framework was presented to the Council at their March 18 meeting, more detail on that is below. With this option, the existing affordable housing section in KZC 113.40 would be removed, meaning that Option 2's provisions would replace the affordable housing set-aside requirements for middle housing projects of 10 units or more. Implementation would not occur until June 29, 2026.

Affordable Housing Option 2

The PC recommends affordable housing requirements that differ slightly from Option 2. First, we explain Option 2.

Under Option 2, a new low density residential zone subsection would be added to the affordable housing requirements of Chapter 112 KZC. To incorporate Council direction for flexible requirements that would phase in over time, this option:

- Sets an effective date after June 29, 2026;
- Exempts dwelling units of 2,000 square feet or less. ADUs and Cottage units both have a maximum square footage of less than 2,000 square feet per unit; and
- Exempts additions and alterations to existing units that do not add more than 100% of the existing square footage to the dwelling unit.

This provision would require a 10% affordable housing set aside for all new residential developments above 2,000 square feet. The per unit in-lieu fee would be 0.1 of an affordable housing unit, based on the methodology described below.

The methodology used to calculate the in-lieu fee would be the one currently contained in KZC 112.30(4)(b).⁶ This section of the Zoning Code, applicable to most zoning districts other than low-density zones, establishes that the in-lieu fee is “based on the difference between the cost of construction for a prototype affordable housing unit on the subject property, including land costs and development fees, and the revenue generated by an affordable housing unit.” A prototypical affordable housing unit is an approximately 1,300-square-foot cottage containing three bedrooms, meaning that the development costs are substantially lower than for a typical market-rate, newly-built single-family house. Prototypical affordable housing units are also built at a higher density than for a typical single-family house – approximately four units per lot.

This in-lieu method calculates fees based on expenses for land acquisition and site development, and standardized construction costs.⁷ Table 1 summarizes what the in-lieu fee would be for a representative, newly built single-family house in the North Rose Hill neighborhood using the currently established in-lieu fee methodology and representative land acquisition costs. This representative house consists of five bedrooms and three baths and comprises 3,249 square feet on a 7,260-square-foot lot. It sold for \$2.9 million on January 30, 2025. Based on the calculations shown in Table 1, the in-lieu fee for this house would be \$45,118, or about 1.6 percent of the sales price. This in-lieu fee is similar to the in-lieu fee already imposed on newly-built stand-alone units in

⁵ www.codepublishing.com/WA/Kirkland/html/KirklandZ113/KirklandZ113.html#113.40

⁶ www.codepublishing.com/WA/Kirkland/html/KirklandZ112/KirklandZ112.html#112.30

⁷ Observed estimated acquisition costs are from sales data in the period of September 2023 – April 2024.

medium-density zones.

Table 1: Representative In-lieu fee for a newly-built single-family house

| | | |
|----|---|-----------------|
| 1. | Local land acquisition | \$359,946 |
| 2. | Construction and land development (including public infrastructure) | \$325,000 |
| 3. | Other development costs | \$256,830 |
| 4. | Total development costs (sum of rows 1 to 3) = | \$941,776 |
| 5. | Revenue generated by an affordable housing unit (i.e. sales price to a median-income household) | \$490,600 |
| 6. | Fee in lieu of construction for 10 newly-built single-family houses (difference between rows 4 and 5) = | \$451,176 |
| 7. | Fee in lieu of construction for one newly-built single-family house (10% of row 6) = | \$45,118 |

With 151 single-family building permits issued in 2024 and an estimated \$45,000 in lieu payment per permit, Option 2 would have generated approximately \$6.8 million for the City's Housing Trust Fund.

The PC's recommendation for affordable housing requirements, which differs somewhat from Option 2, is discussed in greater detail in the subsequent "PC Hearing and Recommendation" section.

PC HEARING AND RECOMMENDATION

On May 8, 2025, the PC conducted a public hearing on the draft code amendments. During deliberations, the PC discussed the potential incorporation of new State parking requirements codified in Senate Bill (SB) 5184. These requirements stipulate a maximum of 0.5 on-site parking spaces per multifamily residential unit (which includes middle housing types), with specific exemptions for units situated within a one-half mile radius of a major transit stop, units with a floor area of 1,200 square feet or less, affordable housing units, and ADUs. While the requirements in SB 5184 are not required to be locally implemented until the end of 2026, the PC opined that implementing these forthcoming requirements in the near-term would provide better predictability and consistency for developers and staff in the long-term.

The PC also had an in-depth discussion regarding the draft Option 2 affordable housing requirements. Commissioner Jacobson introduced a motion to incorporate the following revisions:

- **Amendment to Section 112.15:** Instead of exempting entire units consisting of 2,000 square feet or less, this section would exempt the first 2,500 square feet of any dwelling unit. The rationale is to mitigate a sharp rise in development costs for individual units beyond 2,000 square feet, while still incentivizing the production of smaller units. Furthermore, the amendment proposes a graduated in lieu payment for the square footage of each individual new unit exceeding 2,500 square feet.
- **Introduction of Section 112.30:** This new section would establish an in-lieu payment for projects in low-density residential zones. This payment is calculated per square foot of new construction above 2,500 square feet per unit. The payment is calculated per square foot based on the following method:
 1. Calculate the cost of building a prototypical affordable housing unit and subtract out the price a median- or lower-income household would pay for this unit.
 2. Multiply by 10%.

3. Divide by 2,000.
4. Multiply by the amount of square feet in a newly-built house beyond 2,500 square feet, excluding attached ADUs.

The purpose of this formula was to produce a fee for a newly-built 4,500-square-foot house that would be roughly equivalent to the fee generated by Option 2 for a newly-built 2,001-square foot house. But the fee would be substantially less for a 2,750 square foot house.

Similar to Option 2, this option would:

- Set an effective date after June 29, 2026; and
- Exempt additions and alterations to existing units that do not add more than 100% of the existing square footage to the dwelling unit.

In 2024, the City issued permits for 139 single-family units above 2,500 square feet. Based on this data, the PC-recommended affordable housing option would have generated approximately \$6 million for the City's Housing Trust Fund in 2024. Staff plans to cover this proposed methodology in more detail, and with representative examples, at the June 3 Council meeting.

The PC unanimously voted to recommend the draft code amendments with the Council version of the affordable housing requirement (Option 2), as amended by the PC to include Commissioner Jacobson's amendments, and directed staff to incorporate the minimum parking requirements set forth in SB 5184 into Chapter 113 KZC. The draft code amendments presented to Council incorporate the PC recommendations.

Standard fee vs. Individual Calculation

Both the original staff Option 2 and the Planning Commission recommendation require that the in-lieu fee be calculated on a case-by-case basis as part of the permit process. With the implementation proposed to occur in June of 2026, staff could also develop a standardized fee under either methodology by utilizing sample projects from throughout the City as the basis for the calculations.

CODE AMENDMENT PROCESS AND CRITERIA

Pursuant to KZC 160.60 and KZC 135.25, the City may amend the text of the Zoning Code only if it finds that:

1. The proposed amendment is consistent with the applicable provisions of the Comprehensive Plan;
2. The proposed amendment bears a substantial relation to public health, safety, or welfare;
3. The proposed amendment is in the best interest of the residents of Kirkland; and
4. When applicable, the proposed amendment is consistent with the Shoreline Management Act and the City's adopted shoreline master program.

The proposed Zoning Code amendments are consistent with the Comprehensive Plan because they would enable a wider variety of housing options within residential zones and would ensure compliance with State law. This increased housing diversity would directly benefit the health, safety, and welfare of Kirkland residents by improving access to housing.

STATE ENVIRONMENTAL POLICY ACT (SEPA)

A SEPA Addendum was issued on May 12, 2025, to the City of Kirkland 2015 Comprehensive Plan Update Draft and Totem Lake Planned Action Ordinance Final Environmental Impact Statement (EIS), the NE 85th St Station Area Planned Action Final Supplemental EIS, and the Comprehensive Plan Update Final Supplemental EIS and is contained in the official files in the Planning and Building Department. The SEPA Addendum compares the difference in impacts between the existing and revised Zoning Code amendments and concludes that the proposed amendments would not result in new adverse impacts beyond those identified in the Comprehensive Plan Environmental Impact Statement. The code amendments, by increasing housing affordability and choice, would result in beneficial environmental impacts.

NEXT STEPS:

Staff is seeking feedback and potential amendments on the middle housing codes, the parking minimum implementation, and the affordable housing implementation. Staff will return to the June 17 Council meeting with a final Ordinance O-4905 for amendment and adoption. Once the ordinance is approved, staff will ensure City materials are updated consistent with the code changes. Then, in 2026, City staff will begin work on the Middle Housing Optimization (Phase 2) and Affordable Housing Incentives project, Task 25 of the adopted 2025-2027 Planning Work Program.⁸ 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. Note that if Council does not adopt Ordinance O-4905 by the end of June, the State's model middle housing codes would take effect next month.

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 – 180

⁸ www.kirklandwa.gov/files/sharedassets/public/v/1/planning-amp-building/work-programs/adopted_2025-2027_pwp4-15-2025.pdf