CITY OF KIRKLAND
PLANNING AND BUILDING
123 Fifth Avenue, Kirkland, WA 98033
425-587-3000

MEMORANDUM

To: Kurt Triplett, City Manager

From: Adam Weinstein, Director of Planning and Building
Jon Regala, Planning Supervisor
Alex M. Kaiser, Associate Planner

Date: September 3, 2026

Subject: **Slate Peak Term Sheet and Request for Council Direction on Development Agreement (DA) Negotiation**

RECOMMENDATION:

Staff recommends that the City Council receives a briefing on the Slate Peak Term Sheet and provides direction on whether staff should proceed with negotiating a Development Agreement (DA) with MainStreet Property Group LLC for the proposed Slate Peak mixed-use project at 636 and 672 7th Avenue.

EXECUTIVE SUMMARY:

- MainStreet proposes a mixed-use project (Slate Peak) in the Station Area's Urban Flex (UF) zone, seeking to exceed the height limit by 20 ft. and an exception to the prohibition of street-level residential uses due to site topography and project feasibility. The deviations from the code would require a DA.
- The applicant proposes a 65-ft. tall building with 170 units with 10% designated for affordable housing, approximately 7,800 sq. ft. of non-residential space, and 192 parking stalls.
- Public benefit options include discounted rent for community/arts organizations or a $200,000 placemaking contribution to activate the Cross Kirkland Corridor (CKC)/7th Avenue intersection.
- The proposal may help activate the Station Area and provide much-needed market-rate and affordable housing – major City Council goals – but also require code deviations that could make it harder to achieve some of the policy goals of the Station Area Plan.
- Staff requests input from Council on whether to begin DA negotiations.

BACKGROUND:

Staff have been working over the last several months with MainStreet to better understand and refine their proposal, including the provision of public benefits, and are seeking to get Council feedback at the project's conceptual stage. The following section includes a discussion of the current proposal along with regulatory and site context.

1. Summary of the Slate Peak Proposal

MainStreet Property Group LLC proposes:

- A 65-foot-tall building containing approximately 170 multifamily residential units (15% studios, 55% one-bedroom units, and 30% two- and three-bedroom units) totaling approximately 237,500 sq. ft.
- 10% of the units (17 units) reserved as affordable housing units at 50% of the Area Median Income (AMI).
- Approximately 7,800 sq. ft. of street-level non-residential space (not including associated parking): 5,200 sq. ft. fronting 7th Avenue and 2,600 sq. ft. fronting 8th Avenue. This space would likely be used by commercial or community enterprises.
- Approximately 192 parking stalls spanning two levels located behind non-residential uses on 7th and 8th Avenues. A total of 16-24 of these stalls will be dedicated to non-residential parking with the remaining stalls reserved for residential parking.
- Standard streetscape and frontage improvements along 7th and 8th Avenues per code requirements.
- Street-level ancillary residential support space (including bike parking, storage, trash, and utility rooms), located behind non-residential uses at the street level.

2. Project Site and Station Area Zoning Context

MainStreet Property Group LLC approached City staff in early 2026 proposing "Slate Peak," a mixed-use development spanning two parcels within the Station Area's Urban Flex (UF) zone in the Norkirk neighborhood. The subject property is located at 636 and 672 7th Avenue, as seen in Attachment 1. It is situated between 7th Avenue to the south and 8th Avenue to the north and consists of approximately 1.02 acres. Kirkland Performance Center (KPC) Studios currently operates at 636 7th Avenue, while a vehicle storage and detailing service operates at 672 7th Avenue. Properties located immediately to the east, south, and west of the subject property are also within the UF zone and similarly contain light-industrial or commercial uses. Properties to the north of the subject property across 8th Avenue are in the Light Industrial (LIT) zone, as seen in Attachment 1.

The UF zone was created as part of the Station Area's form-based code, which is "intended to ensure that development in the station area is facilitated by clear and predictable standards that achieve transit-supportive development intensities in a high quality, pedestrian-oriented built environment." (KZC 57.05.020) The UF zone specifically "is intended to encourage uses consistent with a mixed-use neighborhood that supports light industrial uses consistent with an urban, walkable character. It allows for commercial, retail, civic/institutional, and residential uses. Maximum building heights in the UF zone west of I-405 are 45 ft." The UF zone limits street-level uses to only non-residential uses, except for residential lobbies.

Furthermore, the Station Area designates the UF zone within the Norkirk Makers District. According to Comprehensive Plan Section 12.L.11, which pertains to the Makers District: "The existing character of industrial buildings and small businesses can evolve over time to maintain this industrial character while encouraging more pedestrian oriented, innovation-focused development. 'Maker spaces,' small scale manufacturing, and local businesses will all serve to activate the corridor and create a neighborhood hub to serve Norkirk and Highlands. Limited residential infill will also provide opportunities for meeting Kirkland's need for diverse housing choices."

MainStreet has stated that the 45 ft. height limit and the UF zone street-level non-residential requirement make a profitable mixed-use development infeasible on this parcel due to topography and construction costs. The subject property is 9-14 ft. higher in elevation along 8th Avenue than along 7th Avenue, as seen in Attachment 3. The site's two distinct elevations along 7th and 8th Avenues create two functional "street levels," complicating compliance with the UF zone requirement for street level non-residential space. On a site with two different street levels, staff believes the code requirement for street-level non-residential space could be met by providing one full floorplate, approximately 34,000 sq. ft., of non-residential space, including parking for non-residential uses, allowing distribution between 7th and 8th Avenues as the applicant chooses.

MainStreet's current proposal includes only 5,200 sq. ft. of non-residential uses fronting 7th Avenue and 2,600 sq. ft. of non-residential uses fronting 8th Avenue (a total of approximately 7,800 sq. ft. of non-residential space, not including the associated parking square footage). The remainder of each "street level" floor is used for parking (a total of 192 parking spaces, 16-24 of which are dedicated to non-residential uses), along with residential support uses such as bike storage, trash rooms, and utilities. Staff have consistently considered parking associated with and serving a specific use type to be part of that overall use type. Therefore, parking located on the street level that serves residential uses, along with all other proposed residential support uses, would be considered a residential use and would conflict with the UF zone's prohibition of street-level residential uses. Staff suggested underground parking as a way to comply with this zoning requirement, but MainStreet stated that underground parking would make the project financially infeasible due to difficult soil conditions according to the Term Sheet (Attachment 2). MainStreet previously mentioned high groundwater and the costs of constructing underground parking in those soil conditions as the specific reasons preventing them from building underground parking.

KZC 57.05.030 provides the criteria for approving DA's within the Station Area as follows:

> As a means of encouraging early catalyst transit-oriented development projects within the station area, projects are allowed to apply for and negotiate a development agreement with the City pursuant to Chapter 36.70B RCW. The purpose of such a development agreement is to provide a process for tailoring the regulations and incentives of this chapter as they apply to specific facts and circumstances. A development agreement approved by the City Council pursuant to Chapter 36.70B RCW may approve specific variations or exceptions from the district regulations if the Council finds and concludes in the development agreement that the variations or exceptions result in a project that provides overall greater benefit or overall better mitigation than would a project that strictly complies with the district regulations.

The draft Term Sheet shown in Attachment 2 is intended to establish a shared understanding of the project proposal and its applicable code requirements, processes, goals, variation requests, and proposed public benefits. The term sheet would become a formal document to be signed by both parties and then would serve as a foundation for advancing future DA negotiations. The attached draft term sheet language and details still need review and revision by City staff and the City Attorney's office but contain the key provisions of the agreement.

3. Requested Development Agreement Provisions

- Height: A 20 ft. increase to the maximum building height limit (45 ft. to 65 ft.).
- Street-Level Residential Use Prohibition: Allow residential support uses such as residential parking, bike parking, storage, trash, and utility rooms on the street-level.

These two changes provide considerable benefit to the developer. As previously noted, the DA must ensure that the project "provides overall greater benefit or overall better mitigation than would a project that strictly complies with the district regulations." This determination is made by the City Council.

Beyond what the code requires, MainStreet Property Group LLC proposes one of the following public benefits as a part of the DA:

- **Option A – Below-Market Community/Arts Space.** MainStreet will lease up to 1,500 square feet of the project's non-residential space to a community or arts group, or to a smaller or fledgling retailer, at a below-market rate, supporting the City's interest in fostering a Maker's District in this area of the Station Area. MainStreet will provide a tenant improvement allowance of $100 per square foot (up to a cap of $150,000) and a lease rate reduced 30% below market, with the tenant responsible for their share of standard operating expenses. To ensure a fair and transparent tenant selection process, MainStreet will solicit qualified tenants through a request for proposals (RFP) process, with MainStreet retaining sole discretion over selection criteria and selection decisions.

- **Option B – Station Area Placemaking Contribution.** Consistent with the Cross Kirkland Corridor (CKC) Master Plan's vision, MainStreet will help activate the intersection of the CKC and 7th Avenue to create both a gateway and a neighborhood gathering place with multimodal and recreational amenities. MainStreet will contribute $200,000 toward the improvement and activation of this intersection upon the issuance of project permits.

  City staff is looking into this option to determine the best Capital Improvement Project (CIP) contribution method. More information will be provided at the DA negotiations should this option be selected as a public benefit.

Staff will be seeking feedback on whether either of the two options are sufficient for the Council to determine greater overall benefit or better mitigation is achieved

DISCUSSION/ANALYSIS:

The following summarizes staff's evaluation of the proposed deviations and their alignment with UF zone goals.

Comprehensive Plan goals:
The intent of the Comprehensive Plan Goals pertaining to the UF zone within the Station Area is to preserve and encourage industrial and small business growth in this sub-area. Norkirk Neighborhood Plan Goal N-19 seeks to "encourage light industrial uses, auto repair and similar service commercial uses, and offices to serve the neighborhood and surrounding community." Station Area Goal SA-30 seeks to "encourage small-scale maker, crafts, and fabrication spaces

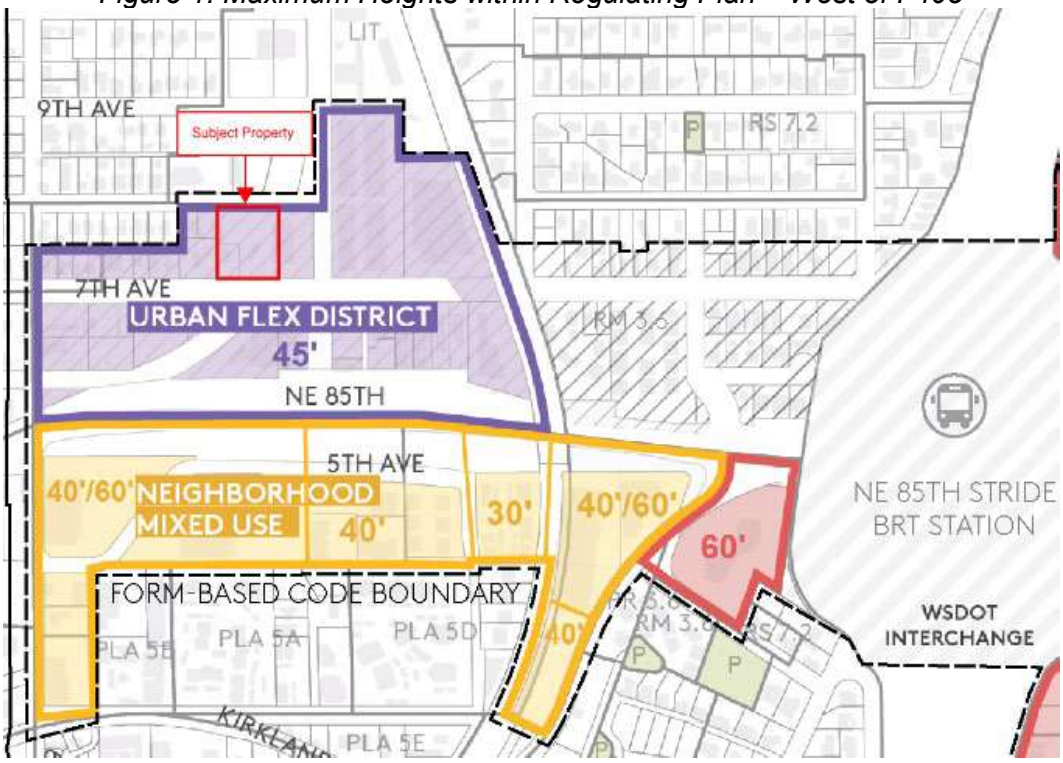
to foster smaller, immigrant-owned, and fledgling businesses." These goals align with the UF zone's restrictions on residential uses on the street-level and the vision of an active retail corridor on 7th Ave with limited residential infill.

Street-level non-residential requirement:
As noted above, on a site with two different street levels, staff believes the code requirement for street-level non-residential space could be met by providing one full floorplate of non-residential space. Based on the applicant's Term Sheet included as Attachment 2, the first level of the proposed building is approximately 34,000 sq. ft. Therefore, staff believe this code requirement could be met by providing 34,000 sq. ft. of non-residential space that could be split between 7th and 8th Avenue street levels, and that could include parking and other support space dedicated to the non-residential uses. Assuming 24 stalls dedicated to the non-residential uses are included at the standard code required dimensions, and in combination with the 7,800 sq. ft. of non-residential tenant space, the applicant has proposed only 33% of what is required. MainStreet has stated that creating any larger non-residential tenant space would result in unleasable spaces due to the lack of market demand for deep tenant spaces at this location. It would also require more parking than is feasible to support larger non-residential spaces.

Maximum building height:
Ordinance O-4935 (effective April 14, 2026) exempts all Station Area UF uses from minimum parking requirements, meaning no parking is required, although applicants can provide as much parking as desired. MainStreet is proposing approximately 192 parking stalls across two levels. The requested height increase is tied largely to accommodating this above-ground parking rather than functional street-level non-residential space required by code (see Attachment 4). As noted above, MainStreet indicates that underground parking would be financially infeasible due to difficult soil conditions including high groundwater. At this time, no geotechnical report has been submitted to verify this claim.

The UF zone borders LIT, RM 5.0, and RM 3.6 zones (30–35 ft. height limits), with NMU zones south of 85th Street (30 - 40 ft. base height with limited 60 ft. bonus height areas). The UF zone's 45 ft. height limit sits between these height limits (see Attachment 1 and Figure 1 below). This gradual height increase across zones is deliberate to achieve a more uniform transition. Based on the Station Area's Urban Design Framework: "While planning for growth in the station area, supporting transitions in scale to adjacent neighborhoods is a key focus of the urban design framework." Allowing a 65-ft. building in the UF zone would exceed all height limits within the Station Area west of I-405 and could disrupt intentional height transitions. Visual impacts would be more pronounced along 7th Ave due to its lower elevation.

Figure 1: Maximum Heights within Regulating Plan – West of I-405



Housing affordability:
The proposal includes 10% of the units as affordable units at 50% AMI, which meets current "pioneer residential development" provisions under KZC 112.20.3(d). According to this section, once the pioneer provisions expire on December 31, 2029, or once the first 624 units are built in the Station Area, buildings 65 ft. or taller in the Station Area will be subject to greater affordability as established within KZC 112.15.2(a)(2).

Benefits of proposal:
Staff also notes several positive elements of the proposal.

- The project would add approximately 170 multifamily units to the City's housing stock, including the proposed 10% affordable units at 50% AMI, supporting the City's broader housing production objectives and aligning with the following Comprehensive Plan Goals:
    - SA-12 seeks to "preserve, improve and expand housing stock to provide for a range of affordable, accessible, healthy, and safe housing choices to all existing and future residents."
    - SA-11 seeks to "plan for and achieve housing production to achieve regional planning objectives and maximize opportunities for affordable housing provision in the Subarea."

  Kirkland has a growth target of adding 13,200 new housing units by 2044 to meet regional and state mandates, including 10,440 units at or below 50% AMI.

- The proposed non-residential spaces, while smaller than those required in the Zoning Code, will still contribute towards increased pedestrian activity and support future

retail/maker spaces. The applicant's proposed public benefits (below-market rate arts/maker space or contribution to CKC/7th Ave activation) are consistent with the Makers District vision.

- As one of the first Station Area developments, the project may help catalyze further investment in the Station Area west of I-405. According to KZC 57.05.030, "as a means of encouraging early catalyst transit-oriented development projects within the station area, projects are allowed to apply for and negotiate a development agreement with the City."

Questions and Key Considerations for Council
Staff requests Council direction on whether to proceed. Council may decide not to allow the deviations from the adopted zoning. MainStreet would not proceed with a project without the changes. Council may also direct staff to finalize the Term Sheet and then negotiate a DA to implement regulatory variations and secure public benefits, based on the project details, understandings, requests, and offers outlined within the Term Sheet. If directed, staff will begin DA negotiations with MainStreet Property Group LLC and return with a draft DA for Council consideration.

1. Code variations: Are the proposed 65-foot building height and allowance for residential support uses at street level appropriate starting points for negotiation? If not, what changes should staff pursue?
2. Public benefits: Should staff negotiate toward Option A, Option B, or additional/modified public benefits?
3. Additional information: Is there specific information Council would like staff to obtain before continuing negotiations on a Development Agreement?

NEXT STEPS:

Staff requests Council direction on whether to proceed with Development Agreement negotiations with MainStreet Property Group LLC for potential Slate Peak project.

If Council directs staff to proceed, staff will negotiate a proposed Development Agreement addressing the requested height and street-level use variations, public benefits, and other terms discussed in this memorandum, and will return to Council with a draft Development Agreement for consideration.

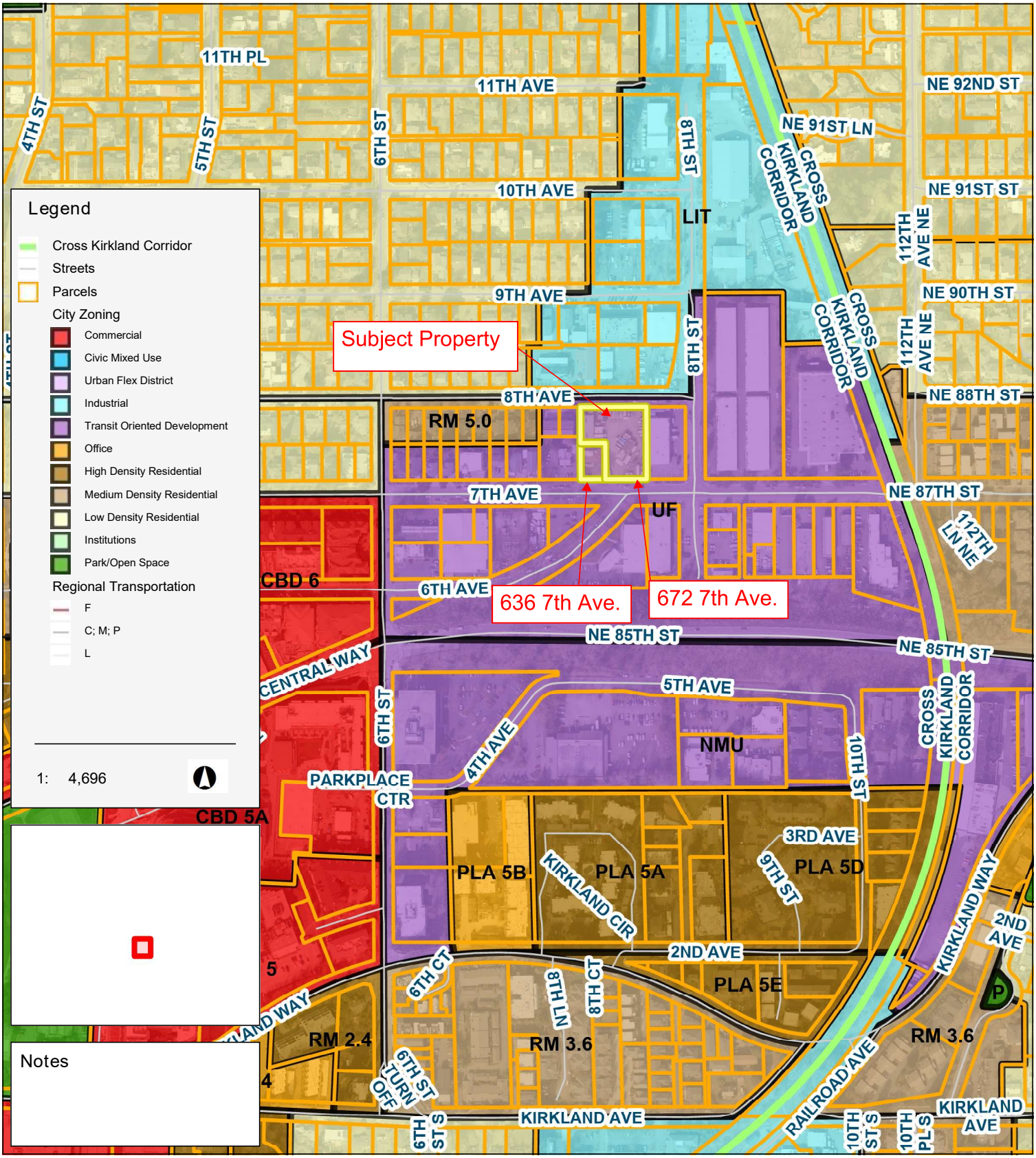
If Council does not direct staff to proceed, staff will not initiate Development Agreement negotiations based on the current proposal.

ATTACHMENTS:

Attachment 1 – Vicinity Map
Attachment 2 – Draft Term Sheet
Attachment 3 – Kirkland GIS Topographic Map
Attachment 4 – Preliminary Elevations

City of Kirkland GIS

Attachment 1



782.6 0 391.32 782.6 Feet

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Attachment 2

TERM SHEET
SLATE PEAK PROJECT
672 & 636 7TH AVENUE, KIRKLAND, WASHINGTON

THIS TERM SHEET, dated this ___ day of _____, 2026 ("Effective Date"), is entered into by and between the City of Kirkland, a Washington municipal corporation ("City"), and MainStreet Property Group LLC, a Washington limited liability company ("MainStreet"). The City and MainStreet are referred to collectively as the "Parties" and individually as a "Party."

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RECITALS

A. The City desires to encourage well-designed, transit-supportive infill redevelopment of underutilized parcels in the City's NE 85th Street Station Area ("Station Area") consistent with the City's Comprehensive Plan, including Land Use Goal LU-5 (planning for a hierarchy of transit-oriented and commercial mixed-use areas) and the NE 85th Street Station Area Subarea Plan (Comprehensive Plan Chapter 12.L), which directs the City to promote infill development on underutilized parcels and to establish a pedestrian-friendly, transit-oriented district, and recognizes that a successful early catalyst project can also serve as a financing benchmark supporting additional Station Area redevelopment.

B. The City desires to provide affordable housing. The City's Housing Inventory and Analysis has identified a need for 1,022 units between 50% - 80% Area Median Income ("AMI").

C. The City desires to encourage ground floor commercial activity in the Station Area.

D. MainStreet owns, or is the contract purchaser of, real property located at 672 7th Avenue (King County Parcel No. 388580-7305, approximately 36,263 square feet) and 636 7th Avenue (King County Parcel No. 388580-7460, approximately 8,250 square feet), Kirkland, Washington 98033, together comprising approximately 44,513 square feet (approximately 1.02 acres) (collectively, the "Property"), as shown in Exhibit A. The Property lies within the Station Area.

E. The Property provides no housing. It is underutilized, currently used for storage and production studios.

F. MainStreet seeks to redevelop the Property into "Slate Peak," an early catalyst, mixed-use, multifamily project intended to help transform the Station Area into a walkable, transit-linked district with affordable housing, sustainable buildings, and commercial and retail services, consistent with the City's vision for the Station Area.

G. The Property will likely not redevelop under its current Station Area Urban Flex zoning. The two most significant limiting factors are: (i) the 45-foot height limit renders multifamily construction on the Property, and (ii) a recent informal Staff interpretation of the definition of "Residential Uses" in KZC 57.10.040.070 that precludes residential parking and other ancillary residential support space (bike parking, storage, trash, and utility rooms) on both of the ground floors, thereby interpreting the code to require a full floorplate of commercial uses at the Property. These limiting factors render multifamily construction on the Property financially infeasible.

H. Property does not redevelop unless a redevelopment project's value exceeds the property's current land value. The current 45-foot height limit is not feasible because the projected Project's land value does not exceed property's land value after accounting for today's rents and construction costs. MainStreet's requested additional height allows for additional residential units and additional rents, thereby allowing the Project's value to exceed the current land value. Absent relief, the Property will not redevelop with today's rents and construction costs.

I. The Staff interpretation requiring full ground-floor retail on this site renders the project infeasible due to retail realities, physical constraints, incompatible parking demands, and parking-related cost. Because of the slope between 7th Ave and 8th Ave, the site effectively has two "ground floors." The Property's shape and layout do not support the kind of retail spaces tenants need without requiring far more parking than is typical or feasible. In practice, the informal Staff interpretation would either create empty, unleased retail spaces or require an unsustainable amount of parking to make a larger retail space successful. At the same time, the Project is designed to include family-oriented housing, which practically demands parking. Requiring an entire floor of retail would force a tradeoff: either reduce parking for residents or build costly underground parking in difficult soil conditions. Costly underground parking increases the cost of development, thereby making the Property unlikely redevelop. This Term Sheet proposes a more workable approach: allow a smaller amount of right-sized retail that can succeed in today's retail marketplace, rather than requiring full-floor retail that cannot.

J. The City Council recently enacted Ordinance No. 4936 and KZC 57.05.030 to provide flexibility to encourage redevelopment in the Station Area. Under KZC, 57.05.03, the City Council may use a development agreement to provide a process for tailoring regulations and incentives to apply to specific facts and circumstances.

K. Under KZC 57.05.030, the City Council may use a Development Agreement to approve specific variations or exceptions from District Regulations when the Council concludes that the variations or exceptions result in a project that provides overall greater benefit or overall better mitigation than a project that strictly complies with the District Regulations.

L. The Parties desire to establish a framework for their mutual goals, understandings, and obligations, and for future cooperation and negotiation of the DA for the redevelopment of the Property.

UNDERSTANDINGS

Therefore, the Parties hereby state their understanding of the current situation, as follows:

1. **The Project.** MainStreet will pursue the development of Slate Peak (the "Project") on the Property pursuant to the scope described in this Term Sheet.

2. **Project Components.** The Project will be comprised of the following components, subject to refinement during the DA approval process and permitting review process:

    a. Approximately 170 multifamily residential units, including a mix of 1-, 2-, and 3-bedroom homes, bringing family-sized rental housing to the Station Area (approximately 237,500 GSF of residential units total). Comparable newer Kirkland multifamily projects have

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averaged 12% studios, 70% one-bedrooms, 18% two-bedrooms and <1% three bedrooms. MainStreet is targeting a 10% increase in family-sized housing for Slate Peak: 15% Studios/Open One Bedroom, 55% One Bedrooms, and 30% Two- and Three-Bedrooms.

b. Affordable housing units equal to at least 10% of total units (approximately 17 units) at 50% of Area Median Income (AMI), consistent with the Station Area's affordable housing requirements and the goals of HB 1220 (2021). Approximately 30% of the Project's affordable units would be family-sized (two- and three-bedroom units).

c. Approximately 7,800 square feet of new, active ground-floor commercial space, consisting of approximately 5,200 square feet fronting 7th Avenue (approximately 37 feet in depth) and approximately 2,600 square feet fronting 8th Avenue (approximately 34 feet in depth). MainStreet will provide commercial parking stalls as dictated by the market, which we anticipate may range between 16-24 stalls.

d. Streetscape and frontage improvements along 7th Avenue and 8th Avenue, including sidewalk and frontage improvements, landscaping, street trees, pedestrian-scale lighting, and weather protection.

e. Ground-floor residential parking and ancillary residential support space (including bike parking, storage, trash, and utility rooms), located behind activated uses at the street level and not visible from the public right-of-way.

f. Building height of up to 65 feet.

The Parties agree that the final configuration and amount of the land uses described above will be finalized during the entitlement and DA process.

3. **Requested Development Agreement Variations.** Pursuant to Ordinance No. 4936 and KZC 57.05.030, MainStreet requests that the DA authorize the following variations from the District Regulations otherwise applicable to the Property in the Urban Flex (UF) zone:

   a. **Height.** An increase in the maximum building height from 45 feet to 65 feet.

   b. **Ground-Floor Residential Parking.** Clarification confirming that the definition of "Residential Uses" in KZC 57.10.040.070 does not preclude ground-floor residential parking and ancillary residential support space (bike parking, storage, trash, and utility rooms), and authorization for site-specific and location-specific ground-floor residential parking and ancillary residential support spaces on the Property. Alternatively, a code variation or exception to authorize this use.

4. **Public Benefits.** The Parties acknowledge that, absent the variations described in Section 3, the Property would likely continue in its current underutilized state, providing no housing, no affordable housing, no ground floor commercial retails, and no public benefit. In exchange for the requested variations, the Project will provide the City and the Station Area with the following public benefits:

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a. **Catalyst Project.** Slate Peak will be the Station Area's first mixed-use, multifamily housing project, helping to catalyze the area's transformation into a walkable, transit-linked district with affordable housing, sustainable buildings, and commercial and retail services.

b. **Housing.** Approximately 170 new housing units within the Station Area.

c. **Family-Sized Housing.** A variety of unit types, including 2- and 3-bedroom units, bringing family-sized rental housing to the neighborhood.

d. **Affordable Housing.** Affordable units equal to at least 10% of total units at 50% AMI, consistent with the Station Area's affordable housing requirements and in support of HB 1220 goals.

e. **Financing Benchmark.** A financial "comparable" that other Station Area projects may use to secure financing, addressing the current lack of successful comparables that has hindered Station Area redevelopment.

f. **New Active Ground-Floor Commercial.** Approximately 7,800 square feet of new commercial space, as described in Section 2.c and Exhibit B.

g. **Streetscape.** The improvements described in Section 2.d.

5. **Additional Public Benefit Contribution.** In addition to the public benefits described in Section 4, and to further the City's placemaking and small-business goals for the Station Area, MainStreet proposes to provide one of the following two additional community benefits, with the final selection to be determined by mutual agreement of the Parties during the DA process:

Option A – Below-Market Community/Arts Space. MainStreet will lease up to 1,500 square feet of the Project's non-residential space to a community or arts group, or to a smaller or fledgling retailer, at a below-market rate, supporting the City's interest in fostering a Maker's District in this area of the Station Area. MainStreet will provide a tenant improvement allowance of $100 per square foot (up to a cap of $150,000) and a lease rate reduced 30% below market, with the tenant responsible for standard operating expenses on a triple-net (NNN) basis. To ensure a fair and transparent tenant selection process, MainStreet will solicit qualified tenants through a request for proposals (RFP) process, with MainStreet retaining sole discretion over selection criteria and selection decisions.

OR

Option B – Station Area Placemaking Contribution. Consistent with the Comprehensive Plan's vision that activating the intersection of the Cross Kirkland Corridor (CKC) and 7th Avenue can create both a gateway and a neighborhood gathering place with multimodal and recreational amenities, MainStreet will contribute $200,000 toward the improvement and activation of this intersection upon the issuance of Project permits.

6. **City Support and Coordination.** In connection with the Project, the City agrees to:

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a. Process the DA application and related land use, building permit, and any other required reviews expeditiously, consistent with the schedule described in Section 11 and Exhibit D, including permitting concurrent review where feasible.

b. Coordinate with MainStreet regarding the improvement or contribution described in Section 5.

c. Undertake any Zoning Code interpretations or clarifications reasonably necessary to implement the variations described in Section 3, processed expeditiously and consistent with Section 11.

d. Complete SEPA review for this DA and any supplemental environmental review for the Project (if any is required) in the same threshold decision to be issued before final City Council action on the DA, such that no additional environmental review will be required for the DA or Project.

7. **MainStreet Responsibilities.** MainStreet shall be responsible for the following elements of the Project:

a. Design, permitting, and construction of approximately 170 multifamily residential units as described in Section 2.

b. Design, permitting, and construction of approximately 7,800 square feet of ground-floor commercial space as described in Section 2.

c. Provision of affordable housing units as described in Sections 2.b and 4.d.

d. Frontage and streetscape improvements along 7th Avenue and 8th Avenue as described in Section 2.d.

e. The additional public benefit contribution selected under Section 5.

f. Any lot combination, boundary line adjustment, or binding site plan process necessary to develop the two parcels comprising the Property as a single site.

g. Costs of relocating or undergrounding any existing utilities or franchise facilities on the Property required by the Project.

8. **Development Agreement Terms and Vesting.** The City and MainStreet will negotiate in good faith toward a DA with a proposed vesting term of ten (10) years from its effective date, covering (i) development regulations, (ii) multi-family tax exemption provisions, and (iii) Project-related fees. DA-related vesting will exclude (i) City enactments that are adopted pursuant to state of federal mandates (such as the City's NPDES Municipal Stormwater Permits), (ii) amendments to building, plumbing, fire, energy, and other construction codes adopted pursuant to Ch. 19.27 or 19.27A RCW, and (iii) any applicable connection charges. The DA will include a provision permitting extension of the DA and administrative modification of the Project through a process administered by the City's Planning and Building Director. Any major modification (i.e., additional code variations) would require City Council review and approval.

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9. **Process and Schedule.** The Parties agree to use good-faith efforts to accommodate the process and timeline to be set forth in Exhibit D. The City agrees to expedite the land use entitlement process and building permit and civil plan review, including permitting concurrent review of land use, building permit, and civil permit applications to the extent feasible under City procedures.

10. **Term Sheet Understanding.** This Term Sheet is intended to outline the process, discussions, and analysis to date, and to encourage further cooperation toward a DA. This Term Sheet does not constitute or guarantee approval of the Project by City Staffor the City Council, and does not bind the City Council's exercise of its legislative discretion in approving, conditioning, or denying the DA.

11. **Confidentiality.** The City and MainStreet agree that neither Party shall disclose to any third party the terms of this Term Sheet or the details of negotiations regarding the DA, except: (a) as required by the Washington Public Records Act, chapter 42.56 RCW, or other applicable law; (b) to each Party's prospective partners, lenders, consultants, and attorneys in connection with the redevelopment of the Property; or (c) as reasonably necessary for the City to conduct its public process, including Council briefings and public hearings on the DA.

12. **Nonbinding Provisions.** Except for Section 10 and 11 above, no obligation or liability is intended to be created by this Term Sheet, or by any written communications or negotiations between the Parties, and each Party is proceeding at its own risk. Neither Party will be bound by the terms described in this Term Sheet until the DA has been executed. Each Party shall bear its own costs and expenses incurred in connection with the negotiation and preparation of the DA.

13. **Authority.** Each person signing this Term Sheet on behalf of the City and MainStreet represents and warrants that he or she is fully authorized to execute and deliver this Term Sheet on behalf of the Party for which he or she is signing.

14. **Entire Agreement.** This Term Sheet contains the entire understanding between the City and MainStreet with respect to the subject matter hereof.

15. **Counterparts.** This Term Sheet may be signed in any number of identical counterparts, including by electronic signature, each of which shall be considered an original, and all of which together shall constitute one and the same instrument. The Effective Date of this Term Sheet shall be the date the last Party executes and transmits a signed copy.

EXHIBITS A–B FOLLOW

Exhibit A – Site Context, Surrounding Uses, and Preliminary Massing

Exhibit B – Process and Schedule

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Attachment 2

Exhibit A:
Site Context, Surrounding Uses, and Preliminary Massing

Slate Peak is located within an existing office/light industrial context, with no directly adjacent residential properties.



Surrounding zoning and height allowances support additional residential density within the Station Area.



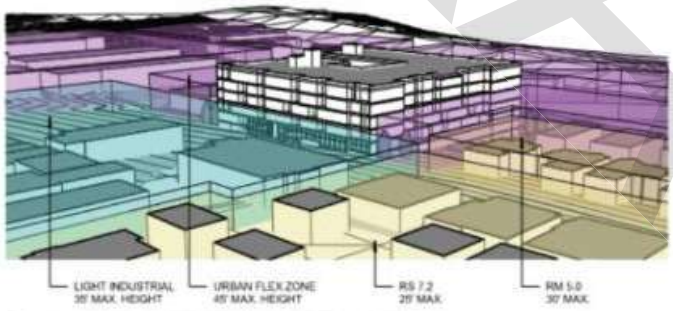
DRAFT

Adjacent properties are primarily light industrial, office, and storage-oriented uses.





Preliminary massing concept shown for illustrative purposes only and subject to change during the DA review process.



3 NORTHWEST AERIAL VIEW - ZONING



1 NORTHEAST AERIAL VIEW - ZONING



4 SOUTHWEST AERIAL VIEW - ZONING



2 SOUTHEAST AERIAL VIEW - ZONING

Attachment 2

Preliminary Ground-Floor Uses

Floor 1 (at grade along 7th Ave): Neighborhood-serving retail (approximately 5,200sf), retail/residential shared parking, circulation, utility spaces, elevator/stairs (approximately 34,000sf)

Floor 2 (at grade along 8th Ave): Neighborhood-serving retail (approximately 2,600sf), residential lobby/leasing (approximately 2,500sf), retail/residential shared parking ,utility spaces, stairwells/elevator, trash room (approximately 26,420sf).

Floor 3: Residential Units (approximately 25,000sf), corridor/circulation (approximately 4,500sf)

Floors 4-7: Residential Units (approximately 30,000sf), corridor/circulation (approximately 4,500sf)

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Attachment 2

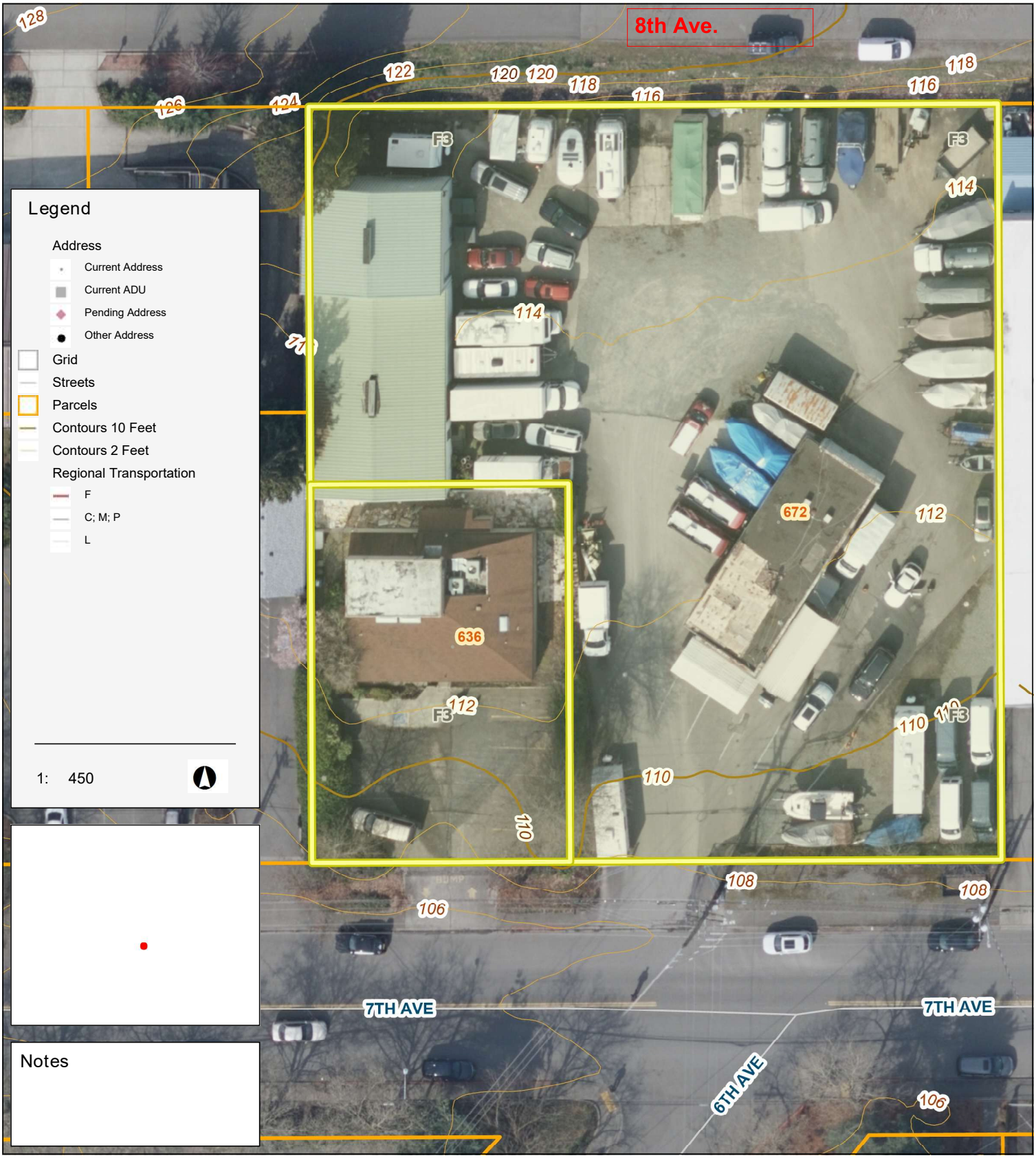
Exhibit B – Process and Schedule

City Entitlements	Target Completion Date
City Council Meeting – Term Sheet~~MOU~~ Approval	September 1, 2026
SEPA Threshold Decision	October 2, 2026
City Council Meeting – DA Approval	October 6, 2026
Submit for Land Use Approval	April 14, 2027
Submit for DRC Approval	January 18, 2027
Receive DRC Approval	April 5, 2027
Submit LSM	April 14, 2027
LSM Permit Issuance	September 28, 2027
Submit Building Permit	May 10, 2027
Building Permit Issuance	November 8, 2027

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City of Kirkland GIS

Attachment 3

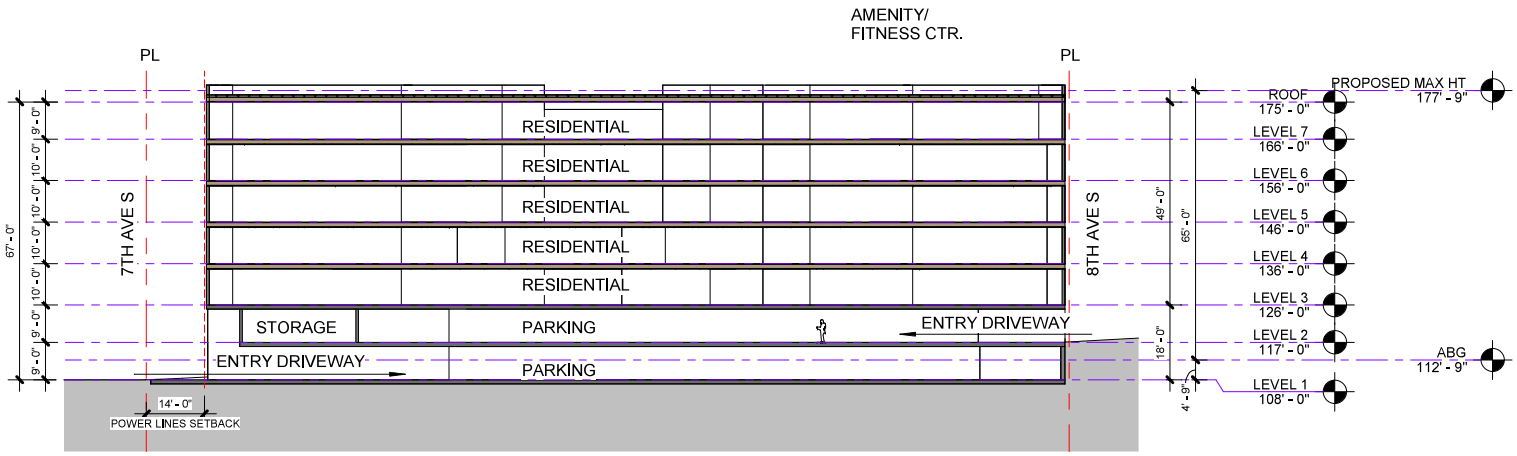


74.9 0 37.47 74.9 Feet

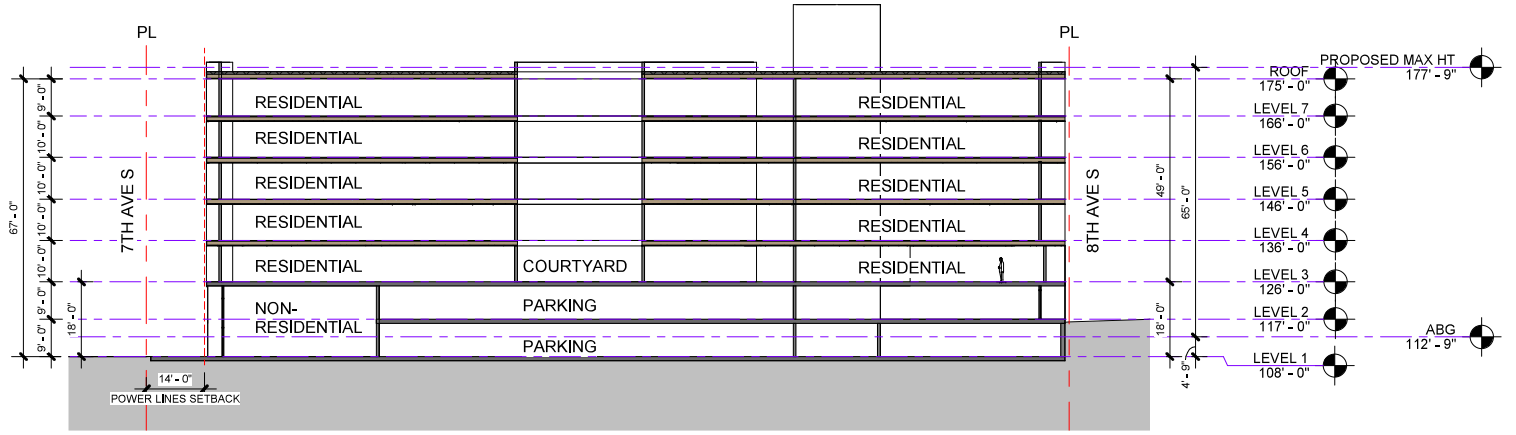
NAD_1983_StatePlane_Washington_North_FIPS_4601_Feet

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Attachment 4



1 Section 1
1" = 30'-0"



2 Section 2
1" = 30'-0"

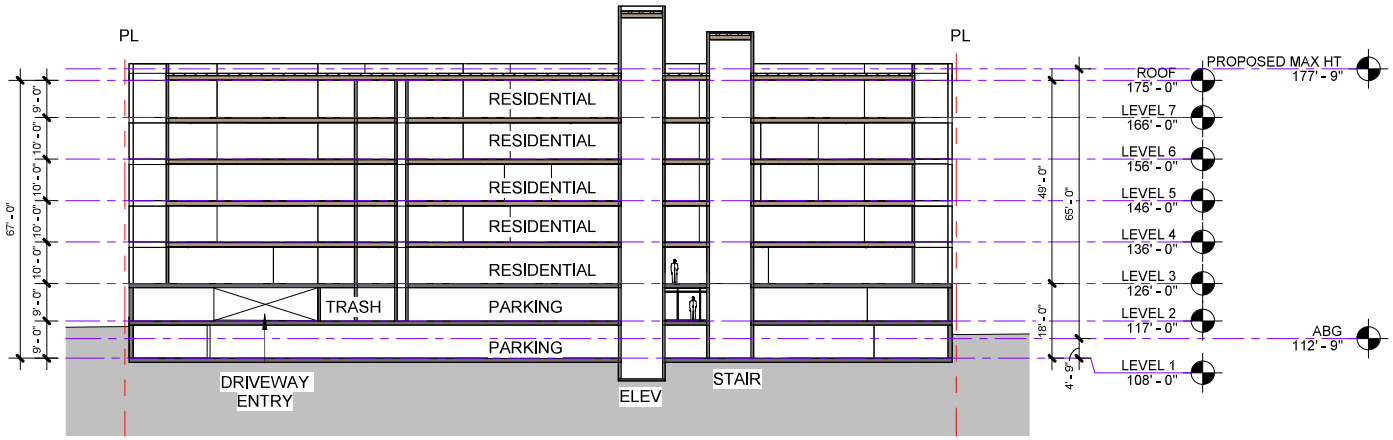
1" = 30'-0" 0 7.5 15 30 60

BUILDING SECTION

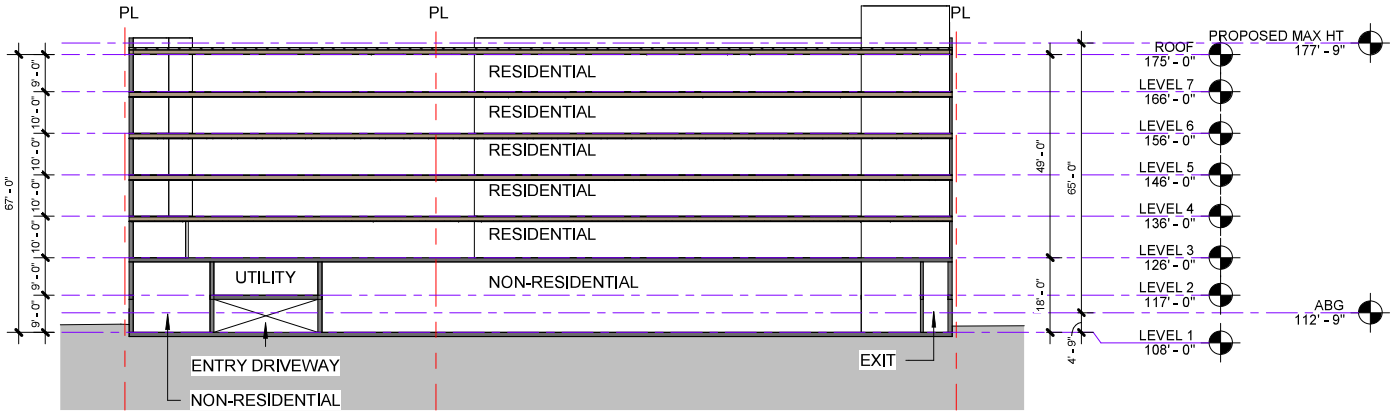
NORKIRK Mixed-Use - MSPG	Project #: 26-0247	Date: 03/09/2026	A5.0

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Attachment 4



1 Section 3
1" = 30'-0"



2 Section 4
1" = 30'-0"

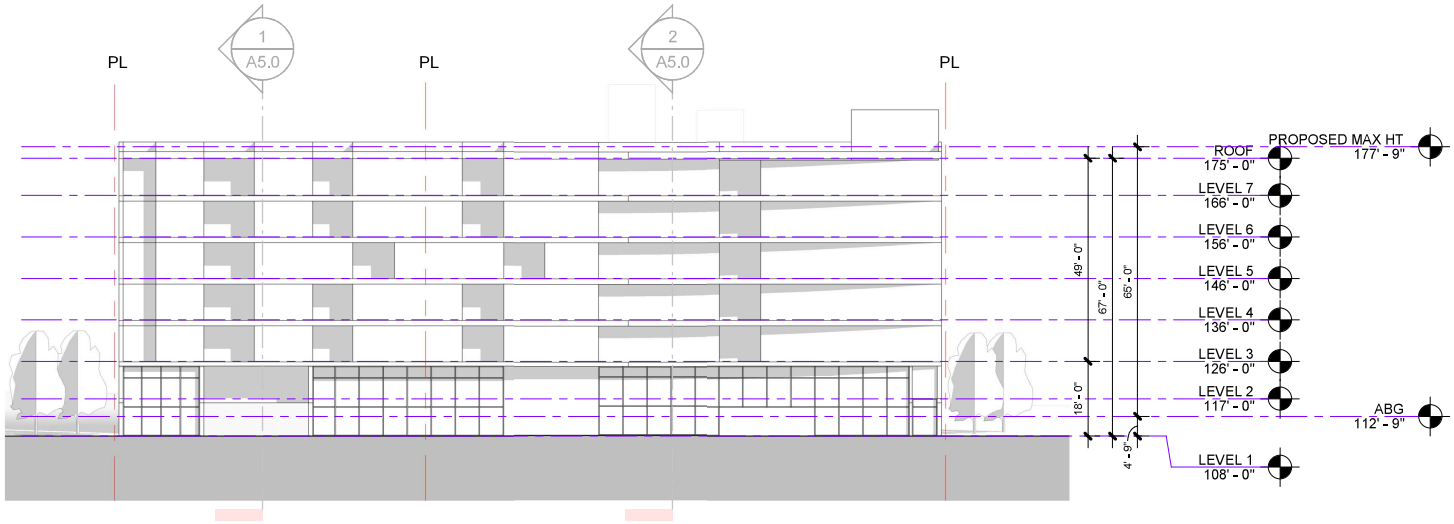
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BUILDING SECTIONS

NORKIRK Mixed-Use - MSPG	Project #: 26-0247	Date: 03/09/2026	A6.0

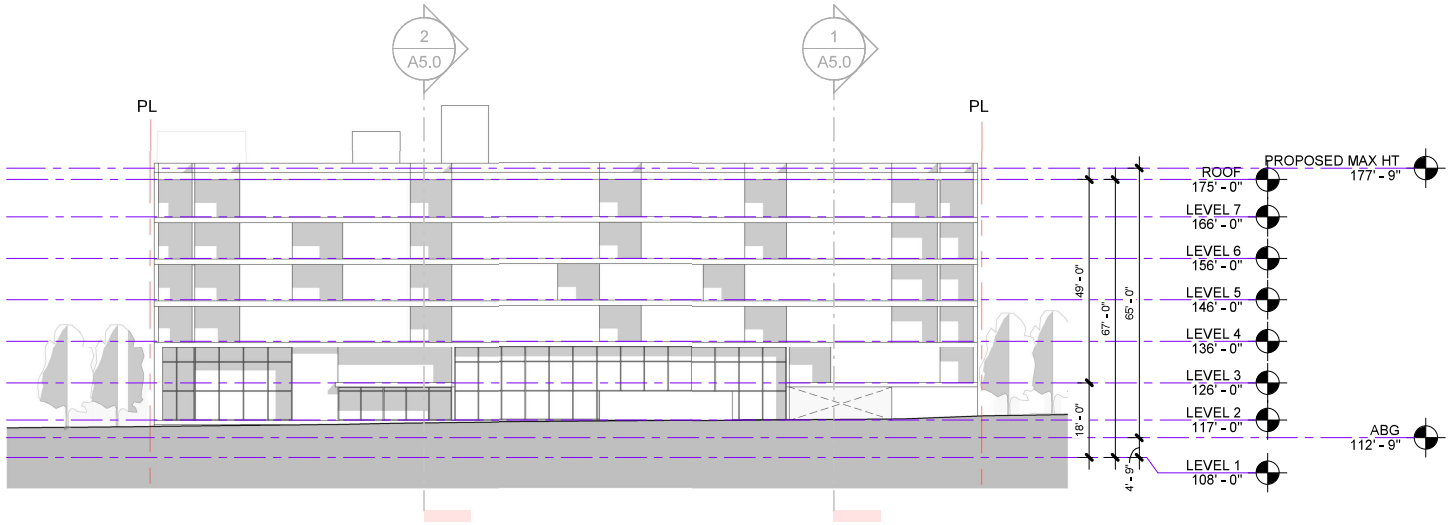
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Attachment 4



1 SOUTH ELEVATION

1" = 30'-0"



2 NORTH ELEVATION

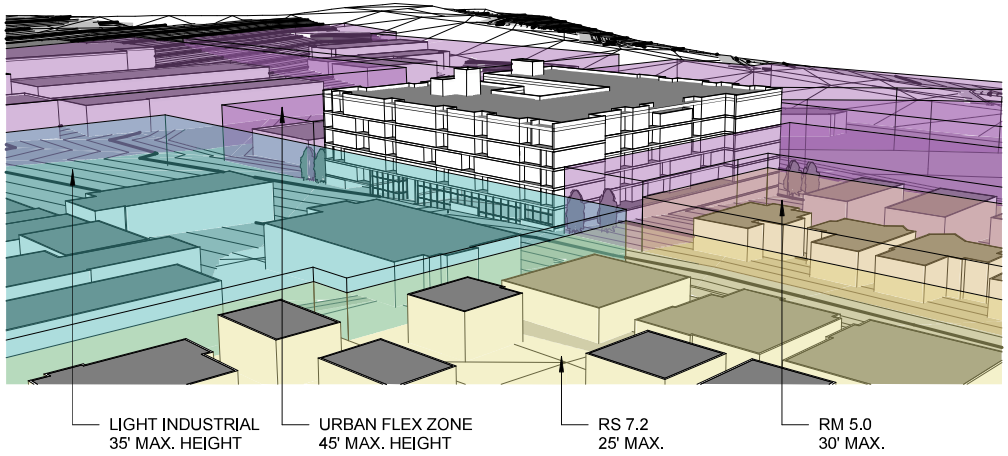
1" = 30'-0"

EXTERIOR ELEVATIONS

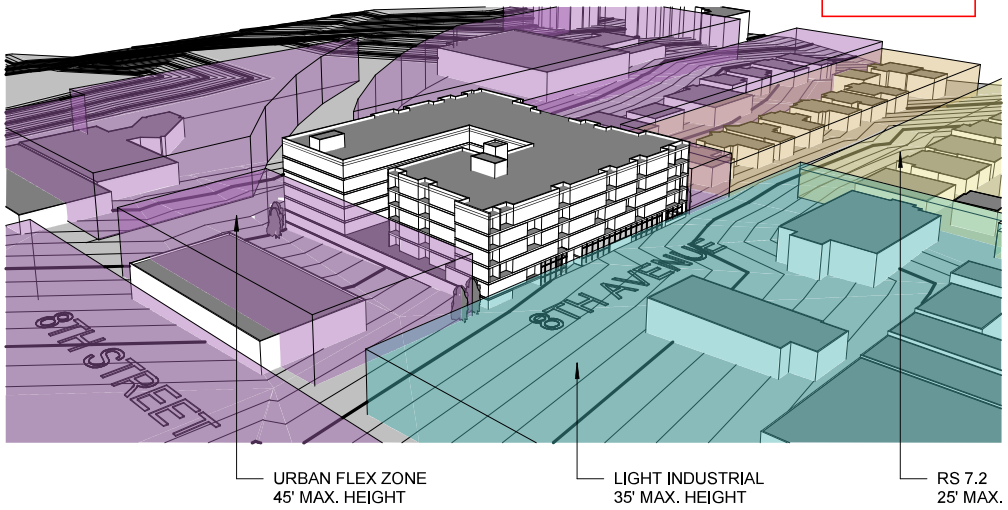
NORKIRK Mixed-Use - MSPG	Project #: 26-0247	Date: 03/09/2026	A7.0

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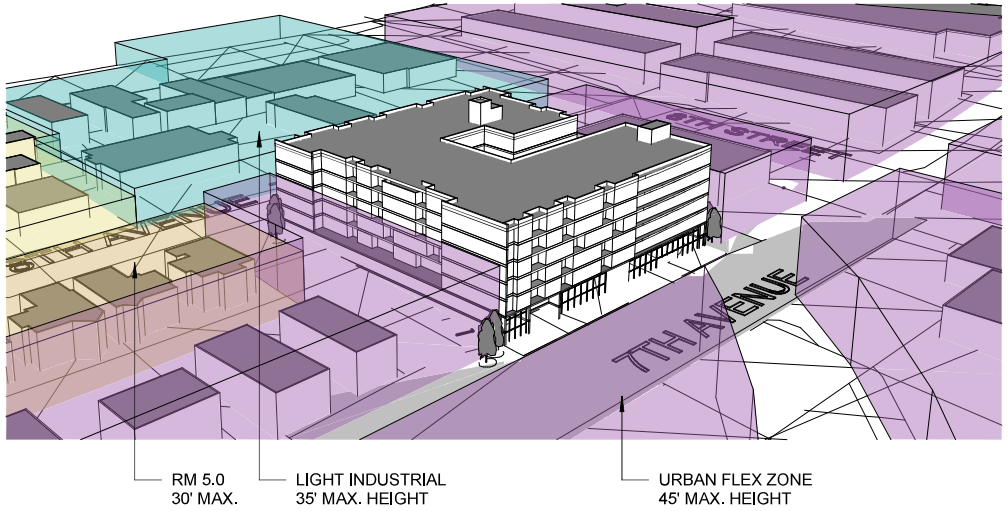
Attachment 4



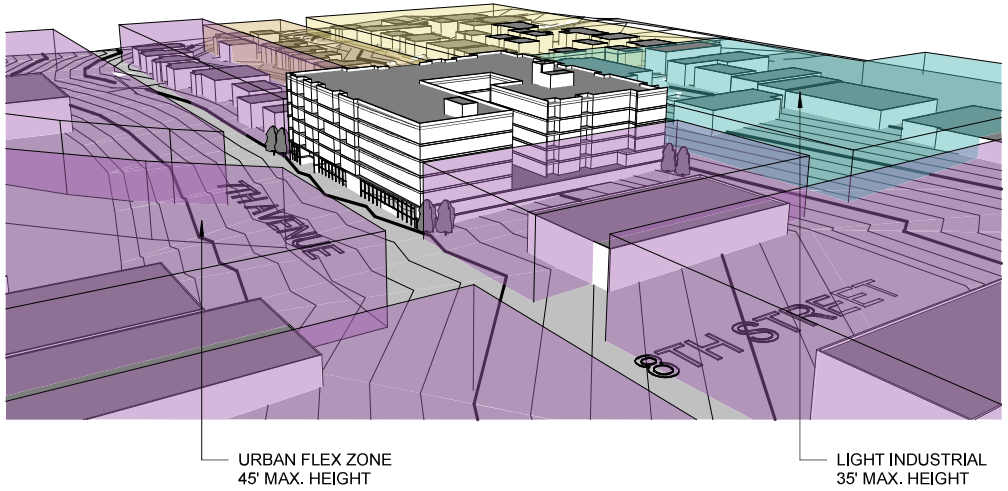
3 NORTHWEST AERIAL VIEW - ZONING



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ZONING CONTEXT

NORKIRK Mixed-Use - MSPG	Project #: 26-0247	Date: 03/05/2026	A10.0

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