



# Houghton Village Development Plan

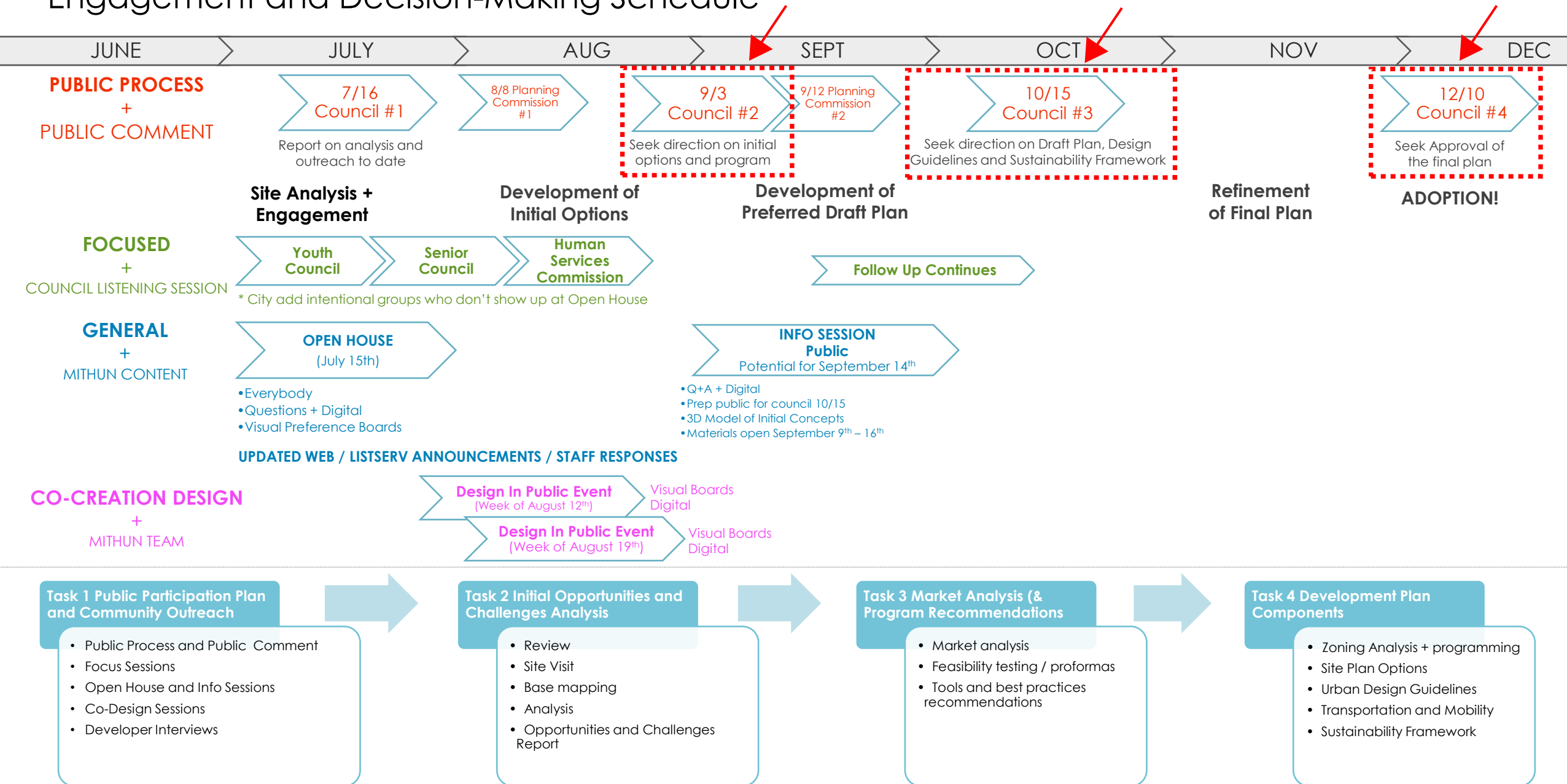
Opportunities and Challenges Analysis

City of Kirkland City Council

July 16, 2024



# Engagement and Decision-Making Schedule



ALL TASKS OCCUR THROUGHOUT THE PROJECT SCHEDULE, AND OVERLAP AND OR RELATE TO EACH OTHER

# COUNCIL DISCUSSION

Feedback on Opportunities and Challenges Analysis?

Questions on Initial Market Analysis?

Questions/feedback on Alternative Ownership models for analysis (next phase)?



# EXISTING ARCHITECTURAL CHARACTER



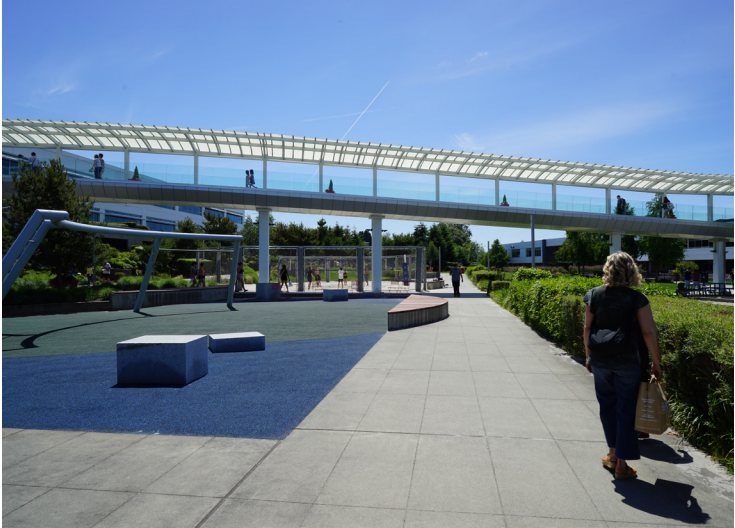
Houghton Plaza



CKC Bridge over 68th Street



Lakeview Center



Feriton Park at Google Campus



Google 6th Street Campus



Houghton Village Retail



Street art at the CKC Bridge

SOURCES: PHOTOGRAPHY BY MITHUN, GOOGLE EARTH



Houghton Village Retail



Lakeview Elementary School



# EXISTING AND POTENTIAL TRANSPORTATION CONDITIONS\*



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, KING COUNTY, PARCEL VIEWER; CITY OF KIRKLAND GIS DATA SET; CITY WIDE TRANSPORTATION CONNECTIONS MAP.

\*SUBJECT TO CHANGE

Well located along transit and arterials.

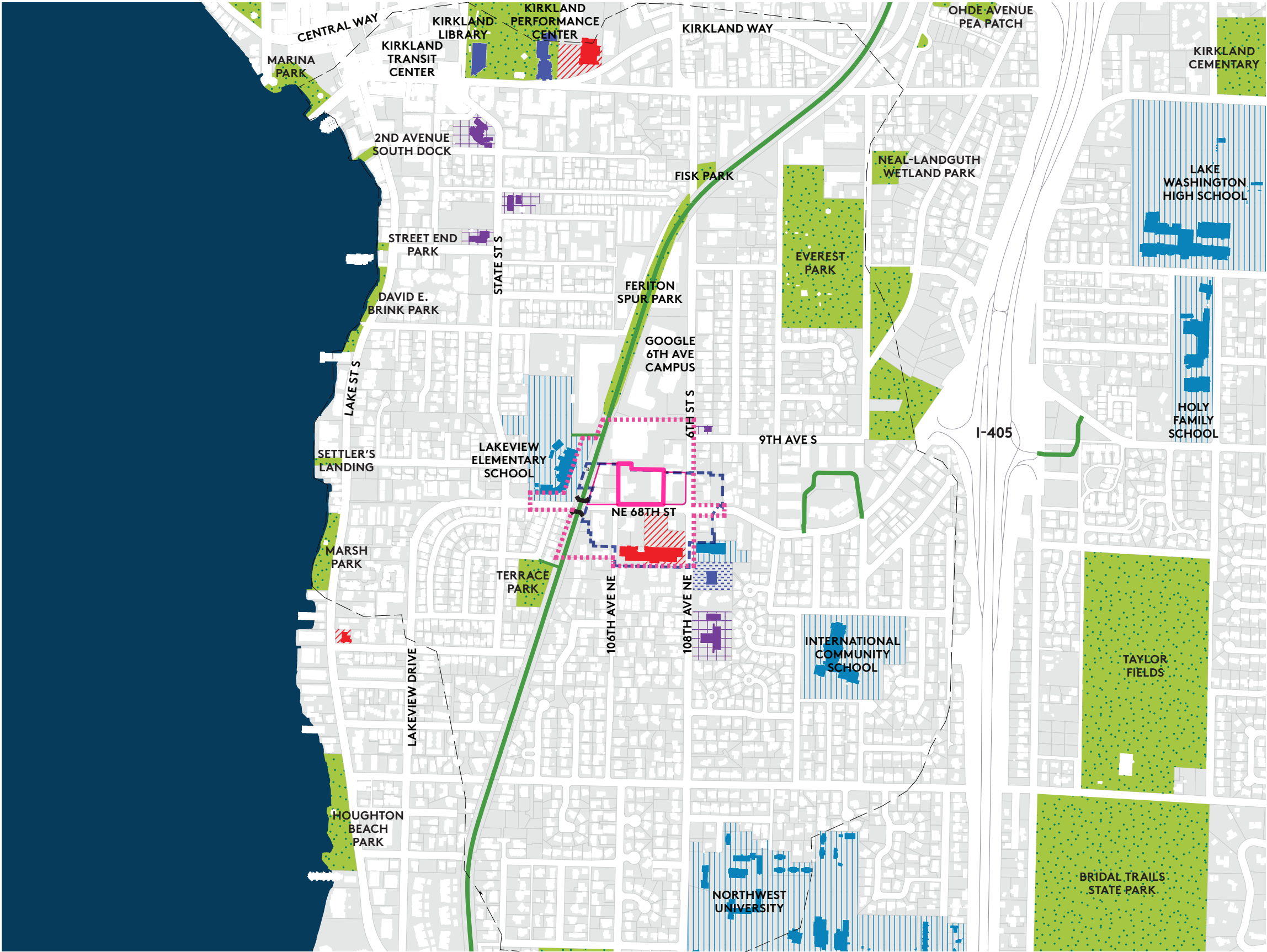
Great proximity to CKC trail for recreation, walking and biking.

Future opportunity to connect to the CKC and to extend Feriton Spur Park to the south.

Future potential to create new local street connections for walkability.



# EXISTING COMMUNITY ASSETS

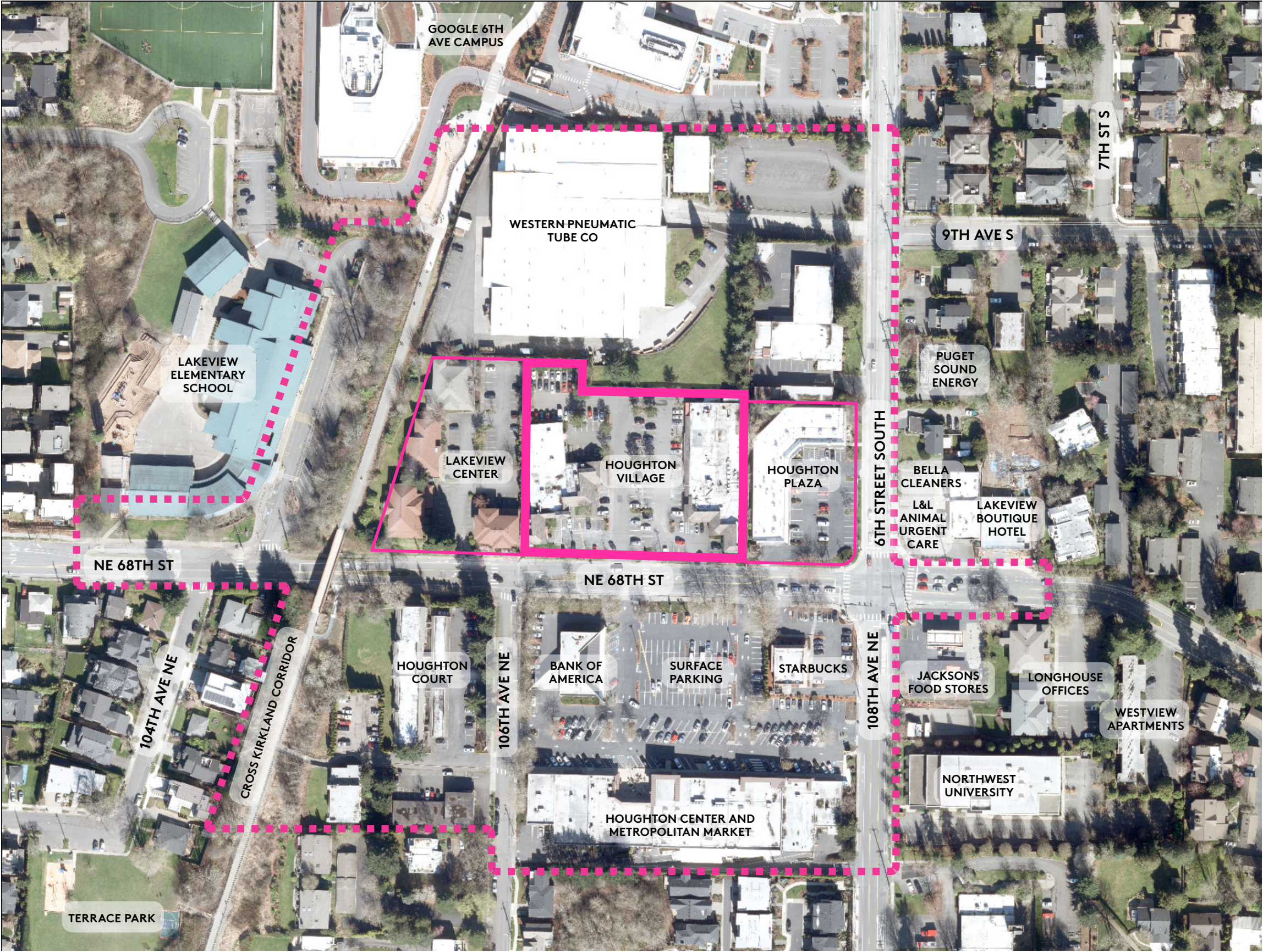


SOURCES: KING COUNTY ASSESOR'S OFFICE, KING COUNTY GIS CENTER, KING COUNTY, PARCEL VIEWER; OPEN STREET MAPS; CITY OF KIRKLAND GIS DATA SET; CITY WIDE TRANSPORTATION CONNECTIONS MAP.

Well located in the heart of the Houghton-Everest retail core = great access to community assets for future residents of HV.



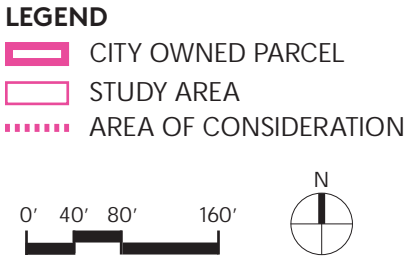
# EXISTING PROJECT AREA AERIAL



SOURCE: GOOGLE EARTH

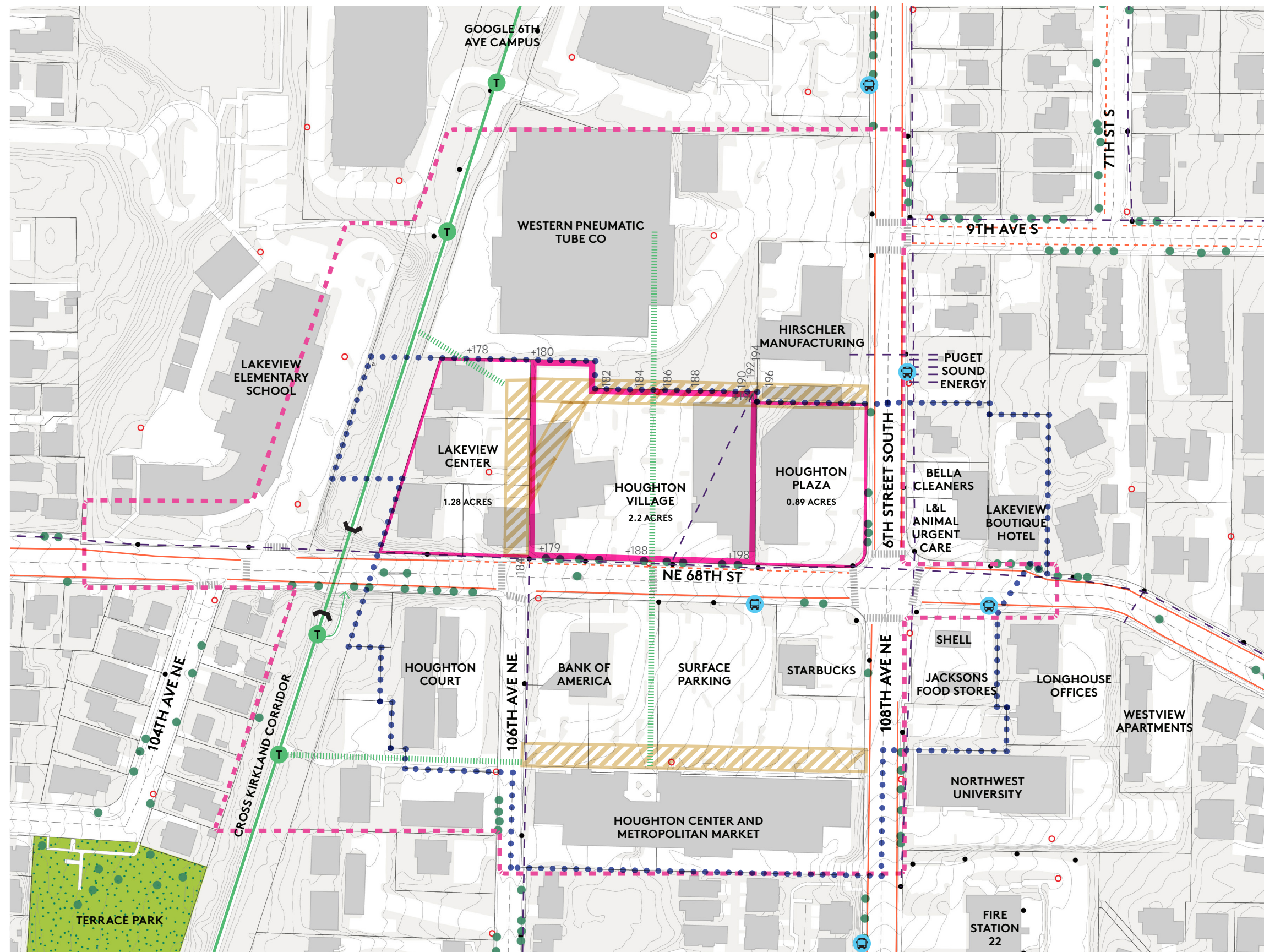
Adequate access and area for development of housing, commercial / community spaces, parking and open space.

Redeveloping only HV in a first phase brings phasing challenges such as temporary fire and parking access through the center of the site.





## EXISTING AND PLANNED PROJECT AREA

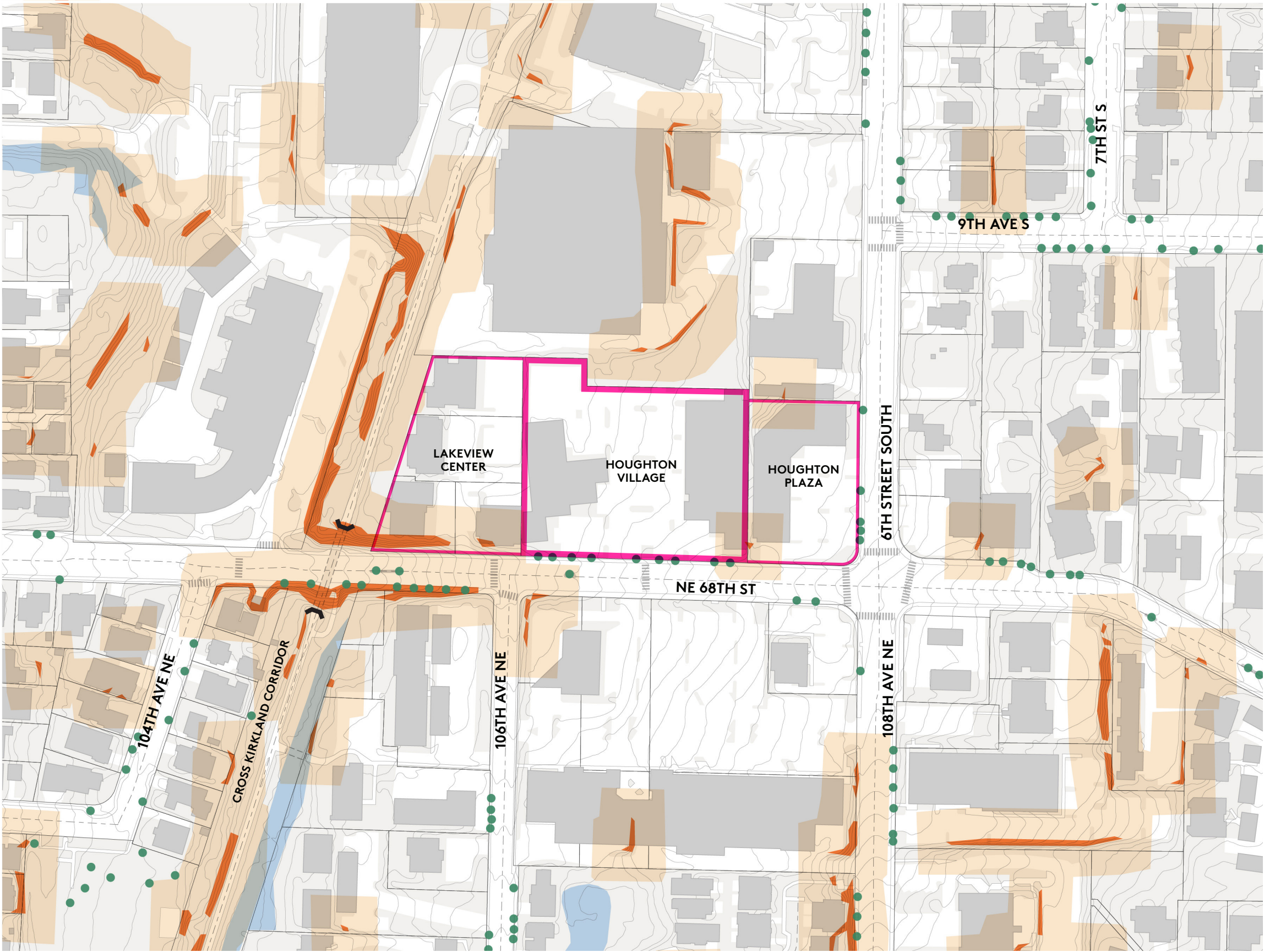


Future street sizes and locations are conceptual / not yet determined.

Designing a flexible west edge to the project will be challenging & important; it will serve as a temporary side yard and a future commercial front yard when/if a new street is built.



# EXISTING ENVIRONMENTAL CONDITIONS



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY; CITY OF KIRKLAND GIS DATA SET.

Steep grade at Lakeview Center is a challenge to pedestrian-friendly frontage.



The CKC bridge abutment restricts future sidewalk widening and bike lane improvements.



The project could be an environmental sustainability showcase.

**LEGEND**

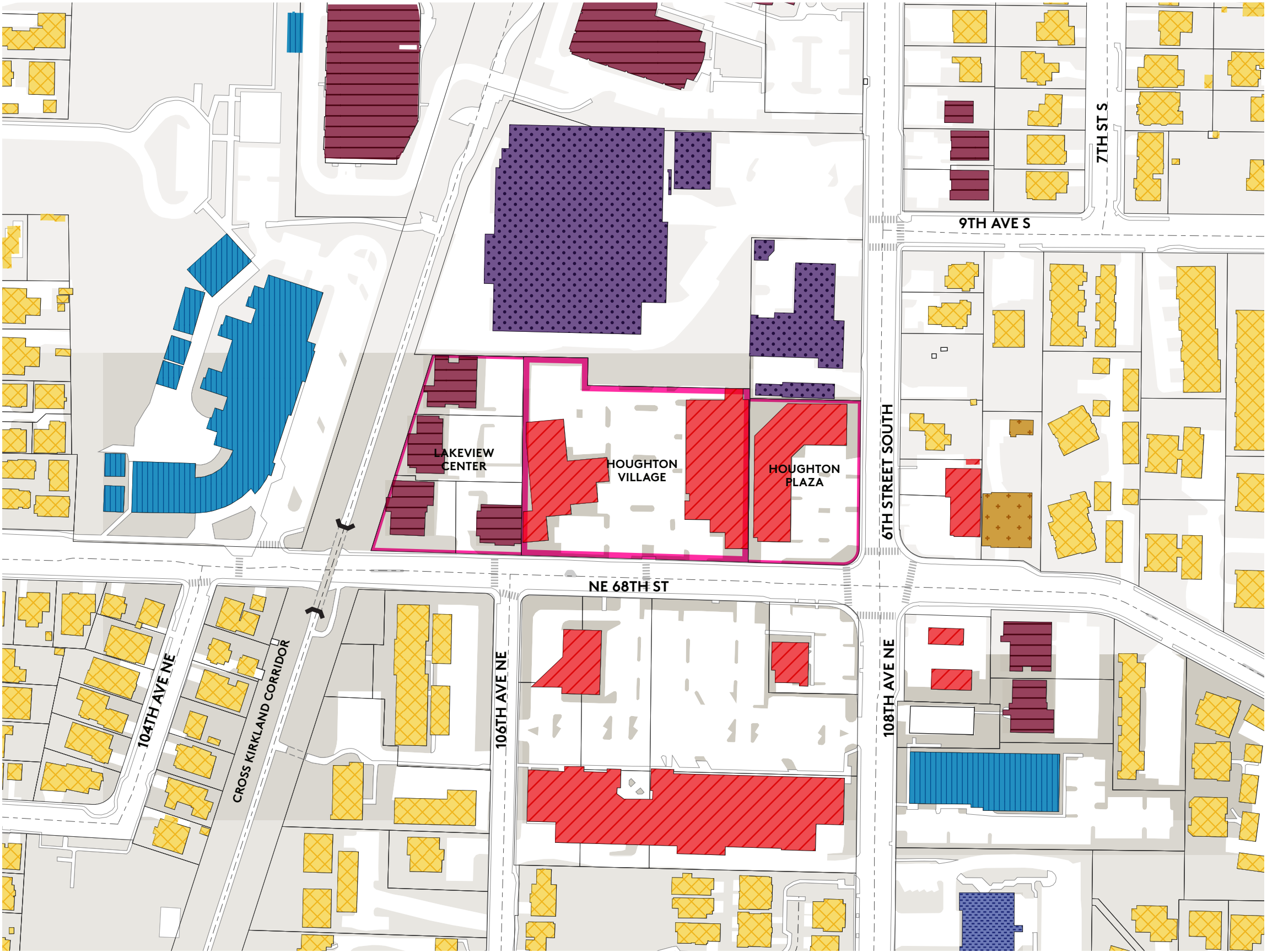
- CITY OWNED PARCEL
- STUDY AREA
- LANDSLIDE MODERATE SUSCEPTIBILITY
- LANDSLIDE HIGH SUSCEPTIBILITY
- WETLAND
- MAPPED ROW TREES
- TOPO CONTOUR LINES 2 FEET

0' 40' 80' 160'

N



EXISTING LAND USE



SOURCES: KING COUNTY ASSESSOR'S OFFICE, KING COUNTY GIS CENTER, PARCEL VIEWER, KING COUNTY/ CITY OF KIRKLAND GIS DATA SET.

In the heart of the neighborhood, long term economic opportunities could be gained by creating ground-floor spaces for small business or community based organizations, in-home childcare units, or other uses identified by the community.

Opportunities on the City-owned parcel to create new housing units, including for-rent or for-sale multi-unit affordable housing.

- LEGEND**
- CITY OWNED PARCEL
  - STUDY AREA
  - PARCEL LINES
  - CIVIC
  - INDUSTRIAL
  - OFFICE
  - RETAIL
  - EDUCATION
  - RESIDENTIAL
  - HOSPITALITY





# EVEREST NEIGHBORHOOD PLAN POLICY

## POLICY EV-10

**The following principles should be incorporated into development plans and standards for the area:**

- Preserve and enhance neighborhood-serving retail, especially grocery stores;
- Promote a mix of complementary uses;
- Promote high quality design by establishing building, site and pedestrian design standards and guidelines;
- Foster walkable neighborhoods and increased transit service;
- Integrate affordable housing where possible;
- Create gathering places and opportunities for social interaction.

Incorporate recommendations from the 6th Street Corridor Transportation Study.

A new east/west connection from 106th Avenue NE through the Neighborhood Center should also be considered.

Properties to the east of 6th Street South should be encouraged to develop together with joint access off of 6th Street South.





# EVEREST NEIGHBORHOOD PLAN POLICY

## POLICY EV-10

Careful attention should be given through the design review process to pedestrian orientation, building modulation, upper story setbacks, and use of materials to reduce the appearance of bulk and mass.

An additional two stories **(five stories maximum)** may be authorized by a **Master [Development] Plan**, which is approved by the City Council after full legislative process with opportunities for public participation. The Master Plan should include the following:

- Provision for **traffic mitigation** as recommended in the 6th Street Corridor Transportation Study;
- **Consolidation of the property** on the northwest corner of NE 68th Street and 6th Street South and property or properties west of the corner property [the subject development plan area];
- **Compliance with the principles outlined above** [on previous slide] for development in this commercial area; and
- A **circulation plan and a driveway consolidation plan** for the Everest portion of the Houghton/Everest Neighborhood Center north of NE 68th Street.





# ZONING OPPORTUNITIES AND CHALLENGES

## Objectives for identifying possible zoning code amendments:

- Meet city and community goals for the site
- Allow for more flexibility to produce affordable housing
- Allow flexibility for changing uses over time
- Create a more pedestrian-oriented environment
- Clarify the intent of the code

## Zoning Questions to Consider:

1. Consider allowing community oriented uses. Intent seems to be active uses
2. Consider allowing residential amenities such as lounges, community kitchens, teen rooms, management/leasing offices, and similar. Intent seems to be active uses.
3. Discuss intent of limiting outdoor seating
4. Evaluate height limits to increase affordable housing feasibility
5. Discuss simplification of front setbacks to allow mixed uses that change over time
6. Consider minimizing buffer standards between mixed use projects
7. Confirm that garage doors to loading areas are acceptable to be viewed from street
8. Consider reducing or eliminating fence at front & side yards to allow activities to relate to street



# TRANSPORTATION ANALYSIS - EXISTING CONDITIONS



## Analysis so far:

- Review of existing and potential conditions
- Multi modal (pedestrian, bicycle, bus, automobile) infrastructure challenges and opportunities
- Existing vehicular trip generation (including former grocery) and potential changes in future trip generation (to assess site access needs and identify any needed transportation improvements in the area to support the future development)

## Analysis/planning to come:

- Assess overall trip generation for proposed uses, and transportation management strategies
- Continue to assess and refine site access locations
- Identify and plan non-motorized connections
- Consider offsite future improvements triggered by the proposed project.



TRANSPORTATION ANALYSIS - CHALLENGES & OPPORTUNITIES

Challenge	Opportunity - City Property	Opportunity - Expanded Area
Missing segment of westbound bike lane on NE 68th Street	Widen along the project frontage to <b>construct and connect to the existing westbound bike lane at NE 68 Street</b>	Consistent with City Property opportunity
Vehicle congestion along NE 68th Street and 108th Avenue NE	Limited due to property extents	Construct <b>southbound right-turn lane</b> at NE 68th Street and 108th Avenue NE intersection
No direct connection to the Cross Kirkland Corridor from the north side of NE 68th Street	Consider an <b>enhanced crossing at NE 68th Street at intersection with 106th Avenue NE connecting to the CKC stairs</b> on south side of NE 68th St	<b>Direct connections to the CKC trail</b> can be provided without accessing NE 68th Street (via the Lakeview Business Center parcel)
Site access is limited	Limited due to property extents	<b>Create local street access</b> aligned with 106th Avenue NE, improved traffic control at NE 68th Street/106th Avenue NE, as well as additional connectivity to 6th Street S along the north boundary
Height and <b>quality of pedestrian connections along NE 68th Street at the Cross Kirkland Corridor bridge</b>	Improving the east/west connection under the crossing would require regrading and potentially walls north and south of the existing piers.	Improving the east/west connection under the crossing would require regrading and potentially walls north and south of the existing piers. However <b>access to adjacent Lakeview Elementary School could be achieved via a direct connection to the CKC</b> and entering the school property on the north end
Multiple curbs cuts into Houghton Village and Houghton Plaza properties	<b>Consolidate into one curbcut</b> (possibly temporary) along NE 68th Street to <b>improve safety for pedestrians and cyclists</b>	<b>Eliminate curbcuts from arterials</b> into Houghton Plaza and Lakeview Center properties and <b>replace with consolidated curbcuts from new local streets</b> to improve safety for pedestrians and cyclists



# Market Trends & Alternative Ownership Models

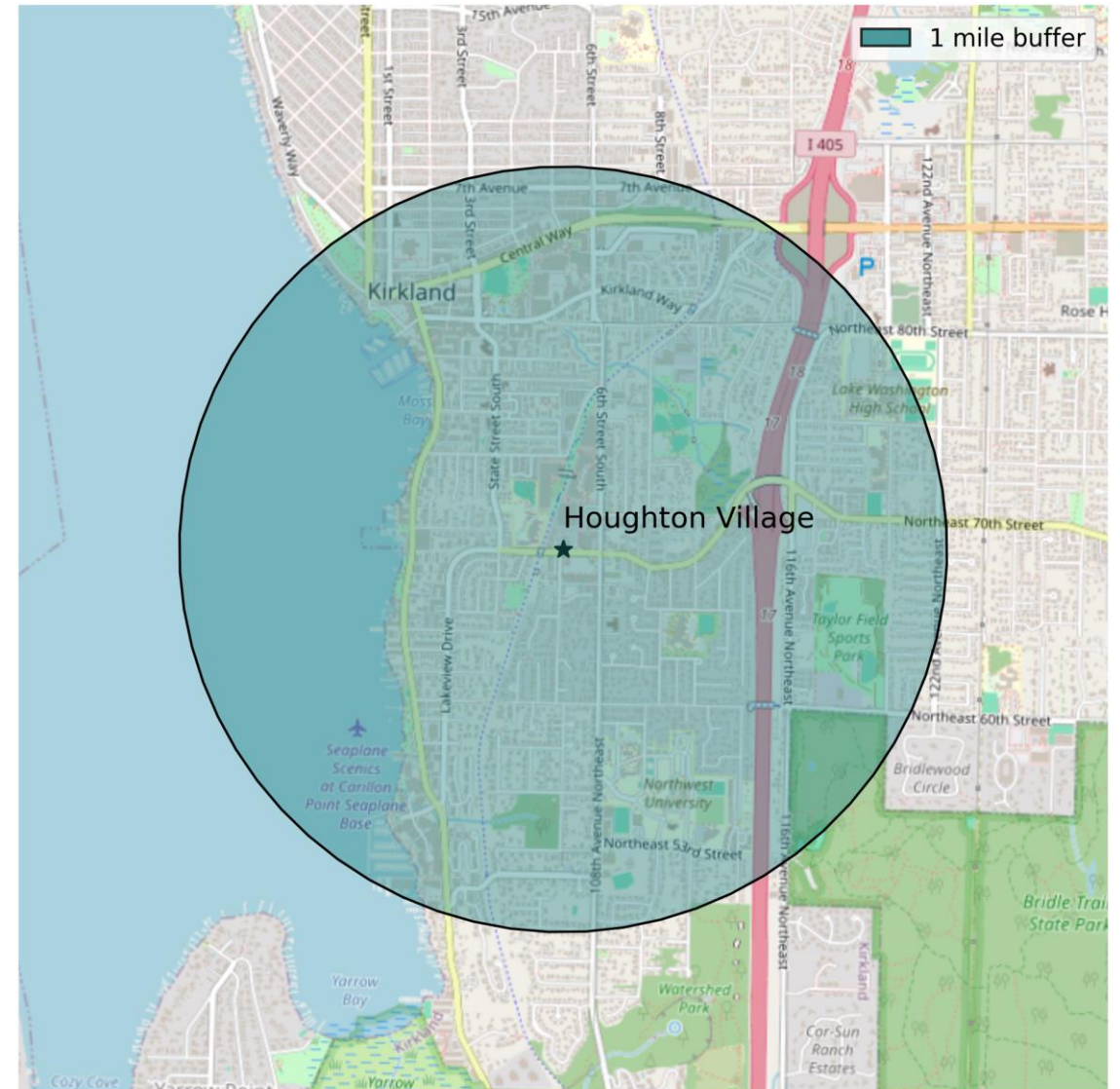
Houghton Village Development Plan  
Kirkland, WA

July 2024



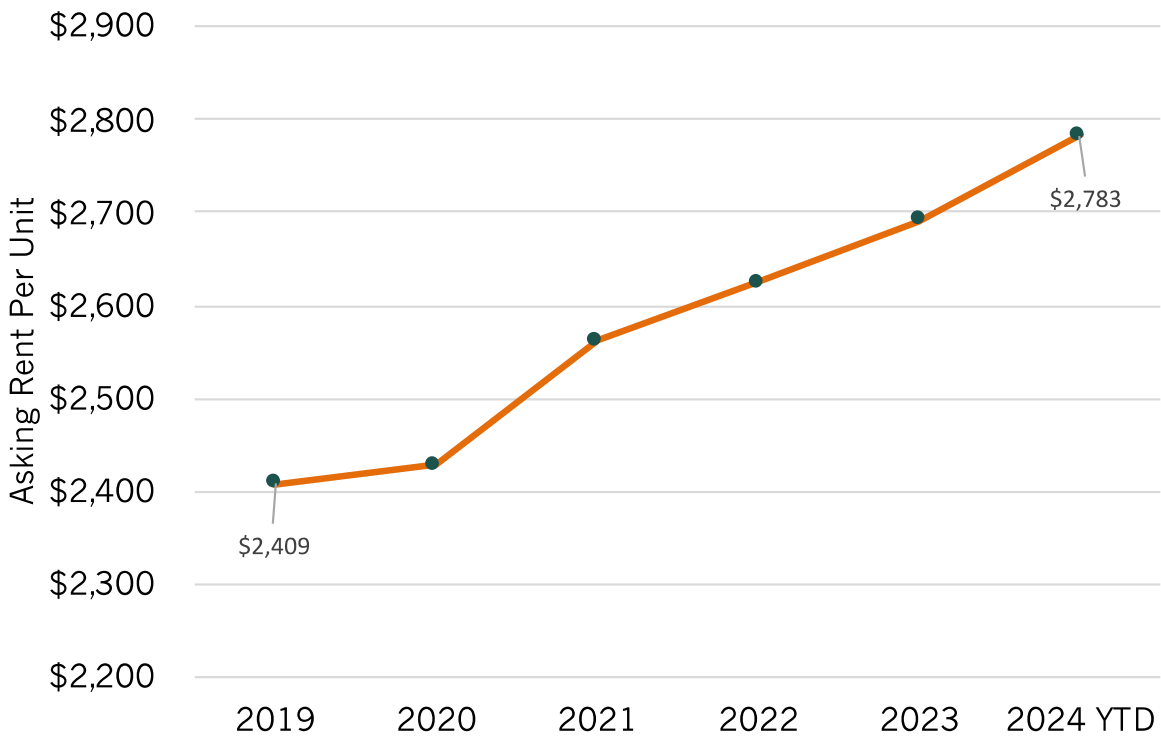


- Study area for market analysis is a **1-mile radius from Houghton Village** site
  - ◆ Captures **retail commercial areas and multi-unit rentals** comparable to the area in and around Houghton Village
  - ◆ Includes areas such as downtown Kirkland, Kirkland Urban, Carillon Point, and the major residential districts between



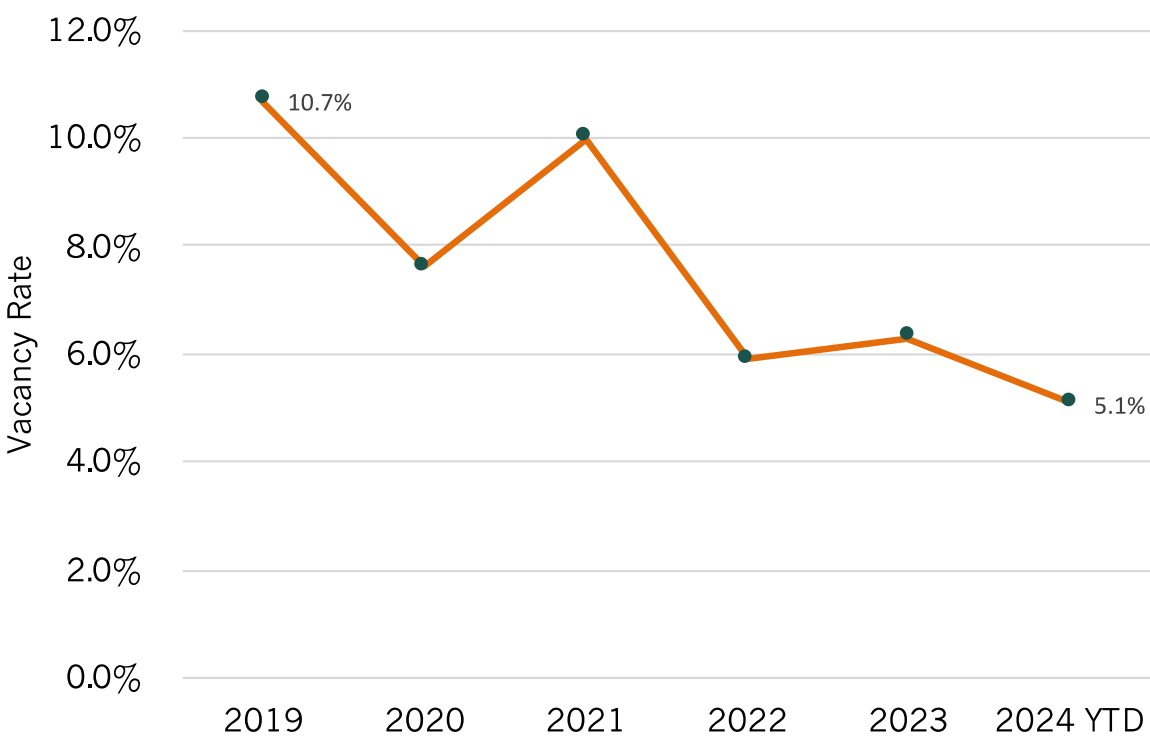


Average Asking Rent Per Unit



■ Unit mix includes studios & 1–3 bedroom units

Annual Vacancy Rates





# Recent Development Examples



Image source: CoStar

**Vela Apartments - 40 Lake St S**  
**Built in 2023, Rental**  
**141 units, average asking rent \$4,041**

Note: Neither of these developments were subject to inclusionary zoning requirements.



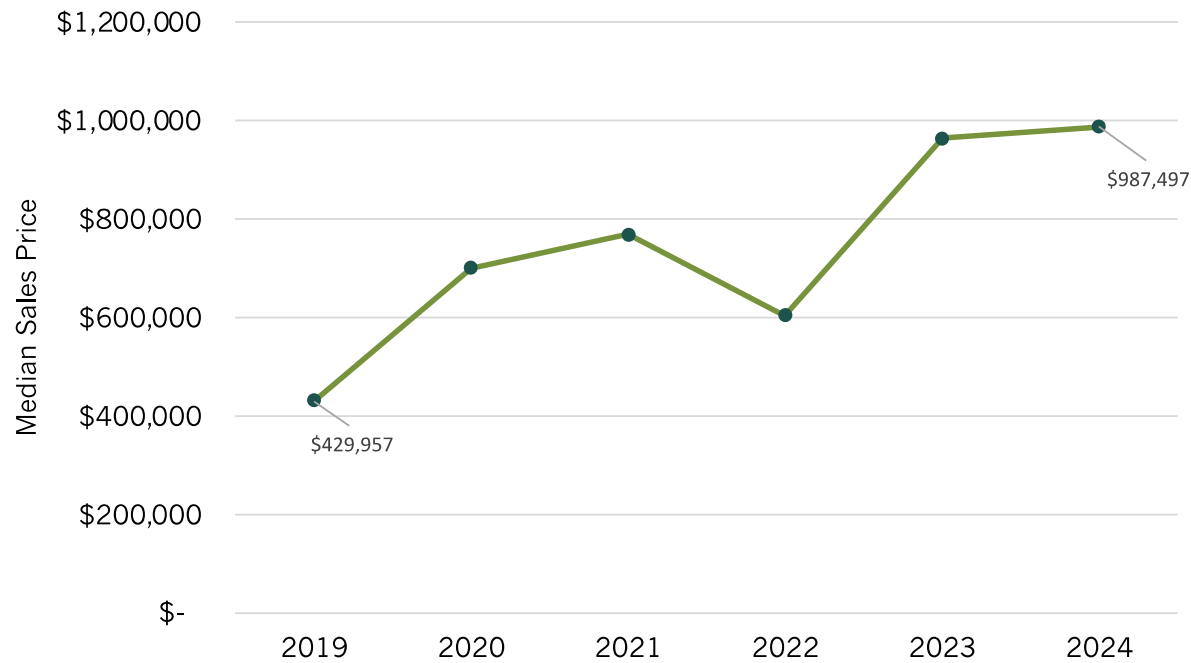
Image source: CoStar

**Parque Kirkland - 312 Central Way**  
**Built in 2021, Rental**  
**70 units, average asking rent \$3,072**

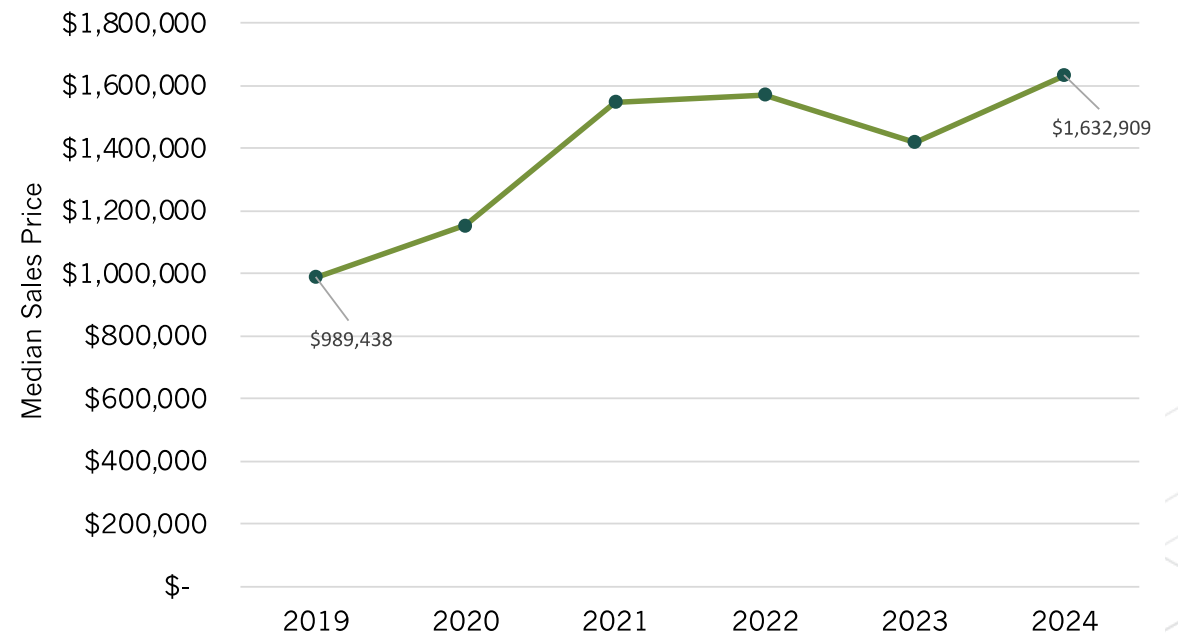


# Sales Price Trends

## Condominiums & Townhomes



## Single Unit



- Unit mix includes studios & 1–4 bedroom units



# Recent Development Examples



Image source: Redfin

New single-unit near Houghton Village  
Built in 2023, sold for \$4.25 million  
5 beds, 5 baths – 5,00 square feet  
Ownership



Image source: Redfin

New townhome near Houghton Village  
Built in 2020, sold for \$2.3 million  
3 beds, 3.5 baths – 2,600 square feet  
Ownership



# Recent Development Examples



Image source: Redfin

Jade - New condominium development, Totem Lake  
Sample Unit: \$679,000 – 1 bedroom, 2 baths 789 square feet  
Built 2021, Ownership



- Average asking rent in 2024 (year to date) was \$2,783, unaffordable to those earning below 80% of the area median income (AMI).
- Median home sale price in May 2024 was \$1,382,500, which is unaffordable to median income earners (100% AMI).
- New market-rate stacked condominiums offer a more affordable housing option compared to other recent attached development types but are still unaffordable to median income earners.

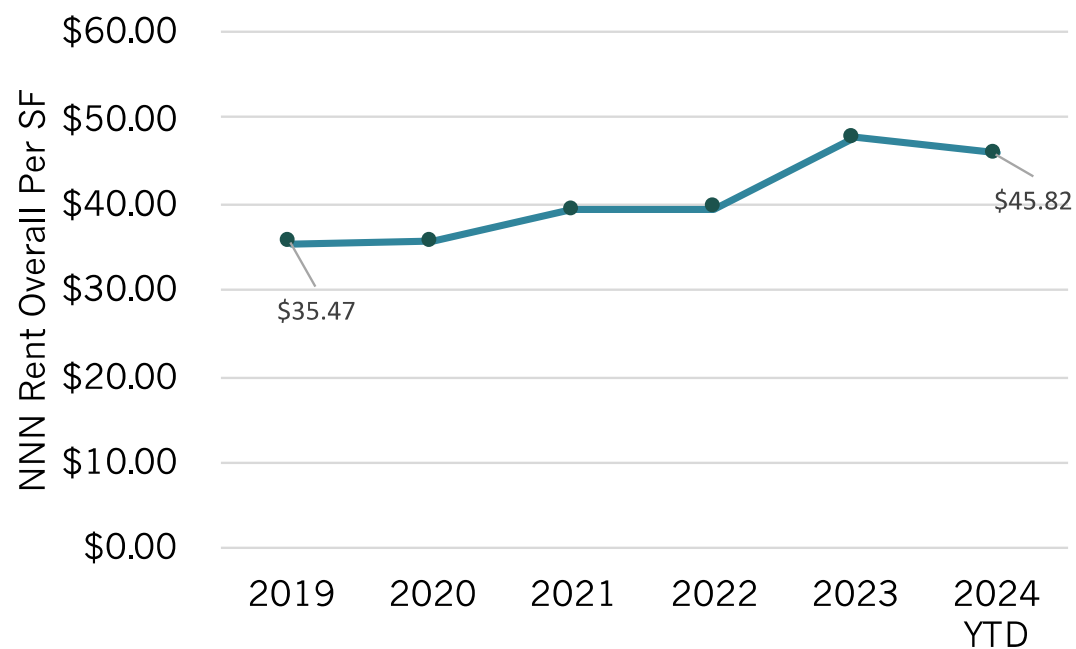
## For reference...

If your household earns...			
50% of AMI	80% of AMI	100% of AMI	120% of AMI
\$75,350	\$110,950	\$147,400	\$176,900
Then you can afford...			
\$2,100	\$3,100	\$4,100	\$4,900
monthly rent	monthly rent	monthly rent	monthly rent
or	or	or	or
\$226,000	\$333,000	\$442,000	\$531,000
\$264,000	\$388,000	\$516,000	\$619,000
home sales price	home sales price	home sales price	home sales price

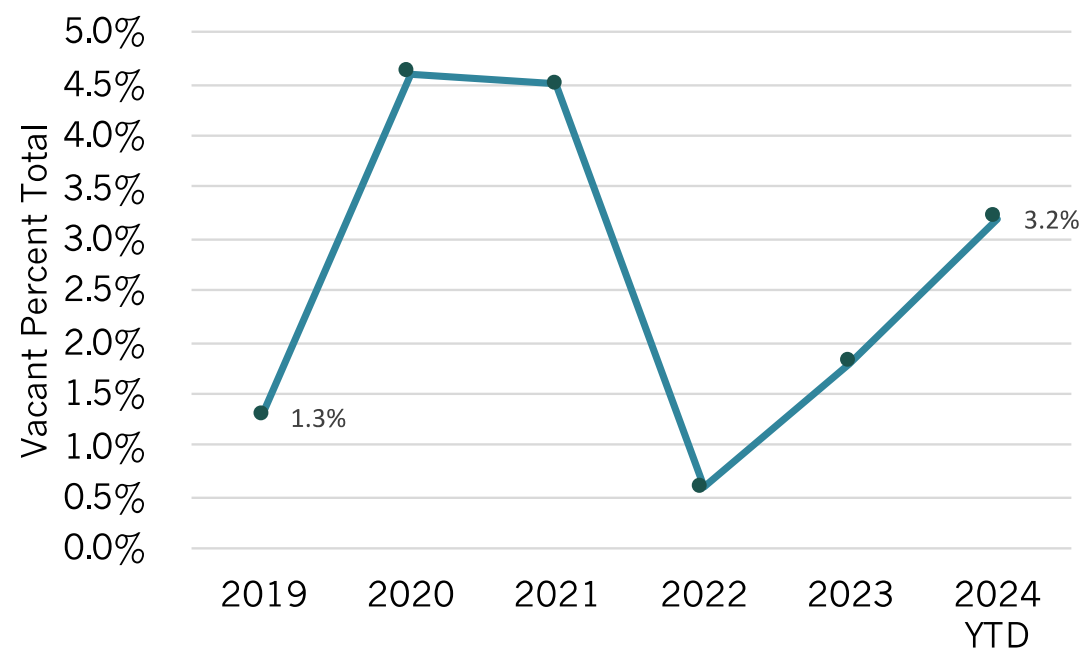
Source: HUD FY 2024 Income Limits Summary for a household of four, Seattle-Bellevue WA HUD Metro FMR Area



## Asking Rent Per Square Foot, annual



## Annual Vacancy Rates



Note: “NNN” or “triple net” is a typical lease agreement owners/operators use to cover building expenses. Under a triple net lease, the tenant pays additional property expenses in addition to base rent. These expenses typically include property taxes, insurance, and maintenance costs.



## Implications for Modeling Development Feasibility

- Current asking commercial rents are likely too high for non-profits, community-based organizations, service providers, or small businesses.
- Typically, ECONorthwest assumes 25-50% lower rents for these organizations. Qualitative research during the development feasibility analysis will help determine specific feasible rents, especially for community-based groups of interest to the city.



# Market Analysis Key Takeaways

- **Housing Affordability:** Kirkland's housing market is unaffordable to many households, including median income earners, and recent housing developments near the site demonstrate how expensive new housing in Kirkland has become.
- **Commercial Rent:** High rents in the study area, particularly in new commercial spaces, will make it difficult for small businesses, community organizations, and mission-driven industries to establish or maintain a presence in Kirkland.
- **Site Control:** The city's ownership of the site presents a unique opportunity to advance the city's goals related to housing affordability and equitable economic development by directly influencing its development. This could include both affordable housing units and below-market commercial spaces.



# Alternative Ownership Models





# What do we mean by alternative ownership?

There are many creative approaches to financing, accessing, and owning housing across the country, from cohousing to fractional ownership, rent-to-own, and a renewed interest in publicly-owned social housing.

When we talk about **alternative ownership** we are primarily focused on non-conventional approaches to **owning housing units**.

Our recent work has focused on two models with a deep history in the U.S.—land trusts and cooperatives—which have the greatest potential to be successful in different community contexts.

## Key Questions for Alternative Models

- *Who owns the land?*
- *Who owns the housing units?*
- *What is the legal structure for these ownership arrangements?*
- *Who will be able to afford the housing?*
- *Are there opportunities for building wealth?*

# How do we define home ownership structures?

## Four primary legal structures for homeownership

### CONVENTIONAL



#### FEE SIMPLE

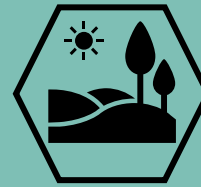
This is the most common form of ownership, in which individuals own their home and the land underneath it outright.



#### CONDO

Condominium ownership involves owning individual units within a larger building or complex, with shared ownership of common areas and land.

### ALTERNATIVE



#### LAND LEASE

Land leasing, often employed by land trusts, involves leasing the land while the household owns the structure on it.



#### COOPERATIVE

Cooperatives are a legal structure that allows shared ownership of real property in which individuals own shares in the cooperative corporation that owns buildings, land, or both.

Each structure offers different benefits and drawbacks for owners in terms of resident autonomy, ability to access loan products, and potential for building wealth, as well as for meeting public policy goals related to housing affordability and stability.



# What opportunities do alternative ownership models offer?

Many communities we work with are looking for more innovative programs and approaches to help meet housing needs, especially for lower barrier and lower cost ownership housing.

Policy Goal	Benefits of Alternative Models
<b>Affordability</b>	<ul style="list-style-type: none"><li>• Options to bring in other subsidy (such as land lease)</li><li>• Feasibility for moderate-income households (80%–100% of area median income)</li></ul>
<b>Stability</b>	<ul style="list-style-type: none"><li>• Affordable ownership can offer greater stability compared to renting</li><li>• Predictable long-term housing costs—insulated from market escalation</li><li>• Many models involve nonprofit partners that support resident owners with financial counseling</li></ul>
<b>Wealth Building</b>	<ul style="list-style-type: none"><li>• Full or partial equity capture through appreciating property values</li><li>• Greater potential for savings with reduced housing cost burden</li><li>• Increased household stability contributes to community wealth</li></ul>

How do alternative ownership models **relate to ground-floor commercial** spaces?

Example Options	Considerations
<b>Cooperative</b>	<ul style="list-style-type: none"><li>• Co-op maintains ownership of ground floor space and leases to tenants</li><li>• Offers potential for community input on tenant selection</li></ul>
<b>Condominium</b>	<ul style="list-style-type: none"><li>• Ground floor space divided into condo units and sold separately from residential spaces above</li><li>• Allows for diverse ownership within the building, but offers less input and control over tenants</li></ul>
<b>City Ownership</b>	<ul style="list-style-type: none"><li>• City owns, leases, and manages ground floor space</li><li>• Offers potential for prioritizing community-serving businesses by offering below-market rents</li></ul>

Each structure offers different levels of community control. It's Important to note that over-programming the ground floor with commercial space *can* create risk and undesirable outcomes under all options related to market saturation, financial strain, and vacant commercial spaces.