



CITY OF KIRKLAND
Planning and Building Department
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MEMORANDUM

To: Planning Commission

From: Scott Guter, AICP, Senior Planner
Allison Zike, AICP, Deputy Director of Planning and Building

Date: August 12, 2022

Subject: 2022 Missing Middle Housing Update

Recommendation

Receive an update on the implementation of Kirkland Zoning Code (KZC) 113 – Cottage, Carriage and Two/Three-Unit Homes and KZC 115 – Accessory Dwelling Unit (ADU) Code Amendments adopted in 2020.

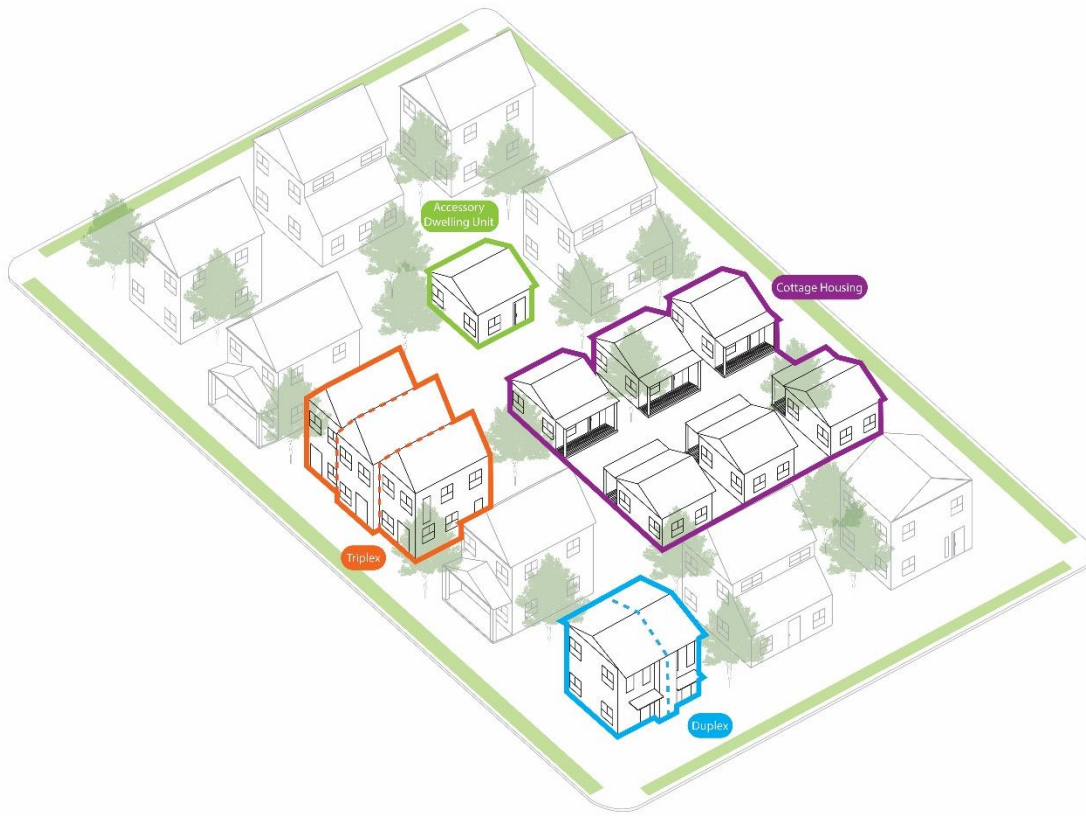
Background Discussion

As part of the 2019-2021 Planning Work Program, the City amended Kirkland Zoning Code (KZC) 113 – Cottage, Carriage and Two/Three-Unit Homes and KZC 115.07 – Accessory Dwelling Units. Council adopted the current code with Ordinances 4715 and 4717 on March 17, 2020. The amended code builds on actions in the Housing Strategy Plan (adopted in 2018) and aims to encourage an expansion of the supply of these missing middle housing (MMH) types within the City of Kirkland. The following goals were set forth when amending the code:

- Develop amendments that incentivize development of MMH that is both economically viable and reflects Kirkland’s community values; and
- Draft clear, concise and actionable code, that is responsive to the needs of the development community, the market and the public, and can be administered by City staff in a consistent and predictable manner.

On April 21, 2021, the City was honored to receive the [Housing Development Consortium](#) (HDC) 2021 Municipal Champion Award for our initiatives on MMH and ADUs. The award presentation and Mayor Sweet’s acceptance speech can be viewed on YouTube by following [this link](#).

What is “Missing” Middle Housing



Communities across the U.S. are experimenting with ways to increase housing affordability that reflects the differing needs and income levels of residents. In Kirkland, housing affordability challenges are exacerbated by the relative scarcity and cost of land. In lieu of traditional up-zoning, whereby low-density residential areas are re-zoned to allow for more intensive, multi-family housing construction, Kirkland opted for a more neighborhood-compatible approach to encourage residential infill that is of a smaller scale and looks and functions more like single-family residential housing. The term MMH typically refers to a range of housing types, compatible in design and scale with single-family homes, which fill the gap between conventional single-family homes and apartment or condominium units in multi-story buildings. Typically, MMH units (by nature of their relatively smaller size and clustered nature) are designed to be more affordable than conventional single-family units and supportive of walkable neighborhoods, transit, and local-serving commercial uses. Historically, MMH was common prior to World War II, when neighborhoods in many cities were designed to be mixed-income. Communities as diverse as Olympia; Minneapolis; and Montgomery County, Maryland have recently sought to encourage MMH alongside single-family residences, so as to increase housing supply and meet demand for this type of housing. The City's MMH regulations are not intended to produce “affordable housing” in the same defined manner as other more targeted regulations in Kirkland. Rather, the regulations create dwelling units that are more affordable than conventional newly-built single-family housing by restricting the square footage of the units and spreading the high costs of land development out across more units.

History of KZC 113 – Cottage, Carriage and Two/Three-Unit Homes

In 2002, endeavoring to encourage variety in housing size, stock and affordability, the City drafted interim regulations allowing the construction of cottage, carriage and two/three-unit homes within prescribed low-density zones. These regulations were crafted with the acknowledgement that they would not likely yield housing affordable to lower-income households, but could encourage more compact housing that would be relatively more affordable than conventional single-family units. The interim regulations resulted in the construction of the Danielson Grove project, located in the Rose Hill neighborhood. Danielson Grove (see photo) consists of 16 one-, two-, and three-bedroom compact homes. Each home is on a single lot, carefully planned around garden courtyards and a “Commons” building. The City codified the original interim regulations in 2004, resulting in the construction of other developments, such as the Juanita Farmhouse Cottages and a couple of duplex and triplex projects.



While there was some limited development of MMH housing, the regulations were not utilized broadly in the City. While allowing a variety of housing types, limitations on location, size of units, substantial minimum parking requirements, and other specific permit requirements were determined to be factors limiting broader utilization of this regulatory option. Likewise, regulatory barriers such as limitations on size and scale, owner occupancy requirements, and minimum parking requirements limited broad production of ADUs. Other factors that may have influenced the production of MMH in Kirkland include high land values, a strong market for larger, more expensive homes, and lack of local developer experience in developing MMH. The 2020 amendments and subsequent implementation were intended to address these identified limitations.

Trends in Kirkland Since Adoption of MMH Amendments

The current regulations relaxed a number of restrictions of the previous code regulating size, location, parking, process, and other topics. A summary of the code amendments as well as Planning Commission’s recommendations to City Council can be reviewed in a [memo](#) to City Council for their March 3, 2020 meeting. Since the adoption, there has been tremendous interest in developing these housing types, although this interest has taken some time to show up in permit data due to constraints on development associated with the COVID pandemic and other trends. The table in Attachment 1 shows the number of applications, from presubmittal meeting applications to permit issuance, for Missing Middle Housing types since March 2018. Tracking of Missing Middle Housing has become more robust as part of the [Housing Dashboard](#) developed by the Planning and Building Department that launched on August 3, 2022.

New Missing Middle Housing Permits Issued Since 2017

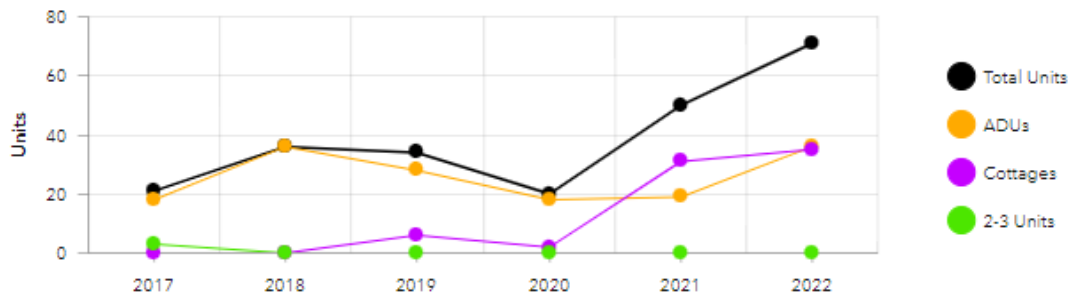


Figure 1: Screenshot of MMH issued permits chart from Housing Dashboard. Note, data collection periods differ from the Table in Attachment 1. MMH numbers in the Housing Dashboard will be adjusted quarterly.

Note that the Housing Dashboard will also track the City's adopted interim affordable housing targets and provide geographic information about housing projects City-wide.

Both the table in Attachment 1 and the Dashboard chart (see Figure 1) shows an uptick in Cottage and ADU development after the relevant regulations were amended in 2020, despite observed trends and disruptions in the housing market in this period such as supply chain shortages, escalating land costs, labor shortages, and pronounced preferences for single-family housing types. There has been less interest in the development of duplexes and triplexes (as shared-wall housing types are undesirable for some developers), although there are signs that that is changing.

MMH Development in Houghton

Following Council adoption of the MMH amendments, the former Houghton Community Council (HCC) accepted the amendments to ADU regulations but exercised their previously-held disapproval authority over the KZC 113 amendments, so the prior version of the Chapter remains in effect within HCC jurisdiction. The Houghton Community Municipal Corporation was sunsetted on July 9, 2022 through State legislation. On July 28, 2022, the Planning Commission received a staff briefing on the required code amendments related to the sunset of the Houghton Community Council. On August 25, 2022 Planning Commission will hold a public hearing for draft KZC amendments focused on eliminating procedural and regulatory discrepancies in order to provide consistency in regulations across Kirkland's neighborhoods. These amendments will include the elimination of the prior version of Chapter 113 currently in effect within the former HCC jurisdiction, and provide more opportunity for MMH housing types.

Since adoption of the new regulations there have been four issued ADU permits within the former HCC jurisdiction: double the number of ADU permits prior to the code amendments (as measured between March 2018 – February 2020). There has been one 8-unit cottage project approved. The cottage project received a conditional approval that came over a year after application and received extensive public comments. The approval is being appealed and a public hearing was conducted on the decision before the Hearing Examiner on August 4, 2022. Meeting packet materials on the appeal can be found on the Hearing Examiner [webpage](#).

Implementation Efforts

In amending the regulations in a manner that would attract additional development interest, the City anticipated that there would be a learning curve for both staff and the development community. To facilitate discussions with the development community, as well as ensure successful implementation of the code, City staff implemented the following strategies:

- Internal Working Group: Staff created an internal working group to discuss proposed MMH projects being reviewed under the new code. The aim was to assemble a core group of staff as code experts, identify any common issues that they are encountering in review of applications, and to develop a collective and consistent response to questions from the development community. This group also identified areas where the code can be improved with future code amendments. Their work resulted in a set of design tips, code guidance, and permitting information. This information is located on the City's [Cottage webpage](#). The group no longer meets formally, but its members continue to provide useful information about reviewing and permitting cottages in Kirkland to other staff and the public, along with continuing to coordinate internally to ensure consistent application of the code.
- Code Interpretations: As the code was tested with real projects, interpretations have been issued by the Planning and Building Director to help add clarity and predictability to code sections that seem ambiguous and to ensure the code is being applied uniformly and consistent with its intent.
- Permit Procedures: To help assist developers with cottage projects, staff adjusted permit procedures to require a pre-submittal conference before applying for permits. This helps applicants and staff address any issues ahead of permit review. The City also requires an "enhanced" Land Surface Modification permit (LSM) before submitting for building permits. Enhanced LSM permits help City staff look at the cottage development as a whole and link cottages to a single site and civil engineering plan. These procedures have helped to keep cottage development consistent with cottage regulations, compliant with other city development standards, and reduce additional permit review.
- ADUs: Similar to the Cottage webpage, staff developed an [ADU webpage](#) that includes guidance on permitting ADUs in Kirkland. The City is also developing a Pre-Approved detached accessory dwelling unit (DADU) program set to launch in September 2022. This program will offer expedited permit review of low cost pre-registered DADUs within Kirkland. The program is modeled on [Seattle's pre-approved DADU program](#).

Key Takeaways

Since adoption of the new MMH regulations, City staff has developed the expertise to effectively administer and communicate the regulations and associated programs for developing MMH. Staff's takeaways include:

- At first codes were unclear and developers were not sure on how to correctly utilize them. Some issues continue to persist:
 - On roads where the City does not support multiple curb cuts for large projects, cottage project submittals often yield an unimaginative site plan with a driveway straight down the middle of a lot with cottages on each

side (i.e., a replication of a short plat). This leads to challenges for projects that require common open space.

- Overparking (building more parking spaces on site than is required by the code) remains an issue. Developers insist on private garages for every unit and plentiful surface parking, which compromises the aesthetic, open space, and neighborhood compatibility goals of the MMH amendments.
- Working group meetings help clarify vague points in the code and help staff reviewers uniformly address common issues such as pedestrian connections, access drives, and design elements.
- Pre-submittals have helped to catch glaring issues with preliminary designs prior to permit submittal.
- The LSM permit helps ensure that site planning issues are handled earlier-creating less permit review in the subsequent building permits.
- Some developers have since developed model units and, to an extent, site layouts that they are beginning to use across projects that fit code parameters.
- There is modest, but growing, interest, in duplexes and triplexes. Since these housing types have significant potential to be more affordable than conventional single-family units, examining the regulations and incentives to build this type of units in the Zoning Code may be beneficial.

Staff has not conducted a formal survey of the price points of newly-constructed MMH units in Kirkland, but anecdotal evidence suggests that price points are higher than expected. As an example, a recently-built cottage at 12230 NE 73rd Street (Merit Homes) is on the market for \$1,734,850, and an adjacent unit sold in April 2022 for approximately \$1.9 million. While these prices are less than the market prices for newly-built conventional single-family homes, and could be reduced as the housing market cools, they are higher than desired. Therefore, it may also be beneficial to examine code amendments that could reduce the price points of these units (parking maximums, smaller unit sizes, etc.).

Next Steps

Very few projects under the amended MMH code have been finalized and the City is still waiting to see the finished products. Staff anticipates learning from completed projects once occupied. Staff continues to take note of potential issues involving parking and site planning that may be inconsistent with the design parameters set forth in Chapter 113. Staff anticipates that lessons from finished developments, code administration, and insights from the Housing Dashboard will continue to improve the MMH review process and may result in the need for future code refinement to improve the clarity of the code and ensure it is helping achieve the intended objectives for diverse and plentiful housing in the City.

Attachments

1. Missing Middle Housing Summary

Missing Middle Housing
Revised: 7/1/2022

	March 2022 – June 2022	March 2021 – February 2022	March 2020 – February 2021	March 2019 – February 2020	March 2018 – February 2019
ADUs					
Presubmittal Meetings*	5	20	25	5	6
Building Permits Applied	28	52	56	23	43
Building Permits Issued	13	24	18	28	36
Cottages					
Presubmittal Meetings*	12 (44 Units)	21 (95 Units)	24 (125 Units)	2 (8 Units)	0
Building Permits Applied	5 (26 Units)	26 (96 Units)	5 (22 Units)	1 (14 Units)	1 (6 Units)
Building Permits Issued	6 (26 Units)	9 (41 Units)	1 (2 Units)	1 (6 Units)	0
2/3 Unit Homes					
Presubmittal Meetings*	1 (2 Units)	3 (23 Units)	2 (5 Units)	0	0
Building Permits Applied	1 (5 Units)	2 (12 Units)	1 (3 Units)	0	0
Building Permits Issued	0	0	0	0	0

*Presubmittal meeting are only required for Cottage and 2/3 Unit Home development proposals.

