

City Council Study Session



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NE 85th Station Area Plan

City of Kirkland

June 21, 2022



Agenda

Phase 1 Adoption
Overview

Planning
Commission
Recommendations

Development
Agreement Update

Schools Update

Incentive Zoning
Program Analysis &
Policy Direction

Next Steps



What will Council be considering on June 28?

Station Area Plan – Phase 1 Adoption

1. **Station Area Plan** (Resolution)
2. **Comprehensive Plan Amendments** – new Station Area Chapter (Ordinance)
3. **Municipal Code Amendments** to adopt **Station Area Design Guidelines** (Ordinance)
4. **Zoning Code Amendments** - Commercial Mixed Use district (Ordinance)
5. **Parcel Rezones** – Commercial Mixed Use district (Ordinance)

An aerial photograph of a suburban neighborhood. The image shows a mix of residential houses with green lawns, mature trees, and paved roads. In the background, a larger commercial or industrial area with larger buildings and parking lots is visible. The overall scene is a typical suburban landscape.

Response to Community Input

Council has responded to community input since 2019 by:

- Extending DSEIS comment period
- Holding Special Meeting of Council for Listening Session in May 2021
- Authorizing additional analyses prior to advancing phases in planning process
- Removing Draft SEIS Alternative 3 from consideration
- Directing Fiscal Impacts and Community Benefits Analysis
- Continuing to emphasize that the Plan address key community concerns such as Parks/Open Space, Transportation, and Schools

PLANNING COMMISSION RECOMMENDATIONS

COMPREHENSIVE PLAN AMENDMENTS

Adopt the Comprehensive Plan subarea plan chapter with the following amendments:

- Amend vision statement to read: “The Station Area is a thriving, transit-oriented, new walkable district with high tech and family wage jobs, plentiful affordable housing, sustainable buildings, park amenities, and commercial and retail services ~~linked by transit~~.”
- Add a policy that reads: “Encourage and support high-frequency, broad-destination, transit throughout the Station Area.”
- Amend drafted goal: “Create opportunities for additional school capacity in, or near, the Station Area and prioritize the provision of a new school within the Subarea boundaries.”
- Add a policy : “Plan for, and coordinate, construction staging at a subarea-wide level in advance of development.”

Council feedback on Planning Commission amendments?

PLANNING COMMISSION RECOMMENDATIONS

MUNICIPAL CODE & DESIGN GUIDELINE AMENDMENTS

Adopt the Municipal Code and Design Guideline amendments as proposed.

Council feedback on Planning Commission recommendation?

PLANNING COMMISSION RECOMMENDATIONS

ZONING CODE AMENDMENTS

Adopt the Form-based Code as proposed, with the exception of regulations related to building heights in excess of 150' and associated incentive zoning.

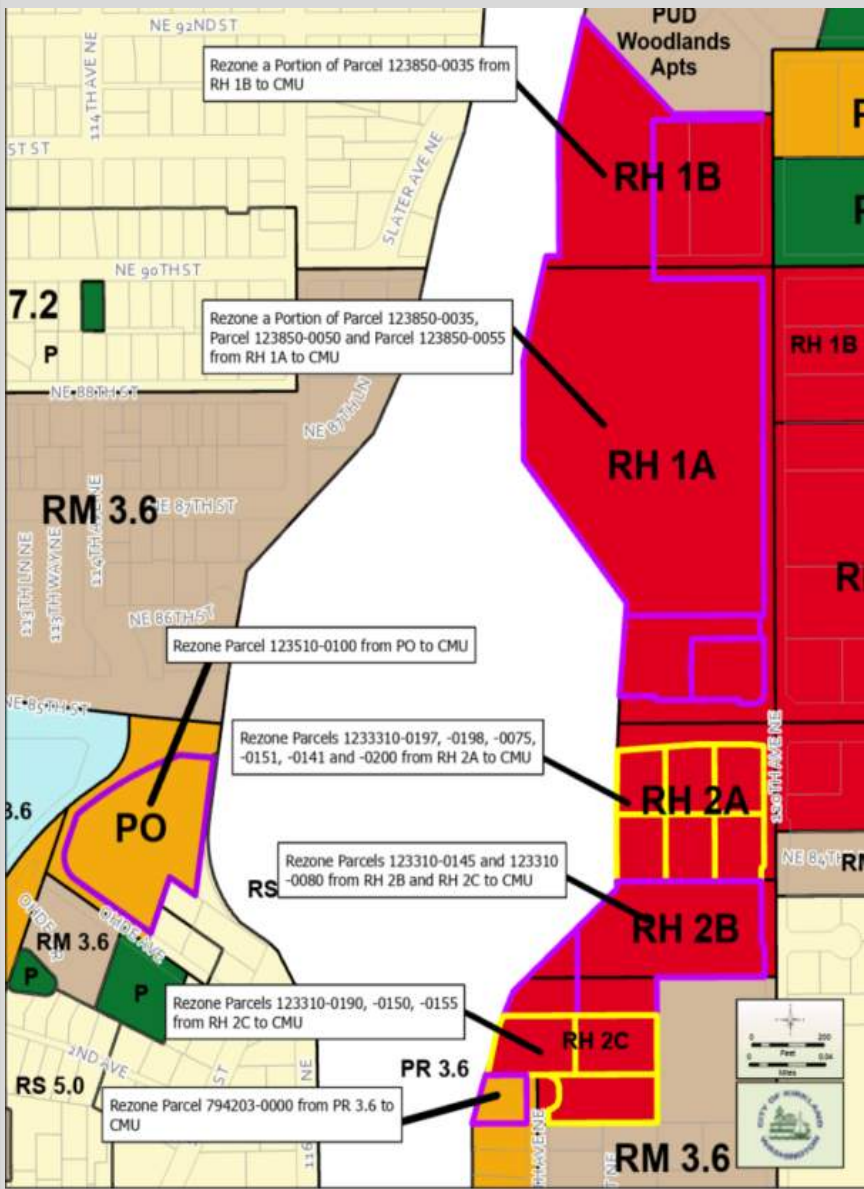
Planning Commission Statement (by unanimous motion)

“Planning Commission supports the form-based code, allowing up to 150 feet of maximum building height, pursuant to the existing proposed inclusionary zoning system. The Planning Commission does not currently support 250 feet of maximum building height.

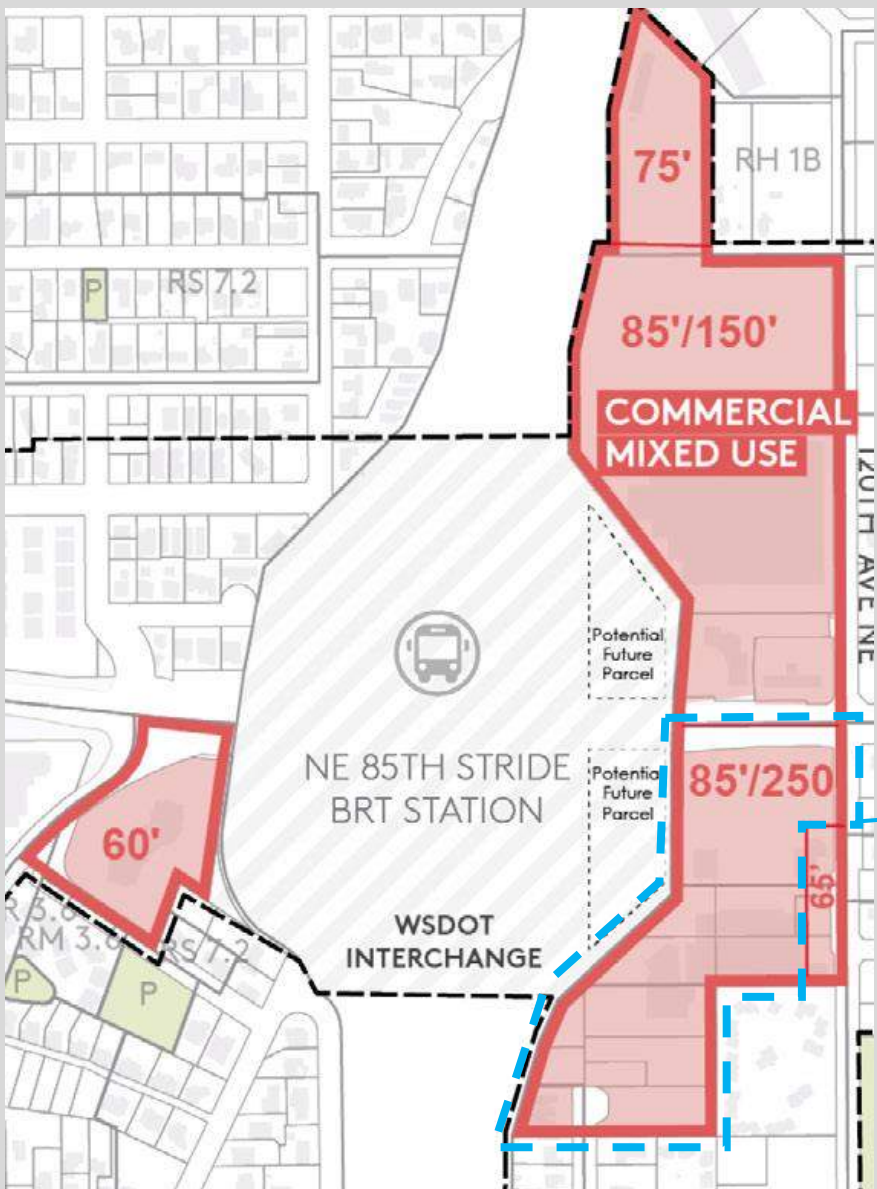
Up to 250 feet may be acceptable pursuant to additional Planning Commission review regarding public benefits only if these conditions are met: Monumental public benefits that prioritize affordable housing in the first tier and transit infrastructure, parks, and schools in the second tier. The Commission would request another meeting where we could further explore these tradeoffs and develop a more specific recommendation to the City Council. “

PLANNING COMMISSION RECOMMENDATIONS

LEGISLATIVE REZONES



Existing Zoning within Phase 1



Proposed CMU Rezones for Phase I

Adopt the proposed rezones of the indicated parcels to Commercial Mixed Use (CMU).

PC recommendation for heights above 150' is contingent upon the resolution of their recommendation regarding community benefits associated with heights above 150'.

Council feedback on Planning Commission recommendation?

Development Agreement: Update

- The City is engaging with Google to explore the terms of a development agreement for the Lee Johnson site in the Station Area.
- A development agreement will:
 - Give Google the certainty it needs to make a purchase decision.
 - Ensure that development of a catalyst project by Google would meet or exceed the amount of public benefits that would otherwise be required in the new Form Based Code for the Station Area.
- Pursuant to RCW 36.70B.170, a development agreement requires a public hearing to be held by City Council before such agreement is approved by ordinance or resolution.
- Staff anticipates that this hearing is likely to occur in July 2022, after adoption of Phase 1 of Station Area Plan.

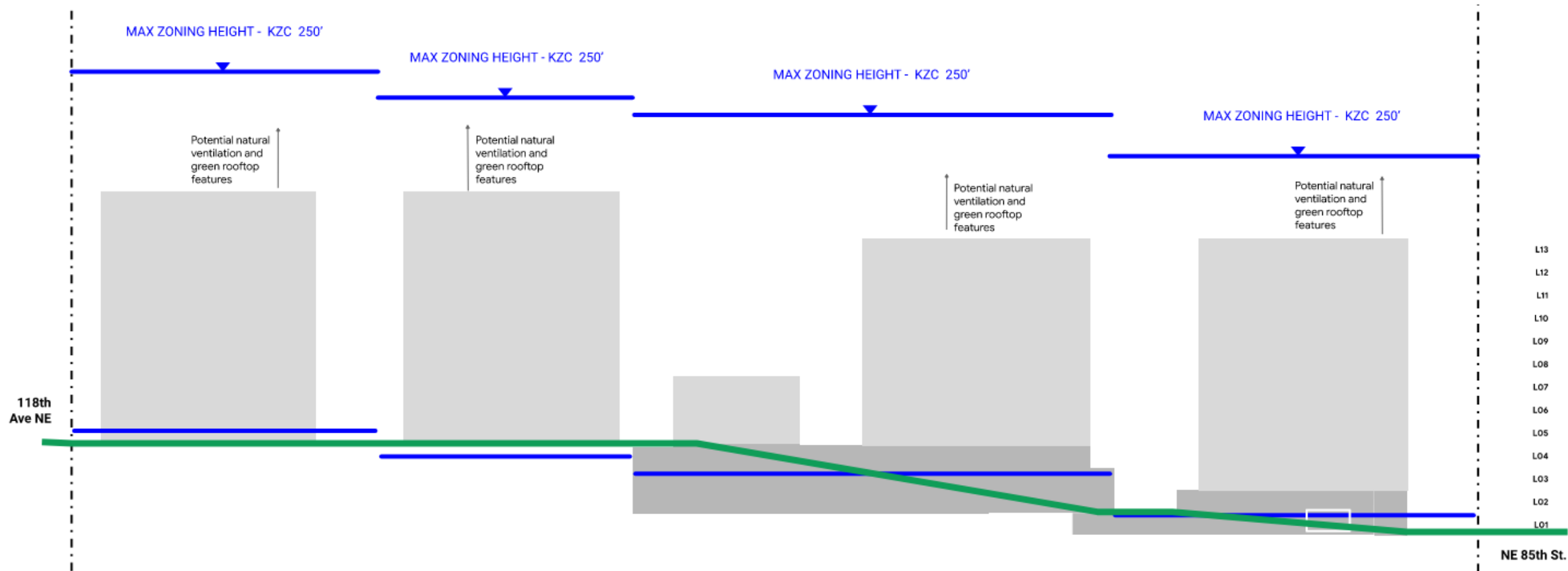
57.05.03 DEVELOPMENT AGREEMENTS - CATALYST PROJECTS

As a means of encouraging early catalyst transit oriented development projects within the Station Area, projects on sites greater than four acres within the Commercial Mixed Use District are encouraged 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, except that a Development Agreement may not authorize (1) additional height above the bonus maximum height; or (2) a principal use that is not otherwise permitted in the District.

-excerpted from draft Form-based Code (draft KZC Ch. 57)

Google Concept Heights



Sample concepts show how massing can stay below the max height while achieving incentives: Google has developed this illustrative massing concept to show how massing can stay within the max height limits proposed in the FBC. It is the goal of Google to endeavor to use Commercial Mass Timber construction on top of a podium. The CMT construction type is limited to 180 feet above grade.

— Approx 120th Ave Elevation

— KZC Average Building Elevation

*KZC Average Building Elevation is approximate and subject to site plan and confirmation by City during the permit process.

Potential Google Community Benefits Being Negotiated

- Substantial affordable housing contribution
- Substantial open space and trail investments
- Enhanced sustainability investments
- Significant transportation and utility mitigation investments

City Council Public Hearing on Development Agreement: July 6, 2022

Development Agreement will include sections addressing:

- Project description;
- Entitlement approvals, including Design Review process;
- Public benefits;
- Vesting of development regulations;
- Deviations from zoning standards;
- Process for amending the agreement;
- Phasing;
- Infrastructure improvements;
- Capital Facilities charges and Impact Fees;
- Concurrency;
- Signage;
- Transportation (e.g., vehicle access locations, pick-up/drop-off areas, parking, etc.);
- Permit processing fees and timing; and, term of agreement.

SCHOOLS: Station Area Phase 1 Updates

Draft Comprehensive Plan includes policies to:

- Increase development capacity on existing school sites.
- Create bonus incentives for provision of school space in new development.
- Foster partnerships with LWSD, City, and private sector to encourage shared facilities.

Planning Commission Recommends Amending Goal in Comp Plan:

“Create opportunities for additional school capacity in, or near, the Station Area and prioritize the provision of a new school within the Subarea boundaries.”

Draft Form-based Code (zoning) for Commercial Mixed Use District (Phase 1)

- CMU district does not allow residential uses (no direct student generation).
- Educational uses allowed in active/retail frontages.
- Incentive Zoning program includes educational spaces as incentive option for development to earn bonus capacity.

SCHOOLS: Station Area Phase 2 Work

Code Amendments to be studied in Phase 2:

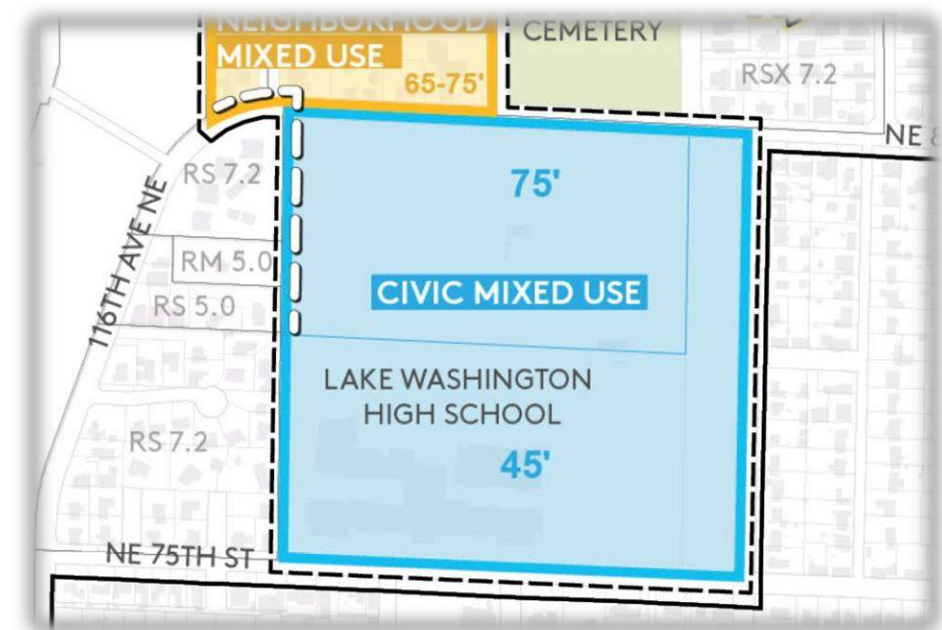
- Station Area districts that allow residential uses and will generate new students.
- The Civic Mixed Use zoning district, which includes the Lake Washington High School property.

Draft Form-based Code for Phase 2 expected to include:

- Educational uses allowed in active/retail frontages; and,
- Incentive Zoning program that includes educational spaces as incentive option for development to earn bonus capacity.
 - Can be the same as program for CMU district or adjusted for Phase 2 districts.

Beyond the Station Area Plan, the City has begun work to implement 2022-2024 Planning Commission Work Program item:

- Evaluating code amendments to reduce or eliminate barriers to increase capacity on other LWSD sites.



Civic Mixed Use District w/ proposed increased height (Phase 2 code amendments)



Example of Integrated School Facilities: 10 story mixed use with 4 stories of elementary school and housing above (Honolulu, HI)

How is the City supporting schools?

The City is continuing to pursue properties in proximity to Station Area that could serve multiple uses, such as the Houghton Park & Ride and Taylor Fields.

The City can support legislative changes to encourage expansion of funding flexibility for schools in urban areas (e.g., using capital levies to fund long-term school leases)

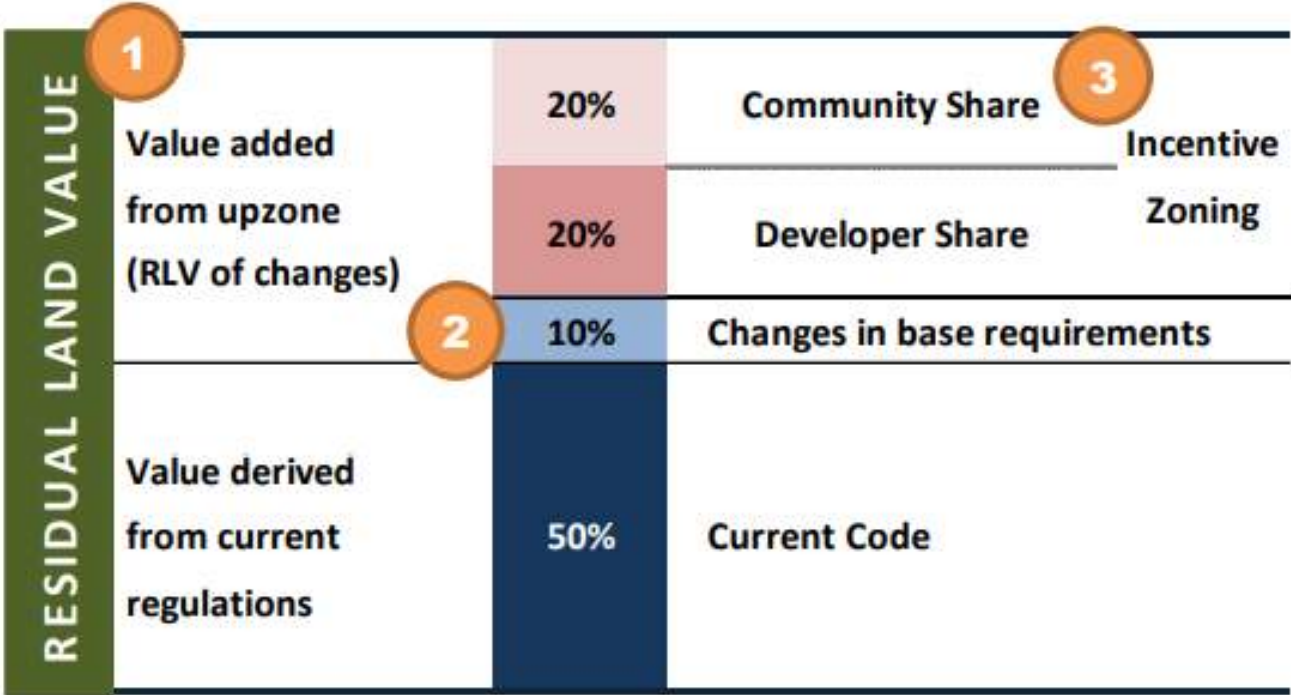
City will continue to support the district through school impact fees. A conservative estimate is that from \$16.9 million to \$24.6 million in school impact fee revenue would be available for school capital needs under the preferred plan over the next 20 years.

New assessed valuations generated due to redevelopment in the Station Area could allow LWSD to reauthorize additional construction levy/bond funds by an average of \$5 million per year from 2024-2022 (cumulative total \$106.5 million).

Incentive Zoning Update

The Incentive Zoning Analysis answered 3 questions

- 1. How much private value is created through changes in land use policy?
- 2. How much of that new value is used to meet increased base development requirements?*
- 3. How much of the value might be left to support a functional incentive zoning program?



*Station Area base requirements analyzed include: new infrastructure requirements; compliance with High Performing Building Code; minimum Green Factor score of 0.4.

Incentive Zoning Update

| AFFORDABLE HOUSING | | SUSTAINABILITY | |
|---|--|------------------------------------|--|
| Commercial development: Affordable housing contribution (fee-in-lieu) | Fee revenue for affordable housing | Enhanced Performance Buildings | New buildings that exceed Kirkland High Performance Building Code |
| MOBILITY / TRANSPORTATION | | Ecology and Habitat | SF of land, enhanced ecology/habit |
| Enhanced Mid-block Green Connections | Square feet of enhanced mid-block green connections | Innovation Investments | New and innovative sustainability infrastructure in the Station Area |
| PARKS / OPEN SPACE | | SCHOOLS, EDUCATION, AND CHILDCARE | |
| Public Open Space (outdoor) | Square feet of improved public outdoor park-like space | ECE/Day Care Operation Space | Long-term dedication of building space for non-profit childcare use |
| Public Community Space (indoor) | Square feet of improved public indoor community space | School Operation Space | Long-term dedication of building space for education use |
| | | OTHER APPLICANT PROPOSED AMENITIES | |
| | | Flexible Amenity Options | TBD |

Incentive Zoning Update

How were exchange rates determined?

Why is calibration important?

| List of Eligible Amenities | Measure of Exchange Rate | Alternative Bonus Ratio Options | | | | Amenity Provided per 20,000 Sf of IZ Space | |
|--|---|---------------------------------|-----------------------------|-----------------|------------------------|--|------------------------|
| | | Bonus Ratio (base) | Policy Weighted Bonus Ratio | | | Bonus Ratio (base) | Bonus Ratio (priority) |
| | | | Priority Rank | Priority Weight | Bonus Ratio (priority) | | |
| AFFORDABLE HOUSING | | | | | | | |
| Commercial development contribution | Voluntary fee per SF of incentive bonus space | \$25.00 | 1 | 1.50 | \$16.67 | \$500,000 | \$333,333 |
| MOBILITY / TRANSPORTATION | | | | | | | |
| Enhanced Mid-block Green Connections | Bonus SF per SF of enhanced connections | 5.0 | 3 | 1.00 | 5.0 | 4,000 sf | 4,000 sf |
| PARKS / OPEN SPACE | | | | | | | |
| <u>Public Open Space (outdoor)</u> | Bonus SF for each SF of improved public space | 6.0 | 2 | 1.25 | 7.5 | 3,333 sf | 2,667 sf |
| <u>Public Community Space (indoor)</u> | Bonus SF for each SF of improved public space | 7.0 | 2 | 1.25 | 8.8 | 2,857 sf | 2,286 sf |
| SUSTAINABILITY | | | | | | | |
| Enhanced Performance Buildings | Bonus SF per \$1,000 invested | 40.0 | 3 | 1.00 | 40.0 | \$500,000 | \$500,000 |
| Ecology and Habitat (GF score above 0.75) | Bonus SF for each SF of enhanced ecology/habitat land | 1.4 | 3 | 1.00 | 1.4 | 14,286 sf | 14,286 sf |
| Innovation Investments: Energy and Decarbonization | Bonus SF per \$1,000 invested | 40.0 | 3 | 1.00 | 40.0 | \$500,000 | \$500,000 |
| SCHOOLS, EDUCATION, AND CHILDCARE | | | | | | | |
| ECE/Day Care Operation Space | Bonus SF for each SF of ECE/Day Care space | 10.0 | 2 | 1.25 | 12.5 | 2,000 sf | 1,600 sf |
| School Operation Space | Bonus SF for each SF of school space | 10.0 | 2 | 1.25 | 12.5 | 2,000 sf | 1,600 sf |
| OTHER APPLICANT PROPOSED AMENITIES | | | | | | | |
| Flexible Amenity Options | TBD | 40.0 | 3 | 1.00 | 40.0 | \$500,000 | \$500,000 |

Incentive Zoning Update: Comparing Options 2 and 3

Option 1: Single Tier, No Weighting

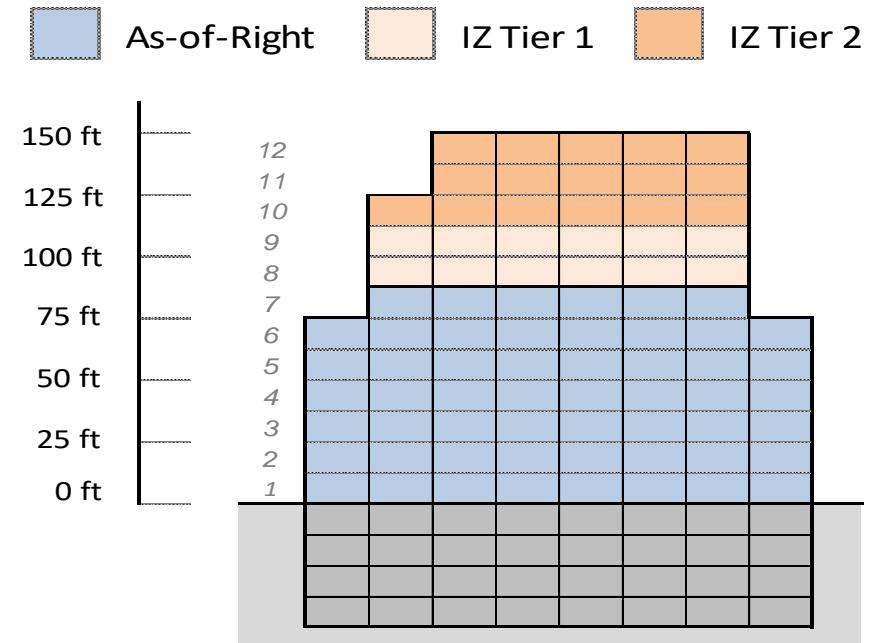
- Does not give preference to any amenity category
- Most flexibility for applicants

Option 2: Two Tier, No Weighting

- Sets amenity category that must be satisfied to achieve Tier 1 incentive capacity (e.g., Affordable Housing)
- If Tier 1 satisfied, other amenity categories can be used towards Tier 2 incentive capacity

Option 3: Single Tier, Policy Weighting

- Establishes greater incentive ratio for certain amenities
- Priority will be established by Council direction

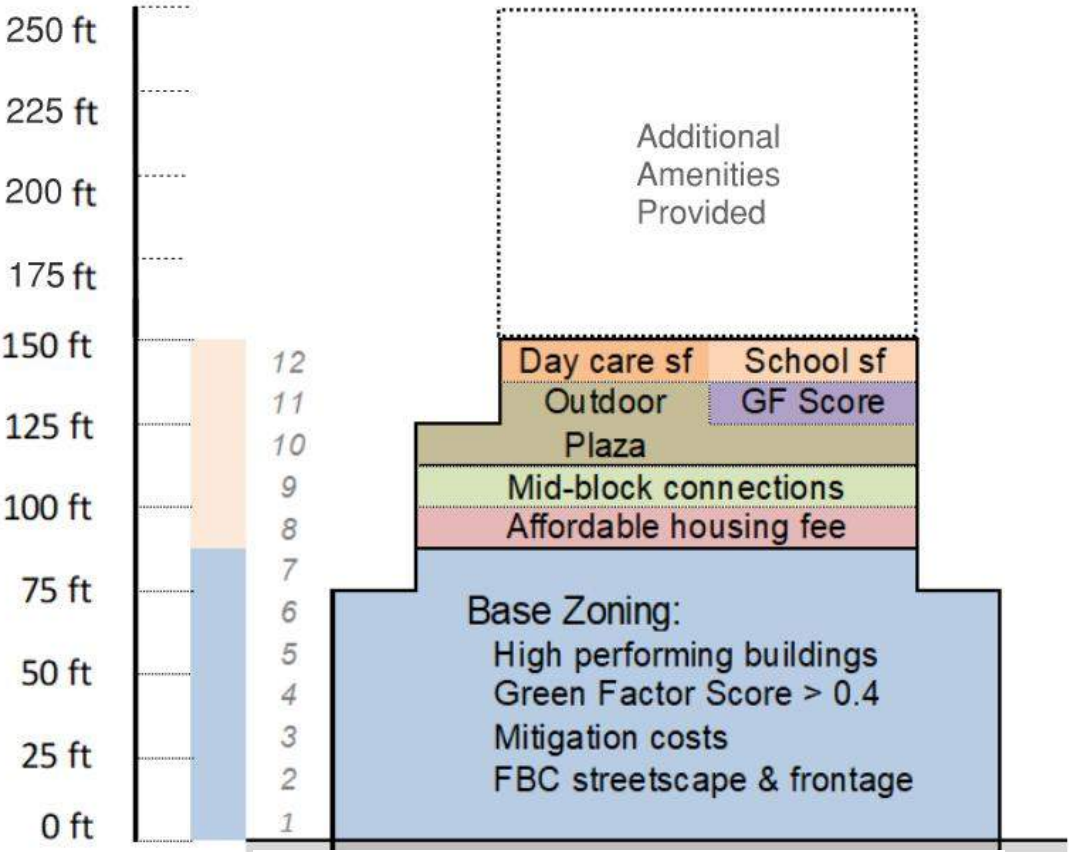


Incentive Zoning Update: Comparing Options 2 and 3

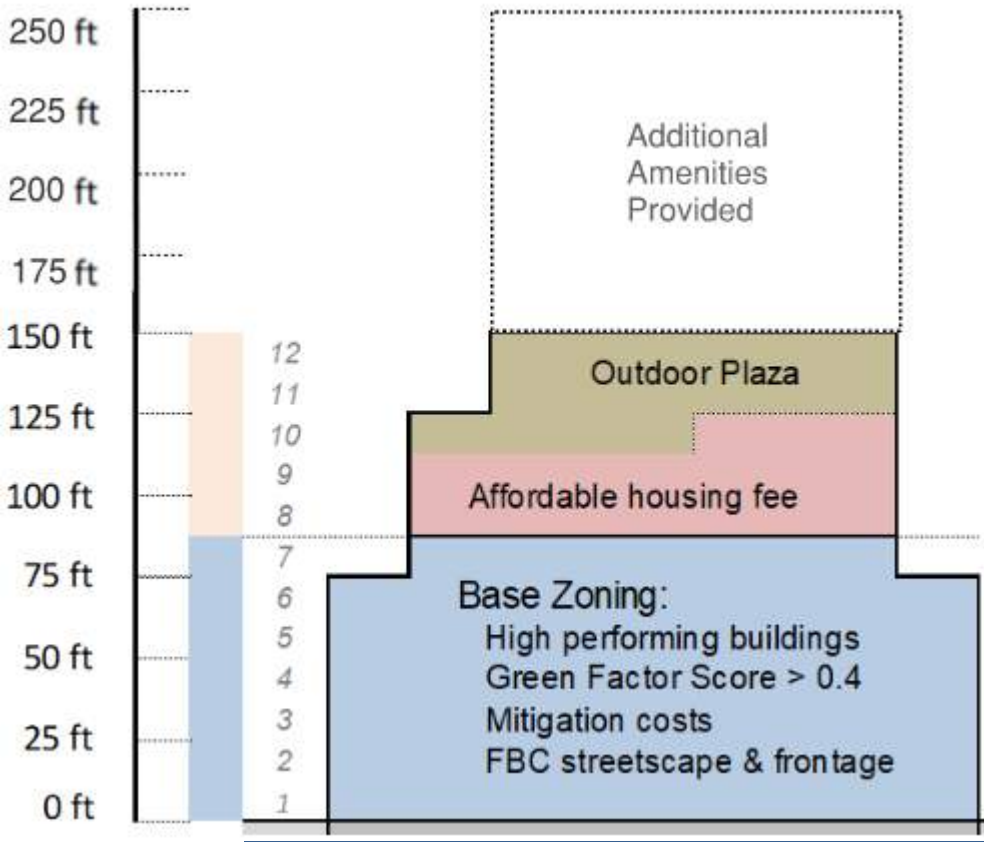
| List of Eligible Amenities | Bonus Ratio (base) | Bonus Ratio (weighted) | Developer Provided Amenity | OPTION 1 Single-Tier, No Weighting | | OPTION 2 2-Tier, No Weighting | | OPTION 3 Single-Tier, Policy Weighting | |
|---|-----------------------|---------------------------|---|---------------------------------------|---------------------|----------------------------------|---------------------|---|---------------------|
| | | | | IZ Space Earned | Amenity Provided | IZ Space Earned | Amenity Provided | IZ Space Earned | Amenity Provided |
| AFFORDABLE HOUSING | | | | | | | | | |
| Commercial development contribution | \$25.00 | \$16.67 | Funds for Affordable Housing | 10,000 sf | \$250,000 | 50,000 sf | \$1,250,000 | 25,000 sf | \$416,667 |
| MOBILITY / TRANSPORTATION | | | | | | | | | |
| Enhanced Mid-block Green Connections | 5.0 | 5.0 | SF of enhanced investment in mid-block connections | 25,000 sf | 5,000 sf | 25,000 sf | 5,000 sf | 25,000 sf | 5,000 sf |
| PARKS / OPEN SPACE | | | | | | | | | |
| Public Open Space (outdoor) | 6.0 | 7.5 | SF of outdoor public open space | 35,000 sf | 5,833 sf | 10,000 sf | 1,667 sf | 35,000 sf | 4,667 sf |
| Public Community Space (indoor) | 7.0 | 8.8 | SF of indoor community use space | 15,000 sf | 2,143 sf | 10,000 sf | 1,429 sf | 0 sf | 0 sf |
| SUSTAINABILITY | | | | | | | | | |
| Enhanced Performance Buildings | 40.0 | 40.0 | Investment in enhanced building performance | 0 sf | \$0 | 0 sf | \$0 | 0 sf | \$0 |
| Ecology and Habitat (GF score above 0.75) | 1.4 | 1.4 | SF of enhanced ecological investment | 10,000 sf | 7,143 sf | 10,000 sf | 7,143 sf | 10,000 sf | 7,143 sf |
| Innovation Investments: Energy and Decarbonization | 40.0 | 40.0 | Investment in energy and decarbonization innovation | 0 sf | \$0 | 0 sf | \$0 | 0 sf | \$0 |
| SCHOOLS, EDUCATION, AND CHILDCARE | | | | | | | | | |
| ECE/Day Care Operation Space | 10.0 | 12.5 | SF of indoor ECE/day care space for non-profit user | 10,000 sf | 1,000 sf | 10,000 sf | 1,000 sf | 10,000 sf | 800 sf |
| School Operation Space | 10.0 | 12.5 | SF of indoor school operation space | 10,000 sf | 1,000 sf | 0 sf | 0 sf | 10,000 sf | 800 sf |
| OTHER APPLICANT PROPOSED AMENITIES | | | | | | | | | |
| Flexible Amenity Options: applicant proposed and City approved amenities (case-by-case) | 40.0 | 40.0 | Negotiated amenities to be approved by Council | 0 sf | 0 sf | 0 sf | 0 sf | 0 sf | 0 sf |
| Total IZ Space Earned | | | | 115,000 sf | | 115,000 sf | | 115,000 sf | |

Incentive Zoning Update

What additional community benefits are provided for structures above 150'?



| | Bonus Earned | Amenity Provided |
|---------------------------|--------------|------------------|
| Housing fee | 25,000 sf | \$416,667 |
| Mid-block connections | 25,000 sf | 5,000 sf |
| Outdoor plaza | 35,000 sf | 4,667 sf |
| GF score > 0.75 | 10,000 sf | 7,143 sf |
| Sustainability innovation | 0 sf | \$0 |
| Day care space | 10,000 sf | 800 sf |
| School space | 10,000 sf | 800 sf |
| Total | 115,000 sf | |



| | Bonus Earned | Amenity Provided |
|---------------------------|--------------|------------------|
| Housing fee | 60,000 sf | \$1,000,000 |
| Mid-block connections | 0 sf | 0 sf |
| Outdoor plaza | 55,000 sf | 7,333 sf |
| GF score > 0.75 | 0 sf | 0 sf |
| Sustainability innovation | 0 sf | \$0 |
| Day care space | 0 sf | 0 sf |
| School space | 0 sf | 0 sf |
| Total | 115,000 sf | |

As-of-Right Incentive

Next Steps

June 28, 2022: City Council Consideration of Adoption (Phase 1)

July 6, 2022: City Council Public Hearing for Development Agreement at Lee Johnson site

Phase 2 work to begin Summer/Fall 2022

- *Form-based Code (Zoning Code amendments) for Neighborhood Mixed Use, Neighborhood Residential, Civic Mixed Use, and Urban Flex districts*
- Community outreach/engagement
- Planning Commission Public Hearing for Phase 2 Form-based Code