

What are the community benefits and potential fiscal impacts of transit-oriented growth for Kirkland?



MITHUN

BERK

ECONorthwest
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FEHR & PEERS

HERRERA

NE 85th Station Area Plan

City of Kirkland
BERK and Mithun

26 October 2021



Schedule for this Evening

- 10 min - Welcome and review objectives
- 45 min - Presentation on Results of Fiscal Analysis and Community Benefits Study – Mithun and BERK with Q&A
- 15-min BREAK
- 60 min - Council discussion, comments, and questions
- Meeting Close

Station Area Plan Background

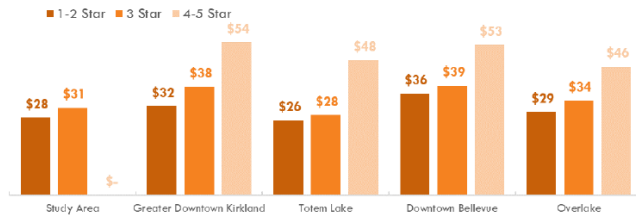
The Opportunity

The Station Area and Rose Hill have always been a crossroads.

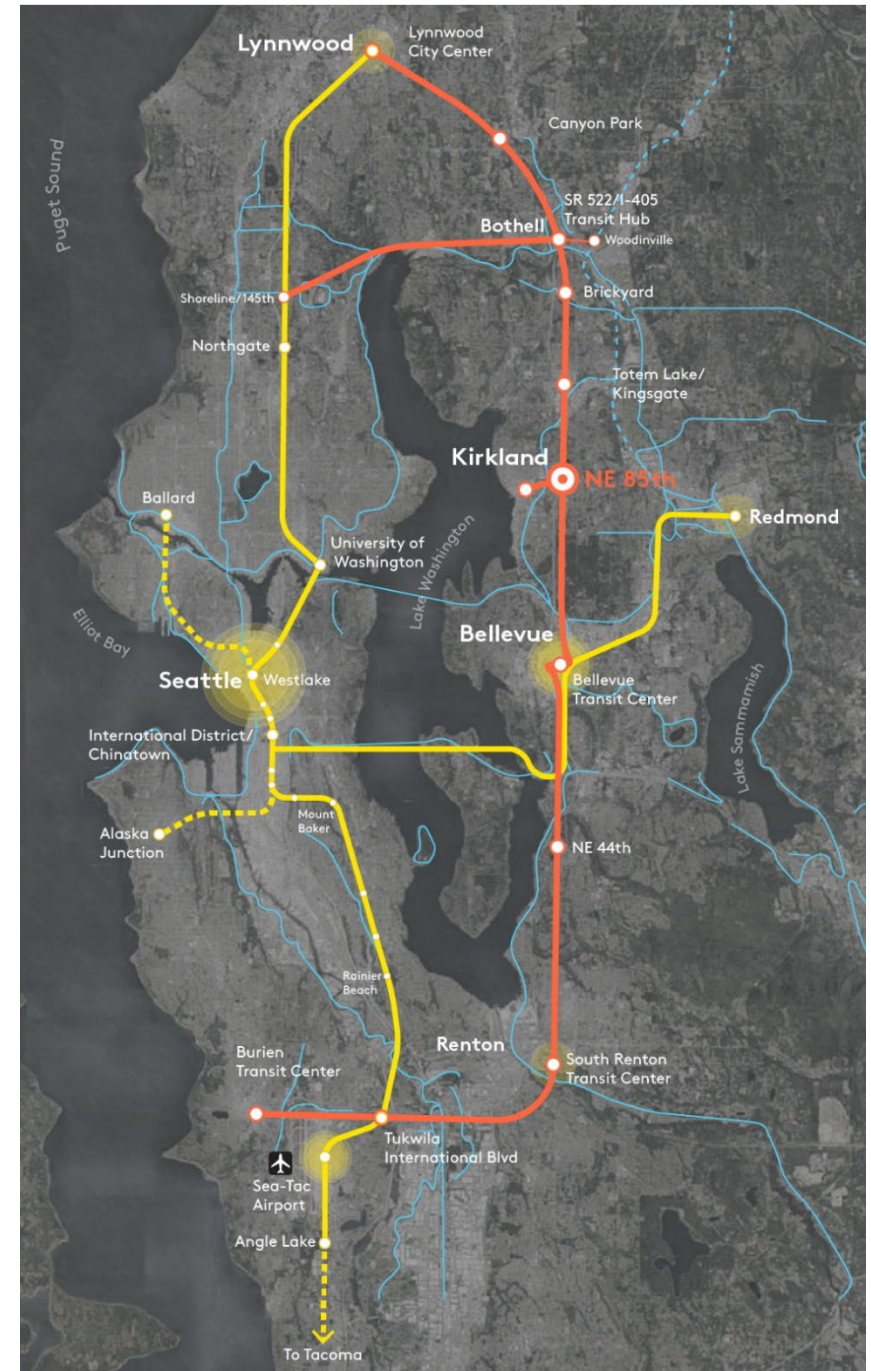
The new WSDOT / Sound Transit Bus Rapid Transit station at I-405 and NE 85th will connect Kirkland regionally to light rail at Bellevue, Lynnwood, and to SeaTac with frequent bus service every 10-15 minutes.

The Station Area has good potential for residential development and a strong location advantage for office development, shops, services, affordable housing, and new jobs.

Exhibit 11. Rent per Square Foot by Construction Class, Office Commercial, Study Area and Peer Geographies 2019.



Source: CoStar, 2020; BERK, 2020.



The Vision

Compact, transit-oriented growth around the new regional BRT and trail connections is a chance to grow smart, increase access to opportunity, and benefit the station area and Kirkland as a whole.

The City's Objective

Leverage the BRT station regional transit investment.

Maximize transit-oriented development and create the most...

- Opportunity and Inclusion,
- Value for the City,
- Community Benefits, including affordable housing, and
- Quality of life.



We heard you!

DSEIS Comment Period: January 5 – February 19, 2021

We heard from over 600 stakeholders of all ages who live and work here!

| Engagement Opportunity | # of Participants | Audience |
|---|---------------------|--|
| Real-time online open house | 140 | Public* |
| Online survey | 408 | Public* |
| Written comment | 114 | Public* |
| Service provider work group | 4 service providers | People with low incomes or experiencing homelessness |
| Meetings-in-a-Box | 26 | People with low incomes or experiencing homelessness |
| Student project at LWHS | 41 | Youth |
| Presentations at Virtual Community Org Meetings | 10 meetings | Neighborhood & Business Associations |

*included outreach via multifamily housing buildings, ethnic groceries, Chinese-language materials and messaging via the Chinese Information Service Center, senior housing facilities, unions, community groups and organizations, service providers, and Lake Washington High School

柯克兰 (Kirkland) NE 85th Street 车站区域计划 备选方案

柯克兰市正在制定一个车站区域计划，该计划将指导设立在 NE 85th Street 交汇处的全新快速公交站之未来 15-20 年的发展。

有想法或意见？诚邀各位在 2021 年 2 月 19 日前发表公众意见。

电子邮件: Azke@kirklandwa.gov

地址: Allison Zike
City of Kirkland Planning
121 5th Avenue
Kirkland, WA 98033

网站: <https://KirklandWA.gov/StationAreaPlan>

如果您需要语言翻译的帮助，请与柯克兰市地籍人员联系以讨论您的需求。请发送电子邮件至 Azke@kirklandwa.gov 或拨打 425-587-3259 联系 Allison Zike。

车站区域计划概述

NE 85th Street 车站区域计划支持公共交通发展，为所有人创造机会并增强社区活力。

如果您想参与项目，请向柯克兰市相关人员索取项目信息。请发送电子邮件至 Azke@kirklandwa.gov 或拨打 425-587-3259 联系 Allison Zike。

计划时间表

2020 年春天 完成 2021 年春天 开始 2021 年夏天 完成

三个备选方案

柯克兰市进行了社区意见调查，为车站区域计划制定了三个备选方案。每个方案都包含对 NE 85th Street 和 8th Avenue 的改造。您可以点击下方链接查看每个方案的详细信息。

三个备选方案的对比

方案 1: 方案 2: 方案 3:

访问 <https://KirklandWA.gov/StationAreaPlan> 了解更多详情

NE 85th Street Station Area Plan

Which alternative is best?

Online workshop January 7 from 6-8 pm.
Submit comments January 5 - February 5.

More info: kirklandwa.gov/stationareaplan

Council wanted to consider the Draft Alternatives further and explore affordability of needed services, infrastructure and public benefits.



Sample Comments

Is this burden to build this infrastructure going to be placed on the current taxpayers of Kirkland?

...further identify and quantify additional mitigation projects and/or Transportation Demand Management strategies *that could be implemented to address these adverse impacts under Alternatives 2 and 3.*

"You need to make sure there are enough schools *that these children living in this proposed development can go to and that there will be public bus routes to before and after school.*"

DSEIS WRITTEN COMMENT: KEY WORDS (114 COMMENTS)

We heard that mobility, infrastructure, and inclusion are some of the greatest opportunities and challenges of the NE 85th Station Area Plan Vision.

The City Council took action by:

- 1 requesting a Supplemental Study of benefits and impacts.**
- 2 lowering the intensity of allowed development in the options studied.**

Focus of Analysis

If the city were to implement its vision of the Station Area as a thriving, new walkable urban center with high tech jobs, plentiful affordable housing, sustainable buildings, shops and restaurants linked by transit:

Fiscal Impact

Can the City afford the investments necessary to address increased demand on infrastructure and public services?

Community Benefits

How can the public receive the benefits of growth?

How can development advance the City's priority objectives?

Is the Vision Feasible?

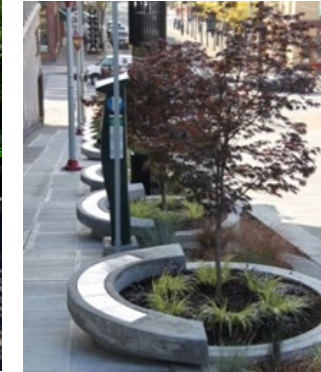
Supplemental Study Results

The City must make significant capital investment under **Current Trends (Alt A)**, which does not generate much development contribution to required infrastructure.

Transit-Connected Growth (Alt B) is feasible to serve, but the City will have to recognize that a variety of strategies will be required to balance the City's overall budget and station area needs.

Analysis found that:

- Generally, development-funded capital projects and capital-related revenues generated in the eastern quadrants are important to funding improvements in the western quadrants, particularly the multimodal improvements west of the BRT station.
- The majority of the incremental revenues are generated by the commercial components of the eastern quadrants.
- The greatest potential for value capture for community benefit is with non-residential development, increasing with height.



Is the Vision Feasible?

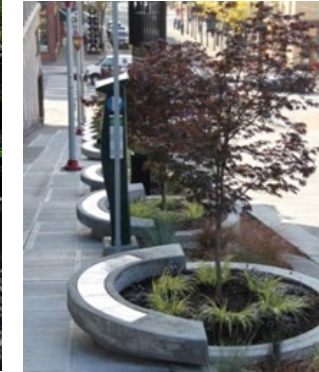
Supplemental Study Results

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Transit-Connected Growth (Alt B) is feasible to serve, but the City will have to recognize that a variety of strategies will be required to balance the City's overall budget and station area needs.

Next steps to coordinate with Planning include:

- Identify baseline requirements for project-level infrastructure and contributions, consider policy changes to parking ratios and parks LOS
- Develop a TIF District Strategy to fund area-wide, multi-benefit investments like streetscape improvements, a large park – Conduct a TIF Study \$20-60k and project feasibility \$40-70k
- Identify partnership opportunities for program alignment – Coordinate with stakeholders
- Develop a Density Bonus program with a focus on small open spaces, educational spaces, mobility, and sustainability, staff or \$50k scope
- Consider a Commercial Linkage Fee to address affordable housing and workforce development – conduct a Nexus Study \$50-60k

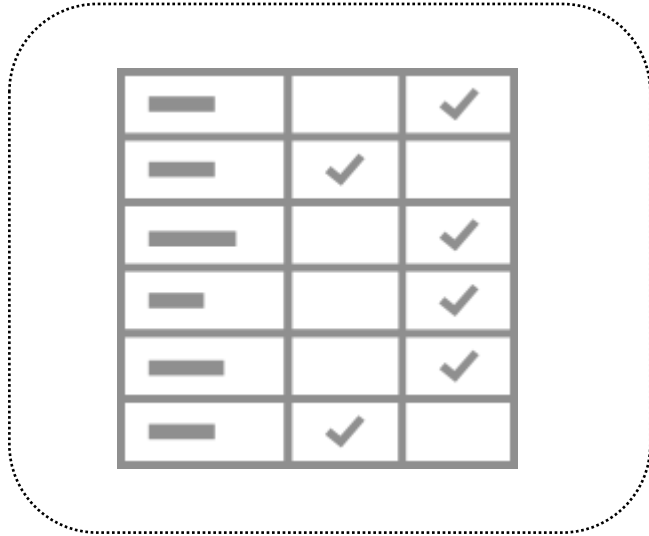


Key Questions for Council this evening following the presentation

- *What questions or comments does Council have?*
- *Should staff and the consulting team focus on drafting a Preferred Plan Direction around June Alternative B, or a modified alternative?*
- *Should the proposed solutions to capital funding for future infrastructure projects continue to be developed?*
- *Should staff continue to refine the proposed community benefits strategies for consideration in the final plan?*

Setting Priorities Together: Fiscal Impacts and Community Benefits Study

Fiscal Impacts & Community Benefits Study



June Alternatives for Study

Narrow growth bookends and
balance type and mix of
allowed development

Understand minimum
representative infrastructure
needs for alternatives



Fiscal Impacts analysis to test
if we can support Infrastructure
and Service Needs and

Community Benefits analysis to
maximize affordable housing and
access to opportunity, better ways
to walk and bike, parks, schools
and environmental benefits



**Recommended
Public Infrastructure and
Services Investment Strategies**
and

**Community Benefits
Strategies**

The Fiscal Impacts and Community Benefits Study looks at practical implications and how we can meet the City's Project Objective.



Public Infrastructure and Services Investment Strategies

Value for the City

Sustainable service provision and fiscal responsibility

Quality of Life

Mobility for all ages and abilities, parks



Community Benefits Strategies

Opportunity and Inclusion

Affordable housing and workforce development, schools, and open space

Community Benefits

Sustainability, community resilience, and health outcomes

June Alternatives and Key Assumptions

Developing June Alternatives: Narrowed Growth Bookends for Study

Criteria for the June Alternatives

1. Prioritize changes that create real value to the community

- Focus on a transit-connected district that maximizes the regional Sound Transit and WSDOT investment in BRT
- Maximize affordable housing and economic development potential

2. Promote enhanced connections and multiple ways to get around

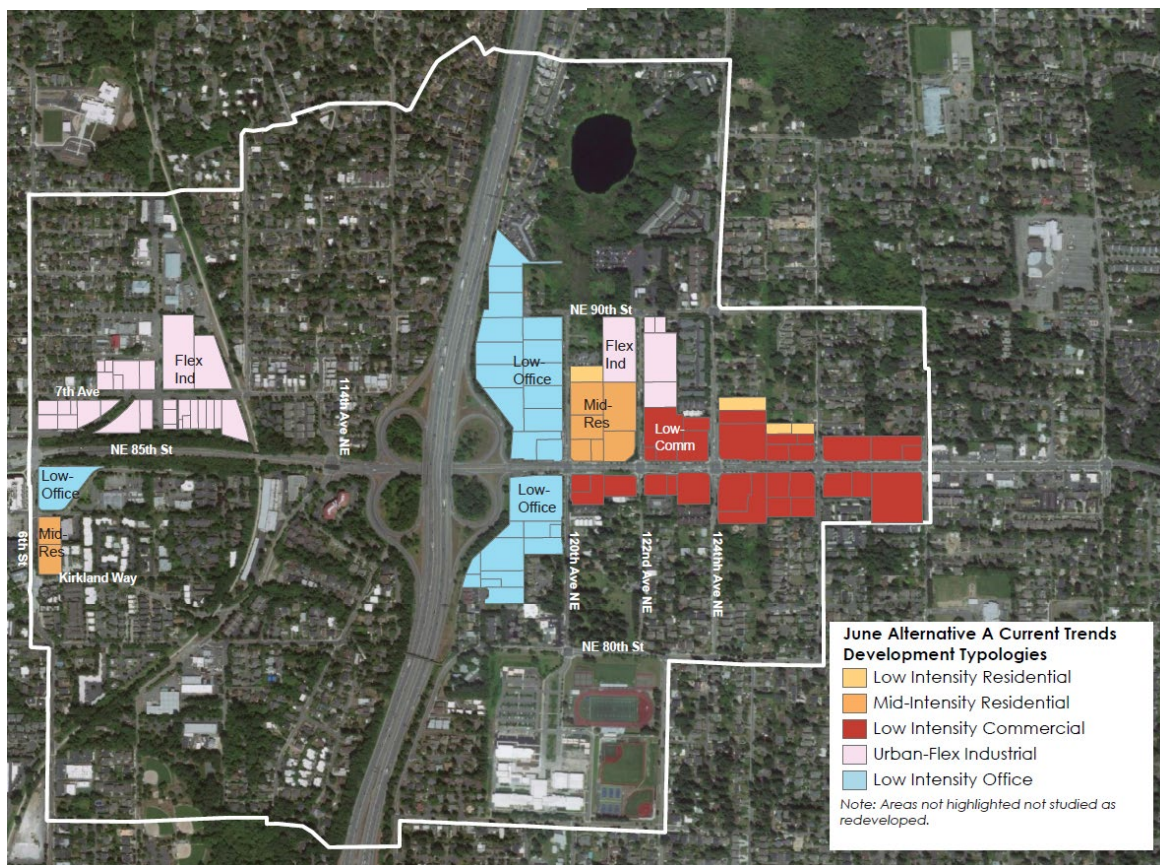
- Improve the function of NE 85th as an urban, multi-modal corridor
- Create a low-stress priority bike & pedestrian network that serves the full area
- Transit should operate effectively along NE 85th and other streets

3. Support community character

- Include height transitions to existing residential areas
- Minimize significant changes to character outside of the proposed growth corridor (ex. with transportation improvements)
- Remove environmentally critical areas from the growth framework
- Consider phasing and growth over time

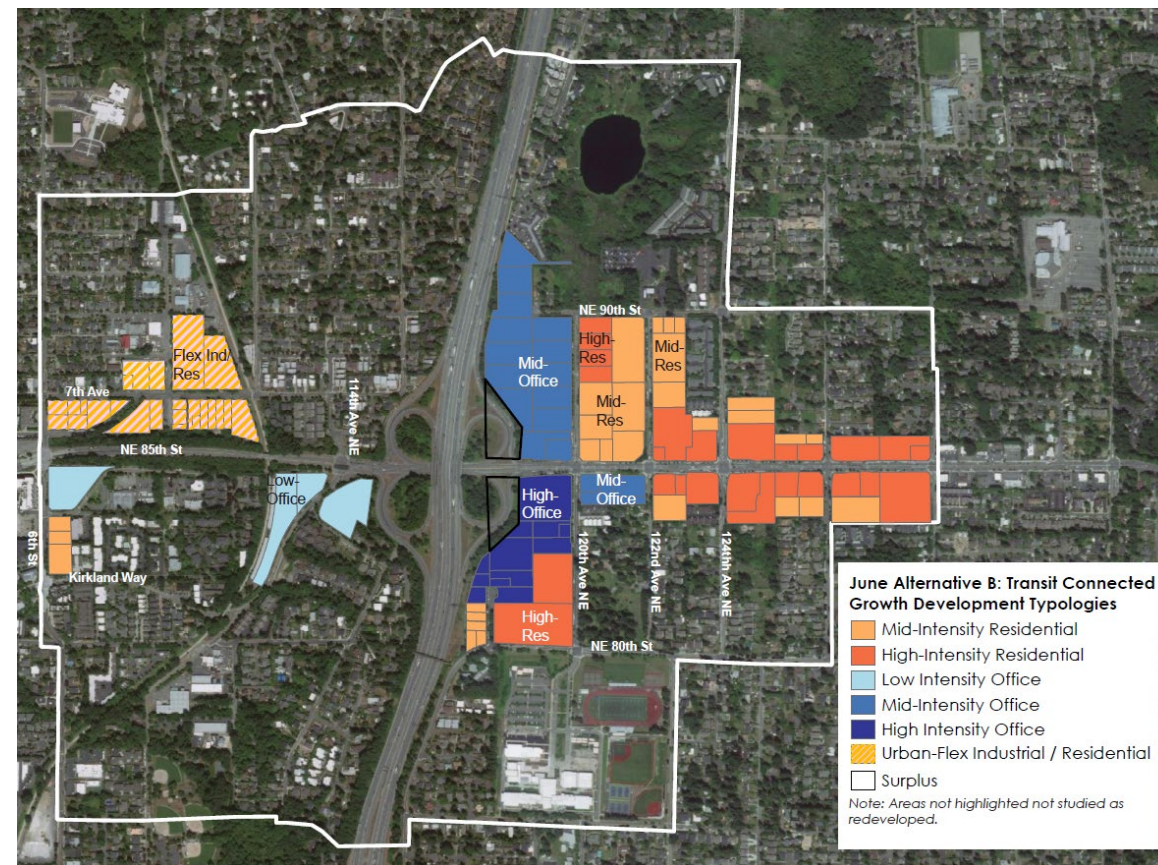
Growth Analysis: Narrowed growth bookends, with buildout estimates for next 23 years, comparing Current Trends to Transit-Connected Growth

June Alt A: Current Trends



- Based on current zoning and DSEIS Alt 1
- Adjusts growth to reflect recent development trends which exceed 2015 Comprehensive Plan projections

June Alt B: Transit-Connected Growth

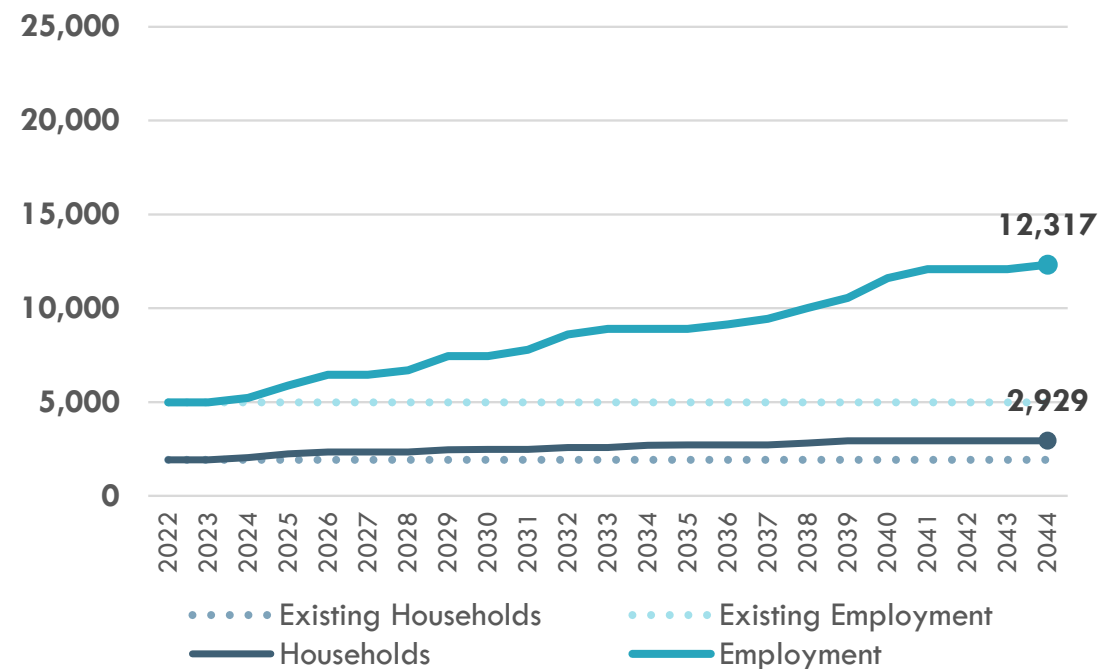


- Based on DSEIS Alt 2: Guiding Transit-Oriented Growth
- Lowers overall growth and redistributes growth from NE to SE quadrant to reflect infrastructure needs
- Includes transitions to reflect public comments

Growth Analysis: Narrowed growth bookends, with buildout estimates for next 23 years, comparing Current Trends to Transit-Connected Growth

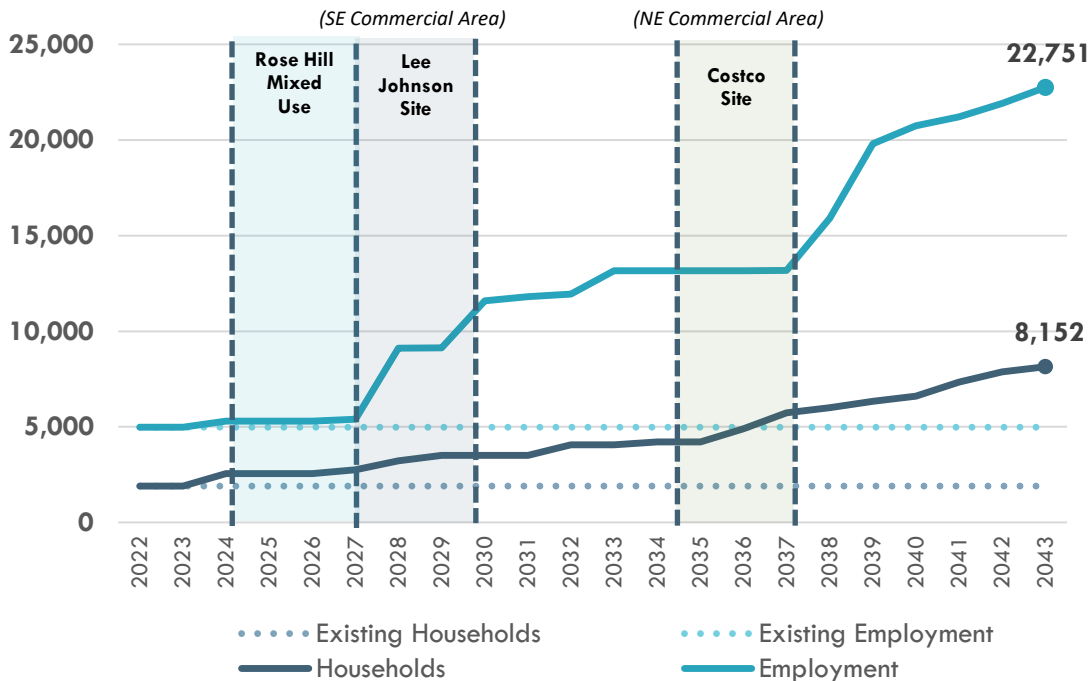
| | DSEIS No Action | June Alternative A | June Alternative B | DSEIS Alternative 2 | DSEIS Alternative 3 |
|------------|--------------------|--------------------|--------------------|------------------------|------------------------|
| Households | 2,782 | 2,929 | 8,152 | 8,509 | 10,909 |
| Employment | 10,859 | 12,317 | 22,751 | 28,688 | 34,988 |

Growth Analysis: Underlying Assumptions for Fiscal Impacts Analysis



Alternative A. City continues to develop with current trends.

- 1,020 households added above existing
- 7,329 jobs added above existing



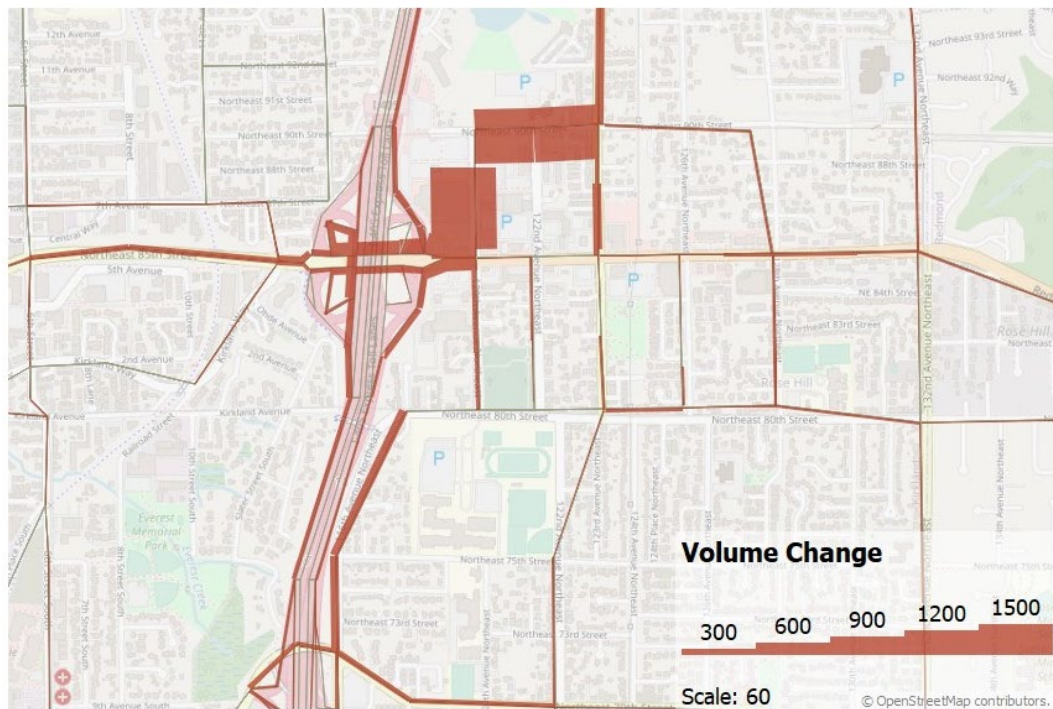
Alternative B. City experiences transit connected growth.

- 6,243 households added above existing
- 17,763 jobs added above existing

Note: This describes hypothetical assumptions used in the model but is not meant to pre-suppose the decisions of individual property owners or actions of the market, which will likely differ. The Station Area Plan policies will not preclude current land uses from staying in place.

Growth Analysis: Supplemental Transportation estimates for next 23 years build-out, comparing DSEIS 2 to June Alt B: Transit-Connected Growth

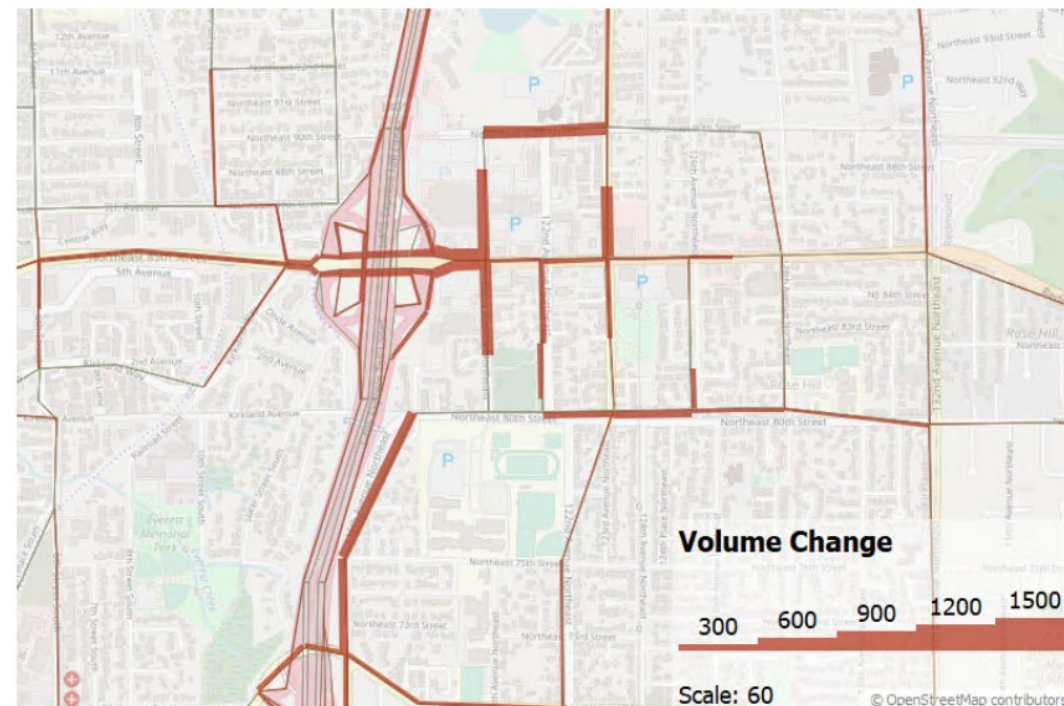
Traffic Volume Increase (No Action vs. DSEIS Alt 2)



Growth in NE quadrant is primary "pain point"

- Although near to BRT station, this is a constrained location next to I-405 and Forbes Lake with very limited connections to the network

Traffic Volume Increase (No Action vs. June Alt B)

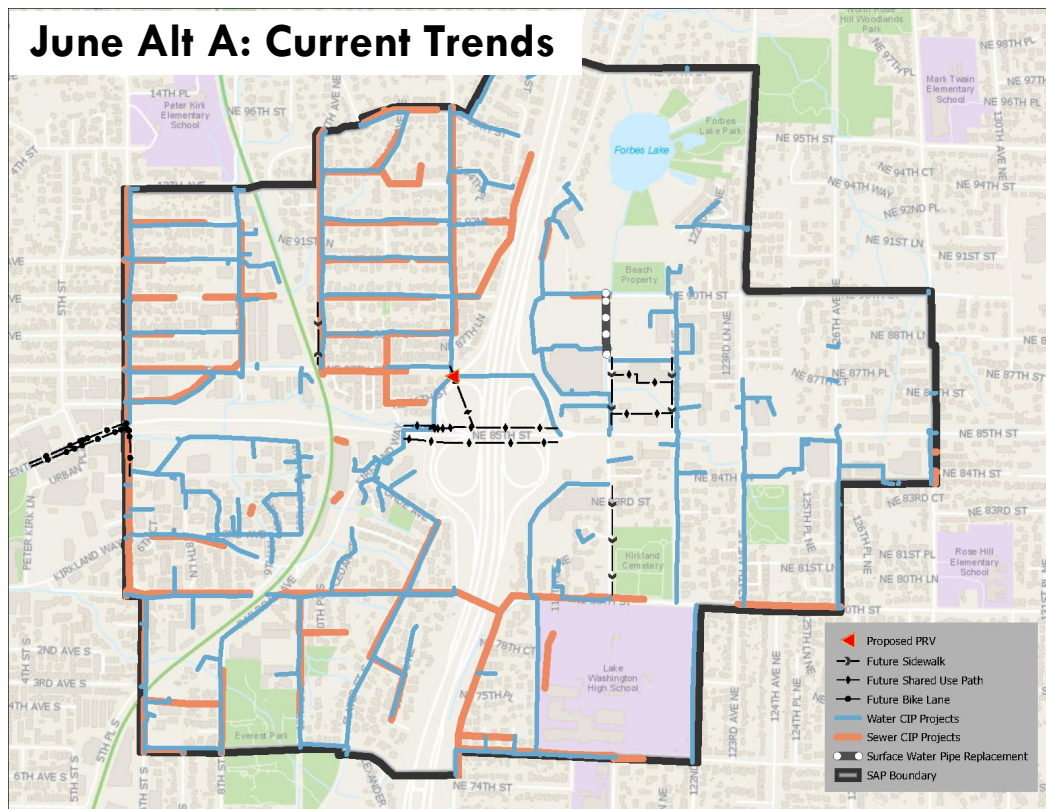


Helped inform June Alternative B by:

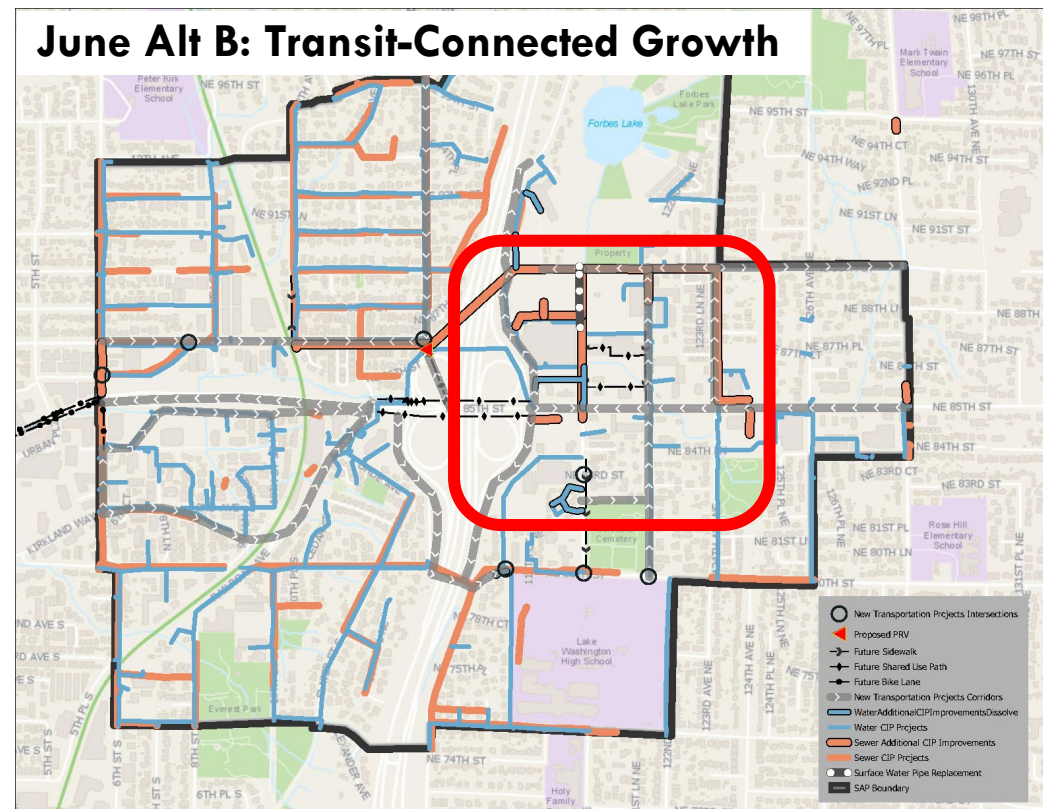
- Redistributed level and mix of growth from NE to SE quadrant
- Expanded the network in the traffic model to better distribute trips
- Adjusted traffic loading for large parcels

Representative Infrastructure Analysis for next 23-year build-out, comparing Current Trends to Transit-Connected Growth

Planning level studies were used to determine representative investments needed to maintain service levels for conceptual cost estimates for fiscal modeling. They are not intended to show a preferred plan or final project configurations, which will be developed in later stages of planning and are subject to City Council approval.



Much like the rest of Kirkland and many suburban communities, the City will face significant capital investments and demands for services if the area continues to develop under current trends. The analysis estimates -\$164.0M capital shortfalls under June Alt A.



While more infrastructure is needed, concentrated transit-growth in the Station Area will enable the City to serve concentrated growth more efficiently the analysis estimates less shortfall, -\$117.7M under June Alt B.

Representative Infrastructure Capital Projects for next 23-year build-out, for Transit-Connected Growth



Alternative B Infrastructure Representative Projects

| Capital Improvement Type | Top City-funded Representative Projects |
|--------------------------|--|
| Water | <ul style="list-style-type: none">A water main under I-405 as required by WSDOT due to construction of the BRT station (\$7.8M) |
| Sewer | <ul style="list-style-type: none">Many capacity driven projects to handle additional flows from growth (55 projects averaging \$1.4M each) |
| Stormwater | <ul style="list-style-type: none">Replace 520 linear feet of pipe along 120th Ave NE with a smoother pipe material (\$0.9M) |
| Transportation | <ul style="list-style-type: none">Kirkland Way Complete Streets (\$34.8M which includes CKC bridge replacement)124th Ave NE Roadway Widening to 5 lanes (\$20.3M)90th St Complete Streets from I-405 to 128th Ave (\$19.8M)NE 85th St Shared Use Trail Improvement from 5th St to Kirkland Way (9.8M) |

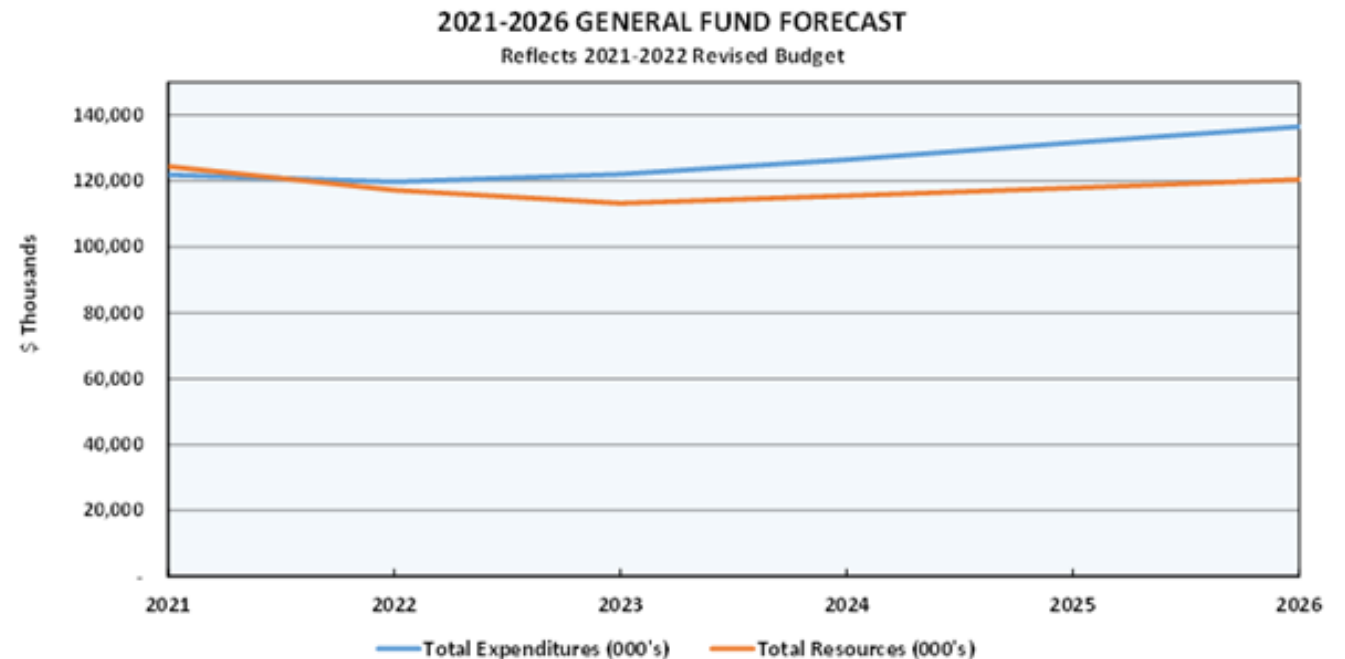
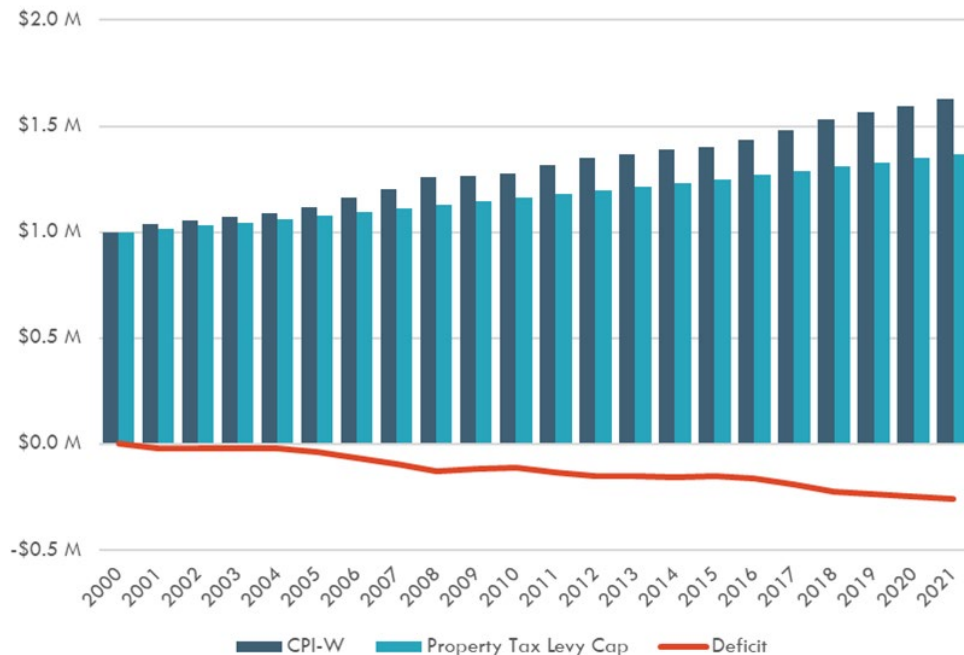
Fiscal Impact Analysis

FOCUS OF FISCAL ANALYSIS

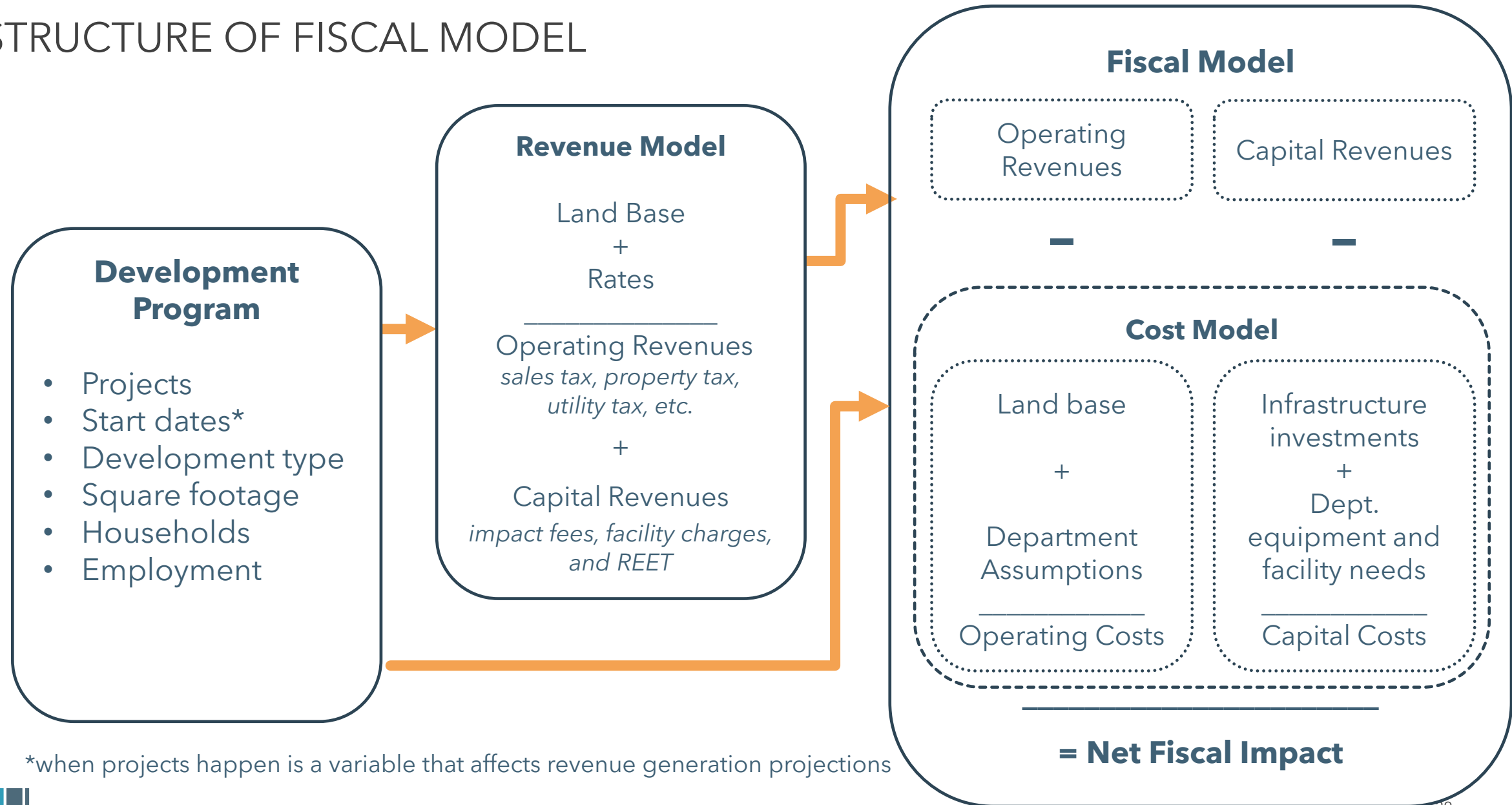
With population growth and redevelopment in the Station Area Plan, can the City afford the investments necessary to address increased demand on infrastructure and public services?

FOUNDATIONAL FISCAL CONTEXT

- Washington tax code creates a structural gap between municipal operating costs and revenues in the absence of growth-related revenues.
- The structural imbalance exists for the current City and the Council takes specific actions each biennium to balance the budget and fund service levels.
- The Station Area Plan is not an opportunity to catch up on existing service deficits.



STRUCTURE OF FISCAL MODEL



SUMMARY OF NET FISCAL IMPACT

- Under either Alternative, general government operating revenues are projected to cover general government operating needs by 2044
- Significant capital needs are anticipated, with the City projected to see large shortfalls in covering capital needs under either Alternative unless other funding strategies are implemented
- **While restrictions on certain revenue sources exist, on a total surplus/deficit basis, Alternative B shows a significantly smaller deficit for the City than Alternative A**

Total Cumulative Surplus/Deficit Comparison (YOE\$)

| Surplus/Deficit | Alt A | Alt B |
|--|------------------|-----------------|
| General Gov't Operating Surplus/Deficit* | \$26.8M | \$82.2M |
| Capital Surplus/Deficit | -\$164.0M | -\$117.7M |
| Total Surplus/Deficit | -\$137.2M | -\$35.5M |

*Excludes development services costs and revenues

DRAFT SUPPLEMENTAL ENVIRONMENTAL IMPACT STATEMENT (DSEIS)

FTE COMPARISON

- FTE needs were only modeled in the DSEIS for Fire and Police
- Projected DSEIS FTEs raised the question of whether the cost would be covered by revenues from the Station Area
- Projection methods utilized as part of the fiscal analysis utilized staff expertise and insights around capacity rather than the pure population/employment driven approach used in the DSEIS, which is shown in the decreased FTE needs for Fire and Police

| Department | DSEIS No Action | June Alt A | DSEIS Alt 2 | June Alt B | Basis |
|----------------------------|--------------------|------------|----------------|------------|---|
| Fire | 3.7 | - | 18.2 | 6.0 | Existing Capacity and Annual Calls for Service rather than FTE/1,000 Pop. |
| Police | 5.6 | 3.9 | 27.1 | 15.7 | Annual Calls for Service & Equivalent Population rather than FTE/1,000 Pop. |
| Planning & Building | N/A | 0.6 | N/A | 1.8 | Anticipated Annual Major Developments Added |
| Parks & Community Services | N/A | 1.3 | N/A | 5.9 | Current Service Level per Population and Population Added |
| Internal Services | N/A | 1.7 | N/A | 8.0 | Non-Internal Services FTEs Added |
| Public Works | N/A | 0.3 | N/A | 2.4 | Annual Vehicles, Annual Major Developments, Total Traffic Signals Added |

ALT A: OPERATING REVENUES AND COSTS*

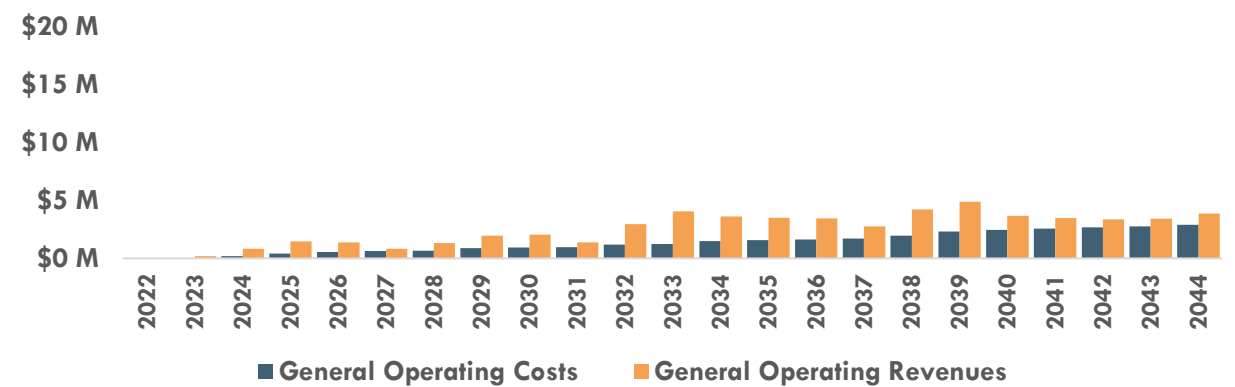
- Revenues are generated by redevelopment and added jobs and population
- Through 2044, general government operating revenues are projected to cover general government operating costs under Alternative A, both on an annual and cumulative basis
- Through 2044, the City is projected to have a general government operating surplus of around **\$26.8M** under Alternative A
- The largest operating costs are driven by staffing needs for Police, Parks, and Internal Services

*Excludes development services costs and revenues

Alt A General Operating Costs and Revenues - Cumulative (YOES)



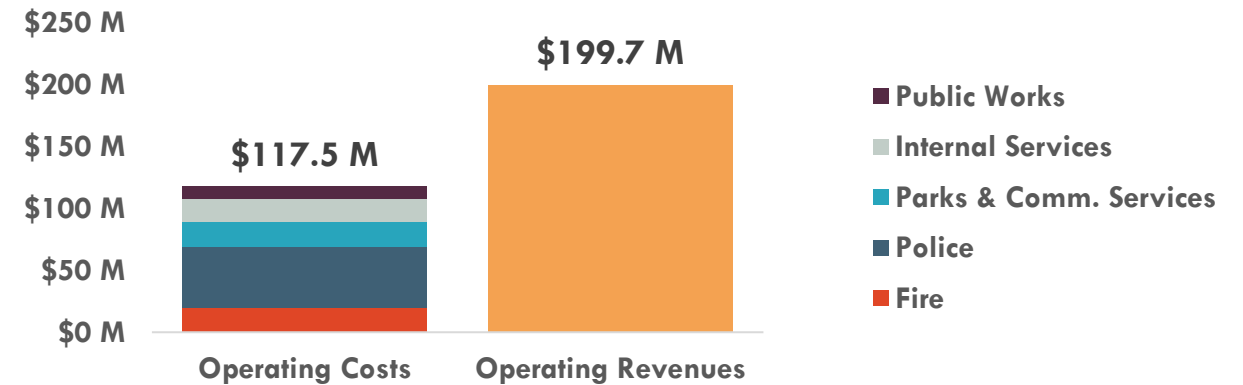
Alt A General Operating Costs and Revenues - Annual (YOES)



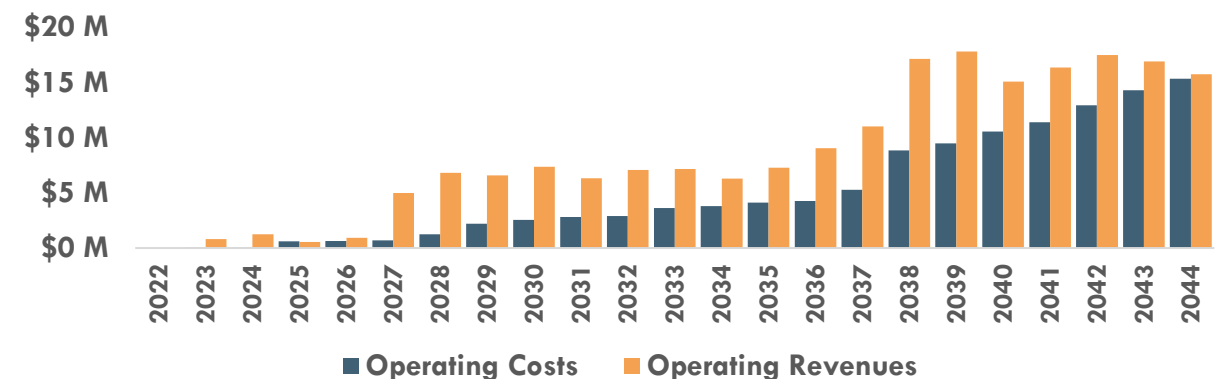
ALT B: OPERATING REVENUES AND COSTS*

- Through 2044, general government operating revenues are also projected to cover general government operating costs under Alternative B, both on an annual and cumulative basis
- Through 2044, the City is projected to have a general government operating surplus of around **\$82.2M** under Alternative B
- The largest operating costs are driven by staffing needs for Police, Fire, and Parks

Alt B General Operating Costs and Revenues - Cumulative (YOE\$)



Alt B General Operating Costs and Revenues - Annual (YOE\$)



*Excludes development services costs and revenues

ALT A & B: CAPITAL REVENUES AND COSTS (YOE\$)

| Type | Alt A | Alt B |
|-------------------------------|------------------|------------------|
| Dedicated Capital Revenues | \$68.2M | \$252.7M |
| Developer Funded Improvements | \$33.0M | \$84.8M |
| Total Capital Improvements | -\$265.2M | -\$455.2M |
| Surplus/Deficit | -\$164.0M | -\$117.7M |

Alternative A

- By 2044, projected shortfall in dedicated capital revenues covering capital costs (-\$164.0M)
- In particular, shortfalls are projected for transportation, water, sewer, stormwater, and parks capital needs
- Relative to Alt B, Alt A generates significantly less dedicated revenue, along with less developer funded improvements, while still generating significant capital needs

Alternative B

- By 2044, projected shortfall in dedicated capital revenues covering capital costs (-\$117.7M)
- In particular, significant shortfalls are projected for sewer and parks capital needs
- Relative to Alt A, Alt B generates more capital improvements, but dedicated revenues are significantly higher as are developer funded improvements, resulting in a smaller capital deficit.

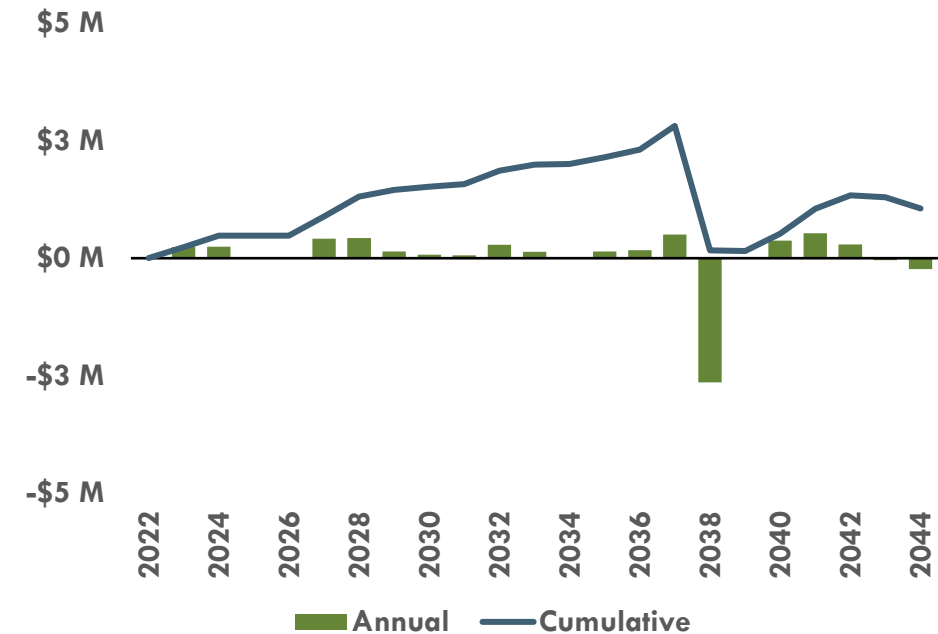
ALT B: FIRE CAPITAL REVENUES AND COSTS

- **\$4.5M** in cumulative capital costs over study period
 - \$3.2M for additional ladder truck and aid car in 2038 + annual replacement reserve costs
- Fire capital costs are covered using Fire Impact Fees (\$5.1M) generated by new growth in the station area and 0.5% of the operating surplus (\$400K) to cover annual deficits

Operating Surplus Available (YOE\$)

| | |
|-------------------------------------|----------------|
| Cumulative Operating Surplus | \$82.2M |
| Operating surplus allocated to Fire | -\$0.4M |
| Remaining Operating Surplus | \$81.8M |

Alt B Fire Fleet Capital Surplus/Deficit - City Portion (YOE\$)

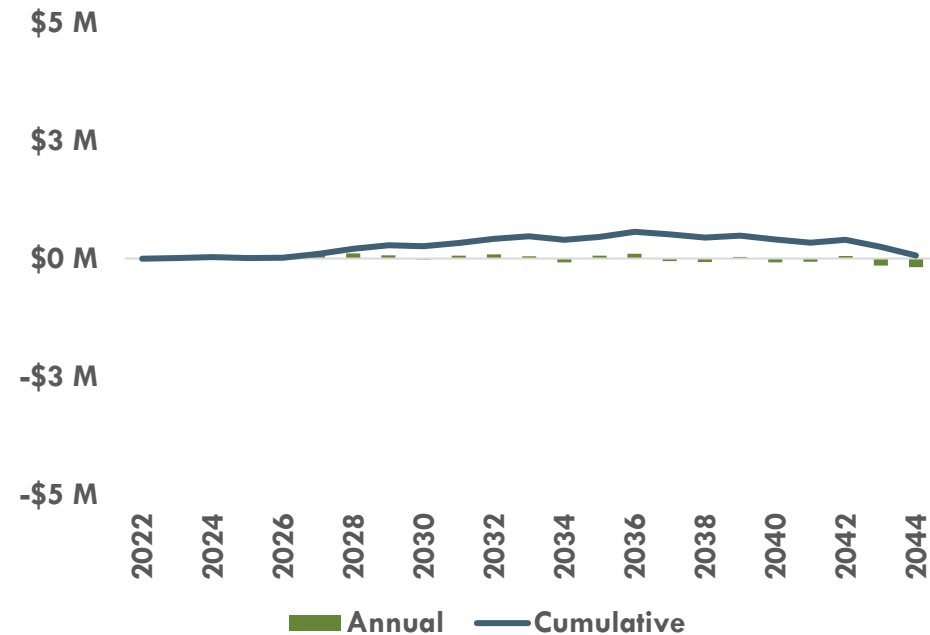


ALT B: PD FLEET AND CITY FACILITIES CAPITAL REVENUES AND COSTS

- **\$1.7M** in cumulative capital costs over study period
 - \$1.3M for police fleet
 - \$400K in city facility renovation costs
- Police Fleet and facility costs are covered using 2.2% of the operating surplus (**\$1.8M**)

| Operating Surplus Available (YOE\$) | |
|---|----------------|
| Remaining Operating Surplus (after allocated to Fire) | \$81.8M |
| Operating surplus allocated to PD Fleet & Facilities | -\$1.8M |
| Remaining Operating Surplus (after allocation) | \$80.0M |

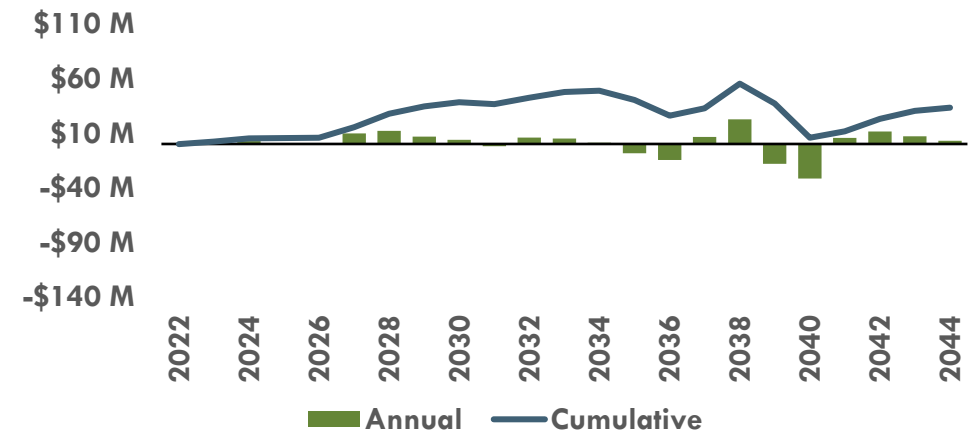
Alt B PD Fleet & City Facilities Capital Surplus/Deficit - City Portion (YOE\$)



ALT B: TRANSPORTATION CAPITAL REVENUES AND COSTS

- The City needs to make significant transportation improvements in either alternative.
- In Alt B, \$153.4M total improvements include:
 - \$36.3M in developer paid costs
 - **\$117.1M** in City costs
- Large City-funded improvements:
 - Kirkland Way Complete Streets (\$34.8M, 2039-2040)
 - 124th Ave Widening (\$20.3M, 2039-2040)
 - 90th St Complete Streets (\$19.8M - 2 projects, 2035-2036)
 - NE 85th St Shared Use Trail Imp., 5th St. to Kirkland Way (\$9.8M, 2039-2040)
- The City's capital costs can be covered with:
 - Transportation impact fees generated on new development in the station area (**\$108.8M**)
 - All REET 2 generated on new development in the station area (**\$35.4M**)

Alt B Transportation Capital Surplus/Deficit - City Portion (YOE\$)

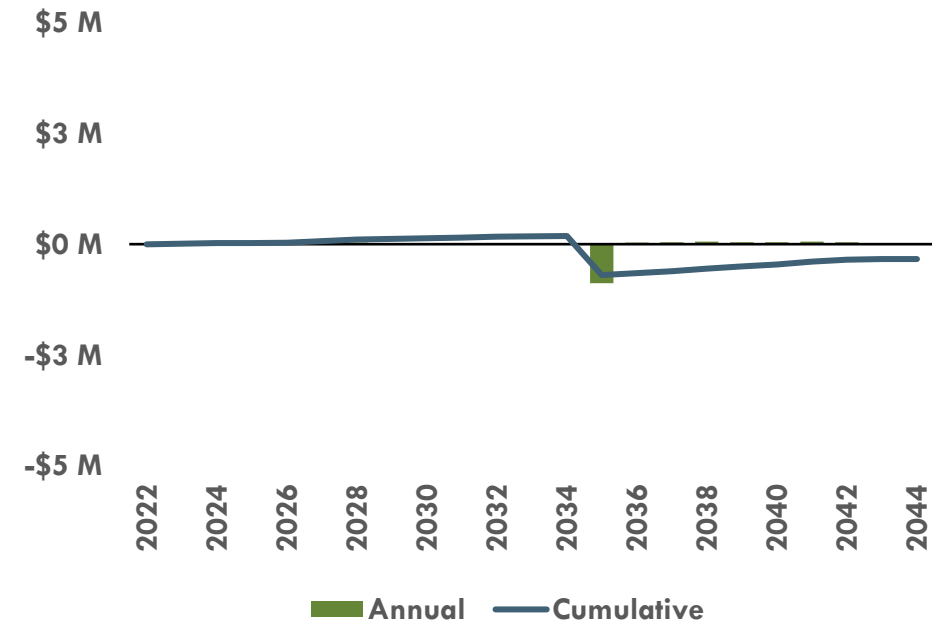


| Type | Alt A | Alt B |
|-------------------------------|-----------------|----------------|
| Transportation Impact Fees | \$30.2M | \$108.8M |
| 100% of REET 2 | \$11.9M | \$35.4M |
| Developer Funded Improvements | \$0.0M | \$36.3M |
| Total Capital Improvements | -\$115.4M | -\$153.4M |
| Surplus/Deficit | -\$73.4M | \$27.2M |

ALT B: STORMWATER CAPITAL REVENUES AND COSTS

- **\$0.9M** in stormwater improvements for one identified project in NE quadrant (City-funded)
 - Onsite developer mitigation will help address current issues in area
- **\$0.6M** in cumulative surface water capital facility charges available
- Potential Strategy: Use stormwater capital fund reserves to fill ~\$700k gap in 2035

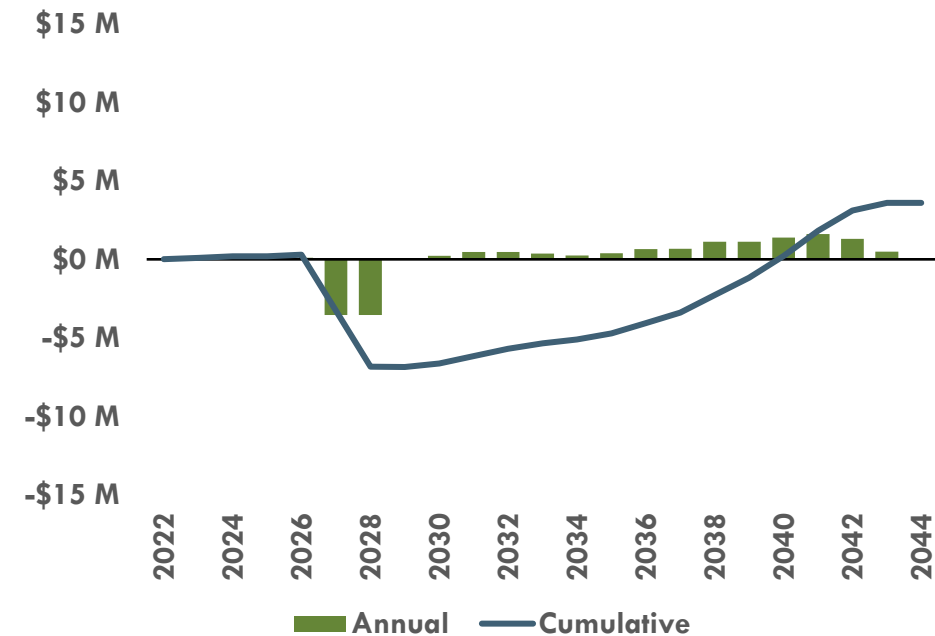
Alt B Stormwater Capital Surplus/Deficit - City Portion (YOE\$)



ALT B: WATER CAPITAL REVENUES AND COSTS

- The City needs to construct one significant water improvement in either alternative at a cost of \$7.8M (Water Main under 405 adjacent to BRT)
- Alt B has \$42.1M in total identified water improvements
 - \$33.7M in developer-constructed improvements
 - **\$8.3M** for city-constructed improvements
- \$11.9M in water capital facility charges will create a surplus by end of the study period, but there will not be enough revenue in the early years to cover construction costs in 2027-2028
- Potential strategy:
 - City issues a \$10M 20-year bond in 2026 to maintain annual surplus resulting in \$685K annual debt payments
 - Debt payments can be covered by the projected capital facility charge revenues plus 7% of net new water utility rate revenue from growth in the Station Area

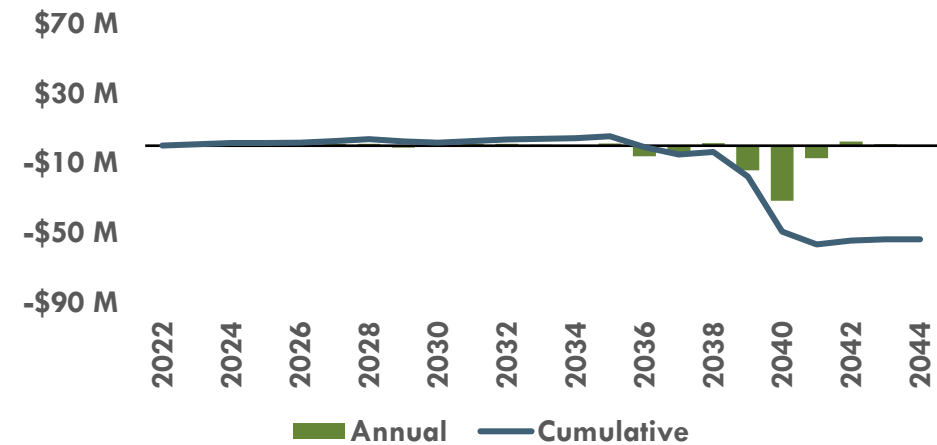
Alt B Water Capital Surplus/Deficit - City Portion (YOE\$)



ALT B: SEWER CAPITAL REVENUES AND COSTS

- The City needs to make significant sewer improvements in either alternative
- Alt A requires larger rate increases than Alt B, as the total City funded deficit is larger in this scenario
- In Alt B the \$92.9M total identified sewer improvements include:
 - \$14.8M in developer paid costs
 - **\$78.1M** in City costs
- Even if sewer capital facility charges (**\$24.4M**) are used, sewer capital costs will not be covered
- Potential strategy:
 - City issues a \$60M 30-year bond in 2035, resulting in \$3.1M annual debt payments
 - Debt payments can be covered in part by sewer capital facility charges and new sewer rate revenue from the station area, but would require additional rate increases on the overall rate base

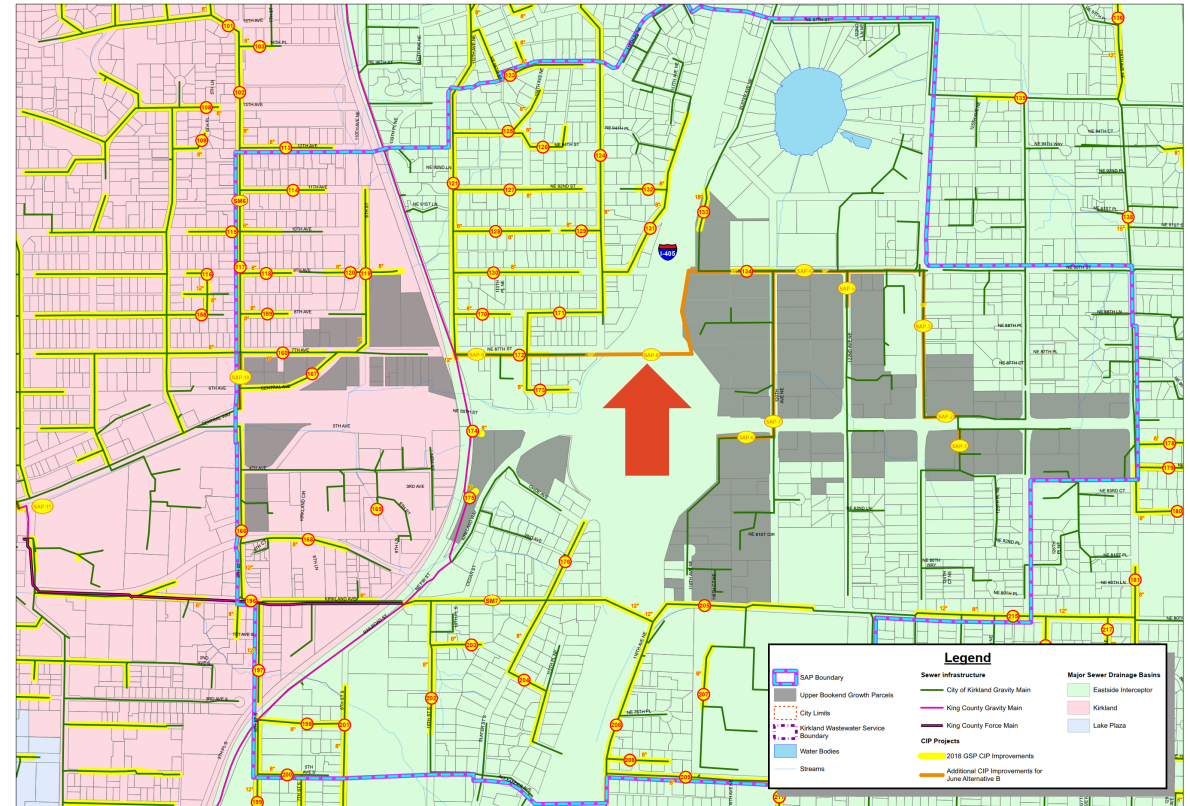
Alt B Sewer Capital Surplus/Deficit - City Portion (YOE\$)



| Type | Alt A | Alt B |
|--------------------------------|-----------------|-----------------|
| Sewer Capital Facility Charges | \$5.5M | \$24.4M |
| Developer Funded Improvements | \$0.0M | \$14.8M |
| Total Capital Improvements | -\$76.3M | -\$92.6M |
| Surplus/Deficit | -\$70.7M | -\$53.5M |

ALT B: SEWER CAPITAL REVENUES AND COSTS

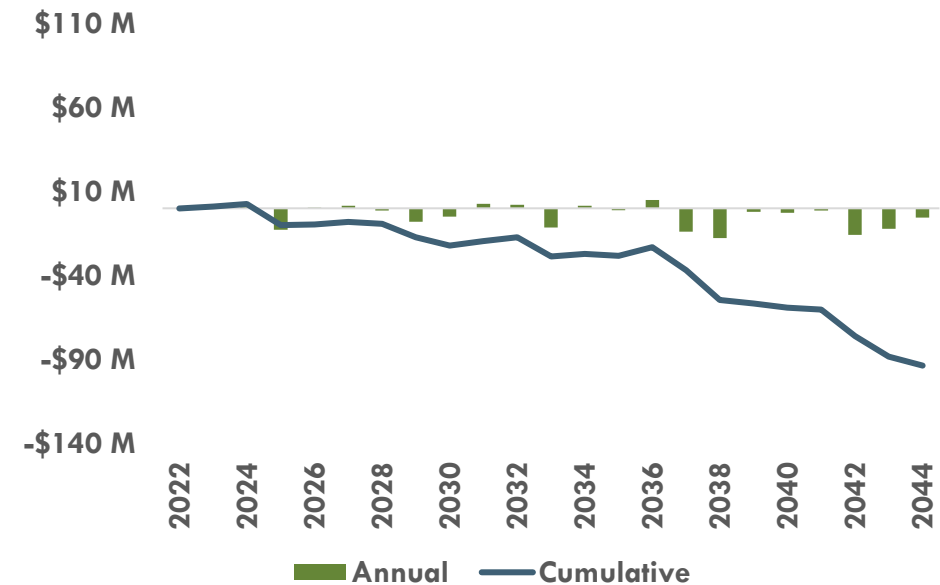
- A large Alt B capacity project (\$6.9 million) crosses under I-405 to connect to the King County transmission line
- Assumption: be developer-funded and will be completed near or before BRT station development
- If major redevelopment does not occur by then, the City may need to construct that project and recover costs through increased connection charges and/or rates
- Staff recommends a feasibility study for the project at a cost of \$30-35K.



ALT B: PARKS CAPITAL REVENUES AND COSTS

- **\$160.0M** estimated cumulative park capital needs (based on target Level of Service, some of which are acreage derived)
 - 75.8% of that cost is comprised of acquisition and development of 15 acres of Neighborhood Parks and 22 acres of Community Parks (likely infeasible in station area)
- In Alt B, \$31.0M in cumulative Park Impact Fees and all of REET 1 (\$35.4M) available to offset costs
- Leaving a cumulative gap of **\$93.5M**
- Potential strategies:
 - Use **\$80.0M** remaining general government operating surplus to offset costs
 - Use Community Benefit tools (TIF for Community Parks and linear parks in streetscapes, Development Bonuses for smaller parks, Joint/Shared Use Agreements)
 - Leverage existing spaces, consider alternate non-acreage derived service levels, prioritize investments

Alt B Parks Capital Surplus/Deficit - City Portion (YOE\$)



ALT B: PARKS PRIORITIES/OPTIONS

Neighborhood Park Options

- Require developer to provide open space
 - Linear parks for safe pathways
 - Pocket parks, including rooftop parks
 - Dog parks, including rooftop parks
- Identify parcels
 - Multiple smaller parcels
 - Parcels that allow for one or two amenities versus several in the same location
- Explore clover leaf for stormwater/natural areas/sustainable landscape areas
- Enhance existing neighborhood parks and CKC to increase capacity
 - Expand playgrounds
 - Use of vegetation to create intentional spaces for use and division of space

Community Park Options

- Consider potential inclusion in TIF projects
- Complete re-design of Peter Kirk Park
- Re-design community parks to increase capacity for athletics: convert grass fields to synthetic or diamond to rectangular; add lights at sports fields/courts; etc.
- Acquire Taylor Fields to support addition of amenities identified in PROS plan

Station Area would be subject to any voted Parks funding measures to address overall parks system needs



Linear Park in Madrid

SCHOOL CONSIDERATIONS

- Under either Alternative, Lake Washington School District will need to solve for additional school population. Initial estimates are an additional:
 - ~150 students in Alt A
 - ~940 students in Alt B.
- \$24.6M in School Impact Fee revenue will be available for school capital needs in Alt B. If the LWSD Capital Levy was extended through the study period it could generate as much as \$53.9M in the Station Area.
- **Community Benefits strategies to explore:** requiring school space as a part of new development or Joint/Shared Use Agreements.



Lake Washington High School



Integrated Facilities

SUMMARY OF CONSIDERATIONS FOR POLICY SETTING

- The City must make significant capital investment under Alt A if the area develops with current zoning, which does not generate much developer contribution.
- Alt B is feasible to serve, but the City will have to:
 - Recognize that **a variety of strategies** will be required to balance the City's overall budget and station area needs.
 - Implement funding strategies and potential rate increases to fund **sewer** and **water** infrastructure.
 - Address **parks** LOS, consider alternate delivery methods, make decisions about park subsidization using general government operating revenue or TIF, and consider financing options for site acquisition.
 - Require that development addresses LWSD **school** capacity needs.
 - **Supplement fiscal strategies with Community Benefit strategies to be reviewed in the next section.**

Total Cumulative Surplus/Deficit Comparison (YOE\$)

| Surplus/Deficit | Alt A | Alt B |
|----------------------------------|------------------|-----------------|
| General Gov't Operating Surplus* | \$26.8M | \$82.2M |
| Capital Deficit | -\$164.0M | -\$117.7M |
| Total Deficit | -\$137.2M | -\$35.5M |

*Excludes development services costs and revenues

Community Benefits Analysis

Focus of Community Benefits Analysis



HOUSING



SCHOOLS



OPEN SPACE



MOBILITY



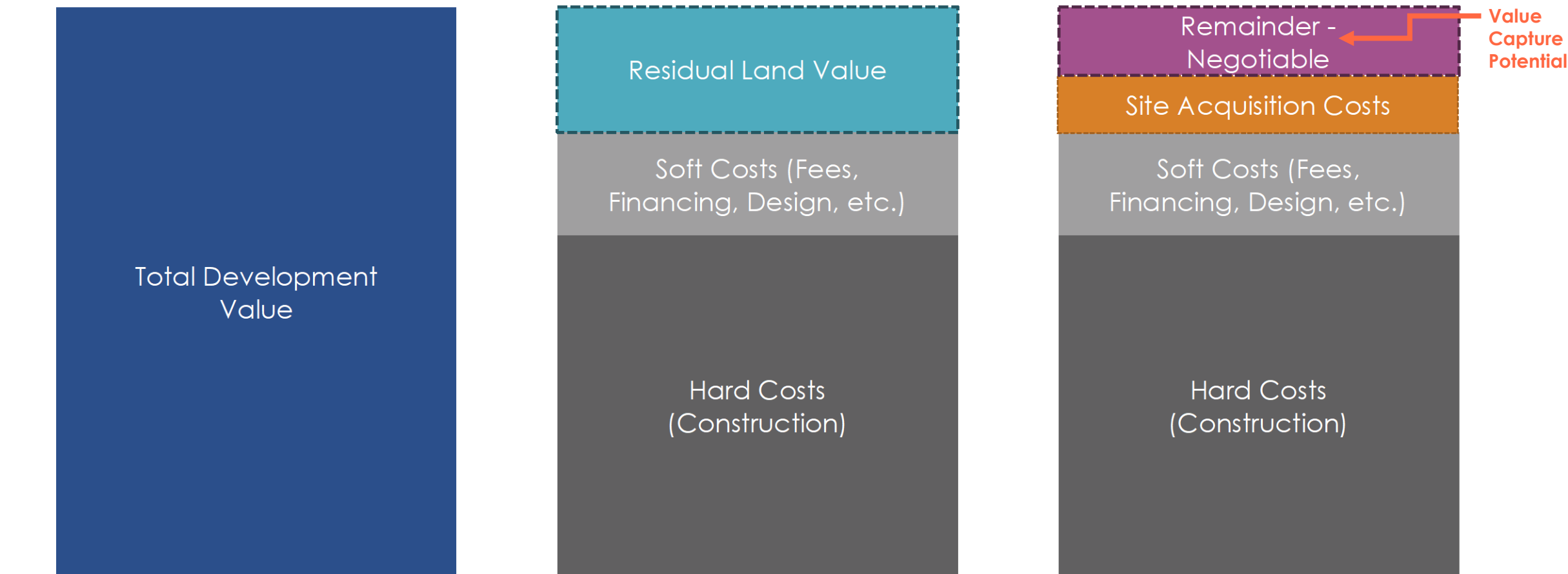
SUSTAINABILITY

If the city were to implement its vision of the Station Area as a thriving, new walkable urban center with high tech jobs, plentiful affordable housing, sustainable buildings, shops and restaurants linked by transit:

**How can the public
receive the benefits of
growth?**

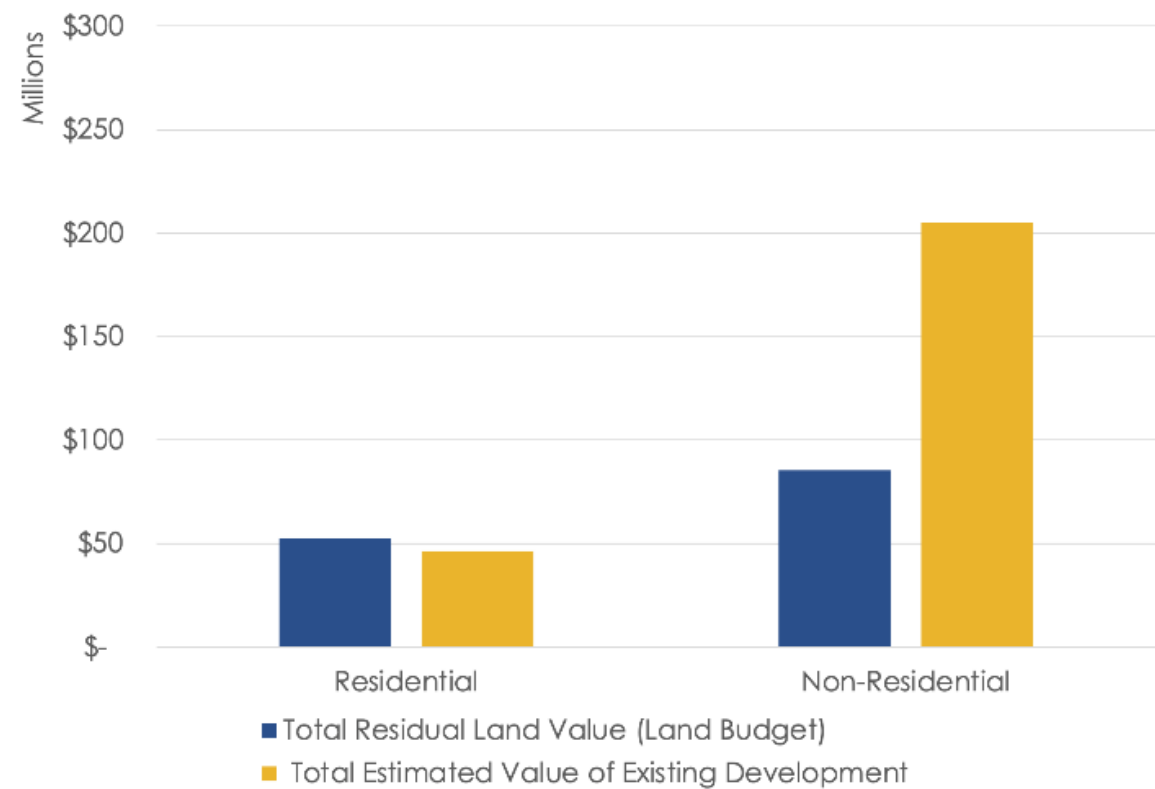
**How can development
advance the City's
priority objectives?**

Community Benefits: Residual Land Value Analysis

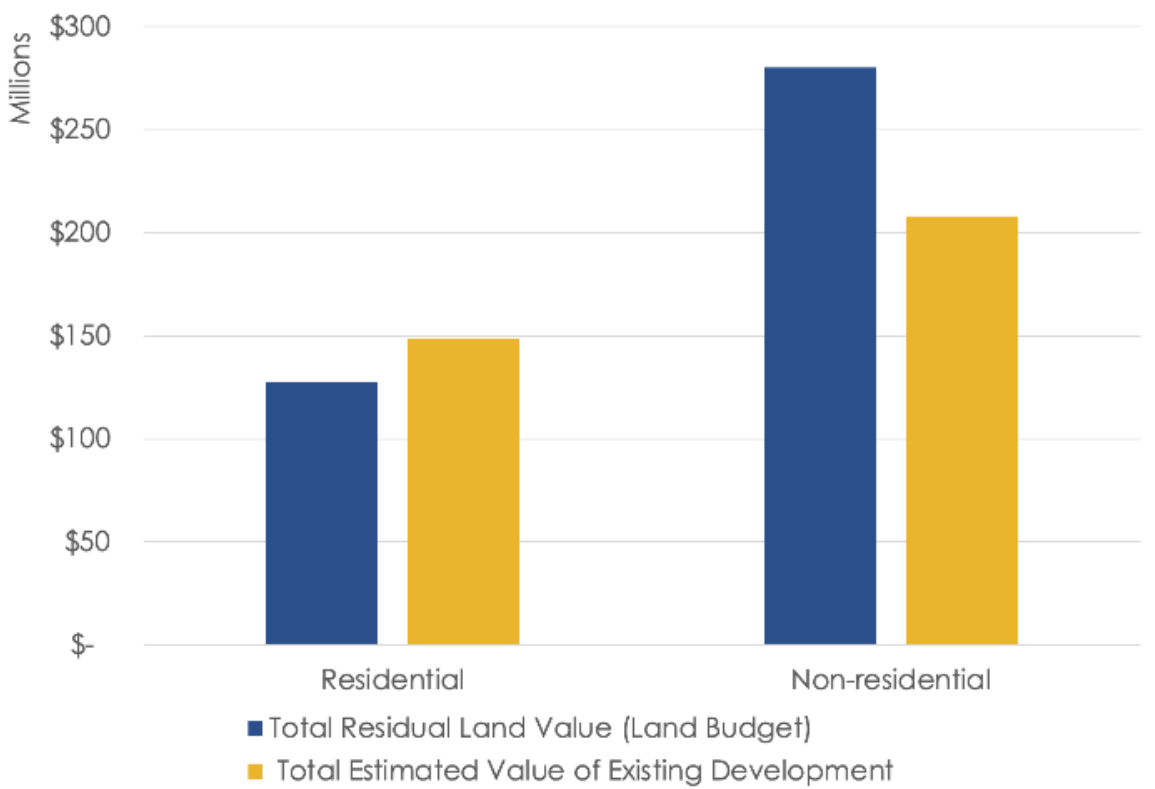


Community Benefits Analysis: Potential Value Capture based on full 23-year build-out of allowed development BEFORE any changes

Alt A: Current Trends



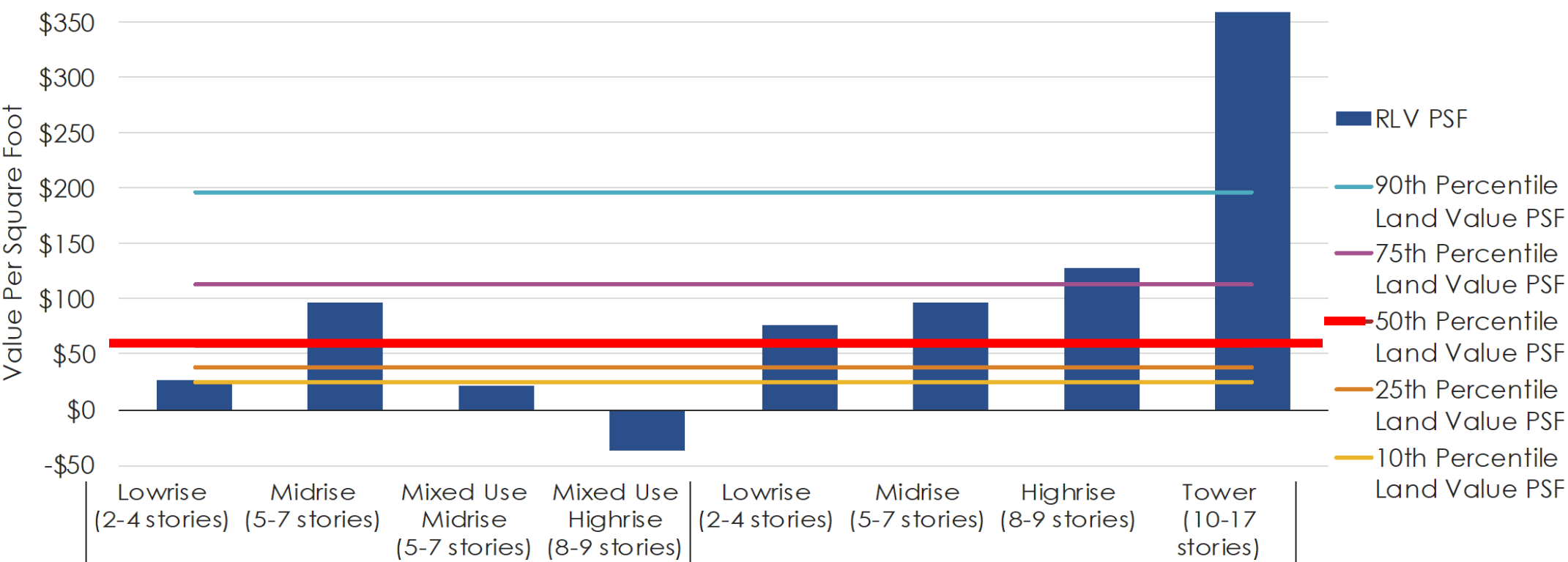
Alt B: Transit-Connected Growth



Assumes full 23-year build-out of Station Area based on allowed development

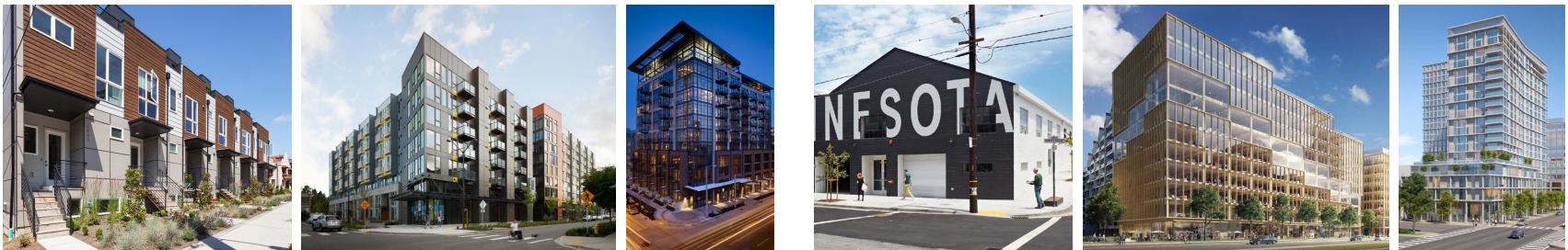
Community Benefits Analysis: Potential Value Capture varies based on development type and location

Comparison of RLV to Land Value



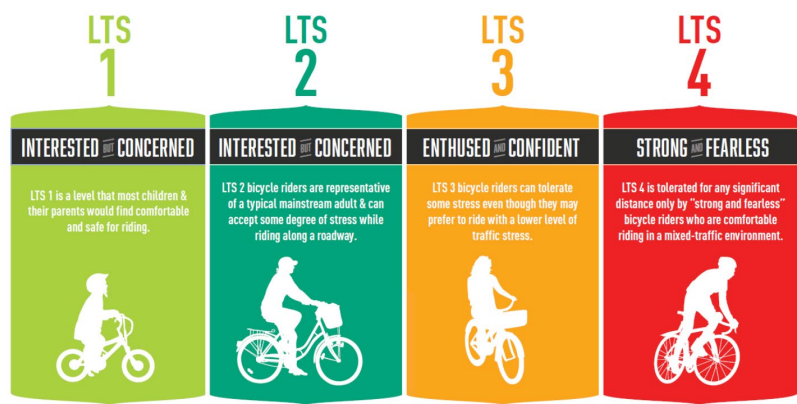
Residential

Office



Community Benefits Analysis: Transportation Demand Management and a complete network for all ages and abilities

| TDM Reduction Summary Report: Kirkland 85th Station Area Plan | | | | |
|---|-----------------------------|-------------|-----------|----------|
| Parking | VMT % Reduction by Land Use | | | |
| | Office | Residential | Retail | Other |
| Increased Off-Street Fees | 6% to 11% | 6% to 11% | 6% to 11% | |
| Increased On-Street Fees | 1% to 5% | 1% to 5% | 1% to 5% | |
| Unbundled Parking | — | — | — | |
| Pay-as-you-Go Parking Rates | | | | |
| Parking Supply | up to 4% | 4% to 4% | up to 4% | |
| Transit | Office | Residential | Retail | Other |
| Subsidies | up to 2% | — | — | |
| Transit Frequency | | | | |
| Transit Coverage | | | | |
| Private Point-to-Point Shuttles | | | | |
| Last Mile Shuttle | | | | |
| Commute Programs | Office | Residential | Retail | Other |
| Commuter Incentives | | | | |
| Commute Marketing Program | 2% to 16% | 3% to 21% | up to 3% | |
| Emergency Ride Home | up to 1% | — | — | |
| TNC Partnerships | | | | |
| Bike and Walk | Office | Residential | Retail | Other |
| Secure Parking | — | up to 1% | — | |
| Showers & Lockers | — | — | — | |
| End of Trip Repair Stations | — | up to 1% | — | |
| Pedestrian-Oriented Design | | | | |
| Bikeshare System & Subsidies | | | | |
| Ride | Office | Residential | Retail | Other |
| Carpool/Vanpool Incentives | | | | |
| Ridematch Program | up to 6% | up to 6% | up to 6% | up to 6% |
| Carshare | | | | |
| Carshare Subsidy | | | | |
| Total of All Measures | 9% to 38% | 13% to 40% | 7% to 22% | - |



Community Benefits Analysis: Relevant Strategies Studied

| | Schools | Housing | Parks/Open Spaces | Sustainability |
|-----------------------------|---|---|---|---|
| Density Bonus/Baseline | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |
| Streamlined Review | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |
| Tax Abatement | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |
| TIF/District Financing | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |
| Commercial Linkage Fees | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |
| Joint/shared use agreements | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div><div></div><div></div><div></div><div></div></div> |

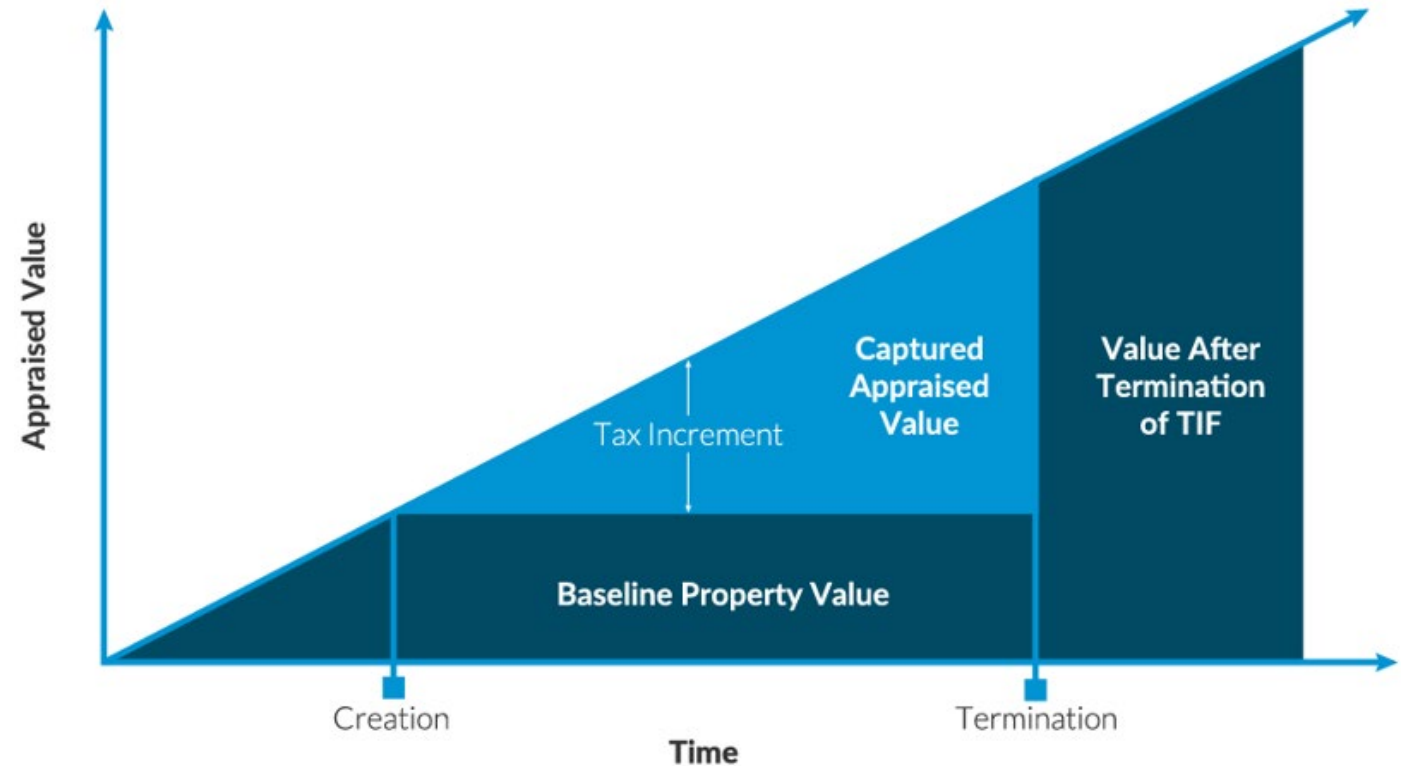
= relevance to objectives

Community Benefits Analysis: TIF District Strategy



TIF District: How it works

- Tax Increment Financing (TIF) is a common tool for capturing the future value of public investments and catalyze growth
- City designates geographic area that will benefit from infrastructure investment, then freezes assessed values for that area for a finite time period
- City will often issue bonds to raise initial infrastructure funds, then use increased value to service bond debt



Community Benefits Analysis: TIF District Strategy

TIF in WA State

- Recent *TIF for Jobs* legislation (ESHB 1189) removes previous limits on TIF, and provides guidelines:
 - No city can have more than 2 TIF areas at a time
 - No TIF can exceed a Base AV of \$200M or 20% total Jurisdiction revenue (whichever is less)
 - School district portion of tax revenue is exempt
- TIF-eligible investments:
 - Street and road construction and maintenance;
 - Water and sewer system construction and improvements;
 - Sidewalks and streetlights;
 - Parking, terminal and dock facilities; Park and ride facilities of a transit authority;
 - Park and community facilities and recreational areas;
 - Electric, broadband or rail service; and
 - Mitigation of brownfields.
 - Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving long-term affordable housing
 - Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing child care facilities serving children and youth that are low-income, homeless, or in foster care
 - Providing maintenance and security for the public improvements
 - Historic preservation activities authorized under RCW 35.21.395.

Community Benefits Analysis: TIF District Strategy

TIF: Findings and Recommendations

- Focus the TIF on areas that are most likely to have significant property value increases
- A preliminary estimate of potential TIF revenues under HB 1189 suggests that TIF may be able to support between \$50 to \$75 million (2021\$ assuming 25 years of revenues discounted at 3.5%) in debt
- Choose improvements that are:
 - Unlikely to happen through typical CIP
 - Important to make desired development possible
 - Projects that provide multiple benefits
- This analysis has identified multi-benefit projects that are best candidates for a TIF:
 - **Community Parks:** site acquisition & development
 - **Infrastructure:** streetscape improvements, bike/ped/street improvements



Jemison Park, Portland OR

- Part of Pearl District redevelopment in Portland OR
- Funded through River District TIF and development agreement between Prosper Portland and land owner
- Park includes significant stormwater co-benefits
- Total construction cost \$6.2M

Community Benefits Analysis: Commercial Linkage Fees Strategy

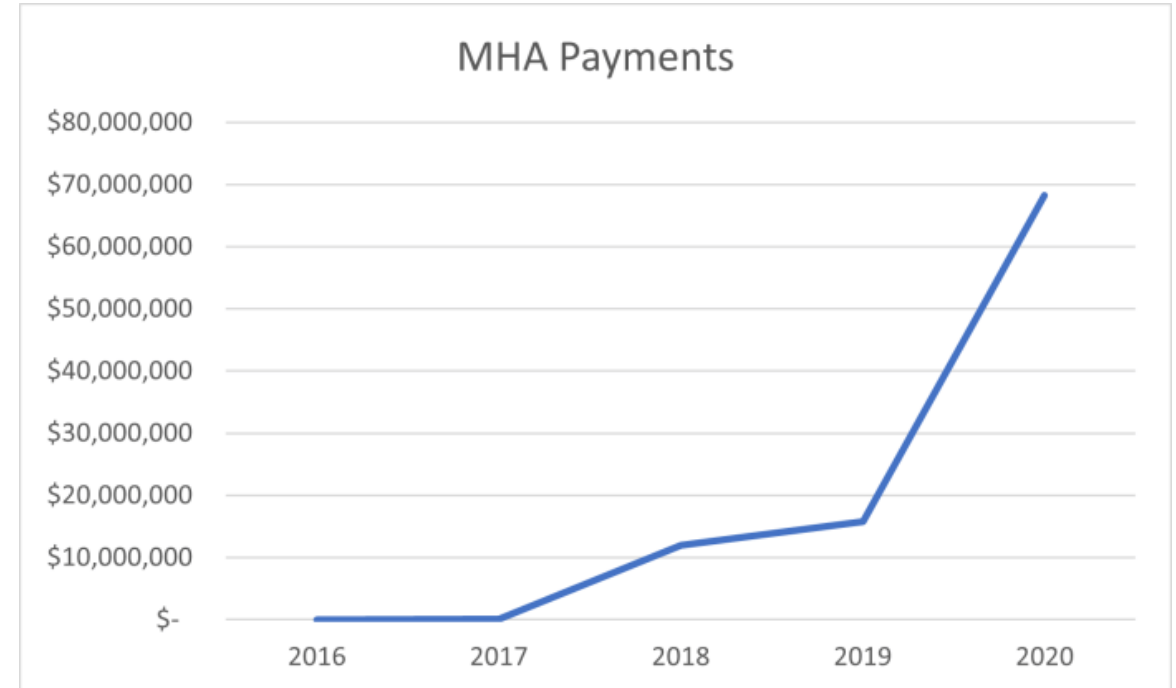


Commercial Linkage Fees: How it works

- Fees charged to developers of new office or retail properties, usually on a per sq ft basis
- Typically used to fund the development of affordable housing
- Fees are set based on a nexus study

Examples

- Bothell WA
 - Currently under study for implementation of Canyon Park Subarea Plan
- Seattle WA
 - Applies to commercial development, with different fee schedules based on use and location
 - Fees range from \$5.58-\$16.17/sq ft
- Boston, MA
 - Applies to commercial projects over 100k sq ft, with first 100k sq ft exempted
 - \$15.39/sf commercial



City of Seattle MHA Payments

Community Benefits Analysis: Commercial Linkage Fees Strategy

Commercial Linkage Findings and Recommendations

- While there are many factors that would influence revenue potential, there may be potential to generate in the range of \$10-\$50M should all the allowed development capacity for non-residential growth represented in June Alternative B be built within the 23-year planning horizon.
- The potential for value capture is highly dependent on City policies like parking ratios, baseline requirements, etc.
- The most potential for value capture is in June Alternative B, primarily from non-residential development.
- Fees should be set with consideration for other requirements so the aggregate cost doesn't make development infeasible.
- Set clear targets for affordable housing production by AML, bedroom mix, and other parameters. Given the housing/jobs imbalance in the study area, consider allocating a portion of the fees towards workforce development programs similar to Boston's program.



89%
OF KIRKLAND JOBS HELD BY
INDIVIDUALS LIVING OUTSIDE
KIRKLAND

11%
OF KIRKLAND RESIDENTS
WORK WITHIN THE CITY

Nearly **50%** of
jobs within Station
Area are below the
median household
income for King
County

Community Benefits Analysis: Density Bonus and Baseline Requirements Strategy



Density Bonus: How it works

- New zoning would establish a base development allowance in each zone
- Certain zones would be eligible for an additional increase in development in exchange for providing public benefits
- Applicants would select from a menu of benefits to provide on a points-based system
 - Allows Staff to prioritize benefits based on need/value to community
 - Provides flexibility for applicants
 - Can accommodate a range of benefit objectives such as educational or community space in buildings, publicly accessible open space, mobility and sustainability, and affordable housing



Build Better with the Deep Green Incentive Program (DGIP)

The City of Shoreline is offering our Deep Green Incentive Program (DGIP), which gives developers who build green access to increased density, faster building and reduced fees. The DGIP applies to development projects that register with a third-party certification entity, such as the International Living Future Institute (ILFI), Built Green, US Green Building Council, Passive House Institute US, or National Green.

What are the potential incentives?

The DGIP offers four tiers of incentives, as noted in the table below.

| Tier | Requirements | Incentives | Additional Incentives (See Note) |
|------|--|---|--|
| 1 | All City Living Building Challenge or All City Green Community Challenge | Up to: - 100% reduction in city-imposed application fees - 100% density bonus - 50% reduction in minimum parking | - Expedited permit review for no additional fees - Reduced Transportation Impact Fees, based on traffic impact analysis |
| 2 | All City Green Community Challenge | Up to: - 75% reduction in city-imposed application fees - 75% density bonus - 25% reduction in minimum parking | - Increase in maximum lot coverage standards - Reduced Impact Fees (25% - 50% reduction, as noted) |
| 3 | ILFI is Leadership in Energy and Environmental Design (LEED) Platinum or LEED Gold, or All City Green Community Challenge or Passive House Institute US or National Green Building Council | Up to: - 50% reduction in city-imposed application fees - 50% density bonus - 25% reduction in minimum parking | |
| 4 | Both GreenSource or GreenSource | Up to: - 25% reduction in city-imposed application fees - 25% density bonus - 15% reduction in minimum parking | |

Why should I take advantage of the DGIP?

There are many benefits of green buildings for both developers and occupants.

High Tenant Satisfaction, Faster Review, Increased Green Value, Creates Local Jobs, Energy Savings, Increased Lower Utility, Healthier.



Community Benefits Analysis: Density Bonus and Baseline Requirements Strategy

What it Could Deliver: Example Baseline and Bonus Concepts

| Community Benefit | Baseline Examples | Bonus Examples | Notes |
|-------------------------------|--|---|---|
| Affordable Housing | <ul style="list-style-type: none">Existing inclusionary zoning requirementsCommercial linkage | <ul style="list-style-type: none">Additional inclusionary units or fees | |
| Sustainability and Mobility | <ul style="list-style-type: none">Existing landscape, stormwater code, and energy code standardsBasic third-party sustainability certificationsBasic transportation demand management (TDM) strategies | <ul style="list-style-type: none">Tree canopy or stream improvementsAmbitious third-party sustainability programsAdvanced transportation demand management (TDM) strategies | <i>Example strategies include energy reduction, green infrastructure, and sustainable materials. Example TDM Strategies include reduced parking provision, shared and paid parking, and transit passes.</i> |
| Schools & Community Amenities | <ul style="list-style-type: none">Existing school impact fees | <ul style="list-style-type: none">Provision of on-site educational, childcare, or community space | <i>Requires coordination with LWSD and other aligned Early Education programs</i> |
| Public Realm | <ul style="list-style-type: none">Existing setback and landscape standardsMid-block connections for large developmentsActive frontage on designated corridors | <ul style="list-style-type: none">Plazas and other small open spaceAdditional public realm improvements | <i>Additional public realm improvements can include tree canopy, wider sidewalk areas, and bike/ped connections, improvements to existing City open space</i> |

Community Benefits Analysis: Density Bonus and Baseline Requirements Strategy

Density Bonus: Findings and Recommendations

- Identify which benefits are the highest priority, and establish a points system that reflects those priorities
- Base development standards should be calibrated so that all development is held to an acceptable minimum standard of public benefit provision through other strategies like mandatory impact fees and design standards.
- Bonus allowances should be calibrated so they create a sufficient incentive to attract participation from developers.
- Establish tiers for points and bonus to make it easier for developers to participate.

Density Bonus Example

using a site currently zoned for commercial uses up to 67'

Base entitlement: *modest rezone from existing zoning with adjustments for use and site design (eg: 85')*

Tier 1 Bonus: *moderate height bonus for moderate provision (eg: 105')*

Tier 2 Bonus: *max bonus for more provision (eg: 150')*

Community Benefits



HOUSING



SCHOOLS



OPEN SPACE



MOBILITY



SUSTAINABILITY



Recommendations

Is the Vision Feasible?

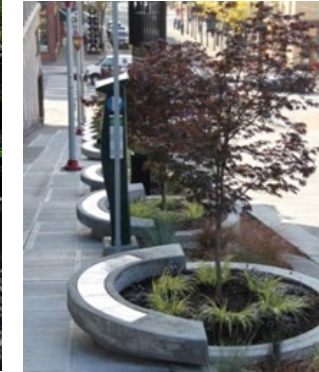
Supplemental Study Results

The City must make significant capital investment under **Current Trends (Alt A)**, which does not generate much development contribution to required infrastructure.

Transit-Connected Growth (Alt B) is feasible to serve, but the City will have to recognize that a variety of strategies will be required to balance the City's overall budget and station area needs.

Analysis found that:

- Generally, development-funded capital projects and capital-related revenues generated in the eastern quadrants are important to funding improvements in the western quadrants, particularly the multimodal improvements west of the BRT station.
- The majority of the incremental revenues are generated by the commercial components of the eastern quadrants.
- The greatest potential for value capture for community benefit is with non-residential development, increasing with height.



Preliminary tools and strategies to address infrastructure funding gaps and support growth and quality of life over the next 23 years



Public Infrastructure and Services Investment Strategies

Value for the City

Sustainable service provision and fiscal responsibility

Quality of Life

Mobility for all ages and abilities



Community Benefits Strategies

Opportunity and Inclusion

Affordable housing and workforce development, parks, schools

Community Benefits

Sustainability, resilience, and health

Investment to support today's residents and catalyze transit-connected development



Helps achieve Value Capture for Community Benefits

Preliminary tools and strategies to address infrastructure funding gaps and support growth and quality of life over the next 23 years



Public Infrastructure and Services Investment Strategies

Value for the City
Sustainable service
provision and fiscal
responsibility

Quality of Life
Mobility for all ages
and abilities

- **Stormwater.** Fill the \$700,000 gap between the stormwater facility charges and the infrastructure costs in 2035 with stormwater capital fund reserves.
- **Water.** Issue a \$10 million 20-year bond to cover improvements and maintain an annual surplus.
 - Annual debt payment of \$685,000 covered by capital facility charge revenue and 7% of net new water utility revenue from growth in the Station Area.
- **Sewer.** Use a combination of debt issuance and rate increases.
 - Issue a \$60 million 30-year bond in 2035, with \$3.1 million annual debt payments.
 - Cover debt payments through rate increase.
 - Alternative A requires a larger rate increase than Alternative B.

Preliminary tools and strategies to address infrastructure funding gaps and support growth and quality of life over the next 23 years



Community Benefits Policy Strategies

Opportunity and Inclusion

Affordable housing and
workforce development,
parks, schools

Community Benefits

Sustainability, resilience,
and health

- **Parks.** Offset with \$80.0 million in general government operating surplus, plus:
 - TIF strategy and feasibility for Community Parks, multi-benefit TIF project for NE 120th including linear park
 - Development requirements/bonuses for Neighborhood Parks and smaller scale open spaces
 - Consider policy change to alternative non-acreage derived LOS standards more appropriate for urban centers
 - Leverage public assets and partnerships for shared use agreements
 - Pursue creative adaptation of existing assets like Forbes Lake, the future interchange surplus ROW, and existing ROW along NE 120th or other areas to include linear open space with transportation improvements
- **Affordable housing.**
 - Pursue a commercial linkage program which has the greatest potential for commercial development
 - Consider allocating a portion of the Linkage Fees toward a workforce development program
- **Mobility.**
 - Develop a TIF strategy, prioritizing multi-benefit project opportunities where infrastructure needs overlap.
 - Development requirements/bonuses: parking ratio reductions, unbundled and paid parking, transit passes subsidies provided by large employers or multi-family properties, managed parking strategies, ridesharing programs, bikeshare or micro mobility programs, and shared off-street parking.

Preliminary tools and strategies to address infrastructure funding gaps and support growth and quality of life over the next 23 years



Community Benefits Policy Strategies (continued)

Opportunity and Inclusion

Affordable housing and
workforce development,
parks, schools

Community Benefits

Sustainability, resilience,
and health

- **Sustainability.**
 - Development requirements/bonuses
 - Explore partnerships around sustainability, climate action, health and well-being initiatives
- **Schools.** Under either Alternative, the City can help Lake Washington School District solve for additional school population (increase by 153 students under Alt A and 936 students under Alt B). Support LWSD and the community need for childcare and early education with community benefit strategies:
 - Development requirements/bonuses for educational or childcare space integrated into development (most common for pre-K and specialized programs like STEM) or by setting aside land for future school development.
 - Policy changes to define active frontages to include educational, childcare, and community-serving spaces
 - Explore partnership opportunities such as Joint/Shared Use Agreements
 - Consider increasing allowed development capacity on existing underutilized public parcels to support future development of new school space

Is the Vision Feasible?

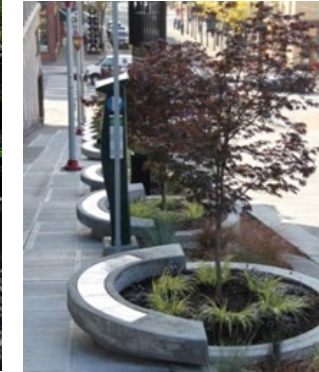
Supplemental Study Results

The City must make significant capital investment under **Current Trends (Alt A)**, which does not generate much development contribution to required infrastructure.

Transit-Connected Growth (Alt B) is feasible to serve, but the City will have to recognize that a variety of strategies will be required to balance the City's overall budget and station area needs.

Next steps to coordinate with Planning include:

- Identify baseline requirements for project-level infrastructure and contributions, consider policy changes to parking ratios and parks LOS
- Develop a TIF District Strategy to fund area-wide, multi-benefit investments like streetscape improvements, a large park – Conduct a TIF Study \$20-60k and project feasibility \$40-70k
- Identify partnership opportunities for program alignment – Coordinate with stakeholders
- Develop a Density Bonus program with a focus on small open spaces, educational spaces, mobility, and sustainability, staff or \$50k scope
- Consider a Commercial Linkage Fee to address affordable housing and workforce development – conduct a Nexus Study \$50-60k



Next Steps in Station Area Planning

SAP Planning Process

Project Scope Reassessment

January – March 2021

Fiscal Impacts & Community Benefits Study

May – October 2021



VISION & CONCEPTS

Spring 2020
Completed

ALTERNATIVES

Winter 2021

DRAFT PLAN

~~Spring 2021~~
Fall – Winter 2022

FINAL PLAN

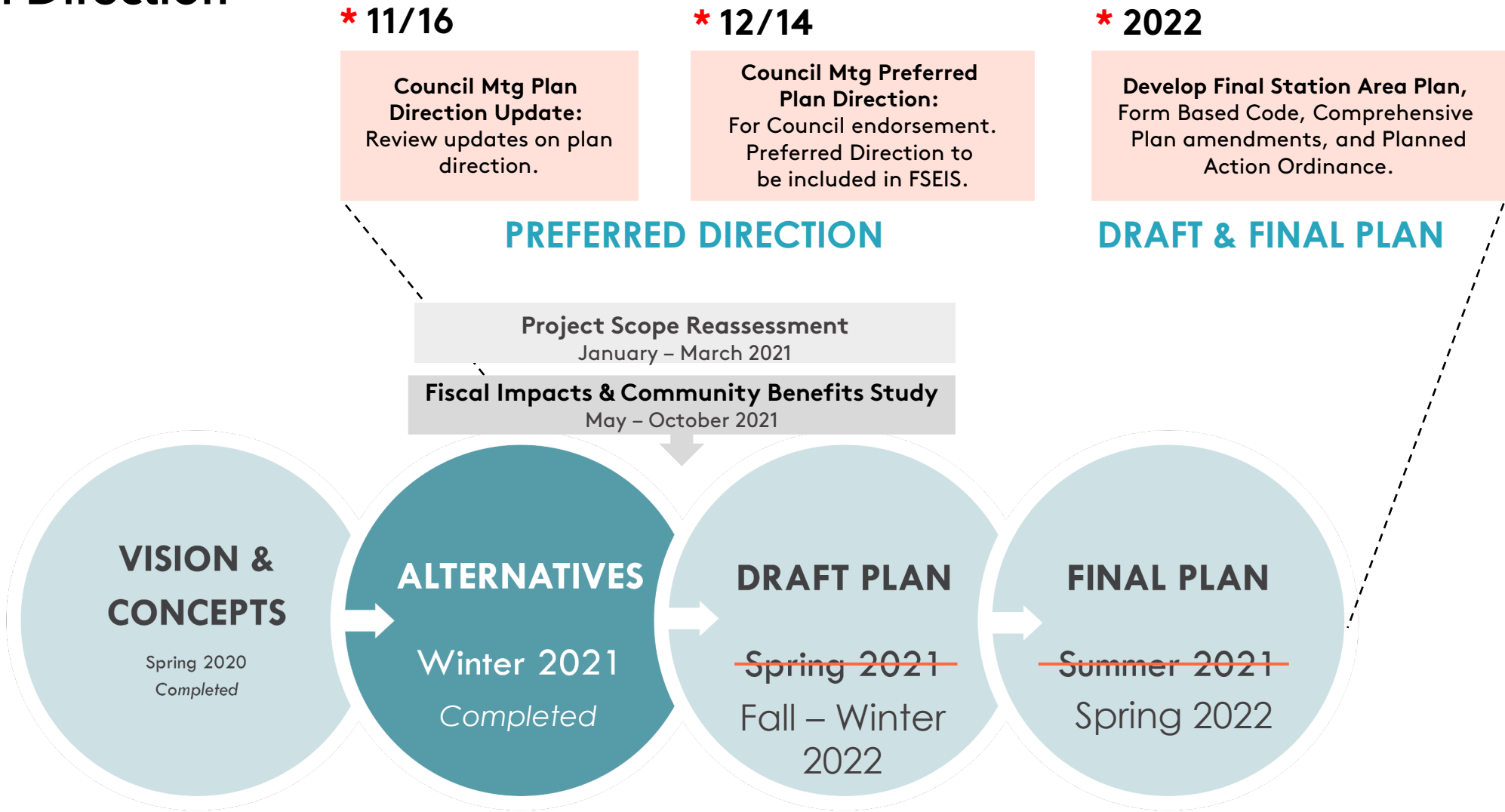
~~Summer 2021~~
Spring 2022

Key Decisions

- Project Objectives
- Study Area Growth framework
- Establish a range of 'bookends' for alts.
- Confirm scope & topics for EIS to study
- Amount, mix, type of growth
- Elements to include in preferred alternative, e.g.:
 - Growth/Land Use
 - Affordable Housing Options
 - Open Space Strategies
 - Height & Massing Strategies
 - Mobility
 - Etc
- Development requirements or incentives, e.g.:
 - Affordable Housing
 - Sustainability/Green Bldg
 - Other Community Benefits
- Form Based Code draft
 - Transitions between types
 - Urban Design Concepts
- Draft Planned Action with Specific Mitigation measures
- City investments & Projects
- Policy & Regulatory Details, Form Based Code details
- Finalize boundaries of character areas/transects
- Final Planned Action

SAP Next Steps

Preferred Plan Direction



15-minute break

Key Questions for Council this evening

- *What questions or comments does Council have?*
- *Should staff and the consulting team focus on drafting a Preferred Plan Direction around June Alternative B, or a modified alternative?*
- *Should the proposed solutions to capital funding for future infrastructure projects continue to be developed?*
- *Should staff continue to refine the proposed community benefits strategies for consideration in the final plan?*