CITY OF KIRKLAND
PLANNING AND BUILDING
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Adam Weinstein, AICP, Director of Planning and Building
Scott Guter, AICP, Senior Planner

Date: August 18, 2026

Subject: **Proposed Zoning Code Amendments to Chapter 112 Regarding Affordable Housing Requirements in Low-Density Zones – File No. CAM26-00369**

RECOMMENDATION:

Staff recommends that the City Council continues discussion on potential amendments to Chapter 112 of the Kirkland Zoning Code regarding affordable housing fee requirements in low-density zones. Draft Ordinance O-4937 would increase the fee-in-lieu exemption threshold from 2,000 square feet to 2,500 square feet. Because the original purpose of the Chapter 11 fee-in-lieu code is to generate revenue for affordable housing, staff recommends not adopting Ordinance O-4937 and retaining the existing 2,000-square-foot threshold at which affordable housing requirements in low density zones is assessed.

EXECUTIVE SUMMARY:

- Together with state-mandated middle housing code amendments, Council adopted affordable housing regulations in June 2025 that establish fee-in-lieu requirements on new construction in low-density residential zones to generate revenue for affordable housing. The Council set the initial threshold at 2,000 square feet. The regulations take effect on January 1, 2027.
- Council is now considering draft Ordinance O-4937 reflecting amendments to Chapter 112 of the Kirkland Zoning Code (KZC) that would increase this threshold to 2,500 square feet before any fee-in-lieu is assessed.
- After the June 16, 2026 public hearing, Council's vote on the ordinance was tied 3:3, resulting in the matter being tabled until the July 21, 2026 City Council meeting. Council voted to consider Ordinance O-4937 at its September 1 meeting and requested that staff bring some additional information back on the size distribution of detached housing units in Kirkland.
- Staff analyzed 185 permits (encompassing 209 total residential units) completed between May 2024 and November 2025 in low-density zones.
- Single family homes built without ADUs are on average larger than single-family homes built with ADUs, but relatively few residential units were built in low-density zones that were between 2,000 and 3,000 square feet in size.

- The existing 2,000 square foot threshold exempts all middle-housing units such as cottages and ADUs the Council wants to incentivize from paying any in-lieu fee.
- Units built between 2,000 square feet and 2,500 square feet are primarily townhomes which are built in medium density zones which already have a fee-in-lieu program.
- Staff analysis concludes that raising the exemption to 2500 square feet therefore mainly benefits single-family homes which are not affordable to most community members. Very few single-family homes are smaller than 3,000 square feet.
- Staff recommends keeping the current 2,000 square foot threshold at which affordable housing requirements apply, rather than increasing the threshold to 2,500 square feet.

BACKGROUND:

On June 17, 2025, Council adopted middle housing regulations to comply with state law. These regulations included new affordable housing requirements applicable to residential development in low-density zones, with a delayed effective date of January 1, 2027. Under the adopted regulations, Council set the affordable housing fees at $15 per square foot and the in-lieu fee exemption at 2,000 square feet, meaning that housing units of 2,000 square feet or less would be exempt from fees. The developer of a 2,500-square-foot house would pay a $7,500 affordable housing in-lieu fee ($15 x 500 square feet).

RCW 36.70A.540 authorizes cities to require affordable housing, but only when granting additional development capacity (e.g., through zoning code amendments). The new affordable housing regulations adopted in 2025 were intended to raise additional revenue to build much-needed affordable housing in Kirkland, while not interfering with the production of naturally more affordable middle housing. The $15 per square foot fee was calculated to generate approximately 10% of the cost of construction of an affordable housing unit for every average-sized single-family house built. The original $15 per square foot fee was calculated *assuming the fee was imposed on every square foot of that average-sized house* (i.e., assuming no 2,000-square-foot exemption applied).[1] The Council made the policy decision to forgo collecting revenue on middle housing units to avoid creating any disincentive to build those units. However, the $15 per square foot fee was not adjusted when the threshold was raised. If the Council chooses to exempt 2,000-2,500 square feet of every newly-built house from fees, the Council may wish to consider increase the per-square-foot fee to offset the lost revenue for affordable housing.

As part of the ordinance adopted on June 17, 2025, Council directed staff to return by June 30, 2026, with alternative methodologies for implementing affordable housing requirements in these zones. Staff presented these alternatives at the May 19, 2026 Council meeting.[2] The staff memorandum for the May 19 meeting also included a summary of affordable housing requirements recently adopted by other nearby cities. Following discussion at that meeting, Council directed staff to prepare zoning code amendments that would increase the affordable housing exemption threshold from the first 2,000 square feet of a dwelling unit to the first 2,500 square feet. Council also requested an analysis of the average size of attached housing

[1] June 3, 2025 Council Meeting Business Agenda Item 9.b Staff Memorandum: www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/june-3-2025/9b_business.pdf

[2] May 19, 2026 Council Meeting Business Agenda Item 9.a Staff Memorandum: www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2026/may-19-2026/9a_business.pdf

(townhouses) built in Kirkland in recent years to better understand how both the current and proposed thresholds would apply.

On June 16, 2026, the Council held a public hearing on potential adoption of Ordinance O-4937, which would increase the fee-in-lieu exemption threshold from 2,000 square feet to 2,500 square feet.[3] The memorandum for the June 16 meeting also included staff analysis of recent attached-housing (e.g., townhome) development, a discussion of ARCH Housing Trust Fund investments, and staff's recommendation to maintain the status quo and not adopt the proposed ordinance.

Table 1: Attached Housing By Zone Category (from June 16 Council Meeting Packet)

Zone / Category	Sample Size	Permit Years	Size Range (GFA)	Avg Size (GFA)	Bedroom Range	Avg Bedroom Per Unit	Sold / Asking Price Range
Attached Duplex, Triplex, 4-6 Unit Townhomes (All Zones)	321 units	2020-2026	1,477-2,615	2,357	2-4	3.57	$890k-$3.44 million
Low-Density Zones	15 units	2024-2025	2,045-2,809	2,445	3	3	Not Available
Medium-Density Zones	68 units	2022-2024	1,447-3,615	2,475	3-4	3.95	$890k-$3.44 million
High-Density Zones	24 units	2020-2022	2,00-2,957	2,585	2-4	2.83	$1.18-2 million
Commercial Zones	214 units	2022-2026	1,597-3,066	2,318	3-4	3.59	$1.08-2.45 million

At the June 16 meeting, Council considered adoption of proposed Ordinance O-4937. However, Council's vote on the ordinance was tied 3:3. Under Council policies, the matter was tabled until the next succeeding regular meeting where all seven councilmembers are present, provided a councilmember moves to take the item from the table. At the July 21, 2026 Council meeting, which was the first eligible meeting for Council to take the item from the table, the matter was moved from the table and Council voted to consider Ordinance O-4937 at the regular Council meeting on September 1. The additional time was provided to ensure the community had notice that the matter would be on the Council's agenda and to give staff time to bring some additional information to Council on the size distribution of detached housing units in Kirkland. The requested additional information is provided in this memorandum.

The following section provides additional detailed permit data and analysis of recently completed dwelling units focusing on detached units built in low-density residential zones.

[3] June 16, 2026 Council Meeting Business Agenda Item 6.a Staff Memorandum: www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2026/june-16-2026/6a_public-hearings.pdf

DISCUSSION/ANALYSIS:

To supplement the information provided to Council on June 16, staff conducted an analysis of 185 permits, representing a total of 209 residential units in low-density residential zones. These permits consisted of Building Single Family (BSF) permits completed between May 14, 2024, and November 2025. While the analysis focuses primarily on the gross floor area of new single-family homes completed during this period (the type of housing that the inclusionary requirements will most impact) the table below summarizes all BSF permits completed. Attachment 1 contains a complete list of all permits, along with associated gross floor area.

Table 2: Building Single Family (BSF) permits finaled between May 2024 and November 2025

Unit Type	Total (units)
Single-Family Residential	104
Cottage (Exempt from fee)	64
Duplex (Exempt from fee)	6
Accessory Dwelling Unit (Exempt)	35
Total	209

The size of a single-family residence (SFR) is largely determined by the maximum gross floor area (GFA) allowed in low-density zones. In these zones, the permitted floor area for a typical lot is equal to 50 percent of the lot area, regardless of the number of units proposed. A total of 104 single family units were completed during the study period.

Only 2 single-family residences had a GFA between 2,000 and 2,500 square feet. One was 2,437 square feet and the other was 2,494 square feet. Five units were built between 2,500 square feet and 3,000 square feet. The remaining 97 were all larger than 3,000 square feet.

The following table summarizes the gross floor area of these units.

Table 3: The gross floor area (GFA) of single-family residences (SFRs) with and without Accessory Dwelling Units (ADUs)

Total SFR Units	SFR Average / Median GFA	SFR Smallest / Largest GFA
SFR w/o ADUs: 88	4,320 / 4,247	3,058 / 5,500
SFR w/ ADUs:16	3,200 / 3,215	2,437 / 4,314
• SFR + 1 ADU: 7	3,482 / 3,525	2,540 / 4,314
• SFR + 2 ADUs: 9	2,981 / 2,956	2,437 / 3,585

Table 3 above shows that on lots where both a single-family home and accessory dwelling units (ADUs) are constructed, the single-family home is often smaller than a home on a lot without ADUs. Staff would note that even in this scenario, the fees for most single-family units constructed with ADUs under a 2,000-square-foot exemption threshold would be fairly modest. For instance, during the analyzed period, the average single-family residence (a 2,981-square-foot house) built with two ADUs, would be charged a fee of $14,715. The average single-family residence (3,482 square feet) with one ADU would be charged a fee of $22,230. No fee would be charged for any of the ADUs. **Charts 1 and 2** illustrate the size trend more clearly.

Chart 1: The gross floor area (GFA) of single-family residences (SFRs) with Accessory Dwelling Units (ADUs)

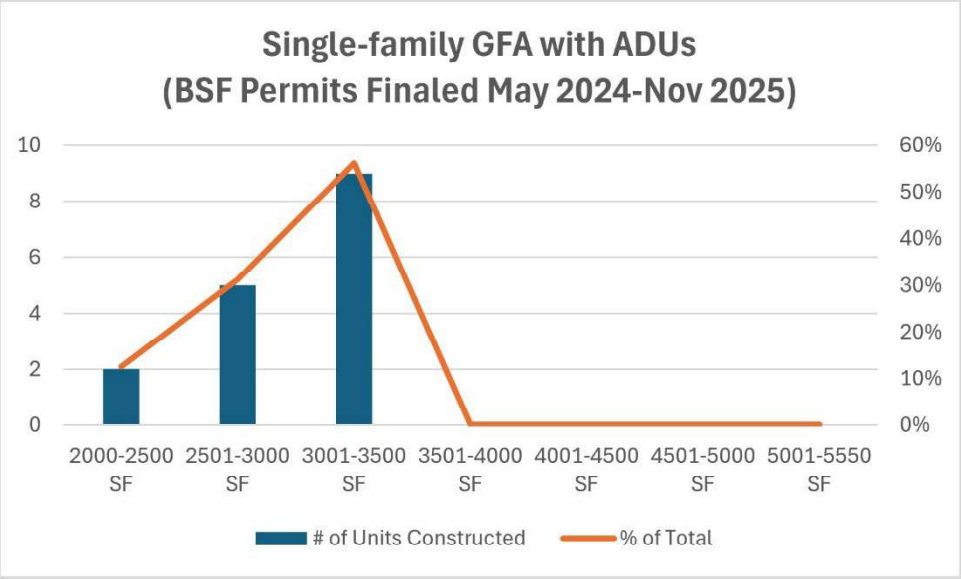
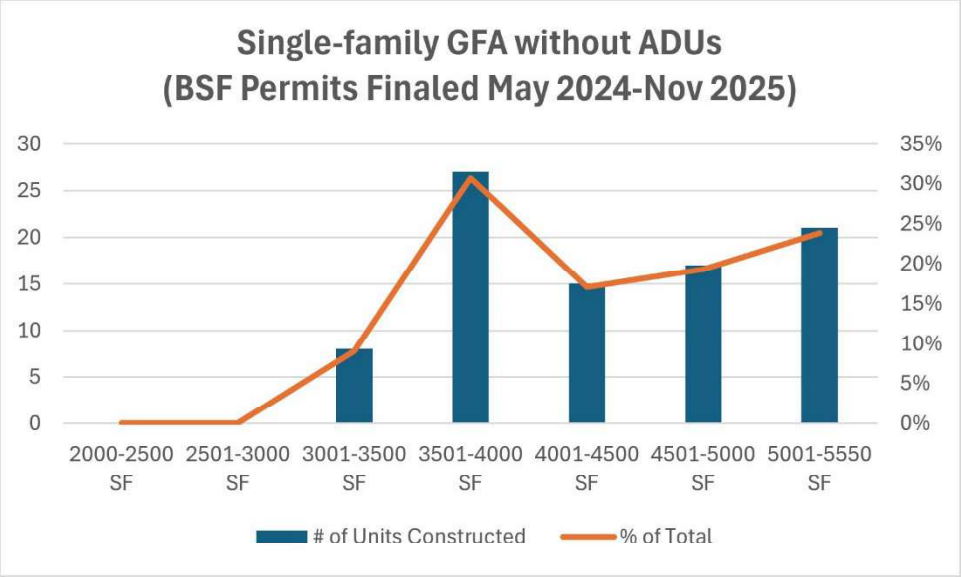


Chart 2: The gross floor area (GFA) of single-family residences (SFRs) without Accessory Dwelling Units (ADUs)



As outlined in the June 16 meeting materials, recent market data indicate that newly built single family and middle housing homes sold between March 2024 and March 2025 remain out of reach for most King County households, even those earning 120 percent of area median income.[4] Without inclusionary housing requirements, new market rate development in low-density zones will not narrow Kirkland's housing affordability gap through 2044.

[4] See page 6 of 10 of the June 16, 2026 Council Memorandum on this topic. www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2026/june-16-2026/6a_public-hearings.pdf

The existing inclusionary zoning framework in low-density residential zones already supports a wider range of home sizes, makes possible affordable housing contributions in high-cost areas, and provides a meaningful revenue source for future affordable housing production without penalizing modestly-sized units. Staff continues to recommend retention of the existing affordable housing requirements in low-density residential zones.

Affordable Housing Fee Examples and Scenarios
Using the data set above, of the BSF permits approved in the time span of May 2024 to November 2025, there are a total of 110 individual units (106 single family residences, plus 6 duplex units that are above 2,000 square feet) that would be subject to the per/square foot affordable housing fee as currently adopted. The current code requires a per/square foot fee of $15 for every square foot over the 2,000 square foot exemption threshold. Under this scenario ("lower threshold" scenario), the City could expect to collect a total affordable housing fee of $3,355,815. If the square foot exemption was raised to 2,500 square feet ("higher threshold" scenario), using the same data set, the City would collect a total affordable housing fee of $2,572,125 in the same approximate 18 month time span; which is $783,690 less than the "lower threshold" scenario.

Alternate Scenario
If Council wanted to collect the *same* total affordable housing fee while increasing the square foot exemption, the per/square foot fee could be increased. To determine how much the per/square foot fee would need to increase to achieve this aim, staff divided the total fee expected under the "lower threshold" scenario by the total square feet subject to the affordable housing fee under the "higher threshold" scenario – which resulted in a per/square foot fee of $19.89. Staff would propose to round that up to $20 per square foot, still lower than the amount adopted in some other jurisdictions. It should be noted that this result ties directly to the described data set, and using a different time frame, sample group of units, or methodology could result in a slightly different per/square foot fee.
To illustrate how raising these scenarios might impact a specific unit, a 4,320 square foot home - the average size of a single-family residence without an ADU from the data set above - would contribute $34,800 under the 2,000 "lower threshold" scenario (existing code), $27,300 under the 2,500 "higher threshold" scenario, and $36,400 under the 2,500 "higher threshold *with* higher fee" scenario (rounding the higher fee to $20).

NEXT STEPS:

Options for Council consideration include:

1) Take no action on Ordinance O-4937 and leave the existing 2,000 square foot threshold.
2) Adopt Ordinance O-4937 and increase the threshold to 2,500 square feet.
3) Amend Ordinance O-4937 to increase the threshold to 2,500 and increase the per square foot fee assessed to something like $20.

Regardless of whether Ordinance O-4937 is adopted, staff will continue educational and outreach efforts to publicize the new affordable housing requirements that will go into effect on January 1, 2027.

ATTACHMENTS:

Attachment 1 – Single-Family (BSF) Permits Completed – May 2024 to Nov 2025

SINGLE-FAMILY (BSF) PERMITS COMPLETED – MAY 2024 TO NOV 2025

Note: These Gross Floor Areas (GFA) tables do not include 64 Cottages and 11 detached accessory dwelling units not associated with a new single-family residential unit, which were completed during this period, because those unit types cannot exceed 2,000 square feet (the max GFA for an ADUs is 1,200 and the max for a cottage with a garage is 1,950).

Gross Floor Area (Single-Family Permits Only)

Permit Number	Address	GFA
BSF24-01825	7825 NE 143RD ST	3058
BSF24-01827	7831 NE 143RD ST	3188
BSF24-05873	419 6TH AVE S	3323
BSF24-01181	10408 126TH AVE NE	3327
BSF24-00292	2012 9TH ST W	3363
BSF24-07948	12806 NE 65TH LN	3399
BSF24-09593	12818 NE 65TH LN	3399
BSF24-01872	11217 NE 103RD PL	3443
BSF24-01778	237 8TH AVE	3503
BSF24-08833	6816 128TH AVE NE	3554
BSF24-09552	6528 128TH AVE NE	3563
BSF24-09553	6524 128TH AVE NE	3563
BSF24-09554	12812 NE 65TH LN	3563
BSF24-02064	10203 NE 136TH PL	3577
BSF24-00232	9117 126TH AVE NE	3634
BSF24-07996	8718 128TH AVE NE	3657
BSF24-09584	12819 NE 65TH LN	3657
BSF24-09585	12813 NE 65TH LN	3657
BSF25-01488	8722 128TH AVE NE	3657
BSF24-00227	9112 125TH AVE NE	3695
BSF24-00230	9113 126TH AVE NE	3695
BSF24-03203	11216 NE 103RD PL	3703
BSF24-07197	13125 NE 104TH ST	3704
BSF24-09026	13128 NE 103RD PL	3704
BSF24-01180	12606 NE 104TH ST	3708
BSF24-08997	13122 NE 103RD PL	3717
BSF24-07692	4326 102ND CT NE	3718
BSF24-00068	9013 126TH AVE NE	3730
BSF24-01935	7305 122ND AVE NE	3779
BSF24-07691	4404 102ND CT NE	3817
BSF25-00070	14064 102ND CT NE	3820
BSF24-00302	10915 126TH PL NE	3831
BSF25-02032	13117 NE 104TH ST	3865
BSF24-09618	13113 NE 104TH ST	3957

Permit Number	Address	GFA
BSF25-00157	13121 NE 104TH ST	3957
BSF24-08402	612 11TH AVE	4053
BSF24-05245	10410 NE 142ND ST	4060
BSF24-09410	10214 NE 139TH ST	4060
BSF24-06278	10201 114TH PL NE	4099
BSF24-07697	12211 NE 134TH ST	4141
BSF24-09795	14056 102ND CT NE	4145
BSF24-02044	8438 NE 144TH ST	4157
BSF25-00476	12223 NE 106TH ST	4159
BSF24-02245	233 19TH AVE	4177
BSF24-06679	10320 NE 43RD ST	4317
BSF24-00020	8724 126TH AVE NE	4323
BSF24-00203	8722 126TH AVE NE	4330
BSF24-06327	12206 NE 61ST ST	4351
BSF24-04555	530 7TH ST S	4419
BSF24-07690	4322 102ND CT NE	4494
BSF24-00317	9440 114TH AVE NE	4552
BSF24-05903	520 7TH ST S	4566
BSF24-04740	10849 NE 47TH ST	4582
BSF24-07000	5111 107TH LN NE	4669
BSF24-07125	5105 107TH LN NE	4669
BSF24-02916	5117 107TH LN NE	4674
BSF24-09794	12834 NE 113TH ST	4724
BSF24-05327	12423 94TH AVE NE	4800
BSF25-01568	12112 94TH PL NE	4840
BSF24-00388	12819 NE 84TH ST	4851
BSF24-01603	912 18TH AVE W	4857
BSF24-00229	11409 NE 91ST ST	4885
BSF24-00345	11120 104TH AVE NE	4890
BSF24-00264	5917 104TH PL NE	4891
BSF24-07762	6706 122ND AVE NE	4941
BSF24-01925	11618 NE 111TH ST	4948
BSF24-01401	12916 NE 70TH LN	4980
BSF24-06876	12127 NE 65TH ST	5015
BSF24-08825	12021 NE 73RD ST	5016
BSF24-08802	13120 NE 109TH PL	5056
BSF24-08457	12525 NE 75TH ST	5057
BSF24-05361	12434 94TH AVE NE	5058
BSF24-09682	13020 105TH PL NE	5066
BSF24-01467	12925 NE 70TH LN	5080

Permit Number	Address	GFA
BSF24-06374	12821 NE 102ND PL	5113
BSF24-01428	123 13TH AVE	5140
BSF24-08364	12929 NE 112TH ST	5155
BSF24-07557	9313 129TH AVE NE	5168
BSF24-01466	12919 NE 70TH LN	5191
BSF24-05561	6825 122ND AVE NE	5194
BSF25-00333	12416 94TH AVE NE	5207
BSF25-00719	10609 NE 46TH ST	5219
BSF24-01961	9307 129TH AVE NE	5221
BSF24-01303	12834 NE 102ND PL	5287
BSF24-01400	12922 NE 70TH LN	5383
BSF24-01226	13039 NE 88TH ST	5491
BSF24-09620	7824 131ST AVE NE	5494
BSF24-08365	10468 NE 113TH PL	5500

Gross Floor Area (Duplexes)

Permit Number	Address	GFA - Unit 1	GFA - Unit 2
BSF24-06320	9307 132ND AVE NE	2038	2063
BSF24-06322	9315 132ND AVE NE	2050	2050
BSF24-06319	9311 132ND AVE NE	2069	2045

Gross Floor Area (Single-Family with Accessory Dwelling Units)

Permit Number	Address	GFA - Primary	GFA – ADU 1	GFA – ADU 2
BSF24-03121	5916 108TH AVE NE	2437	1191	1199
BSF24-06573	11220 115TH PL NE	2494	1200	1200
BSF25-00974	10661 FORBES CREEK DR	2540	1526	
BSF24-01050	11217 NE 95TH ST	2611	1200	1199
BSF24-06176	13104 NE 103RD PL	2789	1055	
BSF24-03543	9511 132ND AVE NE	2810	1196	1199
BSF24-01736	108 6TH ST S	2956	953	1058
BSF24-06665	11416 NE 90TH ST	3197	1199	
BSF24-05357	11415 NE 91ST ST	3234	1025	1200
BSF24-05450	1923 3RD ST	3302	1182	1182
BSF24-06602	7018 127TH AVE NE	3400	1198	1198
BSF24-07530	1504 3RD ST	3525	1198	
BSF24-01049	11610 NE 92ND ST	3585	1199	1199
BSF24-00809	1813 3RD ST	3727	1192	
BSF24-00932	12861 NE 104TH ST	4285	1200	
BSF25-00548	319 18TH AVE	4314	1197	