

II. NEEDS ANALYSIS SUPPLEMENT: KIRKLAND

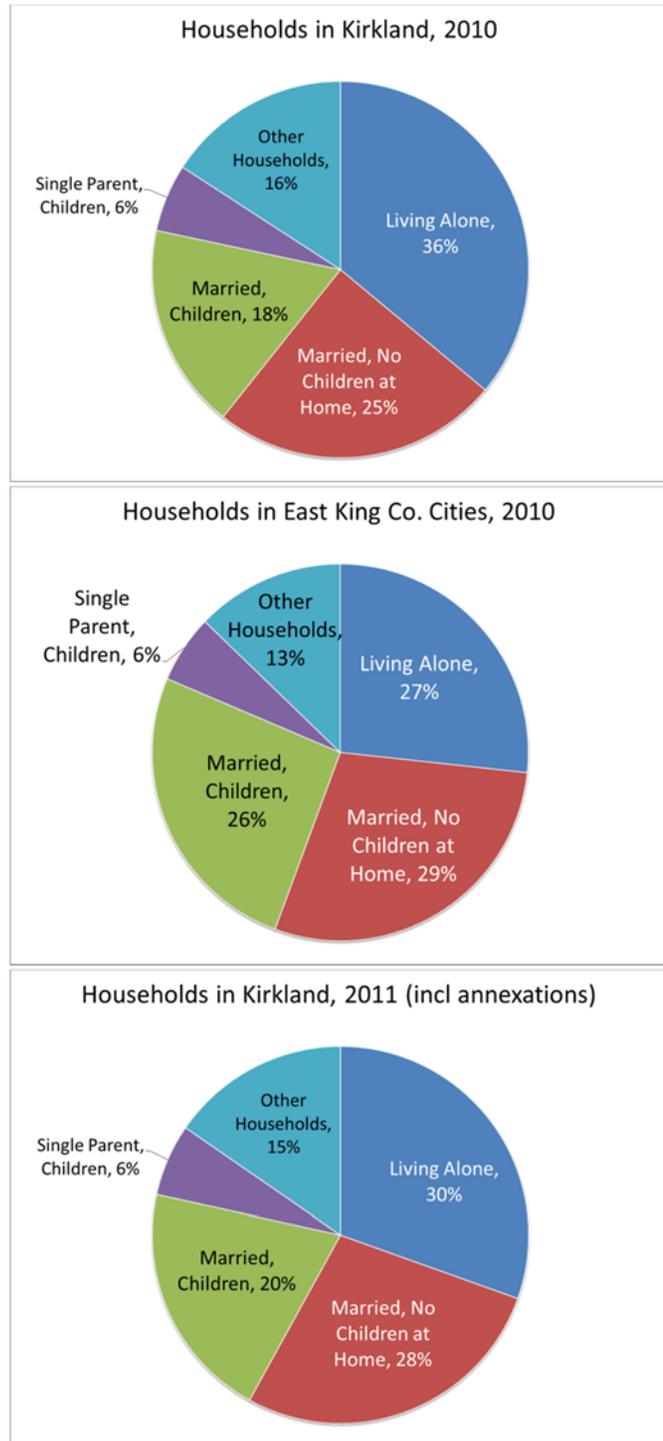
This report supplements information provided in the *East King County Housing Analysis*. Its purposes are to: highlight demographic and housing data for Kirkland that varies from the material presented in the first part of the *Housing Analysis*; describe potential housing issues in different neighborhoods; and summarize housing programs utilized by the city.

LOCAL DEMOGRAPHIC-HOUSING DATA

Housing Demand

Kirkland grew modestly from 2000 to 2010, a total of 8% in population change, compared to 15% growth across East

CHART K-1 Household Types



Source: U.S. Census Bureau (2010)

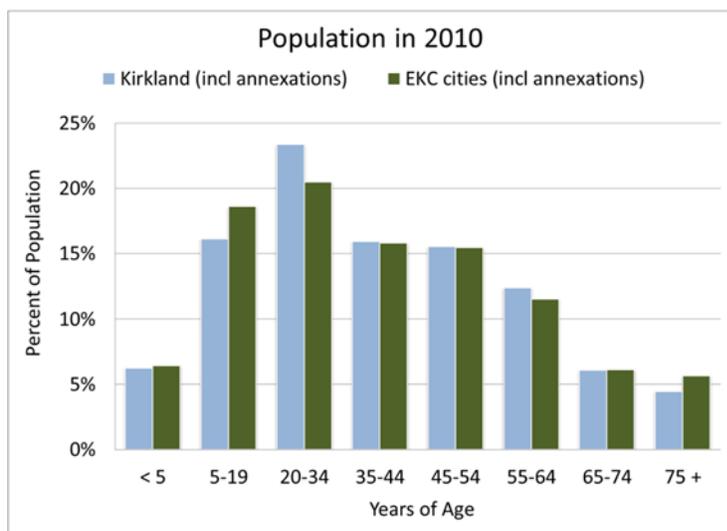
King County (EKC) cities¹ (Appendix, **Exhibit A**). The big change, of course, occurred the following year when two large areas (Juanita-Finn Hill and Kingsgate, or “J/F/K”) were annexed, boosting the city an additional 73% (using 2010 figures). The city is now the second largest and has 19% of the total population of EKC cities.

An interesting phenomenon about the J/F/K annexations is that the *annexed areas brought Kirkland’s demographics more in line with those of East King County*. Household types provide a good example. Among EKC cities, *Kirkland before annexation had the highest proportion (36%) of people living alone and the lowest percentage of married families (43%*; Appendix, **Exhibit B**). After annexation, Kirkland is still distinctive in both categories, but much closer to the other cities (**Chart K-1**). Both the city and the Eastside overall have 58% of households either living alone or married with no children at home.

Population age data correspond to household types in Kirkland. Compared to other EKC cities, *Kirkland has the second largest percentage of younger (age 20 to 44) adults and, along with Redmond, the smallest percentage of school-age children* (**Chart K-2**). With respect to older adults, however, Kirkland is very similar to the rest of the Eastside. Those 55 or older increased

from 17% in 1990 to 19% in 2000, and 23% in 2010 (Appendix, **Exhibit D-2**).

CHART K-2 Population Age



Source: 2010 U.S. Census

Ethnically, Kirkland is less diverse than the rest of the Eastside, but becoming more so. Kirkland’s white population dropped to 76% as EKC’s fell to 68%. Other Eastside communities gained more Asians, rising from 12% to 19% overall, while the city’s Asians increased from 8% to 11% (Appendix, **Exhibit E-1**). Likewise, foreign-born populations grew faster—from 17% to 25% across the Eastside—than Kirkland (14%

to 19%). People of cultures other than our dominant culture may look for different types or patterns of housing, but the differences between Kirkland’s diversity and that of Redmond and Bellevue may be due more to the higher concentrations of tech-related jobs in those cities (more discussion below).

¹ In this section, “EKC cities” and “Eastside” are used interchangeably, and always refer to the same cities of the ARCH program. “EKC” is also used at times for brevity, although “EKC cities” would be more precise.

Curiously, 32% of the group quarters population of all EKC cities reside in Kirkland, twice the percentage Kirkland has of the overall Eastside population (Appendix, **Exhibit K-2**).

The city will also want to be aware of a significant increase in counts of homeless children in the Lake Washington School District. Whether because of better record-keeping or actual increases, LWSD reported 69% more homeless school children in the 2011-12 school year than five years earlier, and 43% more than just two years prior (Appendix, **Exhibit K-6**).

Following the pattern of similarities to EKC cities, 16% of households had incomes below 50% of the countywide household median (\$35,300 in 2011) and 52% had incomes greater than 120% of the median (\$84,700; Appendix, **Exhibit F-1**). The poverty rate (6%) is also the same as EKC overall (Appendix, **Exhibit G-3**). On the other hand, the city's median income increased 47% since 2000, not adjusting for inflation, more than any EKC city except Issaquah (50%) and the Point Cities.

*“Housing cost-burden”² is also virtually the same (36%) for Kirkland renters as the rest of EKC cities (Appendix, **Exhibit H-1**). The rate is much lower, however, in pre-annexation Kirkland (33%) than in the annexed areas (41-42%).* The same holds true at the higher level of “severe cost burden” (Appendix, **Exhibit H-4**). Severe cost burden among renters was lower in the city before annexation, and the combined city has a rate (15%) closer to that of EKC cities (18%).

As mentioned in Section I (**Chart 5**), East King County's jobs-housing ratio³ increased from well below 1.0 in 1970 to 1.3 in 2006, and Kirkland's ratio increased along with it, achieving the 1.0 standard. Looking ahead to the year 2031, however, *the city's expected employment growth would pull the jobs-housing ratio to about 1.25* (Appendix, **Exhibit I**).

As with many of the other factors mentioned here, Kirkland's employment profile is similar to EKC as a whole (Appendix, **Exhibit J-1**). The two exceptions in 2011 were the Services sector—50% in Kirkland versus 60% in all EKC cities—and Government: 12% in Kirkland and 7% across EKC. Also with respect to wages, Kirkland appears to be typical for the Eastside (Appendix, **Exhibit J-2**) Redmond's Services⁴ sector wages (\$122,529) are so high that they skew the averages, but Kirkland's Services wage is the third highest after Yarrow Point and Bellevue.

² See Section I, page I-10 for definitions of cost-burdened and severely cost-burdened.

³ Jobs-housing balance is a figure developed to indicate the ratio of housing demand from local workforce to the local supply of housing. A ratio of 1.0 means there is an amount of housing equal to the demand for housing from the local workforce. A ratio higher than 1.0 means there is a greater demand for housing from the workforce than there is available housing. This analysis assumes that each household has 1.4 workers; or in the converse, each job creates demand for about .714 housing units.

⁴ The average does not include public-sector wages. The “services” sector includes jobs in Information, Professional, Scientific and Technical Services Management of Companies and Enterprises, Administrative and Support and Waste Management and Remediation Services, Educational Services (private-sector), Health Care and Social Assistance, Arts, Entertainment and Recreation, Accommodation and Food Services, and Other Services (except Public Administration).

Housing Supply

Kirkland's housing stock had been majority multi-family since the 1980s; but the J/F/K areas (roughly three-quarters in single-family homes) brought the “new” city to 54% detached dwellings—exactly the same percentage as EKC overall (Appendix, **Exhibit L-1**). Similarly, homeownership before annexation was 57%, and after annexation 64%, compared to 65% across EKC cities (Appendix, **Exhibit L-3**). Note, however, that *multi-family housing has been gaining in the annexed areas as well as “old” Kirkland, while homeownership has been rather steady throughout*. Since 1992, 58% of the city's housing permits went to multi-family homes, almost exactly the same as the EKC cities' total (59%; Appendix, **Exhibit L-2**).

During the first period of Growth Management Act (GMA) growth targets (1992-2012) Kirkland's growth exceeded its housing target (Appendix, **Exhibit R-2**). Likewise, the city's growth outpaced the target rate for the first ten years of the 2001-2022 period. The city's 2006-2031 target, however, is much more aggressive (even before annexation), and *due in large part to the recession, permits have been slower than the target's annual average*.

Kirkland's housing is a little older than the rest of the Eastside. Fifty percent (50%) of the city's units were built before 1980, compared to 45% in all EKC cities (Appendix, **Exhibit O**).

The city has permitted its share of accessory dwelling units: 22% of those in EKC cities since 1994 (Appendix, **Exhibit Q-1**), compared to 23% of all housing units.

Average home sales prices in Kirkland dropped 25% from 2010 to 2012, compared to a 5% decline across East King County cities; and the average price in Kirkland was 82% of the countywide average in 2012, including condominiums (Appendix, **Exhibit P-1**). Eighty-eight percent (88%) of Kirkland homeowners in 2010 reported their home values to be higher than affordable for a median-income family; 4% were affordable for a moderate-income family (80% of median income; Appendix, **Exhibit M-2**).

Meanwhile, rent prices in the “Kirkland” market rose 25% since 2000, tying it with Mercer Island for the highest average rent on the Eastside. Rents also rose 16% in the “Juanita” market (Appendix, **Exhibit P-2**). *Sixteen percent (16%) of the city's rental units were affordable to a household making 50% of the median income* in 2010 (low-income, or \$42,800 for a family of four), and 59% affordable at 80% of median (moderate-income, \$68,500)—again, exactly the same as EKC cities as a whole (Appendix, **Exhibit M-2**). But *only 2% of the city's multi-family housing built since 1994 was affordable to low-income households* when new (Appendix, **Exhibit N-2**).

In summary, Kirkland was, before annexation, distinguishable by lots of one-person households and few married households, and many young adults and renters. After annexation, Kirkland is more like the rest of the Eastside on all these counts. Regardless of annexation, the city has notable signs of rising wages and housing prices, as well as housing cost burdens and homelessness.

SUMMARY OF LOCAL HOUSING STRATEGIES

The following categories come from the Housing Element in Kirkland's 2004 Comprehensive Plan.

Neighborhood Quality

The City and each neighborhood, save those annexed in 2011, have developed and adopted neighborhood plans that define neighborhood character and design standards.

Housing Diversity

This category of the Housing Element encompasses housing affordability and special needs housing as well as housing (structure) types for households of any kind.

- The City has permitted a variety of innovative developments in an attempt to maximize housing choices by:
 - Creating new regulations for Cottage, Carriage and Two/Three Unit Homes.
 - Allowing Residential Suites in the Central Business District and Totem Lake,
- The zoning code provides that special needs housing is treated the same as similar single-family or multi-family structures, as per state law.

The City has taken aggressive steps since 2004 to expand affordable housing opportunities, especially in multi-family and mixed-use zones outside the CBD:

- Either low-, moderate-, or middle-income housing is required as a portion of new multi-family developments in many neighborhoods.
- Density bonuses are offered as incentives for voluntarily providing affordable housing in multi-family developments in the Houghton Community Council area, where the mandatory requirements do not apply.
- Multi-family property tax exemptions are offered in all areas where affordable housing is required.
- Multifamily property tax exemptions are offered as an added incentive where affordable housing is not required, such as the CBD.
- The city also grants partial impact fee and permit fee waivers, as well as dimensional standard modifications, for affordable housing.

The City has also encouraged housing diversity through the following actions:

- Allowing Accessory Dwelling Units (attached and detached) in all residential neighborhoods, with over 120 ADUs permitted through 2012.
- Donating a site to Habitat for Humanity to develop two homes affordable to moderate income households.
- Contributing to the ARCH Housing Trust Fund to help preserve or create over 2,900 units with over 1,900 of low-income affordable housing and close to 1,000 units of

moderate-income housing. Almost 400 units have been funded within Kirkland. This has included housing for families, seniors, persons with special needs and homeless persons.

Housing Capacity

The City has undertaken several projects to increase housing capacity since 2004, including:

- Allowing housing on the site of the South Kirkland Park and Ride.
- Adopting new Rose Hill and Totem Lake Business District Zoning with affordable housing required in exchange for additional building height.
- Creating allowances for small lot single family development in residential zones and preservation of historic residences.
- Adopting Low Impact Development regulations to allow flexibility in site design and encourage more natural storm water control.