



**MERCER ISLAND 2044
COMPREHENSIVE PLAN**



AB 6548

2024 Comprehensive Plan Periodic Update

**HB 1220 Affordable Housing Target
Capacity Options**

October 1, 2024

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City of Mercer Island, WA



Requested Council Direction

- Direction Request #1: Select Option A or B
- Direction Request #2: Select affordable housing %
- Direction Request #3a: Select rental AMI
- Direction Request #3b: Select ownership AMI
- Direction Request #4: Optional 80th Avenue corridor work

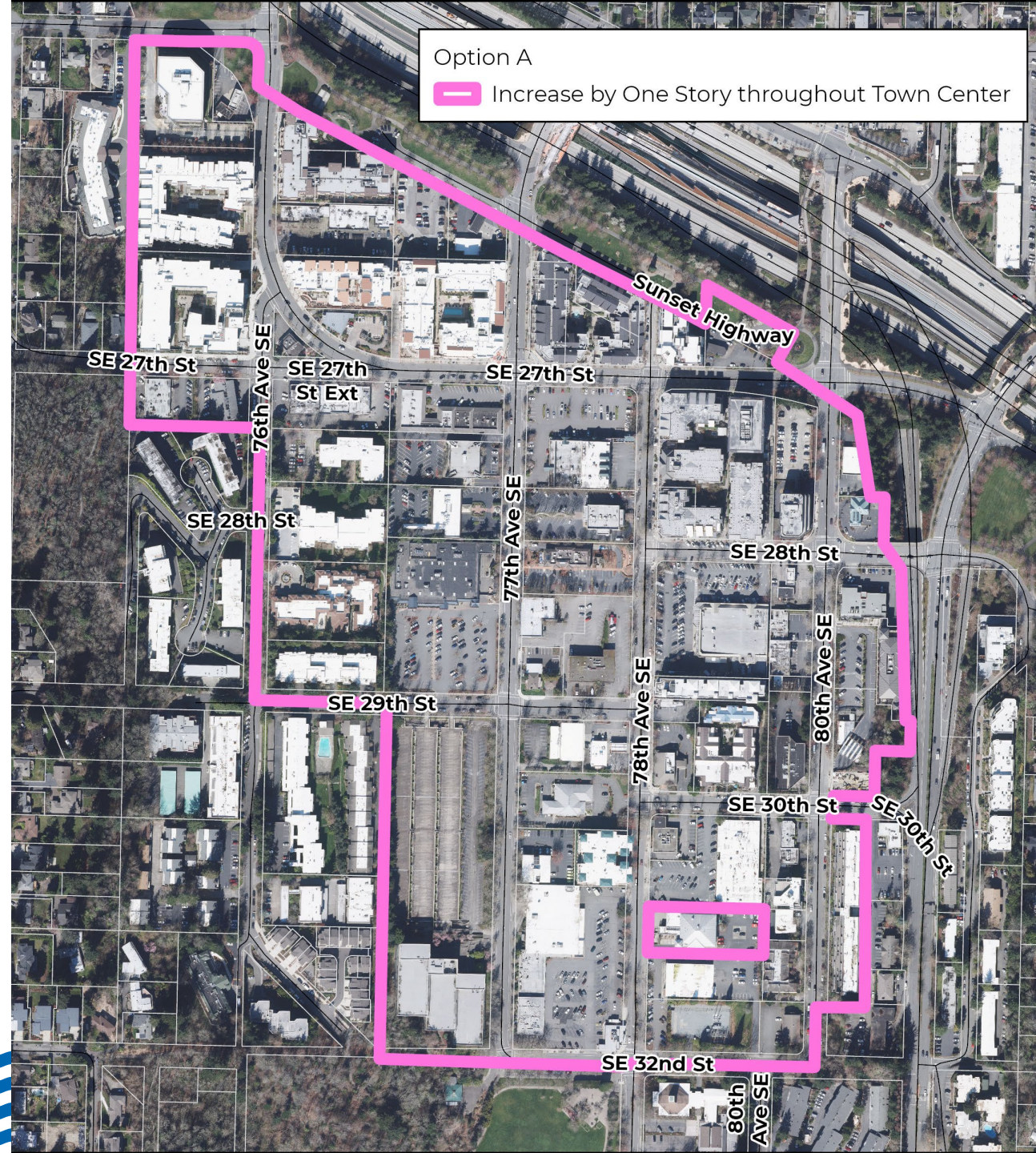
BACKGROUND

- To comply with the HB 1220 affordable housing targets, the City needs to increase multifamily and mixed-use development capacity by at least 143 units during the Comprehensive Plan periodic review.
- In January 2024, the City Council directed that the 143-unit deficit be addressed by increasing capacity in the Town Center and/or adding higher density use to the Commercial-Office Zone.
- In September 2024, Council deliberations narrowed focus to TC only, removing Commercial Office from further consideration.

Direction Request #1 - Option A or B

Option A

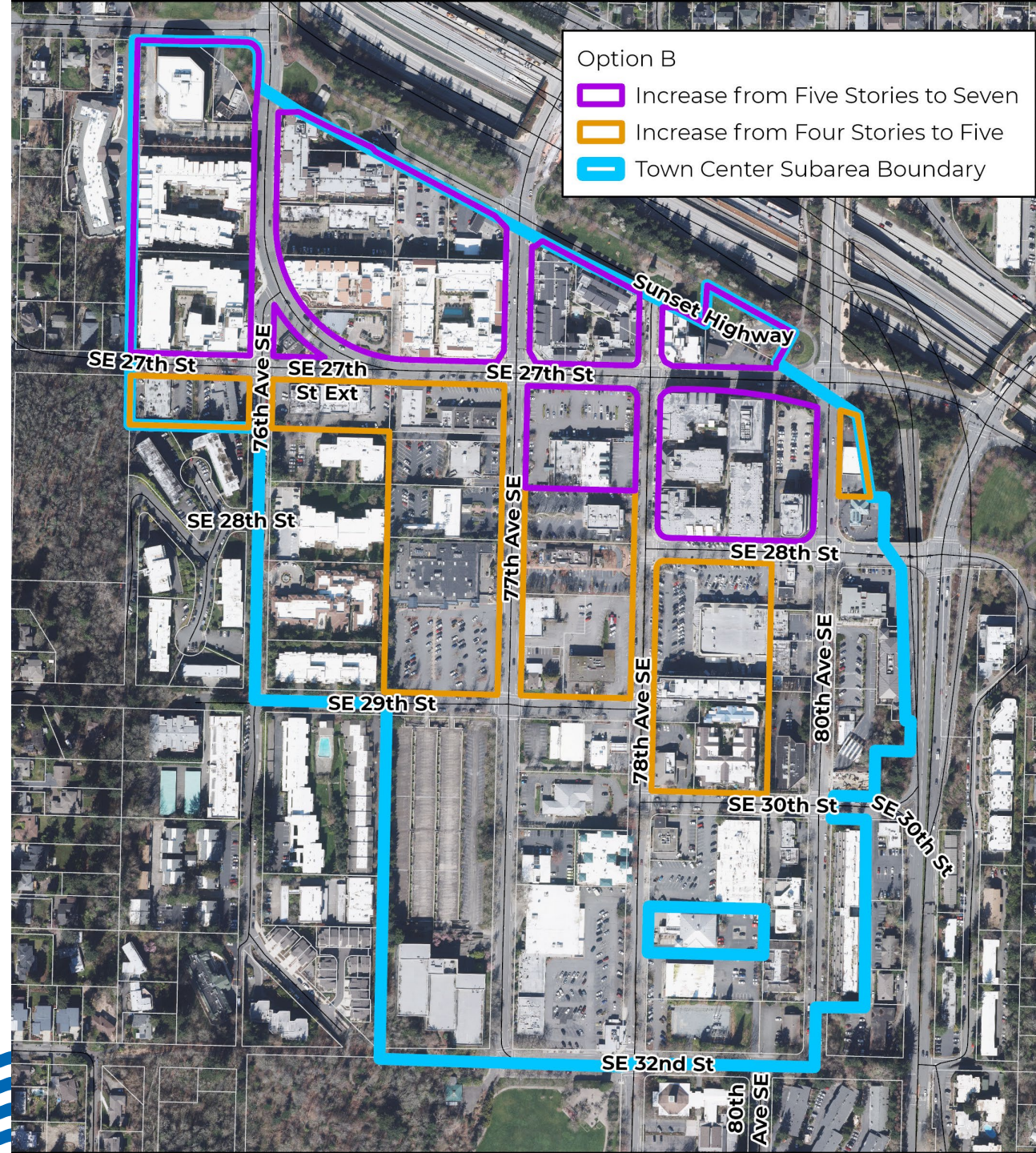
- Increase maximum building height by one story throughout Town Center (outlined in pink)
- Development capacity increases by 152 dwelling units



Direction Request #1 - Option A or B

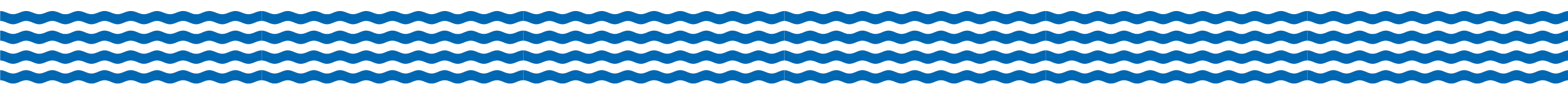
Option B

- TC-5 and TC-4 Plus (areas outlined in purple) maximum building height is increased from five stories to seven
- TC-4 (areas outlined in orange) building height increase from four stories to five
- Development capacity would increase by 237 units



Direction Request #2 – Affordable Housing Percentage

- **Existing Requirement:** Town Center buildings 3 stories and taller must have 10% of units affordable.
- **Proposed Alternative:** Town Center buildings 3 stories and taller must have 15% of units affordable.

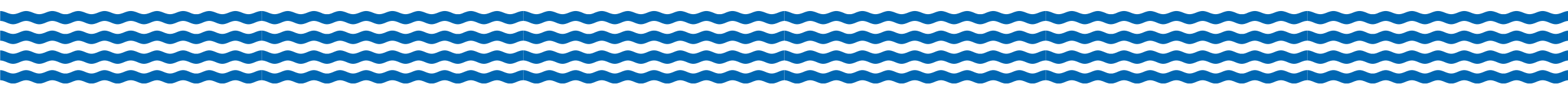


Direction Request #3 – AMI Requirement

Direction Request #3a

- **Rental Units, Existing Requirement:** 60% AMI for Town Center buildings 4 stories +
- **Proposed Alternative:** 50% AMI

Direction Request #3b

- **Ownership Units, Existing Requirement:** 90% AMI for Town Center buildings
 - **Proposed Alternative:** 80% AMI
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Direction Request #4: Optional Additional Capacity Buffer

- A capacity buffer could help the City in future planning processes.
- 2029 – 5-year progress report with County and State.
- 2032 – next periodic review

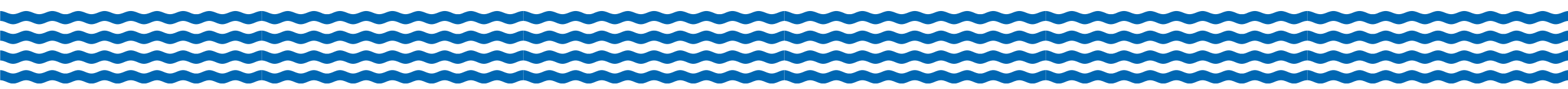


Recommended Motions

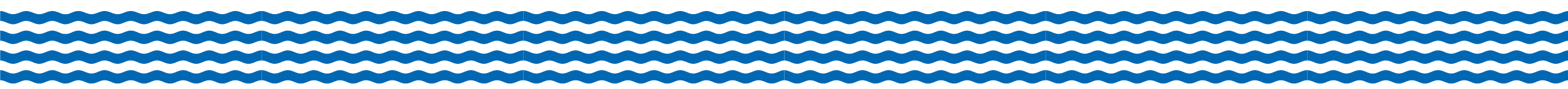
1. “Direct staff to prepare an ordinance containing interim development regulations for public hearing and consideration on November 19, 2024 incorporating Option [select A or B] and an adjustment of the affordable housing requirement to [select %] at an AMI of [select %] for rental units and at an AMI of [select %] for ownership units.”
2. “Direct staff to further evaluate an optional additional capacity buffer in the TC-3 subarea along 80th Ave SE north of SE 30th Street and bring this matter back to City Council for further discussion in 2025.”

Next Steps

- Tonight's direction will inform an interim ordinance that will be presented to the City Council.
- Public hearing and first ordinance reading is scheduled for November 19.

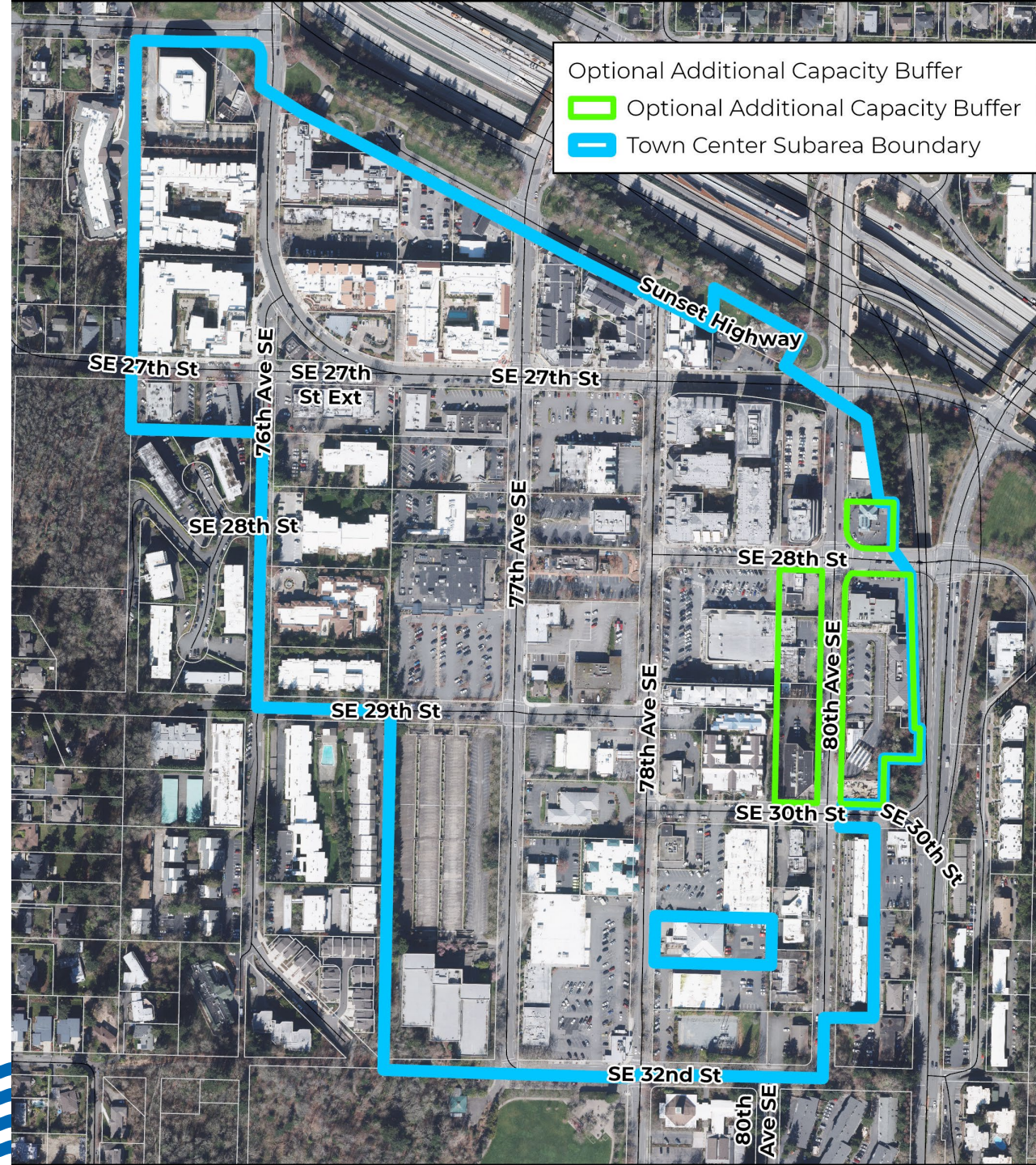


Additional Reference



Optional Additional Capacity Buffer

- Council can direct staff to examine increasing maximum building height in the study area (green outline) from 3 stories to 7
- Rezone would not take place until later, when permanent regulations are developed
- Could add roughly another 200-400 units of development capacity



Option A

Benefits

- Would place additional development capacity near the light rail station and I-90 onramps, providing ample transportation connections.
- Would locate additional development capacity in an area with existing employment opportunities and services, reducing the need to travel elsewhere.

Drawbacks

- Would increase capacity in an area with some displacement risks. Increasing the development capacity in this area might spur redevelopment of older, lower-priced units; and
- Increased development activity in the Town Center could displace some small businesses in the areas where redevelopment occurs. In general, redevelopment is more likely to occur after development capacity is increased.



Option B

Benefits

- Affordable housing becomes more feasible in taller structures because the development and land costs are shared by more dwelling units.
- The City will have more options for increasing the required proportion of affordable units.
- This option focuses the displacement risk that can result from new development in one area rather than throughout the entire Town Center.
- Produces a greater increase to development capacity reducing the likelihood that development capacity will be 'used up' during the planning period.

Drawbacks

- Increased displacement risk for some small businesses in the areas where redevelopment occurs.
- The modernization of many commercial structures in the south end might not occur during the planning period.
- The City may need to revisit development capacity in the south end of Town Center in the future if additional development capacity is needed.



Affordable Housing Percentage

Benefits

- More affordable housing units will be constructed when new development occurs;
- The City can receive more public benefit (affordable housing units) in exchange for the value added by an increase in building height; and
- Will help the City demonstrate progress toward its housing goals at the 5-year progress report.

Drawbacks

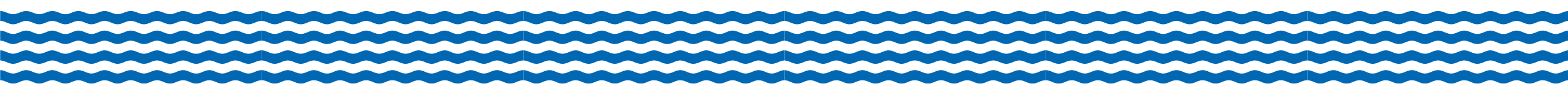
Some new developments could be less feasible, leading to fewer housing units being constructed during the planning period.



Affordability Level

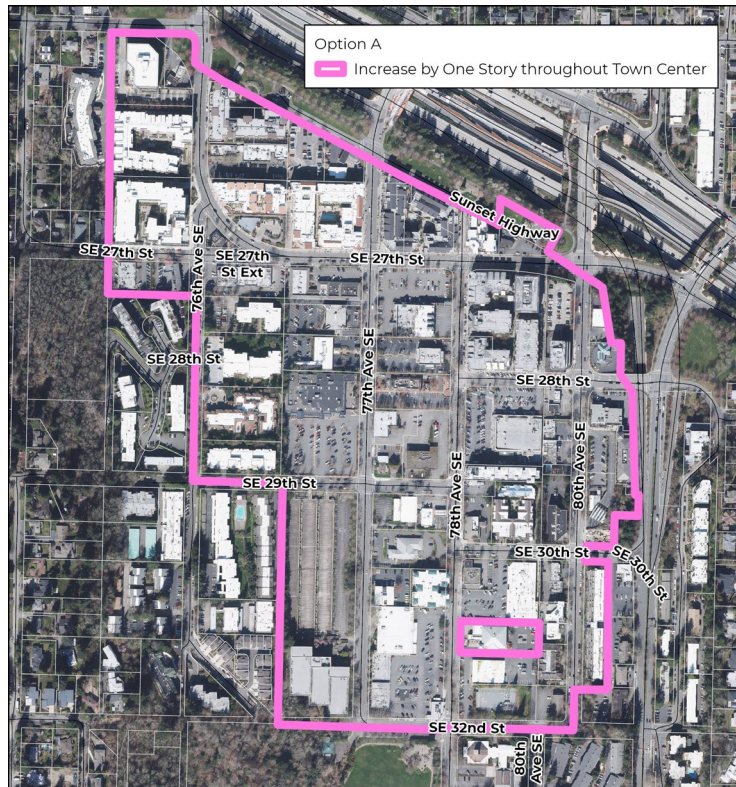
Affordable Rental Units

- Three-story building – Units must be affordable at 70% of the AMI
- 4+ story building – Units must be affordable at 60% of the AMI
- **Owner-Occupied Units:** Units must be affordable at 90% of the AMI



Council Direction – A or B?

Option A: Add One Story Throughout Town Center



Option B: Increase Height in TC-5, TC-4 Plus, and TC-4

