

GMHB EXHIBIT 222



PLANNING COMMISSION CITY OF MERCER ISLAND

PCB 24-06
March 27, 2024
Regular Business

AGENDA BILL INFORMATION

TITLE:	PCB 24-06: Comprehensive Plan Periodic Review – Housing Element Second Brief	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Recommendation
RECOMMENDED ACTION:	Decide on substantive comments.	
STAFF:	Adam Zack, Senior Planner	
EXHIBITS:	1. Second Draft Housing Element 2. Second Draft Land Use Element Consistency Amendments 3. Housing Element Comment Matrix Dated March 26, 2024	

EXECUTIVE SUMMARY

This will be the second Planning Commission briefing on the Housing Element of the Comprehensive Plan.

- The initial draft Housing Element and Land Use Element consistency amendments were prepared by the Housing Work Group (HWG) over the course of January to March 2024;
- The HWG was composed of three City Councilmembers: Wendy Weiker, Craig Reynolds, and Salim Nice, and two Planning Commissioners: Kate Akyuz and Carolyn Boatsman;
- The draft Housing Element was drafted to address a number of requirements from state law, regional planning requirements, and King County Countywide Planning Policies (CPPs);
- On March 14, the HWG voted unanimously to recommend the draft Housing Element (Exhibit 1) and Land Use Element consistency amendments (Exhibit 2) to the Planning Commission (PC);
- Because the HWG has already reviewed the draft of amendments, the PC review is expected to be completed by April 10, in time for the Community Workshop planned for May 1;
- The PC was briefed on the HWG draft Housing Element and Land Use Element Consistency Amendments on March 20, 2024;
- The PC provided comments on the HWG draft Housing Element received by March 25, 2024, have been logged in Exhibit 3 and incorporated into a second draft of the Housing Element in Exhibit 1 and Land Use Element Consistency Amendments in Exhibit 2; and
- The PC will discuss proposed amendments on March 27, with the goal of resolving those comments to arrive at a public review draft; and
- Additional follow-up can be provided as needed at the next meeting on April 10.

BACKGROUND

Housing Element

The GMA was enacted by the WA State Legislature in 1990. It requires most cities and counties in the state to adopt and periodically review a comprehensive plan. The Comprehensive Plan is a collection of goals, policies, objectives, and mandatory provisions that details how cities and counties will accommodate the projected future population growth. The GMA requires each comprehensive plan to include several mandatory elements ([RCW 36.70A.070](#)). The Housing Element is a mandatory element under the GMA. The Housing Element is a statement

of goals and policies that guide how the City will accommodate its projected population growth in the coming 20 years.

The City of Mercer Island is currently conducting a periodic review of its comprehensive plan as required by the GMA. This periodic review must be completed by December 31, 2024. In 2021, the WA Legislature updated the statewide requirements for the Housing Element with House Bill 1220 (HB 1220). In response to those new requirements, the City plans to update the entire Housing Element. The Housing Work Group (HWG) is a subcommittee of PC and City Council members that was formed to draft an updated Housing Element. The PC was briefed on the HWG draft on March 20, 2024 ([PCB24-05](#)).

State, Regional, and Countywide Requirements

Several layers of requirements apply to the Housing Element. State requirements are established by the GMA. Commerce provides guidance for complying with the GMA requirements. At the regional level, the Puget Sound Regional Council (PSRC) has adopted a regional plan called Vision 2050, which includes multicounty planning policies (MPPs). PSRC conducts a review of locally adopted comprehensive plans to ensure that they are consistent with the MPPs. King County has established countywide planning policies (CPPs) that local jurisdictions’ comprehensive plans must be consistent with. King County will review and comment on locally adopted housing elements for the first time during this periodic review cycle. The HWG considered these requirements as it prepared its draft of the Housing Element to ensure that it meets the requirements. More information about state, regional, and countywide requirements can be found in the Housing Element Planning Framework ([PCB24-05, Exhibit 3](#)).

ISSUE/DISCUSSION

The PC was asked to provide written comments on the HWG draft Housing Element and Land Use Consistency amendments by March 25, 2024. Four Commissioners provided comments (Exhibit 3). Staff logged the comments received and divided them into the categories shown in Table 1.

Table 1. PC Comment Categorization Key.

Substantive	Comment proposes significant changes to the HWG Draft Housing Element. The PC should discuss whether to make these amendments at its next meeting.
Minor	Non-substantive changes that would not significantly change the policy direction of the HWG Draft Housing Element. These can be agreed to as a block.
Challenging	Comment proposes changes to the policy direction of the HWG Draft Housing Element which might conflict with state, regional, or countywide requirements or be counter to the City Council direction provided on January 16. Staff recommends that the PC either refine or reject the proposed amendment to avoid possible conflicts. Staff will provide additional information during review.
Q	Comment is a question or does not propose specific amendments to the text. Staff responses to the questions are provided following the table in Exhibit 3.

Substantive Comments

The following substantive comments were received: Comment Log #s 1, 5, 16, 21, 26, 29, 30, and 39 (Exhibit 3). The substantive comments and staff response are provided in Table 2. On the 27th, staff will walk the PC through the substantive amendments so it can discuss whether it would like to make each amendment proposed. Most of the proposed amendments would bring a different style to the policy, that the PC can either make the amendment or keep the HWG draft without running afoul of the minimum requirements.

Table 2. Substantive Comments and Staff Commentary.

Log #	Received From	Comment
1	Chris Goelz	<p>Add a new 2.5.H along the lines we discussed: "Relief from other building requirements that do not implicate health, safety or comfort."</p> <p>Staff Response: In general, building requirements (understood here as building code) are specifically directed at health and life safety requirements. A more precise phrase could be to replace building requirements with "development code provisions". A staff alternative is shown under Policy 2.5.H in the second draft Housing Element (Exhibit 1).</p>
5	Chris Goelz	<p>Amend [Land Use Element consistency amendment for policy] 16.5: remove "on vacant or under-utilized sites." [I'm not sure why we'd limit our encouragement. If someone tears down a house, I'd like to see us encourage the building of a middle housing unit at the site rather than a giant single family home.]</p> <p>Staff Response: For reference, the Municipal Research and Services Center (MRSC) describes infill development as, "the process of developing vacant or under-utilized parcels within existing urban areas that are already largely developed (MRSC)."</p>
16	Chris Goelz	<p>Amend 5.1.D: "Ensure that parking requirements conform with state law and that they do not unnecessarily restrict multifamily housing but rather carefully balance the need for parking with the cost for providing it."</p>
21	Adam Ragheb	<p>[Policy 1.4.C] Change to: "Streets that are safe for pedestrians, bicyclists, and vehicle drivers and passengers." I am concerned that this could be misinterpreted to mean sidewalks and bike paths only and specifically; in reality I am sure the intent is to make all streets on MI safe for all that use them.</p>
26	Adam Ragheb	<p>[Policy 2.5.G] Suggest removing. As demonstrated before, oftentimes those on smaller incomes need a car as they can't afford to take the extra time away from job and family necessary to take public transit and make connections from the suburbs. Additionally, reduced parking requirements benefits builders but cause problems for residents, especially those who have families or require or are on the threshold of requiring handicapped parking.</p> <p>A compromise suggestion would be to append "within the Town Center zone" to the end.</p>
29	Adam Ragheb	<p>[Land Use Element Consistency Amendments, Policy 15.1] Why change this? We've already discussed adding additional stories to Town Center development. This neuters the preservation of neighborhood character goal as the additional mandated density will have to be allowed somewhere which inherently will change the character. Something has to change and its already been deemed to be Town Center.</p>
30	Adam Ragheb	<p>[Land Use Element Consistency Amendments, Policy 15.4] Revert text of first two sentences to original and add after "with present uses" "and will be discouraged"</p>
39	Carolyn Boatsman	<p>[Land Use Element Consistency Amendments Policy] 15.5 I suggest deleting several items: We already have standards to regulate on and off street parking in residential zones. We already have standards to encourage the retention of trees and we require the establishment of landscaped areas with new development. Do we need incentives and anti-displacement measures for the residential zone? I thought that was supposed to be for the affordable housing, not typical residential. The last phrase is the one to keep.</p>

Minor Comments

The following minor comments were received: Comment Log #s 2, 3, 4, 18, 20, 23, 31, 34, 36, 37, and 38 (Exhibit 3). Minor comments propose amendments to the text of goals or policies, but those changes would not significantly change the policy direction of the draft Housing Element. Staff recommends the PC agree to consensus on the minor amendments as a block.

Challenging Comments

Comment Log #s 27, 28, 32, and 33 were categorized as challenging (Exhibit 3). The amendments as proposed would run the risk of the draft conflicting with the with state, regional, or countywide requirements or be counter to the City Council direction provided on January 16. Table 3 provides the challenging comments, and an explanation of the challenge. Staff does not recommend the PC pursue the amendments proposed in comments categorized as challenging.

Table 3. Challenging Comments and Staff Proposed Alternatives.

Log #	Received From	Comment	Explanation of Challenge
27	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.2] Bring most of the text back - revise to "Residential densities in single family areas will generally continue to occur at three to five units per acre, commensurate with historical zoning. However, some adjustments may be made to provide from housing types in certain parts of residential zones, such as accessory dwelling units and additional middle housing types where mandated by law at slightly higher densities as outlined in the Housing Element."	The striking of the first part of this policy was proposed to ensure that the policy remained consistent as the City implements the changes necessitated by state law. As proposed, this text is likely to be inconsistent with the amendments the City is required to make under WA State House Bill 1110 (HB 1110), which requires cities the size of Mercer Island to allow middle housing types in all zones where single-family residence is an allowed use.
28	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.3] insert before to "in the vicinity of high-capacity transit as mandated by law"	Originally, the changes to Policy 15.3 were proposed to maintain consistency in the Land Use Element as the City makes amendments to address multifamily and mixed-use capacity as directed by the City Council by a series of motions passed at their meeting on January 16. The proposed amendment to insert the high-capacity transit clause would be counter to that direction considering there is not high capacity transit in the Commercial Office (C-O) zone. A staff alternative is shown in Exhibit 3.
32	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 16.6] insert after "housing" "where mandated by law"	The amendment in this comment would limit where the City is planning to support and create incentives for affordable housing to only those places mandated by law. Staff is unsure which law is being referenced in the comment.
33	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 17.3] add after "Office zones" "in the immediate vicinity of high-capacity transit stops."	The same challenge here as log #28 above, this proposed amendment is likely to conflict with the direction provided by the City Council.

Q Comments

Comment Log #s 6 – 15, 17, 19, 22, 24, 25, 29, and 40 are questions about the materials presented on March 20 (Exhibit 3). Staff responses to the questions are provided following the table in Exhibit 3.

Public Review Draft

Once the Planning Commission has resolved the comments provided during this round of review of the element, the Housing Element (Exhibit 1) and Land Use Element Consistency Amendments (Exhibit 2), as updated, will become the public review drafts of both documents. Please note that the PC will still have the opportunity to make changes to the draft to respond to public comments during the tune up before making a recommendation to the City Council.

NEXT STEPS

April 10 – If necessary, the PC finishes review of comments on the HWG Draft Housing Element and arrives at a public review draft.

RECOMMENDED ACTION

- Discuss and arrive at a decision for substantive comments, and
- Reach consensus on minor comments as a block.

1 **I. Introduction**

2 This Housing Element of the Comprehensive Plan details the policy approaches the
 3 City will take to manage projected housing growth and accommodate its housing
 4 needs.
 5

6 **Housing Growth Target and Housing Needs**

7 In 2022, King County adopted [Ordinance 19384](#), which amended the Countywide
 8 Planning Policies (CPPs) and set housing growth targets for the cities in King County.
 9 Mercer Island’s projected housing growth target is 1,239 dwelling units.
 10

11 In 2023, King County adopted [Ordinance 19660](#), which amended the Countywide
 12 Planning Policies (CPPs) to establish the number of dwelling units needed to
 13 accommodate moderate, low, very low, and extremely low-income households for
 14 cities throughout the county. The Housing Growth Target and Housing Needs by
 15 income level are shown in Table 1. [COM-3]
 16

17 **Table 1. Mercer Island Housing Growth Target and Housing Needs.**

	Housing Growth Target	Housing Needs By Income Level [Comment Log #37]								Emergency Housing ²
		0-≤30% AMI ³			>30-≤50% AMI	>50-≤80% AMI	>80-≤100% AMI	>100-≤120% AMI	>120% AMI	
		PSH ¹	Non-PSH ¹	Total ≤30% AMI						
20-years Total Need	1,239	339	178	517	202	488	4	5	23	237
% of total	100%	27%	14%	41%	16%	39.39%	0.32%	0.40%	1.86%	N/A
Average Units/year achieve in 20 Years (2024-44)	62	17	9	26	10	24	0	0	1	12

18 Source: King County Countywide Planning Policies (CPPs), current through Ordinance 19660.

19 Notes:

- 20 1. Permanent Supportive Housing (PSH)
 21 2. Emergency Housing need is its own metric and not part of the housing need or housing growth
 22 target.
 23 3. Area Median Income (AMI) for King County as tracked by the U.S. Department of Housing and
 24 Urban Development (HUD).
 25

26 **Capacity to Accommodate Housing Growth Target and Housing Needs**

27 In 2022, King County enacted [Ordinance 19369](#), which adopted the King County Urban
 28 Growth Capacity (UGC) Report. The UGC Report established the land capacity analysis
 29 for the City of Mercer Island and found that the City has capacity for 1,429 dwelling
 30 units; enough capacity to accommodate its housing growth target.
 31

1 In 2023, the WA Department of Commerce (Commerce) issued new guidance for
2 complying with updated housing requirements in the WA Growth Management Act
3 (GMA) to counties and cities. That guidance recommended a process by which cities
4 should evaluate development capacity to accommodate housing needs
5 disaggregated by income level. Based on the Commerce guidance, the City prepared
6 the Land Capacity Analysis (LCA) Supplement ([Appendix X](#)).
7

8 The Land Capacity Analysis Supplement found that the City needed to increase
9 multifamily and mixed-use development capacity by at least 143 units during the
10 Comprehensive Plan periodic review to accommodate lower income housing needs.
11 During the Comprehensive Plan periodic review, the City expanded development
12 capacity with two actions. First, the City increased the maximum building height in
13 selected Town Center subareas. Second, the City allowed multifamily development in
14 the Commercial Office (C-O) zone. Those two actions were analyzed in the Land
15 Capacity Analysis Supplement and were found to generate adequate capacity to
16 accommodate the City's housing needs. [COM-4, PSRC-2]
17

18 The City prepared a Housing Needs Assessment (HNA) during the Comprehensive
19 Plan periodic review ([Appendix X](#)). This assessment included an inventory and analysis
20 of the existing housing stock that, combined with LCA, found that the City can
21 accommodate its projected growth. [CPP-1, PSRC-1]
22

23 **Permanent Supportive Housing and Emergency Housing**

24 Under the GMA the City must plan for two types of housing for households with
25 income at or below 30 percent of the AMI: Permanent Supportive Housing (PSH) and
26 non-permanent supportive housing. Housing need for extremely low-income housing
27 is split into these two categories because these are two distinct housing types. PSH is
28 intended to house people who need support services whereas non-PSH extremely
29 low-income housing is meant for people at the lowest income level that do not
30 necessarily need additional services. For reference, PSH is defined in [RCW](#)
31 [36.70A.030\(31\)](#).
32

33 In addition to planning for PSH, the City must also plan for emergency housing.
34 Emergency housing provides temporary indoor accommodations for individuals or
35 families who are homeless or at imminent risk of becoming homeless that is intended
36 to address the basic health, food, clothing, and personal hygiene needs of individuals
37 or families ([RCW 36.70A.030\(14\)](#)). Emergency housing is different from housing for
38 extremely low-income households and PSH in that it is intended to be shorter-term
39 accommodations. Emergency housing can include shelter space.
40

41 Capacity for PSH and emergency housing was evaluated in the LCA Supplement. The
42 LCA Supplement found that the Comprehensive Plan allows adequate capacity to
43 accommodate its PSH and emergency housing needs. [COM-5]
44

45 **Adequate Provisions**

46 The GMA requires the Housing Element to make adequate provisions for existing and
47 projected needs of all economic segments of the community. This includes taking
48 actions to address potential barriers to housing production. Barriers are factors that

1 negatively affect production for different housing types. The Commerce Housing
2 Element Update Guidebook 2 explains barriers as follows:

3 “For example, a city may be seeing a lot of detached single-family housing
4 production on vacant land, and therefore determine that there are no
5 significant barriers to single-family home construction. However, the same
6 city may be seeing very little production of moderate density housing
7 types such as townhomes or triplexes in zones where those types are
8 allowed. If the city’s housing element is relying on capacity for those
9 housing types to meet the needs of moderate-income households, then
10 its housing element should also assess barriers specific to those housing
11 types as well as actions to help overcome those barriers.”
12

13 Table 2 provides the documentation of potential barriers and the programs and
14 actions detailed in this Housing Element to overcome those barriers and achieve
15 housing availability.

16
17 [COM-7, COM-8, PSRC-1, CPP-2]

DRAFT

1 **Table 2. Programs and Actions Needed to Achieve Housing Availability.**

Housing Type	Share of Existing Housing Units ¹	Likelihood Barriers Exist	Potential Barriers	Action or Program
Single-Family	67%	Very Low Likelihood given the large share of existing units	Development Regulations	No change.
			Other Limitations: Permitting Process	Comply with statewide legislation ^{8(d)} .
			Other Limitations: Development Capacity	No change.
Multifamily and Mixed-Use	27% ²	Moderate Likelihood given the lower share of existing units and the need to increase capacity ³ during the periodic review	Development Regulations	Review multifamily zone development regulations to: <ul style="list-style-type: none"> • Simplify the requirements • Reduce permit review times • Consider adjustments to bulk, dimensions, and parking standards
			Other Limitations: Permitting Process	Consider streamlining design review for multifamily and mixed-use development, particularly for developments with income-restricted affordable units.
			Other Limitations: Development Capacity	Increase development capacity within existing Town Center and Commercial Office zone boundaries to address the capacity shortfall identified in the City's Land Capacity Analysis Supplement ⁷ .
			Other Limitations: Displacement Risk	Establish anti-displacement measures to reduce and mitigate risk of displacement in areas with increased displacement risk.
Middle Housing	6% ⁴	High-Moderate Likelihood given the small share of existing units	Development Regulations	Comply with statewide legislation ^{8(b)} .
			Other Limitations: Permitting Process	Comply with statewide legislation ^{8(b)} .
			Other Limitations: Development Capacity	Comply with statewide legislation ^{8(b)} .
Income Restricted Units, Permanent Supportive Housing (PSH) and Emergency Housing	<1% ⁵	High Likelihood given the small share of existing units	Development Regulations	<ul style="list-style-type: none"> • Comply with statewide legislation^{8(a)} for PSH and emergency housing Adopt additional incentives to spur development of new income-restricted affordable housing units
			Other Limitations: Permitting Process	<ul style="list-style-type: none"> • Comply with statewide legislation^{8(a)} Consider streamlining design review for developments with income-restricted affordable units.
			Other Limitations: Development Capacity	<ul style="list-style-type: none"> • Increase land capacity within existing boundaries to address the capacity shortfall identified in the City's Land Capacity Analysis Supplement⁷ Comply with statewide legislation ^{8(a)}
			Funding Gaps	<ul style="list-style-type: none"> • Maintain membership in A Regional Coalition for Housing (ARCH) and continue to contribute to the ARCH Housing Trust Fund (HTF) • Evaluate potential local revenue sources for affordable housing • Evaluate an affordable housing fee-in-lieu program • Use incentives to reduce the per-unit costs for affordable housing Coordinate efforts with providers, developers, and government agencies
Accessory Dwelling Units (ADUs)	N/A ⁶	Very Low Likelihood given ADUs are allowed in all single-family zones	Development Regulations	Comply with statewide legislation ^{8(c)}
			Other Limitations: Permitting Process	Comply with statewide legislation ^{8(c)}
			Other Limitations: Development Capacity	Comply with statewide legislation ^{8(c)}

2 Notes:

- 3 1. Source: U.S. Census Bureau 2022 American Community Survey (ACS), Table B25024. This is an estimate of the number of existing housing units based on an annual survey.
- 4 2. Multifamily and mixed-use housing type is categorized as residential development with ten or more units per structure.
- 5 3. A multifamily and mixed-use housing capacity deficit was found in the Land Capacity Analysis Supplement (Appendix X). The capacity deficit was addressed in the Comprehensive Plan periodic review, but additional actions can address other potential barriers.
- 6 4. Middle housing development is categorized as residential development with 2-9 units per structure.
- 7 5. The Puget Sound Regional Council (PSRC) maintains [an inventory of income restricted housing units per jurisdiction](#). As of November 6, 2023, PSRC tracked that there were 102 income restricted affordable housing units in Mercer Island. Per the PSRC inventory, there were 30 units for extremely low-income households, 59 units for very low-income households, and 13 units for low-income households.
- 8 6. Accessory dwelling unit share of housing units is combined with the single-family. Between 2006 and 2022, the City permitted 104 ADUs.
- 9 7. The Land Capacity Analysis Supplement was developed to evaluate whether the Comprehensive Plan allows adequate capacity to accommodate its housing needs (Appendix X).
- 10 8. Statewide legislation passed in the years preceding the Comprehensive Plan periodic review affected several types of housing as follows:
- 11 a. House Bill 1220 – Adopted in 2021, this bill amended several GMA requirements and also set limits on how jurisdictions can regulate PSH and emergency housing;
- 12 b. House Bill 1110 – Adopted in 2023, this bill requires cities to allow middle housing types in zones where single-family homes are allowed. Jurisdictions must make amendments to comply with this bill within six months of the Comprehensive Plan periodic review;
- 13 c. Housing Bill 1337 – Adopted in 2023, this bill requires cities and counties to amend the development regulations for ADUs. Jurisdictions must make amendments to comply with this bill within six months of the Comprehensive Plan periodic review; and
- 14

d. Senate Bill 5290 – Adopted in 2023, this bill requires cities and counties to meet permit review timetables.

DRAFT

1 **Racially Disparate Impacts and Displacement Risk**

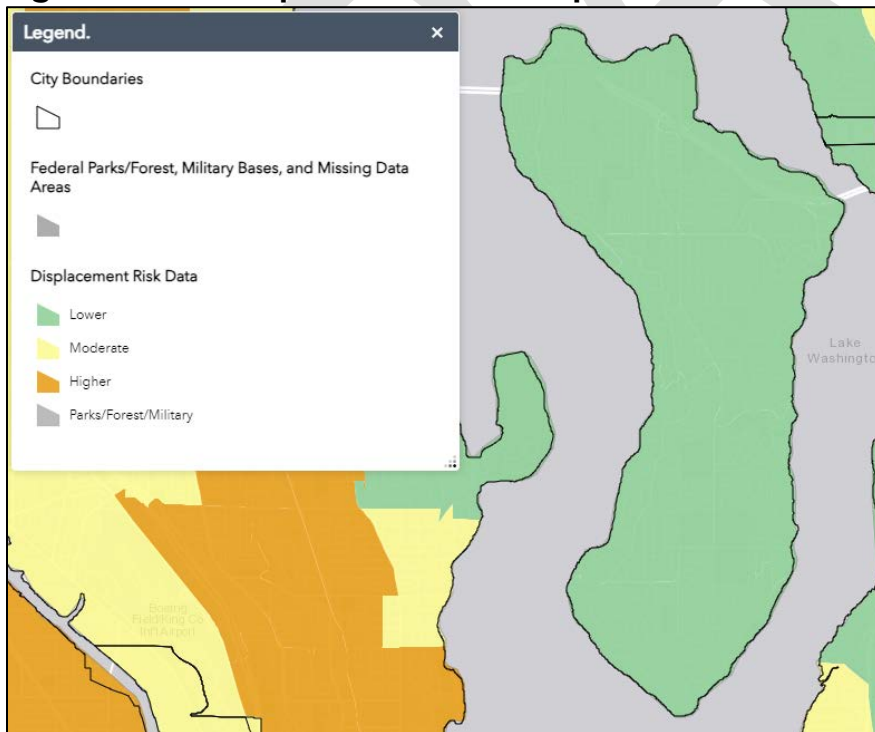
2 In 2021, the GMA was amended to require jurisdictions to identify potential racially
3 disparate impacts, take steps to address those impacts, and reduce displacement risk.
4 In 2023, Commerce provided guidance for complying with the GMA requirement to
5 identify and begin undoing racially disparate impacts established in [RCW](#)
6 [36.70A.070\(2\)\(e\)-\(g\)](#). Based on that guidance, the City prepared the Racially Disparate
7 Impacts (RDI) Evaluation. The RDI Evaluation provides the analysis and policy
8 evaluation to identify policies that may have resulted in racially disparate impacts and
9 identify areas at higher risk of displacement ([Appendix X](#)).

10
11 The RDI Evaluation found that the primary racially disparate impacts are:

- 12 • Renting households are more cost-burdened than homeownership households by
13 a margin of 20 percentage points;
- 14 • Households of color are eight percentage points more likely than White
15 households to be housing cost-burdened; and
- 16 • Black or African American households in Mercer Island are severely housing cost-
17 burdened at more than double the rate of any other racial group.

18
19
20 Figure 1 shows the PSRC displacement risk mapping for Mercer Island census tracts. All
21 tracts on Mercer Island were in the lower risk category, suggesting that most of Mercer
22 island in general has a lower risk of displacement occurring compared to other census
23 tracts in King, Pierce, Snohomish, and Kitsap counties.

24
25 **Figure 1. PSRC Displacement Risk Map.**



26
27 Source: Puget Sound Regional Council (PSRC) Displacement Risk Mapping. [https://www.psrc.org/our-](https://www.psrc.org/our-work/displacement-risk-mapping)
28 [work/displacement-risk-mapping](https://www.psrc.org/our-work/displacement-risk-mapping).

1 The RDI Evaluation identified three areas that may be at higher risk of displacement
2 relative to other areas in the City. Displacement could occur due to changes in
3 development regulations or capital investments. The three areas that may be at higher
4 risk of displacement are:

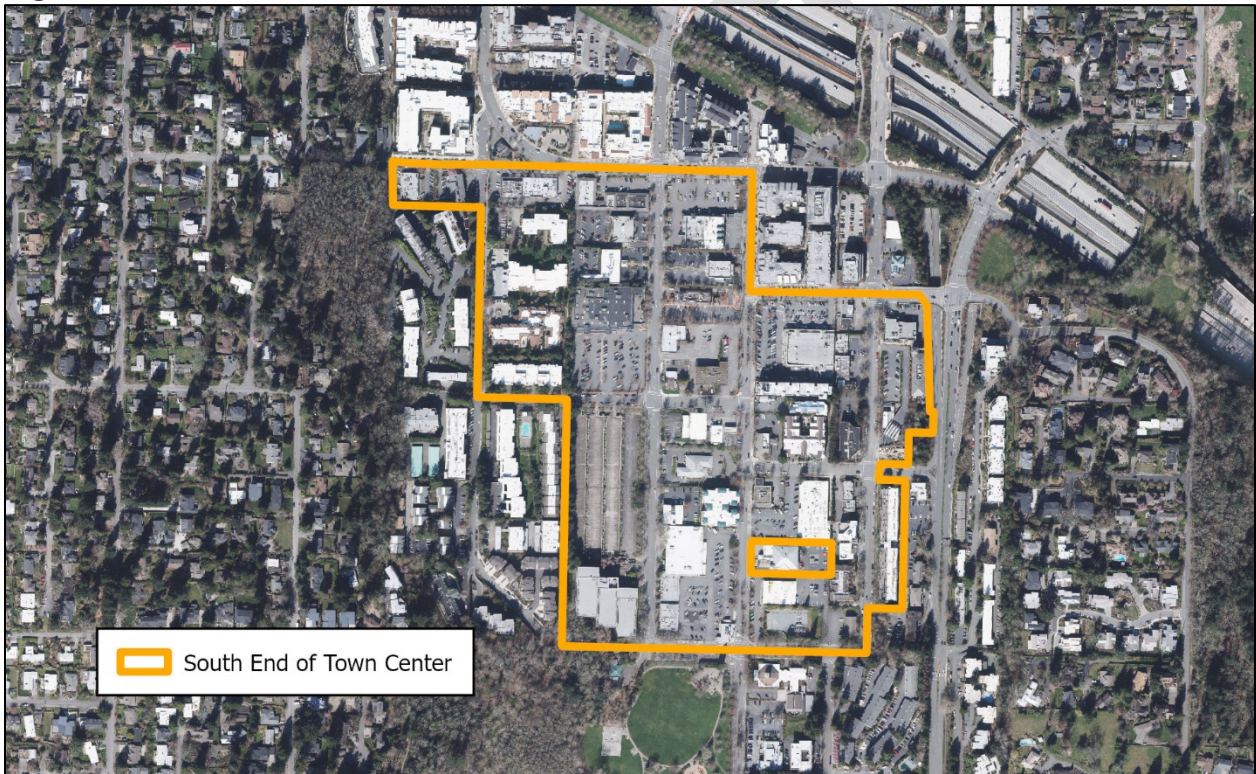
5
6
7
8
9

- The south end of Town Center;
- Multifamily zones adjacent to Town Center; and
- Multifamily zones east of Town Center. [COM-12, PSRC-10]

10 Figures 2, 3, and 4 show maps of the three areas that may be at higher risk of
11 displacement.

12
13

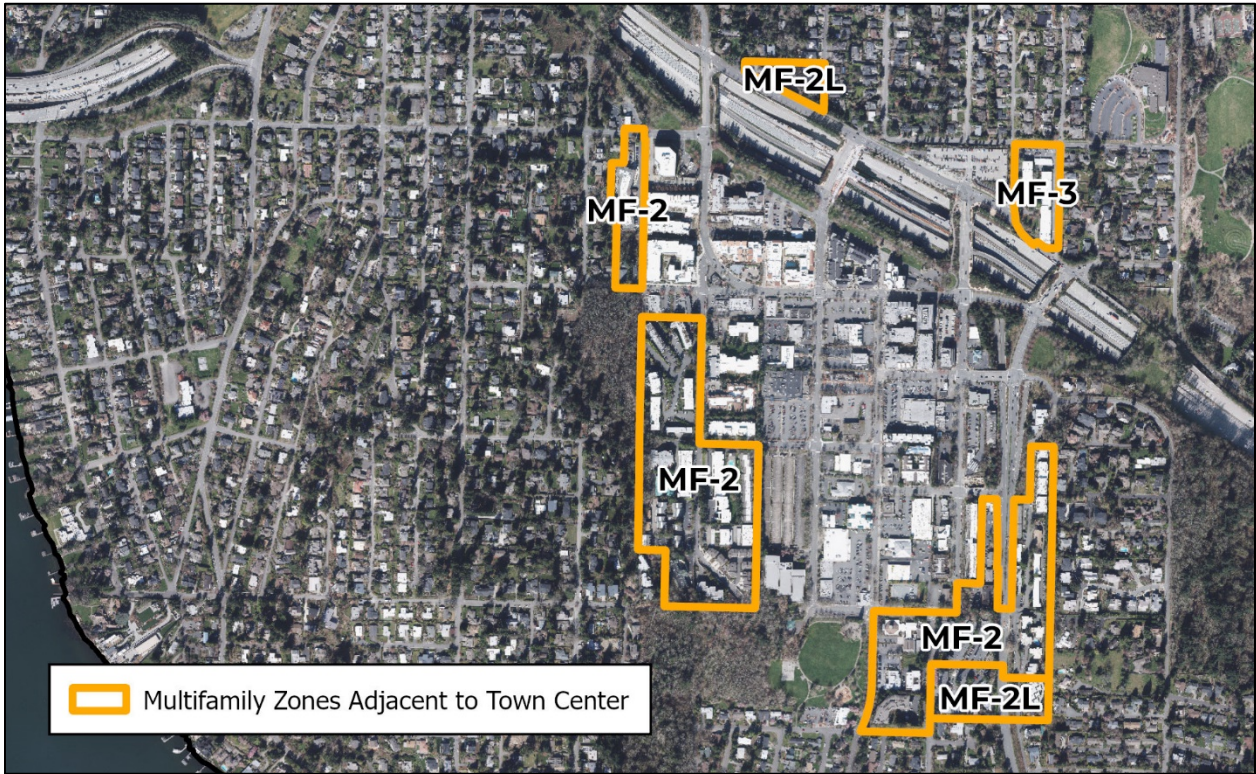
Figure 2. South End of Town Center.



14
15

Source: RDI Evaluation dated December 15, 2023.

1 **Figure 3. Multifamily Zones Adjacent to Town Center.**



2
3 Source: RDI Evaluation dated December 15, 2023.

4
5 **Figure 4. Multifamily Zones East of Town Center.**



6
7 Source: RDI Evaluation dated December 15, 2023.

1 The following strategies detailed in this Housing Element are directed at addressing
2 and beginning to undo the impacts identified in the RDI Evaluation:

- 3
- 4 • Expand tenant protections;
- 5 • Intentional public outreach during implementation of the Comprehensive Plan;
- 6 • Increase the supply of affordable rental housing;
- 7 • ~~Expand tenant protections;~~
- 8 • Add incentives for the construction of affordable housing; and
- 9 • Increase capacity for multifamily and mixed-use housing; ~~and~~
- 10 • ~~Intentional public outreach during implementation of the Comprehensive Plan.~~

11
12 [COM-9, COM-10, COM-12, CPP-3, CPP-4]

13 14 **Goals and Policies**

15 The goals and policies in this Housing Element are divided into six sections focusing on
16 a specific topic:

- 17
- 18 • Overall housing strategies;
- 19 • Affordable housing;
- 20 • Racially disparate impacts;
- 21 • Anti-Displacement;
- 22 • Residential regulations; and
- 23 • Implementation.

24
25 The strategies outlined in the policies should be implemented throughout the planning
26 period to accomplish the following by the year 2044:

- 27
- 28 • Accommodate the City's housing target and projected housing needs;
- 29 • Make adequate provisions for housing needs for all economic segments of the
30 community;
- 31 • Provide for and address potential barriers to the preservation, improvement, and
32 development of housing;
- 33 • Begin undoing racially disparate impacts from past housing policies;
- 34 • Reduce or mitigate displacement risk as zoning changes and development
35 occur; and
- 36 • Realize the City's goals for housing.
- 37

38 **II. Goals and Policies**

39 40 **Goal 1 – Overall Housing Strategies**

41
42 Goal: Mercer Island provides housing affordable for all income levels meeting its
43 current and future needs.

44 45 **Policies**

46

- 1 1.1 Accommodate the Mercer Island housing growth target and housing needs
 2 shown in Table 1 by:
 3
- 4 1.1.A Ensuring the Comprehensive Plan allows adequate capacity for the Mercer
 5 Island housing growth target and housing needs assigned by King County;
 - 6 1.1.B Adopting policies that will increase the supply of income-restricted and
 7 naturally occurring affordable housing;
 - 8 1.1.C Addressing racially disparate impacts;
 - 9 1.1.D Reducing or mitigating displacement risk; and
 - 10 1.1.E Taking actions to implement this element throughout the Comprehensive
 11 Plan planning period.
- 12
- 13 1.2 Categorize household income level for the purposes of this element as follows:
- 14
 - 15 1.2.A High income is a household income that exceeds 120 percent of the AMI;
 - 16 1.2.B Moderate income is a household income at or below 120 percent and
 17 above 80 percent of the AMI;
 - 18 1.2.C Low income is household income at or below 80 percent and above 50
 19 percent of the AMI;
 - 20 1.2.D Very low income is household income at or below 50 percent and above
 21 30 percent of the AMI; and
 - 22 1.2.E Extremely low income is household income at or below 30 percent of the
 23 AMI. [Definitions from RCW 36.70A.030]
- 24
- 25 1.3 Accommodate the Mercer Island housing growth target and housing needs by
 26 income level with the following approaches:
 27
- 28 1.3.A High Income – Continue to allow market rate single-family, moderate
 29 density, and condominium housing;
 - 30 1.3.B Moderate, Low-, and Very Low-Income –
 31 (1) Implement strategies to preserve existing units;
 32 (2) Implement strategies to increase the supply of new income
 33 restricted units;
 34 ~~(2) Implement strategies to preserve existing units; and~~
 35 (3) Reduce barriers to new moderate density, multifamily, and mixed-
 36 use construction. [Comment Log #20]
 - 37 1.3.C Extremely Low-Income and Permanent Supportive Housing (PSH) –
 38 (1) Implement strategies to increase the supply of new income
 39 restricted units for extremely low-income households and PSH; and
 40 (2) Coordinate efforts among providers, developers, and government
 41 agencies; and
 42 (3) Organize resources in support of new income restricted
 43 development.
 - 44 1.3.D Emergency Housing – Allow use consistent with state law and ensure that
 45 occupancy, spacing, and intensity regulations allow sufficient capacity to
 46 accommodate the City’s level of need. [HB 1220, COM-1, PSRC-3, CPP-6,
 47 CPP-15]
- 48

- 1 1.4 Plan for residential neighborhoods that protect and promote the health and well-
2 being of residents by supporting equitable access to:
3
- 4 1.4.A Parks and open space;
 - 5 1.4.B Recreation opportunities and programs
 - 6 1.4.C ~~Safe pedestrian and bicycle routes~~ Streets that are safe for pedestrians,
7 bicyclists, and vehicle drivers and passengers; [Comment Log #21]
 - 8 1.4.D Clean air, soil, and water;
 - 9 1.4.E Shelter from extreme heat events;
 - 10 1.4.F Fresh and healthy foods;
 - 11 1.4.G High-quality education from early learning through kindergarten through
12 twelfth grade;
 - 13 1.4.H Public safety;
 - 14 1.4.I Artistic, musical, and cultural resources
 - 15 1.4.J Affordable and high-quality transit options and living wage jobs;
 - 16 1.4.K The opportunity to thrive in Mercer Island regardless of race, gender
17 identity, sexual identity, ability, use of a service animal, age, immigration
18 status, national origin, familial status, religion, source of income, military
19 status, or membership in any other category of protected people; and
 - 20 1.4.L Neighborhoods in which environmental health hazards are minimized to
21 the extent possible. [Comment Log #35] [PSRC-5, CPP-10, CPP-11, CPP-12,
22 CPP-19]
- 23
- 24 1.5 Take actions to promote healthy and safe homes. [CPP-18]
- 25
- 26 1.6 Mitigate climate impacts related to housing by executing the Climate Action
27 Plan.
- 28
- 29 1.7 Strive to increase class, race, and age integration by equitably dispersing
30 affordable housing opportunities. [PSRC-11, CPP-14, CPP-15]
- 31
- 32 1.8 Discourage neighborhood segregation and the isolation of special needs
33 populations. [COM-11, CPP-12, CPP-14, CPP-15, CPP-16]
- 34
- 35 1.9 Increase housing choices for everyone, particularly those earning lower wages, in
36 areas with access to employment centers and high-capacity transit. [PSRC-5,
37 CPP-9, CPP-10, CPP-11, CPP-19]
- 38
- 39 1.10 Encourage accessory dwelling units (ADUs) as a housing form that can help to
40 meet housing needs for moderate to low-income households. [COM-2]
- 41
- 42 1.11 Focus on the Town Center and Commercial-Office zones when increasing
43 multifamily and mixed-use development capacity to accommodate the Mercer
44 Island housing growth target and housing needs. Strive to reduce and/or
45 mitigate displacement of businesses resulting from an increase in residential
46 capacity. [CPP-12, CPP-15]
- 47

1 1.12 Consider alternatives for maximizing housing capacity in the Town Center and
2 Commercial-Office zones before analyzing alternatives for increasing multi-
3 family capacity elsewhere. [PSRC-6, CPP-15]
4
5
6

7 **Goal 2 – Affordable Housing**

8

9 Goal: Households at all income levels can afford to live in Mercer Island because
10 of the mix of market rate and income-restricted housing.
11

12 **Policies**

13

14 2.1 Support the development and preservation of income-restricted housing that is
15 within walking distance of planned or existing high-capacity transit. [PSRC-6,
16 PSRC-9, CPP-9, CPP-10, CPP-11]
17

18 2.2 Implement strategies to overcome cost barriers to housing affordability.
19 Strategies should include:
20

21 2.2.A Periodic review of development standards, staffing levels, and permit
22 processes to reduce permit review times and costs;

23 2.2.B Periodic review of residential densities in high-density zones to adjust
24 multifamily and mixed-use capacity as needed to accommodate housing
25 needs;

26 2.2.C Programs, policies, partnerships, and incentives to decrease costs to build
27 and preserve affordable housing. [PSRC-7, CPP-5, CPP-7, COM-8, COM-11]
28

29 2.3 Decrease barriers and promote access to affordable homeownership for
30 extremely low-, very low-, and low-income, households. [COM-8, CPP-13]
31

32 2.4 Increase affordable homeownership options for moderate income households by
33 increasing moderate density housing capacity where mandated by state law.
34 [COM-1, PSRC-3, PSRC-4, CPP-12, CPP-13]
35

36 2.5 Encourage the construction of new permanent income-restricted housing
37 through approaches such as the following
38

39 2.5.A Affordable housing incentives that require units at varying income levels
40 to be incorporated into new construction to address the Mercer Island
41 housing growth target and housing needs for households earning less
42 than the area median income (AMI). Affordable housing unit requirements
43 should be set at levels to yield more lower-income units as the benefit of
44 the incentive increases.

45 2.5.B Height bonuses concurrent with any increase in development capacity to
46 address Mercer Island’s affordable housing needs;

47 2.5.C Incentives for the development of housing units affordable to extremely
48 low-, very low-, low-, and moderate-income households;

- 1 2.5.D A Multifamily Tax Exemption (MFTE) linked to substantial additional
2 affordability requirements.
- 3 2.5.E Reduced design review processes and simplified standards for
4 developments with affordable units.
- 5 2.5.F Reduced or waived permit fees for developments with affordable units.
- 6 2.5.G Reduced parking requirements for income-restricted units in the Town
7 Center zones. [Comment Log #26, alt: strike 2.5.G]
- 8 2.5.H Relief from other building requirements that do not implicate health,
9 safety or comfort. [Comment Log #1]
- 10 ALT Relief from other development code provisions that do not affect health
11 or safety requirements. [Staff Alternative]
- 12 [PSRC-3, PSRC-8, CPP-5, CPP-15]
- 13
- 14 2.6 Evaluate potential revenue sources to fund a local affordable housing fund. [CPP-
15 7, CPP-8, CPP-15]
- 16
- 17 2.7 Evaluate a fee-in-lieu program whereby payments to the local affordable housing
18 fund can be made as an alternative to constructing required income-restricted
19 housing. [CPP-7, CPP-8, CPP-15]
- 20
- 21 2.8 Prioritize the use of local and regional resources for income-restricted housing,
22 particularly for extremely low-income households, populations with special
23 needs, and others with disproportionately greater housing needs. [CPP-5, CPP-8,
24 CPP-15]
- 25
- 26 2.9 Evaluate the feasibility of establishing zoning in existing multifamily and mixed-
27 use zones that would require developers to provide affordable housing in new
28 high-density developments. [PSRC-7, PSRC-8, CPP-5, CPP-12, CPP-15]
- 29
- 30 2.10 Continue to participate in A Regional Coalition for Housing (ARCH) as a key
31 strategy for addressing affordable housing need for low-, very low-, and extremely
32 low-income households. [CPP-6]
- 33
- 34 2.11 Evaluate increasing the contribution to the ARCH Housing Trust Fund (HTF) to
35 be at a per-capita rate consistent with other participating/member cities as a key
36 strategy to address PSH, extremely low-, very low-, and low-income housing
37 needs. [CPP-6, CPP-15]
- 38
- 39 2.12 Develop partnerships to address barriers to the production of housing affordable
40 to extremely low-income households by connecting with government agencies,
41 housing service providers, religious organizations, affordable housing developers,
42 and interested property owners. [CPP-14, CPP-15]
- 43
- 44 2.13 Periodically meet with partners to gather feedback on actions the City can take
45 to reduce barriers to the production of extremely low-income housing units,
46 including PSH and emergency housing. [CPP-14, CPP-15]
- 47

1 **Goal 3 – Racially Disparate Impacts**

2
3 Goal 3: Undo identified racially disparate impacts, avoid displacement and
4 eliminate exclusion in housing, so that every person has the opportunity
5 to thrive in Mercer Island regardless of their race.
6

7 **Policies**

- 8
9 3.1 Begin undoing racially disparate impacts by prioritizing actions that:
10
11 3.1.A Increase the supply of affordable rental housing;
12 3.1.B Expand tenant protections;
13 3.1.C Add incentives for the construction of affordable housing;
14 3.1.D Increase capacity for multifamily and mixed-use housing; and
15 3.1.E Include intentional public outreach during implementation of the
16 Comprehensive Plan. [PSRC-12]
17
18 3.2 Acknowledge historic inequities in access to homeownership opportunities for
19 communities of color. [PSRC-11]
20
21 3.3 Seek partnerships with impacted communities to promote equitable housing
22 outcomes and prioritize the needs and solutions expressed by these
23 disproportionately impacted communities for implementation. [PSRC-10, CPP-4,
24 CPP-14, CPP-15]
25
26 3.4 Include a statement in all future Public Participation Plans adopted for actions
27 that implement this Housing Element explaining how the City will reach
28 impacted communities. [PSRC-10, CPP-4, CPP-14, CPP-15]
29
30 3.5 Seek partnerships and dedicated resources to eliminate racial and other
31 disparities in access to housing and neighborhoods of choice. [PSRC-10, CPP-4,
32 CPP-14, CPP-15]
33

34 **Goal 4 – Anti-Displacement**

35
36 Goal: City actions reduce and mitigate displacement risk as regulations change
37 and development occurs.
38

39 **Policies**

- 40
41 4.1 Seek partnerships to develop an affordable housing inventory to catalog the
42 location, quantity, and ownership of income-restricted affordable units and
43 Naturally Occurring Affordable Housing (NOAH). [CPP-14, CPP-15, CPP-17]
44
45 4.2 Evaluate and consider implementing the following tenant protections:
46
47 4.2.A Required advance notice of rent increases;

- 1 4.2.B Relocation assistance; and
- 2 4.2.C Right of first refusal or tenant opportunity to purchase requirements when
- 3 an apartment building is converted to a condominium. [CPP-15, CPP-17]
- 4
- 5 4.3 Evaluate the potential increased risk of displacement that could accompany any
- 6 increase in development capacity concurrent with proposed zoning changes
- 7 affecting a zone where multifamily or mixed-use development is allowed. This
- 8 evaluation should:
- 9
- 10 4.3.A Be paid for by an applicant requesting a rezone and conducted on behalf
- 11 of the City;
- 12 4.3.B Consider economic, physical, and cultural displacement as defined by the
- 13 WA Department of Commerce;
- 14 4.3.C Recommend strategies to reduce or mitigate identified displacement
- 15 risks; and
- 16 4.3.D Be presented to City decision makers prior to making findings,
- 17 recommendations, or decisions. [CPP-15, CPP-17]
- 18
- 19 4.4 Policy or regulatory amendments that affect development capacity in zones
- 20 where multifamily or mixed-use residential development is allowed must be
- 21 accompanied by findings that displacement risk has been adequately reduced
- 22 and/or mitigated. [CPP-15, CPP-17]
- 23

24 **Goal 5 – Residential Regulations**

25

26 Goal: Regulations that affect residential development are balanced so that they

27 safeguard the public health, safety, and welfare.

28

29 **Policies**

- 30
- 31 5.1 Consider reviewing the multifamily development standards to identify potential
 - 32 amendments that would:
 - 33
 - 34 5.1.A Reduce permit review times and costs;
 - 35 5.1.B Simplify requirements,
 - 36 5.1.C Limit design review process to administrative design review and ensure
 - 37 that all design standards are objective and measurable;
 - 38 5.1.D Ensure parking requirements are right sized to adequately balance the
 - 39 need for parking with the per-unit cost of parking and consistent conform
 - 40 with state law and that they do not unnecessarily restrict multifamily
 - 41 housing but rather carefully balance the need for parking and the cost for
 - 42 providing it; [Comment Log #16 and #36]
 - 43 5.1.E Increase affordable housing incentives; and
 - 44 5.1.F Address displacement risk from zoning changes. [PSRC-7, CPP-6]
 - 45
 - 46

- 1 5.2 Identify the regulatory amendments necessary to ~~allow~~encourage duplexes,
2 triplexes, townhomes, and other moderate density housing types in residential
3 zones. [Comment Log #2] [COM-1, PSRC-4]
4
- 5 5.3 Amend residential development standards to ~~allow~~encourage middle housing
6 types and ADUs in residential zones consistent with the state law. [Comment Log
7 #2] [HB 1110, COM-1, PSRC-4, CPP-12]
8
- 9 5.4 Consider amending ADU development standards to add flexibility and expand
10 options for the development of this type of housing to help meet housing needs
11 for moderate to low-income households. [HB 1337, COM-2]
12
- 13 5.5 Consider restructuring existing ADU incentives such as the gross floor area bonus
14 to require affordable housing.
15

16 **Goal 6 – Implementation**

17
18 Goal: The Housing Element is implemented in a timely and efficient manner so
19 that the City’s goals are realized.
20

21 **Policies**

- 22
23 6.1 Establish a Housing Element implementation strategy and schedule in
24 conjunction with each biennial budget cycle. This implementation strategy can
25 be periodically updated and amended by City Council at any time thereafter and
26 should detail the following:
27
- 28 6.1.A Actions from this element to be added to department work plans for the
29 next biennial budget cycle;
30 6.1.B Any funding including grants allocated to support the completion of these
31 actions;
32 6.1.C Any staff resources allocated to support the completion of these actions;
33 6.1.D A schedule detailing the key actions and/or milestones for the completion
34 of each action; and
35 6.1.E A list of near-term future actions expected to be proposed to be added to
36 department work plans in the next three to five years.
37
- 38 6.2 Prepare a biennial report tracking implementation of the Housing Element. The
39 report will be provided to the City Council prior to adoption of the budget.
40
- 41 6.3 Partner with state, regional, and countywide agencies to periodically track the
42 effectiveness of the policies in this element including the GMA required
43 implementation progress report due five years after each Comprehensive Plan
44 periodic review. [CPP-20 and RCW 36.70A.130(9)(a)]
45
- 46 6.4 Provide resources for actions to implement this element and respond to limited
47 resources by using strategies such as:
48

- 1 6.4.A Alternate funding sources;
- 2 6.4.B Public-private partnerships;
- 3 6.4.C Reducing project or program scope to align with current biennial budget
- 4 constraints; and
- 5 6.4.D Amending the policies of the Housing Element to reflect the City's
- 6 capacity to implement the element.
- 7

DRAFT

1 Housing Related Land Use Policies

2
3 **GREEN – SUBSTANTIVE AMENDMENTS**

4
5 **GOAL 15: Mercer Island should remain principally a low to moderate density, single**
6 **family residential community.**

7
8 **15.2** ~~Residential densities in single family areas will generally continue to occur at~~
9 ~~three to five units per acre, commensurate with current zoning. However, some~~
10 ~~adjustments may be made to allow the development of innovative Provide for~~
11 ~~housing types in residential zones, such as accessory dwelling units and compact~~
12 ~~courtyard homes additional middle housing types, at slightly higher densities as~~
13 ~~outlined in the Housing Element. [Comment Log #38]~~

14
15 **15.3** ~~Confine low rise apartments, condos, and duplex/triplex designs to those areas~~
16 ~~already zoned to allow multi-family housing. Encourage multifamily and mixed-~~
17 ~~use housing within the existing boundaries of the Town Center, multifamily, and~~
18 ~~Commercial Office zones to accommodate moderate- to extremely low-income~~
19 ~~households.~~

20
21 **15.5** ~~Manage impacts that could result from new development in residential zones by~~
22 ~~establishing standards to:~~

- 23 ~~15.5.A Regulate on- and off-street parking;~~
- 24 ~~15.5.B Encourage the retention of trees and landscaped areas and the retention~~
25 ~~and planting of trees; [Comment Log #3]~~
- 26 ~~15.5.C Establish incentives and anti-displacement measures consistent with the~~
27 ~~Housing Element; and~~
- 28 ~~15.5.D Control the scale and intensity of new development to be consistent with~~
29 ~~the existing built form in residential zones. Encourage new development~~
30 ~~that is compatible with surrounding neighborhoods.[Comment Log #4]~~

31
32
33 ~~15.5(Alt.) Manage impacts that could result from new development in residential~~
34 ~~zones by establishing standards to control the scale and intensity of new~~
35 ~~development to be consistent with the existing built form in residential zones.~~
36 ~~[Comment Log #39]~~

37
38 **GOAL 17: Commercial designations and permitted uses under current zoning will**
39 **not change with the exception of allowing residential development in mixed-**
40 **use zones. The allowed uses in commercial and mixed-use zones balance the**
41 **City's economic development and housing needs.**

BLUE – IMPLEMENTATION POLICIES

GOAL 29: To implement land use development and capital improvement projects consistent with the policies of the comprehensive plan. The Land Use Element is implemented in a timely and efficient manner so that City’s goals are realized.

29.1 ~~To focus implementation of the Comprehensive Plan on those issues of highest priority to the City Council and community: Town Center development, storm drainage, critical lands protection, and a diversity of housing needs including affordable housing.~~

~~29.2 To create opportunities for housing, multi modal transportation, and development consistent with the City's share of regional needs.~~

~~29.3 To make effective land use and capital facilities decisions by improving public notice and citizen involvement process.~~

~~29.4 To continue to improve the development review process through partnership relationships with project proponents, early public involvement, reduction in processing time, and more efficient use of staff resources.~~

29.5 ~~To continue to improve the usability of the "Development Code" by simplifying information and Code format; eliminating repetitious, overlapping and conflicting provisions; and consolidating various regulatory provisions into one document.~~

~~29.6 Mercer Island has consistently accepted and planned for its fair share of regional growth, as determined by the GMPC and the King County CPPs. However, build out of the City is approaching. In the future, the City will advocate for future growth allocations from the GMPC which will be consistent with its community vision, as reflected in the Comprehensive Plan and development regulations; environmental constraints; infrastructure and utility limitations; and its remaining supply of developable land.~~

29.2 Establish a Land Use Element implementation strategy and schedule in conjunction with each biennial budget cycle. This implementation strategy can be periodically updated and amended by City Council at any time thereafter and should detail the following:

29.2.A Actions from this element to be added to department work plans for the next biennial budget cycle;

29.2.B Any funding including grants allocated to support the completion of these actions;

29.2.C Any staff resources allocated to support the completion of these actions;

29.2.D A schedule detailing the key actions and/or milestones for the completion of each action; and

1 29.2.E A list of near-term future actions expected to be proposed to be added
2 to department work plans in the next three to five years.

3
4 **29.3** Prepare a biennial report tracking implementation of the Land Use Element. The
5 report will be provided to the City Council prior to adoption of the budget.

6
7 **29.4** Provide resources for actions to implement this element and respond to limited
8 resources by using strategies such as:

- 9
- 10 29.4.A Alternate funding sources;
- 11 29.4.B Public-private partnerships;
- 12 29.4.C Reducing project or program scope to align with current biennial budget
13 constraints; and
- 14 29.4.D Amending the policies of the Land Use Element to reflect the City’s
15 capacity to implement the element.

16
17 **YELLOW – SIMPLE TEXT AMENDMENTS**

18
19 **15.1** Preserve the neighborhood character in single family ~~all~~ residential zones. [No
20 change proposed by Comment Log #29]

21
22 **15.4** As a primarily single family residential community with a high percentage of
23 developed land, the community cannot provide for all types of land uses. Certain
24 activities will be considered incompatible with present uses. Incompatible uses
25 include ~~Discourage incompatible land uses such as~~ landfills, correctional
26 facilities, zoos and airports in existing zones. ~~Compatible~~ Encourage compatible
27 permitted uses such as education, recreation, open spaces, government social
28 services and religious activities ~~will be encouraged.~~

29
30 Alt. proposed in Comment Log #30:

31
32 15.4 As a primarily single family residential community with a high percentage of
33 developed land, the community cannot provide for all types of land uses. Certain
34 activities will be considered incompatible with present uses and will be
35 discouraged. ~~Incompatible uses include~~ Discourage incompatible land uses such
36 as landfills, correctional facilities, zoos and airports in existing zones. ~~Compatible~~
37 Encourage compatible permitted uses such as education, recreation, open
38 spaces, government social services and religious activities ~~will be encouraged.~~

39
40 **GOAL 16: Achieve additional residential capacity in single family residential zones**
41 **through flexible land use techniques and land use entitlement regulations.**

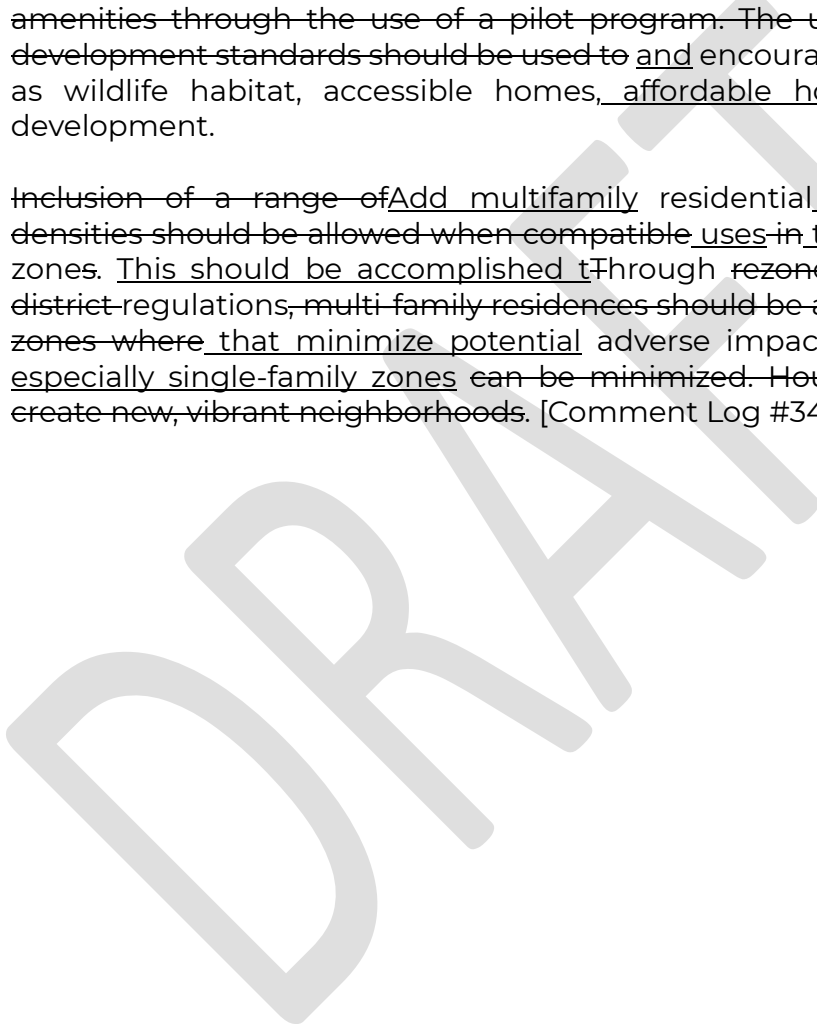
42
43 **16.1** Encourage the ~~Use~~ of the existing housing stock to address changing
44 population needs and aging in place. Accessory dwelling units and shared
45 housing opportunities should be considered in order to provide accessible and
46 affordable housing, relieve tax burdens, and maintain existing, stable
47 neighborhoods.

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16.5 ~~Encourage infill development of middle housing where mandated by state law on vacant or under-utilized sites should occur~~ outside of critical areas and ensure ~~that the infill it~~ is compatible with the surrounding neighborhoods, with preference given to areas near high capacity transit. [Comment Log #5, #28, and #31]

16.6 Explore flexible residential development regulations and entitlement processes that support, ~~and create incentives for, subdivisions that incorporate public amenities through the use of a pilot program.~~ The use of flexible residential development standards should be used to and encourage public amenities such as wildlife habitat, accessible homes, affordable housing, and sustainable development.

17.3 ~~Inclusion of a range of~~Add multifamily residential and other commercial densities should be allowed when compatible uses in to the Commercial Office zones. This should be accomplished t~~Through rezones or changes in zoning district regulations,~~ multi-family residences should be allowed in all commercial zones where that minimize potential adverse impacts to surrounding areas, especially single-family zones can be minimized. ~~Housing should be used to create new, vibrant neighborhoods.~~ [Comment Log #34]



Housing Element Comment Matrix

Comment Categorization Key

Substantive	Comment proposes significant changes to the Housing Work Group (HWG) Draft Housing Element, Planning Commission (PC) should discuss at its next meeting.
Minor	Non-substantive changes that would not significantly change the policy direction of the HWG Draft Housing Element
Challenging	Comment proposes changes to the policy direction of the HWG Draft Housing Element which might conflict with state, regional, or countywide requirements. Staff recommends that the PC either refine or reject the proposed amendment to avoid possible conflicts. Staff will provide additional information during review.
Q	Comment is a question or does not propose specific amendments to the text. Staff responses to these questions are provided following Table 1.

Table 1. Planning Commission Housing Element Comment Matrix.

Log #	Received From	Comment/Question	Categorization
1	Chris Goelz	Add a new 2.5.H along the lines we discussed: "Relief from other building requirements that do not implicate health, safety or comfort."	Substantive
2	Chris Goelz	Amend both 5.2 and 5.3 to change "allow" to "encourage."	Minor
3	Chris Goelz	Amend [Land Use Element consistency amendment for policy] 15.5.B: "Encourage the retention of landscaped areas and the retention and planting of trees."	Minor
4	Chris Goelz	Amend [Land Use Element consistency amendment for policy] 15.5.D: "Encourage new development that is compatible with surrounding neighborhoods." [That's the language from 16.5. I'm a little nervous with the language as is. I don't want it be used to impede middle housing, but I take the point that we don't want to blow up the character of our neighborhoods. I'm certainly open to suggestions.]	Minor
5	Chris Goelz	Amend [Land Use Element consistency amendment for policy] 16.5: remove "on vacant or under-utilized sites." [I'm not sure why we'd limit our encouragement. If someone tears down a house, I'd like to see us encourage the building of a middle housing unit at the site rather than a giant single family home.]	Substantive
6	Michael Murphy	Intro (Housing Element) <ul style="list-style-type: none"> What is the AMI (dollar amount) that Table 1 is referring to? 	Q
7	Michael Murphy	<ul style="list-style-type: none"> Did the HWG consider MF rezones in current SF areas near the light rail station or other areas? If not, why not? 	Q

Log #	Received From	Comment/Question	Categorization
8	Michael Murphy	<ul style="list-style-type: none"> Based on the current lot configurations, very little of the CO zoned property would accommodate MF based on the requirement that it not abut SF zoned property. Was the impact of this limitation considered by staff or the HWG? If so, how? <ul style="list-style-type: none"> “It was moved by Nice; seconded by Weiker to: Add multifamily residential use to the CO zones not directly abutting a parcel in a single-family zone. PASSED: 7-0 FOR” 	Q
9	Michael Murphy	<ul style="list-style-type: none"> P. 2: “The LCA Supplement found that the Comprehensive Plan allows adequate capacity to accommodate its PSH and emergency housing needs.” <ul style="list-style-type: none"> The LCA states at iv, Table 1, n. 4 that “There was no PSH or emergency housing supply in the City in 2019.” The LCA says PSH will be limited to MF areas, but has nothing about how MI might develop its share. Is it simply enough to say MI has MF areas that allow PSH? 	Q
10	Michael Murphy	<ul style="list-style-type: none"> Are we able to identify specific “incentives” are available “to spur development of new income-restricted affordable housing units”? 	Q
11	Michael Murphy	<ul style="list-style-type: none"> Are we able to identify specific design review “streamlining” for “developments with income-restricted affordable units”? 	Q
12	Michael Murphy	Are we able to identify more detail regarding a “fee in lieu” program rather than simply “evaluating” them?	Q
13	Michael Murphy	<p>Goals and Policies</p> <ul style="list-style-type: none"> Housing Policy 1.3B (2): “Reduce barriers to new moderate density, multifamily, and mixed-use construction.” Is this applicable only in TC and CO? If so, why? <ul style="list-style-type: none"> See 1.11: “Focus on the Town Center and Commercial-Office zones when increasing multifamily and mixed-use development capacity to accommodate the Mercer Island housing growth target and housing needs” See 1.12: “Consider alternatives for maximizing housing capacity in the Town Center and Commercial-Office zones before analyzing alternatives for increasing multi-family capacity elsewhere. [PSRC-6, CPP-15]” See Land Use Amend. 17.3: “Add multifamily residential and other commercial uses to the Commercial Office zone. This should be accomplished through rezones or changes in zoning regulations that minimize potential adverse impacts to surrounding areas.” 	Q
14	Michael Murphy	If so [comment log #13] limited, how does that policy square with 1.7: “Strive to increase class, race, and age integration by equitably dispersing affordable housing opportunities. ”?	Q

EXHIBIT 3

Log #	Received From	Comment/Question	Categorization
15	Michael Murphy	<ul style="list-style-type: none"> • Housing Policy 2.11 “Evaluate increasing the contribution to the ARCH Housing Trust Fund (HTF) to be at a per-capita rate consistent with other participating/member cities as a key strategy to address PSH, extremely low-, very low-, and low-income housing needs.” <ul style="list-style-type: none"> ◦ Why are we only “evaluating” this? Why not make it a policy? It seems embarrassing that this community contributes less than its share. Was this considered by the HWG? 	Q
16	Chris Goelz	Amend 5.1.D: "Ensure that parking requirements conform with state law and that they do not unnecessarily restrict multifamily housing but rather carefully balance the need for parking with the cost for providing it."	Substantive
17	Adam Ragheb	[Table 1, Note 3] Can we quantify this to make it easier for readers to digest? Example, AMI was \$XXX,XXX per YYY Govt. Agency for year ZZZZ. Per American Community Survey estimates, the AMI was \$116,255 for 2022 or most-current?	Q
18	Adam Ragheb	Several minor changes such as punctuation, order of bullets, or capitalization throughout the HWG draft Housing Element	Minor
19	Adam Ragheb	[Policy 1.2] Move reference to the top of 1.2 so that reader doesn't read through all of them before knowing from where they came	Q
20	Adam Ragheb	[Policy 1.3.B(2)] make this #1 as it is the greenest approach	Minor
21	Adam Ragheb	[Policy 1.4.C] Change to: "Streets that are safe for pedestrians, bicyclists, and vehicle drivers and passengers." I am concerned that this could be misinterpreted to mean sidewalks and bike paths only and specifically; in reality I am sure the intent is to make all streets on MI safe for all that use them.	Substantive
22	Adam Ragheb	[Policy 2.3] Would this attempt to replace regional, state, and federal programs? Very vague and needs to be more specific, otherwise I suggest removing	Q
23	Adam Ragheb	[Policy 2.4] add "where mandated by State law"	Minor
24	Adam Ragheb	[Policy 2.5.D] Could the city please provide some insight into the history of MFTE? I have heard from concerned residents that in the past this had a lot of pushback in the Town Center. I would like to learn more about the historical context here as it relates to MI.	Q

EXHIBIT 3

Log #	Received From	Comment/Question	Categorization
25	Adam Ragheb	[Policy 2.5.E] How can we ensure they will still be safe, suitable, and robustly built if standards are lowered/simplified? This also increases the burden on the City to maintain, update, and ensure consistency between two tiers of requirements. This increases the opportunity for errors in the building standards.	Q
26	Adam Ragheb	<p>[Policy 2.5.G] Suggest removing. As demonstrated before, oftentimes those on smaller incomes need a car as they can't afford to take the extra time away from job and family necessary to take public transit and make connections from the suburbs. Additionally, reduced parking requirements benefits builders but cause problems for residents, especially those who have families or require or are on the threshold of requiring handicapped parking.</p> <p>A compromise suggestion would be to append "within the Town Center zone" to the end.</p>	Substantive
27	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.2] Bring most of the text back - revise to "Residential densities in single family areas will generally continue to occur at three to five units per acre, commensurate with historical zoning. However, some adjustments may be made to provide from housing types in certain parts of residential zones, such as accessory dwelling units and additional middle housing types where mandated by law at slightly higher densities as outlined in the Housing Element.	Challenging
28	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.3] insert before to "in the vicinity of high-capacity transit as mandated by law"	Challenging
29	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.1] Why change this? We've already discussed adding additional stories to Town Center development. This neuters the preservation of neighborhood character goal as the additional mandated density will have to be allowed somewhere which inherently will change the character. Something has to change and its already been deemed to be Town Center.	Substantive
30	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 15.4] Revert text of first two sentences to original and add after "with present uses" "and will be discouraged"	Substantive
31	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 16.1] insert before "on" "where mandated by law"	Minor
32	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 16.6] insert after "housing" "where mandated by law"	Challenging
33	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 17.3] add after "Office zones" "in the immediate vicinity of high-capacity transit stops."	Challenging

Log #	Received From	Comment/Question	Categorization
34	Adam Ragheb	[Land Use Element Consistency Amendments, Policy 17.3] add after "surrounding areas" ", especially single family neighborhoods."	Minor
35	Carolyn Boatsman	HE Policy 1.4, I requested that the policy re: environmental hazards be moved up. I had requested this and I think everyone was ok with it, in HWG. It should say "environmental health" hazards, don't know how the word health is not showing up.	Minor
36	Carolyn Boatsman	In HE Policy 5.1.D, I requested removal of the words "right sized".	Minor
37	Carolyn Boatsman	I think Table 1 should be made more clear. It is titled growth targets and housing needs but it is not clear when examining the table which is a target and which is a housing need. You've got a good column heading for total housing growth target, and one for emergency housing. What is needed is a heading for the rest of it. I suggest Housing Needs by Income Level as a super heading for the rest of the more granular subheadings.	Minor
38	Carolyn Boatsman	[Land Use Element Consistency Amendments Policy] 15.2 Provide for housing types in residential zones, such as accessory dwelling units and additional middle housing types [insert comma] at slightly higher densities as outlined in the Housing Element.	Minor
39	Carolyn Boatsman	[Land Use Element Consistency Amendments Policy] 15.5 I suggest deleting several items: We already have standards to regulate on and off street parking in residential zones. We already have standards to encourage the retention of trees and we require the establishment of landscaped areas with new development. Do we need incentives and anti-displacement measures for the residential zone? I thought that was supposed to be for the affordable housing, not typical residential. The last phrase is the one to keep.	Substantive
40	Carolyn Boatsman	Does housing built using fees in lieu have to be built on Mercer Island, given that our donations to ARCH build housing elsewhere?	Q

Planning Commission Housing Element Questions

The Planning Commission (PC) submitted the following questions regarding the Housing Work Group (HWG) draft Housing Element.

Q1: Log #6 – Michael Murphy

What is the AMI (dollar amount) that [introduction] Table 1 is referring to?

Staff Response

The area median income (AMI) referred to in Table 1 is currently an annual income of \$146,500. King County is the area term in AMI. You can find out more about income and affordable housing on [A Regional Coalition for Housing's \(ARCH\) website](#).

Q2: Log #7 – Michael Murphy

Did the HWG consider MF rezones in current SF areas near the light rail station or other areas? If not, why not?

Staff Response

The HWG did not consider rezoning the single-family areas near the light rail station or other single-family areas because the City Council provided specific direction regarding where to increase development capacity. On [January 16](#), the City Council made two motions that directed the HWG how to increase multifamily and mixed-use development capacity: increase building height in Town Center and allow multifamily development in the Commercial Office (C-O) zone. For reference, the City Council approved the following two motions to provide direction to the HWG:

- It was moved by Reynolds; seconded by Jacobson to: Direct the Housing Work Group to develop a recommended plan for adding required additional capacity in the Town Center but not limited to adding “one floor option” with due consideration of the impact on the Island businesses and a charge to look for options that mitigate the impact to Island businesses. PASSED: 4-3 FOR: 4 (Anderl, Jacobson, Reynolds, and Weinberg) AGAINST: 3 (Nice, Rosenbaum, and Weiker); and
- It was moved by Nice; seconded by Weiker to: Add multifamily residential use to the CO zones not directly abutting a parcel in a single-family zone. PASSED: 7-0 FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Weinberg)

Q3: Log #8 – Michael Murphy

Based on the current lot configurations, very little of the CO zoned property would accommodate MF based on the requirement that it not abut SF zoned property. Was the impact of this limitation considered by staff or the HWG? If so, how?

Staff Response

The capacity impact of the proposed limitation will be analyzed as the HWG prepares the development code amendments necessary to implement the City Council's direction. The specific details of the proposed code amendments to implement the

Council direction will influence how much development capacity is added by the code amendment. The Planning Commission will consider the HWG's recommended implementing code amendments and the corresponding capacity change once the HWG has prepared a draft.

Q4: Log #9 – Michael Murphy

[Intro] P. 2: "The LCA Supplement found that the Comprehensive Plan allows adequate capacity to accommodate its PSH and emergency housing needs."

- The LCA states at iv, Table 1, n. 4 that "There was no PSH or emergency housing supply in the City in 2019." The LCA says PSH will be limited to MF areas, but has nothing about how MI might develop its share. Is it simply enough to say MI has MF areas that allow PSH?

Staff Response

Capacity for permanent supportive housing (PSH) is provided by the higher density multifamily and mixed-use zones. The concept is that extremely low-income households (households earning less than 30% of the AMI, both PSH and non-PSH) will require higher density zoning combined with subsidies and incentives to offset the cost of providing those units. So, provided there is adequate capacity for all 517 extremely low-income units and the City takes steps to help overcome the cost barriers for these units, it is planning to accommodate the extremely low-income housing needs.

The Housing Element describes the steps the City will take to address funding barriers. A general description of the strategies the City will use are provided in Table 2 of the Housing Element Introduction. More detailed strategies are included in the policies under Goal 2. The general policy direction in the Housing Element will be made more specific during the implementation of those policies.

An example of addressing cost barriers is proposed Policy 2.6, which states "Evaluate potential revenue sources to fund a local affordable housing fund." When the City undertakes the evaluation to implement this policy, it will develop a list of specific revenue sources available for a local affordable housing fund. At that point, the City Council can decide whether to establish that fund and which funding sources it would like to use for the fund. Through the policy and implementation, the City would be addressing a cost barrier to production of affordable units. This becomes more specific to extremely low-income housing and PSH when Policy 2.6 is combined with Policy 2.8, which states "Prioritize the use of local and regional resources for income-restricted housing, particularly for extremely low-income households, populations with special needs, and others with disproportionately greater housing needs." As the City examines the funding sources to implement Policy 2.6, the local housing fund would prioritize extremely low-income housing PSH to implement Policy 2.8.

Q5: Log #10 – Michael Murphy

Are we able to identify specific "incentives" are available "to spur development of new income-restricted affordable housing units"?

Staff Response

The specific incentives proposed in the HWG draft Housing Element can be found in draft Policy 2.5 (HWG Draft, Page 11, line 30). Those incentives are:

- 2.5.A Affordable housing **incentives that require units at varying income levels to be incorporated into new construction** to address the Mercer Island housing growth target and housing needs for households earning less than the area median income (AMI). Affordable housing **unit requirements should be set at levels to yield more lower-income units as the benefit of the incentive increases.**
- 2.5.B **Height bonuses** concurrent with any increase in development capacity to address Mercer Island’s affordable housing needs;
- 2.5.C Incentives for the development of housing units affordable to extremely low-, very low-, low-, and moderate-income households;
- 2.5.D A **Multifamily Tax Exemption (MFTE)** linked to substantial additional affordability requirements.
- 2.5.E **Reduced design review processes and simplified standards** for developments with affordable units.
- 2.5.F **Reduced or waived permit fees** for developments with affordable units.
- 2.5.G **Reduced parking requirements for income-restricted units.** [emphasis added]

These were the preferred incentives the HWG identified through its review process, including the HWG survey discussed at the last PC meeting.

Q6: Log #11 – Michael Murphy

Are we able to identify specific design review “streamlining” for “developments with income-restricted affordable units”?

Staff Response

Currently, multifamily and mixed-use housing requires design review with the Design Commission. This is a permitting process that is in addition to additional building and land use review. Because of the structure of the design standards and discretion afforded to the Design Commission in Chapters 19.11 and 19.12 Mercer Island City Code (MICC), the design review process can add significant review time to permitting buildings that are likely to include affordable units. When implementing Policy 2.5.E, the City would review the points in the design review process that cause delays and consider which of these friction points can be reduced or waived for buildings that will have affordable housing units.

Also of note: in 2023, the WA State Legislature passed [Engrossed Substitute House Bill \(ESHB\) 1293](#). This bill sets limits on the kind of design review standards cities may adopt. Under ESHB 1293, cities and counties can only adopt clear and objective development regulations governing the exterior design of new development. The bill defines clear and objective development regulations as follows:

“(a) Must include one or more ascertainable guideline, standard, or criterion by which an applicant can determine whether a given building design is permissible under that development regulation; and

(b) May not result in a reduction in density, height, bulk, or scale below the generally applicable development regulations for a development proposal in the applicable zone.”

Cities must comply with ESHB 1293 by June 30, 2025. Compliance with ESHB 1293 will coincide with Mercer Island’s first stages of implementing the Housing Element and should provide opportunities to complete an implementation action at the same time the City complies with changes to the state law.

Q7: Log #12 – Michael Murphy

Are we able to identify more detail regarding a “fee in lieu” program rather than simply “evaluating” them?

Staff Response

As currently drafted, Policy 2.7 states, “Evaluate a fee-in-lieu program whereby payments to the local affordable housing fund can be made as an alternative to constructing required income-restricted housing.” More detail of the fee-in-lieu would be identified when this policy is implemented. Allowing the City to find the options available at the time of implementation and determine the preferred approach. This would likely dovetail with implementation of other policies in the Housing Element such as Policy 2.9, which directs consideration of inclusionary zoning that would require a minimum number of affordable housing units for some types of development.

The City of Kenmore WA provides an example of a fee-in-lieu of housing program. In Chapter 18.77 Kenmore Municipal Code (KMC), Kenmore sets affordability requirements by zone. To add flexibility to compliance with the affordability requirements, in [KMC 18.77.045\(D\)](#), developers are given the option to pay a fee rather than develop the affordable units. This code section establishes how the fee is calculated, the process for collecting the fee, and prioritizes areas where the fee must be spent. When implementing Policy 2.7, the City can consider this process and those deployed by other cities.

Q8: Log #13 – Michael Murphy

Housing Policy 1.3B (2): “Reduce barriers to new moderate density, multifamily, and mixed-use construction.” Is this applicable only in TC and CO? If so, why?

- See 1.11: “Focus on the Town Center and Commercial-Office zones when increasing multifamily and mixed-use development capacity to accommodate the Mercer Island housing growth target and housing needs”
- See 1.12: “Consider alternatives for maximizing housing capacity in the Town Center and Commercial-Office zones before analyzing alternatives for increasing multi-family capacity elsewhere. [PSRC-6, CPP-15]”

- See Land Use Amend. 17.3: “Add multifamily residential and other commercial uses to the Commercial Office zone. This should be accomplished through rezones or changes in zoning regulations that minimize potential adverse impacts to surrounding areas.”

Staff Response

Draft Policy 1.3.B.3 states, “Reduce barriers to new moderate density, multifamily, and mixed-use construction.” This proposed policy is listing one of the general approaches to accommodating housing needs for moderate, low-, and very low-income households. More detailed policy direction for reducing those barriers is articulated in the later policies of the draft Housing Element. The reduction of barriers is not limited to Town Center (TC) and Commercial Office (CO) zones. Policy 1.3.B(3) is stating that the City will reduce barriers to all three types of housing, which would also include development in multifamily zones (see proposed Policy 5.1 for an example) and other zones where moderate density, multifamily, and mixed-use residential uses are allowed.

Q9: Log #14 – Michael Murphy

If so [comment log #13] limited, how does that policy square with 1.7: “Strive to increase class, race, and age integration by **equitably dispersing affordable housing opportunities.**”?

Staff Response

As discussed above, Policy 1.3.B.3 would not limit barrier reduction to TC and CO zones. Instead, the policy directs barrier reductions throughout the City where moderate density (middle housing), multifamily, and mixed-use residential development is allowed. This is expected to include most, if not all residential zones once the City has complied with statewide requirements following the Comprehensive Plan periodic review.

Q10: Log #15 – Michael Murphy

Housing Policy 2.11 “Evaluate increasing the contribution to the ARCH Housing Trust Fund (HTF) to be at a per-capita rate consistent with other participating/member cities as a key strategy to address PSH, extremely low-, very low-, and low-income housing needs.”

- Why are we only “evaluating” this? Why not make it a policy? It seems embarrassing that this community contributes less than its share. Was this considered by the HWG?

Staff Response

Policy 2.11 directs an evaluation because the City needs to consider where those funds will come from. Currently, the City’s contributions to A Regional Coalition for Housing (ARCH) are drawn from the general fund. The HWG considered this proposed policy, arriving at the proposed language.

Q11: Log #40 – Carolyn Boatsman

Does housing built using fees in lieu have to be built on Mercer Island, given that our donations to ARCH build housing elsewhere?

Staff Response

When the City evaluates a fee in lieu of affordable housing program as directed by Policy 2.7, the exact parameters of where those funds are allowed to be spent can be considered. Fee in lieu dollars would not necessarily be earmarked for contributions to ARCH. Revenue collected through the fee in lieu program would likely be added to a citywide housing fund that would have specific requirements for where/how the funds may be spent, subject to applicable state law. The City Council would be able to establish a process to determine what the revenue would fund. Part of the evaluation would be to prepare alternatives for the City Council to consider, including where and how it would like to direct funding for project construction.

In the Kenmore example discussed earlier in this document, their fee in lieu of affordable housing code established a list of how locations for projects should be prioritized. The exact parameters of where and how the City would spend fee in lieu dollars would be determined by the City Council if it decides to pursue the option.