Washington State Department of Commerce

GROWTH MANAGEMENT SERVICES
LOCAL GOVERNMENT DIVISION

Notice of Intent to Adopt Amendment / Notice of Adoption (Cover Sheet)

Pursuant to RCW 36.70A.106, the following jurisdiction provides the following required state agency notice.

Jurisdiction Name:	City of Mercer Island, Washington
Amendment Type: Select Type of Amendment listed. (Select One Only)	X Comprehensive Plan Amendment ☐ Development Regulation Amendment ☐ Combined Comprehensive and Development Regulation Amendments ☐ Countywide Planning Policy ☐ Critical Areas Ordinance Amendment ☐ Shoreline Master Program
Select Submittal Type: Select the Type of Submittal listed. (Select One Only)	X 60-Day Notice of Intent to Adopt Amendment ☐ Request of Expedited Review / Notice of Intent to Adopt Amendment (Only for use with Development Regulation Amendments) ☐ Supplemental Submittal for existing Notice of Intent to Adopt Amendment ☐ Notice of Final Adoption of Amendment

Add Association *If this amendment is related to additional submittals, please let us know here. IDs are included in your acknowledgment letter.* *Example 2022-S-….*	
Description Enter a brief description of the amendment. Begin your description with Proposed or Adopted, based on the type of Amendment you are submitting. Examples: *"**Proposed** comprehensive plan amendment for the GMA periodic update."* or *"**Adopted** Ordinance 123, adoption amendment to the sign code."* (Maximum 400 characters)	This proposal is to amend the City of Mercer Island Comprehensive Plan to be consistent with the requirements in Chapter 36.70A RCW. The project includes updates to the goals and policies of the Comprehensive Plan to comply with requirements in the Growth Management Act, Multi-County Planning Policies, and King County Countywide Planning Policies.
Is this action part of your 10-year periodic update required under RCW 36.70A.130 of the Growth Management Act (GMA)?	X Yes ☐ No
For Shoreline Master Programs (SMP): Is this action part of your 10-year periodic review required under RCW 90.58.080, a Comprehensive SMP, or a Locally Initiated amendment?	☐ Periodic Review ☐ Comprehensive SMP ☐ Locally Initiated Amendment X N/A (Not an SMP)
Does your submittal include changes to Urban Growth Areas	☐ Yes X No

Proposed Dates: Enter the anticipated public hearing date(s) for your Planning Commission/Planning Board or for your Council/Commission.	Planning Commission: May 26, 2024 City Council: initial briefing – July 16, 2024 First and second readings – September 2024 Proposed / Date of Adoption: October 2024
Categorize your Submittal	Periodic Update
Contact Information:	
Prefix/Salutation: *(Examples: "Mr.", "Ms.", or "The Honorable" (elected official))*	Mr.
Name:	Adam Zack
Title:	Senior Planner
Email:	Adam.zack@mercerisland.gov
Work Phone:	206-275-7719
Cell/Mobile Phone: *(optional)*	
Consultant Information:	
Is this person a consultant?	☐ Yes
Consulting Firm name?	
Would you like Commerce to contact you for Technical Assistance regarding this submitted amendment?	☐ Yes

REQUIRED: Attach a copy of the proposed amendment text or document(s). We do not accept a website hyperlink requiring us to retrieve external documents. Commerce no longer accepts paper copies by mail. If you experience difficulty, please email the reviewteam@commerce.wa.gov

~~~~ **ONLINE TRACKING SYSTEM AVAILABLE** ~~~~

Log in to our PlanView system where you can keep up with this submittal status, reprint communications and update your contact information.

Don't have a user account? Reply to this email to request one and attach the PlanView System Access Request Form.

To set up your Commerce PlanView Account:

Register for a SAW account and add the PlanView Service.

Please send completed PlanView System Access Request Form to reviewteam@commerce.wa.gov

Questions? Call the review team at (360) 725-3066.
~~~~

COMMUNITY PLANNING & DEVELOPMENT
206.275.7605
www.mercerisland.gov/cpd

May 6, 2024

Review Team
Washington State Department of Commerce
1011 Plum Street SE P.O. Box 42525
Olympia, WA 98504-2525

Dear Review Team:

The City of Mercer Island is pleased to request 60-day Department of Commerce (Commerce) review of the proposed updates to its Comprehensive Plan. The City began conducting the periodic review of its Comprehensive Plan in 2022 and is targeting adoption of the update prior to the December 31, 2024, deadline for cities in King County. The planned legislative review meeting dates are as follows:

- May 26 – Planning Commission Public Hearing
- June 12 – Planning Commission completes its recommendation (tentative)
- July 16 – City Council initial briefing on the updated Comprehensive Plan
- September 2024 – City Council first and second reading of an ordinance adopting the updated Comprehensive Plan
- October 2024 – targeted adoption of the updated Comprehensive Plan

Attached you will find the following amended or new elements of the Comprehensive Plan:

- **Land Use –** amended to reflect the new planning horizon and maintain consistency with changes elsewhere in the Comprehensive Plan;
- **Housing –** Proposed for repeal and replacement. Reworking the Housing Element was necessitated by the new planning requirements established by House Bill 1220;
- **Transportation –** Updated to reflect changes in the Puget Sound Regional Council's Vision 2050, King County's Countywide Planning Policies, and other changes within the Mercer Island Comprehensive Plan;

- **Utilities –** Amended to reflect the new planning horizon and maintain consistency with changes elsewhere in the Comprehensive Plan;

- **Capital Facilities –** Amended to reflect the new planning horizon and maintain consistency with changes elsewhere in the Comprehensive Plan;

- **Economic Development –** Locally initiated new element to guide the City's efforts to grow its local economy; and

- **Parks and Open Space –** Locally initiated new element to adopt the Parks, Recreation, and Open Space Plan and establish policy direction to establish Parks and Open Space zones.

In addition to the updated Comprehensive Plan Elements, the following attached technical reports are expected to be adopted as appendices to the updated Comprehensive Plan:

- **Economic Analysis** – a report with data analysis that informed the drafting of the new Economic Development Element;

- **Housing Needs Assessment** – a report prepared to satisfy the Growth Management Act (GMA) requirement for an inventory and analysis of existing and projected housing needs in RCW 36.70A.070(2)(a);

- **Racially Disparate Impacts (RDI) Evaluation** – a report based on the Commerce Guidance to Address Racially Disparate Impacts and satisfy the GMA requirements in RCW 36.70A.070(2)(e)-(h); and

- **Land Capacity Analysis (LCA) Supplement** – a report to evaluate the City's capacity to accommodate its housing needs and satisfy the GMA requirements in RCW 36.70A.070(2)(c) based on the Commerce Guidance for Updating Your Housing Element.

Other materials related to this project are posted on the project website. Please let me know if you have any questions or need any other information to complete review of the Mercer Island Comprehensive Plan periodic review.

Sincerely,

Adam Zack

Senior Planner

City of Mercer Island – Community Planning and Development

Adam.Zack@mercerisland.gov | 206-275-7719 | www.mercerisland.gov

ATTACHMENTS

1. Scope of Work, Schedule, and Public Participation Plan (PPP)
2. Supplemental Scope of Work, Schedule, and PPP
3. Draft Land Use Element
4. Draft Housing Element
5. Draft Transportation Element
6. Draft Utilities Element
7. Draft Capital Facilities Element
8. Draft Economic Development Element
9. Draft Parks and Open Space Element
10. Economic Analysis
11. Housing Needs Assessment
12. Racially Disparate Impacts Evaluation
13. Land Capacity Analysis Supplement

CITY OF MERCER ISLAND
RESOLUTION NO. 1621

A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON APPROVING A SCOPE OF WORK, MASTER SCHEDULE, AND PUBLIC PARTICIPATION PLAN FOR THE 2024 COMPREHENSIVE PLAN PERIODIC REVIEW.

WHEREAS, the Growth Management Act (GMA) was adopted by the WA State Legislature; and

WHEREAS, the GMA requires counties and cities in Washington State to adopt and periodically review comprehensive plans; and

WHEREAS, the last periodic review of the Mercer Island Comprehensive Plan was adopted by Ordinance 16-07 on June 6, 2016; and

WHEREAS, the next periodic review of the Mercer Island Comprehensive Plan must be completed by June 30, 2024; and

WHEREAS, on February 15, 2022, the Mercer Island City Council was briefed on the proposed 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule and Public Participation Plan; and

WHEREAS, on February 16, 2022, the Mercer Island Planning Commission was briefed on the proposed 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule and Public Participation Plan; and

WHEREAS, the Mercer Island City Council and Planning Commission provided comments and requests to amend the 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule and Public Participation Plan by March 1, 2022; and

WHEREAS, the Mercer Island City Council and Planning Commission requests to amend the 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule and Public Participation Plan were logged and provided to the City Council with Agenda Bill 6040; and

WHEREAS, in Agenda Bill 6040 dated March 7, 2022, the Community Planning and Development Department recommended the approval of the 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule and Public Participation Plan; and

WHEREAS, on March 15, 2022, the City Council considered requests to amend the 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule, and Public Participation Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

Section 1. The 2024 Comprehensive Plan Periodic Review Scope of Work and Master Schedule in Exhibit A are hereby approved.

Section 2. The 2024 Comprehensive Plan Update Public Participation Plan in Exhibit B is hereby approved.

Section 3. **A Comprehensive Plan Housing Work Group and Economic Development Work Group shall be formed subject to the terms of the charters in Exhibit C.**

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 15TH DAY OF MARCH 2022.

CITY OF MERCER ISLAND

Salim Nice

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk

EXHIBITS

A. 2044 Comprehensive Plan Periodic Review Scope of Work and Master Schedule

B. 2044 Comprehensive Plan Periodic Review Public Participation Plan

C. Housing Work Group and Economic Development Work Group Charters

2044 Comprehensive Plan Update

Scope of Work and Master Schedule

City of Mercer Island, WA

Department of Community Planning and Development
Resolution 1621, Exhibit A
March 15, 2022

Contents

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Scope of Work

Purpose

The Washington State Growth Management Act (GMA) requires King County and incorporated jurisdictions within King County to update their Comprehensive Plan on or before June 30, 2024. This proposed project to update the 2015 Mercer Island Comprehensive Plan to plan for growth through the year 2044 is intended to satisfy this state requirement.

At its core, the *Comprehensive Plan* sets forth a vision and establishes goals, policies, and implementation actions for managing and growing into the future. The vision is a statement of how the *C*omprehensive Plan will guide the City. Comprehensive Plan goals describe what objectives the City will pursue to further the vision. The policies and implementation actions established in the Comprehensive Plan describe what the City will do to achieve its goals and provide crucial guidance for the City in capital improvements, development regulations and other supporting programs and services.

The Comprehensive Plan considers projected growth during a twenty-year period called a "planning horizon". Currently, the GMA requires cities and counties to update each respective plan every nine years to extend the planning horizon.

There are five categories of amendments expected during this periodic Comprehensive Plan update as follows:

1. Amendments required by the GMA;

2. Amendments required by regional planning documents such as the Puget Sound Regional Council (PSRC) *Vision 2050* and King County Countywide Planning Policies;

3. Amendments required to extend the planning horizon to the year 2044;

4. Amendments to reflect City actions since the last update; and

5. Other amendments as directed by City Council, referred to herein as local choices.

Within each category, there may be technical and/or policy amendments required. Technical amendments generally provide little to no discretion and focus on necessary data compilation and analysis, often required by state, regional or county agencies. Policy amendments generally are more discretionary as they typically involve local responses to findings highlighted by technical amendments.

Strategy

The primary focus of this periodic Comprehensive Plan update is to ensure consistency with technical and/or policy changes by state, regional or county agencies and to incorporate new growth projections to extend the planning horizon to the year 2044. The population growth projection is provided by the Washington State Office of Financial Management (OFM). The expected regional growth in population and employment for the central Puget Sound area is distributed to counties by the Puget Sound Regional Council (PSRC) via the policies established in *Vision 2050*. Forecasted growth is allocated to individual cities within King County via countywide planning policies. Updating growth projections is largely a technical process because the projections have already been set by state, regional, and county efforts.

The proposed strategy for this periodic Comprehensive Plan update is largely "surgical" in nature with a few key exceptions. That the City is planning a largely surgical update reflects both the quality of the existing Comprehensive Plan as well as the results of the countywide new growth projections process from 2021. Generally, the existing Comprehensive Plan vision, goals, and policies still align with the results of the new growth projections process, hence the proposed surgical nature of this periodic Comprehensive Plan update to ensure consistency with technical and/or policy changes by state, regional or county agencies.

The two key exceptions to this surgical strategy that will require more extensive technical and policy work are drafting an Economic Development Element and updating the Housing Element to address the findings and recommendations from the *Housing Needs Assessment*.

The Economic Development Element will include goals and policies to define the City's role in economic development. This effort will require additional public outreach to ensure that the Economic Development Element aligns with the City's vision for economic development through the planning horizon. The expanded scope and public participation plan for the Economic Development Element reflect the broader nature of this effort.

As a prelude to a Housing Element update, the City will prepare a *Housing Needs Assessment.* The *Housing Needs Assessment* is a technical document that defines housing need across all income segments based on housing inventory and projected growth. Goal and policy amendments during the Comprehensive Plan update may be required to address housing needs. If such amendments are needed to address recommendations in the *Housing Needs Assessment*, a process broader than the surgical update may be required. As such, the scope and public participation plan for the Housing Element update allows additional room for goal and policy work in response to the *Housing Needs Assessment*.

Schedule

City Council is scheduled to consider the approval of this project scope, schedule, and public participation plan in March 2022. Once approved, work will immediately commence. Final City Council adoption of the periodic Comprehensive Plan update is proposed for April 2024. Filing of the 2044 Mercer Island Comprehensive Plan to state, regional and county agencies will immediately follow the Comprehensive Plan update adoption. A proposed Master Schedule is provided in Table 1 followed by a summary of tasks and sub tasks.

GMHB Exhibit #268 - 0013

Table 1. Comprehensive Plan Periodic Review Master Schedule.

		2022												2023										2024					
Task #	Task Description	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
1	Develop a scope of work and public participation plan	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
2	Public Participation	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
3	Consultant contracts	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.1*	EDE stakeholder and SME interviews	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.2*	EDE Community Vision Workshop	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.3*	EDE Vision Survey	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
4	Housing Needs Assessment and Economic Analysis Planning Commission and City Council Briefings	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.4*	Economic Development Work Group meeting with stakeholders and SMEs	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-3.1*	Housing Work Group prepares initial list of housing policy responses	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
5	Land Use Element Planning Commission review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
6	Transportation Element Planning Commission Review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-3.2 & 3.3*	Housing Work Group meeting with SMEs to refining draft Housing Element	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.5*	Economic Development Work Group meeting with stakeholders to refine the first draft of the EDE	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
7	Housing Element Planning Commission Review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
8	EDE Planning Commission Review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-2.8*	EDE Community Workshop	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
9	Utilities Element Planning Commission Review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
10	Capital Facilities Element Planning Commission Review	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J

		2022												2023												2024					
Task #	Task Description	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
PP-4.3*	Overall Comprehensive Plan update Community Workshop																		J												
11	Planning Commission Comprehensive Plan update tune up																			J											
12	SEPA Review																				A	S									
13	Planning Commission Overall Comprehensive Plan update public hearing																					S									
14	Planning Commission Overall Comprehensive Plan Deliberations																						O	N							
15	Planning Commission Comprehensive Plan Update Recommendation																							N							
16	City Council receives Planning Commission recommendation																									J					
17	City Council overall Comprehensive Plan update public hearing																										F				
18	City Council overall Comprehensive Plan update deliberations																											M	A		
19	City Council adopts Comprehensive Plan update																												A		
20	City files adopted Comprehensive Plan update with PSRC, Commerce, and King County																													M	

Note: * Tasks labeled “PP” are drawn from the Public Participation Plan. Please see the Public Participation Plan for a description of and numbering for these tasks.

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Tasks

Task 1 – Develop a Scope of Work and Public Participation Plan **January – March 2022**

City staff will prepare a draft scope of work (SOW) and public participation plan (PPP) for the Comprehensive Plan update. The City Council and Planning Commission will provide input on the SOW and PPP before the City Council adopts them by resolution

Deliverable: A SOW and PPP for the *Comprehensive Plan* update.

Task 2 – Public Participation **Duration of Comprehensive Plan update**

Public participation will be integrated throughout the project as established by the PPP developed during Task 1. Public participation strategies will include public comment periods, public meetings, stakeholder and subject matter expert consultations, community workshops, and public hearings. Specific engagement strategies are detailed in the PPP.

Deliverable: Public participation opportunities throughout the Comprehensive Plan update, see PPP for more detail.

Task 3 – Consultant Contracts **March – April 2022**

The City will retain qualified professional consultant services for specific projects during the Comprehensive Plan update. Task 3 will involve preparing and executing contracts for consultants.

Deliverable: Consultant contracts for work during the Comprehensive Plan update.

Task 4 – Housing Needs Assessment and Economic Analysis Planning Commission and City Council Briefings **June 2022**

The City will prepare two technical reports that provide data on housing and the Mercer Island economy. First, the City will produce a *Housing Needs Assessment* (HNA). The HNA is a document detailing the expected housing needs in the City throughout the planning period based on the forecasted growth, existing housing stock, and land use assumptions in the Comprehensive Plan. The GMA requires the City to plan for accommodating the projected growth through the planning horizon, including housing needs for people across all income levels. The HNA will help the City ensure that the Comprehensive Plan accounts for the projected growth in housing. The Planning Commission will be briefed on the HNA before progressing to work on the Housing Element later in the Comprehensive Plan update.

In addition to the HNA, the City will produce an Economic Analysis of the local economy. The Economic Analysis will provide data that current economic conditions and expected growth during the planning period. The information in this technical report will underpin the later work on the Economic Development Element.

Deliverable: A final draft of the *Housing Needs Assessment* and *Economic Analysis.*

Task 5 – Land Use Element Planning Commission Review **July – October 2022**

New growth projections will be incorporated into the Land Use Element of the Comprehensive Plan. Incorporating the new growth projections will be a technical update of the Land Use Element, with minimal changes to goals and policies. No changes to land use designations are expected. Assumptions about growth inform the other updates of the Comprehensive Plan and so the work on the Land Use

Element should be completed early in the periodic review. The Planning Commission will review and prepare a public hearing draft of the updated Land Use Element in the early stages of the Comprehensive Plan update.

Deliverable: A public hearing draft of the Land Use Element.

Task 6 – Transportation Element Planning Commission Review **July – October 2022**

The GMA requires that the Comprehensive Plan be internally consistent, using the same assumptions about growth throughout all Comprehensive Plan elements. Updating the growth projections in the Comprehensive Plan will require updates to the Transportation Element. These updates will largely be technical amendments to ensure that expectations about transportation demand are consistent with assumptions about growth elsewhere in the Comprehensive Plan. The Planning Commission will review the amendments to the Transportation Element necessary to update the growth projections and maintain internal consistency.

Deliverable: A public hearing draft of the Transportation Element.

Task 7 – Housing Element Planning Commission Review **October – December 2022**

The findings in the HNA will likely require updates to the goals, policies, and programs established in the Housing Element. The Planning Commission will review the HNA findings and recommend updates to the Housing Element as needed. The updates to the Housing Element are one aspect of the Comprehensive Plan update where substantive amendments to goals and policies are expected.

Deliverable: A public hearing draft of the Housing Element.

Task 8 – Economic Development Element Planning Commission Review **January – April 2023**

An Economic Development Element establishes goals and policies that provide for economic vitality in the City through the planning horizon. The Comprehensive Plan does not currently have an Economic Development Element; adopting one during the update is a local choice. Preparing an Economic Development Element is an aspect of the Comprehensive Plan update where significant public participation will be required to ensure that the goals and policies of the element reflect the collective vision of a vital economy on the island. The Planning Commission will review the proposed Economic Development Element during the latter half of the Comprehensive Plan update project.

Deliverable: a public hearing draft of the Economic Development Element.

Task 9 – Utilities Element Planning Commission Review **March – June 2023**

The GMA requires a Utilities Element that ensures utility capacity will keep pace with the projected growth. The Utilities Element includes an inventory of facilities that will need to be consistent with the new growth projections. Work on the Utilities Element will include an update of the utilities inventory and assessment of future needs. The Planning Commission will review the amendments to the Utilities Element necessary to update the growth projections and maintain internal consistency.

Deliverable: A public hearing draft of the Utilities Element.

Task 10 – Capital Facilities Element Planning Commission Review **March – June 2023**

The GMA requires a Capital Facilities Element that ensures capital facility capacity keeps pace with the projected growth. The Capital Facilities Element includes an inventory and level of service (LOS) analysis

GMHB Exhibit #268 - 0017

of facilities to ensure that capital facility LOS keeps pace with projected growth. The Planning Commission will review the amendments to the Capital Facilities Element necessary to update the growth projections and maintain internal consistency.

Deliverable: A public hearing draft of the Capital Facilities Element.

Task 11 – Planning Commission *Comprehensive Plan* Update Tune Up **July 2023**

The Planning Commission will review the overall Comprehensive Plan update and consider the feedback received during the community workshop. More information about the community workshop is provided in the PPP. This review will allow the Planning Commission to incorporate public input in advance of their public hearing.

Deliverable: A public hearing draft of the overall *Comprehensive Plan* update.

Task 12 – SEPA Review **August – September 2023**

The City is required to review potential environmental impacts under the State Environmental Policy Act (SEPA). Prior to adopting the Comprehensive Plan update, the City must issue a SEPA determination. The SEPA determination will be issued after the Planning Commission has prepared a public hearing draft of amendments to the Comprehensive Plan and before the Planning Commission holds a public hearing.

Deliverable: A SEPA determination covering the amendments proposed with the Comprehensive Plan update.

Task 13 – Planning Commission Public Hearing **September 2023**

Prior to making a recommendation to the City Council, the Planning Commission will hold a public hearing on the Comprehensive Plan update.

Deliverable: Public input regarding the Comprehensive Plan update for the Planning Commission.

Task 14 – Planning Commission Deliberations **October – November 2023**

Prior to making a recommendation to the City Council, the Planning Commission will consider the input received during the public hearing on the Comprehensive Plan update.

Deliverable: Public input regarding the Comprehensive Plan update for the Planning Commission.

Task 15 – Planning Commission *Comprehensive Plan* Update Recommendation **November 2023**

Making a recommendation to the City Council on the Comprehensive Plan update is the final action the Planning Commission will take on the periodic review.

Deliverable: the Planning Commission recommendation to the City Council regarding the Comprehensive Plan update.

Task 16 – City Council Receives Planning Commission Recommendation **January 2024**

The City Council will be briefed on the Planning Commission recommendation for the overall Comprehensive Plan update. This briefing will prepare the City Council to hold a public hearing on the proposed amendments.

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Deliverable: A first draft of an ordinance to adopt the Comprehensive Plan update.

Task 17 – City Council Public Hearing **February 2024**

Once the Planning Commission makes a recommendation to the City Council, the Council will consider the recommendation during a public hearing. The public hearing can take place over the course of several City Council Meetings. The City Council will adopt the Comprehensive Plan update by ordinance following the public hearing.

Deliverable: Public input on the Comprehensive Plan update.

Task 18 – City Council Deliberations **March – April 2024**

Prior to adopting the Comprehensive Plan update, the City Council will consider the input received during the public hearing on the Comprehensive Plan update.

Deliverable: A refined ordinance to adopt the Comprehensive Plan update.

Task 19 – City Council Adopts the Comprehensive Plan Update **April 2024**

The City Council will adopt the 2024 Comprehensive Plan update by ordinance following a public hearing. The target date for adoption is April 2024.

Deliverable: 2044 Comprehensive Plan Update adoption by ordinance.

Task 20 – City Files Adopted *Comprehensive Plan* Update With PSRC, Commerce, and King County **May 2024**

The City Council will adopt the 2024 Comprehensive Plan update by ordinance following a public hearing. The target date for adoption is April 2024.

Deliverable: Certification of the 2044 Comprehensive Plan Update.

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Element-Specific Subtasks

There are specific tasks that will be associated with the update of each Comprehensive Plan Element. Table 3 shows the element-specific subtasks that make up the Comprehensive Plan update. The majority of these subtasks are required by state, regional, and King County planning policies. Some element-specific subtasks are local choices. Some of the local choice subtasks have been added to the scope of work by other actions such as the Annual Docket or recently adopted development code changes. Local choice subtasks are highlighted in green in Table 3.

Table 2. Comprehensive Plan Element-Specific Subtasks.

Land Use Element		
Subtask Number	**Task Description**	**Required or Local Choice**
LU-1	Revise Land Use Element Section III to incorporate new growth projections	Required
LU-2	Add policy to Land Use Element Goal 18 to adopt the City Stormwater Management Plan by reference	Required
LU-3	Update capacity discussion in Land Use Element Section III to incorporate forecasted growth in population and employment.	Required
LU-4	Update Figure TC-1 with new map, relocate figure to be under Goal 2. Include policy referencing Figure TC-1	Local Choice
LU-5	Review Town Center policies under Goal 2 to be consistent with the 2021 commercial use requirements update, including 'no net loss' of commercial land in Town Center policy.	Local Choice
LU-6	Add policy(s) to Land Use Element Goal 14 regarding preserving existing commercial use square footage in Town Center.	Local Choice
LU-7	Adopt Climate Action Plan by reference in Land Use Element Section V, Goal 28	Local Choice
LU-8	Review and, if necessary, amend climate change policies in response to the Climate Action Plan	Local Choice
LU-9	Revise symbology of Figure 1 Land Use Map to optimize the map for web viewing	Local Choice
LU-10	Review Land Use Goals and Policies for consistency with planning actions taken since the previous update.	Local Choice
LU-11	Add a goal and policy(s) regarding the creation of a parks zone to the Land Use Element.	Local Choice
Housing Element		
Subtask Number	**Task Description**	**Required or Local Choice**
H-1	Develop a Housing Needs Assessment (HNA)	Required
H-2	Update Housing Element Section II to reflect the 2044 growth projections	Required
H-3	Adopt policies under Housing Element Goal 3 articulating the existing affordable housing program(s) in the City.	Required
H-4	Add policy under Housing Element Goal 1 explaining that manufactured housing is not regulated differently than site-built housing	Required
H-5	Review Housing policies for potential changes needed based on the HNA results	Required
H-6	Ensure Housing Element is consistent with SHB 1220	Required

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Transportation Element		
Subtask Number	**Task Description**	**Required or Local Choice**
T-1	Ensure that the 10-year traffic forecast is consistent with growth projections	Required
T-2	Update Transportation Element Section V to ensure future funding capability will be consistent with current conditions and growth projections	Required
T-3	Ensure that the multiyear transportation financing plan is consistent with updated growth projections	Required
T-4	Update the transportation inventory	Required
T-5	Add policy under Transportation Element Goal 12 to adopt the Pedestrian and Bicycle Facilities Plan by reference	Local Choice
T-6	Add policy under Transportation Element Goal 12 that establishes a timeline for reviewing the Pedestrian and Bicycle Facilities Plan	Local Choice
T-7	Amend Town Center intersections list in Transportation Element Section III Table 1	Local Choice
T-8	Adopt the streetscape manual by reference	Local Choice
Utilities Element		
Subtask Number	**Task Description**	**Required or Local Choice**
U-1	Ensure that utility capacity is consistent with growth projections	Required
Capital Facilities Element		
Subtask Number	**Task Description**	**Required or Local Choice**
CF-1	Update the Capital Facilities Inventory	Required
CF-2	Ensure that capital facilities inventory, LOS, and projection of future needs are consistent with adopted growth projections	Required
CF-3	Add impact fee policies describing what impact fees pay for	Required
Economic Development Element		
Subtask Number	**Task Description**	**Required or Local Choice**
EDE-1	Conduct an Economic Analysis	Local Choice
EDE-2	Develop an Economic Development Element	Local Choice
EDE-2	Ensure the Economic Development Element is consistent with projected growth	Required
Parks, Recreation, and Open Space Element		
Subtask Number	**Task Description**	Required or Local Choice
PRO-1	Adopt a Parks, Recreation, and Open Space Element that adopts the Parks, Recreation, and Open Space Plan by reference	Required

GMHB Exhibit #268 - 0021

2044 Comprehensive Plan Update

Public Participation Plan

City of Mercer Island, WA

Department of Community Planning and Development
Resolution 1621, Exhibit B
March 15, 2022

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Public Participation Plan

The Growth Management Act (GMA) requires the City to update its Comprehensive Plan on or before June 30, 2024 (RCW 36.70A.130(5)(a)). This update will extend the Comprehensive Plan planning horizon to the year 2044. The 2044 Comprehensive Plan Periodic Review and Update (Comprehensive Plan update) will satisfy this requirement. Public participation is a vital aspect of the Comprehensive Plan update process. Public participation improves the planning process by gathering the shared knowledge and experience of the community and fostering public confidence in the proposed Comprehensive Plan amendments. This document details the goals, tasks, phases, and schedule for public participation during the Comprehensive Plan update.

The Comprehensive Plan update will primarily be a targeted "surgical" update. The focus of the majority of the work will be technical updates to the growth projections and associated infrastructure needs detailed in the Comprehensive Plan. As such, most of the work in the Comprehensive Plan update will not require extensive public outreach. There are two aspects of the Comprehensive Plan update that will have a broader scope than the technical updates, creating more opportunities for public participation. These two aspects are adopting an Economic Development Element and updating housing goals and policies to respond to the findings in the Housing Needs Assessment. These two components of the Comprehensive Plan update will require more goal and policy work than the remainder of the project.

The drafting and adoption of an Economic Development Element will include extensive opportunities for the public to provide input. The Economic Development Element goals and policies will define how the City chooses to grow its economy. This will require additional public outreach to ensure that the Economic Development Element aligns with the public's vision for economic development through the planning horizon. The public participation plan for the Economic Development Element reflects the broader nature of this part of the project.

The City will prepare a *Housing Needs Assessment* as part of updating the growth projections in the Comprehensive Plan. The *Housing Needs Assessment* is a technical document that defines housing need based on the projected growth. Policy responses during the Comprehensive Plan update may be required to address housing needs. If policy amendments are needed to address the findings in the *Housing Needs Assessment*, those amendments would require a broader public participation. As such, the public participation planned for the Housing Element update allows additional room for community input. Updates to Housing Element goals and policies will give stakeholders several opportunities to provide input during the Comprehensive Plan update.

Roles

The Comprehensive Plan update will engage various groups. These groups have unique roles in the process, summarized below.

<u>City Council</u>

The Mercer Island City Council are the elected officials endowed with the legislative authority to adopt Comprehensive Plan amendments. The City Council also directs Planning Commission and staff work programs. The City Council will review the proposed Comprehensive Plan amendments throughout the Comprehensive Plan update. Ultimately, the City Council will adopt the Comprehensive Plan update after considering the Planning Commission, staff recommendations and public input.

Planning Commission

The Planning Commission is a volunteer advisory committee made up of island residents. The commission was established to review and make recommendations to the City Council on amendments to the Comprehensive Plan. They provide the City Council with the lay perspective on planning issues. The Planning Commission review of the Comprehensive Plan update will include the majority of the public participation, including a public hearing prior to making their recommendation to the City Council.

Housing Work Group

A Housing Work Group will work on drafting updated Housing Element goals and policies. The Housing Work Group will be made up of two Planning Commission members and two City Council members. The Housing Work Group will meet with stakeholders and subject matter experts during the Comprehensive Plan update to get input on housing goal and policy amendments to address housing needs.

Economic Development Work Group

An Economic Development Work Group (EDWG) will work on drafting new goals and policies for the Economic Development Element. The Economic Development Work Group will be composed of two Planning Commission members and two City Council members. The work group will meet with stakeholders and subject matter experts during the Comprehensive Plan update to refine the draft Economic Development Element.

City Staff

City staff provides professional and technical recommendations to the Planning Commission and City Council. Staff will prepare drafts and make recommendations throughout the Comprehensive Plan update.

Subject Matter Experts

Subject matter experts (SME) are professionals that work in a Comprehensive Plan related field (i.e. affordable housing nonprofit staff, King County Economic Development Council, etc.). SMEs can provide the City with their professional and technical expertise during the Comprehensive Plan update.

Stakeholders

Stakeholders are groups and individuals that have an interest in the outcome of the Comprehensive Plan update. Stakeholders are diverse and can have numerous and conflicting concerns. The Comprehensive Plan update will benefit from engaging these groups and individuals to gather varied perspectives and build consensus on the proposed updates. Engaging stakeholders with diverse viewpoints will help the Planning Commission and City Council understand the plurality of public opinions on goals and policies in the Comprehensive Plan. Some of the Comprehensive Plan update stakeholders are listed below.

- Local business owners;
- Housing providers;
- Developers;
- Builders and contractors;
- Local and regional policy advocacy organizations;
- Homeowners and Renters; and
- The general public.

Public Participation Goals and Tasks

Public participation is central to planning under GMA. Public participation is one of the statewide planning goals established in RCW 36.70A.020(11), which states:

> "Citizen participation and coordination. Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts."

In pursuit of this statewide planning goal, this public participation plan details the public participation goals and tasks the City will use throughout the Comprehensive Plan update.

Goal 1 – Inform the Public Throughout the Comprehensive Plan Update

Keeping the public informed throughout the Comprehensive Plan update will help ensure stakeholders know what to comment on, when comments will be effective, and how to provide their perspective to decision makers.

Tasks

1.1 Maintain a project webpage on the City website. The project webpage will list working drafts, project timeline, and public comments.

1.2 Publish notice of special public meetings such as community workshops in *The Mercer Island Reporter* and on the City website.

1.3 Maintain a mailing list of interested parties. Interested parties will be notified of public meetings.

1.4 Invite multi-family housing property managers to share meeting notices regarding the plan, particularly the housing and economic development elements of the plan.

Goal 2 – Gather Input on Economic Development Element Goals and Policies

Drafting a new Economic Development Element will require extensive public input on proposed vision, goals, and policies. Stakeholders and subject matter experts (SME) should be engaged throughout the refinement of proposed Economic Development Element goals and policies.

Tasks

2.1 City staff will conduct SME and key stakeholder interviews to establish a list of priority policy issues to address in the Economic Development Element. Key stakeholders are those with specific interest in economic development in the City. After the interviews, staff will prepare a list of important economic development issues to get more information on during the workshop and survey (Tasks 2.2 and 2.3).

2.2 City staff will hold an Economic Development Vision Community Workshop to get public input on a vision for economic development and identify priority policy topics to be addressed in the Economic Development Element.

2.3 City staff will conduct a survey to gather public input on the vision for economic development and identify priority policy topics to be addressed in the Economic Development Element.

2.4 The Economic Development Work Group will meet with economic development SMEs to refine the preliminary draft of economic development goals and policies to address the priority policy issues identified in tasks 2.1 through 2.3. This meeting will result in a first draft of the Economic Development Element.

2.5 The Economic Development Work Group will meet with a stakeholder panel to get input on and refine the first draft of the Economic Development Element.

2.6 The Planning Commission considers the Economic Development Work Group and stakeholder input during its first touch of the Economic Development Element.

2.7 The Planning Commission considers the Economic Development Work Group and stakeholder input during its second touch of the Economic Development Element.

2.8 The City will hold a community workshop to get feedback on and refine the third draft of the Economic Development Element.

2.9 The Planning Commission considers the public input from the community workshop during its third touch of the Economic Development Element.

Goal 3 – Gather Input on updates to the housing goals and policies

Housing goals and policies might need to be updated after the City has prepared a *Housing Needs Assessment* (HNA). Any necessary changes are expected to be minor refinements of the existing housing policies to account for the findings in the HNA. Input from housing stakeholders and SMEs will be sought to ensure that the goals and policies adequately address the findings in the HNA.

Tasks

3.1 Housing Work Group prepares an initial list of housing policy responses based on the HNA findings.

3.2 The Housing Work Group will partner with multi-family property managers to host a Renters Forum to share findings of the HNA and directly listen to the needs and hear ideas from the rental community.

3.3 The Housing Work Group will meet with SMEs to refine the initial list of policy responses to be incorporated into the first draft of amendments to housing goals and policies.

3.4 Planning Commission first two touches on the draft housing goal and policy amendments.

3.5 Planning Commission third touch on the draft housing goal and policy amendments, resulting in a public hearing draft.

3.6 The Planning Commission will hold a public hearing on the Comprehensive Plan update (Task 4.2, below), which will include the amendments to the Housing Element.

Goal 4 – Gather Public Input on the Overall Comprehensive Plan Update

Gathering public input on the overall Comprehensive Plan update will be vital to ensure the update satisfies the statewide planning goal for public participation. This will increase community support for the update.

Tasks

4.1 Create a dedicated Comprehensive Plan update public comment email inbox.

4.2 Planning Commission refines draft amendments and responds to public comments during public meetings.

4.3 Hold a community workshop on the Comprehensive Plan update after the Planning Commission has prepared a pre-hearing draft of the overall Comprehensive Plan update. The community workshop will precede a Planning Commission public hearing.

4.4 The Planning Commission will hold a public hearing and deliberations before making a recommendation to the City Council on the Comprehensive Plan update.

4.5 The City Council will hold a public hearing and deliberations before adopting the Comprehensive Plan update by ordinance.

Engagement Phases

Public participation for the Comprehensive Plan update will be divided into four distinct phases. Each phase will be composed of outreach tasks to achieve the public participation goals outlined above. The four phases are:

Phase I – Ongoing Notices
Phase II – Identify Policy Responses
Phase III – Refine Drafts
Phase IV – Build Consensus

Phase I: Ongoing Notices

The purpose of Phase I is to ensure that the public stays up to date on the Comprehensive Plan update project throughout its duration. By providing public notice throughout the Comprehensive Plan update, the City will keep the public informed of the status of the project and how to provide comments. Phase I will take place through the duration of the Comprehensive Plan update. The tasks undertaken during Phase I are related to public participation goals 1 and 4.

Phase II: Identify Policy Responses

The purpose of Phase II is to engage the general public, stakeholders, and SMEs to set the agenda for making goal and policy updates. The focus of this phase will be amendments to the Housing Element and drafting the new Economic Development Element. Phase II will take place early in the drafting process for these two elements. The input gathered in this phase will highlight priority goal and policy amendments needed to address the housing and economic development issues the community is concerned about. The tasks undertaken during Phase II are related to public participation goals 2 and 3.

Phase III: Refine Drafts

The purpose of Phase III is to gather input on the draft Comprehensive Plan Elements in advance of public hearings. Phase III will center on engaging the broader public and gathering input on proposed goal and policy updates. Refining drafts will take place through the middle of the Comprehensive Plan update process, in advance of the Planning Commission and City Council public hearings. The tasks undertaken during Phase III are related to public participation goals 2, 3, and 4.

Phase IV: Build Consensus

The purpose of Phase IV is to build public buy in on the drafts refined during Phase III by engaging the public in the fine-tuning of the Comprehensive Plan update in advance of its adoption. Phase IV will take place during the last stages of the Comprehensive Plan update. The tasks undertaken during Phase IV are related to public participation goals 2, 3, and 4.

Table 1 lists the four public participation phases, information flow, and public participation tasks undertaken during each phase.

Table 1. Public Participation Phases, Information Flow, and Tasks.

Phase	Information Flow	Public Participation Tasks
Phase I Ongoing Notices	**City ↓ Public**	**1.1** Maintain a project webpage on the City website. The project webpage will list working drafts, project timeline, and public comments.
		1.2 Publish notice of special public meetings in The Mercer Island Reporter and on the City website.
		1.3 Maintain a mailing list interested parties. Interested parties will be notified of public meetings.
		1.4 Outreach to **m**ultifamily property managers and residents.
		4.1 Create a dedicated Comprehensive Plan update public comment email inbox.
Phase II Identify Policy Responses	**General Public, Stakeholders and SMEs ↓ City**	**2.1** Economic development SME and key stakeholder interviews to identify policy priorities.
		2.2 Economic Development Vision Community Workshop.
		2.3 Economic Development Vision Survey.
		2.4 Economic Development Work Group meeting with stakeholders and SMEs.
		3.1 Housing Work Group prepares initial list of housing policy responses.
		3.2 The Housing Work Group renter's forum.
		3.3 Housing Work Group meeting with SMEs to refine a draft of housing goal and policy amendments.
Phase III Refine Drafts	**General Public, Stakeholders, and SMEs ↓ City**	**2.5** Economic Development Work Group meeting with stakeholders to refine the draft Economic Development Element.
		2.6 Planning Commission first touch on the draft Economic Development Element
		2.7 Planning Commission second touch on the draft Economic Development Element
		2.8 Economic Development Element community workshop
		2.9 Planning Commission third touch on the draft Economic Development Element
		3.4 Planning Commission first and second touch on draft housing goal and policy amendments.
		3.5 Planning Commission third touch on draft housing goal and policy amendments.
		4.2 Planning Commission refines draft Comprehensive Plan amendments and responds to public comments.
		4.3 Hold a community workshop on the Comprehensive Plan update.
Phase IV Build Consensus	**General Public ↻ City**	**3.6** Planning Commission public hearing on the Comprehensive Plan update (Task 4.4, below), which will include the amendments to the Housing Element.
		4.4 Planning Commission will hold a public hearing before making a recommendation to the City Council on the Comprehensive Plan update.
		4.5 City Council public hearing before adopting the Comprehensive Plan update.

Public Participation Schedule

Table 2. Public Participation Schedule.

Phase	Public Participation Task	2022												2023												2024						
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
I	1.1 Project website			M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
	1.2 Publish notices			M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
	1.3 Maintain mailing list			M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
	1.4 Outreach to multifamily property managers and residents.			M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
	4.1 Dedicated public comment email			M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
II	2.1 Staff interviews Economic Development SMEs and stakeholders			M	A																											
	2.2 Economic Development Vision Community Workshop					M	J																									
	2.3 Economic Development Vision Survey					M	J																									
	2.4 Economic Development Work Group meeting with stakeholders and SMEs							J																								
	3.1 Housing Work Group prepares initial list of housing policy responses							J																								
	3.2 Housing Work Group renter's forum.									S																						
	3.3 Housing Work Group meeting with SMEs to refine a draft of housing goal and policy amendments									S																						
III	2.5 Economic Development Work Group meeting with stakeholders to refine the draft Economic Development Element									S	O	N																				
	3.4 Planning Commission first and second touch on draft housing goal and policy amendments										O	N																				
	3.5 Planning Commission third touch on draft housing goal and policy amendments												D																			
	2.6 Planning Commission first touch on the draft Economic Development Element													J																		
	2.7 Planning Commission second touch on the draft Economic Development Element														F																	
	2.8 Economic Development Element community workshop															M																
	2.9 Planning Commission third touch on the draft Economic Development Element																A															
	4.2 Planning Commission refines draft amendments and responds to public comments					M	J	J		S	O	N	D	J	F	M	A	M	J	J		S	O	N								
	4.3 Hold a community workshop on the Comprehensive Plan update																		J													
IV	3.6 & 4.4 Planning Commission Comprehensive Plan update public hearing, deliberations, and recommendation																					S	O	N								
	4.5 City Council Comprehensive Plan update public hearings, deliberations, and adoption																									J	F	M	A			

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Mercer Island Comprehensive Plan Housing Work Group Charter
Approved: March 15, 2022

MISSION

The Comprehensive Plan Housing Work Group is appointed to advise the Planning Commission and City Council on amendments to the Housing Element of the Comprehensive Plan. The Housing Work Group will review data, public input, and develop draft amendments to the Housing Element in support of the periodic review of the Comprehensive Plan.

ARTICLE I GENERAL PROVISIONS

Section 1.1 Relationship to Other Regulations. This charter is supplementary to Title 3 Mercer Island City Code ("MICC") and applicable WA State laws codified in the Revised Code of Washington ("RCW").

Section 1.2 Responsibilities of Housing Work Group. The members of the Comprehensive Plan Housing Work Group accept the responsibility of the office and declare their intention to execute the duties defined under state law, city code, and this charter to the best of their ability and to respect and observe the requirements established by the City Council.

Section 1.3 Term. The Housing Work Group term shall terminate on June 20, 2024, or immediately after an initial draft of proposed amendments to Comprehensive Plan housing goals and policies is provided to the Planning Commission, whichever comes first; unless the City Council extends it.

ARTICLE II DUTIES OF HOUSING WORK GROUP, MEMBERS, AND CHAIR

Section 2.1 Duties and Responsibilities of Housing Work Group. The Housing Work Group shall undertake the duties and responsibilities defined in this charter. The duties of the Housing Work Group shall be limited to those enumerated below:

1. Review findings of the Mercer Island Housing Needs Assessment as well as direction and guidance from the State Department of Commerce, Puget Sound Regional Council and the King County Countywide Planning Policies related to planning for housing supply and affordability.
2. Receive input from stakeholders on possible housing goal and policy amendments;
3. Prepare an initial draft of amendments to the Comprehensive Plan housing goals and policies; and

4. Provide additional commentary on housing issues to the Planning Commission and City Council.

Section 2.2 Members. The Housing Work Group shall consist of 4 members: 2 selected from among the members of the City Council and 2 selected from among the members of the Planning Commission. Each body shall determine their method for selecting members to serve on the Housing Work Group. Membership on the Housing Work Group shall be limited to existing members of each body. The term of each member will expire on June 30, 2024, unless extended by the City Council. Vacancies occurring other than through the expiration of terms shall be filled by a member of the same body the vacated seat was selected from.

Section 2.3 Chair and Duties. The Housing Work Group shall select a Chair to serve for the term of the Housing Work Group, who will be responsible for the following duties:

1. Run / Facilitate Housing Work Group meetings in a fair, efficient, productive, and informative manner;
2. Act as a spokesperson to City Council, Planning Commission, and when necessary, to the public and/or media; and
3. Work with Community Planning and Development staff on schedule / calendar and meeting agendas.

ARTICLE III MEETINGS

Section 3.1 Regular Meetings. A regular meeting schedule shall be established by the members of the Housing Work Group. Any regular meeting may be canceled or re-scheduled by the Chair or the Community Planning and Development Director

Section 3.2 Special Meetings. Special meetings of the Housing Work Group may be called by any of the following: the Chair, the City Manager, Community Planning and Development Director, or the Mayor.

Section 3.3 Attendance. Attendance at regular and special meetings is expected of all Housing Work Group members. Any member anticipating absence from a meeting should notify the Chair and staff liaison from the Community Planning and Development department.

Section 3.4 Decisions. Decisions will be made by consensus or by a majority vote of the members in attendance at a meeting.

Section 3.5 Open to the Public. The Economic Development Work Group is subject to the Open Public Meetings Act (OPMA). All regular and special meetings of the Housing Work Group are open to the public, and notice of meetings shall be given pursuant

to the OPMA. The scheduling and holding of all Housing Work Group meetings are to be done in accordance with this charter and Washington state law.

ARTICLE IV CONDUCT OF MEETINGS

Section 4.1 Conduct. All meetings of the Housing Work Group shall be conducted in accordance with this charter and Washington state law. Where this charter fails to provide otherwise, the meetings shall be conducted in accordance with parliamentary rules and procedures in the most current edition of the Robert's Rules of Order.

Section 4.2 Chair. The Chair shall preside at all Housing Work Group meetings and has the powers generally assigned such office in conducting the meetings. It shall be the Chair's duty to see that the transaction of Housing Work Group business is in accord with this charter and Washington state law. The Chair of the meeting shall be a full voting member but shall not initiate or second a motion.

Section 4.3 Agenda Setting. An agenda for every regular meeting shall be prepared and distributed by the Community Planning and Development department to each member not less than 5 calendar days prior to the date of the meeting at which such agenda is to be considered. The agenda shall be accompanied with a complete copy of the unapproved minutes of the previous meeting, staff reports, and other materials as may pertain to the agenda.

Section 4.4 Agenda Modification. All meetings shall be conducted in accordance with the agenda. To the extent it does not violate public notice requirements, the printed agenda of a regular meeting may be modified, supplemented, or revised at the beginning of the meeting by the affirmative vote of the majority of Housing Work Group members present.

Section 4.5 Minutes. A staff liaison shall be provided by the Community Planning and Development department to prepare minutes of meetings and keep such record, attend to correspondence of the Housing Work Group, and perform such other duties as may be deemed necessary. Minutes of all regular meetings shall be kept and made part of a permanent public record. All actions of the Housing Work Group shall be considered conclusive as to general import as of the date of such action. Details of phraseology, conditions, etc., shall be subject to correction at the time of consideration and approval of the meeting minutes.

ARTICLE V PUBLIC INVOLVEMENT

Section 5.1. Purpose. High quality public input is desired by the Housing Work Group and is needed to help inform the Housing Work Group's analysis, recommendations, and commentary. The Housing Work Group goals for public involvement are to:

1. Undertake a fair, meaningful, and effective outreach to stakeholders, with opportunities for interested parties to participate in a comfortable setting.

2. Use a consistent and adaptable process that allocates limited time efficiently and encourages input that is relevant, clear, and specific.

Section 5.2 Time Limits. Time limits on public input can be established to allow for the efficient use of the Housing Work Group's time. The Housing Work Group shall have the discretion to determine speaking times as needed.

Section 5.3 Conduct. The public may address the Housing Work Group only after being recognized by the Chair of the meeting. All speakers must give their names. If audience dialogue becomes disruptive, the Chair may recess the meeting or request that the meeting be adjourned.

Section 5.4 Alternative Communication. To communicate with the Housing Work Group on a matter not scheduled for discussion, the public may communicate with the Housing Work Group in writing and/or speak during an optional portion of each meeting entitled "Appearances" near the beginning of the agenda. The Housing Work Group shall have the discretion to omit "Appearances" from the agenda. The Chair of the meeting shall endeavor to minimize the amount of cumulative redundant testimony by the public.

ARTICLE VI CONFLICT OF INTEREST, EX-PARTE CONTACT, AND APPEARANCE OF FAIRNESS DOCTRINE

Section 6.1 Conflict of Interest. Chapter 42.23 RCW prohibits members from using their positions to secure special privileges or special exemptions for themselves or others. If an actual or perceived conflict of interest, ex parte contact, or other conflict with the appearance of fairness exists that affects the work of the Housing Work Group, it is the responsibility of each member to refrain from any prior discussion of such matter with other members of the Housing Work Group, to openly describe the issue, and then recuse him/herself from the meeting during the period of discussion and action thereon.

ARTICLE VII DISPOSITION OF DUTIES

Section 7.1 Review Data and Guidance. Review findings of the Mercer Island Housing Needs Assessment as well as direction and guidance from the State Department of Commerce, Puget Sound Regional Council and the King County Countywide Planning Policies related to planning for housing supply and affordability.

Section 7.2 Stakeholder Input. The Housing Work Group shall receive input on housing goals and policies from stakeholders during regular meetings. This input can be summarized by the Housing Work Group when providing commentary on the initial draft of amendments to Comprehensive Plan housing goals and policies.

Section 7.3 Preparing an Initial Draft of Proposed Amendments to Comprehensive Plan housing goals and policies. The principal output of the Housing Work Group shall be an initial draft of amendments to Comprehensive Plan housing goals and policies. A majority of the Housing Work Group (3 members) must approve the initial draft of proposed amendments. The Chair will forward this initial draft to the Mercer Island Planning Commission. A selected member of the Housing Work Group will present the initial draft to the Planning Commission at a regular meeting of that body.

Section 7.5 Additional Commentary. The Housing Work Group may include additional commentary with the initial draft of proposed amendments to Comprehensive Plan housing goals and policies. The additional commentary must be approved by a majority of the Housing Work Group. The additional commentary can include facts and rationale behind proposed amendments, housing issues in need of further discussion, and/or identify possible implementation actions to be considered following the Comprehensive Plan periodic review.

Section 7.5 The City Council may request that the Housing Work Group reconvene to provide additional commentary or recommendations based on direction received from the Department of Commerce and/or King County related to “targets” for provision of housing of certain types or for certain segments of the population.

Mercer Island Comprehensive Plan Economic Development Work Group Charter
Adopted: March 15, 2022

MISSION

The Comprehensive Plan Economic Development Work Group is appointed to advise the Planning Commission and City Council on the drafting of an Economic Development Element of the Comprehensive Plan. The Economic Development Work Group will review data, public input, and develop a draft Economic Development Element in support of the periodic review of the Comprehensive Plan.

ARTICLE I GENERAL PROVISIONS

Section 1.1 Relationship to Other Regulations. This charter is supplementary to Title 3 Mercer Island City Code ("MICC") and applicable WA State laws codified in the Revised Code of Washington ("RCW").

Section 1.2 Responsibilities of Housing Work Group. The members of the Comprehensive Plan Economic Development Work Group accept the responsibility of the office and declare their intention to execute the duties defined under state law, city code, and this charter to the best of their ability and to respect and observe the requirements established by the City Council.

Section 1.3 Term. The Economic Development Work Group term shall terminate on June 20, 2024, or immediately after an initial draft of Economic Development Element of the Comprehensive Plan is provided to the Planning Commission, whichever comes first; unless the City Council extends it.

ARTICLE II DUTIES OF ECONOMIC DEVELOPMENT WORK GROUP, MEMBERS, AND CHAIR

Section 2.1 Duties and Responsibilities of Economic Development Work Group. The Economic Development Work Group shall undertake the duties and responsibilities defined in this charter. The duties of the Economic Development Work Group shall be limited to those enumerated below:

1. Review findings of the Mercer Island Housing Needs Assessment as well as direction and guidance from the State Department of Commerce, Puget Sound Regional Council and the King County Countywide Planning Policies related to planning for housing supply and affordability.
2. Receive input from stakeholders on possible economic development goals and policies;

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3. Prepare an initial draft of an Economic Development Element of the Comprehensive Plan; and
4. Provide additional commentary on economic development issues to the Planning Commission and City Council.

Section 2.2 Members. The Economic Development Work Group shall consist of 4 members: 2 selected from among the members of the City Council and 2 selected from among the members of the Planning Commission. Each body shall determine their method for selecting members to serve on the Economic Development Work Group. Membership on the Economic Development Work Group shall be limited to existing members of each body. The term of each member will expire on June 30, 2024, unless extended by the City Council. Vacancies occurring other than through the expiration of terms shall be filled by a member of the same body the vacated seat was selected from.

Section 2.3 Chair and Duties. The Economic Development Work Group shall select a Chair to serve for the term of the Economic Development Work Group, who will be responsible for the following duties:

1. Run / Facilitate Economic Development Work Group meetings in a fair, efficient, productive, and informative manner;
2. Act as a spokesperson to City Council, Planning Commission, and when necessary, to the public and/or media; and
3. Work with Community Planning and Development staff on schedule / calendar and meeting agendas.

ARTICLE III MEETINGS

Section 3.1 Regular Meetings. A regular meeting schedule shall be established by the members of the Economic Development Work Group. Any regular meeting may be canceled or re-scheduled by the Chair or the Community Planning and Development Director

Section 3.2 Special Meetings. Special meetings of the Economic Development Work Group may be called by any of the following: the Chair, the City Manager, Community Planning and Development Director, or the Mayor.

Section 3.3 Attendance. Attendance at regular and special meetings is expected of all Economic Development Work Group members. Any member anticipating absence from a meeting should notify the Chair and staff liaison from the Community Planning and Development department.

Section 3.4 Decisions. Decisions will be made by consensus or by a majority vote of the members in attendance at a meeting.

Section 3.5 Open to the Public. The Economic Development Work Group is subject to the Open Public Meetings Act (OPMA). All regular and special meetings of the Economic Development Work Group are open to the public, and notice of meetings shall be given pursuant to the OPMA. The scheduling and holding of all Economic Development Work Group meetings are to be done in accordance with this charter and Washington state law.

ARTICLE IV CONDUCT OF MEETINGS

Section 4.1 Conduct. All meetings of the Economic Development Work Group shall be conducted in accordance with this charter and Washington state law. Where this charter fails to provide otherwise, the meetings shall be conducted in accordance with parliamentary rules and procedures in the most current edition of the Robert's Rules of Order.

Section 4.2 Chair. The Chair shall preside at all Economic Development Work Group meetings and has the powers generally assigned such office in conducting the meetings. It shall be the Chair's duty to see that the transaction of Economic Development Work Group business is in accord with this charter and Washington state law. The Chair of the meeting shall be a full voting member but shall not initiate or second a motion.

Section 4.3 Agenda Setting. An agenda for every regular meeting shall be prepared and distributed by the Community Planning and Development department to each member not less than 5 calendar days prior to the date of the meeting at which such agenda is to be considered. The agenda shall be accompanied with a complete copy of the unapproved minutes of the previous meeting, staff reports, and other materials as may pertain to the agenda.

Section 4.4 Agenda Modification. All meetings shall be conducted in accordance with the agenda. To the extent it does not violate public notice requirements, the printed agenda of a regular meeting may be modified, supplemented, or revised at the beginning of the meeting by the affirmative vote of the majority of Economic Development Work Group members present.

Section 4.5 Minutes. A staff liaison shall be provided by the Community Planning and Development department to prepare minutes of meetings and keep such record, attend to correspondence of the Economic Development Work Group, and perform such other duties as may be deemed necessary. Minutes of all regular meetings shall be kept and made part of a permanent public record. All actions of the Economic Development Work Group shall be considered conclusive as to general import as of the date of such action. Details of phraseology, conditions,

etc., shall be subject to correction at the time of consideration and approval of the meeting minutes.

ARTICLE V PUBLIC INVOLVEMENT

Section 5.1. Purpose. High quality public input is desired by the Economic Development Work Group and is needed to help inform the Economic Development Work Group's analysis, recommendations, and commentary. The Economic Development Work Group goals for public involvement are to:

1. Undertake a fair, meaningful, and effective outreach to stakeholders, with opportunities for interested parties to participate in a comfortable setting.
2. Use a consistent and adaptable process that allocates limited time efficiently and encourages input that is relevant, clear, and specific.

Section 5.2 Time Limits. Time limits on public input can be established to allow for the efficient use of the Economic Development Work Group's time. The Economic Development Work Group shall have the discretion to determine speaking times as needed.

Section 5.3 Conduct. The public may address the Economic Development Work Group only after being recognized by the Chair of the meeting. All speakers must give their names. If audience dialogue becomes disruptive, the Chair may recess the meeting or request that the meeting be adjourned.

Section 5.4 Alternative Communication. To communicate with the Economic Development Work Group on a matter not scheduled for discussion, the public may communicate with the Economic Development Work Group in writing and/or speak during an optional portion of each meeting entitled "Appearances" near the beginning of the agenda. The Economic Development Work Group shall have the discretion to omit "Appearances" from the agenda. The Chair of the meeting shall endeavor to minimize the amount of cumulative redundant testimony by the public.

ARTICLE VI CONFLICT OF INTEREST, EX-PARTE CONTACT, AND APPEARANCE OF FAIRNESS DOCTRINE

Section 6.1 Conflict of Interest. Chapter 42.23 RCW prohibits members from using their positions to secure special privileges or special exemptions for themselves or others. If an actual or perceived conflict of interest, ex parte contact, or other conflict with the appearance of fairness exists that affects the work of the Economic Development Work Group, it is the responsibility of each member to refrain from any prior discussion of such matter with other members of the

Economic Development Work Group, to openly describe the issue, and then recuse him/herself from the meeting during the period of discussion and action thereon.

ARTICLE VII DISPOSITION OF DUTIES

Section 7.1 Review Data and Guidance. Review findings of the Mercer Island Economic Analysis as well as direction and guidance from the State Department of Commerce, Puget Sound Regional Council and the King County Countywide Planning Policies related to planning for housing supply and affordability.

Section 7.2 Stakeholder Input. The Economic Development Work Group shall receive input on the draft Economic Development Element of the Comprehensive Plan from stakeholders during regular meetings. This input can be summarized by the Economic Development Work Group when providing commentary on the initial draft of an Economic Development Element of the Comprehensive Plan.

Section 7.3 Preparing an Initial Draft of an Economic Development Element of the Comprehensive Plan. The principal output of the Economic Development Work Group shall be an initial draft of an Economic Development Element of the Comprehensive Plan. A majority of the Economic Development Work Group (3 members) must approve the initial draft Economic Development Element of the Comprehensive Plan. The Chair will forward this initial draft to the Mercer Island Planning Commission. A selected member of the Economic Development Work Group will present the initial draft to the Planning Commission at a regular meeting of that body.

Section 7.5 Additional Commentary. The Economic Development Work Group may include additional commentary with the initial draft of an Economic Development Element of the Comprehensive Plan. The additional commentary must be approved by a majority of the Economic Development Work Group. The additional commentary can include facts and rationale behind proposed amendments, economic development issues in need of further discussion, and/or identify possible implementation actions to be considered following the Comprehensive Plan periodic review.

Section 7.5 The City Council may request that the Economic Development Work Group reconvene to provide additional commentary or recommendations on matters pertaining to economic development.

CITY OF MERCER ISLAND
RESOLUTION NO. 1646

A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON APPROVING A SUPPLEMENTAL SCOPE OF WORK FOR THE 2024 COMPREHENSIVE PLAN PERIODIC REVIEW.

WHEREAS, the Growth Management Act (GMA) was adopted by the WA State Legislature; and

WHEREAS, the GMA requires counties and cities in Washington State to adopt and periodically review comprehensive plans; and

WHEREAS, the last periodic review of the Mercer Island Comprehensive Plan was adopted by Ordinance 16-07 on June 6, 2016; and

WHEREAS, the next periodic review of the Mercer Island Comprehensive Plan must be completed by December 31, 2024; and

WHEREAS, on March 15, 2022, the City Council approved Resolution 1621 approving the 2024 Comprehensive Plan Periodic Review Scope of Work, Master Schedule, and Public Participation Plan; and

WHEREAS, guidance from the WA Department of Commerce (Commerce) regarding compliance with Engrossed Second Substitute House Bill 1220 combined with the WA Legislature enacting House Bill 1110 and House Bill 1337 will require additional tasks not included in the Comprehensive Plan Periodic Review Scope of Work, Master Schedule, and Public Participation Plan approved with Resolution 1621; and

WHEREAS, on July 5, 2023, the Mercer Island City Council was briefed on the proposed 2024 Comprehensive Plan Periodic Review Supplemental Scope of Work, Master Schedule and Public Participation Plan, which includes the tasks necessary to address compliance with House Bills 1110 and 1337 and Commerce guidance regarding compliance with Engrossed Second Substitute House Bill 1220; and

WHEREAS, the Mercer Island City Council provided comments and requests to amend the 2024 Comprehensive Plan Periodic Review Supplemental Scope of Work, Master Schedule and Public Participation Plan by July 11, 2023; and

WHEREAS, the Mercer Island City Council requests to amend the 2024 Comprehensive Plan Periodic Review Supplemental Scope of Work, Master Schedule and Public Participation Plan were logged and provided to the City Council with Agenda Bill 6290; and

WHEREAS, the Mercer Island City Council considered comments and requests to amend the 2024 Comprehensive Plan Periodic Review Supplemental Scope of Work, Master Schedule and Public Participation Plan on July 18, 2023; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

The 2024 Comprehensive Plan Periodic Review Supplemental Scope of Work in Exhibit A is hereby approved.

GMHB Exhibit #268 - 0042

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 18TH DAY OF JULY 2023.

CITY OF MERCER ISLAND

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk

EXHIBITS

A. 2044 Comprehensive Plan Periodic Review Supplemental Scope of Work

GMHB Exhibit #268 - 0043

EXHIBIT A

Housing Element Supplement Scope of Work

CITY OF MERCER ISLAND COMPREHENSIVE PLAN PERIODIC REVIEW

Housing Element Supplemental Scope of Work

In 2022, the City Council approved a scope of work, master schedule, and public participation plan for the Comprehensive Plan update with Resolution 1621. Several months after the approval of Resolution 1621, The WA Department of Commerce began issuing guidance for changes to Growth Management Act (GMA) requirements for housing elements enacted by the WA Legislature in 2021 (E2SHB 1220). The guidance outlined new required steps cities should use when updating their housing elements. These new steps were beyond the work initially scoped and scheduled by Resolution 1621. In order to comply with state requirements, the City needs to supplement the scope and schedule for the Housing Element update.

The original scope of work and master schedule for the Comprehensive Plan update targeted April 2024 for adoption of the Comprehensive Plan update. This supplemental scope of work and schedule for updating the housing element is expected to delay adoption of the Comprehensive Plan update to a few months later than initially scoped and scheduled by Resolution 1621. The GMA requires cities in King County to complete their comprehensive plan updates by December 31, 2024. This supplemental scope of work details the tasks and schedule needed to update the Housing Element, amend other Comprehensive Plan policies to maintain internal consistency, and prepare an implementation plan to address the GMA requirements.

Engrossed Second Substitute House Bill 1220 (E2SHB 1220)

The WA State Legislature adopted E2SHB 1220 in 2021. This bill amended the GMA adding new housing element requirements. The Bill also requires the WA Department of Commerce (Commerce) to provide counties and cities with guidance for meeting the new requirements. The initial guidance from Commerce has indicated that the City will be required to undertake additional tasks not included in the scope of work and schedule approved with Resolution 1621. The new housing element requirements that will require additional tasks are summarized below.

Racially Disparate Impacts

A key change enacted by E2SHB 1220 is that cities and counties must identify housing policies that have resulted in racially disparate impacts, displacement, and exclusion. It must also include policies and regulations that address and begin to undo racially disparate impacts, displacement, and exclusion in housing. These requirements are established in RCW 36.70A.070(2)(e)-(h).

Housing Affordability

E2SHB 1220 added a new requirement that counties and cities planning under the GMA must inventory and analyze housing needs for households of all income levels (moderate, low, very low, and extremely low-income households as well as emergency housing, emergency shelters, and permanent supportive housing). The City must also demonstrate that "adequate provisions" are made for the existing and projected needs of all economic segments of the community. These requirements are established in RCW 36.70A.070(2)(a)-(d).

House Bill 1110 (HB 1110)

Adopted in 2023, HB 1110 requires cities to allow middle housing types in zones where single-family homes are allowed. A city the size of Mercer Island must allow the following densities:

- At least two units per lot unless the zone allows a greater density or intensity.
- At least four units per lot within one quarter mile walking distance of a major transit stop. Major transit stop is defined as any one of the following:

  - A stop on a high-capacity transportation system;
  - Commuter rail stops;
  - Stops on rail or fixed guideway systems; or
  - Stops on bus rapid transit routes.
- At least four units per lot on any lot zoned for single-family residential provided one of the units is affordable housing.

Another feature of HB 1110 is that within single-family zones, cities must allow six of the nine middle housing types defined in the bill. The nine middle housing types defined in the bill are: duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing. The combination of allowing more diverse housing and amending density throughout the City will require changes to housing and land use policies in the Comprehensive Plan in addition to code amendments to implement those changes.

The required housing and land use policy amendments will be included in the 2024 Comprehensive Plan periodic update. The development code amendments required by HB 1110 will be adopted following the Comprehensive Plan update. The tasks associated with amending the Mercer Island City Code are not included in this scope of work.

House Bill 1337 (HB 1337)
In 2023, the WA Legislature also passed HB 1337 which changes how cities can regulate accessory dwelling units (ADUs). HB 1337 will require amendments to policies in the housing and land use elements during the Comprehensive Plan update. In addition to policy changes, many of the requirements of HB 1337 will be met through amending the Mercer Island City Code following the Comprehensive Plan update. The tasks associated with amending the Mercer Island City Code are not included in this scope of work.

Expanding the Scope of Work for the Housing Element
The requirements added to the Housing Element periodic review by E2SHB 1220, HB 1110, HB 1337, and the guidance provided by Commerce will require expanding the scope of work for the Housing Element. The initial scope of work for this element was planned to be a heavy touch of the existing element but did not contemplate the additional planning requirements the legislature has since added. Given the additional planning needed for affordable housing, racially disparate impacts, middle housing, and ADUs, the Housing Element will need an in-depth overhaul. The Land Use Element will need some policy amendments to correspond with the overhaul of the Housing Element.

This supplemental scope of work details a project to substantially rework the existing Housing Element as needed to account for the new requirements set in state law. The Housing Element will be reshaped by the new requirements. The existing goals and policies will be used as a point of reference, and many will be recycled into the rewritten element, but substantive changes are expected. Additional refinement of other Comprehensive Plan Policies will also be needed to maintain internal consistency. The bulk of additional policy amendments in other elements are expected to be made in the Land Use Element because those policies directly interface with developable land supply, moderate density, and housing affordability. An internal consistency review to ensure that other Comprehensive Plan policies are consistent with updated housing policies will be included in this project.

Supplemental Public Participation

HB 1220 requires evaluation of policies to determine whether they have had impacts to specific communities. A major component of HB 1220 is that the City must identify policies that may have had racially disparate impacts, displacement, and exclusion. After identifying the policies, the City must make amendments to begin undoing the legacy of those policies. After reviewing the guidance for complying with this requirement, targeted community engagement will be needed during the process of identifying those policies and developing alternatives that will help counter their effects. This will be conducted as a roundtable discussion with community leaders focused on potential racially disparate impacts analysis. The HWG can assist in selecting and reaching out to community leaders. The intent of the roundtable discussion is to collect input on the policy alternatives the City will consider during the Comprehensive Plan update.

Tasks

Task List

1. Racially Disparate Impacts Report
2. Housing Policy Evaluation
3. Prepare Housing For All Land Capacity Analysis Methodology
4. Conduct Housing For All Land Capacity Analysis
5. Targeted Community Engagement: Roundtable Discussion
6. Identify Adequate Provisions and Draft Alternatives
7. Initial City Council Briefing on Adequate Provisions and Draft Alternatives
8. Housing Work Group Check In
9. City Council Selects Desired Alternative
10. Prepare Housing Element Draft and Implementation Plan
11. Comprehensive Plan internal consistency review
12. HWG Reviews Draft
13. Initiate Legislative Review

Task Descriptions

Task 1 – Racially Disparate Impacts Report **July – September 2023**

To begin addressing the changes from HB 1220 is to identify and measure potential racially disparate impacts. The first task is to prepare a report that details and quantifies disparate impacts.

Deliverable: A report summarizing the disparate impacts housing policies may have had. The report should identify, where applicable:

- Racially disparate outcomes;

- Displacement risks; and
- Possible exclusion resulting from housing policies.

Task 2 – Housing Policy Evaluation **July – September 2023**

A policy framework will be prepared that analyzes existing policies for whether they have contributed to the outcomes identified in the Racially Disparate Impacts Report. Policy evaluation should include land use and policies in other Comprehensive Plan elements that relate to housing.

Deliverable: A policy framework describing which policies may have resulted in racially disparate impacts, increased displacement risk, or exclusion in housing.

Task 3 – Prepare Housing For All Land Capacity Analysis Methodology **July – September 2023**

Prior to conducting the Housing For All Land Capacity Analysis, staff will prepare a methodology for the analysis. Preparing the methodology will provide an opportunity for the City Council to provide comments on the assumptions about growth to be used in the analysis. Following the guidance from Commerce, assumptions about growth are central to the Housing For All Land Capacity Analysis. These assumptions will articulate how the City expects growth to occur through the planning period. Essentially, the assumptions about growth are an estimate of how much development is expected to occur; tempering total capacity with the likelihood that full buildout will not happen in 10 or 20 years. This task will include a round of review and feedback on the draft methodology with the City Council.

Deliverable: A Housing For All Land Capacity Analysis Methodology.

Task 4 – Conduct Housing For All Land Capacity Analysis **July – September 2023**

New GMA requirements adopted by E2SHB 1220 stipulate that the City must accommodate housing affordable to all income ranges. The City will need to demonstrate that the Comprehensive Plan and City zoning allow sufficient development capacity to accommodate the housing targets by income range. This will require analysis of the City's land capacity to identify how much housing can be developed in each affordability range. Affordability roughly correlates to density ranges per the Commerce guidance. This means that more dense housing capacity can accommodate lower income ranges. Additional analysis will be needed to identify the gaps between capacity and the housing targets and barriers for developing housing affordable for each affordability range.

Deliverable: Analysis of development capacity disaggregated by income band and potential barriers to housing development.

Task 5 – Targeted Community Engagement: Roundtable Discussion **September – October 2023**

After identifying communities that may have been impacted by policies with racially disparate impacts, City staff will reach out to those communities to get more information about their lived experience. This qualitative input will be combined with the quantitative analysis and integrated into the Racially Disparate Impacts report. This information should provide valuable insight into the policies that may have had an impact and what amendments could help begin undoing that legacy.

Deliverable: Round of interviews and outreach to affected communities.

Task 6 – Identify Adequate Provisions and Draft Alternatives **August – October 2023**

After Tasks 4 and 5, the City will prepare policy alternatives that include adequate provisions for housing needs and addressing racially disparate impacts. During this task, potential policy, zoning map, and code amendments will be identified, and alternatives will be prepared. The draft of housing policy alternatives should include policy, development code, and zoning alternatives for consideration during the latter tasks of this project. These alternatives might include targeted development code amendments to necessary to increase housing capacity to accommodate the housing need allocated to the City by the state and County.

Deliverable: initial Draft of Housing Alternatives

Task 7 – Initial City Council Briefing on Adequate Provisions and Draft Alternatives **November 2023**

After concluding the land capacity and racially disparate impacts analyses, staff will brief the City Council on the results and draft alternatives. The City Council can consider the information and ask questions during the briefing. Initial feedback on the draft alternatives can also be provided during this meeting.

Deliverable: Initial City Council Direction on Draft Housing Alternatives

Task 8 – Housing Work Group Check In **October – December 2023**

The Housing Work Group will be briefed on the work completed during the previous tasks and provide input on the proposed alternatives. This can include more than one briefing.

Deliverable: Housing Work Group input on draft housing alternatives and preparation for involvement in the planned public participation.

Task 9 – City Council Selects Preferred Alternative **December 2023**

The City Council will review the analysis conducted earlier in the project and consider the alternatives provided. During this review, the City Council will take action to give staff direction on which alternative is preferred. This direction will inform the drafting of a draft Housing Element and Implementation Plan in Task 10.

Deliverable: City Council direction regarding the preferred housing alternative.

Task 10 – Prepare Housing Element Draft and Implementation Plan **January – March 2024**

After getting feedback from the Housing Work Group on the housing alternatives, staff will prepare an initial draft of the Housing Element amendments and implementation plan to address housing needs and racially disparate impacts identified in previous tasks. The initial draft will incorporate the public input gathered. The initial Housing Element draft is expected to be a substantial reworking of the element.

An initial draft of the housing implementation plan will be prepared at the same time as the Housing Element draft so that implementation can be concurrently considered. The City is not required to implement all of the changes to the Housing Element at the time the Comprehensive Plan update is adopted. The GMA requires Cities to report on implementation within five years of the Comprehensive Plan update adoption. The implementation plan should detail the implementation actions the City will take in the five years following adoption. Establishing this implementation plan at the same time amendments are made to the Housing Element will enable the City to track its progress toward achieving its housing goals and satisfy the GMA requirements.

Deliverable: Initial draft of the Housing Element and Implementation Plan

Task 11 – Comprehensive Plan Internal Consistency Review **February – March 2024**

Prior to initiating the legislative review with the Planning Commission, staff will evaluate review and propose policy updates for other Comprehensive Plan elements to ensure that they are consistent with the amendments to Housing Element goals and policies. This will likely focus on the Land Use Element because that element and the Housing Element are closely linked.

Deliverable: Public Review Draft of the Comprehensive Plan Update

Task 12 – HWG Reviews Draft **January – February 2024**

The Housing Work Group will review the draft Housing Element and implementation plan prior to making a recommendation to the Planning Commission. This will give the work group an opportunity to give staff direction on preparing the first draft Housing Element draft and implementation plan that will be presented to the Planning Commission.

Deliverable: Housing Work Group Feedback on Housing Element and implementation plan draft.

Task 13 – Initiate Legislative Review **February – April 2024**

Initiating the legislative review with the Planning Commission will complete this project. At this point, the review of housing goals and policies will connect back with the overall Comprehensive Plan update process and proceed according to that scope and schedule.

Deliverables: First Housing Work Group meeting to review the initial draft of the Housing Element and other related policies.

Supplemental Schedule

Table 1. Housing Element Supplemental Scope of Work Master Schedule.

		2023							2024				
Task #	Task Description	J	J	A	S	O	N	D	J	F	M	A	M
1	Racially Disparate Impacts Report	J	J	A	S	O	N	D	J	F	M	A	M
2	Housing Policy Evaluation	J	J	A	S	O	N	D	J	F	M	A	M
3	Prepare Housing For All Land Capacity Analysis Methodology	J	J	A	S	O	N	D	J	F	M	A	M
4	Conduct Housing For All Land Capacity Analysis	J	J	A	S	O	N	D	J	F	M	A	M
5	Targeted Community Engagement: Roundtable Discussion	J	J	A	S	O	N	D	J	F	M	A	M
6	Identify Adequate Provisions and Draft Alternatives	J	J	A	S	O	N	D	J	F	M	A	M
7	Initial City Council Briefing on Adequate Provisions and Draft Alternatives	J	J	A	S	O	N	D	J	F	M	A	M
8	Housing Work Group Check In	J	J	A	S	O	N	D	J	F	M	A	M
9	City Council Selects Desired Alternative	J	J	A	S	O	N	D	J	F	M	A	M
10	HWG Updates Alternatives	J	J	A	S	O	N	D	J	F	M	A	M
11	Prepare Housing Element Draft and Implementation Plan	J	J	A	S	O	N	D	J	F	M	A	M
12	Comprehensive Plan internal consistency review	J	J	A	S	O	N	D	J	F	M	A	M
13	Initiate Legislative Review with Planning Commission	J	J	A	S	O	N	D	J	F	M	A	M

2 LAND USE ELEMENT

I. INTRODUCTION

Mercer Island prides itself on being a residential community. As such, most of the Island's approximately 6.2 square miles of land area is developed with single family homes. The Island is served by a small Town Center and two other commercial zones which focus on the needs of the local population. Mixed-use and multifamily developments are located within the Town Center. Multifamily development also rings the Town Center and the western fringe of the smaller Commercial Office Zone.

Parks, open spaces, educational and recreational opportunities are highly valued and consume a large amount of land. The Island has 472 acres of park and open space lands including small neighborhood parks and trails as well as several larger recreational areas, including Luther Burbank Park and Aubrey Davis Park above the Interstate 90 tunnel. One hundred fifteen acres of natural-forested land are set aside in Pioneer Park and an additional 150 acres of public open spaces are scattered across the community. There are four elementary schools, one middle school and a high school owned and operated by the Mercer Island School District. In addition, there are several private schools at the elementary and secondary education levels.

Arts are integral to Mercer Island's identity, vitality, heritage, and shared values. The City of Mercer Island is committed to supporting and sustaining rich and diverse cultural and arts experiences and opportunities for the community. In 2018, the City incorporated the Arts and Culture plan as an appendix to the Comprehensive Plan incorporating the goals and policies in the Arts and Culture Plan into the City's Comprehensive Plan.

The community strongly values environmental protection. As a result, local development regulations have sought to safeguard land, water and the natural environment, balanced with private property rights. To reflect community priorities, development regulations also attempt to balance views and tree conservation.

TOWN CENTER

For many years, Mercer Island citizens have been concerned about the future of the community's downtown. Past business district revitalization initiatives (e.g., Project Renaissance in 1990) strove to overcome the effects of "under-capitalization" in the Town Center. These efforts sought to support and revitalize downtown commercial/retail businesses and devised a number of recommendations for future Town Center redevelopment. Growing out of previous planning efforts, a renewed interest in Town Center revitalization emerged in 1992—one looking to turn the 33-year-old downtown into the vital economic and social center of the community.

In 1992 the City of Mercer Island undertook a major "citizen visioning" process that culminated in a broad new vision and direction for future Town Center development as presented in a document entitled "Town Center Plan for the City of Mercer Island," dated November 30, 1994. The City used an outside consultant to help lead a five-day citizen design charrette involving hundreds of Island residents and design professionals. This citizen vision became the foundation for new design and development standards within the Town Center and a major part of the new Comprehensive Plan that was adopted in the fall of 1994. At the same time, the City invested about $5 million in street and streetscape improvements to

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create a central pedestrian street, along 78th Avenue and route the majority of vehicular trips around the core downtown onto 77th and 80th Avenues. Specific new design and development standards to implement the Town Center vision were adopted in December of 1995. The Mercer Island Design Commission, City staff and citizens used these standards to review all Town Center projects until 2002.

In 2002, the City undertook a major planning effort to review and modify Town Center design and development guidelines, based on knowledge and experience gained from the previous seven years. Several changes were made in the existing development and design standards to promote public-private partnerships, strengthen parking standards, and develop public spaces as part of private development. Another goal of the revised standards was to unify the major focal points of the Town Center including the pedestrian streetscape of 78th Avenue, an expanded Park-and-Ride and Transit Facility, the public sculpture garden, and the Mercerdale Park facility. As a result, the following changes were made to the design standards:

- Expanding sidewalk widths along the pedestrian spine of 78th Avenue between Mercerdale Park on the south and the Sculpture Garden Park on the north;
- Identifying opportunity sites at the north end of 78th for increased public spaces;
- Requiring that new projects include additional public amenities in exchange for increased building height above the two-story minimum; and
- Increasing the number of visual interest design features required at the street level to achieve pedestrian scale.

The changes to the design and development standards were formulated by a seven-member *Ad Hoc* Committee composed of citizen architects, engineers, planners and several elected officials. Working for three months, the *Ad Hoc* Committee forwarded its recommendations to the Planning Commission, Design Commission and City Council for review. The revised Town Center Development and Design Standards (Mercer Island City Code chapter 19.11) were adopted by City Council in July 2002 and amended in June 2016. They will continue to implement the Town Center vision.

The effects of the City's efforts to focus growth and revitalize the Town Center through targeted capital improvements, development incentives and design standards to foster high quality development are now materializing.

Between 2001 and 2007, 510 new housing units, and 115,922 square feet of commercial area were constructed in the Town Center. Between 2007 and August 2014, 360 new housing units, and 218,015 square feet of new commercial area were constructed.

~~In 2014, the City began a process to review the vision, Comprehensive Plan polices and development and design guidelines for the Town Center. This effort involved several stakeholder groups, 15 joint meetings of the Planning and Design Commissions and hundreds of public comments.~~

During 2004, the City engaged in a major effort to develop new design standards for all non-single family development in zoning districts outside the Town Center. This effort also used an ad-hoc process of elected officials, design commissioners, developers, and architects. The design standards for Zones Outside of Town Center were adopted in December 2004. These standards provide new direction for quality design of non-residential structures in residential zones and other multi-family, commercial, office and public zones outside the Town Center.

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In 2014, the City began a process to review the vision, Comprehensive Plan polices and development and design guidelines for the Town Center. This effort involved several stakeholder groups, 15 joint meetings of the Planning and Design Commissions and hundreds of public comments.

Updates to this document were made in 2014 to comply with the Countywide Planning Policies, including updated housing and employment targets.

In June 2020, the City Council enacted a moratorium on major new construction generally in the southeast quadrant of the Town Center. This moratorium temporarily prevented submittal of development applications while the City considered potential updates and amendments to development regulations within the Town Center, including requirements for ground-floor commercial use and for preserving existing commercial square footage. The City Council adopted new Town Center regulations and resolved the moratorium in 2022. The new regulations established commercial use standards for street frontage, a minimum floor area ratio for commercial uses along specific street frontages, and a standard of no net loss of commercial square footage. The principal purpose of the new development regulations is to support commercial uses in Town Center.

SUSTAINABILITY

Mercer Island has a proud tradition of accomplishment toward sustainability. One of the earliest efforts was the formation of the Committee to Save the Earth by high school students in the early 1970s. Through the students' fundraising, the construction and opening of the Mercer Island Recycling Center (Center) was realized in 1975. The self-supported Center was well-patronized by Islanders and, during its many years of operation, it prevented millions of pounds of recyclable materials from ending up in the landfill while contributing to the development of a sustainability ethic on Mercer Island.

In 2006, a grassroots effort of Island citizens led the City to modify the vision statement in its Comprehensive Plan to include language embracing general sustainability, and in May 2007 the City Council committed to a sustainability work program as well as a specific climate goal of reducing greenhouse gas (GHG) emissions by 80 percent from 2007 levels by 2050, which was consistent with King County and Washington State targets. Later in 2007, the City Council set an interim emissions reduction goal (often called a "milepost") for City operations of five percent by 2012.

In 2012, the City convened a Sustainability Policy Taskforce, a City/community partnership, to recommend sustainability policies to the City. The City Council adopted its recommendations including dedicated staffing, incorporation of recommendations into City planning documents, development of a Sustainability Plan, and legislative actions to foster sustainability. The City's Sustainability Manager was hired in 2013.

Numerous community groups have contributed to sustainability accomplishments in the ensuing years, and many are still active, such as IslandVision, a nonprofit organization that had encouraged and supported sustainable practices on Mercer Island and helped launch an annual Earth Day fair called Leap for Green. In 2017, Sustainable Mercer Island (SMI) emerged as an umbrella group to help coordinate various initiatives on Island and to advocate for county and state-level climate measures. It has also helped organize and publicize solarize campaigns, youth environmental education, public outreach, advocating for bicycle and pedestrian facilities, and many other activities. Some are doing research, and many are volunteering with national and local organizations working to solve the climate crisis. One volunteer leads

the very successful Green Schools program for the Mercer Island School District, supported by King County Department of Natural Resources and Parks. SMI fosters waste reduction, recycling, and conservation by students and schools. IslandVision, a nonprofit organization, encourages and supports sustainable practices on Mercer Island. It provided to the City, in 2018, a technical analysis of GHG sources on Mercer Island and recommended strategies to reduce GHG emissions.

From 2010 to 2019, with the entire community's sustainability in mind, the City has implemented a wide range of outreach programs, efficiency campaigns, alternative energy initiatives, land-use guidelines, and other natural resource management measures designed to minimize the overall impacts generated by Island residents, for the benefit of future generations. Due to the 20-year horizon envisioned by this Comprehensive Plan, it is especially appropriate to include measures that address the long-term actions needed to reduce greenhouse gas emissions, ideally in collaboration with other local governments. Actions that the City will take in the management of its own facilities and operations are addressed in the Capital Facilities Element of this Plan. In 2018, the City continued to promote and support sustainable development, through the development of green building goals and policies for all residential development.

CLIMATE CHANGE

Climate change has far-reaching and fundamental consequences for our economy, environment, public health, and safety. Cities have a vital role in mitigating and adapting to climate change both individually and by working collaboratively with other local governments. Current science indicates that to avoid the worst impacts of global warming we need to reduce global GHG emissions sharply.

In 2008, the City created a Climate Action Task Force which was charged with developing a climate action plan for the City and community. The resulting plan called for tracking emissions and the formation of a City/community partnership which was called the Green Ribbon Commission. It was tasked with identifying strategies to reduce GHG emissions. Notable outcomes were the successful promotion of Puget Sound Energy's Green Power Program, which generated funds to cover the cost of the solar array the City installed at the Mercer Island Community and Events Center, and the 22 Ways emissions reduction campaign.

Leap for Green Sustainability Fair spearheaded by IslandVision and co-developed with the City is a vital instrument to educate and encourage engagement in sustainability. In addition to food and entertainment, the fair offers activities for kids and adults, demonstrations and displays of environmentally friendly ways of living, sustainability vendors, and more. The fair was not held in 2019 due to budget constraints.

The City has been very active in addressing climate change and has received national recognition for its efforts. In 2013, the City was recognized by the EPA as a Green Power Community of the Year for its very successful Green Power sign-up campaign for residents and for its commitment to local solar power generation. It was awarded Sol Smart Gold Designation from the Department of Energy in January 2018 for meeting stringent and objective criteria targeting removal of obstacles to solar development including streamlined permitting. As of January 2018, there were 184 known solar installations in the City, higher per capita than any other Eastside City. The City offers same-day permitting for most solar installations and most require only an electrical permit. The City has also installed electric vehicle charging stations, banned plastic bags, successfully piloted bike share and ride hailing services, and contracted with PSE for energy from a new windfarm to power 100 percent of City facilities, among many other actions.

The Capital Facilities Element includes a summary of the City's actions to reduce its own carbon footprint.

In 2014, King County and cities formed the innovative King County-Cities Climate Collaboration (K4C) to coordinate and enhance local government climate efforts. Mercer Island was a founding member and remains a very active participant. The K4C has charted opportunities for joint action to reduce GHG emissions and accelerate progress toward a clean and sustainable future. Mercer Island, through K4C, seeks opportunities to partner on outreach to decision-makers and the public, adopt consistent standards and strategies, share solutions, implement pilot projects, and cooperate on seeking funding resources. In 2016, Mercer Island, along with King County and other partners in K4C, was recognized with a national Climate Leadership Award from EPA. In 2019, the City Council passed Resolution 1570, which adopted an updated version of the K4C Joint Climate Commitments.

~~Community GHG emissions have been inventoried and reported to K4C and the public when possible, though 2016 through 2019 data have yet to be entered. The major sources of GHG on Mercer Island have been found to be passenger car travel (estimated at 40 percent of total) and building energy consumption (48 percent residential plus commercial).~~

~~With many good efforts completed and underway, it is necessary to take further action in order to meet GHG reduction targets, both in our households and in our community.~~

~~Beginning in 2018, the City assessed the City's strengths and weaknesses in supporting sustainability using the STAR Communities framework. Information from this assessment, along with the measures discussed above, and others under consideration, will be identified in more detail in a rolling six-year Sustainability Plan, to be adopted in 2019, which will guide the City's internal and external actions while taking into account the interrelated issues of climate change, population change, land use, public infrastructure, transportation choices, natural resources management, equitable services and accessibility, arts and community, public health and safety, human services, and economic development.~~

In 2018 and 2019, the City added goals and policies to the Land Use Element that support climate change planning with Ordinances 18-13 and 19-23. These ordinances established Goals 26 through 29. This included a goal and policies that referenced the STAR Community Framework as a means for assessing the City's sustainability efforts. During the 2024 periodic review, goals and policies referring to the STAR Community Framework were amended to reflect that this framework was absorbed into the U.S. Green Building Council's LEED for Cities program.

Beginning in 2022, the City began composing a Climate Action Plan. The Climate Action Plan establishes strategies for the City to reduce greenhouse gas emissions and vehicle miles traveled to address climate change. Those strategies are an important step to move the City forward in its response to the changing climate. Where needed, goals and policies were amended or added to this Land Use Element to support the strategies in the Climate Action Plan, including [**Note: A list of amendments made in response to the Climate Action Plan will be inserted here**]

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II. EXISTING CONDITIONS AND TRENDS

TOWN CENTER

The Town Center is a 76-acre bowl-shaped area that includes residential, retail, commercial, mixed-use and office-oriented businesses. Historically, convenience businesses — groceries, drugstores, service stations, dry cleaners, and banks — have dominated the commercial land uses; many of them belonging to larger regional or national chains. Retailers and other commercial services are scattered throughout the Town Center and are not concentrated in any particular area. With a diffused development pattern, the Town Center is not conducive to "browsing," making movement around the downtown difficult and inconvenient for pedestrians, physically disadvantaged persons and bicyclists.

Mercer Island's downtown is located only three miles from Seattle and one mile from Bellevue via I-90. I-90 currently provides critical vehicular, bicycle and pedestrian access to the Town Center as well as the rest of the Island. Regional transportation plans anticipate future development of a high capacity transit system in the I-90 corridor. In light of recent and potential future public transportation investments in the I-90 corridor and in keeping with the region's emerging growth philosophy, redevelopment and moderate concentration of future growth into Mercer Island's Town Center represents the wisest and most efficient use of the transportation infrastructure.

As required by the Growth Management Act of 1990, the Land Use Element presents a practical and balanced set of policies that address current and future land use issues. An inventory of existing land uses (Table 1) and a forecast of future development and population trends (Section III.) provide a backdrop for issues and policies. Subsequent sections IV and V address major land use issues and policies for the Town Center and non-Town Center areas.

Note: Table 1 requires additional information from the Puget Sound Regional Council (PSRC). Staff expects to get this information from PSRC before the next Planning Commission touch on the Land Use Element. This table will be updated with that information once it is provided.

Table 1. Town Center Land Uses & Facts Snapshot (May 2015)

Total Land Area	76.5 acres
Total Net Land Area (excludes public right-of-way)	61.1 acres
Total Floor Area (includes all uses)	2,385,723 square feet (20% office, 15% retail, and 65% residential)
Total Floor Area - Ratio	0.90
Total Housing Units	1,532
Total Net Residential Density	25 units/acre (Approx. 75 units/acre on sites with residential uses)
Total Employment	3,993[1]

Notes: This table includes one mixed-use project currently under construction as of May 2015 (i.e., Hadley).

[1] This information is provided by the PSRC and is derived from Census data.

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AREAS OUTSIDE THE TOWN CENTER

Single family residential zoning accounts for 88 percent of the Island's land use. There are 3,534 acres zoned for single family residential development. This compares to 77 acres in the Town Center zones, 19 acres for Commercial Office zone, and 103 acres in multi-family zones (Table 2). City Hall is located in a Commercial Office zone, while other key civic buildings such as the Post Office and the Main Fire Station are located in the Town Center and City Hall. Many of the remaining public buildings, schools, recreational facilities and places of religious worship are located in residential or public zones.

Table 2. Land Use Zones and Acreage ~~(2014)~~

Zone	Acreage
Business - B	2.85
Commercial Office - CO	19.45
Multifamily - MF-2	42.03
Multifamily - MF-2L	7.73
Multifamily - MF-3	53.73
Public Institution - P	284.31
Planned Business - PBZ	13.89
Single Family - R-12	77.44
Single Family - R-15	1277.04
Single Family - R-8.4	779.36
Single Family - R-9.6	1399.98
Town Center - TC	77.16

Note: Figures above include adjacent right-of-way.

~~Approximately 95 percent of all residential land on Mercer Island is currently developed.~~ Over the last 30 years, most public facilities have been re-constructed, or have planned additions, in sufficient quantities to serve current and projected populations. This category includes schools, parks and recreation facilities, streets and arterials, and fire stations. In 2015, the City constructed a new fire station on Southeast 68th Street to increase service capacity for the south end of the island. Northwood Elementary School was constructed in 2016, adding to the Mercer Island School District's capacity. ~~Future re-investments in these facilities will primarily improve the reliability and function of the community's "infrastructure" rather than adding significant new capacity.~~ [Refer to the Capital Facilities Element for a more in-depth discussion of public facilities.]

~~Single-family residential zones designate a number of different lot sizes and densities including 8,400 square feet, 9,600 square feet, 12,000 square feet and 15,000 square feet. Of the 3,534 acres in these zones, approximately 145 remain unimproved. Most unimproved lots are small parcels and/or are platted building lots within previously developed neighborhoods. Some additional capacity exists in larger lots which can be subdivided. However, during the planning horizon, the City expects an average of roughly six subdivisions a year, the majority of which will be short plats of four or fewer lots.~~ Residential zones in the City are primarily zoned for single-family residential development. There are four minimum lot sizes in single-family zones, ranging from 15,000 square feet, 12,000 square feet, 9,600 square feet, and 8,400 square feet. Existing single-family development is mostly made up of established neighborhoods constructed in the latter-half of the 20th Century. Most lots in the single-family zones are already

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subdivided and few are undeveloped. New development in the single-family zones is typically demolition of an existing home and replacement with a newer home.

The most densely developed neighborhoods are found on the Island's north end. This includes East Seattle and First Hill as well as neighborhoods immediately north and south of the I-90 corridor and areas along the entire length of Island Crest Way.

The least densely populated neighborhoods are ones with the largest minimum lot size and are designated as Zone R-15 (15,000-square-foot minimum lot size). These neighborhoods, generally located along East and West Mercer Way, contain the greatest amount of undeveloped residential land and often contain extremely steep slopes, deep and narrow ravines and small watercourses. Because environmentally sensitive areas often require careful development and engineering techniques, many of these undeveloped lands are difficult and expensive to develop.

Generally, Mercer Island's oldest neighborhoods are situated on a fairly regular street grid with homes built on comparatively small lots 40 to 60 years ago. Interspersed among the older homes are renovated homes and new homes that are often noticeably larger. Newer developments tend to consist of large homes on steeply pitched, irregular lots, with winding narrow private roads and driveways. Many residential areas of Mercer Island are characterized by large mature tree cover. Preservation of this greenery is an important community value.

Most Mercer Island multi-family housing is located in or on the borders of the Town Center. However, two very large complexes straddle I-90 and are adjacent to single family areas. Shorewood Apartments is an older, stable development of 646 apartment units. It was extensively remodeled in 2000. North of Shorewood and across I-90 is the retirement community of Covenant Shores. This development has a total of 237 living units, ranging from independent living to fully assisted living.

There is one Commercial/Office (CO) zone outside the Town Center. It is located along the south side of the I-90 corridor at East Mercer Way and contains several office buildings, including the Mercer Island City Hall. In the summer of 2004, the regulations in the CO zone were amended to add retirement homes as a permitted use with conditions.

For land use and transportation planning purposes, Mercer Island ~~has not been~~is designated as a~~n Urban Center~~ High Capacity Transit community in the Puget Sound Regional Council's Vision 20~~20~~50. This designation recognizes the importance of the localities with high-capacity transit service as a place to focus new development due to the excellent access to employment centers, educational institutions and other opportunities. As such, Mercer Island will ~~not share in the major growth of the region, but will~~ continue to see new employment and residential development, most of which will be concentrated in the Town Center. Employment will continue to grow slowly and will be significantly oriented towards serving the local residential community. Transit service will focus on connecting ~~the~~Mercer Island to other metropolitan and sub-regional centers via Interstate 90 and the region's high capacity transit system, including Sound Transit's East Link Light Rail.

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III. GROWTH FORECAST

RESIDENTIAL AND EMPLOYMENT 20-YEAR GROWTH TARGETS

The King County Countywide Planning Policies (CPPs) establish growth targets for all of the jurisdictions within King County. The CPPs were initially adopted in 1992, and have been amended several times since then. Elected officials from King County, the cities of Seattle and Bellevue, and the Sound Cities Association meet as the Growth Management Planning Council (GMPC). This Council makes recommendations to the County Council, which has the authority to adopt and amend the CPPs. ~~During 2012, the GMPC worked with an inter-jurisdictional team of King County Planning Directors to determine an equitable distribution of the growth targets throughout the County. It was agreed that the City of Mercer Island would plan to accommodate 2,000 new housing units and 1,000 new jobs between 2006 and 2031. GMA requires jurisdictions to plan for 20 years of forecasted growth, so the growth target time horizon was extended out to 2035 (see Table 3).~~ King County amended the CPPs in 2021, updating the growth targets for cities and towns throughout the County. The updated growth targets extended the planning horizon through the year 2044. Table 3 shows the City of Mercer Island's housing and employment growth targets for 2024 through 2044.

Table 3. Growth Targets

~~Housing Growth Target (in units)~~	
~~Original~~Housing growth target (in dwelling units), ~~2006—2031~~ 2024 – 2044	~~2,000~~ 1,239
~~Adjusted growth target, 2006—2035~~	~~2,320~~
~~Employment Growth Target (in jobs)~~	
~~Original~~Employment growth target (in jobs), ~~2006—2031~~ 2024 – 2044	~~1,000~~ 1,300
~~Adjusted growth target, 2006—2035~~	~~1,160~~

EMPLOYMENT AND COMMERCIAL CAPACITY

According to the Puget Sound Regional Council, as of March 20~~1~~20 there are approximately ~~6,622~~ 7,325 jobs on Mercer Island. The City's development capacity is analyzed in the ~~analysis completed to inform the 2014 King County Buildable Lands Report~~ 2021 Urban Growth Capacity Report. That report shows that Mercer Island has ~~the capacity for a total of 2,373 new jobs; well in excess of the 1,160~~ sufficient development capacity to accommodate the 2044 employment and housing growth targets ~~for which Mercer Island must have sufficient zoned land to accommodate~~.

Table 4 summarizes employment capacity findings from the 2021 Urban Growth Capacity Report. The 2021 Urban Growth Capacity Report provides capacity for zones grouped by the type of land use. These categories are commercial and mixed-use. Mixed-use zones are those that allow both commercial and residential development. The City of Mercer does not have any zoned industrial lands.

Table 4. Employment Capacity 2018 – 2035.

Land Use	Vacant / Redevelopable	Floor Area Capacity	Square Feet per Job	Job Capacity
Commercial	Vacant	10,000	200	52
	Redevelopable	50,000	200	242
Mixed Use	Vacant	20,000	200	119
	Redevelopable	100,000	200	479
Total	Vacant	30,000	200	171
	Redevelopable	150,000	200	721
	Jobs in Pipeline	-	-	70
	Totals	180,000	200	962

Source: King County 2021 Urban Growth Capacity Report.
Note: The 2021 Urban Growth Capacity Report evaluates employment capacity for 2018 through 2035. If the study period were extended through 2044, there is sufficient capacity to accommodate the 1,300-job growth target.

RESIDENTIAL GROWTH

The Comprehensive Plan contains three types of housing figures: a capacity estimate, a growth target, and a housing and population forecast. Each of these housing numbers serves a different purpose.

Housing Capacity.

As required in a 1997 amendment to the Growth Management Act (RCW 36.70A.215), recent growth and land capacity in King County and associated cities have been reported in the ~~2014 King County Buildable Lands Report~~ 2021 Urban Growth Capacity Report.

The capacity estimate identifies the number of new units that could be accommodated on vacant and redevelopable land given existing development and under current zoning. The capacity estimate is not a prediction of what will happen, merely an estimate of how many new units the Island could accommodate based on our current zoning code, the number and size of vacant properties, and some standard assumptions about the redevelopment potential of other properties that could accommodate additional development.

~~According to the 2014 Buildable Lands Report, the City of Mercer Island has the capacity for 2,004 additional housing units on properties designated for residential uses through new development on vacant lands and/or through redevelopment of underutilized lands. Based on zoning and redevelopment assumptions done in 2012 for the Buildable Lands Report, about 614 new housing units could be accommodated in single family zones, 143 new housing units could be accommodated in multifamily zones and 1,247 units could be accommodated in the Town Center.~~

~~Redevelopable land in the Town Center was determined based on an analysis of those parcels which currently have an improvement to land value ratio of .5 or less and are not in public or utility ownership. Additionally, townhomes and condominium properties were not considered redevelopable, and only those properties allowing two and one-half residential units or more are included in the analysis. Future assumed densities for this preliminary figure were based on the density of recently permitted projects (⅔ mixed-use, ⅓ commercial only). This methodology used in the 2014 Buildable Land Analysis is a similar methodology used in the 2007 Buildable Lands Report.~~

According to the 2021 Urban Growth Capacity Report, the City of Mercer Island has development capacity to accommodate 1,429 new housing units. Most of the housing development capacity is in medium-high- and high-density residential zones, including Town Center. Table 5 summarizes residential capacity findings from the 2021 Urban Growth Capacity Report. The 2021 Urban Growth Capacity Report provides residential capacity in five categories based on assumed density: very low density (2.6 – 3.3 dwellings per acre), low density (4.6 – 6.1 dwellings per acre), medium-low density (2.6 – 3.3 dwellings per acre), medium-high density (22.7 dwellings per acre), and high density (100.6 – 167 dwellings per acre). The assumed densities are based on the achieved density in each zone.

Table 5. Residential Development Capacity.

Assumed Density Level	Vacant / Redevelopable	Assumed Densities Assumed Densities (low/high units per acre)	Net Developable Acres	Capacity in housing units
Very Low Density	Vacant	2.6/3.3	32.05	85
	Redevelopable	2.6/3.3	85.97	35
	Subtotal	N/A	118.02	120
Low Density	Vacant	4.6/6.1	21.12	98
	Redevelopable	4.6/6.1	107.54	138
	Subtotal	N/A	128.65	235
Medium Low Density	Vacant	22.7	0.45	10
	Redevelopable	22.7	1.13	0
	Subtotal	N/A	1.58	10
Medium High Density	Vacant	26	0	0
	Redevelopable	26	43.7	535
	Subtotal	N/A	43.7	535
High Density	Vacant	100.6/167	0.54	91
	Redevelopable	100.6/167	23.47	437
	Subtotal	N/A	24.01	528
All Zones	Vacant	N/A	54.16	284
	Redevelopable	N/A	261.81	1,145
	Total	N/A	315.97	1,429

Source: King County 2021 Urban Growth Capacity Report.

Housing Targets.

As mentioned above, the City has a King County Growth Management Planning Council (GMPC) 20~~35~~44 housing target of ~~2,320~~1,239 new housing units. The housing target represents the number of units that the City is required to plan for under the Growth Management Act. The housing target is not necessarily the number of units that will be built on Mercer Island over the next two decades. Market forces, including regional job growth, interest rates, land costs, and other factors will have a major influence on the number of actual units created.

Housing and Population Forecast.

Note: The housing and population forecast section requires additional information from the Puget Sound Regional Council (PSRC). Staff expects to get this information from PSRC before the next Planning Commission touch on the Land Use Element. This section will be updated with that information once it is provided.

The third type of housing figure contained in the Comprehensive Plan is a local housing forecast. Table 4 contains a housing unit and population forecast for 2010 through 2030 conducted by the Puget Sound Regional Council (PSRC), using a parcel-based land use model called UrbanSim, based on existing zoning and land use designations.

PSRC anticipates an increase in housing units at an average annual growth rate of approximately 0.25 percent between 2010 and 2040. This represents an increase of approximately 453 housing units and 1,495 people over 30 years.

The Housing Unit and Population forecasts are informed estimates based on several factors such as growth trends for new single family and accessory dwelling units over the last several years, Puget Sound Regional Council forecasts of future household size, transportation systems and demand modeling, and real estate market fluctuations.

~~Given the uncertainty of future market forces, periodic reviews of housing and population forecasts should be made to evaluate the future growth assumptions. Adjustments to this forecast will also be necessary if the projections on household size and population growth vary significantly from those forecasted. Planning staff predict that PSRC's multifamily unit growth estimates for the period through 2030 are likely to be surpassed as early as 2020. This prediction is based on the established pattern of larger, mixed use developments adding 100—200 units at a time to the City's multifamily housing supply and projects that are now in the development pipeline. The City will continue to monitor housing unit, population growth and market trends, and adjust land use, transportation, and capital facilities planning as necessary prior to the next major Comprehensive Plan update in 2023.~~

Housing Density.

Note: The housing density section requires additional information from the Puget Sound Regional Council (PSRC). Staff expects to get this information from PSRC before the next Planning Commission touch on the Land Use Element. This section will be updated with that information once it is provided.

The average allowed density in the City of Mercer Island is more than 6.2 dwelling units per acre. This figure is based on the proportional acreage of each land use designation (or zones) that allows residential development, the densities permitted under the regulations in place today for that zone, and an assumption that the average practical allowed density for the Town Center is 99.16 units per acre. Since there is no maximum density in the Town Center and density is controlled instead by height limits and other requirements, the figure of 99.16 units per acre represents the overall achieved net density of the mixed-use projects in the Town Center constructed since 2006.

Table 4. 2010-2030 Housing Unit and Population Forecast

Year	Overall Household Size	SFR Units	Multi-family Units	Total Increase in units per decade	Total Housing Units	Population
2010 (Census)	2.48	6,873	2,236	N/A	9,109	22,699
2020 (Forecast)	2.54	7,201	2,257	349	9,458	24,991
2030 (Forecast)	2.53	7,349	2,266	157	9,615	25,243

2010 household size data obtained from the 2010 Census. All other data is from PSRC, using their 2013 Forecast parcel-based land use model using Urban Sim.

IV. LAND USE ISSUES

TOWN CENTER

(1) Town Center is an area in the City where most new development will be focused in the coming years. The Town Center area includes land ~~designated~~ zoned for commercial retail, service, mixed, and office uses ~~is much larger than the local population can support. This has contributed to a historical pattern of relatively low private investment in downtown properties~~. The Town Center is the largest mixed-use zone in the City and an important economic hub. ~~Consequently,~~ Older commercial development in the Town Center consists of many one story strip centers, surrounded by ~~vast~~ parking lots ~~(FAR of only 0.23); a typical suburban sprawl-like development~~. The Town Center subarea plan adopted in 1993 establishes the planning framework for Town Center to redevelop with a mix of residential and commercial development. Mixed-use development is replacing existing commercial development as the Town Center redevelops. This has led to an increase in the number of residential dwellings in this area concurrent with changes to the type of commercial development in the zone. There is concern that redevelopment will displace existing businesses or reduce the total commercial square footage available for new and expanding businesses in Town Center. In 2022 the City adopted new regulations to limit the loss of commercial space as the area redevelops. As these regulations influence the built environment in Town Center, the City will need to monitor their influence on the availability and affordability of commercial space.

(2) In 1994, the City made significant street improvements in the Town Center, which have resulted in a more pedestrian-friendly environment. However, more needs to be done on the private development side to design buildings with attractive streetscapes so that people will have more incentive to park their car and walk between shopping areas.

(3) The Town Center is poorly identified. The major entrance points to the downtown are not treated in any special way that invites people into the business district.

OUTSIDE THE TOWN CENTER

(1) The community needs to accommodate two important planning values — maintaining the existing single family residential character of the Island, while at the same time planning for population and housing growth.

(2) Accessory ~~housing~~dwelling units are allowed by City zoning regulations, and offer a way to add housing capacity to single family residential zones without disrupting the character as much as other types of higher-density residential development.

(3) Commercial Office and PBZ zones must serve the needs of the local population while remaining compatible with the overall residential character of the community.

(4) Ongoing protection of environmentally sensitive areas including steep slopes, ravines, watercourses, and shorelines is an integral element of the community's residential character.

(5) View protection is important and must be balanced with the desire to protect the mature tree growth.

(6) Within the bounds of limited public resources, open space and park land must be preserved to enhance the community's extraordinary quality of life and recreation opportunities.

(7) There is a lack of pedestrian and transit connections between the Town Center, the Park and Ride, and Luther Burbank Park.

V. LAND USE POLICIES

TOWN CENTER

Town Center Vision	
Mercer Island Town Center Should Be …	
1.	THE HEART of Mercer Island and embody a small town character, where residents want to shop, eat, play and relax together.
2.	ACCESSIBLE to people of all ages and abilities.
3.	CONVENIENT to enter, explore and leave with a variety of transportation modes.
4.	WELL DESIGNED with public spaces that offer attractive settings for entertainment, relaxation and recreation.
5.	DIVERSE with a range of uses, building types and styles that acknowledge both the history and future of the Island.
6.	LOCAL providing businesses and services that meet every day needs on the Island.
7.	HOME to a variety of housing options for families, singles and seniors.

GOAL 1:

Create a mixed-use Town Center with pedestrian scale and connections.

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1.1 A walkable mixed-use core should be located adjacent to a regional transit facility and be of sufficient size and intensity to create a focus for Mercer Island.

Land Use and Development

GOAL 2:

Create a policy and regulatory structure that will result in a diversity of uses that meets Islanders' daily needs and helps create a vibrant, healthy Town Center serving as the City's business, social, cultural and entertainment center.

2.1 Use a variety of creative approaches to organize various land uses, building types and heights in different portions of the Town Center.

2.2 Establish a minimum commercial square footage standard in Town Center to preserve the existing quantity of commercial space in recent developments as new development occurs.

GOAL 3:

Have a mixture of building types, styles and ages that reflects the evolution of the Town Center over time, with human-scaled buildings, varied height, setbacks and step-backs and attractive facades.

3.1 Buildings taller than two stories may be permitted if appropriate public amenities and enhanced design features are provided.

3.2 Locate taller buildings on the north end of the Town Center and step down building height through the center to lower heights on the south end, bordering Mercerdale Park.

3.3 Calculate building height on sloping sites by measuring height on the lowest side of the building.

3.4 Mitigate the "canyon" effect of straight building facades along streets through use of upper floor step-backs, façade articulation, and similar techniques.

3.5 Buildings on larger parcels or with longer frontage should provide more variation of the building face, to allow for more light and create the appearance of a smaller scale, more organic, village-like development pattern. Building mass and long frontages resulting from a single user should be broken up by techniques such as creating a series of smaller buildings (like Island Square), providing public pedestrian connections within and through a parcel, and use of different but consistent architectural styles to create smaller building patterns.

3.6 Building facades should provide visual interest to pedestrians. Street level windows, minimum building set-backs, on-street entrances, landscaping, and articulated walls should be encouraged.

GOAL 4:

Create an active, pedestrian-friendly, and accessible retail core.

4.1 Street-level retail, office, and service uses should reinforce the pedestrian-oriented circulation system.

4.2 Retail street frontages (Figure TC-1) should be the area where the majority of retail activity is focused. Retail shops and restaurants should be the dominant use, with personal services also encouraged to a more limited extent.

GOAL 5:

Encourage a variety of housing forms for all life stages, including townhomes, apartments and live-work units attractive to families, singles, and seniors at a range of price points.

5.1 Land uses and architectural standards should provide for the development of a variety of housing types, sizes and styles.

5.2 Encourage development of low-rise multi-family housing in the TCMF subareas of the Town Center.

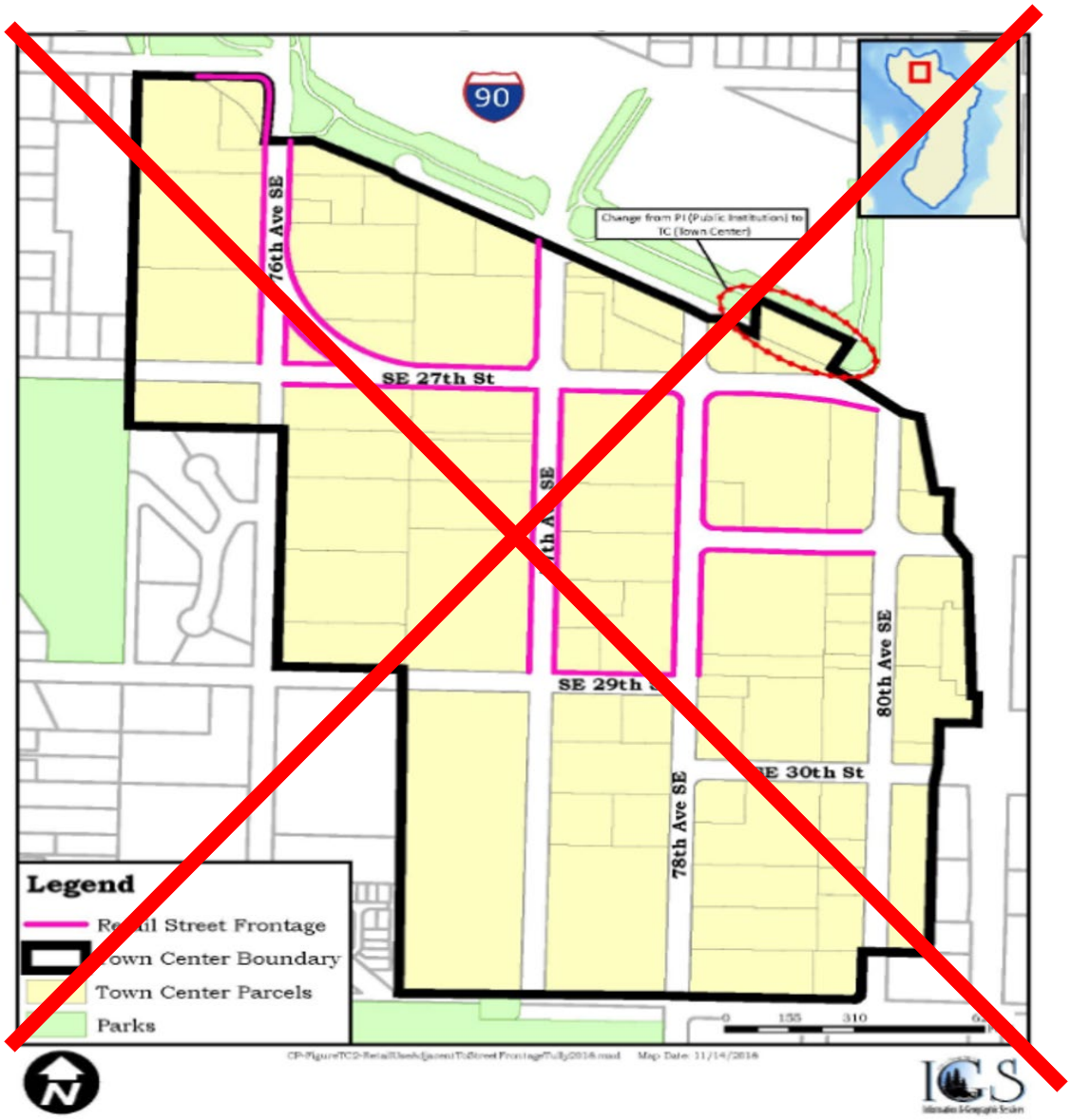
5.3 Encourage the development of affordable housing within the Town Center.

5.4 Encourage the development of accessible and visitable housing within the Town Center.

5.5 Encourage options for ownership housing within the Town Center.

DRAFT

~~**Figure TC-1. Retail Use Adjacent to Street Frontages**~~



NOTE: Figure TC-1 "Pink Lines Map" should be struck from the Land Use Element. It will be adopted in development code and is not needed in the Comprehensive Plan itself.

Circulation and Parking

GOAL 6:

Be convenient and accessible to people of all ages and abilities, including pedestrians, bicyclists, transit users and motorists.

GOAL 7:

Town Center streets should be viewed as multiple-use facilities, providing for the following needs:

- Access to local businesses and residences.
- Access for emergency vehicles.
- Routes for through traffic.
- Transit routes and stops.
- On-street parking.
- Pedestrian and bicycle travel.
- Sidewalk activities, including limited advertising and merchandising and restaurant seating.
- Occasional special events and outdoor entertainment.

7.1 ~~All~~ Town Center streets should provide for safe and convenient multi-modal access to existing and future development in the Town Center.

7.2 Design streets using universal design principles to allow older adults and individuals with disabilities to "stroll or roll," and cross streets safely.

7.3 78th Avenue SE should be the primary pedestrian corridor in the Town Center, with ample sidewalks, landscaping and amenities.

7.4 77th Avenue SE should serve as the primary bicycle corridor connecting the regional bicycle network along I-90 and the planned light rail station with Mercerdale Park and the rest of the Island south of the Town Center.

GOAL 8:

Be pedestrian-friendly, with amenities, tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around.

8.1 Provide convenient opportunities to walk throughout Town Center.

8.2 Create safe pedestrian routes that break-up larger City blocks.

GOAL 9:

Have ample parking, both on-street and off, and the ability to park once and walk to a variety of retail shops.

9.1 Reduce the land area devoted to parking by encouraging structured and underground parking. If open-air, parking lots should be behind buildings.

9.2 Encourage improved access to transit, bicycle, pedestrian and shared parking facilities to reduce trip generation and provide transportation alternatives, particularly for secondary trips once users reach the Town Center.

9.3 Consider a range of regulatory and incentive approaches that can increase the supply of public parking in conjunction with development proposals.

9.4 On and off-street parking should be well-lit, convenient and well-signed so that drivers can easily find and use parking.

9.5 Develop long-range plans for the development of additional commuter parking to serve Mercer Island residents.

9.6 Prioritize parking for Mercer Island residents within the Town Center.

GOAL 10:

Prioritize Town Center transportation investments that promote multi-modal access to regional transit facilities.

GOAL 11:

Promote the development of pedestrian linkages between public and private development and transit in and adjacent to the Town Center.

Public Realm

GOAL 12:

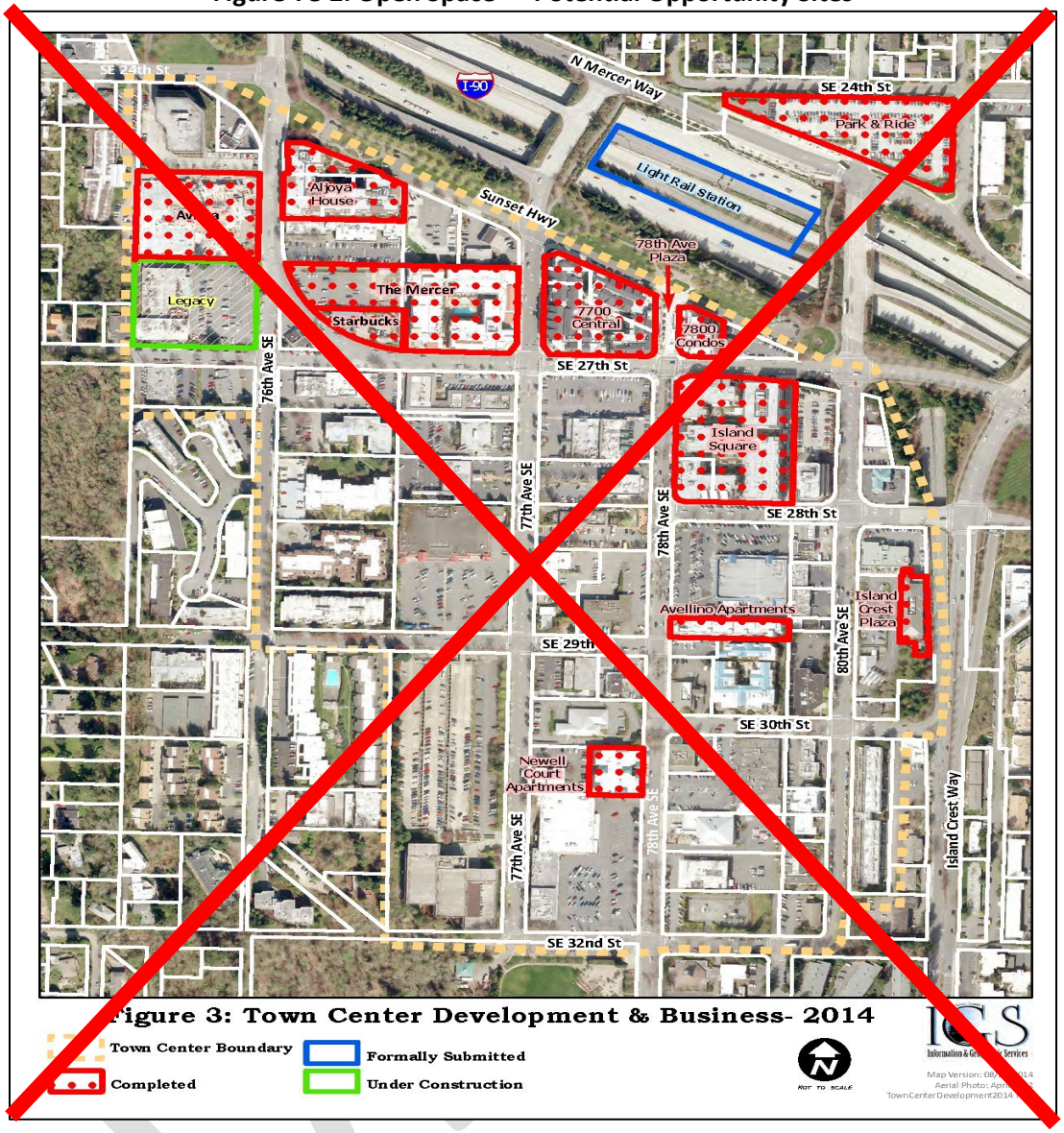
Have inviting, accessible outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.

12.1 Outdoor public spaces of various sizes in Town Center are important and should be encouraged.

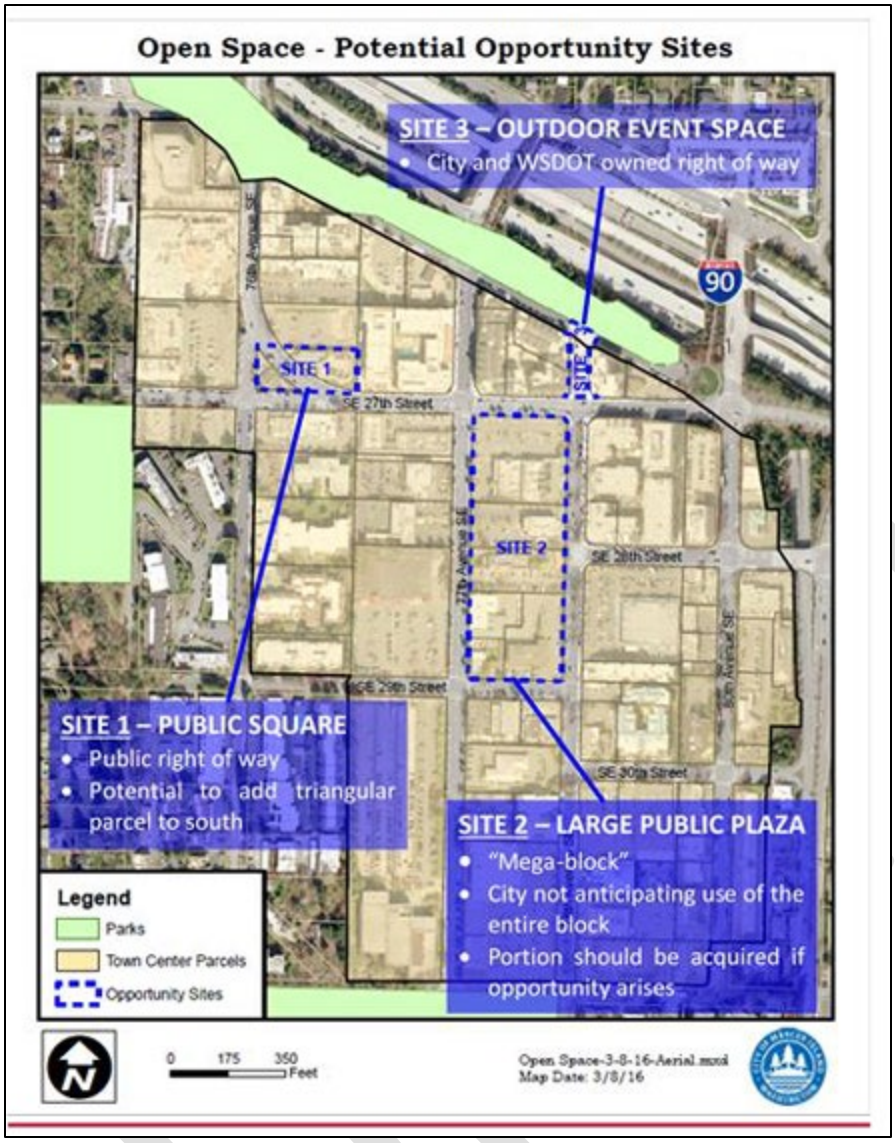
12.2 Encourage the provision of on-site public open space in private developments. ~~But~~ This can include incentives, allowing development agreements, and payment of a calculated amount of money as an ~~option~~ alternative to dedication of land. In addition, encourage aggregation of smaller open spaces between parcels to create a more substantial open space.

12.3 Investigate potential locations and funding sources for the development (and acquisition if needed) of one or more significant public open space(s) that can function as an anchor for the Town Center's character and redevelopment. Identified "opportunity sites" are shown in Figure TC-2 and described below. These opportunity sites should not preclude the identification of other sites, should new opportunities or circumstances arise.

Figure TC-2. Open Space — Potential Opportunity Sites



Note: The existing Figure TC-2 adopted by Ord 16-07 was codified with the wrong map (scrivener's error). A screenshot of the correct map from Ord 16-07 is on the next page. The correct map will be inserted into the next draft.



~~Sustainability~~Green Building

GOAL 13:

Town Center buildings should meet a high standard of energy efficiency and sustainable construction practices as well as exhibiting other innovative green features, above and beyond what is required by the existing Construction Code.

Economic Development

GOAL 14:

Support the further economic development of Mercer Island, particularly in the Town Center.

NOTE: Policies under Goal 14 will be reviewed for consistency with the Economic Development Element once a draft of that element is prepared.

14.1 Develop an Economic Development Plan, engaging internal and external resources as appropriate.

14.2 Establish the Town Center as an active and attractive commercial node, including the use of gateways, wayfinding and signage, and links to transit.

14.3 Maintain a diversity of downtown land uses.

14.4 Support economic growth that accommodates Mercer Island's share of the regional employment growth target of ~~1,228~~1,300 new jobs from 20~~06~~24—20~~35~~40, by maintaining adequate zoning capacity, infrastructure, and supportive economic development policies.

14.5 Investigate formation of a business improvement area (BIA), or other mechanism authorized by state law, to help promote Island businesses, to support Town Center activities, and to finance improvements and amenities.

14.6 Identify a staff person who will help coordinate economic development activities.

14.7 Support public and private investment in existing properties, infrastructure, and marketing to help maintain longstanding businesses and attract new ones.

14.8 Create a healthy and safe economic environment where Town Center businesses can serve the needs of Mercer Island residents as well as draw upon broader retail and commercial market areas.

14.9 Proactively and persistently engage residents, community organizations, and businesses in a collaborative effort to establish a strategy for Mercer Island economic development.

~~14.10 Ensure that new development in Town Center maintains existing commercial square footage as new development occurs.~~

OUTSIDE THE TOWN CENTER

GOAL 15:

Mercer Island should remain principally a low to moderate density, single family residential community.

15.1 ~~Existing land use policies, which strongly support the preservation of~~ Preserve the neighborhood character ~~existing conditions~~ in ~~the single family~~ all residential zones~~, will~~

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~~continue to apply. Changes to the zoning code or development standards will be accomplished through code amendments~~.

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

15.3 ~~Multi-family areas will continue to be low-rise apartments and condos and duplex/triplex designs, and with the addition of the Commercial/Office (CO) zone, will be confined to those areas already designated to allow multi-family.~~ Encourage multifamily and mixed-use housing within the existing boundaries of the Town Center, multifamily, and Commercial Office zones to accommodate moderate- to extremely low-income households.

15.4 Social and recreation clubs, schools, and religious institutions are predominantly located in single family residential areas of the Island. Development regulation should ~~reflect~~ recognize the ~~desire~~ need and support the ability to ~~retain viable~~ maintain, update, and renovate ~~and healthy~~ social, recreational, educational, and religious ~~organizations~~ facilities as allowed by the land use code. Such facilities are ~~as~~ community assets which are essential for the mental, physical and spiritual health of Mercer Island. Future land use decisions should encourage the retention of these facilities.

15.4~~5~~ ~~As a primarily single family residential community with a high percentage of developed land, the community cannot provide for all types of land uses. Certain activities will be considered incompatible with present uses. Incompatible uses include~~ Discourage incompatible land uses such as landfills, correctional facilities, zoos and airports in existing zones. Encourage ~~C~~compatible ~~permitted~~ uses such as education, recreation, open spaces, government social services and religious activities ~~will be encouraged~~.

15.~~5~~6 Manage impacts that could result from new development in residential zones by establishing standards to:

15.~~5~~6.A Regulate on- and off-street parking;
15.~~5~~6.B Encourage the retention of landscaped areas and the retention and planting of trees;
15.~~5~~6.C Establish incentives and anti-displacement measures consistent with the Housing Element; and
15.~~5~~6.D Control new development to be compatible in scale, form, and character with existing surrounding neighborhoods.

GOAL 16:

Achieve additional residential capacity in ~~single family~~ residential zones through flexible land use techniques and land use entitlement regulations.

16.1 Encourage the u~~U~~se of the existing housing stock to address changing population needs and aging in place. Accessory ~~housing~~ dwelling units and shared housing opportunities should be

considered in order to provide accessible and affordable housing, relieve tax burdens, and maintain existing, stable neighborhoods.

16.2 Through zoning and land use regulations provide adequate development capacity to accommodate Mercer Island's projected share of the King County population growth over the next 20 years.

16.3 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.

16.4 Promote accessory dwelling units in single-family ~~districts~~ zones subject to specific development and owner occupancy standards.

16.5 ~~Infill~~ Encourage 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.

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.

16.7 Ensure development regulations allow the improvement of existing homes and do not create incentives to remove or replace existing homes.

16.8 Evaluate locally adopted building and fire code regulations within existing discretion to encourage the preservation of existing homes.

GOAL 17:

~~With the exception of allowing residential development, commercial designations and permitted uses under current zoning will not change.~~ The allowed uses in commercial and mixed-use zones balance the City's economic development and housing needs.

17.1 The Planned Business Zone uses on the south end of Mercer Island are compatible with the surrounding single family zone needs. All activities in the PBZ are subject to design review. Supplemental design guidelines have been adopted.

17.2 Commercial uses and densities near the I-90/East Mercer Way exit and SE 36th Street are appropriate for that area. All activities in the ~~CO~~Commercial Office zone are subject to design review and supplemental design guidelines may be adopted.

17.3 ~~Inclusion of a range of~~ Add multifamily residential and other commercial ~~densities should be allowed when compatible~~ uses to ~~in~~ the Commercial Office ~~(CO)~~ zone~~s~~. This should be accomplished t~~T~~hrough ~~rezones or~~ changes in zoning ~~district~~ regulations~~, multi-family residences should be allowed in all commercial zones where~~ that ~~minimize~~ consider adverse

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impacts to surrounding areas~~, especially residential zones can be minimized. Housing should be used to create new, vibrant neighborhoods~~.

~~17.4 Social and recreation clubs, schools, and religious institutions are predominantly located in single family residential areas of the Island. Development regulation should reflect the desire to retain viable and healthy social, recreational, educational, and religious organizations as community assets which are essential for the mental, physical and spiritual health of Mercer Island.~~

NATURAL ENVIRONMENT POLICIES

GOAL 18:

The protection of the natural environment will continue to be a priority in all Island development. Protection of the environment and private property rights will be consistent with all state and federal laws.

18.1 The City of Mercer Island shall protect environmentally sensitive lands such as watercourses, geologic hazard areas, steep slopes, shorelines, wildlife habitat conservation areas, and wetlands. Such protection should continue through the implementation and enforcement of critical areas and shoreline regulations.

18.2 Land use actions, storm water regulations and basin planning should reflect intent to maintain and improve the ecological health of watercourses and Lake Washington water quality.

18.3 New development should be designed to avoid increasing risks to people and property associated with natural hazards.

18.4 The ecological functions of watercourses, wetlands, and habitat conservation areas should be maintained and protected from the potential impacts associated with development.

18.5 The City shall utilize best available science during the development and implementation of critical area~~s~~ regulations. Regulations will be updated periodically to incorporate new information and~~, at a minimum, every eight years~~ as required by the Growth Management Act.

18.6 Encourage low impact development approaches for managing stormwater and protecting water quality and habitat.

18.7 Services and programs provided by the City with regards to land use should encourage residents to minimize their own personal carbon footprint, especially with respect to energy consumption and waste reduction.

18.8 The City's development regulations should encourage long term sustainable stewardship of the natural environment. Examples include preservation and enhancement of native vegetation, tree retention, and rain gardens.

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18.9 Outreach campaigns and educational initiatives should inform residents of the collective impact of their actions on local, county, and state greenhouse gas emissions reduction goals.

18.10 The Stormwater Management Program Plan is hereby adopted by reference.

GOAL 19:

Protect and enhance habitat for native plants and animals for their intrinsic value and for the benefit of human health and aesthetics. Regulatory, educational, incentive-based, programmatic, and other methods should be used to achieve this goal, as appropriate.

19.1 Designate bald eagles as a Species of Local Concern for protection under the Growth Management Act. Identify additional Species and Priority Habitats of Local Concern referencing best available science and the Washington Department of Fish and Wildlife Priority Habitats and Species List. Determine how best to protect these species and habitats.

19.2 Encourage the inventorying of native plants and animals on Mercer Island and the habitats that support them. As part of this effort, identify pollinators and the native plants they depend upon.

19.3 Evaluate and enhance the quality of habitat to support the sustenance of native plants and animals with the appropriate balance of ground, mid-level, and tree canopy that provides cover, forage, nectar, nest sites, and other essential needs. In addition to parks and open spaces, preserve and enhance habitat in conjunction with residential, institutional, and commercial development and in road rights-of-way.

19.4 Critical areas and associated buffers should consist of mostly native vegetation.

19.5 Plants listed on the King County Noxious Weed and Weeds of Concern lists should be removed as part of new development and should not be planted during the landscaping of new development. Efforts should be made to reduce or eliminate, over time, the use of these plants in existing public and private landscapes and in road rights-of-way. New plantings in road rights-of-way should be native plants selected to benefit wildlife and community environmental values.

19.6 Important wildlife habitats including forest, watercourses, wetlands, and shorelines should be connected via natural areas including walking paths along forested road rights-of-way.

19.7 View preservation actions should be balanced with the efforts to preserve the community's natural vegetation and tree cover. [Relocated Policy 20.3]

19.~~7~~8 Community tree canopy goals should be adopted and implemented to protect human health and the natural environment and to promote aesthetics. Encourage the conversion of grass to forest and native vegetation. Promote the preservation of snags (dead trees) for forage and nesting by wildlife.

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19.~~8~~9 Consider a community effort to establish new wetlands in recognition of the historical loss of wetlands.

19.~~9~~10 When considering the purchase of land to add to community open space, prioritize the purchase and preservation of wetlands and stream headwaters.
[NOTE for consistency analysis: consider updating "community open space" to align with Open Space Lands definition in Open Space Zone code amendments; also consider relocating this policy to make it more clear it applies to City Open Space Lands.

19.11 Support ~~the~~ conservation ~~of~~ on private property on Mercer Island through the use of conservation tools and programs including, but not limited to, the King County Public Benefit Rating System and Transfer of Development Rights programs.

19.1~~0~~2 Promote the use of soft shoreline techniques and limitations on night lighting to provide shallow-water rearing and refuge habitat for out-migrating and lake-rearing endangered Chinook salmon. Encourage the removal of bulkheads and otherwise hardened shorelines, overwater structures, and night lighting, especially south of I-90 where juvenile Chinook are known to congregate.

19.1~~1~~3 Promote the reduction of nonpoint pollution that contributes to the mortality of salmon, other wildlife, and vegetation. This pollution consists of pesticides, chemical fertilizers, herbicides, heavy metals, bacteria, motor oils, and other pollutants and is primarily conveyed to surface water features by stormwater runoff.

19.1~~2~~4 Promote the preservation of organic matter in planting beds and landscapes including leaves, grass clippings, and small woody debris. Encourage the import of organic material to landscapes including wood chips and finished compost to reduce water and fertilizer use and to promote food production for wildlife.

19.1~~3~~5 Promote awareness and implementation of the American Bird Conservancy's bird-friendly building design guidelines which prevent bird mortality caused by collisions with structures.

19.1~~4~~6 Promote awareness and implementation of the International Dark-Sky Association's methods to reduce the excess lighting of the night sky that negatively affects wildlife, particularly birds. Consider seeking certification as an International Dark-Sky Community.

19.1~~5~~7 Consider participation in the National Wildlife Federation's Community Wildlife Habitat Program. Encourage community members to seek certification of their homes as Certified Wildlife Habitat and consider seeking certification of Mercer Island as a Wildlife-Friendly Community.

19.1~~6~~8 Promote the establishment of bird nest boxes in parks and on private property for species that would benefit. Remind pet owners of the very significant bird mortality related to cats and to keep them indoors.

19.1~~7~~9 Promote wildlife watering.

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~~*PARKS AND OPEN SPACE POLICIES*~~

[NOTE: Parks and Open Space Policies from the Land Use Element are proposed to be moved to other goals or struck because the topics are address in the Parks, Recreation, and Open Space Plan]

~~**GOAL 20:**~~

~~Continue to maintain the Island's unique quality of life through open space preservation, park and trail development and well-designed public facilities.~~

~~20.1 More specific policy direction for parks and open space shall be identified in the Parks and Recreation Plan and the Pedestrian and Bicycle Facility Plan. These plans shall be updated periodically to reflect changing needs in the community.~~

~~20.2 Acquisition, maintenance and access to public areas, preserved as natural open spaces or developed for recreational purposes, will continue to be an essential element for maintaining the community's character.~~

~~20.3 View preservation actions should be balanced with the efforts to preserve the community's natural vegetation and tree cover.~~

~~20.4 Future land use decisions should encourage the retention of private club recreational facilities as important community assets.~~

~~20.5 Provide recreation and leisure time programs and facilities that afford equal opportunities for use by all Mercer Island residents while considering the needs of non-Mercer Island residents.~~

~~20.6 Provide a system of attractive, safe, and functional parks, and park facilities.~~

~~20.7 Preserve natural and developed open space environments and trails for the benefit of all existing and future generations.~~

~~20.8 Provide a broad representation of public art through cooperation with the Mercer Island Arts Council.~~

~~20.9 Funding for existing facilities should be a top priority and should be provided at a level necessary to sustain and enhance parks, trails and open space consistent with the Parks and Recreation Plan, the Trails Plan and the Capital Facilities Element.~~

~~20.10 Promptly investigate open space acquisition opportunities as they become available.~~

~~20.11 Pursue state and federal grant funding for parks and open space improvements.~~

~~20.12 Pursue a trail lease agreement from the Washington State Department of Transportation to allow for the development of an I-90 Connector Trail to establish a pedestrian connection between Luther Burbank and Town Center.~~

~~20.13 Support the conservation of private property on Mercer Island through the use of conservation tools and programs including, but not limited to, the King County Public Benefit Rating System and Transfer of Development Right programs.~~

GREEN BUILDING

GOAL 21:

Promote the use of green building methods, design standards, and materials, for residential development, to reduce impacts on the built and natural environment and to improve the quality of life. Green building should result in demonstrable benefits, through the use of programs such as, but not limited to, Built Green, LEED, the Living Building Challenge, Passive House, Salmon Safe, or similar regional and recognized green building programs.

21.1 Eliminate regulatory and administrative barriers, where feasible, to residential green building.

21.2 Develop a green building program that creates incentives for residential development and construction to incorporate green building techniques.

21.3 ~~Evaluate requiring the use of~~ Consider expanding requirements for green building ~~techniques for new construction and~~ certification to additional zones and/or development of subdivisions as a component of a green building program.

21.4 Educate and provide technical resources to the citizens and building community on Mercer Island regarding green building as a component of sustainable development.

~~21.5 Conduct annual tracking of new, or significantly remodeled, structures verified under various green building programs on Mercer Island and incorporate statistics into the City's sustainability tracking system and performance measures.~~

~~STAR~~ Climate Change

Note: This section has been updated to align with the Climate Action Plan.

GOAL 26:

~~Use the STAR Community framework, or a similar assessment framework, to help develop the City's sustainability practices and to determine the effectiveness of such practices.~~ Continue to develop and refine City policies and implementation strategies to address climate change.

26.1 ~~Assess the effect of proposed Comprehensive Plan or development regulation amendments on sustainability.~~ Adopt a Climate Element or equivalent components in this plan, as directed by state law, to plan for reducing greenhouse gas emissions and vehicle miles traveled and to improve community resilience by planning for climate preparedness, response, and recovery efforts.

26.2 ~~Assess the effect of proposed City programs on sustainability.~~ The most recent version of the Climate Action Plan is hereby adopted by reference. This plan provides more specific policy direction and implementation guidance for climate action. This plan shall be updated periodically to reflect changing needs in the community.

~~26.3 Assess the City's existing strengths and weaknesses in supporting sustainability, using the STAR Communities framework or similar assessment framework, and identify desired programs or policies supporting sustainability.~~

GOAL 27:

Reduce community-wide greenhouse gas emissions.

27.1 ~~Establish and support annual data gathering, and reporting on,~~ Collect data and report on Mercer Island GHG emissions annually. Document progress toward emission reduction targets ~~and progress~~ consistent with King County-Cities Climate Collaboration (K4C).

27.2 Partner with the King County-Cities Climate Collaboration (K4C) and the community to mitigate climate change.

27.3 Provide public information and support to individual and community efforts to mitigate climate change.

27.4 Evaluate and prioritize actions to reduce GHG emissions.

27.5 Encourage the reduction of emissions from passenger vehicles through the development of zero- or low-greenhouse gas emitting transportation options and by reducing single-occupancy vehicle trips.

27.6 Promote an energy-efficient built environment by:

27.6.1 Focusing development where utility and transportation investments have been made;

27.6.2 Promoting the use of renewable and zero- and low-GHG emitting energy sources;

27.6.3 Encouraging the use of carbon-efficient building materials and building design;

27.6.4 Reducing greenhouse gas emissions from the construction, heating, and cooling of residential structures by encouraging smaller single family residential housing units, moderate density housing (including duplexes and triplexes), and the use of green building materials and techniques; and

27.6.~~4~~5 Mitigating urban heat island effects by expanding tree canopy and vegetation cover.

27.7 Promote renewable power generation in the community.

~~**GOAL 28:**~~

~~Develop and implement a Climate Action Plan.~~

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~~28.1 The Climate Action Plan is hereby adopted by reference.~~

GOAL ~~29~~8:

Adapt to and mitigate local climate change impacts.

2~~9~~8.1 Prioritize the ~~prevention~~ reduction of greenhouse gas emissions and other contributors to ~~of~~ climate change.

2~~9~~8.2 Develop an adaptive response to expected climate change impacts on the community.

2~~9~~8.3 Increase carbon sequestration through expanding tree canopy and vegetation cover.

VI. ACTION PLAN

GOAL ~~30~~29:

To implement land use development and capital improvement projects consistent with the policies of the comprehensive plan.

~~30~~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.~~

~~30.2 To create opportunities for housing, multi-modal transportation, and development consistent with the City's share of regional needs.~~

~~30.3 To make effective land use and capital facilities decisions by improving public notice and citizen involvement process.~~

~~30.4 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.~~

~~30.5 To continue to i~~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.

~~30.6 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, and could occur before 2035 or shortly thereafter. 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.~~

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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:

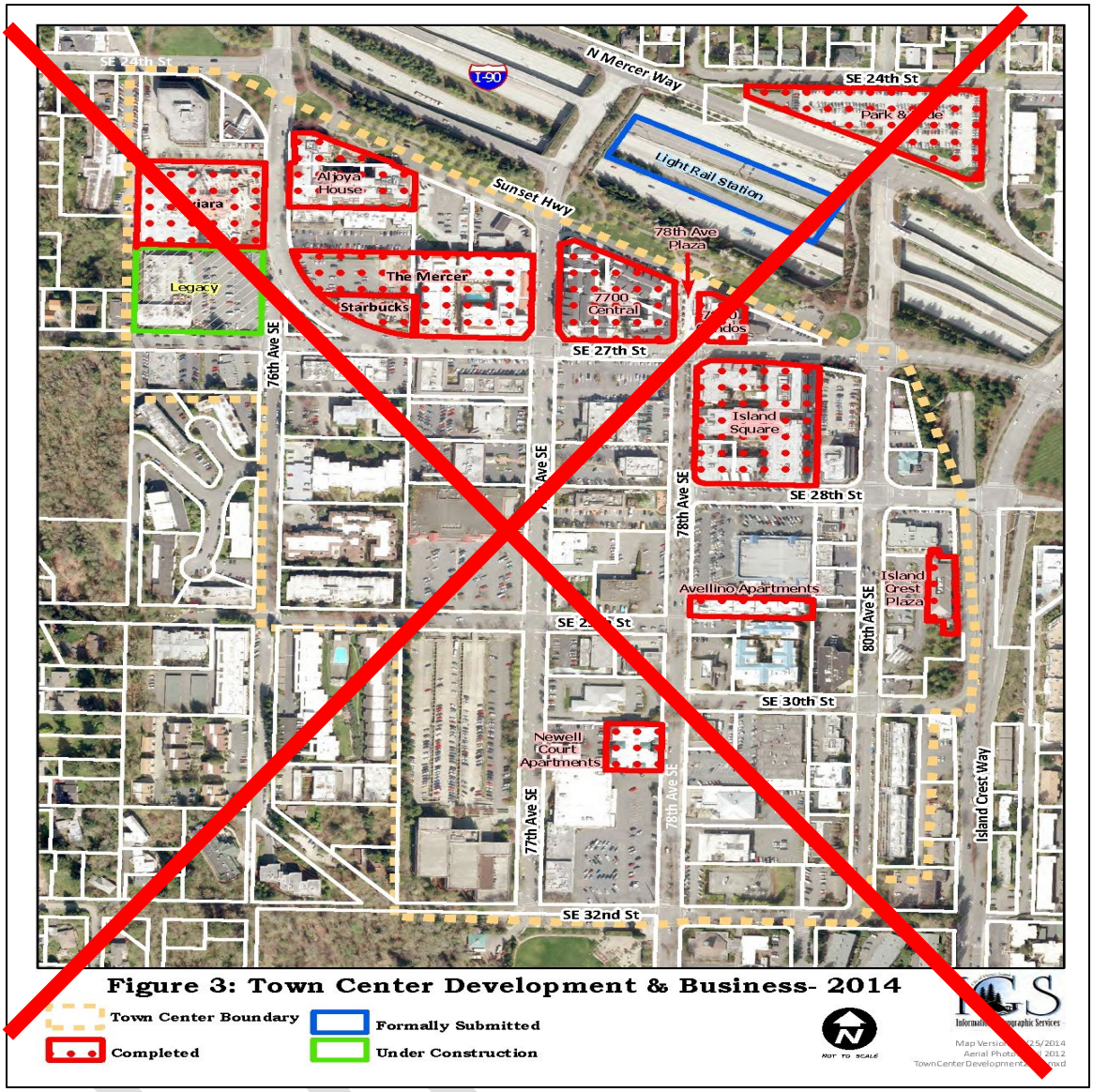
- 29.2.A Actions from this element to be added to department work plans for the next biennial budget cycle;
- 29.2.B Any funding including grants allocated to support the completion of these actions;
- 29.2.C Any staff resources allocated to support the completion of these actions;
- 29.2.D A schedule detailing the key actions and/or milestones for the completion of each action; and
- 29.2.E A list of near-term future actions expected to be proposed to be added to department work plans in the next three to five years.

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

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

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

DRAFT



VII. LAND USE DESIGNATIONS

Land Use Designation	Implementing Zoning Designations	Description
Park	PI R-8.4 R-9.6 R-12 R-15	The park land use designation represents land within the City that is intended for public use consistent with the adopted Parks and Recreation Plan.
Linear Park (I-90)	PI	The linear park (I-90) land use designation primarily contains the Interstate 90 right-of-way. The land use designation is also improved

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		with parks and recreational facilities (e.g., Aubrey Davis park, I-90 Outdoor Sculpture Gallery, etc.) adjacent to and on the lid above the Interstate 90 freeway.
Open Space	PI R-8.4 R-9.6 R-12 R-15	The open space use designation represents land within the City that should remain as predominantly unimproved open space consistent with the adopted Parks and Recreation Plan.
Commercial Office	C-O B	The commercial office land use designation represents commercial areas within Mercer Island, located outside of the Town Center, where the land use will be predominantly commercial office. Complementary land uses (e.g., healthcare uses, schools, places of worship, etc.) are also generally supported within this land use designation.
Neighborhood Business	PBZ	The neighborhood business land use designation represents commercial areas within Mercer Island, located outside of the Town Center, where the land uses will be predominantly a mix of small scale, neighborhood oriented business, office, service, public and residential uses.
Single Family Residential (R)	R-8.4 R-9.6 R-12 R-15	The single family residential land use designation (R) represents areas within Mercer Island where development will be predominantly single family residential neighborhoods. Complementary land uses (e.g., private recreation areas, schools, home businesses, public parks, etc.) are generally supported within this land use designation.
Multifamily Residential (MF)	MF-2 MF-2L MF-3	The multifamily residential land use (MF) represents areas within Mercer Island where the land use will be predominantly multifamily residential development. Complementary land uses (e.g., private recreation areas, schools, home businesses, public parks, etc.) are generally supported within this land use designation.
Town Center (TC)	TC	The Town Center land use designation represents the area where land uses consistent with the small town character and the heart of Mercer Island will be located. This land use designation supports a mix of uses including outdoor pedestrian spaces, residential, retail, commercial, mixed-use and office-oriented businesses.
Public Facility	C-O PI R-8.4 R-9.6 R-15 TC	The public facility land use designation represents land within the City that is intended for public uses, including but not limited to schools, community centers, City Hall, and municipal services.

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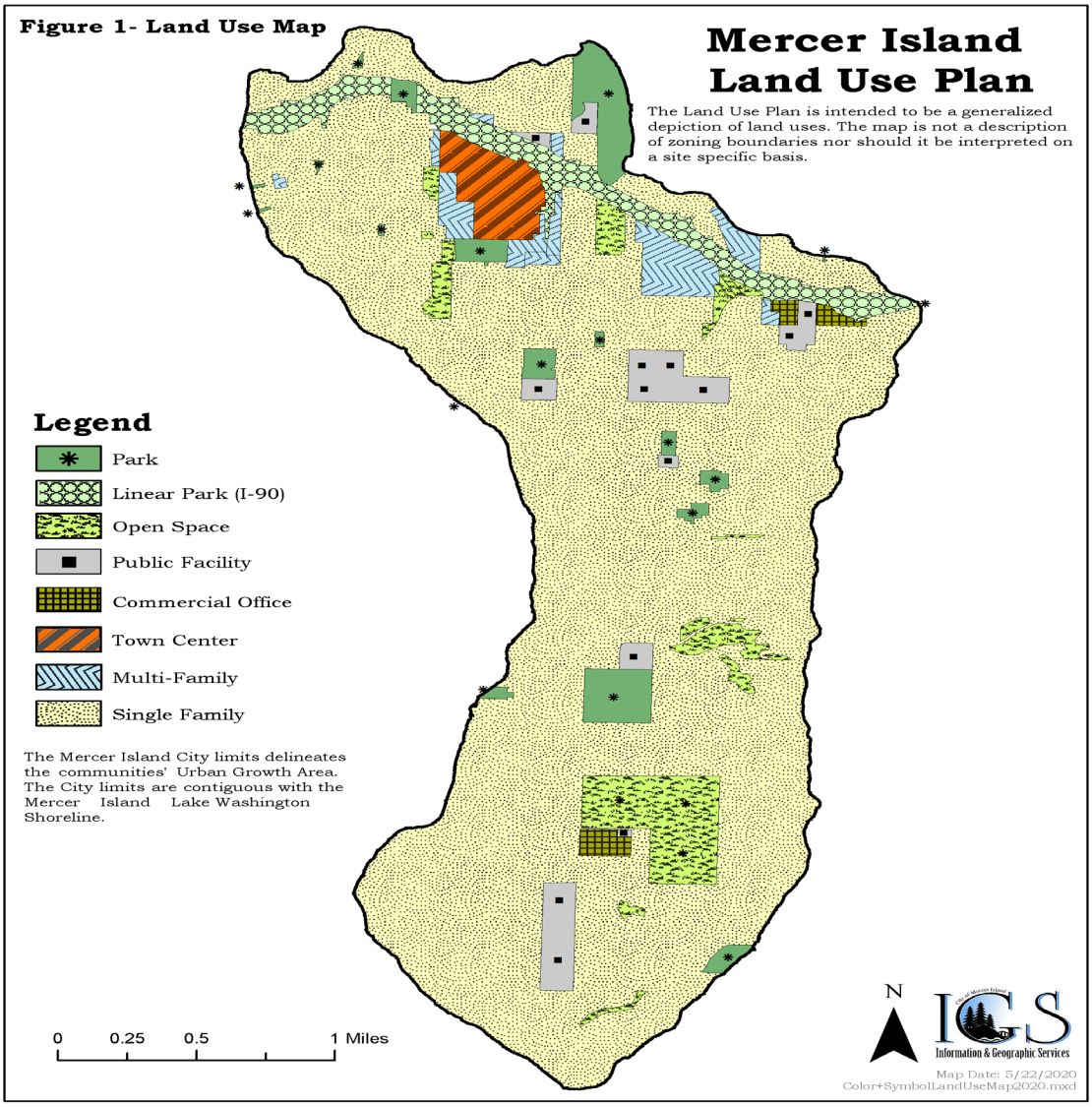

Note: Figure 1 will be updated to optimize the map symbology for web viewing.

I. Introduction

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

Housing Growth Target and Housing Needs

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

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

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

	Housing Growth Target	Housing Needs By Income Level								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

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

Notes:

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

Capacity to Accommodate Housing Growth Target and Housing Needs

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

In 2023, the WA Department of Commerce (Commerce) issued new guidance for complying with updated housing requirements in the WA Growth Management Act (GMA) to counties and cities. That guidance recommended a process by which cities

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should evaluate development capacity to accommodate housing needs disaggregated by income level. Based on the Commerce guidance, the City prepared the Land Capacity Analysis (LCA) Supplement (Appendix X).

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

The City prepared a Housing Needs Assessment (HNA) during the Comprehensive Plan periodic review (Appendix X). This assessment included an inventory and analysis of the existing housing stock that, combined with LCA, found that the City can accommodate its projected growth.

Permanent Supportive Housing and Emergency Housing

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

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

Capacity for PSH and emergency housing was evaluated in the LCA Supplement. The LCA Supplement found that the Comprehensive Plan allows adequate capacity to accommodate its PSH and emergency housing needs.

Adequate Provisions

The GMA requires the Housing Element to make adequate provisions for existing and projected needs of all economic segments of the community. This includes taking actions to address potential barriers to housing production. Barriers are factors that negatively affect production for different housing types. The Commerce Housing Element Update Guidebook 2 explains barriers as follows:

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

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

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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: • 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]	**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	• 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	• Comply with statewide legislation[8(a)] Consider streamlining design review for developments with income-restricted affordable units.
			Other Limitations: Development Capacity	• Increase land capacity within existing boundaries to address the capacity shortfall identified in the City's Land Capacity Analysis Supplement[7] Comply with statewide legislation[8(a)]
			Funding Gaps	• 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)]

Notes:

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.
2. Multifamily and mixed-use housing type is categorized as residential development with ten or more units per structure.
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.
4. Middle housing development is categorized as residential development with 2-9 units per structure.
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.
6. Accessory dwelling unit share of housing units is combined with the single-family. Between 2006 and 2022, the City permitted 104 ADUs.
7. The Land Capacity Analysis Supplement was developed to evaluate whether the Comprehensive Plan allows adequate capacity to accommodate its housing needs (Appendix X).
8. Statewide legislation passed in the years preceding the Comprehensive Plan periodic review affected several types of housing as follows:
    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;
    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;
    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
    d. Senate Bill 5290 – Adopted in 2023, this bill requires cities and counties to meet permit review timetables.

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Racially Disparate Impacts and Displacement Risk

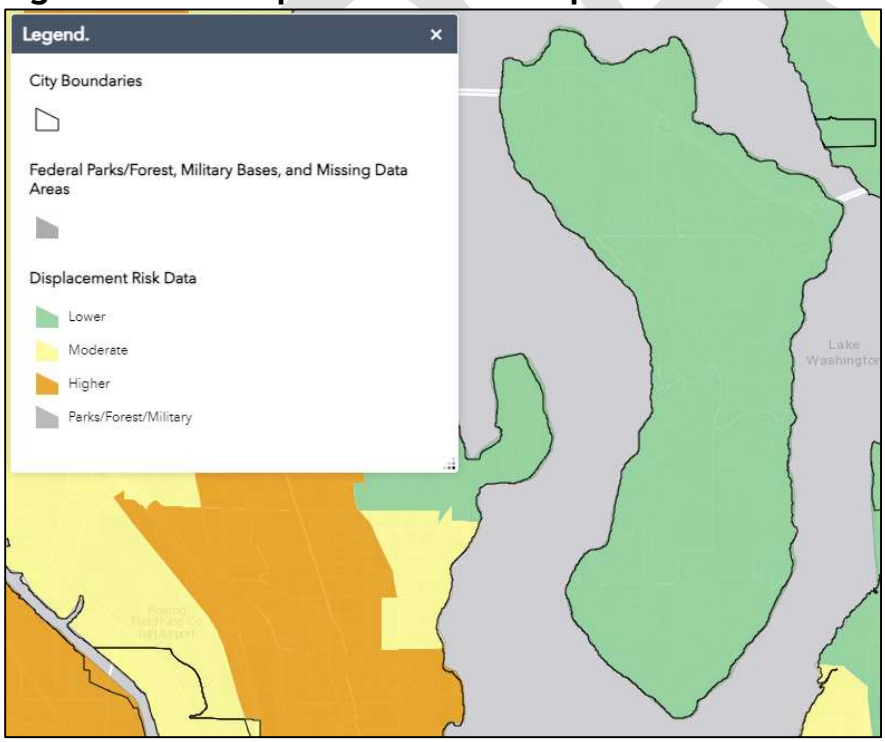
In 2021, the GMA was amended to require jurisdictions to identify potential racially disparate impacts, take steps to address those impacts, and reduce displacement risk. In 2023, Commerce provided guidance for complying with the GMA requirement to identify and begin undoing racially disparate impacts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

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

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

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

Figure 1. PSRC Displacement Risk Map.



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

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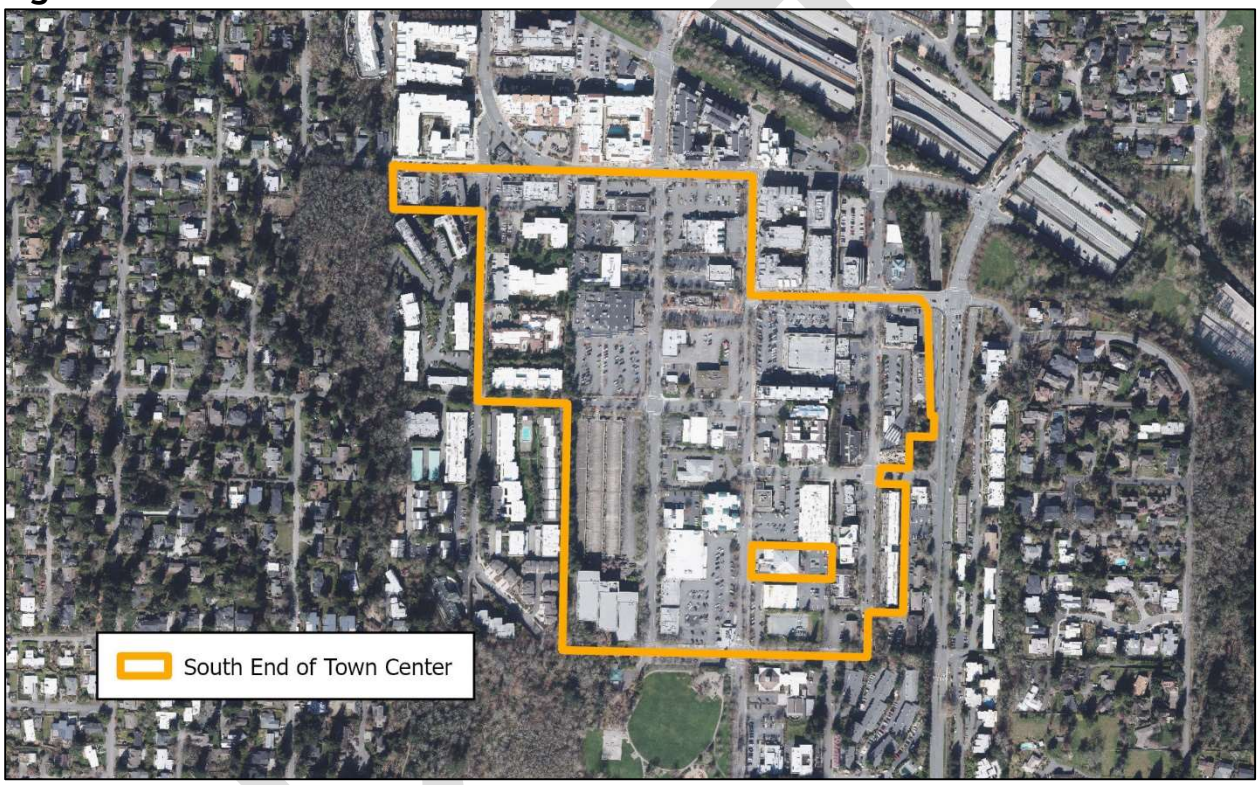
The RDI Evaluation identified three areas that may be at higher risk of displacement relative to other areas in the City. Displacement could occur due to changes in development regulations or capital investments. The three areas that may be at higher risk of displacement are:

- The south end of Town Center;
- Multifamily zones adjacent to Town Center; and
- Multifamily zones east of Town Center.

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

Figure 2. South End of Town Center.



Source: RDI Evaluation dated December 15, 2023.

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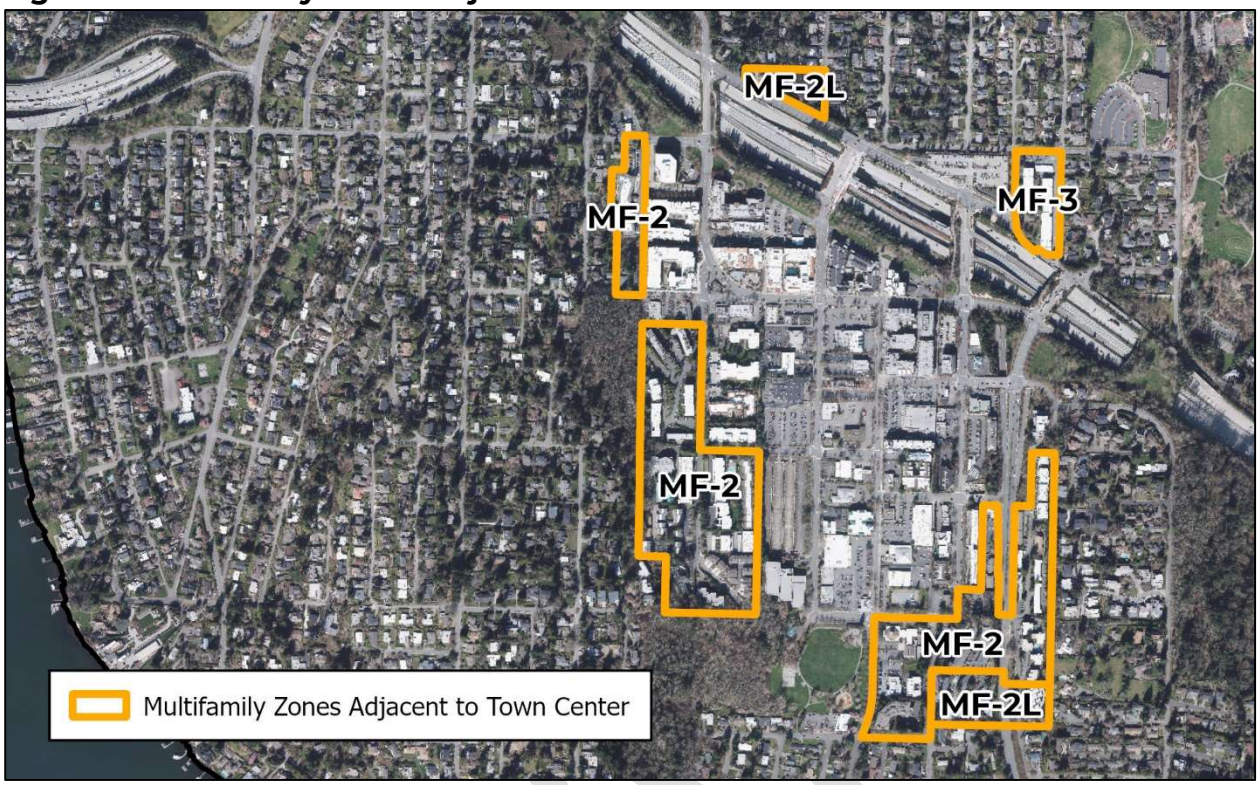
Figure 3. Multifamily Zones Adjacent to Town Center.



Source: RDI Evaluation dated December 15, 2023.

Figure 4. Multifamily Zones East of Town Center.

Source: RDI Evaluation dated December 15, 2023.

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

- Expand tenant protections;
- Intentional public outreach during implementation of the Comprehensive Plan;
- Increase the supply of affordable rental housing;
- Add incentives for the construction of affordable housing; and
- Increase capacity for multifamily and mixed-use housing.

Goals and Policies

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

- Overall housing strategies;
- Affordable housing;
- Racially disparate impacts;
- Anti-Displacement;
- Residential regulations; and
- Implementation.

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

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

II. Goals and Policies

Goal 1 – Overall Housing Strategies

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

Policies

1.1 Accommodate the Mercer Island housing growth target and housing needs shown in Table 1 by:

1.1.A Ensuring the Comprehensive Plan allows adequate capacity for the Mercer Island housing growth target and housing needs assigned by King County;

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1.1.B Adopting policies that will increase the supply of income-restricted and naturally occurring affordable housing;
1.1.C Addressing racially disparate impacts;
1.1.D Reducing or mitigating displacement risk; and
1.1.E Taking actions to implement this element throughout the Comprehensive Plan planning period.

1.2 Categorize household income level for the purposes of this element as follows:

1.2.A High income is a household income that exceeds 120 percent of the AMI;
1.2.B Moderate income is a household income at or below 120 percent and above 80 percent of the AMI;
1.2.C Low income is household income at or below 80 percent and above 50 percent of the AMI;
1.2.D Very low income is household income at or below 50 percent and above 30 percent of the AMI; and
1.2.E Extremely low income is household income at or below 30 percent of the AMI.

1.3 Accommodate the Mercer Island housing growth target and housing needs by income level with the following approaches:

1.3.A High Income – Continue to allow market rate single-family, moderate density, and condominium housing;
1.3.B Moderate, Low-, and Very Low-Income –
(1) Implement strategies to preserve existing units;
(2) Implement strategies to increase the supply of new income restricted units; and
(3) Reduce barriers to new moderate density, multifamily, and mixed-use construction.
1.3.C Extremely Low-Income and Permanent Supportive Housing (PSH) –
(1) Implement strategies to increase the supply of new income restricted units for extremely low-income households and PSH; and
(2) Coordinate efforts among providers, developers, and government agencies; and
(3) Organize resources in support of new income restricted development.
1.3.D Emergency Housing – Allow use consistent with state law and ensure that occupancy, spacing, and intensity regulations allow sufficient capacity to accommodate the City's level of need.

1.4 Plan for residential neighborhoods that protect and promote the health and well-being of residents by supporting equitable access to:

1.4.A Parks and open space;
1.4.B Recreation opportunities and programs
1.4.C Safe pedestrian and bicycle routes;

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1.4.D Streets that are safe for pedestrians, bicyclists, and vehicle drivers and passengers;
1.4.E Clean air, soil, and water;
1.4.F Shelter from extreme heat events;
1.4.G Fresh and healthy foods;
1.4.H High-quality education from early learning through kindergarten through twelfth grade;
1.4.I Public safety;
1.4.J Artistic, musical, and cultural resources
1.4.K Affordable and high-quality transit options and living wage jobs;
1.4.L The opportunity to thrive in Mercer Island regardless of race, gender identity, sexual identity, ability, use of a service animal, age, immigration status, national origin, familial status, religion, source of income, military status, or membership in any other category of protected people; and
1.4.M Neighborhoods in which environmental health hazards are minimized to the extent possible.

1.5 Take actions to promote healthy and safe homes.

1.6 Mitigate climate impacts related to housing by executing the Climate Action Plan.

1.7 Strive to increase class, race, and age integration by equitably dispersing affordable housing opportunities.

1.8 Discourage neighborhood segregation and the isolation of special needs populations.

1.9 Increase housing choices for everyone, particularly those earning lower wages, in areas with access to employment centers and high-capacity transit.

1.10 Encourage accessory dwelling units (ADUs) as a housing form that can help to meet housing needs for moderate to low-income households.

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. Strive to reduce and/or mitigate displacement of businesses resulting from an increase in residential capacity.

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.

Goal 2 – Affordable Housing

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

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Policies

2.1 Support the development and preservation of income-restricted housing that is within walking distance of planned or existing high-capacity transit.

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

- 2.2.A Periodic review of development standards, staffing levels, and permit processes to reduce permit review times and costs;
- 2.2.B Periodic review of residential densities in high-density zones to adjust multifamily and mixed-use capacity as needed to accommodate housing needs;
- 2.2.C Programs, policies, partnerships, and incentives to decrease costs to build and preserve affordable housing.

2.3 Decrease barriers and promote access to affordable homeownership for extremely low-, very low-, and low-income, households.

2.4 Increase affordable homeownership options for moderate income households by increasing moderate density housing capacity.

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

- 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.
- 2.5.H Relief from other development code provisions that do not affect health or safety requirements.

2.6 Evaluate potential revenue sources to fund a local affordable housing fund.

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2.7 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.

2.8 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.

2.9 Evaluate the feasibility of establishing zoning in existing multifamily and mixed-use zones that would require developers to provide affordable housing in new high-density developments.

2.10 Continue to participate in A Regional Coalition for Housing (ARCH) as a key strategy for addressing affordable housing need for low-, very low-, and extremely low-income households.

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.

2.12 Develop partnerships to address barriers to the production of housing affordable to extremely low-income households by connecting with government agencies, housing service providers, religious organizations, affordable housing developers, and interested property owners.

2.13 Periodically meet with partners to gather feedback on actions the City can take to reduce barriers to the production of extremely low-income housing units, including PSH and emergency housing.

Goal 3 – Racially Disparate Impacts

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

Policies

3.1 Begin undoing racially disparate impacts by prioritizing actions that:

- 3.1.A Increase the supply of affordable rental housing;
- 3.1.B Expand tenant protections;
- 3.1.C Add incentives for the construction of affordable housing;
- 3.1.D Increase capacity for multifamily and mixed-use housing; and
- 3.1.E Include intentional public outreach during implementation of the Comprehensive Plan.

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3.2 Acknowledge historic inequities in access to homeownership opportunities for communities of color.

3.3 Seek partnerships with impacted communities to promote equitable housing outcomes and prioritize the needs and solutions expressed by these disproportionately impacted communities for implementation.

3.4 Include a statement in all future Public Participation Plans adopted for actions that implement this Housing Element explaining how the City will reach impacted communities.

3.5 Seek partnerships and dedicated resources to eliminate racial and other disparities in access to housing and neighborhoods of choice.

Goal 4 – Anti-Displacement

Goal: City actions reduce and mitigate displacement risk as regulations change and development occurs.

Policies

4.1 Seek partnerships to develop an affordable housing inventory to catalog the location, quantity, and ownership of income-restricted affordable units and Naturally Occurring Affordable Housing (NOAH).

4.2 Evaluate and consider implementing the following tenant protections:

- 4.2.A Required advance notice of rent increases;
- 4.2.B Relocation assistance; and
- 4.2.C Right of first refusal or tenant opportunity to purchase requirements when an apartment building is converted to a condominium.

4.3 Evaluate the potential increased risk of displacement that could accompany any increase in development capacity concurrent with proposed zoning changes affecting a zone where multifamily or mixed-use development is allowed. This evaluation should:

- 4.3.A Be paid for by an applicant requesting a rezone and conducted on behalf of the City;
- 4.3.B Consider economic, physical, and cultural displacement as defined by the WA Department of Commerce;
- 4.3.C Recommend strategies to reduce or mitigate identified displacement risks; and
- 4.3.D Be presented to City decision makers prior to making findings, recommendations, or decisions.

4.4 Policy or regulatory amendments that affect development capacity in zones where multifamily or mixed-use residential development is allowed must be

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accompanied by findings that displacement risk has been adequately reduced and/or mitigated.

Goal 5 – Residential Regulations

Goal: Regulations that affect residential development are balanced so that they safeguard the public health, safety, and welfare.

Policies

5.1 Consider reviewing the multifamily development standards to identify potential amendments that would:

- 5.1.A Reduce permit review times and costs;
- 5.1.B Simplify requirements,
- 5.1.C Limit design review process to administrative design review and ensure that all design standards are objective and measurable;
- 5.1.D Ensure parking requirements do not unnecessarily restrict multifamily housing but rather carefully balance the need for parking and the cost of providing it.
- 5.1.E Increase affordable housing incentives; and
- 5.1.F Address displacement risk from zoning changes.

5.2 Identify the regulatory amendments necessary to allow duplexes, triplexes, townhomes, and other moderate density housing types in residential zones.

5.3 Amend residential development standards to allow middle housing types and ADUs in residential zones consistent with the state law.

5.4 Consider amending ADU development standards to add flexibility and expand options for the development of this type of housing to help meet housing needs for moderate to low-income households.

5.5 Consider restructuring existing ADU incentives such as the gross floor area bonus to require affordable housing.

Goal 6 – Implementation

Goal: The Housing Element is implemented in a timely and efficient manner so that the City's goals are realized.

Policies

6.1 Establish a Housing 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:

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6.1.A Actions from this element to be added to department work plans for the next biennial budget cycle;
6.1.B Any funding including grants allocated to support the completion of these actions;
6.1.C Any staff resources allocated to support the completion of these actions;
6.1.D A schedule detailing the key actions and/or milestones for the completion of each action; and
6.1.E A list of near-term future actions expected to be proposed to be added to department work plans in the next three to five years.

6.2 Prepare a biennial report tracking implementation of the Housing Element. The report will be provided to the City Council prior to adoption of the budget.

6.3 Partner with state, regional, and countywide agencies to periodically track the effectiveness of the policies in this element including the GMA required implementation progress report due five years after each Comprehensive Plan periodic review.

6.4 Provide resources for actions to implement this element and respond to limited resources by using strategies such as:

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

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4 TRANSPORTATION ELEMENT

I. INTRODUCTION

The ~~intent of the~~ Transportation Element ~~is to provide~~provides policies and projects to guide the development of the Mercer Island transportation system in support of the City's vision for the future. The policies guide the actions of the City, as well as the decisions related to individual developments.

The Transportation Element provides an inventory of ~~all of~~ Mercer Island's existing transportation system and includes auto, truck, bicycle, ~~bus~~transit, and pedestrian. ~~This update to the Transportation Element reflects the changes to circulation and operations related to the closure of the I-90 reversible lanes and related ramps.~~

OBJECTIVES OF THE TRANSPORTATION ELEMENT

The City of Mercer Island has three main objectives within its Transportation Element:

- Develop ~~multi-modal~~multimodal goals, policies, programs, and projects which support implementation of the Land Use Element of the Comprehensive Plan,
- Define policies and projects that encourage the safe and efficient development of the transportation system, and
- Comply with legislative requirements for ~~multi-modal~~multimodal transportation planning.

Washington State's Growth Management Act (GMA) outlines specific requirements for the Transportation Element of ~~a~~the city's ~~comprehensive plan~~Comprehensive Plan. It calls for a balanced approach to land use and transportation planning to ensure that a city's transportation system can support expected growth and development. In addition, it mandates that capital facilities funds be adequate to pay for any necessary improvements to the transportation system. Finally, a city must adopt specific standards for the acceptable levels of congestion on its streets; these standards are called level of service (LOS) standards.

At the federal level, transportation funds have been focused on the preservation and improvement of transportation facilities and creating a ~~multi-modal~~multimodal approach to transportation planning. For Mercer Island, transportation projects that combine improvements for auto, buses, bicycles, and pedestrians have a much greater chance of receiving state and federal grant funds than those that focus solely on widening the road to carry more single-occupant vehicles.

Other legislative requirements addressed by the Transportation Element include the King County ~~2012~~2021 Countywide Planning Policies, the 1991 Commute Trip Reduction Act, the Americans with Disabilities Act (ADA) and the 1990 federal Clean Air Act Amendments. Each of these laws emphasizes closer coordination between a jurisdiction's land use planning and its approach to transportation planning.

TRANSPORTATION TODAY

Most of Mercer Island's streets are two lane residential streets with low to moderate volumes of traffic. Island Crest Way, a north-south arterial which runs the length of the Island, is an exception because it is a principal feeder route to I-90 and the Town Center. East and West Mercer Way ring the Island and provide

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two more connections with I-90. SE 40th Street and Gallagher Hill Road also carry high traffic volumes in the north-central portion of the Island. In addition to arterial streets, the local street network provides access to private residences and properties. Public transit serves the Mercer Island Park and Ride and other locations on the Island.

~~Mercer Island has over 56 miles of trails, sidewalks and bicycle lanes for non-motorized travel. A regional trail runs across the north end of the Island along the I-90 corridor providing a convenient connection to Seattle and Bellevue for pedestrians and bicyclists.~~

~~*UPCOMING CHANGES*~~

~~The Sound Transit East Link light rail line, scheduled for completion in 2023, will change how Mercer Island residents travel and live. A~~ new light rail station located north of the Town Center, on the I-90 corridor between 77th Avenue SE and 80th Avenue SE, ~~will provide~~provides access to destinations in Seattle, Bellevue and other cities that are part of the Sound Transit system. ~~As part of this change, many of the buses from the east side of Lake Washington will terminate at Mercer Island and bus riders will transfer to light rail. The existing park and ride at North Mercer Way is frequently at or near capacity, and parking demand will increase with light rail. As part of the mitigation agreement with Sound Transit, additional parking for the light rail station will be added in the Town Center.~~

Mercer Island has over 56 miles of trails, sidewalks, and bicycle lanes for non-motorized travel. ~~In sum, these regional changes will likely affect travel and land use development patterns, particularly for the north end of the Island. The changes will also provide new opportunities for the Island and will support the vision and development of the Town Center.~~The regional Mountains-to-Sound Trail runs along the I-90 corridor providing a convenient connection to Seattle and Bellevue for pedestrians and bicyclists.

LAND USE ASSUMPTIONS — THE COMPREHENSIVE PLAN

Mercer Island's Comprehensive Plan, of which the Transportation Element is a part, must be internally consistent. This means that the various requirements in each element must not contradict one another. Of particular importance is the relationship between the Transportation Element and the Land Use Element.

The transportation forecasts used in this element are based on Mercer Island growth targets for housing and employment, regional traffic forecasts by the Puget Sound Regional Council, and local traffic counts. Within the 20-year planning period, the City's growth target is ~~2,320~~1,239 new housing units and 1,~~160~~300 new jobs to be generated on the Island by ~~2035~~2044.

The Land Use Element defines Mercer Island's strategy for managing future growth and physical land development for the 20-year planning period. Proposed transportation improvements, policies and programs are consistent with the vision of the Land Use Element. The Land Use vision emphasizes continued reinvestment and redevelopment of the Town Center to create a mixed-use pedestrian-friendly and transit-oriented environment. Most of the forecasted housing units and jobs will be located in and around the downtown core. Outside of the Town Center, the lower density residential nature of the remainder of the Island will be maintained with low forecasted changes in household growth.

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TOWN CENTER PLAN

The 1994 Town Center Plan for Mercer Island was updated in 2016 through a cooperative effort of City staff, consultants and many citizens over a two-year long process. Specific goals and policies related to transportation and mobility are in the Land Use element.

The ~~plan for a~~ Sound Transit Link Light Rail station located on the I-90 corridor between 77th Avenue SE and 80th Avenue SE will continue to focus multimodal development and population growth within the Town Center area.

II. TRANSPORTATION GOALS AND POLICIES

The following transportation goals and policies have been developed to guide transportation decisions for Mercer Island. They have been crafted to be consistent with all other Comprehensive Plan elements, including ~~most importantly,~~ the Land Use Element. They also serve to further articulate and implement the City's vision for the future.

GOAL 1:

Encourage the most efficient use of the transportation system through effective management of transportation demand and the transportation system.

1.1 Encourage measures to reduce vehicular trips using Transportation Demand Management strategies such as preferential parking for carpools/vanpools, alternative work hours, bicycle parking, and distribution of information and promotion of non-motorized travel, transit and ridesharing options.

1.2 Encourage businesses and residential areas to explore opportunities for shared parking and other parking management strategies.

1.3 Employ transportation system management (TSM) techniques to improve the efficient operation of the transportation system including, but not limited to: traffic through and turn lanes, management of street parking, signals and other traffic control measures.

GOAL 2:

Receive the maximum value and utility from the City's investments in the transportation system.

2.1 Place a high priority on maintaining the existing transportation facilities and the public rights-of-way.

2.2 ~~Continue to prioritize~~Prioritize expenditures in the transportation system recognizing the need to maintain existing transportation assets, meet adopted service level goals, and emphasize continued investments in non-motorized transportation facilities. Make transportation investments that improve economic and living conditions so that businesses and workers are retained and attracted to Mercer Island.

2.3 ~~Pursue opportunities for~~ Encourage partnerships with nonprofit providers and the private sector ~~participation~~ in the provision~~,~~ and operation ~~and maintenance~~ of the transportation system.

2.4 Coordinate street improvement projects with utilities, developers, neighborhoods, and other parties in order to minimize roadway disruptions and maintain pavement integrity.

2.5 Explore all available sources for transportation funding, including grants, impact fees, and other local options as authorized by the state legislature.

2.6 Prioritize transportation investments in the Town Center that promote mixed-use and compact development and provide ~~multi-modal~~multimodal access to regional transit facilities.

2.7 Apply technologies, programs, and other strategies to optimize the use of existing infrastructure and reduce congestion, vehicle miles traveled, and greenhouse gas emissions.

GOAL 3:

Minimize negative transportation impacts on the environment.

3.1 Use design, construction and maintenance methods, and low impact development strategies to minimize negative health and environmental impacts related to water quality, noise, and ~~neighborhood impacts.~~ pollution for all communities.

3.2 Work with WSDOT and other agencies to minimize impacts on Island facilities and neighborhoods from traffic congestion on regional facilities, implementation of ramp metering, and provision of transit services and facilities.

3.3 Construct transportation improvements with sensitivity to existing trees and vegetation. Encourage programs that plant trees in unused portions of public rights-of-way.

3.4 Promote the expanded use of alternative fuel and zero emission vehicles by the general public with measures such as converting public and private fleets, applying incentive programs, and providing for electric vehicle charging stations.

GOAL 4:

Provide transportation choices for travelers through the provision of a complete range of transportation facilities, and services.

4.1 Work with King County Metro, Sound Transit and other providers to ensure adequate transit services to meet the needs of the Island, including:

- ~~maintain existing and encourage new public transit service on the Island;~~
- maintain convenient transit connections to regional activity centers, including the Seattle CBD, Bellevue, University of Washington and other centers;
- provide convenient transit service for travel on Mercer Island and enhance connections to regional transit stations including the future Link light rail station; and

- continue to expand innovative transit services including demand responsive transit for the general public, subscription bus, or custom bus services.

4.2 Provide for and encourage non-motorized travel modes consistent with the Parks and Recreation Plan and Pedestrian and Bicycle Facilities Plan.

4.3 Support opportunities to facilitate transfers between different travel modes through strategies such as:

- providing small park and ride facilities throughout the Island; and
- improving pedestrian access to transit with on and off-road pedestrian improvements.

4.4 Investigate opportunities for operating, constructing and/or financing park and ride lots for Mercer Island residents only.

4.5 Encourage site and building design that promotes pedestrian activity, ridesharing opportunities, and the use of transit.

4.6 Study opportunities to provide innovative last-mile solutions serving the Town Center, light rail station, and park and ride.

4.7 Promote the development of ~~pedestrian~~multimodal linkages ~~between public and private development and~~ to transit in the Town Center District.

4.~~7~~8 Promote the mobility of people and goods through a ~~multi-modal~~multimodal transportation system consistent with the Pedestrian and Bicycle Facilities Plan.

4.9 Implement transportation programs and projects that address the needs of and promote access to opportunity for underserved communities, Black, Indigenous, and other People of Color, people with low or no incomes, and people with special transportation needs, while preventing and mitigating displacement of these groups.

4.10 Address the needs of people who do not drive, either by choice or circumstances (e.g., elderly, teens, low-income, and persons with disabilities), in the development of transportation programs and projects.

GOAL 5:

Comply with local, regional, state and federal requirements related to transportation.

5.1 Comply with the requirements of the federal and state Clean Air Acts, and work with other jurisdictions in the Puget Sound region to achieve conformance with the State Implementation Plan.

5.2 Meet the requirements of the Americans with Disabilities Act (ADA) and apply these standards to development of the transportation system.

5.3 Comply with the Commute Trip Reduction requirements through the continued implementation of a CTR plan.

~~5.4 Assist regional agencies in the revisions and implementation of the Transportation 2040 (PSRC), WSDOT Highway System Plan, and the Washington Transportation Plan 2030 and subsequent versions of these documents.~~

5.4 Advocate for state policies, actions, and capital improvement programs that promote safety, equity, and sustainability, and that are consistent with the Regional Growth Strategy, VISION 2050, the Countywide Planning Policies, and this comprehensive plan.

5.5 Work with the participants of the Eastside Transportation Partnership (ETP) to coordinate transportation planning for the Eastside subarea.

5.6 Comply with state initiatives and directives related to climate change and greenhouse gas reduction. Identify implementable actions that improve air quality, reduce air pollutants, and promote clean transportation technologies.

GOAL 6:

Ensure coordination between transportation and land use decisions and development.

6.1 Ensure compatibility between transportation facilities and services and adjacent land uses, evaluating aspects such as:

- potential impacts of transportation on adjacent land use;
- potential impacts of land development and activities on transportation facilities and services; and
- need for buffering and/or landscaping alongside transportation facilities.

6.2 Develop strategies to manage property access along arterial streets in order to preserve their function.

6.3 In the project development review process, evaluate transportation implications including:

- congestion and level of service;
- connectivity of transportation facilities and services from a system perspective;
- transit needs for travelers and for transit operators; and
- non-motorized facilities and needs.

6.4 Ensure that transportation improvements, strategies and actions needed to serve new developments shall be in place at the time new development occurs or be financially committed and scheduled for completion within six years.

6.5 As part of a project's SEPA review, review the project's impact on transportation and require mitigation of on-site and off-site transportation impacts. The City shall mitigate cumulative impacts of SEPA-exempt projects through implementation of the Transportation Improvement Program.

6.6 ~~Develop~~Maintain standards and procedures for measuring the transportation impact of a proposed development and for mitigating impacts.

6.7 Participate in the review of development and transportation plans outside the City boundaries that may have an impact on the Island and its transportation system, and consider the effect of the City's transportation plans on other jurisdictions.

6.8 Encourage transit, bicycle, and pedestrian principles in the design of projects including:

- locating structures on the site in order to facilitate transit and non-motorized travel modes;
- placing and managing on-site parking to encourage travel by modes other than single occupant vehicles;
- provision of convenient and attractive facilities for pedestrians and bicyclists; and
- provision of public easements for access and linkages to pedestrian, bicycle, and transit facilities.

6.9 Require adequate parking and other automobile facilities to meet anticipated demand generated by new development.

GOAL 7:

Provide a safe, convenient, and reliable transportation system for Mercer Island.

7.1 Include requirements in the City's roadway design standards~~, requirements~~ for facilities to safely accommodate travel by all travel modes.

7.2 Provide a safe transportation system through maintenance and upkeep of transportation facilities.

~~7.3~~7.3 Reduce the number of deaths and serious injuries caused by vehicle collisions on Mercer Island to zero by 2030.

7.4 Emphasize transportation network connectivity to minimize travel distances and emergency response times by avoiding permanent closure of streets to through traffic.

7.5 Monitor the condition and performance of the transportation system to compare growth projections with actual conditions, assess the adequacy of transportation facilities and services, and to identify locations where improvements may become necessary.

7.4~~6~~6 Monitor traffic collisions, citizen input/complaints, traffic violations, and traffic volumes to identify and prioritize locations for safety improvements.

7.5~~7~~7 Where a need is demonstrated, consider signage, traffic controls, or other strategies to improve the safety of pedestrian crossings.

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7.~~6~~8 Verify the policies, criteria, and a process to determine when, and under what conditions, private roads and privately maintained roads in the public right-of-way should be accepted for public maintenance and improvement.

7.~~7~~9 Coordinate with local and regional emergency services to develop priority transportation corridors and develop coordinated strategies to protect and recover from disaster.

7.~~8~~10 Strive to create a complete, connected active transportation system allowing direct and safe access for active transportation modes.

7.~~9~~11 New or remodeled public ~~institution~~institutions, commercial mixed use, and multifamily facilities should have sufficient storage for bicycles and other active transportation modes.

GOAL 8:

Preserve adequate levels of accessibility between Mercer Island and the rest of the region.

8.1 Continue to recognize I-90 as a highway of statewide significance.

8.2 Work with King County Metro and Sound Transit to ensure mobility and adequate levels of transit service linking Mercer Island to the rest of the region.

8.3 Work with WSDOT, King County Metro, and Sound Transit to ensure the provision of adequate Park and Ride capacity for Island residents.

8.4 Maintain an effective role in regional transportation planning, decision-making and implementation of transportation system improvements.

GOAL 9:

Balance the maintenance of quality Island neighborhoods with the needs of the Island's transportation system.

9.1 Strive to minimize traffic impacts to neighborhoods and foster a "pedestrian-friendly" environment.

9.2 Address parking overflow impacts on neighborhoods caused by major traffic generators such as schools, businesses, parks, and multifamily developments.

9.3 Provide facilities for pedestrians and bicyclists designed in keeping with individual neighborhood characteristics.

9.4 Work with King County Metro to provide public transit vehicles and services that are more in scale with the City's neighborhoods and its local road network.

9.5 Maintain comprehensive street design guidelines and standards that determine the appropriate function, capacity, and improvement needs for each street/roadway, while minimizing construction and neighborhood impacts.

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GOAL 10:

Maintain acceptable levels of service for transportation facilities and services on Mercer Island.

10.1 The City of Mercer Island Level of Service (LOS) at arterial street intersections shall be a minimum of "C" within and adjacent to the Town Center and "D" for all other intersections.

10.2 Use the level of service standard to evaluate the performance of the transportation system and guide future system improvements and funding. Emphasize projects and programs that focus on the movement of people and provide alternatives to driving alone.

10.3 Implement the following strategy when vehicle capacity or funding is insufficient to maintain the LOS standard: (1) seek additional funding for capacity improvements, (2) explore alternative, lower-cost methods to meet level-of-service standards (e.g., transportation demand management program, bicycle corridor development or other strategies), (3) reduce the types or size of development, (4) restrict development approval, and (5) reevaluate the level of service standard to determine how it might be adjusted to meet land use objectives.

10.4 Ensure that the City's level of service policies are linked to the land use vision and comply with concurrency requirements.

10.5 Revise the Transportation Element if the Land Use and/or Capital Facilities Element of the Comprehensive Plan are changed to maintain a balanced and consistent plan.

10.6 Levels of service for pedestrian, bicycle, and transit transportation modes should be established.

GOAL 11:

Ensure parking standards support the land use policies of the Comprehensive Plan.

11.1 Continue to implement flexible parking requirements for Town Center development based on the type and intensity of the proposed development; site characteristics; likelihood for parking impacts to adjacent uses; opportunities for transit, carpooling and shared parking; and potential for enhancements to the pedestrian environment.

11.2 Maintain the current minimum parking requirements of three off-street spaces for single family residences, but may consider future code amendments that allow for the reduction of one of the spaces provided that the quality of the environment and the single family neighborhood is maintained.

11.3 Support business development in the downtown area by prioritizing on-street parking spaces in the Town Center for short-term parking, and encourage the development of off-street shared parking facilities for long-term parking in the Town Center.

GOAL 12:

Promote bicycle and pedestrian networks that safely access and link commercial areas, residential areas, schools, and parks within the City.

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12.1 Maximize the safety and functionality of the bicycle system by enhancing road shoulders which are to be distinguished from designated bicycle lanes.

12.2 Implement the Pedestrian and Bicycle Facilities Plan to meet existing and anticipated needs for nonmotorized transportation. This Plan should be coordinated with other transportation planning efforts and periodically updated.

12.3 Study opportunities for use of innovative ~~methods~~treatments for pedestrians crossing streets~~, including use of colored and textured pavements within the City.~~ .

~~12.4~~12.4 Study opportunities to expand electric bicycle facilities that serve the Town Center, light rail station, and park and ride.

12.5 Strive to build community through the in-person interactions facilitated by active transportation at community connection points (schools, library, community centers, bikeshare hubs, etc.).

12.~~5~~6 Prioritize areas near schools and commercial areas for a higher level of service for pedestrians, bicycles, and transit.

III. TRANSPORTATION SYSTEM—EXISTING CONDITIONS

This section describes and inventories the current ~~travel patterns and~~ transportation system serving Mercer Island~~, including land, water and air transportation~~. Major transportation modes serving Mercer Island include automobiles, non-motorized modes such as walking and biking, and public and school transit.

~~TRAVEL PATTERNS HOW MERCER ISLANDERS MOVE ABOUT~~

~~Mercer Island has relatively high levels of vehicle ownership and personal mobility. Approximately 70 percent of the households on Mercer Island have two or more vehicles, while less than five percent of households have no vehicle at all. Comparing the 2016 American Community Survey (US Census) data with the 2000 US Census data, a number of changes are observed.~~

~~The percent of Mercer Island residents who commute to work by driving alone has dropped from 76 percent to 72 percent, those who take a bus or carpool to work decreased from 17 percent to 14 percent, and those who work at home increased from seven percent to ten percent. The average travel time to work for Mercer Island residents is 25 minutes, which is below the regional average of 32 minutes.~~

~~A November 2013 WSDOT Mercer Island Travel Survey found that 55 percent of commute trips originating on the Island traveled west towards Seattle and 45 percent traveled east towards Bellevue.~~

ROADWAY NETWORK

Mercer Island has over 75 miles of public roads. Interstate 90 (I-90) runs east-west across the northern end of Mercer Island, providing the only road and transit connection to the rest of the Puget Sound region. Access to the I-90 on-ramps and off-ramps is provided at West Mercer Way, 76th Avenue SE, 77th Avenue SE, 80th Avenue SE, Island Crest Way, and East Mercer Way.

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Most of the road network is comprised of two-lane local streets serving the Island's residential areas. Arterial roadways comprise approximately 25 miles, or one-third, of the system. In addition to public roads, there are numerous private roads serving individual neighborhoods and developments on the Island.

Roadways on the Island are classified into different categories according to their purpose and physical characteristics. The categories are:

- **Principal arterials** carry the highest volumes of traffic and provide the best mobility in the roadway network. These roads generally have higher speed limits, higher traffic volumes, and limit access to adjacent land uses.
- **Secondary arterials** connect with and augment principal arterials and generally have a higher degree of access to adjacent land, lower traffic volumes and lower travel speeds.
- **Collector arterials** provide for movement within neighborhoods, connecting to secondary and principal arterials; and typically have low traffic volumes and carry little through traffic.
- **Local streets** provide for direct access to abutting properties and carry low volumes of traffic at low travel speeds. Local streets are usually not intended for through traffic.

Individual streets are assigned classifications based on several criteria, including the type of travel to be served, the role of the street in the overall street network and transportation system, physical characteristics, traffic characteristics, and adjacent land uses. Based on City staff recommendations, the City Council periodically reviews and updates the street classification system, its criteria and specific street classification designations.

Figure 1 shows the street functional classifications. Figure 2 shows the number of travel lanes and Figure 3 shows the posted speed limits of arterial roadways.

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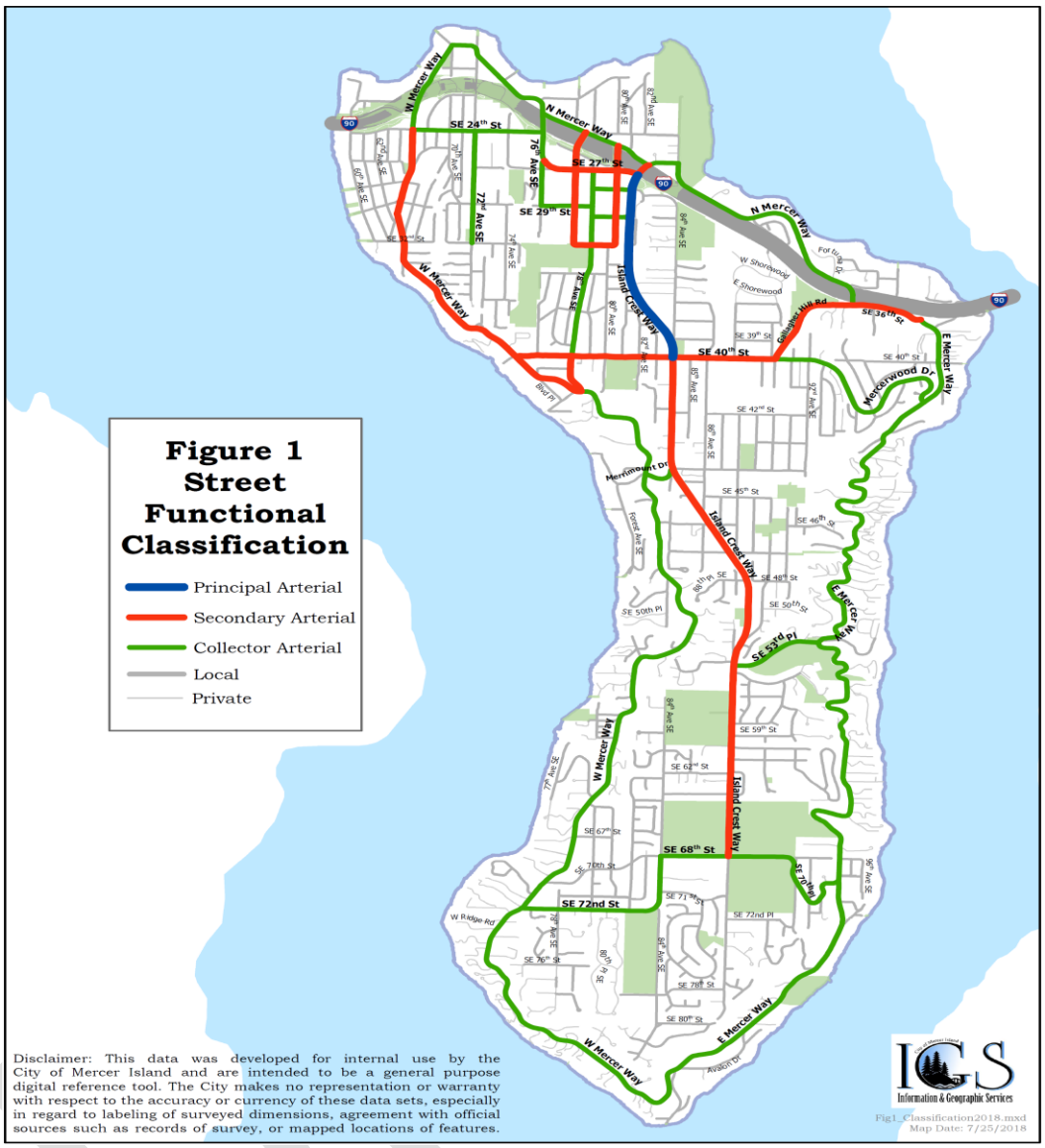
Figure 1
Street
Functional
Classification
Principal Arterial
Secondary Arterial
Collector Arterial
Local
Private
Disclaimer: This data was developed for internal use by the City of Mercer Island and are intended to be a general purpose digital reference tool. The City makes no representation or warranty with respect to the accuracy or currency of these data sets, especially in regard to labeling of surveyed dimensions, agreement with official sources such as records of survey, or mapped locations of features.
IGS
Information & Geographic Services
Fig1_Classification2018.mxd
Map Date: 7/25/2018
W Mercer Way
N Mercer Way
SE 24th St
SE 27th St
SE 29th St
76th Ave SE
72nd Ave SE
Island Crest Way
SE 40th St
E Mercer Way
Merrimount Dr
SE 42nd St
SE 45th St
SE 46th St
SE 48th St
SE 50th St
SE 50th Pl
SE 53rd Pl
SE 59th St
SE 62nd St
SE 67th St
SE 68th St
SE 71st St
SE 72nd St
SE 72nd Pl
SE 76th St
SE 78th St
SE 80th St
W Ridge Rd
Aviation Dr
Gallagher Hill Rd
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SE 39th St
SE 40th St
W Shorewood
E Shorewood

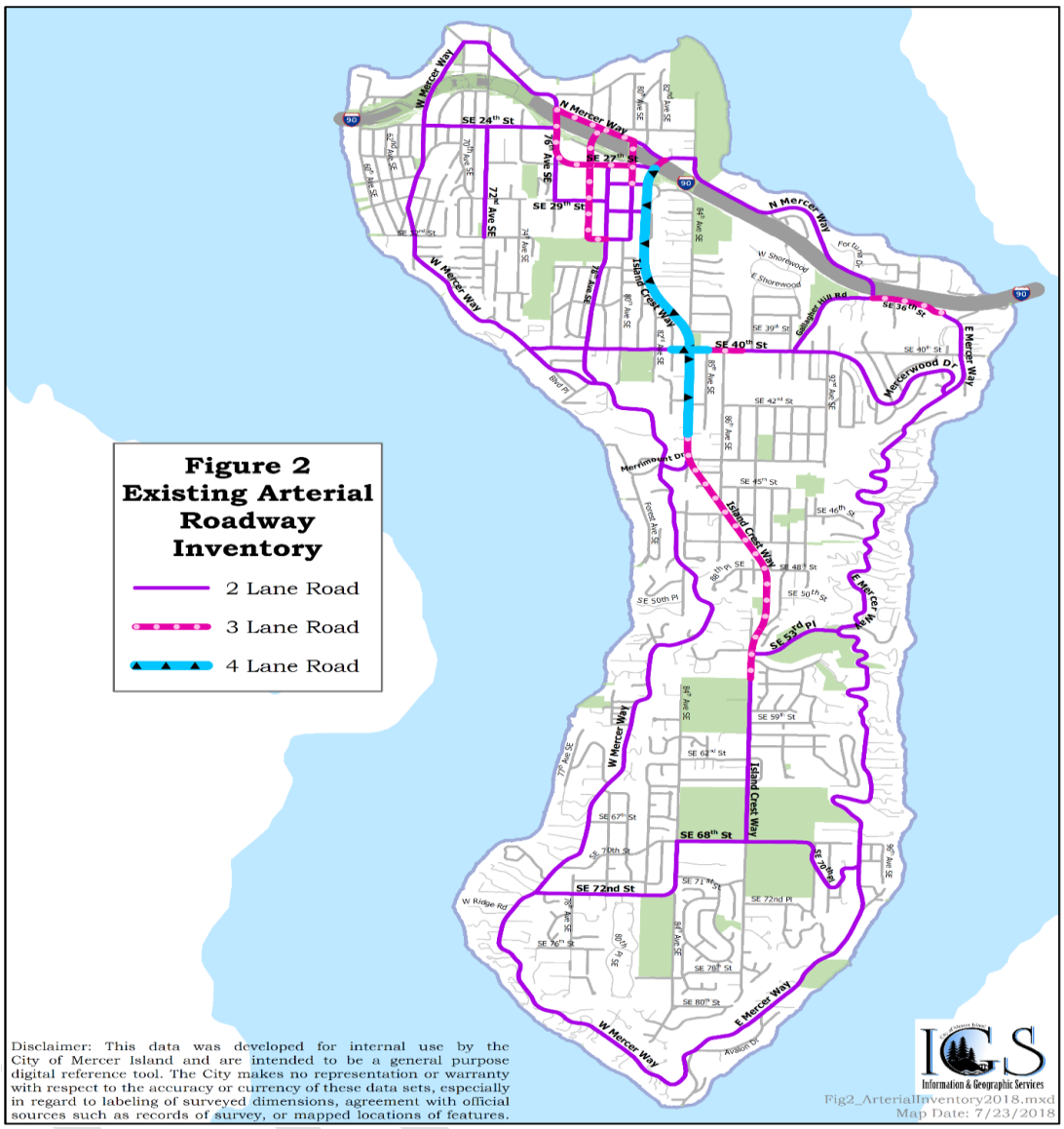
Figure 2
Existing Arterial Roadway Inventory
2 Lane Road
3 Lane Road
4 Lane Road
Disclaimer: This data was developed for internal use by the City of Mercer Island and are intended to be a general purpose digital reference tool. The City makes no representation or warranty with respect to the accuracy or currency of these data sets, especially in regard to labeling of surveyed dimensions, agreement with official sources such as records of survey, or mapped locations of features.
Information & Geographic Services
Fig2_ArterialInventory2018.mxd
Map Date: 7/23/2018

LEVEL OF SERVICE STANDARDS

Level of Service (LOS) is a measurement of the quality of traffic flow and congestion at intersections and roadways. LOS is defined by the amount of delay experienced by vehicles traveling through an intersection or on a roadway. LOS is based on an A-F scale with LOS A representing little or no delay and LOS F representing very long delays.

Under the Growth Management Act, each local jurisdiction is required to establish a minimum threshold of performance for its arterial roadways. Cities use this standard to identify specific actions to maintain the adopted LOS standard. The City of Mercer Island has established its Level of Service standard at intersections of two arterial streets as LOS C within and adjacent to the Town Center and LOS D elsewhere. This standard applies to the operation during either the AM or PM peak periods. The intersection of SE 53rd Place/Island Crest Way does not have sufficient volumes on SE 53rd Street to warrant a signal~~,~~ and is exempt from the LOS D standard until traffic volumes increase and signal warrants are met.

To be consistent with the WSDOT standard for I-90 and its ramp intersections, the City will accept LOS D at those intersections. I-90 is designated as a Highway of Statewide Significance under RCW 47.06.140.

TRAFFIC OPERATIONS

For transportation planning purposes, traffic operations are typically analyzed during the busiest hour of the street system, when traffic volumes are at peak levels. On Mercer Island, the peak hour of traffic operations typically corresponds with the afternoon commute, which falls between 4:00 PM and 6:00 PM in the afternoon (PM peak hour). Traffic counts were collected and analyzed at 39 intersections throughout the Island.

Select intersections for the AM peak hour were counted and analyzed to provide an understanding of the transportation system during the morning commute, which typically peaks between 7:30 AM and 8:30 AM.

For this update, select traffic counts were conducted in 2022 to compare 2022 and 2018 AM and PM peak hour volumes. Results of the analysis found no growth in the last four years. This is primarily due to the COVID pandemic and advances in technology which have increased the number of people working from home. It was determined that the 2018 counts continue to be accurate for planning purposes.

Table 1 and Figure 4 show the AM and PM peak hour operations for each of the study intersections. Outside of the Town Center, the analysis shows that during the AM and PM peak hour, all intersections operate at LOS D or better for existing conditions, except the intersection of SE 53rd Place/Island Crest Way operates at LOS F during the morning and afternoon peak hours.

Within and adjacent to the Town Center, where the LOS C standard applies, all intersections operate within this standard during the morning and afternoon peak hours.

Table 1. ~~2018~~ Existing Intersection Operations

Intersection	AM Peak Hour	PM Peak Hour
~~Town Center~~ Intersections Within and Adjacent to the Town Center (LOS C Standard)		
SE 24th St/76th Ave SE	B	B
N Mercer Way/77th Ave SE	A	A
N Mercer Way/Park & Ride/80th Ave SE	C	C
SE 27th St/76th Ave SE	—	A
SE 27th St/77th Ave SE	B	B
SE 27th St/78th Ave SE	A	B
SE 27th St/80th Ave SE	B	C
SE 28th St/78th Ave SE	—	A
SE 28th St/80th Ave SE	B	B
SE 28th St/Island Crest Way	B	B
SE 29th St/77th Ave SE	—	B
SE 29th St/78th Ave SE	—	B
SE 30th St/78th Ave SE	—	B
SE 30th St/80th Ave SE	—	A
SE 30th St/Island Crest Way	—	B
SE 32nd St/78th Ave SE	—	B

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WSDOT Intersections (LOS D Standard)		
I-90 EB off-ramp/I-90 WB on-ramp/W Mercer Way	B	B
I-90 WB on-ramp/N Mercer Way/76th Ave SE	A	A
I-90 EB off-ramp/77th Ave SE	B	B
I-90 WB off-ramp/N Mercer Way/Island Crest Way	D	C
I-90 EB on-ramp/SE 27th St/Island Crest Way	B	B
I-90 WB ramps/100th Ave SE	B	A
I-90 EB off-ramp/100th Ave SE/E Mercer Way	B	B
I-90 EB on-ramp/SE 36th St/E Mercer Way	B	B
Outside of Town Center Intersections (LOS D Standard)		
SE 24th St/W Mercer Way	B	B
SE 24th St/72nd Ave SE	A	B
SE 36th St/N Mercer Way	C	C
SE 40th St/W Mercer Way	B	A
SE 40th St/78th Ave SE	A	B
SE 40th St/Island Crest Way	D	C
SE 40th St/SE Gallagher Hill Rd	C	B
Mercerwood Dr/E Mercer Way	—	A
W Mercer Way/78th Ave SE	—	B
Merrimount Dr/W Mercer Way	B	B
Merrimount Dr/Island Crest Way	C	C
SE 53rd Place/Island Crest Way	F	F
SE 53rd Place/E Mercer Way	—	A
SE 68th St/84th Ave SE	C	B
SE 68th St/Island Crest Way	D	C
SE 70th Place/E Mercer Way	—	A
SE 72nd St/W Mercer Way	—	A

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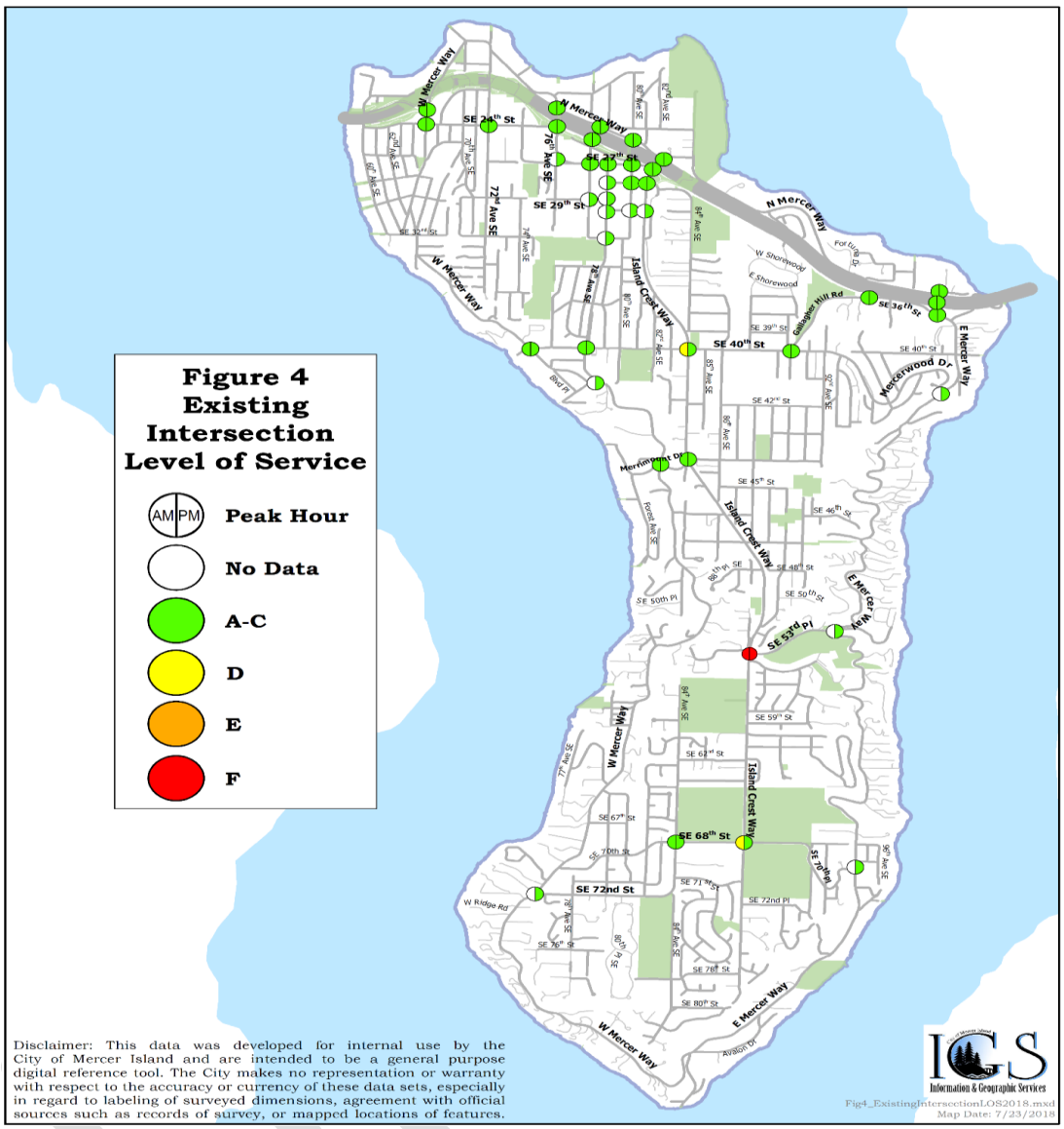

PARKING

Most parking in the City is provided by off-street parking lots, along residential access streets, or by on-street spaces in select areas of the Town Center.

~~In 2001, the~~The City ~~implemented~~manages a permit parking program for on-street parking in the Town Center in response to overflow conditions at the Mercer Island Park and Ride lot. This program preserves selected public on-street parking spaces for Mercer Island resident use, between the hours of 7:00 AM and 9:00 AM, Monday through Friday. All Mercer Island residents are eligible for a Town Center District permit which will allow them to park on Town Center streets during the specified hours.

An additional permit parking program was developed for residential streets north of the park and ride lot on North Mercer Way. This program only allows residents of the area to park on City streets between 7:00 AM and 4:00 PM, weekdays.

BICYCLE AND PEDESTRIAN FACILITIES

Bicycle and pedestrian facilities are a valuable asset for the residents of Mercer Island. These facilities are used for basic transportation, recreation, going to and from schools, and the facilities contribute to our community's quality of life. In 1996, the City developed a Pedestrian and Bicycle Facilities Plan to provide a network of bicycle and pedestrian facilities. The plan focused on encouraging non-motorized travel and improving the safety of routes near the Island's elementary schools. Of the 47 projects identified in the plan, 38 of the projects were either fully or partially completed during the first 12 years of the plan.

A 2010 update to the plan included vision and guiding principles, goals and policies, an existing and future network, a list of completed projects, revised facility design standards, and a prioritized list of projects. The plan emphasizes further development of safe routes to schools, completion of missing connections, and application of design guidelines.

A regional trail runs across the north end of the Island along the I-90 corridor providing a convenient connection to Seattle and Bellevue for pedestrians and bicyclists. The majority of streets in the Town Center include sidewalks. In addition, there are sidewalks near schools and select streets. Throughout the Island there are paved and unpaved shoulders and multiuse trails that provide for pedestrian mobility.

The bicycle network is made up of designated bicycle facilities including bicycle lanes and sharrows, and shared non-motorized facilities including shared use pathways, off-road trails, and paved shoulder areas. Figure 5 shows the pedestrian and bicycle facilities on the Island's arterial network.

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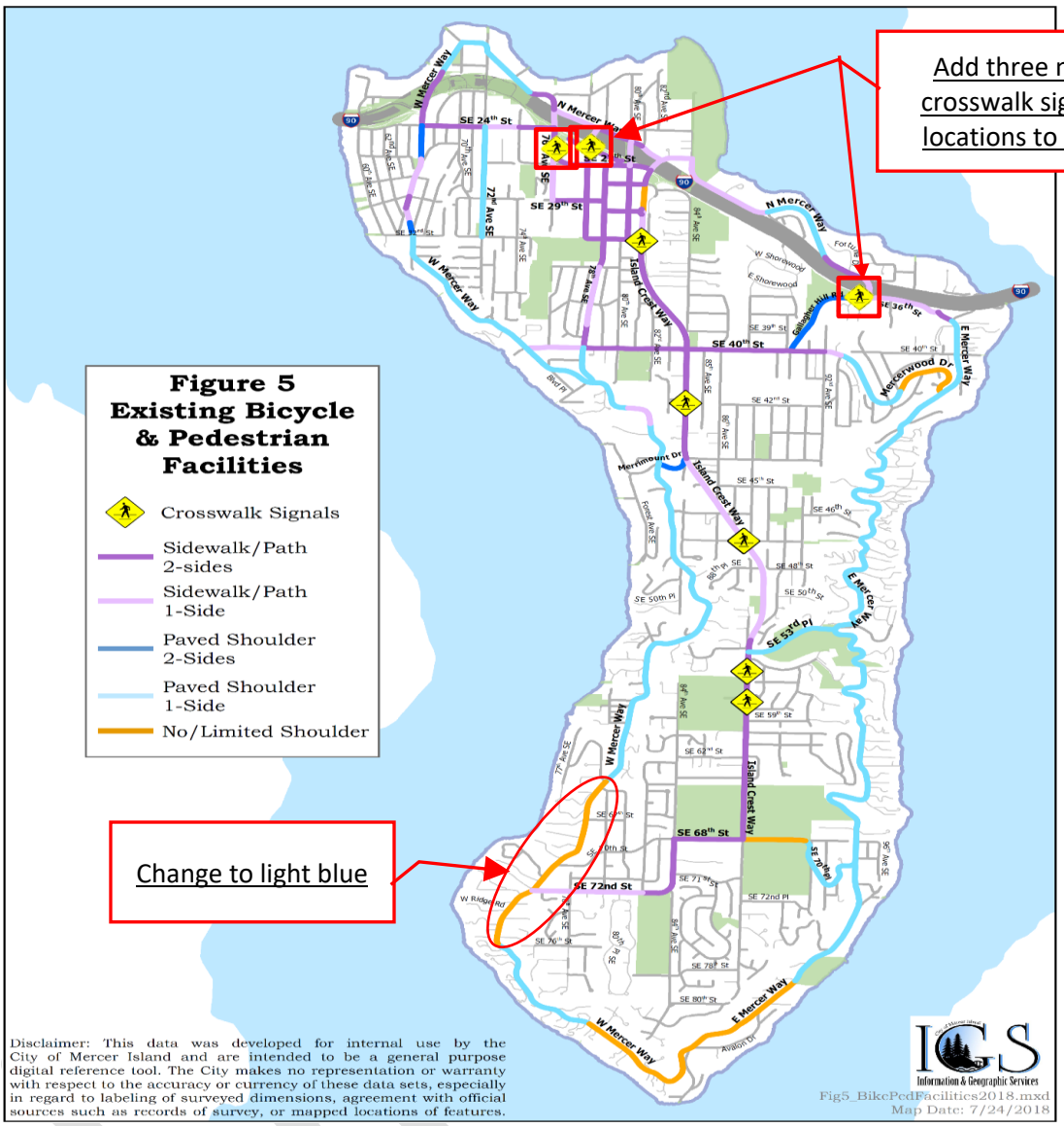

PUBLIC TRANSPORTATION

The King County Metro Transit Department ~~of Metropolitan Services~~ (Metro) and the regional transit agency, Sound Transit, provide public transportation services for Mercer Island and throughout King County. There are ~~four~~five major types of service offered on the Island: Link light rail, local fixed route service, regional express service, custom bus service, and access service.

Link light rail runs through Mercer Island along the median of I-90 with a station located north of the Town Center, between 77th Avenue SE and 80th Avenue SE. The light rail provides frequent connections to Seattle, Bellevue, and other regional destinations.

Local fixed route service operates on the arterial roadway system, and provides public transit service connecting residential and activity areas.

Regional express service, which also operates on fixed routes, is oriented toward peak hour commuter trips between the Mercer Island Park and Ride and major employment and activity centers off the Island. Sound Transit and Metro provide express service west and east along I-90 into Seattle and Bellevue.

Custom bus service includes specially designed routes to serve specific travel markets, such as major employers, private schools, or other special destinations. These services are typically provided during peak commute hours, and operate on fixed routes with limited stops. Custom bus service is currently provided between the Mercer Island Park and Ride and Lakeside School and University Prep in Seattle.

Access service provides door-to-door transportation to elderly and special needs populations who have limited ability to use public transit. Access covers trips within the King County Metro transit service area.

Figure 6 shows the current transit routes serving the Island. On Mercer Island, there are two routes that circulate throughout the City (Metro routes 204 and 630). At the Mercer Island Park and Ride, Sound Transit routes 550 and 554 connect Mercer Island to Seattle, Bellevue, and Issaquah; and Metro route 216 provides service to Redmond and Seattle.

Route 204 provides service between the Mercer Island Park and Ride lot and the Mercer Village Center. This route travels on 78th Avenue SE, SE 40th Street, 86th Avenue SE, Island Crest Way, and SE 68th Street to the Mercer Village Center. ~~The route operates every 30—60 minutes from approximately 6:00 AM to 7:00 PM on weekdays. Metro plans to increase this route's service frequency in 2019, including additional service on Saturdays.~~

Route 630 is a community shuttle which provides service between downtown Seattle and the Mercer Village Center. ~~It provides five trips toward downtown Seattle in the morning and five trips toward Mercer Village in the evening.~~

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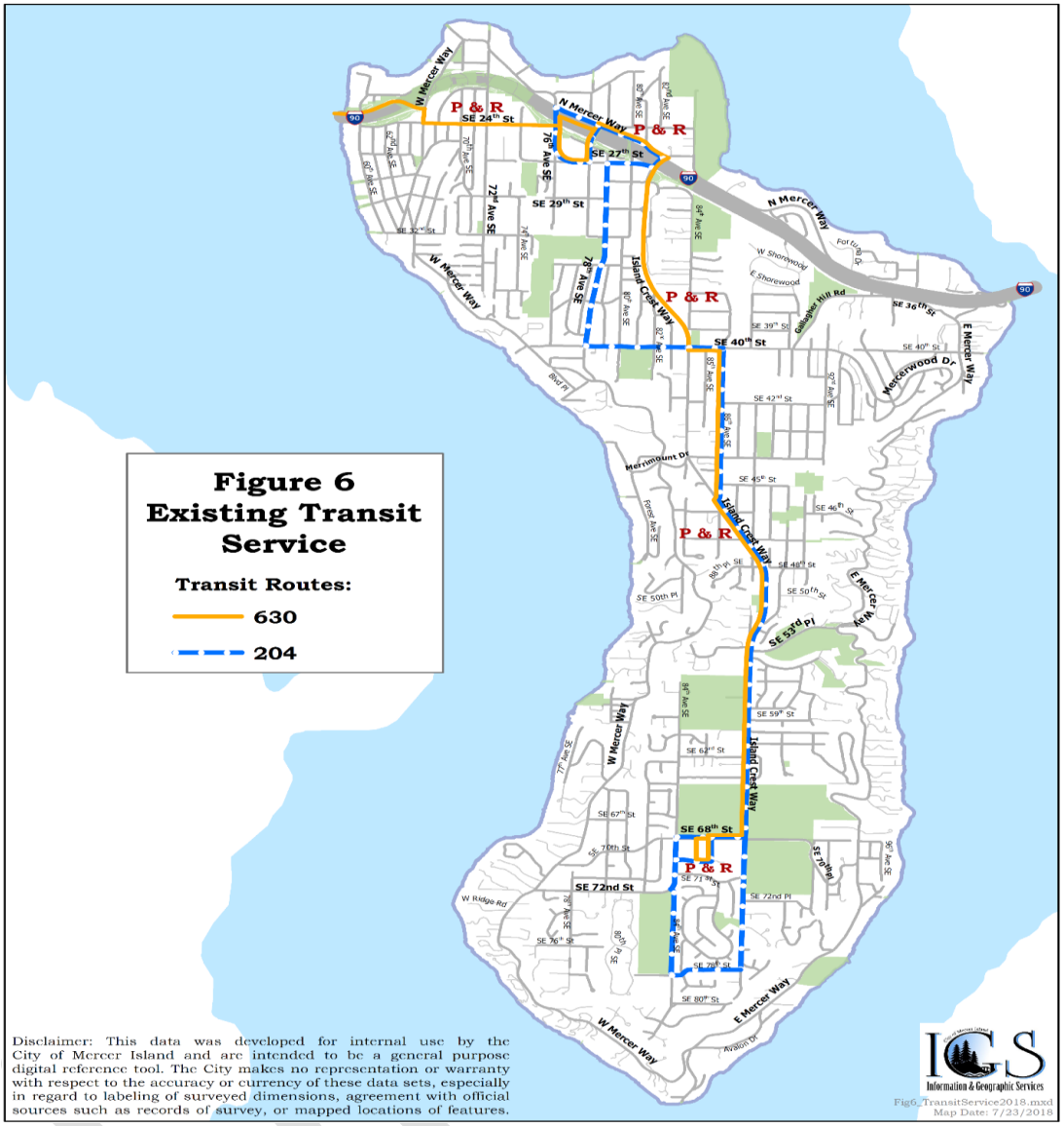


PARK AND RIDE

The Mercer Island Park and Ride is located north of I-90 on N Mercer Way near Mercer Island's Town Center. The Park and Ride has 447 spaces and is served by Link light rail and both Metro and Sound Transit buses.

~~According to the Fourth Quarter 2017 Park and Ride Utilization Report prepared by King County, the~~The Mercer Island lot is typically fully occupied during weekdays. A number of the users of this lot do not reside on the Island.

To supplement park and ride capacity on the Island, Metro has leased four private parking lots for use as park and ride lots, located at the Mercer Island Presbyterian Church, Mercer Island United Methodist Church, Congregational Church of Mercer Island and at the Mercer Village Center. These lots are described in Table 2. Together, they provide an additional 81 parking spaces for use by Island residents.

Table 2: Mercer Island Park and Ride Locations and Capacities

Lot	Location	Capacity	Cars Parked	% Spaces Occupied
Mercer Island Park and Ride	8000 N Mercer Way	447	447	100%
Mercer Island Presbyterian Church	3605 84th Ave SE	14	13	93%
United Methodist Church	70th Ave SE & SE 24th St	18	17	96%
Mercer Village Center	84th Ave SE & SE 68th St	21	7	32%
Congregational Church of Mercer Island	4545 Island Crest Way	28	3	11%
Source: Metro Transit P&R Utilization Report Fourth Quarter 2017.				

SCHOOL TRANSPORTATION

The Mercer Island School District (MISD) provides bus transportation for public kindergarten through 12th grade students on Mercer Island. The MISD operates approximately 40 scheduled bus routes during the morning and afternoon. In addition, the District provides free Orca cards to high school students who live more than one mile from Mercer Island High School and who neither have a parking pass nor are assigned to a district bus.

RAIL SERVICES & FACILITIES

There are no railroad lines or facilities on Mercer Island. In the region, the Burlington Northern Railroad and Union Pacific Railroad companies provide freight rail service between Seattle, Tacoma, Everett, and other areas of Puget Sound, connecting with intrastate, interstate, and international rail lines. Amtrak provides scheduled interstate passenger rail service from Seattle to California and Chicago. Major centers in Washington served by these interstate passenger rail routes include Tacoma, Olympia, Vancouver, Everett, Wenatchee, and Spokane.

AIR TRANSPORTATION

Mercer Island does not have any air transportation facilities or services. Scheduled and chartered passenger and freight air services are provided at Seattle-Tacoma International Airport in SeaTac, and at the King County International Airport in south Seattle.

WATER TRANSPORTATION

Mercer Island does not have any public water transportation services. The City's public boat launch is on the east side of the Island, off of East Mercer Way, under the East Channel Bridge.

IV. TRANSPORTATION SYSTEM—FUTURE NEEDS

This section describes the future transportation conditions and analysis used to identify future transportation needs and improvements.

GMHB Exhibit #268 - 0123

FUTURE TRAVEL DEMAND

The future traffic volumes were forecast for the year ~~2035~~2044 based on the City's land use and zoning, as well as the housing and employment growth targets, as identified in the 2021 King County ~~Buildable Lands (2014)~~Urban Growth Capacity report. More than 70 percent of new households and 76 percent of new jobs are forecasted to occur within the Town Center.

The ~~analysis assumes the~~ opening of the East Link light rail line ~~in 2023, which will result in~~provides an additional travel option between the Town Center and regional destinations.

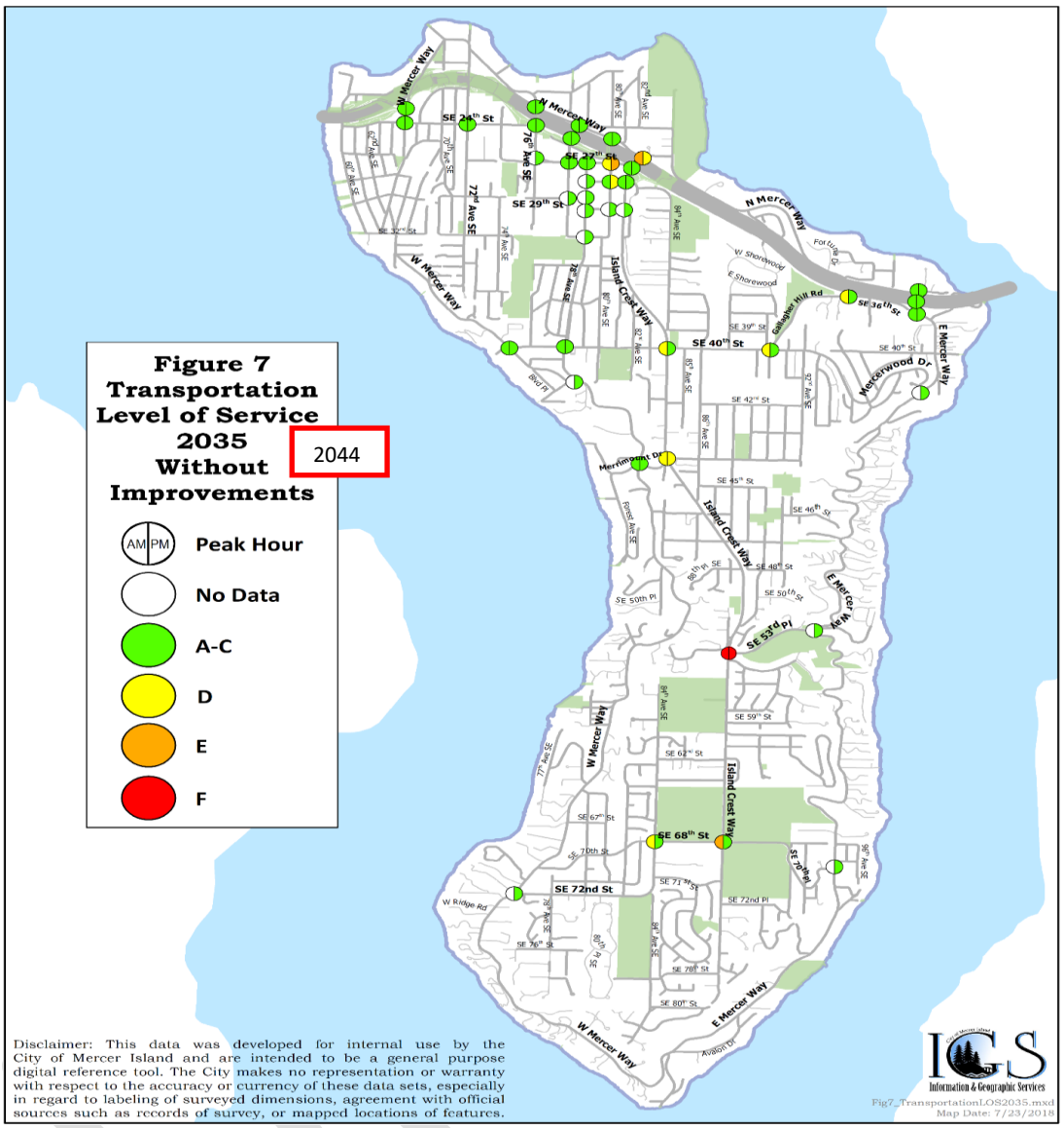
Town Center traffic growth reflects the higher potential for pedestrian and transit trips. Overall, the traffic growth in the Town Center is forecast to increase by ~~an average of~~ 28 percent between ~~2018—2035~~2024 and 2044, an annual growth rate of 1.~~5~~4 percent. For areas outside the Town Center, traffic growth is expected to be lower with approximately ten percent growth between ~~2018—2035~~2024 and 2044, an annual growth rate of 0.5 percent. The resulting forecasted traffic volumes directly reflect the anticipated land use, housing, and employment growth assumptions for the Island.

TRAFFIC OPERATIONS WITHOUT IMPROVEMENTS

The ~~2035~~2044 traffic analysis uses the forecasted growth in traffic and planned changes to the regional transportation system ~~(light rail station and associated I-90 projects).~~. Figure 7 shows the future traffic operations at the study intersections without any changes to roadway capacity on Mercer Island.

Results of the ~~2035~~2044 traffic operations analysis show that five intersections would operate below the LOS standards by ~~2035~~2044 if improvements are not made to the intersections. In the Town Center, the two intersections of SE 27th Street/80th Avenue SE and SE 28th Street/80th Avenue SE, would operate at LOS D or worse during either the AM or PM peak hours, without improvements. Outside of the Town Center, the intersections of SE 53rd Place/Island Crest Way and SE 68th Street/Island Crest Way would operate below the LOS D standard during either the AM or PM peak hours. The WSDOT-controlled intersection at the I-90 westbound off-ramp/N Mercer Way/Island Crest Way intersection would operate at LOS E during ~~2035~~2044 AM peak hour. The City will work with the WSDOT to explore improvements at this intersection.

GMHB Exhibit #268 - 0124



RECOMMENDED IMPROVEMENTS

In addition to the projects identified in the City's ~~2019—2024~~ Six-Year 2023 – 2028 Transportation Improvement Program (TIP~~,~~), a future transportation needs analysis recommended additional projects based on the long-range mobility and safety needs through ~~2035~~2044. These include projects from the City's Transportation Impact Fee program and select projects from the City's Pedestrian and Bicycle Facilities Plan. Figure 8 shows the locations of the recommended improvement projects. Table 3 provides a map identification, describes the location and details for each of the projects, and estimates a project cost. The table is divided into two main categories of project types:

Non-Motorized Projects — The listed projects include new crosswalk improvements and pedestrian and bicycle facilities. These include projects from the City's Pedestrian and Bicycle Facilities Plan that connect residential areas to schools, parks, regional transit, and other destinations.

Intersection/Road Projects — These projects increase the capacity and safety of an intersection or roadway segment. The projects include the maintenance of existing roadway segments to ensure that the City's current street system is maintained.

The recommended improvements identify a total of ~~$48.3~~approximately $60 million of transportation improvements over the next 20 years. About ~~62~~50 percent ($30~~.0~~ million) of the total is for street preservation and resurfacing projects to maintain the existing street system. Another ~~21~~37 percent ($~~10.4~~22 million) is for non-motorized system improvements. About ~~11~~13 percent ($~~5.4~~8 million) is for ~~traffic operational~~intersection and roadway improvements~~ at intersections that maintain LOS. Approximately five percent ($2.5 million) is for vehicle and non-motorized improvements that enhance access to the future light rail station and address issues related to the closure of the I-90 center roadway~~.

TRAFFIC OPERATIONS WITH RECOMMENDED IMPROVEMENTS

With the recommended improvements, the intersection operations will meet the City's LOS standard for intersection operation and the transportation system will provide a better network for pedestrian and bicycle travel, allowing greater mobility for Island residents. In addition, improvements to regional transportation facilities will accommodate growth in housing and employment, which will be focused in the Town Center, where residents can be easily served by high~~-~~-capacity transit. Table 4 compares the ~~2035~~2044 intersection study locations without and with the recommended improvements for each of the AM and PM study locations.

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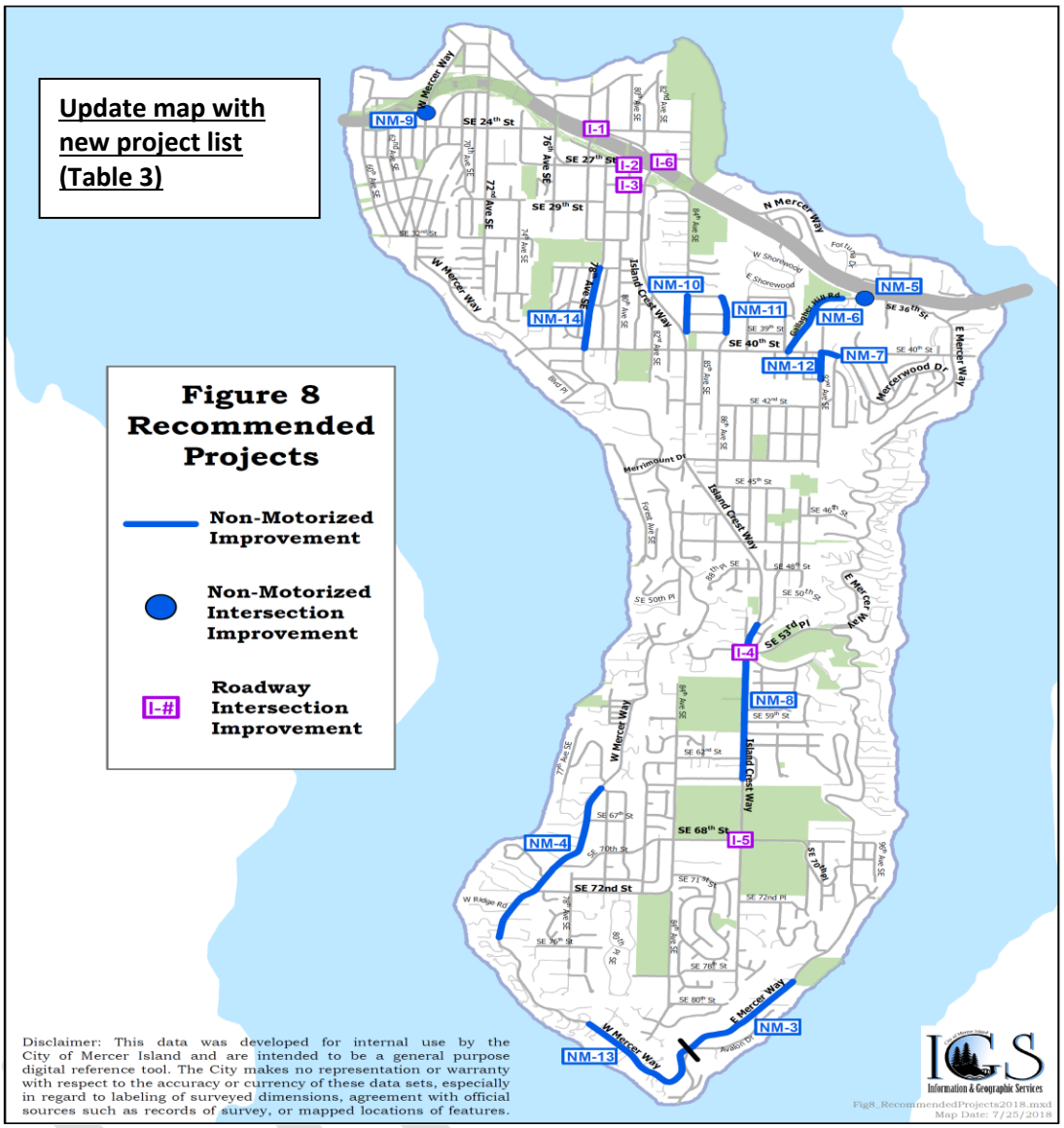

Table 3. Recommended Project List ~~2018—2035~~2022—2044

ID	Location	Description	Justification	Cost ($)
Non-Motorized Projects (NM)				
NM-1	Pedestrian and Bicycle Facilities Plan Implementation	Annual funding for non-motorized improvements.	2019—2024 TIP: Project D1	810,000 ($45,000 per year)
NM-2	ADA Compliance Plan Implementation — Biennial	Design and construct improvements to meet ADA	2019—2024 TIP: Project D2	675,000 ($75,000 every other year)

		compliance standards.		
NM-3	East Mercer Way Roadside Shoulders (Clarke Beach to Avalon Drive)	Add paved shoulders for non-motorized users.	2019—2024 TIP: Project D3	483,000
NM-4	West Mercer Way Roadside Shoulders Phase 2 (SE 70th Street to 7400 Block) and Phase 3 (SE 65th Street to SE 70th Street)	Add a shoulder on the east side of West Mercer Way for non-motorized users.	2019—2024 TIP: Project D4	796,000
NM-5	Crosswalk Improvement at SE 36th Street and North Mercer Way Intersection	Add pedestrian crossing with refuge island, ADA improvements, and rectangular rapid flashing beacons (RRFBs)	2019—2024 TIP: Project D5	100,000
NM-6	Gallagher Hill Road Sidewalk Improvement	Construct concrete curb, gutter, and sidewalk along east side of street.	2019—2024 TIP: Project D6	540,000
NM-7	Mercerwood Drive between 92nd Avenue SE and 93rd Avenue SE	Safe routes to school pedestrian facility along south side of street.	2019—2024 TIP: Project D7	200,000
NM-8	Island Crest Way Bike Route between 90th Avenue SE and SE 63rd Street	Complete missing gap in north-south bike route.	East Link mitigation/2019—2024 TIP: Project E1 (design only $300,000)	2,000,000
NM-9	I-90 Trail Crossing at West Mercer Way	Construct enhanced trail crossing.	East Link mitigation/2019—2024 TIP: Project E2	300,000
NM-10	84th Avenue SE Sidewalk between SE 33rd Street and SE 36th Street	Construct sidewalk.	Safe routes to school	350,000
NM-11	86th Avenue SE Sidewalk Phase 2	Add sidewalk along east side of street.	Safe routes to school	340,000

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	between SE 36th Street and SE 39th Street			
NM-12	92nd Avenue SE Sidewalk between SE 40th Street to SE 41st Street	Construct sidewalk along west side of street.	Safe routes to school	200,000
NM-13	West Mercer Way Roadside Shoulders (8100 block to Avalon Drive)	Add a paved shoulder (east side) for non-motorized users.	Pedestrian and Bicycle Facilities Plan: Project WMW8	2,000,000
NM-14	78th Avenue SE between SE 34th Street and SE 40th Street	Improve pedestrian and bicycle facilities to connect with Town Center.	Pedestrian and Bicycle Facilities Plan: Project N15 and N16	1,560,000
Intersection Projects (I)/Road Projects (R)				
I-1	77th Avenue SE/N Mercer Way	Roundabout or traffic signal.	East Link bus-rail integration/fails to meet LOS standard	Sound Transit Mitigation
I-2	SE 27th Street/80th Avenue SE	Traffic signal.	East Link mitigation/fails to meet LOS standard	Sound Transit Mitigation
I-3	SE 28th Street/80th Avenue SE	Traffic signal.	Fails to meet LOS standard	1,810,000
I-4	SE 53rd Place/Island Crest Way	Traffic signal.	Fails to meet LOS standard	1,450,000
I-5	SE 68th Street/Island Crest Way	Traffic signal or roundabout.	Fails to meet LOS standard	1,660,000[1]
I-6	N Mercer Way/I-90 Westbound Off-Ramp/Island Crest Way	Add exclusive westbound left turn lane at I-90 off-ramp.	Fails to meet WSDOT LOS Standard	500,000[2]
I-7	Light Rail Station Access Improvements and Mitigation for I-90 Center Roadway Closure	Vehicle and non-motorized improvements that enhance access to station and address issues related to I-90 center roadway closure.	Light rail station scheduled to open in 2023	2,500,000
R-1	Street Preservation/ Maintenance	Resurfacing arterial and residential streets based on PCI rating.	2019—2024 TIP: Projects A1, B3, C1—C10	30,000,000

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[1] Cost estimate reflects higher cost option of alternative actions. [2] Cost estimate represents a 10% City share; total cost is $5,000,000.	Total 2018—2035 Projects	$48,274,000	

ID	Location	Description	Justification	Cost ($)
Non-Motorized Projects (NM)				
NM-1	80th Ave SE Sidewalk (SE 27th St - SE 32nd St)	Replace existing curb, sidewalk, ADA ramps, trees, and lighting.	2023-2028 TIP (SP136)	1,376,000
NM-2	78th Ave SE Sidewalk (SE 32nd St - SE 34th St)	Replace existing curb, sidewalk, ADA ramps, trees, and lighting.	2023-2028 TIP (SP137)	779,488
NM-3	West Mercer Way Roadside Shoulders (8100 WMW - 8400 EMW)	Add shoulder along the east side of West Mercer Way for nonmotorized users.	2023-2028 TIP (SP138)	690,979
NM-4	Gallagher Hill Road Sidewalk Improvement	Construct sidewalk.	2023-2028 TIP (SP139)	508,455
NM-5	SE 40th St Sidewalk Improvement (Gallagher Hill Road - 93rd Ave SE)	Replace/improve existing sidewalks and construct bike lanes.	2023-2028 TIP (SP140)	997,639
NM-6	ADA Transition Plan Implementation	Construct pedestrian facility improvements to comply with the City's ADA Transition Plan.	2023-2028 TIP (SP141)	5,000,000
NM-7	Island Crest Way Corridor Improvements (90th Ave SE - SE 68th St)	Implementation of recommendations from Island Crest Way Corridor Safety Analysis.	2023-2028 TIP (SP142)	1,526,375
NM-8	North Mercer Way - MI Park and Ride Frontage Improvements	Remove bus bay on north side of NMW, widen trail, and construct safety improvements.	2023-2028 TIP (SP144)	1,203,081
NM-9	Pedestrian and Bicycle Facilities Plan Implementation	Annual program to identify, prioritize, design, and construct spot improvements and gap completion projects.	2023-2028 TIP (SP145)	1,340,000
NM-10	SE 32nd St Sidewalk Replacement (77th Ave SE - 78th Ave SE)	Replace sidewalk and trees adjacent to Mercerdale Park due to tree damage.	2023-2028 TIP (SP147)	324,719

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NM-11	East Mercer Way Roadside Shoulders (SE 79th St - 8400 block)	Add shoulder along the west side of East Mercer Way for nonmotorized users.	2023-2028 TIP (SP148)	531,105
NM-12	78th Ave SE Nonmotorized Improvements (SE 34th St - SE 40th St)	Improve pedestrian and bicycle facilities to connect with Town Center.	2022 Transportation Impact Fee (#3)	1,697,000
NM-13	84th Ave SE Sidewalk (SE 33rd St - SE 36th St)	Construct sidewalk.	2022 Transportation Impact Fee (#4)	597,000
NM-14	86th Ave SE Sidewalk Phase 2 (SE 36th St - SE 39th St)	Construct sidewalk along east side of street.	2022 Transportation Impact Fee (#5)	1,141,000
NM-15	92nd Ave SE Sidewalk (SE 40th St - SE 41st St)	Construct sidewalk along west side of street.	2022 Transportation Impact Fee (#6)	803,000
NM-16	Merrimount Dr Sidewalk (ICW - Mercer Way)	Construct sidewalk along both sides of street.	2022 Transportation Impact Fee (#8)	632,000
NM-17	78th Ave SE Sidewalk (SE 40th St - SE 41st St)	Construct sidewalk along west side of street.	2022 Transportation Impact Fee (#9)	250,000
NM-18	86th Ave SE Nonmotorized Improvements (SE 42nd St - ICW)	Construct bike facilities and sidewalk along west side of street.	2022 Transportation Impact Fee (#10)	2,666,000
Intersection Projects (I)/Road Projects (R)				
I-1	~~Without~~Minor Capital - Traffic Operations Improvements	~~With Recommended Improvements~~ Minor improvements to address traffic operation and safety issues.	~~Without Improvements~~ 2023-2028 TIP (SP143)	~~With Recommended Improvements~~ 313,295
I-2	SE 28th St/80th Ave SE	Install traffic signal.	2022 Transportation Impact Fee (#1)	1,464,000
I-3	80th Ave SE/North Mercer Way	Add turn lane to improve traffic operations at the intersection.	2022 Transportation Impact Fee (#14)	754,000
I-4	North Mercer Way/I-90 Westbound Off-Ramp/Island Crest Way	Add exclusive westbound left turn lane at I-90 off-ramp.	2022 Transportation Impact Fee (#15)	650,000
I-5	SE 53rd Pl/Island Crest Way	Install traffic signal.	Fails to meet LOS standard	1,907,130

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I-6	SE 68th St/Island Crest Way	Install traffic signal or roundabout.	Fails to meet LOS standard in the future	2,151,590
R-1	77th Ave SE Channelization (SE 32nd - North Mercer Way)	Rechannelization of the roadway to comply with street design standards.	2023-2028 TIP (SP146)	53,324
R-2	Signal Coordination Along Island Crest Way (North Mercer Way – SE 28th St) and at the North Mercer Way/80th Ave SE intersection.	Coordinate four existing traffic signals along Island Crest Way and North Mercer Way.	2022 Transportation Impact Fee (#11)	690,000
R-3	Street Preservation/ Maintenance	Resurfacing arterial and residential streets based on pavement conditions.	2023-2028 TIP	30,000,000
Total 2022—2044 Projects				**60,047,180**

Table 4. 2044 Intersection Operations — Without and With Recommended Improvements

Intersection	2044 AM Peak Hour		2044 PM Peak Hour	
	Without Improvements	With Recommended Improvements	Without Improvements	With Recommended Improvements
Intersections Within and Adjacent to the Town Center ~~Intersections~~ (LOS C Standard)				
SE 24th St/76th Ave SE	B	B	B	B
N Mercer Way/77th Ave SE	A	B	A	A
N Mercer Way/Park & Ride/80th Ave SE	C	C	C	C
SE 27th St/76th Ave SE	—	—	B	B
SE 27th St/77th Ave SE	B	B	C	C
SE 27th St/78th Ave SE	B	B	B	B
SE 27th St/80th Ave SE	D	B	E	B
SE 28th St/78th Ave SE	—	—	B	B
SE 28th St/80th Ave SE	B	B	D	B
SE 28th St/Island Crest Way	B	B	C	C
SE 29th St/77th Ave SE	—	—	B	B
SE 29th St/78th Ave SE	—	—	C	C
SE 30th St/78th Ave SE	—	—	C	C

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SE 30th St/80th Ave SE	—	—	B	B
SE 30th St/Island Crest Way	—	—	B	B
SE 32nd St/78th Ave SE	—	—	C	C
WSDOT Intersections (LOS D Standard)				
I-90 EB off-ramp/I-90 WB on-ramp/W Mercer Way	B	B	B	B
I-90 WB on-ramp/N Mercer Way/76th Ave SE	B	B	A	A
I-90 EB off-ramp/77th Ave SE	B	B	B	B
I-90 WB off-ramp/N Mercer Way/Island Crest Way	E	C	D	C
I-90 EB on-ramp/SE 27th St/Island Crest Way	C	C	C	C
I-90 WB ramps/100th Ave SE	C	C	B	B
I-90 EB off-ramp/100th Ave SE/E Mercer Way	B	B	B	B
I-90 EB on-ramp/SE 36th St/E Mercer Way	B	B	B	B
Outside of Town Center Intersections (LOS D Standard)				
SE 24th St/W Mercer Way	B	B	C	C
SE 24th St/72nd Ave SE	B	B	B	B
SE 36th St/N Mercer Way	D	D	C	C
SE 40th St/W Mercer Way	B	B	B	B
SE 40th St/78th Ave SE	B	B	B	B
SE 40th St/Island Crest Way	D	D	C	C
SE 40th St/SE Gallagher Hill Rd	D	D	C	C
Mercerwood Dr/E Mercer Way	—	—	B	B
W Mercer Way/78th Ave SE	—	—	B	B

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Merrimount Dr/W Mercer Way	C	C	C	C
Merrimount Dr/Island Crest Way	D	D	D	D
SE 53rd Place/Island Crest Way	F	B	F	B
SE 53rd Place/E Mercer Way	—	—	A	A
SE 68th St/84th Ave SE	D	D	B	B
SE 68th St/Island Crest Way	E	A	C	A
SE 70th Place/E Mercer Way	—	—	B	B
SE 72nd St/W Mercer Way	—	—	B	B

V. FINANCIAL ANALYSIS

Since incorporation in 1960, the City has consistently made (or required through private development) transportation investments that have preceded and accommodated population and employment growth and its associated traffic growth. This strategy has enabled the City to make significant improvements in the community's neighborhood streets, arterial roads, pavement markings, streets signs, and pedestrian and bicycle facilities.

In ~~2017~~2022, the City's primary funding sources for local transportation projects included: gas tax revenues ($~~510~~429,000~~.00~~), real estate excise tax ($2,~~845~~253,000~~.00~~), Transportation Benefit District vehicle fees ($~~370~~375,000~~.00~~) and transportation impact fees ($~~237~~75,000~~.00~~). In total, the City received approximately $~~2.7~~3.1 million ~~(2016) and $4.0 million (2017)~~ in annual transportation revenues.

In addition, Sound Transit mitigation for the closure of the I-90 center roadway is providing up to $5.1 million in funds for operational and safety improvements.

Combined with supplemental federal and state grant funding, Mercer Island has sufficient resources to maintain and improve its transportation system over the next 20 years and will be able to accomplish the following:

- Maintain the City's arterial street system on a 25-year (average) life cycle~~;~~.
- Maintain the City's residential system on a 35-year (average) life cycle.
- Maintain, improve, and expand the City's pedestrian and bicycle system over the next 20 years.
- Maintain and improve the transportation system to meet the forecasted housing and employment growth targets.

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VI. IMPLEMENTATION STRATEGIES

The following actions by the City of Mercer Island and other jurisdictions will be necessary to effectively implement the programs and policies of this transportation element:

TRANSPORTATION SYSTEM STREETS, TRANSIT, NON-MOTORIZED

- Implement local neighborhood traffic control strategies as necessary to address specific issues.
- Implement Transportation System Management techniques to control traffic impacts.

PLANNING STANDARDS, POLICIES, PROGRAMS

- Periodically update the City's inventory of transportation conditions, existing level of service and projected level of service.
- Complete the plan for non-motorized transportation improvements consistent with the City's Comprehensive Plan, including a review of the Pedestrian and Bicycle Facilities Plan and its design standards.
- Develop a neighborhood parking program to address parking overflow impacts from schools, businesses, parks, and multi-family housing.
- Revise design standards as necessary to comply with ADA requirements.
- Continue to involve the public in transportation planning and decisions.
- Create "transit friendly" design guidelines for new development projects in the Town Center.
- Develop policies, criteria, and a process to determine when, and under what conditions, private roads and privately-maintained roads in public rights-of-way should be accepted for public maintenance and improvement.
- Implement the City's adopted Commute Trip Reduction program.

FINANCIAL STRATEGIES

- Secure funding to implement the adopted ~~six-year~~Six-Year Transportation Improvement Program.
- Actively pursue outside funding sources to pay for adopted transportation improvements and programs.

TRANSIT PLANNING

- Work with Metro to ~~reinstate and~~ improve transit services~~. Explore~~ and explore alternative methods of providing service, such as developing a demand responsive service.
- Work with Sound Transit to ~~site,~~ design and construct high~~-~~-capacity transit and parking facilities consistent with Land Use and Transportation Policies contained in the Comprehensive Plan that will be available for use by Mercer Island residents.

VII. CONSISTENCY WITH OTHER PLANS & REQUIREMENTS

The Growth Management Act of 1990 requires that local comprehensive plans be consistent with plans of adjacent jurisdictions and regional, state and federal plans. Further, there are several other major statutory requirements with which Mercer Island transportation plans must comply. This section briefly discusses the relationship between this Transportation Element and other plans and requirements.

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OTHER PLANS

The Transportation Element of the Mercer Island Comprehensive Plan is fully consistent with the following plans:

Mercer Island Comprehensive Plan — The Transportation Element is based on the needs of, and is ~~fully~~ consistent with the Land Use Element.

King County and Multicounty Planning Policies — Mercer Island's proposed transportation policies are ~~fully~~ consistent with PSRC's multi-county and King County's countywide planning policies.

Vision ~~2040~~2050 — Vision ~~2040~~ 2050 is the region's Metropolitan Transportation Plan and builds upon Vision 2020 ~~and~~, Destination 2030, and Vision 2040 to articulate a coordinated long-range land use and transportation growth strategy for the Puget Sound region. Mercer Island Comprehensive Plan's Land Use and Transportation Elements ~~supports~~support this strategy by accommodating new growth in the Town Center, which is near existing and proposed future transportation improvements along the I-90 corridor. The Transportation Element is consistent with these plans.

~~**Metropolitan Transportation Plan** — The Puget Sound Regional Council (PSRC) has updated its long-term vision of the future transportation system through the Vision 2040 and Transportation 2040 plans. The Transportation Element is consistent with these plans.~~

Regional Transit System Plan — Sound Transit's Regional Transit System Plan (RTP) lays out the Puget Sound region's plans for constructing and operating a regional high--capacity transit system. Both the Land Use and Transportation Elements directly support regional transit service and facilities, and are consistent with the RTP.

PLAN REQUIREMENTS

The Transportation Element of the Mercer Island Comprehensive Plan meets the following regulations and requirements:

Growth Management Act — The Growth Management Act, enacted by the Washington State Legislature in 1990 and amended in 1991, requires urbanized counties and cities in Washington to plan for orderly growth for 20 years into the future. Mercer Island's Transportation Element conforms to all of the components of a Comprehensive Transportation Element as defined by GMA.

Commute Trip Reduction — In 1991, the Washington State Legislature enacted the Commute Trip Reduction Law which requires implementation of transportation demand management (TDM) programs to reduce work trips. In response to these requirements, Mercer Island has developed its own CTR program to reduce work trips by City employees. There are two other CTR-affected employers on the Island; both have developed CTR programs.

Air Quality Conformity — Amendments to the federal Clean Air Act made in 1990 require Washington and other states to develop a State Implementation Plan (SIP) which will reduce ozone and carbon monoxide air pollutants so that national standards may be attained. The Central Puget Sound area, including King County and Mercer Island, currently meets the federal standards for ozone and carbon monoxide. The area is designated as a carbon monoxide maintenance area,

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meaning the area has met federal standards, but is required to develop a maintenance plan to reduce mobile sources of pollution.

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5 UTILITIES ELEMENT

I. INTRODUCTION

The Growth Management Act requires this comprehensive plan to include the general location and capacity of all existing and proposed utilities on Mercer Island (RCW 36.70A.070). The following element provides that information for water, sewer, stormwater, solid waste, electricity, natural gas and telecommunications.

One main goal of the Utilities Element is to describe how the policies contained in other elements of this comprehensive plan and various other City plans will be implemented through utility policies and regulations.

The Land Use Element of this Plan allows limited development that will not have a significant impact on utilities over the next 20 years. For that reason, many of the policies in this element go beyond the basic GMA requirements and focus on issues related to reliability rather than capacity.

POLICIES — ALL UTILITIES

1.1 Structure ~~Rates~~ rates and fees for all City-operated utilities ~~shall be structured~~ with the goal of recovering all costs, including overhead, related to the extension of services and the operation and maintenance of those utilities.

1.2 ~~The City shall e~~Encourage, where feasible, the co-location of public and private utility distribution facilities in shared trenches and assist with the coordination of construction to minimize construction-related disruptions and reduce the cost of utility delivery.

1.2 ~~The City shall e~~Encourage, where feasible, the co-location of public and private utility distribution facilities in shared trenches and assist with the coordination of construction to minimize construction-related disruptions, decrease impacts to private property, and reduce the cost of utility delivery. [PC Comment]

1.3 ~~The City shall e~~Encourage economically feasible diversity among the energy sources available on Mercer Island~~, with the goal of~~ to avoid~~ing~~ over-reliance on any single energy source.

1.4 ~~The City shall s~~Support efficient, cost effective and reliable utility service by ensuring that land is available for the location of utility facilities, including within transportation corridors.

1.5 ~~The City shall m~~Maintain effective working relationships with all utility providers to ensure the best possible provision of services.

1.6 Consider natural asset management as a part of utilities management.

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II. WATER UTILITY

Mercer Island obtains its water from ~~the~~ Seattle Public Utilities (SPU). The City of Mercer Island purchases and distributes most of the water consumed on the Island under a ~~new~~ long-term contract with SPU that guarantees an adequate supply through the year 2062. In 1997, the City assumed the Mercer Crest Water Association that for many years had been an independent purveyor of SPU. It served a largely residential base with customers residing in the neighborhoods south of the Shorewood Apartments, and east and west of the Mercer Island High School campus areas of the Island. The Mercer Crest system was intertied and consolidated into the City utility during 1998-99. One small independent water association, Shorewood, remains as a direct service customer of SPU. The City is one of 19~~21~~ wholesale customers (Cascade Water Alliance and 18~~20~~ neighboring cities and water districts) of SPU.

The bulk of the Island's water supply originates in the Cedar River watershed and is delivered through the Cedar Eastside supply line to Mercer Island's 30-inch supply line. Mercer Island also is served periodically through the South Fork of the Tolt River supply system.

Water is distributed by the City through 11~~35~~ miles of mains (4-, 6-, and 8-inch) and transmission lines (10- to 30-inch) constructed, operated and maintained by the City. The City's distribution system also includes two four-million-gallon storage reservoirs, two pump stations, and 86 pressure-reducing valve stations.

Minimizing supply interruptions during disasters is a longstanding priority in both planning efforts and the City's capital improvement program. The City completed an Emergency Supply Line project in 1998-99. In 2001 following the Nisqually Earthquake, SPU strengthened sections of the 16-inch pipeline.

The year before the earthquake, the City completed extensive seismic improvements to its two storage reservoirs. As a result, neither was damaged in the earthquake. The improvements were funded through a hazard mitigation grant from the Federal Emergency Management Agency.

In 2004, the City completed a Seismic Vulnerability Assessment that examined how a major seismic event might impact the 30-inch and 16-inch SPU lines that supply water to the Island. The assessment predicted that the Island's water supply would likely be disrupted in a disaster such as a major earthquake. In response to the finding, City officials initiated a Water Supply Alternatives study before applying for a source permit for an emergency well, the first such permit to be issued in Washington State. Construction of the emergency well was completed in spring of 2010. The ~~City also constructed an emergency~~ well ~~, which~~ was designed and permitted to provide five gallons per day for each person on the Island for a period of seven to 90 days.

In 2014, the City took significant action to ensure high water quality standards after two boil water advisory alerts, including additional expanded collection of water quality samples, injection of additional chlorine, research into potential equipment upgrades and improvements, and a thorough review of the City's cross-contamination program, including the best means of overseeing the registration of certification of backflow prevention devices.

In 2021~~13~~, the City's total number of water customers was 7,537~~376~~.

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In 2021, the City met the requirements of the 2018 America's Water Infrastructure Act through completion of a Risk and Resilience Assessment (RRA) and update of the Emergency Response Plan. Projects identified in the RRA will be included in future CIPs.

In 2022-2023, the City constructed a booster chlorination station at the reservoir site to boost residual chlorine levels in the reservoirs and throughout the distribution system to prevent coliform growth. Additionally, the Supervisory control and Data Acquisition (SCADA) system was upgraded. Together, they strengthen the water sypply system and improve system operations for water quality control.

FUTURE NEEDS

Both the water supply available to the City and the City's distribution system are adequate to serve growth projected for Mercer Island. ~~From 2014~~07 to 202~~1~~13, the number of water customers increased by ~~130~~31. New development, as anticipated by the Land Use Element of this Plan, will increase the City's total number of ~~water customers by approximately 500~~dwelling units by 1,239 and employment will increase by 1,300 new jobs, by ~~2035~~2044. Water system capacity and future service demand are calculated in the City of Mercer Island Water System Plan (WSP). The most recent update of the WSP was adopted in 2022. The WSP establishes that there is system capacity for 14,234 equivalent residential units (ERU). The WSP projects that there will be demand for 11,596 ERUs by 2036. Some maintenance and capacity improvements to the water system are planned during the planning period (2024-2044). Those projects are detailed in the WSP and have been added to the Capital Facilities Element Capital Facilities Plan (CFP) and Capital Reinvestment Plan (CRP). The capacity maintained and added through CFP and CRP projects is expected to provide sufficient water supply to accommodate the growth planned in this Comprehensive Plan.

~~In 2004, the City completed a Seismic Vulnerability Assessment that examined how a major seismic event might impact the 30-inch and 16-inch SPU lines that supply water to the Island. The assessment predicted that the Island's water supply would likely be disrupted in a disaster such as a major earthquake. In response to the finding, City officials initiated a Water Supply Alternatives study before applying for a source permit for an emergency well, the first such permit to be issued in Washington State. Construction of the emergency well was completed in spring of 2010.~~

The City does not plan to implement an aquifer protection program because there are no known aquifers in the vicinity of Mercer Island that are utilized by the City or any other water supplier.

Although aquifer protection is not a factor for future needs, species protection may be. On March 24, 1999 the National Marine Fisheries Service issued a final determination and listed the Puget Sound Chinook salmon as threatened or endangered under the Endangered Species Act (ESA). Like all communities in the Puget Sound region, Mercer Island will need to address a number of land use, capital improvement and development process issues that affect salmon habitat. However, Mercer Island may be better positioned to respond to the ESA listing than some due to the Island's small, unique environment with a lack of continuous rivers or streams, minimal amounts of vacant land available for new development, progressive critical areas regulations and previous attention to stormwater detention.

WATER UTILITY POLICIES

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2.1 ~~The City shall continue to o~~Obtain a cost-effective and reliable water supply that meets all the needs of Mercer Island, including domestic and commercial use, fire-flow protection, emergencies, and all future development consistent with the Land Use Element of this Plan.

2.2 ~~The City shall continue to u~~Upgrade and maintain ~~its~~ the water distribution and storage system as necessary to maximize the useful life of the system. All system improvements shall be carried out in accordance with the City's Comprehensive Water System Plan and Capital Improvement Program.

2.3 ~~The City shall continue to w~~Work cooperatively with the Seattle Public Utilities and its other purveyors on all issues of mutual concern.

2.4 ~~The City shall continue to o~~Obtain Mercer Island's water supply from a supply source that fully complies with the Safe Drinking Water Act. For this reason, future development on Mercer Island will not affect the quality of the Island's potable water.

2.5 ~~The City shall c~~Comply with all water quality testing required of the operators of water distribution systems under the Safe Drinking Water Act.

2.6 ~~The City shall a~~Adopt an action plan to ensure Mercer Island's full participation in regional efforts to recover and restore Puget Sound Chinook salmon.

2.7 ~~The City shall a~~Aggressively promote and support water conservation on Mercer Island and shall participate in regional water conservation activities.

III. SEWER UTILITY

The City owns, operates and maintains the sewage collection system that serves all of Mercer Island. The Island's sewage is delivered to a treatment plant at Renton operated by the Metropolitan King County Government. At the Renton plant, the sewage receives primary and secondary treatment.

The City's system includes a total of 17 pump stations, two flushing pump stations, and more than 113 miles of gravity and pressure pipelines, ranging in diameter from three to 24 inches which ultimately flow into King County Department of Natural Resources & Parks (KCDNR) facilities for treatment and disposal at the South Treatment Plant in Renton. See Figure 1 — Major Sewer Facilities Service Mercer Island.

As of 2021~~2014~~, a total of 7,403~~7,292~~ residential and commercial customers were hooked up to the City sewer system.

FUTURE NEEDS

New development on Mercer Island, as anticipated in the Land Use Element of this Plan, is not expected to add significantly to the wastewater generated daily on Mercer Island. The number of customers ~~hooked up~~connected to the sewer system has increased ~~by 149 since 2004~~slowly and is expected to ~~increase~~ continue according to housing unit projections outlined in the 2021~~2002~~ King County Urban Growth Capacity~~Buildable Lands~~ Report.

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Future sewer system needs are determined in the City of Mercer Island General Sewer Plan (2018 General Sewer Plan).

~~A~~The General Sewer Plan was developed in February 2003 ~~as an update to the 1994 Sewer System Comprehensive Plan~~ and ~~then~~ updated in 2018. ~~This Plan is scheduled for updating in late 2016.~~ The 201803~~3~~ General Sewer Plan identified a 20 year Capital Improvement Plan (CIP) which details the capacity improvements necessary for the system to accommodate planned future growth.~~variety of needs that were addressed during the next several years.~~ These included projects in four categories – general, pipeline, pump stations, and lake line. ~~replacing portions of the sewer lake line along the northwest shoreline, making collection system improvements, making pump station improvements, and replacing the pump station telemetry system.~~ A Sewer Lakeline Replacement feasibility study was completed in September 2002 and recommended replacement of a 9,000-foot segment of sewer lake line bordering the northwest shoreline of the Island to replace the rapidly deteriorating sewer and increase pipeline capacity to eliminate impacts to Lake Washington from periodic sewage overflows caused by inadequate capacity and poor system function. The replacement of the 9,000-foot segment was completed in 2010. The 2002 feasibility study also reported that the 9,000-foot segment was more critical than other sections, which were in acceptable condition. The City is scheduled for a ~~feasibility~~ project in 20280~~0~~ to perform a high level evaluatione of the condition of the entire sewer lake line and identify segments for further assessment to guide future lake line rehabilitation and replacement projects. ~~remaining AC main located in Reach 4, and evaluate options for replacement.~~ After the condition is assessed, a determination will be made on the schedule for replacement projects.

In 2002, Mercer Island successfully competed with other local cities for a share of $9 million allocated by King County to investigate and remove groundwater and stormwater commonly known as inflow/infiltration (I/I) from local sewers. The $900,000~~.00~~ pilot project on Mercer Island lined 16,000 feet of sewer in the East Seattle neighborhood (B~~b~~asin 54) in 2003. Post construction flow monitoring and computer modeling showed a 37 percent decrease in peak I/I flows.

The City must serve the sewer needs of its planned growth, much of which will be focused in the Town Center. While most of the Town Center's sewer system is adequate to meet future demand, some pipelines may exceed their capacity during extreme storms due to stormwater inflow/infiltration and will require monitoring to determine if larger diameter pipelines are warranted. The City will use substantive authority under the State Environmental Policy Act (SEPA) to require mitigation for proposed projects that generate flows that exceed sewer system capacity. The CIP includes projects that will increase system capacity.

King County is upgrading three miles of their sewer pipeline across north Mercer Island and their North Mercer Pump Station due to age and long term capacity needs. This three year project will be completed in 2025.

All future improvements to the sewer system will be addressed through a Capital Improvement~~s~~ Plan developed in conjunction with the updated General Sewer Plan and/or CIP budget.

SEWER UTILITY POLICIES

3.1 ~~The City shall r~~Require that all new development be connected to the sewer system.

3.2 ~~Existing single-family homes with septic systems shall be a~~Allowed ~~existing~~ single-family homes with septic systems to continue using these systems so long as there are no health or

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environmental problems. If health or environmental problems occur with these systems, the homeowners shall be required to connect to the sewer system.

3.3 Require ~~A~~any septic system serving a site being re-developed ~~must~~ be decommissioned according to county and state regulations~~,~~ and that the site must be connected to the sewer system.

3.4 ~~The City shall a~~Actively work with regional and adjoining local jurisdictions to manage, regulate and maintain the regional sewer system.

3.5 ~~The City shall take~~Prevent overflows taking whatever steps are economically feasible ~~to prevent overflows~~.

3.6 ~~The City shall d~~Design and implement programs to reduce infiltration/inflow wherever these programs can be shown to significantly increase the capacity of the sewer system at a lower cost than other types of capacity improvements.

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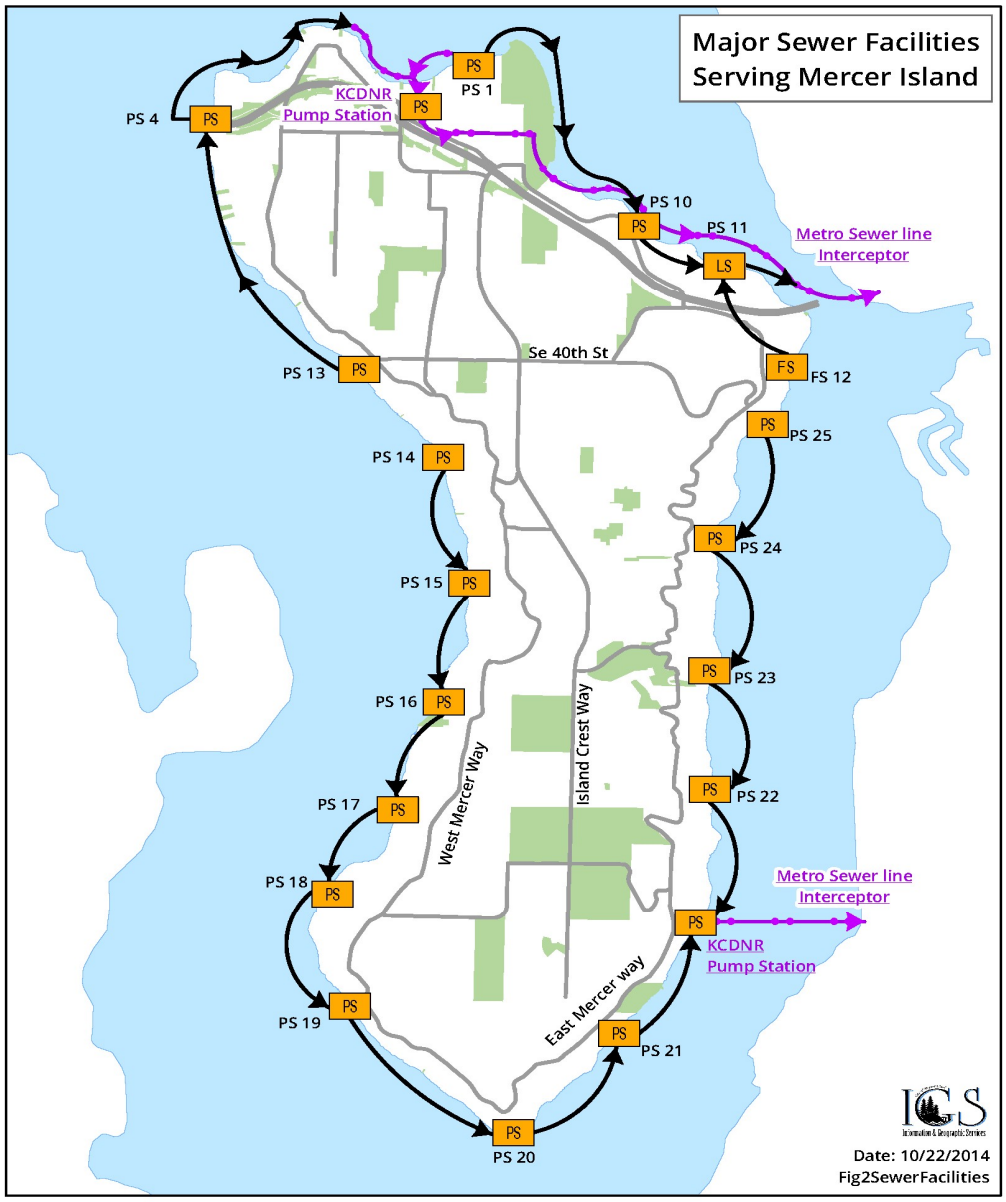
Figure 1. Major Sewer Facilities Service Mercer Island



IV. STORMWATER

Mercer Island's stormwater system serves a complex network of 88 drainage basins. The system relies heavily on "natural" conveyances. There are more than 15 miles of ravine watercourses that carry stormwater~~,~~ and 26 miles of open drainage ditches. ~~40~~ Forty percent of the ravine watercourses are privately owned, while roughly 70 percent of the drainage ditches are on public property. See Figure 2 — Stormwater Drainage Basins.

The artificial components of the system include 58 miles of public storm drains, 59 miles of private storm drains, and more than 5,502~~4,500~~ catch basins.

The public portion of the system is maintained by the City's ~~Maintenance~~ Public Works Department as part of the Stormwater Utility, with funding generated through a Stormwater Utility rate itemized on bimonthly City utility bills.

Mercer Island has no known locations where stormwater recharges an aquifer or feeds any other source used for drinking water.

FUTURE NEEDS

In May 1993, the City began preparing to make significant changes in the way it managed stormwater on Mercer Island. The catalyst for this effort was new regional, state and federal requirements.

During the second half of 1993, two of Mercer Island's drainage basins were studied in detail during a process that actively involved interested basin residents. The studies were designed to gauge public perception of drainage and related water-quality problems, and to evaluate the effectiveness of various education tools.

The information gained from these studies, along with additional work scheduled for mid-1994, was used to develop an Island-wide program of system improvements and enhancements and a financing structure for the program.

In the fall of 1995, the City Council passed two ordinances (95C-118 and 95C-127) that created the legal and financial framework of the Storm and Surface Water Utility and provided the tools to begin achieving the goals of "creating a comprehensive program that integrates the Island's private, public and natural and manmade systems into an effective network for control and, where possible, prevention of runoff quantity and quality problems."

By the end of 1998, the Storm and Surface Water Utility had been fully launched with a full range of contemporary utility issues and needs. Major capital projects, along with operating and maintenance standards, have been established to meet customer service expectations and regulatory compliance.

The City is in compliance with all applicable federal and state stormwater requirements, Western Washington Phase II Municipal (NPDES) Permit issued by the Washington State Dept. of Ecology. In 2005, the City developed a Comprehensive Basin Review that examined the City's storm and surface water programs, focusing on capital needs, capital priorities, and utility policies. The capital priorities are updated regularly in conjunction with the capital budget process. Mercer Island is urban/residential in nature and all of the Island's stormwater eventually ends up in Lake Washington. The prevention of nonpoint pollution is a major priority.

STORMWATER POLICIES

4.1 ~~The City shall continue to i~~Implement programs and projects designed to meet the goals and requirements of the Action Agenda for Puget Sound.

4.2 ~~The City shall a~~Actively promote and support education efforts focusing on all facets of stormwater management.

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4.3 The City should collaborate with King County to support implementation of regional water quality planning strategies, such as the Clean Water, Healthy Habitat strategic plan.

4.~~3~~4 ~~The City shall m~~Maintain and enforce l~~L~~and ~~U~~use plans and ordinances requiring stormwater controls for new development and re-development. The ordinances shall be based on requirements contained in the City's NPDES permit ~~standards developed by the state Department of Ecology~~ and shall be consistent with the policies in the Land Use Element of this Plan and the goals and policies of the City's Community Planning & Development Department~~Services Group~~.

4.5 Consider Implementation of programs and projects to reduce nonpoint source pollution from existing development.

4.4~~6~~ ~~The City shall i~~Incorporate low impact development standards, and any future innovations or technologies that meet or exceed current low impact development standards, into new development and redevelopment. Low impact development standards, such as retaining native vegetation, minimizing stormwater runoff, bioretention, rain gardens, and permeable pavements should be incorporated into new development or redevelopment where feasible and appropriate.

4.~~5~~7 ~~The City shall e~~Encourage and promote development that creates the least disruption of the natural water cycle, returning as much precipitation to groundwater as possible in order to extend the flow of seasonal streams into the dry season and to contribute cooling ground water to surface water features, thereby contributing to healthy fish and wildlife habitat.

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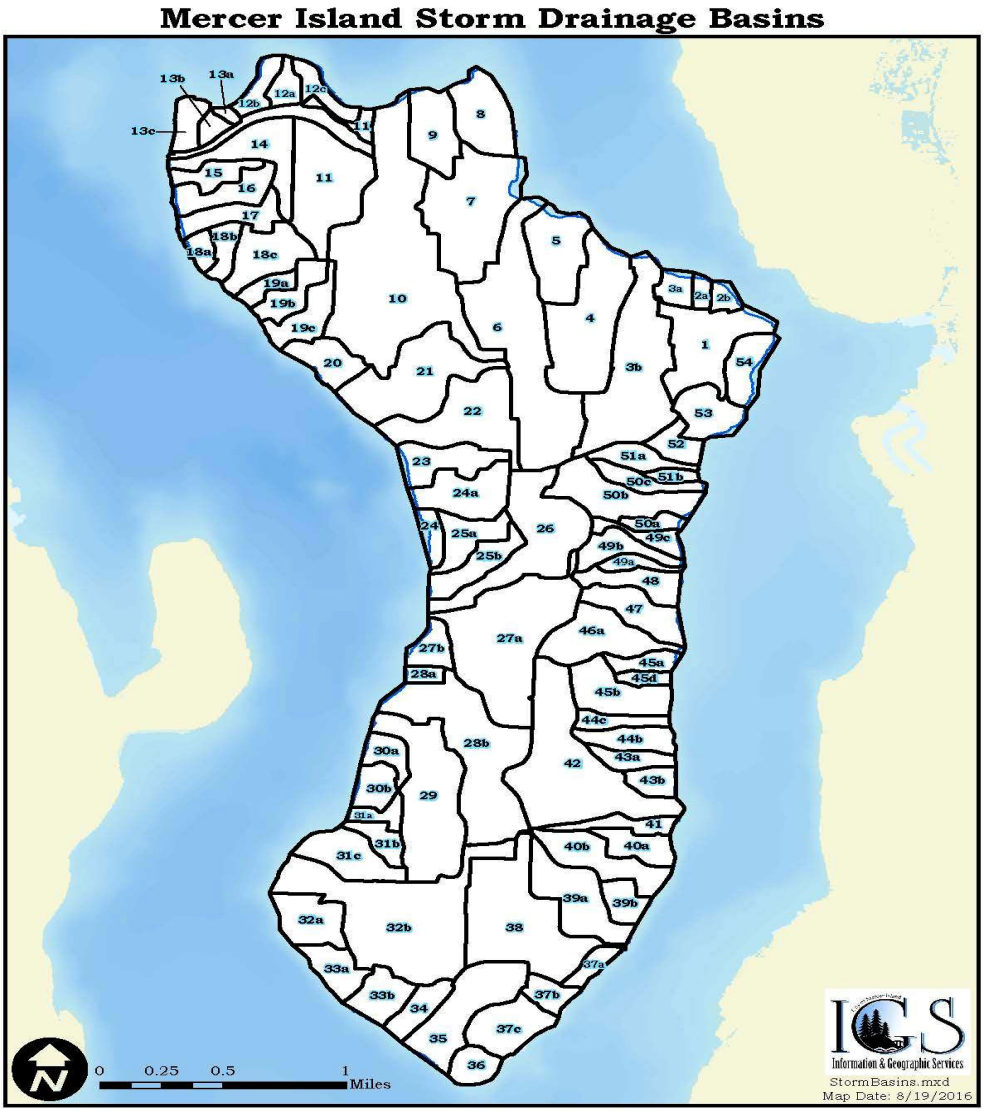
Figure 2. Stormwater Drainage Basins



V. SOLID WASTE

The majority of solid waste services on Mercer Island are provided through a private hauler licensed by the City; ~~. The hauler~~ currently this is ~~serving Mercer Island is~~ Recologypublic Services~~.~~ Recologypublic Services~~~~ collects residential and commercial/multi-family garbage, and also collects residential recyclables and residential yard/food waste. Businesses that recycle or compost select their own haulers. As of 2022, Recology ~~In 2014, Republic Services~~ was serving a total of 6,~~7~~9504~~8~~ residential customers, and 215~~and~~ commercial or multi-family locations~~customers~~ on Mercer Island.

A new contract for collection of solid waste was approved by the City Council for a ten year contract starting in October 2019~~2009 to 2016~~. This contract replaces the former license agreement dating back to 2009~~1999~~ with Republic Services. Rates are adjusted each year based on the Seattle-area Consumer Price Index (CPI) and terms identified within the contract. The cost of providing solid waste services on Mercer Island is covered entirely through the rates charged by haulers.

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Recologypublic Services transports most garbage from Mercer Island to the Factoria transfer station, after which it is compacted and buried at Cedar Hills Regional Landfill. Recyclables are transported to Recology's ownthe Rabanco processing facility in Seattle, and yard/food waste is transported to taken to Cedar Grove Composting or Lenz Compostingnear Issaquah.

FUTURE NEEDS

In 1988, Mercer Island entered into an interlocal agreement that recognizes King County as its solid waste planning authority (RCW chapter 70.95). The Mercer Island City Council adopted the first King County Comprehensive Solid Waste Management Plan in mid-1989, and in October 1993 the City Council adopted the updated 1992 edition of the Plan.

The King County's 2001 Comprehensive Solid Waste Management Plan established countywide targets for resident and employee disposal rates. As of 2014, King County was working on an update of the Comprehensive Solid Waste Management Plan. As a plan participant, Mercer Island met the original King County goal of 35 percent waste reduction and recycling in 1992. By late 1993, Mercer Island was diverting nearly 50 percent of its waste stream. Subsequent goals called for reducing the waste stream 50 percent in 1995 and 65 percent by the year 2000. Mercer Island has consistently diverted an average of 65 percent of its waste stream annually from 2000 to 2014.

Achieving these goals has helped lengthen the lifespan of the Cedar Hills Regional Landfill and avoid the need to find alternative disposal locations for Mercer Island's garbage.

The overall amount of waste generated on Mercer Island is not expected to increase significantly due to new development anticipated in the Land Use Element of this Plan. However, the amount of recyclables and yard waste being diverted from Mercer Island's waste stream should continue increasing over the next few years. Private facilities (Republic Services and Cedar Grove Composting) have the capacity to absorb this increase. Any additional garbage produced due to growth will be collected through a private hauler licensed by the City. To increase capacity, expansion of the existing Factoria Transfer Station began in late 2014 and is scheduled to open in late 2017. The City's existing solid waste program of offering two special collection events per year is expected to remain adequate. These events, at which yard waste and hard-to-recycle materials are collected by private vendors, are designed to assist households in further reducing the waste stream.

The collection of household hazardous waste on Mercer Island is available once a year over a two-week period through the Household Hazardous Wastemobile, a program of the Seattle-King County Local Hazardous Waste Management Plan. Mercer Island households and businesses help fund the Plan through a surcharge on their garbage bills.

SOLID WASTE POLICIES

5.1 Require Aall new construction, with the exception of single-family homes, shall be required to provide adequate space for on-site storage and collection of recyclables pursuant to City regulationsOrdinance A-99.

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5.2 ~~The City shall a~~Actively promote and support recycling, composting and waste reduction techniques among the single-family, multifamily and commercial sectors with the aim of meeting or exceeding King County diversion goals.

5.3 ~~The City shall, whenever practical, p~~Provide convenient opportunities for residents to recycle appliances, tires, bulky yard debris and other hard-to-recycle materials whenever practical.

5.4 ~~The City shall a~~Actively promote and support the proper handling and disposal of hazardous waste produced by households and businesses. The use of alternate products that are less hazardous or produce less waste shall be encouraged.

5.5 City departments and facilities shall actively participate in waste reduction and recycling programs.

5.6 Handle and dispose of ~~A~~all hazardous waste generated by City departments and facilities ~~shall be handled and disposed of~~ in accordance with applicable county, state, regional and federal regulations.

5.7 ~~The City shall a~~Actively enforce ~~the Solid Waste Code and other ordinances and~~ regulations that prohibit the illegal dumping of yard debris and other types of waste.

5.8 The City shall play an active role in regional solid waste planning, with the goal of promoting uniform regional approaches to solid waste management.

5.9 ~~The City shall a~~Actively promote and support the recycling, re-use or composting of construction, demolition and land-clearing debris wherever feasible.

5.10 Ensure that providers of solid waste, recycling, and compost collection services comply with City regulations. Assist residents with concerns about these services, when possible. [PC Comment 17]

VI. ELECTRICITY

All of the electricity consumed on Mercer Island is provided by Puget Sound Energy (PSE) under a franchise agreement with the City of Mercer Island. An agreement was approved in early 1994 that ~~is~~remains valid until a new agreement is reached. PSE's rates are set by the Washington Utilities and Transportation Commission (WUTC).

In 1999, PSE had 9,169 customers on Mercer Island, compared to 8,971 in 1992.

In 2004, PSE served 9,300 customers, and 9,562 customers in 2014. In 2021 it served 9,995 residential and 703 commercial electric customers.

PSE builds, operates and maintains the electrical system serving Mercer Island. The system includes 6.2 miles of transmission lines (115 kV), three substations and two submarine cable termination stations.

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FUTURE NEEDS

The demand for electricity on Mercer Island has not grown ~~is not expected to increase~~ significantly during the past 20 years, despite 17% population growth (2000-2020), due to a range of new energy efficiency measures ~~the period covered by this Plan~~. While the Island's total electricity consumption was 164,713,778 KWH in 1998, ~~the Island's total electricity consumed was~~ and 174,352,420~~/~~ KWH~~, or an average of 18,234/KWH per customer, in~~ was consumed in 2013, it was only slightly more in 2021 (174,920,031 KWH). However, as more households transition to electric vehicles, maintain remote or hybrid work environments, and new development moves away from natural gas to electric space heating and cooling, in an effort to reduce personal GHG emissions, total electricity consumption may increase.

PSE's planning analysis has identified five alternative solutions to address transmission capacity deficiency identified in the "Eastside Needs Assessment Report—Transmission System King County" dated October 2013. Each of these five solutions fully satisfies the needs identified in the Eastside Needs Assessment Report and satisfies the solution longevity and ~~constructibility~~constructability requirements established by PSE. These five solutions include two 230 kV transmission sources and three transformer sites, outside of Mercer Island. ~~PSE states construction is anticipated to begin in 2017 and completed in 2018.~~

With one exception (see Policy 6.1), the only significant changes in PSE's Mercer Island facilities will come from efforts aimed at improving system reliability.

The issue of system reliability, which is the subject of a Memorandum of Agreement (MOA) between the City of Mercer Island and PSE, will require considerable attention over the next several years. The MOA sets policies for identifying locations where power lines should be relocated underground and describes strategies for funding undergrounding projects. There is a reoccurring issue of unreliability is unresolved and needs to be addressed.

ELECTRICITY POLICIES

6.1 ~~PSE, or the current provider, shall be e~~Encouraged ~~d~~ PSE or the current provider to upgrade its facilities on Mercer Island where appropriate and incorporate technological changes when they are cost effective and otherwise consistent with the provider's public service obligations. Mercer Island will serve as a test area for projects involving new technologies when appropriate.

6.2 ~~The City shall a~~Annually evaluate the reliability of electric service provided to Mercer Island. Measures of reliability shall include the total number of outages experienced, the duration of each outage, and the number of customers affected.

6.3 Install ~~A~~all new electric transmission and distribution facilities ~~shall be installed~~ in accordance with this Plan, the City's zoning code, the Washington State Department of Labor and Industries electrical code and other applicable laws, and shall be consistent with rates and tariffs on file with the WUTC. The electricity provider will obtain the necessary permits for work in the public right-of-way, except in emergencies.

6.4 ~~The City shall e~~Encourage the undergrounding of all existing and new electric distribution lines where feasible. As required by the City's franchise agreement with PSE (Section 5), any extension of existing distribution lines up to 15,000 volts shall be installed underground and

should be arranged, provided, and accomplished in accordance with applicable schedules and tariffs on file with the WUTC.

6.5 ~~The City shall e~~Encourage the undergrounding of electrical transmission lines where feasible, if and when such action is allowed by, and consistent with rates, regulations, and tariffs on file with the WUTC. Along with PSE, work cooperatively with the WUTC to establish rate schedules that equitably allocate the cost of undergrounding transmission lines among PSE customers.

6.6 The clearing of vegetation from power lines in rights-of-way shall balance the aesthetic standards of the community while enhancing improved system reliability.

6.7 ~~The City shall s~~Support conservation programs undertaken by the electricity provider, and ~~shall~~ encourage the provider to inform residents about these programs.

VII. NATURAL GAS

Natural gas is provided to Mercer Island by Puget Sound Energy (PSE) under a franchise agreement with the City. The current 15-year agreement expires in the year 2028, with the City having the right to grant a five-year extension. The delivery of natural gas is regulated by the Federal Energy Regulation Commission, the National Office of Pipeline Safety, and the Washington Utilities and Transportation Commission (WUTC). These agencies determine service standards, and safety and emergency provisions. The WUTC also sets rates.

Natural gas is delivered to Mercer Island via an interstate pipeline system that is owned and operated by Northwest Pipeline Corp. The pipeline connects to PSE's regional distribution network. Natural gas consumed in the Pacific Northwest comes from a variety of sources in the United States and Canada.

FUTURE NEEDS

While natural gas is not considered a utility that is essential to urban development, it is an ~~important~~ alternative energy source ~~that helps reduce reliance on electricity.~~ currently provided to the majority of homes on Mercer Island. However, as increasing numbers of residents move away from gas to electricity as their energy source for heating/cooling, and hot water, the number of customers is expected to decline. In 2022, in the interests of reducing GHG emissions, the State's Building Code Council has also required that, with a few exceptions, all new commercial and residential construction must use electric heat pumps for heating/cooling and hot water needs.

New natural gas lines on Mercer Island are installed on an as-requested basis. Natural gas lines are in place in virtually all developed areas of the Island, making natural gas available to most households. As of 2021, PSE had 6,936 residential customers, and 187 commercial customers.

No major new facilities would be required to accommodate this number of customers. New development, as anticipated in the Land Use Element of this Plan, is not expected to significantly affect the number of gas customers on Mercer Island.

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NATURAL GAS POLICIES

7.1 ~~The City shall p~~Promote and support conservation and emergency preparedness programs undertaken by PSE, or the current provider, and shall encourage PSE to inform residents about these programs.

7.2 ~~The City shall encourage PSE or the current provider to make service available to any location on Mercer Island that wishes to use natural gas~~.

VIII. TELECOMMUNICATIONS

Telecommunication utilities on Mercer Island encompass conventional wireline telephone, wireless communications (Cellular telephone, Personal Communication Services (PCS), and Specialized Mobile Radio (SMR)), internet service, and cable television.

Telecommunication technologies have undergone significant changes in the last several decades. The rapid pace of change in these technologies has been paired with an increasing centrality to the services they provide in people's lives. Telecommunications have come to be a key component of a high quality of life by facilitating the exchange of information, remote work, and community involvement. More workers work from home and an increasing share of commerce takes place online in the wake of the COVID-19 pandemic, driving demand for faster and more reliable telecommunication services. Throughout the planning period, telecommunication technologies are expected to continue to be an important service in the City.

~~On February 8, 1996, the President signed the Telecommunications Act of 1996 into law. Its overall intent is to develop competition in the telecommunications marketplace by allowing local telephone exchange carriers to provide long distance telephone service, as well as, cable television, audio services, video programming services, interactive telecommunications and Internet access. Similarly, long distance providers, cable operators and utilities are now permitted to offer local exchange telephone service. The legislation represents the first major rewrite of the Telecommunications Act of 1934.~~

~~The 1996 Act states that "No State or local statute or regulation or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate telecommunications service." It further provides that the Federal Communications Commission (FCC) shall preempt the enforcement of any such statute, regulation or legal requirement. However, the bill protects the authority of local governments to "manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis for use of public rights-of-way on a nondiscriminatory basis, if compensation required is publicly disclosed." Thus, the City can still exercise control over the use of public rights-of-way and generate revenues from the grant of access to such rights-of-way to telecommunications providers.~~

~~CenturyLink Communications provides local exchange telephone service for all of Mercer Island. In early 1999, (then) U S WEST was serving an increasing number of access lines (telephone numbers) in the Mercer Island exchange area. This growth is more fully discussed below in the "Future Needs" section. CenturyLink and its predecessor have served communities in Washington for more than 100 years. CenturyLink is regulated by the Washington Utilities and Transportation Commission and the Federal Communications Commission.~~

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~~Mercer Island has seen its wireless communications service providers grow from two in 1995, to an excess of four in 2015. As of the 2014 there are 34 wireless communications facilities installed on the Island. These installations are regulated by the FCC.~~Wireless service on Mercer Island is an important utility, allowing residents and visitors to remain connected wherever they go on-island. Wireless communications are provided by several private companies. The Federal Communications Commission (FCC) and City regulate wireless facilities. Rules enacted in 2019 by the FCC curtailed local jurisdictions' power to regulate wireless facilities. To comply with the 2019 FCC rule change, the City amended its wireless communication facilities regulations in 2021. Between 2015 and 2022, the City processed an annual average of 20 permits for new facilities and improvements to existing facilities. As technology continues to be developed and improved, the existing wireless coverage on Mercer Island is expected to be faster, more available, and more reliable through the planning period.

Cellular communication involves transmitting and receiving radio signals on frequencies reserved for cellular use. Signals to and from cellular phones are routed along a series of low-powered transmitting antennas located at "cell sites."

~~In 1999, AT&T was serving approximately 6,318 customers on Mercer Island through 65.9 distribution miles of overhead lines and 26.2 distribution miles of underground lines. In 2004, Comcast served 6,700 cable customers and 3,530 high-speed internet customers. In 2014, Comcast served 8,900 customers.~~

~~The data services offered by Comcast originate at a primary transmitter site in Bellevue. Comcast's receiving apparatus on Mercer Island is contained in facilities located at 4320 88th Avenue SE.~~

~~The cable industry was deregulated by Congress in 1984, launching an almost ten-year period without local rate regulation. In November 1993, the City received certification from the FCC, pursuant to the 1992 Cable Act, to regulate basic cable service rates.~~

FUTURE NEEDS

As a telecommunications utility, ~~CenturyLink~~ Lumen Technologies is required to provide services on demand. ~~The industry has experienced a tremendous explosion in the demand for telecommunications services. CenturyLink customers, especially customers on Mercer Island, are routinely asking for multiple lines into their homes for computers, separate business lines and separate lines for children.~~

Comcast has sufficient capacity to provide cable communications services to any new development on Mercer Island. During its franchise, Viacom replaced the coaxial cable in its trunk-line system on Mercer Island with fiber-optic cable. This 1993 undertaking was a major step toward meeting customer demand for an expanded number of channels and improved reliability.

The FCC has mandated Enhanced-911 (E-911), which seeks to improve the effectiveness and reliability of wireless 911 service by requiring Automatic Location Identification (ALI). ALI will allow emergency dispatchers to know the precise location of cell phone users to within 50—100 meters.

TELECOMMUNICATIONS POLICIES

8.1 ~~The City shall e~~Encourage the consolidation and shared use of utility and communication facilities where feasible. Examples of shared facilities include towers, poles, antennae, substation sites, cables, trenches and easements.

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8.2 ~~The City shall e~~Encourage the undergrounding of all existing and new communication lines where feasible and not a health or safety threat.

8.3 ~~The City shall p~~Periodically review and revise development regulations for telecom facilities to ensure that a balance exists between the public benefit derived from the facilities and their compatibility with the surrounding environment.

8.4 ~~The City shall w~~Work with the cable communications provider to select and implement pilot projects appropriate for Mercer Island that explore the newest advances in cable technology, including interactive cable and public access.

8.5 ~~The City c~~Continue~~s~~ to participate in a consortium of Eastside jurisdictions to collectively analyze rate adjustments proposed by the cable communications provider.

8.6 The City may allow limited well designed Wireless Communication Facilities (WCF) in the rights-of-way adjacent to~~in~~ Clise Park and Island Crest Park, consistent with the requirements and restrictions in the development code.

8.7 ~~The City shall e~~Encourage ~~and work with~~ WCF providers to ~~increase the battery life of large~~optimize cell sites to maintain service during inclement weather and natural disasters.

8.8 Establish WCF regulations to minimize noise and visual impacts and mitigate aesthetic or off-site impacts.

DRAFT

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6 CAPITAL FACILITIES ELEMENT

I. INTRODUCTION

LAND USE & CAPITAL FACILITIES

Incorporated in 1960, Mercer Island is a "mature" community. Approximately 95 percent of the community's residential lands have already been developed and its commercial centers are now experiencing increasing redevelopment pressures. The remaining lands to be developed are all commercial and residential infill where public facilities have long been established.

As a "mature community," Mercer Island has made substantial investments in public infrastructure over the last 4<u>6</u>0 years. As a result, the community largely has sufficient capacity in water and sewer systems, parks, schools, local streets and arterials, and public buildings (City Hall, library, fire stations, and community center) to handle projected growth. However, additional investments may be considered for park improvements as well as open space acquisition and trail development. In addition, improvements will be needed to maintain adopted transportation Level of Service (LOS) standards and to maintain existing infrastructure.

The following sections of the Capital Facilities Element inventory Mercer Island's existing public facilities in terms of their capacity (quantity) to serve current and forecasted populations through 2035. The Element continues with a discussion of existing "level~~s~~ of service" standards and expenditure requirements to meet those standards. This is followed by a discussion of the City's overall capital planning and financing strategy as well as the revenues available for capital investment. The Element concludes with policies that will guide development of the City <u>Capital Improvement Plan (</u>CIP<u>)</u> and capital investments.

SUSTAINABILITY

<u>The City of Mercer Island has a long history of sustainability programs and community involvement in general environmental measures.</u> Sustainability ~~is a Mercer Island value. It is a~~ <u>is defined as the</u> process of ensuring the wise use and ~~management~~ <u>stewardship</u> of all resources within a framework in which environmental, social, cultural and economic well-being are integrated and balanced. It means meeting the needs of today without adversely impacting the <u>ability of</u> ~~needs of~~ future generations <u>to also meet their needs</u>.

In 2006, a grassroots effort of Island citizens led the City to modify the vision statement in <u>the</u>~~its~~ <u>C</u>~~c~~omprehensive <u>P</u>~~p~~lan to include language embracing general sustainability, and in May 2007 the Council committed to a sustainability work program as well as a specific climate goal of reducing greenhouse gas <u>(GHG)</u> emissions by 80 percent from 2007 levels by 2050, which was consistent with King County and Washington State targets <u>(the 2050 target was later tightened to 95%).</u> ~~Later in 2007, the Council set an interim emissions reduction goal (often called a "milepost") for City operations of five percent by 2012~~.

~~In recent years,~~ <u>T</u>~~t~~he City has pursued a wide range of actions focusing on the sustainability of its internal operations. These measures began with relatively humble recycling and waste reduction campaigns, and then expanded into much larger initiatives such as energy-efficiency retrofits and ~~cleaner-burning~~ fleet vehicle <u>upgrades</u>. More recently, the City has installed its own on-site solar <u>photovoltaic (</u>PV<u>)</u> project at

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the Community and Event Center, and ~~has~~ now has a number of electric and hybrid vehicles in the fleet or ~~on order~~scheduled for replacement. The City has also been able to increase its tree canopy by 8% from 2007 to 2017.

Starting in 2020, 100 percent of government operations are now powered by clean, renewable energy from a new 38-turbine windfarm in Western Washington that the City helped fund. A 20-year contract to purchase carbon-free windpower directly from Puget Sound Energy replaced the City's prior electricity mix, over half of which was still based on coal and natural gas.~~purchased several commercial-grade electric utility vehicles for Water Department and Parks Maintenance purposes.~~ The City tracks a number of GHG and sustainability metrics such as energy use and overall carbon footprint.

In 2011, Mercer Island joined King County and other local cities as a founding member a nationally-recognized, coordinated effort to jointly tackle climate issues and enhance the reach of each City's sustainability initiatives: the King County-Cities Climate Collaboration (K4C). Both City staff and Council Members have consistently participated in a wide range of K4C initiatives.

Island residents have also engaged in a number of public-facing initiatives, leading to two ~~very popular~~ rooftop solar installation campaigns (adding 110 new arrays), commercial green building requirements in Town Center, very high rates of green power enrollment among residents, and high levels of personal electric vehicle adoption. Since the City's own operations contribute only one percent of the Island's emissions, programs that address the two biggest sectors – transportation and energy use in buildings – are critical as community-wide initiatives.

~~Approximately 35 percent of the City's internal electricity use is offset through the purchase of green power RECs from Puget Sound Energy. The City tracks several metrics in its annual "Dashboard Report" that evaluate progress made in energy consumption, fuel use, green power purchasing, solid waste diversion, and overall carbon footprint of City operations.~~

~~In 2012, activities were expanded further with the hiring of the City's first dedicated Sustainability Manager, who designs, implements, and then oversees much of the internal sustainability project work. In addition, the Mayor and City Council have increasingly addressed or supported specific regional and state-level climate commitments or legislation.~~

~~In 2017, the City confirmed a major commitment to clean power by announcing its contract with Puget Sound Energy for 2019 through 2039, in which it will buy 20 years of clean wind power to replace its current mix of electricity, covering its annual municipal usage of three million kilowatt hours.~~

The subset of sustainability work involving GHG emissions and resilience has never been more urgent in Pacific Northwest communities, as we begin to experience the economic and health impacts of changes to our global climate patterns locally. This includes rising average temperatures, changes in rainfall timing and river volumes, and reduced snowpack. Recent extreme heat events and wildfire smoke incidents have underscored this reality for many residents.

Due to the 20-year horizon envisioned by this Comprehensive Plan, it is especially appropriate to include internal and external measures that address the long-term actions needed to reduce greenhouse gas emissions, ideally in collaboration with other local governments. Actions that the City will implement with the entire community's sustainability in mind are addressed in the Land Use Element of this Plan. The City's first Climate Action Plan (due Q1 2023) quantifies and enumerates the various City and community

actions needed to achieve the GHG reduction targets that successive City Councils have committed to, as part of the City's K4C membership. ~~Various other City departments, such as Parks and Recreation and Maintenance~~Public Works also ~~, prepare functional plans that directly implement some sustainability programs.~~

II. CAPITAL FACILITIES INVENTORY

Listed below is a brief inventory of Mercer Island's public capital facilities. Detailed descriptions of facilities and their components (e.g., recreational facilities in public parks) can be found in the 2022 Parks, Recreation and Open Space (PROS) Plan, ~~2014—2019 Parks and Recreation Plan,~~ the Comprehensive Parks and Recreation Plan and Transportation and Utilities Elements.

PUBLIC STREETS & ROADS

Mercer Island has over 75 miles of public roads. Interstate 90 and East Link light rail run~~s~~ east-west across the northern end of Mercer Island, providing the only road and transit connection~~s~~ to the rest of the Puget Sound region. Most of the road network on the Island is comprised of local streets serving the Island's residential areas; arterials comprise approximately 25 miles, or one-third, of the system.

PEDESTRIAN AND BICYCLE FACILITIES

Mercer Island has ~~over~~ approximately 56.5 miles of facilities for non-motorized travel. In general, non-motorized facilities serve multiple purposes, including recreational travel for bicycles and pedestrians as well as trips for work and other purposes. On-road facilities for non-motorized travel include sidewalks and paths for pedestrians and bicycle lanes for cyclists. Regional access for non-motorized travel is provided by special bicycle/pedestrian facilities along I-90. Additional detail is provided in the 2010 Pedestrian and Bicycle Facilities Plan.

PARKS & OPEN SPACE

Mercer Island has 4817~~2~~ acres of City parks and open space lands. This acreage comprises about 12 percent of the Island. Eleven City parks, open spaces and playfields are over ten acres in size. Three parks exceed 70 acres (Luther Burbank, Pioneer Park, and Aubrey Davis Park). Island residents enjoy ~~20.8~~18.5 acres of publicly-owned park and open space lands per 1,000 population. ~~This compares with neighboring jurisdictions as follows: Bellevue - 21.8 acres/1000 pop.; Kent - 15.5 acres/1000 pop.; Redmond - 28.0 acres/1000 pop.; Kirkland - 19.1 acres/1000 pop.~~ In addition to City park lands, approximately two-thirds of the Mercer Island School District grounds are available to Island residents. A~~nd, a~~n additional 40 acres of private open space tracts are available for residents of many subdivisions on the Island. See Figure 1 for the locations and geographical distributions of the community's parks, open space lands, street end parks, school district lands, I-90 facilities and private/semi-public facilities.

The City of Mercer Island adopted a Parks, Recreation, and Open Space Plan (PROS Plan) in 2022. The PROS Plan evaluates the levels of service for City parks and open space throughout the City. The PROS plan also considers the future needs of parks and lists projects to be added to the Capital Facilities Plan (CFP) and Capital Reinvestment Plan (CRP). Those projects will maintain parks and open space capacity as growth occurs through the planning period.

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PUBLIC BUILDINGS

Mercer Island is served by seven City-owned public buildings, the Mary Wayte Pool owned by the Mercer Island School District and operated by Olympic Cascade Aquatics, one Post Office and one King County (KCLS) Branch Library. Facility uses, locations, and sizes are listed in Table 1.

During 2001, construction of a new Main Fire Station and a sizable remodel of the Thrift Shop were completed. The City became the owner of Luther Burbank Park in 2003 after transfer of the property by King County. The Mercer Island Community and Events Center was completed in 2006. The reconstruction of Fire Station 92 at the south end of the Island ~~began in 2014 and~~ was completed in 2015.

Table 1. Facility uses, locations and sizes

Facility	Use	Location	Approx. Size
City Hall	Police, Dispatch, ~~&~~ General Administration, Municipal Court, Facility Maintenance & Permitting Services~~.~~	North MI 9611 SE 36th St.	32,000 s~~.f.~~q ft
~~Maintenance~~ Public Works Shop	Parks, Water, Sewer, ~~Streets~~Right-of-Way, Stormwater, Fleet, Engineering & ~~Bldg. Maint.~~	North MI 9601 SE 36th St.	15,000 sq fts~~.f.~~
Community and Events Center	Community meeting space~~. Mtgs.~~, Recreation p~~P~~rograms, Gymnasium, and Fitness ~~Senior adult and Youth Programs~~	North MI 8236 SE 24th St.	42,500 sq fts~~.f.~~
Luther Burbank Administration Building	Parks and Recreation and Youth and Family Services Depts.	North MI Luther Burbank Park 2040 84th Ave. SE	5,000 sq ft
Mercer Island Thrift Shop	Sales-Fundraising: Recycled Household Goods	Central Business District 7710 SE 34th St.	5,254 sq ft
~~Main~~ Fire Station 91	Fire & Emergency ~~Aid~~ Response, ~~&~~ Administration~~.~~	Central Business District 3030 78th Ave. SE	16,600 sq fts~~.f.~~
U.S. Post Office	Postal Service	Central Business District 3040 78th Ave. SE	10,000 sq ft
Mary Wayte Pool	Indoor Swimming Facility	Mid-Island 8815 SE 40th St.	7,500 sq ft
King County Library (KCLS)	Public Library	Mid-Island 4400 88th Ave SE	14,600 sq ft
~~South~~ Fire Station 92	Fire & Emergency Response	South End Shopping Center 8473 SE 68th St.	7,940 sq fts~~.f.~~
~~Youth and Family Services Thrift Shop~~	~~Sales-Fundraising: Recycled Household Goods~~	~~Central Business District 7710 SE 34th St.~~	~~5,254 s.f.~~
~~Luther Burbank Park Admin. Bldg.~~	~~Mercer Island Parks and Recreation Youth and Family Services Depts.~~	~~Luther Burbank Park 2040 84th Ave. SE~~	~~5,000 s.f.~~

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~~Mary Wayte Pool (Northwest Center)~~	~~Indoor Swimming Facility~~	~~Mid-Island 8815 SE 40th St.~~	~~7,500 s.f.~~
~~U.S. Post Office~~	~~Postal Service~~	~~Central Business District 3040 78th Ave. SE~~	~~10,000 s.f.~~
~~King County Library (KCLS)~~	~~Public Library — Branch of KCLS~~	~~Mid-Island 4400 88th Ave SE~~	~~14,600 s.f.~~

PUBLIC SCHOOLS

The Mercer Island School District owns and operates one high school, one middle school and ~~three~~ four elementary schools. Northwood, the~~A~~ fourth elementary school ~~is scheduled to~~ opened in 2016. Altogether, the School District owns 108.6 acres of land, including those lands dedicated to parks, open space and recreational uses. The District served a ~~2014~~ 2021-2022 school population of 4,~~316~~ 069 students ~~in approximately 461,000 total square feet of "educational" space~~. The District estimates that it has capacity for 5,172 students in its Six-Year Capital Facilities Plan, a capacity surplus of 1,103 students.

In 1994, the voters approved a $16.4 million bond issue to modernize the three elementary schools. All these schools underwent $6 million remodels that were completed in September 1995. In 1996 voters approved a bond issue to modernize the high school. The total cost of the renovation, which included some new construction, was $37.2 million. In February 2010, the community approved a six-year capital levy for nearly $4.9 million per year, targeting minor capital replacement costs and improvements at each school site. Included in the levy were funds for the addition of music and orchestra rooms at Mercer Island High School, portable classrooms for elementary and middle schools, hard play area resurfacing at the elementary schools, replacement of the turf field and repair of the track at Mercer Island High School, painting, re-roofing, pavement overlays, security improvements, and other improvements.

~~After months of public discussions, meetings and work by the Mercer Island community, school board and district, a bond proposal was approved by the board in September 2013 to address overcrowding in Mercer Island schools. It was then approved by~~ A bond issue was approved by more than 74 percent of Mercer Island voters in February 2014 to address overcrowding in Mercer Island schools. The targeted facilities projects included:

- Building Northwood, a fourth elementary school ~~on the district-owned North Mercer campus~~;
- Expanding Islander Middle School, including 14 new classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms and administrative space, and a 100kw rooftop solar array; and
- Building ten additional classrooms at Mercer Island High School, including four lab spaces and six general education classrooms.

Annually, the District develops projections primarily utilizing the historical enrollment trends tracked each October for the past five years. In addition to the cohort derived from that historical database, the District looks at much longer "real growth" trends as well as birth rates and female population patterns. ~~Current enrollment projections show an anticipated increase of approximately 356 students over the next six years, in addition to an increase of approximately 250 students over the last six years.~~ The District's Six-Year Capital Facilities Plan adopted in 2020, estimates that enrollment will decline by four percent between 2020 and 2026.

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Provision of an adequate supply of K-12 public school facilities is essential to enhance the educational opportunities for our children and to avoid overcrowding. A variety of factors can contribute to changes in K-12 enrollment, including changes in demographics, the resale of existing homes, and new development. The District is engaged in an ongoing long-range planning process to maintain updated enrollment projections, house anticipated student enrollment, and provide adequate school facilities. Future needs, including proposed improvements and capital expenditures are determined by the District, which has prepared a separate Capital Facilities Plan.

WATER SYSTEM

The City's Water Utility consists of 113~~5~~ miles of water mains and transmission lines which serve over 7,530~~640~~ water meters. In addition, the system includes two four-million-gallon storage reservoirs, two pump stations, 86 pressure reducing valve stations, and an emergency well completed in 2010. The City purchases water from Seattle Public Utilities, served by the Cedar and Tolt River watersheds.

SEWER SYSTEM

The Mercer Island sewer utility ~~is made up 104 miles of collection lines which~~ serves over 7,403~~200~~ customers. The collection system includes ~~s linked to~~ 17 pump stations, two flushing stations, and more than 113 miles of gravity and pressure pipelines, ranging in diameter from three to 24 inches which ultimately flow into King County Department of Natural Resources & Parks (KCDNR) facilities for treatment and disposal at the South Treatment Plant in Renton.

STORM WATER SYSTEM

The Island's storm water system is made up of a complex network of interconnected public and private conveyances for surface water. The system serves 88 separate drainage basins. The major components of the system include more than 15 miles of natural watercourses, 60 percent of these are ~~privately owned~~are located on private property; 26 miles of open drainage ditches, 70 percent of which are on public property; 58 miles of public storm drains; 59 miles of private storm drains; more than ~~4,500~~5,502 City owned catch basins; and over 3,300 non City owned catch basins.

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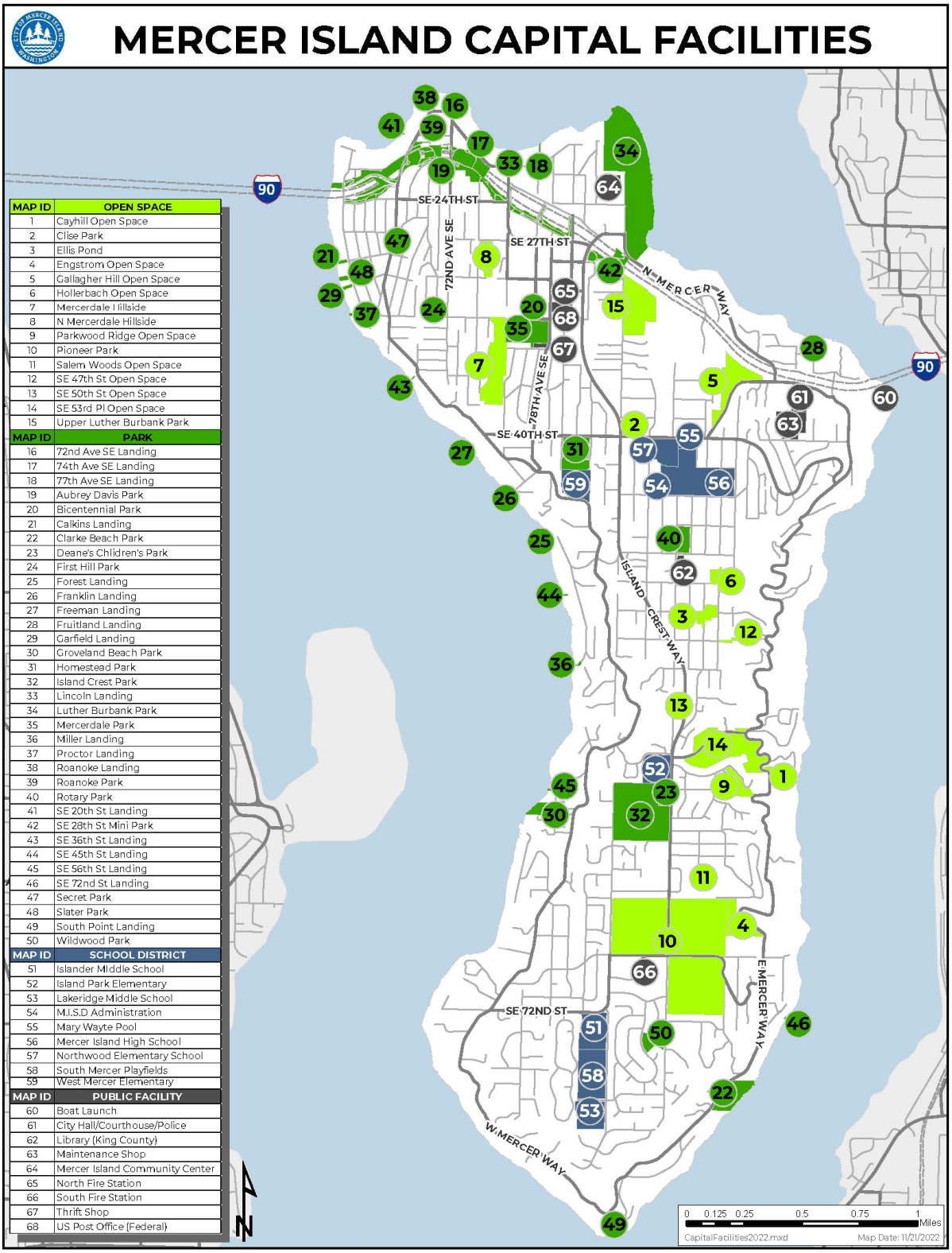
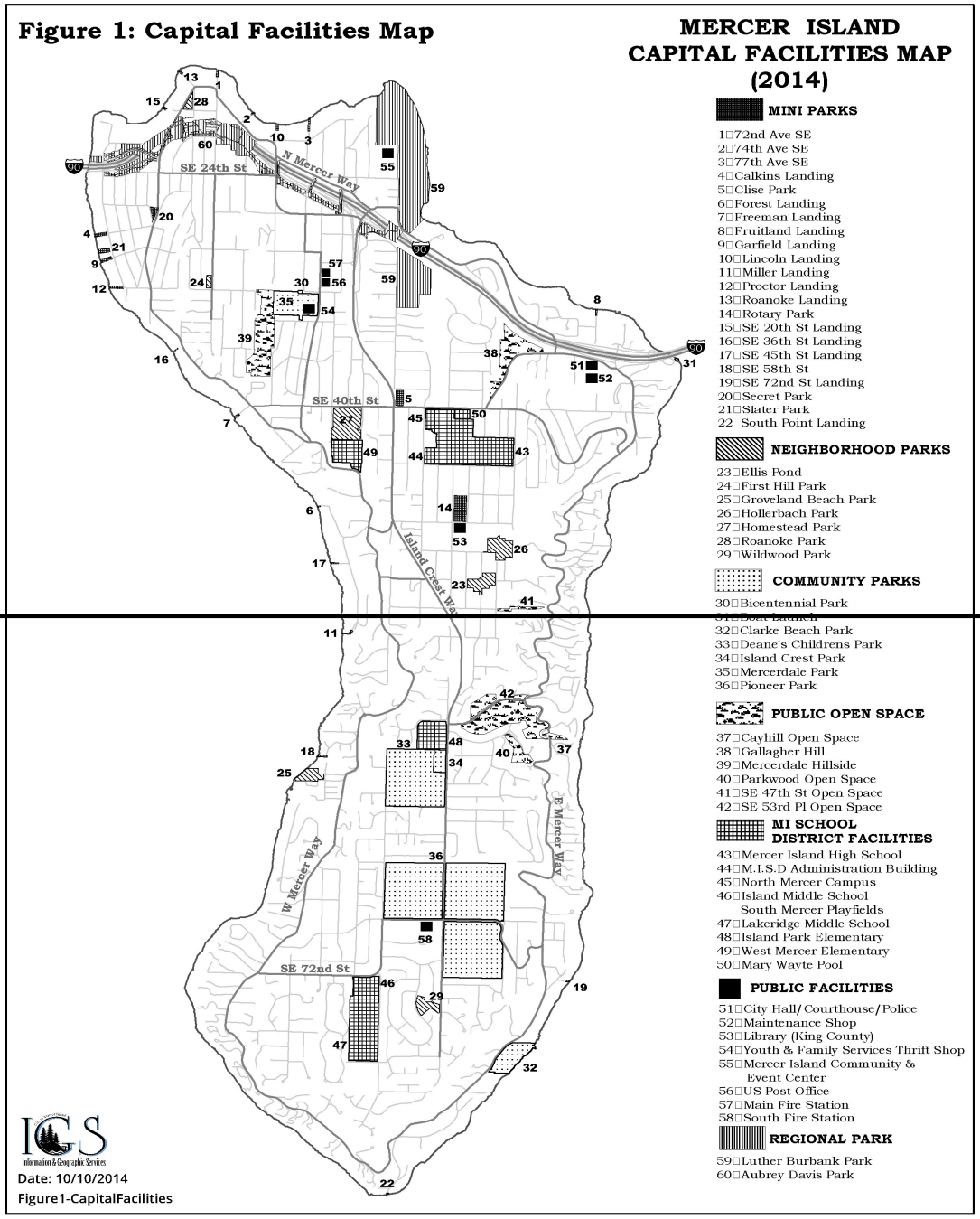
MERCER ISLAND CAPITAL FACILITIES



MAP ID	OPEN SPACE
1	Cayhill Open Space
2	Clise Park
3	Ellis Pond
4	Engstrom Open Space
5	Gallagher Hill Open Space
6	Hollerbach Open Space
7	Mercerdale Hillside
8	N Mercerdale Hillside
9	Parkwood Ridge Open Space
10	Pioneer Park
11	Salem Woods Open Space
12	SE 47th St Open Space
13	SE 50th St Open Space
14	SE 53rd Pl Open Space
15	Upper Luther Burbank Park
MAP ID	**PARK**
16	72nd Ave SE Landing
17	74th Ave SE Landing
18	77th Ave SE Landing
19	Aubrey Davis Park
20	Bicentennial Park
21	Calkins Landing
22	Clarke Beach Park
23	Deane's Children's Park
24	First Hill Park
25	Forest Landing
26	Franklin Landing
27	Freeman Landing
28	Fruitland Landing
29	Garfield Landing
30	Groveland Beach Park
31	Homestead Park
32	Island Crest Park
33	Lincoln Landing
34	Luther Burbank Park
35	Mercerdale Park
36	Miller Landing
37	Proctor Landing
38	Roanoke Landing
39	Roanoke Park
40	Rotary Park
41	SE 20th St Landing
42	SE 28th St Mini Park
43	SE 36th St Landing
44	SE 45th St Landing
45	SE 56th St Landing
46	SE 72nd St Landing
47	Secret Park
48	Slater Park
49	South Point Landing
50	Wildwood Park
MAP ID	**SCHOOL DISTRICT**
51	Islander Middle School
52	Island Park Elementary
53	Lakeridge Middle School
54	M.I.S.D Administration
55	Mary Wayte Pool
56	Mercer Island High School
57	Northwood Elementary School
58	South Mercer Playfields
59	West Mercer Elementary
MAP ID	**PUBLIC FACILITY**
60	Boat Launch
61	City Hall/Courthouse/Police
62	Library (King County)
63	Maintenance Shop
64	Mercer Island Community Center
65	North Fire Station
66	South Fire Station
67	Thrift Shop
68	US Post Office (Federal)

1

Figure 1: Capital Facilities Map



III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

In analyzing capital financing over 20 years, the City must make estimates in two areas: Cost of New Facilities and the Cost to Maintain Existing Facilities. To estimate the former, the City must evaluate its established levels of service (LOS) for the various types of facilities — streets, parks, recreational facilities, open space, trails, and public buildings — and project future needed investments to reach those service targets. In this case, "Level of Service" refers to the quantitative measure for a given capital facility. See

GMHB Exhibit #268 - 0162

Table 2. In establishing an LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

Fortunately, Mercer Island has already acquired and/or built most of the facilities needed to meet its LOS goals (e.g., parks acreage, recreational facilities, water and sewer system capacity, street system capacity, police, fire and administration buildings). As a result, while a few "LOS deficiencies" must be addressed over the next 20 years (open space, new trail construction, some street capacity improvements), most capital financing projections for Mercer Island involve reinvesting in and maintaining existing assets.

Listed in Table 2 below is a summary of level of service and financial assumptions (by facility type) used in making a 20-year expenditure forecast. In looking at the assumptions and projections, the reader should bear in mind two things: 1) No detailed engineering or architectural design has been made to estimate costs. The numbers are first level estimates; and~~,~~ 2) the objective of the analysis is to predict where major financing issues may arise in the future. The estimates should be used for long range financial and policy planning; not as budget targets.

Table 2 — Level of Service & Financial Forecasts[1]

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency)[2]	Annual Reinvestment Cost
Streets~~- Arterials - Residential - CBD~~	~~LOS "D" None LOS "C"~~	~~42 locations identified None 42 locations identified~~	~~$3,322,900~~4,058,720 ~~$0 $1,712,900~~2928,000	~~$1,126~~061,000 ~~$920~~684,000 ~~$166,000~~
Arterials	LOS "D"	2 locations identified	$4,058,720	$1,126,000
Residential	None	None	$0	$920,000
Town Center	LOS "C"	2 locations identified	$2,928,000	$166,000
Parking Facilities*	To be assessed*	To be assessed*	To be assessed*	To be assessed*
Existing and New Pedestrian and Bicycle Facilities	See Pedestrian and Bicycle Facilities Plan	Shoulder improvements, 78th Ave. pedestrian and bike improvements, safe routes to school	$19.6 million	$327,500
Parks & Open Space	See Parks, Recreation & Open Space (PROS) Plan~~Expenditure per capita~~	Dock i~~I~~nfrastructure, restrooms, playgrounds~~Safe Facilities~~, o~~O~~pen ~~Space~~space, ~~Trails~~ trails, and ~~Athletic~~ athletic ~~Fields~~ fields	$~~8~~ 4.3 million	$1.3 million Parks & Open Space CIP
Recreational Facilities	See ~~See Park & Open Space~~ PROS Plan	None	None	None

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~~Existing and New Pedestrian and Bicycle Facilities~~	~~Pedestrian and Bicycle Facilities Plan~~	~~Shoulder improvements, 78th Ave. pedestrian and bike improvements, safe routes to school~~	~~$19.68 million~~	~~$32775,5000~~
Schools	Established in the Mercer Island School District No. 400 Six-Year Capital Facilities Plan as may be amended	Maintenance of existing buildings, new elementary school, middle school and high school expansions	$98.8 million bond	$7.5 million levy passed February 2022
Water System ~~Open Space~~	~~Expenditure per capita~~	~~Standard to be set~~	~~To be assessed~~	~~None~~
~~Water System~~ ~~Supply~~ ~~Storage~~ ~~Distribution~~ ~~Fire Flow~~	~~6.7 mill. Gal/day~~ ~~8.0 mill. Gal~~ ~~> 30 psi~~ ~~Multiple~~	~~None~~ ~~None~~ ~~None~~ ~~None~~	~~None~~ ~~$2,750~~121,500,000 ~~None~~ $55,675,000 ~~None~~	~~$6.5~~4.8 million
Supply	6.7 m gal/day	None	None	$6.5 million
Storage	8.0 m gal	None	$2,750,000	
Distribution	> 30 psi	None	$55,675,000	
Fire Flow	Multiple	None	None	
Sanitary Sewer System	0 - Sewer Overflows	Inflow & Infiltration Sewer Lakeline-portion of reaches	$26 million	$1.68 million
Storm & Surface Water System ~~Piped System~~ ~~Ravine Basins~~ ~~Washington DOE Stormwater Manual~~ ~~Multiple~~ ~~Multiple~~ ~~$850,000~~ ~~$365,000~~$425,000 from Utility Rates on average goes to one major basin improvement project annually ~~$1.~~21 million				
Piped System	WA DOE Stormwater Manual	Multiple	$850,000	$1.2 million
Ravine Basins	WA DOE Stormwater Manual	Multiple	$365,000	
~~Sanitary Sewer System~~	~~0 - Sewer Overflows~~	~~Inflow & Infiltration Sewer Lakeline-portion of reaches~~	~~$26 million~~	~~$1.68~~ million
~~Schools~~	~~Established in the Mercer Island School District No. 400~~	~~Maintenance of existing buildings, new elementary school,~~	~~$98.8 million bond~~	~~$9~~ 7.5 million levy passed ~~February 2010~~ 2022

GMHB Exhibit #268 - 0164

	~~Six-Year Capital Facilities Plan as may be amended~~	~~middle school and high school expansions~~		
~~Parking Facilities*~~	~~To be assessed*~~	~~To be assessed*~~	~~To be assessed*~~	~~To be assessed*~~

* An analysis is in progress, capital needs and costs to be evaluated pending completion of studies, after completion of light rail.

Notes:

1. More detailed LOS standards for capacity, operational reliability, and capital facilities needs can be found in the following documents: Transportation Improvement Plan, Water System Plan, General Sewer Plan, Comprehensive Storm Basin Review, Parks, Recreation and Open Space (PROS) Plan, Pedestrian and Bicycle Facilities Plan, Open Space Vegetation Plan, ~~Parks and Recreation Plan 2014 – 2019,~~ Luther Burbank Master Plan, Ballfield Use Analysis, and the Transportation Element of this Comprehensive Plan.

2. Costs are estimated for the twenty-year planning period from 2024-2044. Actual costs are determined at the time improvements are added to the CIP.

3. Annual reinvestment cost is estimated based on the total estimated twenty-year cost divided by twenty years. Actual costs are not expected to occur annually.

IV. CAPITAL FACILITIES FINANCING

The community should expect most funding for future capital improvements to come from local public sources. Substantial investments in transportation facilities—including parking, sewage collection and conveyance, and stormwater facilities will be needed over the 20-year planning period. Funding for open space acquisition and parks improvements may also be needed to meet community expectations. Private development will finance some minor new capital improvements, such as stormwater facilities, sewage conveyance improvements, and transportation improvements where proposed development will exceed adopted levels of service. Impact fees on new development will also generate some revenue to offset the impact of such growth on Mercer Island's public schools, parks and open space, and transportation facilities.

REVENUE SOURCES

The City's capital program is funded by a variety of revenue sources ranging from largely unrestricted, discretionary sources like General Funds and REET-1 to very restricted sources like fuel taxes and grants. Listed below is a description of the major capital funding sources used by the City.

General Fund Revenues — Revenues from property, sales and utility taxes, ~~as well as licenses and permit fees,~~ other user fees, and state shared revenues. Funds can be used for any municipal purpose and are generally dedicated to the operation of the City's (non-utility) departments and technology and equipment upgrades.

Real Estate Excise Taxes (1 & 2) — Taxes imposed on the seller in real estate transactions. Both REET 1 & 2 taxes are levied at one-quarter of one percent of the sale price of the property. Revenues must be used on the following types of projects:

- **REET 1** — Only to projects identified in the City's Capital Facilities Element. Funds can be used for planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting, traffic signals, bridges, water systems storm and sanitary sewer systems, parks, recreational facilities, trails, and public buildings.

- **REET 2** — Planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting systems, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, and planning, construction, repair, or improvement of parks.

Fuel Taxes — City's share of fuel taxes imposed and collected by the state. Revenues must be used for maintenance and construction of the City's arterial and residential streets.

Voted Debt — General obligation bonds issued by the City and paid for by a voter-approved increase in property taxes.

User Fees — Utilities fee for the purchase of a City-provided service or commodity (e.g., water, storm and sanitary sewage collection/treatment). Fees usually based on quantity of service or commodity consumed. Revenues (rates) can be used for any operating or capital project related to the delivery of the utility service or commodity.

Impact Fees — The Growth Management Act (GMA) authorizes cities to impose certain types of impact fees on new development. These fees should pay for the development's proportionate share of the cost of providing the public facilities needed to serve the development. Impact fees can be collected for schools, streets, parks and open space, and fire protection.

THE CAPITAL IMPROVEMENT PROGRAM

The City of Mercer Island separates the Capital Improvement Program into two parts: The Capital Reinvestment Program (CRP) and the Capital Facilities Program (CFP). The CRP contains all major maintenance projects for existing public assets. The CFP consists of proposed new capital facilities.

Capital Reinvestment Plan (CRP)

The CRP's purpose is to organize and schedule repair, replacement, and refurbishment of public improvements for the City of Mercer Island. The CRP is a six-year program setting forth each of the proposed maintenance projects, the cost, and funding source within the Capital Improvement Program (CIP) element of each biennial budget. These capital projects are generally paid for from existing City resources.

The program emphasis in a reinvestment plan is timely repair and maintenance of existing facilities. To this effect, while new equipment and improvements are made to some older fixed assets, the intent is to design a program which will preserve and maintain the City's existing infrastructure. The maintenance and enhancement of the taxpayer's investment in fixed assets remains the City's best defense against the enormous cost of the replacement of older but still very valuable public improvements.

The CRP is intended to be a public document. For this purpose, it is organized by functional area. Hence, any individual who wishes to gain knowledge about a project need not know the funding source or any other technical information but only needs to know the general type of improvement ~~in order to~~to find

the relevant information. The Capital Reinvestment Program is divided into four functional programmatic areas: streets and pedestrian and bicycle facilities, park and recreational facilities, general government (buildings, equipment, and technology), and utilities — water, sewer, and storm water ~~drainage~~systems.

CRP projects are typically "pay as you go," which means that they are funded from the current operations of the~~,~~ City Street Fund, CIP Funds, and the utilities funds.

Capital Facilities Plan (CFP)

The CFP is a six-year plan to outline proposed new capital projects. The CFP is also divided into four component parts: streets and pedestrian and bicycle facilities, parks and recreation facilities, general government (buildings, equipment, and technology), and utilities — water, sewer, and storm water ~~drainage~~systems. Like the CRP, the plan for new facilities provides easy access for the public. Each project in the plan is described briefly and the total cost and appropriation for the next six years is stated.

Funding for CFP projects will be identified in the ~~Capital Facilities Element~~Capital Improvement Program (CIP) element of each biennial budget. However, final funding strategies will be decided simultaneously with the approval of the projects. This may involve a bond issue, special grant or a source of revenue that is outside the available cash resources of the City.

DRAFT

CIP Project Summary
Capital Facilities Plan (CFP) and Capital Reinvestment Plan (CRP)

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
GB0100	City Hall Building Repairs	CRP	ONGOING	370,500	359,100	210,900	210,900	210,900	210,900	1,573,200			1,573,200													
GB0101	Public Works Building Repairs	CRP	ONGOING	210,900	132,240	34,200	91,200	79,800	79,800	628,140			628,140													
GB0102	MICEC Building Repairs	CRP	ONGOING	357,960	430,350	182,400	202,578	190,380	235,980	1,599,648			1,599,648													
GB0103	FS91 and FS92 Building Repairs	CRP	ONGOING	397,860	250,458	239,058	443,688	190,380	109,668	1,631,112			1,631,112													
GB0104	Luther Burbank Administration Repairs	CRP	ONGOING	324,900	286,140	188,100	139,080	91,200	74,100	1,103,520			1,103,520													
GB0105	Thrift Shop Building Repairs	CRP	ONGOING	254,220	342,000	111,720	116,280	128,820	104,880	1,057,920			1,057,920													
GB0107	Honeywell Site Remediation	CRP	Q4 2022	207,500	207,500					415,000	134,356				22,306	21,788	29,050									207,500
GB0109	Minor Building Repairs	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000			150,000		150,000											
GB0110	City Hall Renovation - Paint, Carpet, and Furniture	CRP	Q4 2023	660,000						660,000			660,000													
GB0111	Public Works Building Renovation - Paint, Flooring, and Furniture	CRP	Q4 2023	236,500						236,500			59,125		70,950	70,950	35,475									
GB0112	Municipal Court Renovations	CRP	2026	34,200	119,700	285,000	330,600			769,500			769,500													
GB0113	Police Department Renovation	CRP	2028					256,500	1,824,000	2,080,500			2,080,500													
GB0114	Luther Burbank Administration Building Renovation	CRP	2027				57,000	2,232,865		2,289,865			2,289,865													
GB0115	Facilities Plan	CRP	2025	200,000						200,000			200,000													
GB0116	Facility Access Control and Security	CRP	ONGOING	520,980	282,720	47,880	34,200	28,500	28,500	942,780			942,780													
GB0117	Facility Parking Lot Repairs	CRP	2028	375,000	30,000	132,000	190,000	-	28,000	755,000			641,750				113,250									
GB0119	FS91 Fuel Tank Removal	CRP	Q4 2024	75,000	175,000					250,000			250,000													
GB0120	Public Works Building Roof Replacement	CRP	Q2 2023	330,000						330,000			82,500		99,000	99,000	49,500									
18	**GENERAL GOVERNMENT PUBLIC BUILDINGS TOTAL**			**4,605,520**	**2,665,208**	1,481,258	1,865,526	3,459,345	2,745,828	16,822,685	134,356	-	15,719,560	-	342,256	191,738	227,275	-	-	-	-	-	-	-	-	207,500
GE0101	Minor Fire Tools and Equipment	CRP	Q4 2024	45,500	42,500					88,000				88,000												
GE0107	Fleet Replacements	CRP	ONGOING	676,729	430,211	911,511	1,305,238	1,474,095	1,152,484	5,950,267															5,950,267	
GE0108	Automated External Defibrillator Replacements	CRP	Q4 2023	94,686						94,686				94,686												
3	**GENERAL GOVERNMENT EQUIPMENT TOTAL**			**816,915**	**472,711**	911,511	1,305,238	1,474,095	1,152,484	6,132,953	-	-	-	182,686	-	-	-	-	-	-	-	-	-	-	5,950,267	-
GT0101	City Information via Web Based GIS	CRP	Q4 2024	55,000				40,000		95,000				95,000												
GT0104	Mobile Asset Data Collection	CRP	Q2 2022			105,000		-	111,000	216,000		163,000														53,000
GT0105	High Accuracy Aerial Orthophotos	CRP	Q3 2024	35,000		40,000				75,000				75,000												
GT0108	Technology Equipment Replacement	CRP	ONGOING	145,450	253,200	101,280	179,266	129,071	224,584	1,032,851															1,032,851	
GT0112	ArcGIS Image Server	CRP	Q3 2024	30,000						30,000				30,000												
GT0115	Modernize Municipal Court Services	CRP	Q1 2023	96,000	10,000					106,000				106,000												
GT0116	Emergency Purchases for Equipment and Technology	CRP	ONGOING	25,000	25,000	25,000	25,000	25,000	25,000	150,000				150,000												
GT0117	Cybersecurity Software Update	CRP	Q4 2023	52,500	10,750	-	-	-	-	63,250	10,750			52,500												
8	**GENERAL GOVT TECHNOLOGY TOTAL**			**438,950**	**298,950**	271,280	204,266	194,071	360,584	1,768,101	10,750	163,000	-	508,500	-	-	-	-	-	-	-	-	-	-	1,032,851	53,000

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ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
PA0100	Open Space Management	CRP	ONGOING	338,000	347,135	356,544	366,235	376,217	386,499	2,170,630			2,105,630									65,000				
PA0101	Recurring Parks Minor Capital	CRP	ONGOING	149,000	154,000	159,000	164,000	169,000	175,000	970,000			970,000													
PA0103	Trail Renovation and Property Management	CRP	ONGOING	54,000	56,000	58,000	60,000	62,000	64,000	354,000			354,000													
PA0104	Lake Water Irrigation Development	CFP	2025		82,000	141,000				223,000			223,000													
PA0107	Aubrey Davis Park Outdoor Sculpture Gallery Improvements Design	CRP	Q4 2024		33,000	68,000	198,000			299,000			124,000								100,000					75,000
PA0108	Aubrey Davis Park Luther Lid Connector Trail	CFP	Q4 2024		164,000	853,450				1,017,450			1,017,450													
PA0109	Aubrey Davis Park Trail Safety Improvements	CRP	Q4 2023	385,000						385,000			10,000								375,000					
PA0110	Aubrey Davis Lid A Backstop Replacement	CRP	2028					96,000	689,000	785,000			785,000													
PA0111	Aubrey Davis Park Vegetation Management	CRP	ONGOING	117,000	121,000	125,000	129,000	133,000	137,000	762,000			117,000													645,000
PA0112	Clarke Beach Shoreline Improvements	CRP	2025			2,814,000				2,814,000			1,814,000								1,000,000					
PA0113	Hollerbach SE 45th Trail System	CFP	2025		93,000	425,955				518,955			518,955													
PA0116	Island Crest Park South Field Lights Replacement and Turf Upgrade	CRP	2026		113,000	-	1,160,000	-	-	1,273,000			1,273,000													
PA0117	Island Crest Park Ballfield Backstops Upgrade & North Infield Turf Replacement	CRP	Q4 2023	1,255,000						1,255,000			1,049,000											206,000		
PA0122	Luther Burbank Dock and Waterfront Improvements	CRP	Q4 2024	928,300	6,597,300					7,525,600			3,666,600								3,859,000					
PA0123	Luther Burbank Minor Capital Levy	CRP	ONGOING	110,000	111,100	112,211	113,333	114,466	115,612	676,722			566,722									110,000				
PA0124	Luther Burbank Park Boiler Building Phase 1	CRP	Q4 2023	2,012,300						2,012,300			1,499,300								513,000					
PA0126	Mercerdale Park Master Plan	CRP	Q4 2023	200,000						200,000			200,000													
PA0129	Pioneer Park/Engstrom OS Forest Management	CRP	ONGOING	191,000	197,000	203,000	210,000	217,000	224,000	1,242,000			1,165,000									77,000				
PA0130	Roanoke Park Playground Replacement	CRP	Q4 2024	60,000	431,000					491,000			491,000													
PA0131	South Mercer Turf Replacement and Ballfield Backstops Upgrade	CRP	2025		245,000	3,010,000				3,255,000			2,955,000						300,000							
PA0132	Upper Luther Burbank Ravine Trail Phase 2	CFP	2026			113,000	261,000			374,000			261,000											113,000		
PA0133	MICEC Technology and Equipment Replacement	CRP	ONGOING	58,000	58,000	58,000	58,000	58,000	58,000	348,000	108,000															240,000
PA0136	Luther Burbank Park South Shoreline Restoration	CRP	Q4 2023	575,000						575,000											169,000			406,000		
PA0138	Luther Burbank Swim Beach Renovation Design	CRP	2026		55,000	113,000	1,015,000			1,183,000			683,000								500,000					
PA0140	Aubrey Davis Mountains to Sound Trail Pavement Renovation	CRP	Q4 2024	101,000						101,000			101,000													
PA0141	Aubrey Davis Mountains to Sound Trail Connection at Shorewood	CFP	Q4 2024		82,000					82,000			82,000													
PA0142	Aubrey Davis Park Tennis Court Resurfacing/Shared-Use Pickleball	CRP	Q4 2024		121,000					121,000			63,000											58,000		
PA0143	Luther Burbank Park Tennis Court Renovation/Shared-Use Pickleball	CRP	Q4 2024	107,000	438,000					545,000			202,000								193,000			150,000		
PA0144	Luther Burbank Park Parking Lot Lighting	CRP	Q4 2023	133,000						133,000			133,000													
PA0145	Deane's Children's Park Playground Replacement Design	CRP	Q4 2023	226,000						226,000			226,000													
PA0146	South Point Landing General Park Improvements	CFP	Q4 2024		159,180					159,180			159,180													
PA0147	Roanoke Park General Park & ADA Improvements	CRP	2028					30,000	93,000	123,000			123,000													
PA0148	Aubrey Davis Park Intersection and Crossing Improvements	CRP	2028	80,000	83,000	86,000	89,000	92,000	95,000	525,000			525,000													
PA0149	Ellis Pond Aquatic Habitat Enhancement	CRP	Q4 2023	20,000						20,000							20,000									
PA0150	Spray Park Site Analysis	CFP	Q4 2023	50,000						50,000			50,000													
PA0151	Groveland Beach Dock Replacement & Shoreline Improvements	CRP	2026					4,180,000		4,180,000			3,500,000								680,000					
PA0152	Aubrey Davis MTS Trail Lighting from ICW to Shorewood	CRP	2027				58,000	299,000		357,000			357,000													
PA0153	Mercerdale Hillside Trail Renovation	CRP	2028					120,000	615,000	735,000			735,000													
PA0154	Wildwood Park ADA Perimeter Path & General Park Improvements	CRP	2027				58,000	180,000		238,000			238,000													
PA0155	Aubrey Davis Lid B Playground Replacement and ADA Parking	CRP	2027				232,000	836,000		1,068,000		107,000	961,000													
PA0156	Aubrey Davis Lid B Restroom and ADA Path	CFP	2027				232,000	1,195,000		1,427,000			1,070,250						356,750							
PA0157	Clarke and Groveland Beach Joint Master Plan	CFP	Q4 2023	300,000						300,000			300,000													
PA0158	First Hill Park Playground Replacement & Court Resurfacing	CRP	2026			87,000	329,000			416,000			416,000													
PA0159	Luther Burbank Park Amphitheater Renovation (Design Only)	CRP	2025			85,000				85,000										85,000						
PA0160	MICEC to LBP Stair Replacement	CRP	2028					36,000	197,000	233,000			233,000													
PA0161	Secret Park Playground Replacement	CRP	2028					87,000	448,000	535,000			535,000													
PA0162	MICEC Parking Lot Planter Bed Renovation	CRP	2027					239,000		239,000			239,000													
PA0163	MICEC Generator for Emergency Use	CRP	2027					478,000		478,000			478,000													
PA0164	Systemwide Property Acquisition - Reserve	CFP	ONGOING			500,000	500,000	500,000	500,000	2,000,000			2,000,000													
PA0165	Bike Skills Area	CFP	Q4 2023	302,500						302,500			302,500													
PA0166	Luther Burbank Park Boiler Building Phase 2	CRP	2028					239,000	3,690,000	3,929,000			3,929,000													
51	**PARKS, RECREATION, & OPEN SPACE TOTAL**			**7,752,100**	**9,740,715**	9,368,160	5,232,568	9,497,683	3,797,111	45,388,337	108,000	107,000	34,877,587	-	-	-	20,000	-	656,750	85,000	7,389,000	252,000	-	933,000	-	960,000

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ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SP0100	Residential Street Resurfacing	CRP	ONGOING	900,000	920,000	940,000	960,000	980,000	1,000,000	5,700,000		4,320,000			630,000	90,000	660,000									
SP0101	Arterial Preservation Program	CRP	ONGOING	75,000	77,000	78,000	80,000	82,000	83,000	475,000		415,000			12,000	30,000	18,000									
SP0104	North Mercer Way (7500 to Roanoke)	CRP	Q4 2023	616,000		-	-	-	-	616,000		428,000			105,000	8,000	75,000									
SP0106	Gallagher Hill Road Overlay (SE 36th to SE 40th Streets)	CRP	2025		77,000	510,000				587,000		484,000			35,000	8,000	60,000									
SP0107	SE 40th Street Overlay (88th Ave SE to Gallagher Hill Rd)	CRP	2025		51,000	365,000				416,000		402,000			10,000	2,000	2,000									
SP0110	SE 27th Street Overlay (76th Ave SE to 80th Ave SE)	CRP	Q4 2024		668,000					668,000		580,000			25,000	13,000	50,000									
SP0111	80th Ave SE Sidewalk Improvements (SE 27th to SE 32nd Street)	CRP	Q3 2023	1,376,000						1,376,000								1,376,000								
SP0112	78th Ave SE Sidewalk Improvements (SE 32nd to SE 34th Street)	CRP	2025		77,000	702,000				779,000								779,000								
SP0114	West Mercer Way Roadside Shoulders - Ph 4 (8100 WMW - 8400 EMW)	CFP	Q3 2024		693,820					693,820		438,820			85,000	5,000	165,000									
SP0115	Gallagher Hill Road Sidewalk Improvements (SE 36th to SE 40th Streets)	CFP	2025		102,000	409,330				511,330		511,330														
SP0116	SE 40th Street Sidewalk Improvements (Gallagher Hill to 93rd Ave)	CRP	2025		82,000	916,000				998,000		913,000			33,000	6,000	46,000									
SP0118	ADA Transition Plan Implementation	CRP	ONGOING	200,000	204,000		213,000		444,000	1,061,000		657,000						404,000								
SP0122	Minor Capital - Traffic Safety and Operations Improvements	CRP	ONGOING	100,000		104,000		108,000		312,000		312,000														
SP0123	North Mercer Way - MI P&R Frontage Improvements	CRP	2028		1,203,000					1,203,000								1,203,000								
SP0125	PBF Plan Implementation	CFP	ONGOING	100,000		104,000		108,000		312,000		312,000														
SP0126	West Mercer Way Resurfacing (SE 56th to EMW)	CRP	2028			-	-	-	2,150,000	2,150,000		1,850,000			50,000	125,000	125,000									
SP0127	SE 36th Street Overlay (Gallagher Hill Rd to EMW)	CRP	2025			611,000				611,000		508,000			45,000	8,000	50,000									
SP0128	North Mercer Way Overlay (8400 Block to SE 35th Street)	CRP	2026				800,000			800,000		622,000			95,000	8,000	75,000									
SP0131	SE 32nd Street Sidewalk Improvements (77th to 78th Ave. SE)	CRP	2025		51,000	274,000				325,000								325,000								
SP0132	East Mercer Way Roadside Shoulders - Ph 11 (SE 79th St. to 8400 block)	CFP	2026				531,000			531,000		383,000			62,000		86,000									
SP0133	Pedestrian & Bicycle Facilities Plan Update	CFP	2025				186,000	190,000		376,000		376,000														
SP0134	East Mercer Way Overlay (SE 36th Street to SE 40th Street)	CRP	2027					425,000		425,000		365,000			30,000		30,000									
SP0135	Island Crest Way Corridor Improvements	CFP	Q4 2024	382,000	1,140,035					1,522,035								1,522,035								
SP0136	77th Ave SE Channelization Upgrades (SE 32nd to North Mercer Way)	CRP	2026			-	53,000	-	-	53,000		53,000														
SP0137	Traffic Signal Safety Improvements	CRP	Q4 2024	30,000	155,000					185,000		3,000									182,000					
25	**STREETS, PEDESTRIANS, & BICYCLE FACILITIES TOTAL**			**3,779,000**	**5,500,855**	5,013,330	2,823,000	1,893,000	3,677,000	22,686,185	-	13,933,150	-	-	1,217,000	303,000	1,442,000	5,609,035	-	-	182,000	-	-	-	-	-

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SU0100	Emergency Sewer System Repairs	CRP	ONGOING	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000						1,800,000										
SU0103	Easement, Access, Codes, and Standards Review	CRP	Q4 2024	150,000	150,000					300,000						300,000										
SU0108	Comprehensive Pipeline R&R Program	CRP	ONGOING	550,000	550,000	550,000	550,000	550,000	550,000	3,300,000						3,300,000										
SU0109	Sewer System Generator Replacement	CRP	ONGOING	200,000	200,000	-	-	-	50,000	450,000						450,000										
SU0113	SCADA System Replacement (Sewer)	CRP	Q4 2024	1,500,000	500,000					2,000,000						2,000,000										
SU0114	Sewer System Components	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000						300,000										
SU0115	Sewer Pipe Replacements & Upsizing	CRP	Q4 2024	600,000						600,000						600,000										
SU0116	Comprehensive Inflow/ Infiltration Evaluation	CRP	2028				100,000	100,000	100,000	300,000						300,000										
SU0117	Pump Station Rehabilitation & Replacement Assessment	CRP	2025	300,000	300,000					600,000						600,000										
SU0119	Pump Station Accessibility Improvements	CRP	ONGOING			150,000	150,000	200,000	200,000	700,000						700,000										
SU0120	Pump Station & HGMH Flow Monitoring	CRP	ONGOING			300,000	300,000	300,000	300,000	1,200,000						1,200,000										
SU0121	Pipe Flow Monitoring	CRP	ONGOING			280,000	280,000	280,000	280,000	1,120,000						1,120,000										
SU0122	Lake Line Locating and Marking	CRP	2027			950,000	1,025,000	925,000		2,900,000						2,900,000										
SU0123	Lake Line Condition Assessment	CRP	2028						1,000,000	1,000,000						1,000,000										
SU0124	Comprehensive Hydraulic Model Development	CRP	2028					1,000,000	1,000,000	2,000,000						2,000,000										
SU0125	General Sewer Plan Update	CRP	2028					75,000	75,000	150,000						150,000										
SU0126	Shorecliff Ln & SE 24th Pipe Upsize	CRP	2026			60,000	360,000			420,000						420,000										
SU0127	Backyard Sewer System Improvement Program	CRP	ONGOING	130,000	120,000	130,000	120,000	130,000	120,000	750,000						750,000										
SU0128	Pump Station Rehabilitation & Replacement Improvements	CRP	ONGOING	150,000	950,000	800,000	150,000	950,000	800,000	3,800,000						3,800,000										
19	**SEWER UTILITY TOTAL**			**3,930,000**	**3,120,000**	3,570,000	3,385,000	4,860,000	4,825,000	23,690,000	-	-	-	-	-	23,690,000	-	-	-	-	-	-	-	-	-	-

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ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SW0107	Sub basin 47.4 and Sub basin 10.4 Watercourse Stabalization	CRP	2026			58,289	307,150			365,439							365,439									
SW0109	Sub basin 24a.1 Watercourse Stabllization	CRP	Q4 2024	18,341	61,642					79,983							79,983									
SW0110	Sub basin 39a.2 Watercourse Stabllization	CRP	Q4 2024	17,272	43,640					60,912							60,912									
SW0111	Sub basin 46a.3 Watercourse Stabilization	CRP	Q4 2024	52,100	405,500					457,600							457,600									
SW0112	Sub basin 34.1 Watercourse Stabilization	CRP	2025		26,500	103,000				129,500							129,500									
SW0113	Sub basin 45b.4 Watercourse Stabilization	CRP	2025		30,719	93,047				123,766							123,766									
SW0114	Sub basin 29.3 Watercourse Stabilization	CRP	2025		49,266	129,665				178,931							178,931									
SW0115	Watercourse Stabilization - Sub-Basin 42.2, 42.3, 42.8, 42.8a	CRP	2026			97,006	378,523			475,529							475,529									
SW0116	Watercourse Stabilization - Sub-Basin 44b.3	CRP	2026			32,452	76,840			109,292							109,292									
SW0117	Watercourse Stabilization - Sub-Basin 32b.1 and 32.2	CRP	2026			53,600	170,250			223,850							223,850									
SW0118	Watercourse Minor Repairs and Maintenance	CRP	2025			111,300				111,300							111,300									
SW0127	Stormwater Trunkline Condition and Capacity Assessments	CRP	ONGOING	250,000	250,000	250,000	250,000	250,000	250,000	1,500,000							1,500,000									
SW0128	Basin 18C Drainage Improvement	CRP	Q4 2023	185,000						185,000							185,000									
SW0129	Basin 25B Neigborhood Drainage Improvements	CRP	Q4 2023	173,000						173,000							173,000									
SW0130	Basin 32B - SE 72nd St Drainage Capacity Improvement	CRP	Q4 2024		189,330					189,330							189,330									
SW0131	Basin 42- SE 58th St Drainage Improvement at cul-de-sac	CRP	2025			77,000				77,000							77,000									
SW0132	Sub-Basin 22.1 Watercourse Stabilization - Final Design and Construction	CRP	Q4 2023	148,698						148,698							148,698									
SW0133	Sub-Basin 25b.2 Watercourse Stabilization - Final Design and Construction	CRP	Q4 2023	155,100						155,100							155,100									
SW0134	Emergency Stormwater Conveyance Repairs	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000							300,000									
SW0135	Conveyance System Assessments (Basin Specific)	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000							300,000									
SW0136	Conveyance System improvements (2027-2028)	CRP	2028					1,000,000	1,000,000	2,000,000							2,000,000									
SW0137	Street Related Storm Drainage Improvements	CRP	Q4 2024	100,000	100,000	100,000	100,000	100,000	100,000	600,000							600,000									
22	**STORM WATER UTILITY TOTAL**			**1,199,511**	**1,256,597**	1,205,359	1,382,763	1,450,000	1,450,000	7,944,230	-	-	-	-	-	-	7,944,230	-	-	-	-	-	-	-	-	-

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
WU0100	Emergency Water System Repairs	CRP	ONGOING	150,000	150,000	150,000	150,000	150,000	150,000	900,000					900,000											
WU0102	SCADA System Replacement (Water)	CRP	Q4 2023	75,000						75,000					75,000											
WU0103	Water Reservoir Improvements	CRP	Q4 2024	2,805,000	2,750,000					5,555,000					5,555,000											
WU0112	Water System Components Replacement	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000					300,000											
WU0115	Water Modeling and Fire Flow Analysis	CRP	ONGOING	15,000	50,000	15,000	50,000	15,000	50,000	195,000					195,000											
WU0117	Meter Replacement Implementation	CRP	Q4 2024	3,850,000	3,005,000					6,855,000					6,855,000											
WU0120	First Hill Generator Replacement	CRP	Q4 2024	400,000	400,000					800,000					800,000											
WU0124	Reservoir Pump Replacement	CRP	Q4 2024	540,000	540,000					1,080,000					1,080,000											
WU0130	2023 Water System Improvements (First Hill, NMW, SE 37th Pl, SE 41st, & SE 42	CRP	Q4 2023	4,684,000						4,684,000					4,684,000											
WU0131	2024 Water System Improvements (8600 Block SE 47th & SE 59th)	CRP	Q4 2024	373,000	2,082,000					2,455,000					2,455,000											
WU0132	2026 Water System Improvements (west Island - SE 37th PL & 5300 block WMW)	CRP	2026			89,000	498,000			587,000					587,000											
WU0133	2027 Water System Improvements (south end in Avalon neighborhood)	CRP	2027				352,000	1,970,000		2,322,000					2,322,000											
WU0134	2028 Water Main Replacement (south Towncenter and north of P & R)	CRP	2028					443,000	2,475,000	2,918,000					2,918,000											
WU0135	2024 AC Main Replacement (Gallagher Hill Rd, Greenbrier and SE 40th)	CRP	Q4 2024	479,000	2,680,000					3,159,000					3,159,000											
WU0136	2025 AC Main Replacement (Upper Mercerwood)	CRP	2025		1,040,000	5,822,000				6,862,000					6,862,000											
WU0137	2026 AC Main Replacement (3800 Block East Mercer Way)	CRP	2026			451,000	2,529,000			2,980,000					2,980,000											
WU0138	2027 AC Main Replacement (Lower Mercerwood)	CRP	2027				576,000	3,227,000		3,803,000					3,803,000											
WU0139	2028 AC Main Replacement (SE 40th to SE 36th and 97th Ave to EMW)	CRP	2028					289,000	1,616,000	1,905,000					1,905,000											
WU0140	Pressure Reducing Valve Station Replacements	CRP	ONGOING	395,000	2,025,000	2,025,000	395,000	2,025,000	-	6,865,000					2,420,000							4,445,000				
WU0141	Street Related Water System Improvements	CRP	ONGOING	150,000	150,000	150,000	150,000	150,000	150,000	900,000					900,000											
WU0142	Emergency Well #2 Site Evaluation	CRP	Q4 2024		45,000					45,000					45,000											
21	**WATER UTILITY TOTAL**			**13,966,000**	**14,967,000**	8,752,000	4,750,000	8,319,000	4,491,000	55,245,000	-	-	-	-	50,800,000	-	-	-	-	-	-	-	4,445,000	-	-	-

166	**TOTAL**			**$ 36,487,996**	**$ 38,022,036**	$ 30,572,898	$ 20,948,361	$ 31,147,194	$ 22,499,007	$ 179,677,490	$ 253,106	$ 14,203,150	$ 50,597,147	$ 691,186	$ 52,359,256	$ 24,184,738	$ 9,633,505	$ 5,609,035	$ 656,750	$ 85,000	$ 7,571,000	$ 252,000	$ 4,445,000	$ 933,000	$ 6,983,117	$ 1,220,500

~~Parks, Recreation and Open Space~~	~~Project Costs~~								~~Source of Funds~~															
~~Project Description~~	~~2014~~	~~2015~~	~~2016~~	~~2017~~	~~2018~~	~~2019~~	~~2020~~	~~Total~~	~~REET~~	~~Street~~	~~Utility~~	~~General~~	~~Beautification~~	~~Fees~~	~~General~~	~~Grant~~	~~Levy~~	~~Debt~~	~~Other~~
~~Funded — No Changes~~																			

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23	Recurring Park Projects	Parks Repairs and Maintenance	0	120	120	130	130	130	130	760	760	0	0	0	0	0	0	0	0	0	0
24	Luther Burbank Park Minor Improvements	Parks Improvements	0	110	110	110	110	110	110	660	0	0	0	0	0	0	0	0	660	0	0
Funded — Modified																					
25	Open Space — Vegetation Management	Open Space	421	428	456	444	458	473	488	2,697	1,845	0	0	0	0	0	0	0	852	0	0
26	Aubrey Davis Park Improvements	Parks Repairs and Maintenance	0	0	0	291	165	100	40	596	446	0	0	0	0	0	0	0	0	0	150
27	Homestead Field — Minor Improvements	Parks Repairs and Maintenance	0	0	0	114	0	0	0	114	114	0	0	0	0	0	0	0	0	0	0
28	MICEC Master Plan	Parks Repairs and Maintenance	0	25	0	79	0	0	0	104	79	0	0	0	25	0	0	0	0	0	0
29	Swim Beach Repairs and Renovations	Parks Repairs and Maintenance	0	935	55	16	110	0	110	1,226	1,226	0	0	0	0	0	0	0	0	0	0
Funded — New Project																					
30	Mercerdale Park Improvements	Parks Improvements	0	0	0	0	134	104	0	238	238	0	0	0	0	0	0	0	0	0	0
Unfunded or Partially Funded Modified																					
31	Small Parks, Street Ends and Other Improvements	Parks Improvements	0	0	0	40	150	325	189	704	229	0	0	0	300	0	100	75	0	0	0
32	Island Crest Park Improvements	Parks Repairs and Maintenance	0	0	0	400	64	0	0	1,264	214	0	0	0	0	0	550	500	0	0	0
33	South Mercer Playfields Park Improvements	Parks Repairs and Maintenance	0	100	0	112	570	0	0	782	139	0	0	0	0	0	0	73	0	0	570
34	Luther Burbank	Parks Improvements	0	35	85	424	52	152	38	786	434	0	0	0	0	0	0	200	0	0	152

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	Major Improvements																				
35	Island Crest Park Ballfield Lights Replacement	Parks Repairs and Maintenance	0	500	0	0	0	0	0	500	455	0	0	0	0	0	0	45	0	0	0
Total Parks, Recreation and Open Space costs			421	2,253	826	2,160	1,943	1,394	1,105	10,431											

Streets, Pedestrian and Bicycle Facilities			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	RE ET	Str ee	Uti ii	Ge e	Be a	Fe s	Ce at	Gr s	Le i	De t	Ot
Funded — No Changes																					
36	Arterial Preservation Program	Annual Street Maintenance Program	80	70	90	70	70	70	70	440	0	440	0	0	0	0	0	0	0	0	0
37	Pavement Marking Replacement	Annual Street Maintenance Program	47	66	70	72	75	78	81	442	0	442	0	0	0	0	0	0	0	0	0
38	Island Crest Way Resurfacing Phase 2	Arterial Street Improvements	0	0	1,355	0	0	0	0	1,355	0	1,355	0	0	0	0	0	0	0	0	0
39	SE 40th Street (76th Ave. to ICW)	Arterial Street Improvements	0	692	0	0	0	0	0	692	0	692	0	0	0	0	0	0	0	0	0
Funded — Modified																					
40	Residential Street Overlays	Annual Street Maintenance Program	496	738	477	806	516	872	558	3,967	0	3,967	0	0	0	0	0	0	0	0	0
41	Town Center Streets — South	Town Center Street Reconstruction	0	170	0	223	0	0	0	393	0	393	0	0	0	0	0	0	0	0	0
42	Arterial Street Improvements (2017—2020)	Arterial Street Improvements	0	0	0	538	539	1,378	520	2,975	0	2,975	0	0	0	0	0	0	0	0	0
43	Town Center Streets — North	Town Center Street Reconstruction	0	0	0	468	0	0	0	468	0	468	0	0	0	0	0	0	0	0	0

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Funded – New Project																					
44	Island Crest Way Crosswalk Enhancement – SE 32nd	Pedestrian and Bicycle Facilities	0	25	0	0	0	0	0	25	0	25	0	0	0	0	0	0	0	0	0
Unfunded or Partially Funded Modified																					
45	SE 40th St Corridor (East of ICW)	Arterial Street Improvements	50	0	0	0	759	0	0	759	0	759	0	0	0	0	0	0	0	0	0
Total Streets, Pedestrian and Bicycle Facilities costs			673	1,761	1,992	2,177	1,959	2,398	1,229	11,516											

General Government			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Storm	Utility	General	Bond	Fees	Contr	Grant	Levy	Debt	Other
Funded – No Changes																					
46	Computer Equipment Replacements	Technology	207	112	105	142	131	122	122	734	0	0	0	0	0	734	0	0	0	0	0
47	High Accuracy Orthophotos	Technology	0	30	0	0	30	0	0	60	0	0	0	60	0	0	0	0	0	0	0
48	Firefighting Equipment	Small Technology/ Equipment	29	36	35	32	40	30	36	209	0	0	0	209	0	0	0	0	0	0	0
49	Website Redesign	Technology	0	0	0	0	39	0	0	39	0	0	0	39	0	0	0	0	0	0	0
50	Financial System Upgrades	Technology	67	0	0	0	0	93	0	93	0	0	19	74	0	0	0	0	0	0	0
51	Server Software Updates	Technology	120	0	0	0	0	120	120	240	0	0	0	240	0	0	0	0	0	0	0
52	Mobile Asset Data Collection	Technology	0	0	84	0	0	84	0	168	0	168	0	0	0	0	0	0	0	0	0
53	City Information via Web Based GIS	Technology	0	0	0	55	0	0	55	110	0	0	0	110	0	0	0	0	0	0	0
54	Fuel Clean Up	Other Equipment	79	80	80	82	82	0	0	324	0	0	0	0	0	0	0	0	0	0	324
55	Self Contained Breathing	Other Equipment	0	0	0	0	306	0	0	306	0	0	0	306	0	0	0	0	0	0	0

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	Apparatus Replacement																				
56	Police In-Car Video System Replacement	Technology	0	0	0	0	0	63	0	63	0	0	0	0	0	0	0	0	0	0	63
Funded — Modified																					
57	City Hall Building Repairs	Public Buildings	97	186	143	350	206	128	131	1,144	1,144	0	0	0	0	0	0	0	0	0	0
58	Maintenance Building Repairs	Public Buildings	35	50	64	94	108	204	72	592	147	0	445	0	0	0	0	0	0	0	0
59	Thrift Shop Repairs	Public Buildings	55	63	46	49	32	37	35	262	0	0	0	0	0	0	262	0	0	0	0
60	North Fire Station Repairs	Public Buildings	58	56	46	60	77	112	142	493	493	0	0	0	0	0	0	0	0	0	0
61	South Fire Station Repairs	Public Buildings	0	0	0	30	30	42	42	144	144	0	0	0	0	0	0	0	0	0	0
62	Luther Burbank Admin Building Repairs	Public Buildings	103	95	79	145	31	199	78	627	627	0	0	0	0	0	0	0	0	0	0
63	MI Community and Event Center Building Repairs	Public Buildings	110	175	192	191	218	180	346	1,302	1,257	0	0	0	45	0	0	0	0	0	0
64	Fire Apparatus Replacements	Other Equipment	0	338	0	0	745	0	0	1,083	0	0	0	0	0	0	0	0	0	1,083	0
65	Maintenance Management System	Technology	0	0	0	199	0	0	0	199	0	0	150	49	0	0	0	0	0	0	0
66	Fleet Replacements	Other Equipment	414	684	539	1,136	661	262	973	4,255	0	0	0	0	0	4,255	0	0	0	0	0
Funded — New Project																					
67	Disaster Recovery	Technology	0	85	38	0	0	0	0	123	0	0	0	123	0	0	0	0	0	0	0
68	Public Infrastructure Data Projects	Small Technology/ Equipment	0	67	68	0	0	0	0	135	0	0	0	135	0	0	0	0	0	0	0
69	Recreation and Facility Booking System	Technology	0	0	186	0	0	0	0	186	0	0	0	186	0	0	0	0	0	0	0

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70	Telemetry Communications Replacement	Technology	0	47	0	0	0	0	0	47	0	0	47	0	0	0	0	0	0	0	0
71	Dedicated EOC Space	Public Buildings	0	138	0	0	0	0	0	138	138	0	0	0	0	0	0	0	0	0	0
Unfunded or Partially Funded Modified																					
72	MICEC Technology & Equipment Replacement	Small Technology/ Equipment	0	175	58	93	50	43	51	470	0	0	0	470	0	0	0	0	0	0	0
Total General Government costs			1,374	2,417	1,763	2,658	2,786	1,719	2,203	13,546											

Sewer Utility			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	RE T	St a	Uti li	Ge a	Be au	Fe e	Ge at	Gr a	Le a	De bt	Ot h
Funded — No Changes																					
73	General Sewer System Improvements	Sewer System Improvements	0	300	350	400	400	400	400	2,250	0	0	2,250	0	0	0	0	0	0	0	0
74	Sewer System Emergency Repairs	Sewer System Rehabilitation	50	50	50	50	50	50	50	300	0	0	300	0	0	0	0	0	0	0	0
75	Sewer System Generator Replacement	Sewer System Rehabilitation	0	0	160	0	170	0	0	330	0	0	330	0	0	0	0	0	0	0	0
76	Sewer System Pump Station Improvements	Sewer System Rehabilitation	60	65	65	65	65	65	65	390	0	0	390	0	0	0	0	0	0	0	0
77	Street Related Sewer CIP Projects	Sewer System Improvements	50	30	30	30	30	30	30	180	0	0	180	0	0	0	0	0	0	0	0
Funded — Modified																					
78	East Mercer Way Sewer Replacement	Sewer System Improvements	0	0	0	500	0	0	0	500	0	0	500	0	0	0	0	0	0	0	0
79	General Sewer Plan — 20-year Capital Plan Update	Sewer System Improvements	50	75	0	0	0	0	0	75	0	0	75	0	0	0	0	0	0	0	0

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Funded — New Project																					
80	Backyard Sewer System Improvements	Sewer System Improvements	0	25	175	25	175	25	175	600	0	0	600	0	0	0	0	0	0	0	0
81	Sewer System Special Catch Basins	Sewer System Rehabilitation	0	150	150	0	0	0	0	300	0	0	300	0	0	0	0	0	0	0	0
82	Sewer Main Repair in Sub-Basin 27 Watercourse	Sewer System Rehabilitation	0	315	0	0	0	0	0	315	0	0	315	0	0	0	0	0	0	0	0
83	Reach 4 Lake Line Replacement — Feasibility & Assess	Other Sewer System Projects	0	0	0	0	0	0	150	150	0	0	150	0	0	0	0	0	0	0	0
Total Sewer Utility costs			210	1,010	980	1,070	890	570	870	5,390											

Storm Drainage Utility			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Storm Utility	Utility	Gen Fund	Bond	Fees	Contr	Grant	Levy	Debt	Other
Funded — No Changes																					
84	Neighborhood Spot Drainage Improvements	Neighborhood Drainage Improvements	80	85	85	90	90	95	95	540	0	0	540	0	0	0	0	0	0	0	0
85	Watercourse Condition Assessments	Watercourse Projects	25	15	25	15	25	15	25	120	0	0	120	0	0	0	0	0	0	0	0
Funded — Modified																					
86	Drainage System Replacements (2017—2020)	Other Storm Drainage System Projects	0	0	0	125	125	125	125	500	0	0	500	0	0	0	0	0	0	0	0
87	Watercourse Minor Repairs/ Maintenance	Watercourse Projects	15	20	20	20	20	20	20	120	0	0	120	0	0	0	0	0	0	0	0
88	Watercourse Stabilization	Watercourse Projects	0	0	0	289	427	416	329	1,461	0	0	1,461	0	0	0	0	0	0	0	0

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	~~Projects (2017—2020)~~																				
~~89~~	~~Sub-Basins 51a.1/ 52.1 Watercourse Stabilization Project~~	~~Watercourse Projects~~	~~0~~	~~0~~	~~183~~	~~0~~	~~0~~	~~0~~	~~0~~	~~183~~	~~0~~	~~0~~	~~183~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~90~~	~~Sub-Basin 49b Watercourse Stabilization Project~~	~~Watercourse Projects~~	~~0~~	~~0~~	~~256~~	~~0~~	~~0~~	~~0~~	~~0~~	~~256~~	~~0~~	~~0~~	~~256~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~91~~	~~Sub-Basin 27a Ph. 1— Watercourse Stabilization~~	~~Watercourse Projects~~	~~0~~	~~341~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~341~~	~~0~~	~~0~~	~~341~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~92~~	~~Drainage System Video Inspection Program~~	~~Other Storm Drainage System Projects~~	~~30~~	~~60~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~60~~	~~0~~	~~0~~	~~60~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~93~~	~~Drainage System Emergency Repairs~~	~~Other Storm Drainage System Projects~~	~~15~~	~~20~~	~~20~~	~~20~~	~~20~~	~~20~~	~~20~~	~~120~~	~~0~~	~~0~~	~~120~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~Funded — New Project~~																					
~~94~~	~~Sub-Basin 18c Drainage System Extension~~	~~Watercourse Projects~~	~~0~~	~~175~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~175~~	~~0~~	~~0~~	~~175~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~95~~	~~Sub-Basin 6 Drainage System Extension~~	~~Other Storm Drainage System Projects~~	~~0~~	~~100~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~100~~	~~0~~	~~0~~	~~100~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~96~~	~~Sub-Basin 14 Drainage System Extension~~	~~Other Storm Drainage System Projects~~	~~0~~	~~115~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~115~~	~~0~~	~~0~~	~~115~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~97~~	~~Sub-Basin 27a Culvert Replacement-4900 ICW~~	~~Other Storm Drainage System Projects~~	~~0~~	~~0~~	~~150~~	~~0~~	~~0~~	~~0~~	~~0~~	~~150~~	~~0~~	~~0~~	~~150~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~Total Storm Drainage Utility costs~~			~~165~~	~~931~~	~~739~~	~~559~~	~~707~~	~~691~~	~~614~~	~~4,241~~											

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Water Utility			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funded — No Changes																					
98	Water Model Updates/ Fire Flow Analysis	Other Water System Projects	25	0	25	0	25	0	25	75	0	0	75	0	0	0	0	0	0	0	0
99	Water System Plan Update	Other Water System Projects	60	0	0	0	0	0	60	60	0	0	60	0	0	0	0	0	0	0	0
100	ICW & 85th Ave. Water System Improvements	Water System Improvements	0	1,747	0	0	0	0	0	1,747	0	0	1,747	0	0	0	0	0	0	0	0
101	SE 29th Street Water System Improvements	Sub-standard Water Main Replacement	0	0	0	0	54	314	0	368	0	0	368	0	0	0	0	0	0	0	0
102	93rd, 89th, & 90th Ave SE Water System Improvement	Sub-standard Water Main Replacement	166	971	0	0	0	0	0	971	0	0	971	0	0	0	0	0	0	0	0
103	Street Related Water CIP Projects	Water System Improvements	200	150	200	200	200	200	200	1,150	0	0	1,150	0	0	0	0	0	0	0	0
104	Water System Components Replacement	Water System Improvements	30	35	35	35	35	35	35	210	0	0	210	0	0	0	0	0	0	0	0
105	3838 WMW Water System Improvements	Sub-standard Water Main Replacement	0	0	65	377	0	0	0	442	0	0	442	0	0	0	0	0	0	0	0
Funded — Modified																					
106	Hydrant Replacements	Water System Improvements	0	0	300	0	300	0	300	900	0	0	900	0	0	0	0	0	0	0	0
107	Meter Replacement Program	Other Water System Projects	45	100	100	100	100	100	100	600	0	0	600	0	0	0	0	0	0	0	0
108	EMW 5400 to 6000 Block	Water System Improvements	0	0	219	1,276	0	0	0	1,495	0	0	1,495	0	0	0	0	0	0	0	0

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	Watermain & PRV Stations																				
109	Madrona Crest West Addition Water Sys Improvements	Sub-standard Water Main Replacement	0	280	1,622	0	0	0	0	1,902	0	0	1,902	0	0	0	0	0	0	0	0
Funded — New Project																					
110	82nd Ave & Forest Ave Water System Improvements	Water System Improvements	0	0	0	120	695	0	0	815	0	0	815	0	0	0	0	0	0	0	0
111	SE 22nd St — SE 22nd Pl Water System Improvement	Sub-standard Water Main Replacement	0	0	0	0	142	823	0	965	0	0	965	0	0	0	0	0	0	0	0
112	9700 Block SE 41st St Water System Improvements	Sub-standard Water Main Replacement	0	80	461	0	0	0	0	541	0	0	541	0	0	0	0	0	0	0	0
113	76th Ave SE Water System Improvements	Sub-standard Water Main Replacement	0	0	0	0	68	394	0	462	0	0	462	0	0	0	0	0	0	0	0
114	Madrona Crest East Addition Water Sys Improvements	Sub-standard Water Main Replacement	0	0	0	0	0	285	2,092	2,377	0	0	2,377	0	0	0	0	0	0	0	0
115	Reservoir Generator Replacement	Other Water System Projects	0	0	100	0	0	0	0	100	0	0	100	0	0	0	0	0	0	0	0
116	Water Advisory Action Plan Follow-up	Other Water System Projects	0	550	578	0	0	0	0	1,128	0	0	1,128	0	0	0	0	0	0	0	0
Total Water Utility costs			526	3,913	3,705	2,108	1,619	2,151	2,812	16,308											
Total Capital Reinvestment Plan			3,369	12,285	10,005	10,732	9,904	8,923	8,833	61,432											

Parks, Recreation and Open Space	Project Costs	Source of Funds

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Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Street	Utility	General	Bond	Fed	Comm	Grant	Levy	Debt	Other
Funded — No Changes																					
117	Recreational Trail Connections	Open Space	0	89	90	91	93	95	0	458	0	0	0	0	0	0	0	0	458	0	0
Funded — New Project																					
118	Luther Burbank Playground Mosaic	Parks Improvements	0	26	0	0	0	0	0	26	0	0	0	0	0	0	0	0	0	0	26
119	Wall Mural at I-90/ West Mercer Way on ramp	Parks Improvements	0	25	0	0	0	0	0	25	0	0	0	0	0	0	0	0	0	0	25
Total Parks, Recreation and Open Space costs			0	140	90	91	93	95	0	509											

Streets, Pedestrian and Bicycle Facilities			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Street	Utility	General	Bond	Fed	Comm	Grant	Levy	Debt	Other
Funded — No Changes																					
120	Pedestrian and Bicycle Facilities Plan Implementation	Pedestrian and Bicycle Facilities	45	0	0	45	45	45	45	180	0	180	0	0	0	0	0	0	0	0	0
121	Safe Routes to New Elementary School	Pedestrian and Bicycle Facilities	0	454	0	0	0	0	0	454	0	454	0	0	0	0	0	0	0	0	0
Funded — Modified																					
122	East Mercer Way Roadside Shoulders, Phases 9-11	Pedestrian and Bicycle Facilities	0	0	358	0	303	0	406	1,067	0	1,067	0	0	0	0	0	0	0	0	0
Funded — New Project																					
123	Safe Routes — Madrona Crest (86th Ave) Sidewalk	Pedestrian and Bicycle Facilities	0	170	0	0	340	0	0	510	0	510	0	0	0	0	0	0	0	0	0

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124	West Mercer Way Roadside Shoulders (7400 – 8000 blk)	Pedestrian and Bicycle Facilities	0	0	417	0	0	0	0	417	0	417	0	0	0	0	0	0	0	0	0
125	84th Ave Path (SE 39th to Upper Luther Burbank Park)	Pedestrian and Bicycle Facilities	0	70	0	0	0	0	0	70	0	70	0	0	0	0	0	0	0	0	0
Total Streets, Pedestrian and Bicycle Facilities costs			45	694	775	45	688	45	451	2,698											

General Government			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Stre	Util	Gen	Bon	Fed	Con	Grn	Lev	Deb	Oth
Funded — No Changes																					
126	Small Technology/ Equipment Items	Small Technology/ Equipment	25	25	25	50	50	50	50	250	0	0	0	250	0	0	0	0	0	0	0
Funded — Modified																					
127	Car Port (Patrol Vehicles)	Public Buildings	0	76	0	0	0	0	0	76	38	0	0	0	0	0	0	0	0	0	38
128	Sustainability Project Investment	Public Buildings	0	25	0	0	0	0	0	25	0	0	0	25	0	0	0	0	0	0	0
Funded — Modified																					
129	Light Rail Station Planning	Planning and Design	0	0	0	50	0	0	0	50	0	0	0	0	50	0	0	0	0	0	0
Total General Government costs			25	126	25	100	50	50	50	401											

Storm Drainage Utility			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	REET	Stre	Util	Gen	Bon	Fed	Con	Grn	Lev	Deb	Oth
Funded — Modified																					
130	Basins 10 & 32b Dissolved	Other Storm Drainage	40	40	40	20	20	0	0	120	0	0	120	0	0	0	0	0	0	0	0

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	Metals Source Identification	System Projects																			
131	Water Quality Treatment Improvements	Other Storm Drainage System Projects	75	0	0	75	0	75	0	150	0	0	150	0	0	0	0	0	0	0	0
132	Street Related Drainage Improvements	Other Storm Drainage System Projects	75	95	95	100	100	105	105	600	0	0	600	0	0	0	0	0	0	0	0
Funded — New Project																					
133	Drainage System Extensions (2017—2020)	Other Storm Drainage System Projects	0	0	0	125	125	125	125	500	0	0	500	0	0	0	0	0	0	0	0
Total Storm Drainage Utility costs			190	135	135	320	245	305	230	1,370											

Water Utility			Project Costs								Source of Funds										
Project Description			2014	2015	2016	2017	2018	2019	2020	Total	RE ET	Se #	Ui Ui as	Ge ae al	Be an ##	e es	Co an ##	Gr an #s	Le	De	O
Funded — Modified																					
134	New Pressure Reducing Valve (PRV) Stations	Other Water System Projects	0	0	0	0	0	50	400	450	0	0	450	0	0	0	0	0	0	0	0
Total Water Utility costs			0	0	0	0	0	50	400	450											
Total Capital Facilities Plan			260	1,095	1,025	556	1,076	545	1,131	5,428	260	1,095	1,025	556	1,076	545	1,131	5,428			
Grand Total			**3,629**	**13,380**	**11,030**	**11,288**	**10,980**	**9,468**	**9,964**	**66,110**	**3,629**	**13,380**	**11,030**	**11,288**	**10,980**	**9,468**	**9,964**	**66,110**			

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V. CAPITAL FACILITIES GOALS AND POLICIES

Together with the City's Management and Budget Policies contained in the City's budget (and Capital Improvement Program), the following goal and policies guide the acquisition, maintenance, and investment in the City's capital assets.

GOAL 1:

Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service.

1.1 The Capital Improvement ~~Plan~~ Program (CIP) shall identify and plan for projects needed to maintain adopted levels of service for services provided by the City.

1.2 The City shall schedule capital improvements in accordance with the adopted six-year ~~Capital Improvement Program~~CIP. From time to time, emergencies or special opportunities may be considered that may require a re-scheduling of projects in the CIP.

1.3 The CIP shall be developed in accordance with requirements of the Growth Management Act and consistent with the Capital Facilities Element of the City's Comprehensive Plan.

1.4 The City should provide affordable and equitable access to public services to all communities, especially the historically underserved.

1.4~~5~~ If projected expenditures for needed capital facilities exceed projected revenues, the City shall re-evaluate the established service level standards and the Land Use Element of the Comprehensive Plan, seeking to identify adjustments in future growth patterns and/or capital investment requirements.

1.5~~6~~ Within the context of a biennial budget, the City shall update the six-year ~~Capital Improvement Plan (~~CIP~~)~~ every two years. The CIP, as amended biennially, is adopted by reference as Appendix B of this Comprehensive Plan.

1.6~~7~~ The City's two-year capital budget shall be based on the six-year CIP.

1.7~~8~~ The Capital Facilities Element shall be periodically updated to identify existing and projected level of service deficiencies and their public financing requirements, based on projected population growth. Capital expenditures for maintenance, upgrades and replacement of existing facilities should be identified in the biennial budget and six-year ~~Capital Improvement Program~~CIP.

1.8~~9~~ The City shall coordinate development of the capital improvement budget with the general fund budget. Future operation costs associated with new capital improvements should be included in operating budget forecasts.

1.9~~10~~ The City shall seek to maintain its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs.

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1.~~10~~11 Highest priority for funding capital projects should be for improvements that protect the public health and safety.

1.~~11~~12 The City will adopt a Hazard Mitigation Plan. This Plan will be updated periodically and shall guide City efforts to maintain reliability of key infrastructure and address vulnerabilities and potential impacts associated with natural hazards.

1.~~12~~13 Maintenance of and reinvestment in existing facilities should be financed on a "pay as you go" basis using ongoing revenues.

1.~~13~~14 Acquisition or construction of new capital assets should be financed with new revenues (such as voter approved taxes or external grants).

1.~~14~~15 Water, sanitary sewer, and storm water capital investments less than $2,000,000 in value should be financed through utility user fees.

1.~~15~~16 ~~The City shall c~~Coordinate with other entities that provide public services within the City to encourage the consistent provision of adequate public services.

1.~~16~~17 Develop and adopt new impact fees, or refine existing impact fees, in accordance with the Growth Management Act, as part of the financing for public facilities. Public facilities for which impact fees may be collected shall include public streets and roads; publicly owned parks, open space and recreation facilities; school facilities; and City fire protection facilities.

1.~~17~~18 In accordance with the Growth Management Act, impact fees shall only be imposed for system improvements which are reasonably related to the new development; shall not exceed a proportionate share of the costs of system improvements reasonably related to the new development; and shall be used for system improvements that will reasonably benefit the new development.

1.~~18~~19 The City adopts by reference the "standard of service" for primary and secondary education levels of service set forth in the Mercer Island School District's capital facilities plan, as adopted and periodically amended by the Mercer Island School District Board of Directors.

1.~~19~~20 The School District's capital facilities plan, as amended yearly, is adopted by reference as Appendix C of this Comprehensive Plan for the purpose of providing a policy basis for collection of school impact fees.

1.~~20~~21 City operations should be optimized to minimize carbon footprint impacts, especially with respect to energy consumption, ~~and~~ waste reduction, and procurement. New Capital Facilities should incorporate and encourage the sustainable stewardship of the natural environment, consider the benefit of creating cutting-edge, demonstration projects, and favor options that have the lowest feasible carbon footprint and greatest carbon sequestration potential. The City's commitment to adopted ~~adoption of~~ GHG emission reduction targets as part of its membership in the K4C ~~recommended by K4C~~ should be considered ~~as part of any CIP project~~.

1.~~21~~22 City procurement should include consideration of total lifecycle costs, recycled content, and other common measures of product sustainability.

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1.~~22~~23 ~~Current City facilities are o~~Operate~~d~~ City facilities in an energy-efficient manner, and opportunities for improvement are implemented when feasible. New City facilities should explore meeting public and private-sector sustainable building certification standards, such as the 'BuiltGreen' system and the Leadership in Energy and Environmental Design (LEED) system, both of which are required by City Code for all multi-family and commercial construction in Town Center..

1.~~23~~24 Parks and Open Space Capital Facilities — Identify measures to reduce carbon footprint and GHG emissions when planning projects, favoring options with the lowest feasible carbon footprint and greatest carbon sequestration potential. Implement sustainability measures identified within the ~~City's Parks and Recreation Management~~Parks, Recreation and Open Space (PROS) Plan, including special attention to direct sustainability measures, such as tree retention, preservation and restoration of habitat areas, establishment of climate-resilient landscapes,~~preference for native vegetation and habitat creation~~, minimized use of chemicals, and reductions in energy and fuel use.

1.~~24~~25 Implement proposed projects in the City's Pedestrian and Bicycle Facilities Plan (PBF), with emphasis placed on quick and affordable early fixes that demonstrate the City's progress in providing safe alternative transportation modes to the public.

VI. CAPITAL FACILITIES FINANCIAL FORECAST

In analyzing the City's existing and projected expenditure and revenues for its capital facilities in light of the City's established levels of service standards (LOS) and capital financing policies (city budget), a sustainable 20-year forecast emerges. Figure 2 and Table 3 below shows the 20-year impacts of capital investments for the City's infrastructure.

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Figure 2 Capital Facilities Forecast

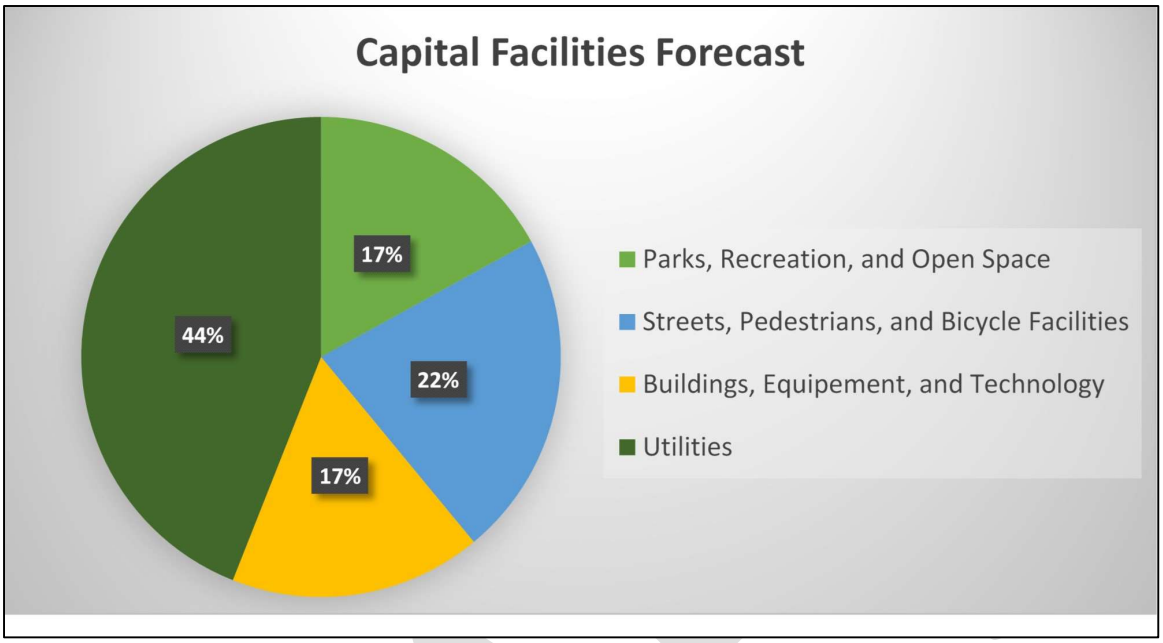

Table 3 Capital Facilities Forecast

		Streets and Trails (PBF)	Parks & Open Space	Public Buildings	Water	Sewer	Storm Drainage
CAPITAL COSTS	20-year est. capital expenditures	60,300,600	43,613,471	19,039,743	121,593,481	26,280,635	28,072,472
REVENUE SOURCES	REET 1		28,564,570	14,644,728			
	REET 2	43,209,298					
	Grants	1,000,000	3,292,500	3,292,500			150,000
	Fuel Taxes	7,081,833					
	Water Rates				247,137,290		
	Sewer Rates					216,381,050	
	Storm Rates						50,135,809
	Levy		458,000				
	Debt			1,560,000			
	TBD	7,000,000					
	Other	2,009,469	14,410,753	2,835,015			

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VII. PROCESS FOR SITING PUBLIC FACILITIES

BACKGROUND STATE & COUNTY

The Growth Management Act requires that jurisdictions planning under its authority develop and adopt a process for identifying and siting essential public facilities, including those facilities typically difficult to site.

The State Office of Financial Management maintains a list of those essential state facilities that are required or likely to be built within the next six years. The list includes: airports; state education facilities; state or regional transportation facilities; state and local correctional facilities; solid waste handling facilities; in-patient facilities including substance abuse facilities, mental health facilities and group homes; waste-water treatment facilities; utility and energy facilities; and parks and recreation facilities.

King County policies also identify the parameters for the siting of new public capital facilities of a county- or state-wide nature. The facilities shall be sited so as to support countywide land use patterns, support economic activities, mitigate environmental impacts, provide amenities or incentives, and minimize public costs. Public facilities development projects are also to be prioritized, coordinated, planned and sited through an inter jurisdictional process.

Interstate 90 represents the community's largest essential public facility of a regional or statewide nature. Given the lack of available land, the residential nature of Mercer Island and the comparatively high land and development costs, future siting of major regional or state facilities on Mercer Island is most likely unrealistic and incompatible with existing land uses.

MERCER ISLAND FACILITIES

At the local level, the City of Mercer Island identifies facilities as essential to the community: public safety facilities (fire and police), general administration and maintenance (City Hall), Public Works operations (public works facility), public library, public schools and facilities housing human services and recreation/community service programs. These facilities are not generally classified as "essential public facilities" as they do not have the same level of regional importance and difficulty in siting. Though not "essential" under GMA, these public facilities provide public services that are important to the quality of life on Mercer Island and should be available when and where needed.

The City of Mercer Island employs many methods in the planning for and siting of public facilities: land use codes, environmental impact studies, and compliance with state and federal regulatory requirements. In addition, the Transportation, Utilities and Capital Facilities Elements of the Comprehensive Plan identify existing and future local public facilities and require substantial public involvement in the siting of those facilities.

However, because the vast majority of Mercer Island's available land has been developed for residential uses (over 95 percent), siting most public facilities that are generally regarded as not compatible with residential land uses becomes problematic.

In the past, siting local public or human services facilities has produced a wide range of responses within the community. Community acceptance is a significant issue and nearly always has a strong influence on final site selection. Developing a basic framework for community involvement early in the facilities

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development process clearly enhances the whole siting process. The City should establish a public participation plan that involves the community during the siting and development processes and, if necessary, after operations begin at the facility.

In large part, the most effective facilities siting approaches include early community notification and ongoing community involvement concerning both the facilities and the services provided at the site. Use of these strategies creates opportunities to build cooperative relationships between the City, the adjacent neighbors and the broader community who use the services. They also help to clearly define the rights and responsibilities of all concerned.

POLICIES FOR SITING PUBLIC FACILITIES AND ESSENTIAL PUBLIC FACILITIES

The purpose of the Essential Public Facilities Siting Process is to ensure that public services are available and accessible to Mercer Island and that the facilities are sited and constructed to provide those services in a timely manner. Site selection is an important component in facilities development and should occur within a process that includes adequate public review and comment and promotes trust between City and the community.

2.1 Essential public facilities should be sited consistent with the King County Countywide Planning Policies.

2.2 Siting proposed new or expansions to existing essential public facilities shall consist of the following:

(a) An inventory of similar existing essential public facilities, including their locations and capacities;

(b) A forecast and demonstration of the future need for the essential public facility;

(c) An analysis of the potential social and economic impacts and benefits to jurisdictions receiving or surrounding the facilities;

(d) An analysis of the proposal's consistency with County and City policies;

(e) An analysis of alternatives to the facility, including decentralization, conservation, demand management and other strategies;

(f) An analysis of alternative sites based on siting criteria developed through an inter-jurisdictional process;

(g) An analysis of environmental impacts and mitigation; and

(h) Extensive public involvement consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

2.3 Local public facility siting decisions shall be consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

2.4 Local public facility siting decisions shall be based on clear criteria that address (at least) issues of service delivery and neighborhood impacts.

2.5 City departments shall describe efforts to comply with the Essential Public Facilities Siting process when outlining future capital needs in the Capital Improvements Program budget.

2.6 City departments shall develop a community notification and involvement plan for any proposed capital improvement project that involves new development or major reconstruction of an existing facility and which has been approved and funded in the biennial Capital Improvement Program budget.

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I. Introduction, Existing Conditions, and Land Use Connection

This element of the Comprehensive Plan articulates how the City of Mercer Island will support and grow its economy through the year 2044. This element establishes policy direction for the City to build on its strengths, maximize opportunities, and build resilience in the local economy to overcome challenges. By many measures Mercer Island is poised to significantly grow its economy during the planning period. The resident work force tends to be employed in high-wage jobs and is highly educated. Because residents tend to be employed in high-earning jobs, there is a strong local customer base to support on-island businesses. The arrival of light rail service will increase access to Mercer Island for off-island visitors and workers. Mercer Island's position between Bellevue and Seattle makes it a prime location for businesses looking to draw workers and customers from larger surrounding cities. The Mercer Island economy is in a strong position to support new growth.

Mercer Island residents are employed in many high-earning industries. Over one quarter (26 percent) of the population is employed in the professional, scientific, and management, and administrative and waste management services industry, making it the largest employment sector. In 2021, the median annual earnings for this sector were $134,265. The next three largest employment sectors are educational services, and health care and social assistance (16 percent), retail trade (13 percent), and finance and insurance, and real estate and rental and leasing (12 percent). In 2021, the median earnings for these three sectors ranges from between $71,467 and $105,913 annually. Table 1 shows the full-time, year-round employed population 16 years old and over by industry.

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Table 1. Mercer Island Employment by Industry Sector, 2021.

Industry Sector	Count	Share	Median Earnings*
Full-time, year-round civilian employed population 16 years and over	8,620	100.00%	102,348
Agriculture, forestry, fishing and hunting, and mining:	0	0.00%	-
Construction	177	2.05%	76,103
Manufacturing	665	7.71%	149,219
Wholesale trade	229	2.66%	93,438
Retail trade	1,138	13.20%	88,000
Transportation and warehousing, and utilities:	212	2.46%	100,670
Transportation and warehousing	183	2.12%	91,042
Utilities	29	0.34%	152,031
Information	665	7.71%	195,729
Finance and insurance, and real estate and rental and leasing:	1,110	12.88%	105,913
Finance and insurance	675	7.83%	109,286
Real estate and rental and leasing	435	5.05%	76,563
Professional, scientific, and management, and administrative and waste management services:	2,284	26.50%	134,265
Professional, scientific, and technical services	1,998	23.18%	147,576
Management of companies and enterprises	12	0.14%	-
Administrative and support and waste management services	274	3.18%	78,241
Educational services, and health care and social assistance:	1,421	16.48%	71,467
Educational services	584	6.77%	55,724
Health care and social assistance	837	9.71%	89,688
Arts, entertainment, and recreation, and accommodation and food services:	305	3.54%	25,052
Arts, entertainment, and recreation	154	1.79%	11,678
Accommodation and food services	151	1.75%	28,370
Other services, except public administration	157	1.82%	33,750
Public administration	257	2.98%	67,745

*2021 median earnings are shown for the last 12 months in inflation adjusted dollars
Source: U.S. Census Bureau 2021 American Community Survey, Tables S2404 and B24031.
https://data.census.gov/table?q=industry&g=1600000US5345005&tid=ACSST5Y2021.S2404
https://data.census.gov/table?q=earnings+by+industry&g=1600000US5345005&tid=ACSDT5Y2021.B24031

The Mercer Island population is well-educated. A little more than 82 percent of residents over the age of 25 have completed a college degree, having earned an associate's degree or higher educational attainment. For comparison, about 64 percent of the population over 25 in King County have an associate's degree or higher educational attainment. Table 2 shows the educational attainment for the Mercer Island population aged 25 or older.

Table 2. Educational Attainment for the Population 25 Years and Over, 2021.

Educational Attainment	Estimate	Share
Less than high school diploma	308	1.70%
Regular high school diploma	1,034	5.71%
GED or alternative credential	84	0.46%
Some college, less than 1 year	316	1.74%
Some college, 1 or more years, no degree	1,379	7.61%
Associate's degree	952	5.25%
Bachelor's degree	7,118	39.29%
Master's degree	3,781	20.87%
Professional school degree	1,791	9.89%
Doctorate degree	1,354	7.47%
Total	18,117	100%

Source: U.S. Census Bureau 2021 American Community Survey, Table B15003.

Mercer Island is located in King County between two major economic hubs in Seattle and Bellevue. Mercer Island is in the center of a high-income area that can support increased economic activity. The City's geography places it in a prime location to grow its economy by attracting off-island customers and capital from the surrounding area. King County's median household income is the highest in both the Puget Sound region and Washington overall. Table 3 shows the 2021 median household incomes for Washington State and selected Puget Sound counties.

Table 3. Estimated 2021 Median Household Income in the Last 12 Months, Washington State and Selected Puget Sound Counties.

Location	Median Income (Dollars)
Washington State	$84,247
King	$110,586
Kitsap	$87,314
Pierce	$85,866
Snohomish	$100,042

Source: 2021 American Community Survey Table S1903.

Mercer Island Commercial Areas

The City of Mercer Island has three commercial areas. These areas have been zoned for commercial uses since the City incorporated in the 1960s. Each of these areas is home to different types of commercial development. Commercial developments in Town Center are predominantly older one-story strip mall development and newer mid-rise mixed-use buildings. There is a commercial area in the northeast of the island near City Hall that is primarily older one- and two-story buildings with office spaces and services such as childcare. The south end commercial area is a smaller shopping center and self-storage structure. These three distinct areas are the only places in Mercer Island zoned for commercial uses. Some limited commercial activities such as home-based businesses are allowed outside of these areas.

Town Center

Town Center is located south of Interstate 90, north of Mercerdale Park, west of Island Crest Way, and east of 74th Avenue Southeast. The Town Center has experienced the most development of all the commercial areas in the City in recent years. Most of the recent developments have been mixed-use development combining first floor commercial space and parking with residential uses on the upper floors.

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Older development in Town Center is lower-intensity, one-story, 'strip mall' development with surface parking in front of the commercial space.

Northeast Commercial Area

The northeast commercial area is south of Interstate 90, north of Stroum Jewish Community Center, west of East Mercer Way, and east of Gallagher Hill. This area is developed primarily for commercial and institutional uses. The majority of buildings in this area were constructed between 1957 and 1981. Commercial development is typically composed of one- and two-story buildings surrounded by surface parking lots. The commercial land uses in this area are offices for professional services and services such as daycares and private schools. City hall is located in this area. The intersection of E Mercer Way, SE 36th Street and eastbound I-90 ramps is located in the eastern portion of this area. This intersection experiences significant traffic levels during peak travel hours.

South End Commercial Area

The south end commercial area is south of Southeast 68th Street, west of Island Crest Way, east of 84th Avenue Southeast, and north of Southeast 71st Street. This is the smallest commercial area on Mercer Island at roughly 14 acres. The majority of the commercial development dates to the early 1960's. The commercial land uses here are primarily restaurants and retail. There are some commercial offices, a gas station, and a storage facility. This area has low intensity commercial development surrounded by surface parking lots.

Land Use Connection

There is a fundamental tie between the policies of this element and the Land Use Element. The Land Use Element envisions a primarily residential city with three defined commercial areas. It and the resultant regulations largely confine commercial land uses to three distinct commercial districts. This focuses the future economic growth in the City to those districts.

Each of the three commercial areas is regulated differently, with the built environment reflecting those variations. The Town Center zones allow the highest intensity development and midrise mixed-use structures are the principal form of new commercial development in that area. The northeast commercial area is zoned for office and service uses as opposed to other commercial uses. It was largely developed forty years ago and has not seen the same degree of recent development as Town Center. The south end commercial area is zoned for a mix of small scale, neighborhood-oriented business, office, service, public and residential uses. The three commercial areas are mostly developed, so absent rezoning most new commercial development in the City will likely come through redevelopment of existing commercial buildings.

The supply of commercial development capacity is closely controlled by Land Use policies and regulations. Regulations that modulate the supply of an economic input such as the space in which commercial activity can take place also affect the location, size, scale, and cost associated with doing businesses in the City. Controlling the supply of commercial development capacity is the primary way the Comprehensive Plan has shaped the local economy prior to the adoption of this Economic Development Element. Because of this connection, some goals and policies of this element connect directly to land use policies and regulations.

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Relationship to Other Comprehensive Plan Elements and Other Plans

The Housing, Transportation, Utilities, Capital Facilities, and Shoreline Master Program elements all interact with the local economy as follows:

Housing

Housing indirectly impacts the local economy because it has an effect on the local businesses' customer base and labor force. Housing on Mercer Island is primarily detached single-family homes and contributes to the unique Island neighborhood character. Multifamily development is largely limited to the area in and around Town Center. Housing has several effects on the local economy. Higher cost housing can attract higher income residents and customers for local businesses. On the other hand, high housing costs may limit the ability for some workers to afford to live in the City, leading to increased commuting and potentially limiting a business's ability to hire. Higher cost housing can attract higher-income residents and customers for local businesses, though, higher cost housing may depress financial resources and reduce customer spending overall, including at Island businesses. Less expensive, multifamily housing may attract residents in and near the Town Center who are more likely to choose not to own a car and may be more likely to shop local than those in detached single-family housing. The quantity of multifamily housing available may correlate with the market for the basics of everyday living and experiences such as dining out.

Transportation Element

Transportation infrastructure is integral to the local economy. The Transportation Element establishes the goals and policies that guide how the City will maintain, improve, and expand the transportation network to account for growth throughout the planning period. The goals and policies of the Transportation Element aim to maintain adequate levels of service at high traffic intersections, reinvest in existing infrastructure, increase transportation choice in the City, and provide connectivity between the light rail station and the City's commercial areas. Transportation networks allow businesses to access markets in neighboring cities, make it easier for customers from outside the City to patronize local businesses, and enable local businesses to draw from the regional labor force.

Utilities

The provision of utilities is vital to local businesses, all of which need reliable sewer, water, power, and internet. The Utilities Element details how the City will coordinate with its utility service providers to ensure adequate provision of these vital services for residents and businesses alike.

Capital Facilities

Capital facilities such as parks and public buildings are critical to the provision of services to the local economy. In addition to planning for public assets, the Capital Facilities Element includes goals and policies to support a high quality of life, which can attract new businesses and workers to Mercer Island

Shoreline Master Program

The Shoreline Master Program (SMP) Element establishes the policies for managing development in the shoreline. This element is designed to ensure that the shoreline environment is protected, and that the shoreline is available for water dependent uses. Those businesses located in the shoreline jurisdiction, within 200 feet of Lake Washington, are affected by the SMP. In situations where the policies in the SMP and Economic Development Element intersect, the Comprehensive Plan will need to balance shoreline environmental protection with fostering of appropriate water dependent commercial uses in the shoreline.

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Other Plans

The Comprehensive Plan includes several other plans that address specific topics. As components of the Comprehensive Plan, those other plans relate to the Economic Development Element. Some of the other plans include:

- **The Arts and Cultural Plan –** Directs the provision of artistic and cultural infrastructure that draw both residents and shoppers to commercial areas. Artistic and cultural infrastructure and events in the community improve the quality of life. Well executed, they can attract local and off-island residents to commercial areas where they may be more likely to shop. It may also attract workers to the island, who in addition to contributing to the employment base, may shop here.
- **The Pedestrian and Bicycle Facilities Plan –** Establishes strategies maintaining and improving pedestrian and bicycle infrastructure to provide multimodal connections throughout the City.
- **Parks, Recreation and Open Space Plan –** Plans for the maintenance, improvement, and development of parks and open space.
- **Climate Action Plan –** Establishes the strategies the City will use to reduce greenhouse gas emissions and address the impacts of climate change.
- **Capital Improvement Plan –** Lists the capital investments the City will make through 2044.
- **Transportation Improvement Program –** Lists the Transportation Element implementation projects the City will undertake throughout the life of the Comprehensive Plan.

Employment Growth Target

The King County Countywide Planning Policies (CPPs) establish growth targets for all of the jurisdictions within King County. The CPPs were initially adopted in 1992 and have been amended several times since then. Elected officials from King County, the cities of Seattle and Bellevue, and the Sound Cities Association meet as the Growth Management Planning Council. This Council makes recommendations to the County Council, which has the authority to adopt and amend the CPPs. King County amended the CPPs in 2021, updating the growth targets for cities and towns throughout the County. The updated growth targets extended the planning horizon through the year 2044. Mercer Island's current employment is approximately 7,700 jobs; the growth target is 1,300 new jobs by the year 2044.

I.B Strengths, Weaknesses, Opportunities, and Threats

The advantages and challenges the City plans to encounter in the next twenty years can be divided into strengths, weaknesses, opportunities, and threats. Strengths are those things already existing in the local economy that the City can build on to grow the economy. Weaknesses are existing conditions in the local economy that could impede or otherwise challenge economic growth through the planning period. Opportunities are foreseeable changes that can give the City a stronger competitive advantage in the coming years. Threats are external events or factors that have the potential to negatively affect economic growth. The selected strengths, weaknesses, opportunities, and threats discussed in this section were identified during public participation and data review conducted during the drafting of this element.

Strengths

Strengths are the cornerstones of the economy. These are the aspects of the local economy that are advantageous for economic growth. Strengths are factors that contribute to the prosperity, environment, and social cohesion of the City and as such represent topic areas the City can support or expand to overcome weaknesses and threats. Some of the principal strengths identified are listed and discussed below.

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High Quality of Life

The high quality of life on Mercer Island is a considerable strength. The Island's parks, open space, high quality public schools, safe and walkable neighborhoods, and cultural amenities helps attract new businesses and workers alike. Community input gathered during the drafting of this element often pointed to the high quality of life in Mercer Island as an asset the City can build upon to strengthen the local economy. Quality of life may also serve as a draw for off-island visitors to patronize local businesses. Since this high quality of life is a considerable strength, it must be protected. [No consensus Planning Commission asked Chris Goelz to draft an amendment]

High-Income Residents

Another key strength is the relatively high income of Mercer Island residents. During public input, business owners pointed out that the spending power of the Mercer Island community helped with the initial success of businesses. In 2021, the median household income for Mercer Island was $170,000. For reference, the 2021 median household income in King County was $106,326. Table 4 shows the 2021 household income distribution in Mercer Island and King County. Figure 1 shows the median household income in King County and Mercer Island between 2010 and 2020. It is worth noting that over the last few years, the percent gap between King County and Mercer Island household income has been closing.

Table 4. Household Income and Benefits, 2021.

Income and Benefits in 2021 Inflation-Adjusted Dollars		
	Mercer Island	King County
Total households	9,758	924,763
Less than $10,000	3.3%	4.7%
$10,000 to $14,999	0.5%	2.4%
$15,000 to $24,999	4.0%	4.3%
$25,000 to $34,999	5.1%	4.2%
$35,000 to $49,999	4.3%	7.4%
$50,000 to $74,999	8.3%	12.2%
$75,000 to $99,999	6.1%	10.3%
$100,000 to $149,999	14.3%	18.1%
$150,000 to $199,999	8.8%	12.1%
$200,000 or more	45.3%	24.4%
Median household income (dollars)	$170,000	$110,586
Mean household income (dollars)	$261,417	$154,122

Source: U.S. Census Bureau, Table CP03.
https://data.census.gov/table?q=employment+income&g=1600000US5345005&tid=ACSCP5Y2021.CP03

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Figure 1. Median Household Income by Year, Mercer Island, 2010 to 2020

Source: American Community Survey, 2010, 2020; CAI, 2022.

Having an existing high-income customer base is a considerable advantage for entrepreneurs and can draw firms from off-island to do business in the city. The financial resources of the community on Mercer Island can also help with business formulation and business attraction. The key to building on this strength is focusing on giving residents more opportunities to shop on-island and broadening prospects for entrepreneurs and businesses to invest capital in the Mercer Island economy.

Location of the City

Mercer Island's location on Interstate 90 (I-90) and roughly equidistant from Seattle and Bellevue is a strength. Seattle and Bellevue are large metropolitan centers with many thriving businesses, potential customers for Mercer Island businesses, and workers with diverse skills and expertise. I-90 provides potential customers and employees with excellent access to the city and that access is complemented with available parking near businesses. The city is also connected to its neighbors by transit, allowing greater flow of people to and from its commercial centers. Ensuring good access to commercial areas with roads and transit connections can build on this strength.

Weaknesses

Weaknesses are aspects of the local economy that could impede growth in the local economy. They represent topic areas the City can apply policy mechanisms to minimize, reduce, or overcome impediments to a healthy local economy. Weaknesses are listed and discussed below.

Permitting and Regulatory Environment

Permitting challenges, difficulty navigating the development code, and protracted permitting processes can increase financial risk when starting a new business or expanding an existing one. This increased financial risk can adversely impact business formation and retention. Public input indicated that the City's development code and permitting processes can be complicated and make starting a business more difficult. Permit fees and the time spent on permit review are also challenging factors related to starting

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a new business. As the City considers permit fees, impact fees, and other regulatory requirements it can assess how those changes might add to or reduce the cost of starting a new business. The City can address this weakness by auditing its regulations and permit processes to ensure that they do not unnecessarily restrict or complicate the process of starting or expanding a business. Another way for the City to address this weakness is to engage the business community in the legislative process.

Business Climate and Culture

Public input gathered during the drafting of this element indicated that the business climate and culture on Mercer Island are underdeveloped. Some business owners cited limited formal opportunities to connect with the larger business community on Mercer Island. Commenters suggested that most business networking was through informal networks rather than a concerted effort to help businesses cooperate and share expertise. Other comments indicated that competition for limited on-island customers and a corresponding lack of off-island patrons fostered competition amongst local businesses. The City can begin to address this weakness by working with partners to facilitate formal communication and collaboration between business owners.

Lack of Visitor Customer Base

Public input gathered during the drafting of this element highlighted low numbers of off-island customers as a weakness. Many comments suggested that Mercer Island businesses sometimes struggle to connect with customers outside of the city. Given the city's location near large metropolitan cities, there is a large off-island customer base to draw from and attract. To begin addressing this weakness, the City can explore opportunities to support the business community and community organizations such as the Chamber of Commerce to reach customers outside of Mercer Island.

Affordability and Availability of Commercial Space

The lack of commercial space in the city and its cost can be a challenge for new business formulation and expansion of existing businesses. Under the current zoning, commercial activities are largely limited to three areas in the city. The largest of these areas, Town Center, is a mixed-use area where development is allowed to be a combination of commercial and residential space. Over the last two decades, redevelopment in this area has favored residential space, with minimal commercial space along certain street frontages. As a result, there has been a limited amount of new commercial space added to Town Center in recent years, a trend the City Council has begun working to reverse.

The City's future land use map in the Land Use Element and the zoning that implements that policy framework limits the areas where commercial uses are allowed to the Town Center, the planned business zone, and commercial-offices zone. The size of commercial zones can influence the cost and availability of commercial real estate. If the area available for commercial development is not large enough to accommodate the projected growth, prices can rise, and businesses can have trouble finding available spaces as supply reduces. The City must monitor the size of its commercial areas to ensure that the supply of developable commercial land is not so restricted that it limits opportunities for development. This is why the GMA includes a requirement to plan for projected growth in the form of adopting an employment growth target. The employment growth target is derived from the projected population increase through the planning period. By setting an employment growth target and ensure the Comprehensive Plan can accommodate that target, the City can ensure that commercial areas are sized appropriately.

Figure 2 compares the change in commercial square footage and residential units in Town Center between 2006 and 2022. The retail space referred to in the figure is commercial store fronts that could be retail or

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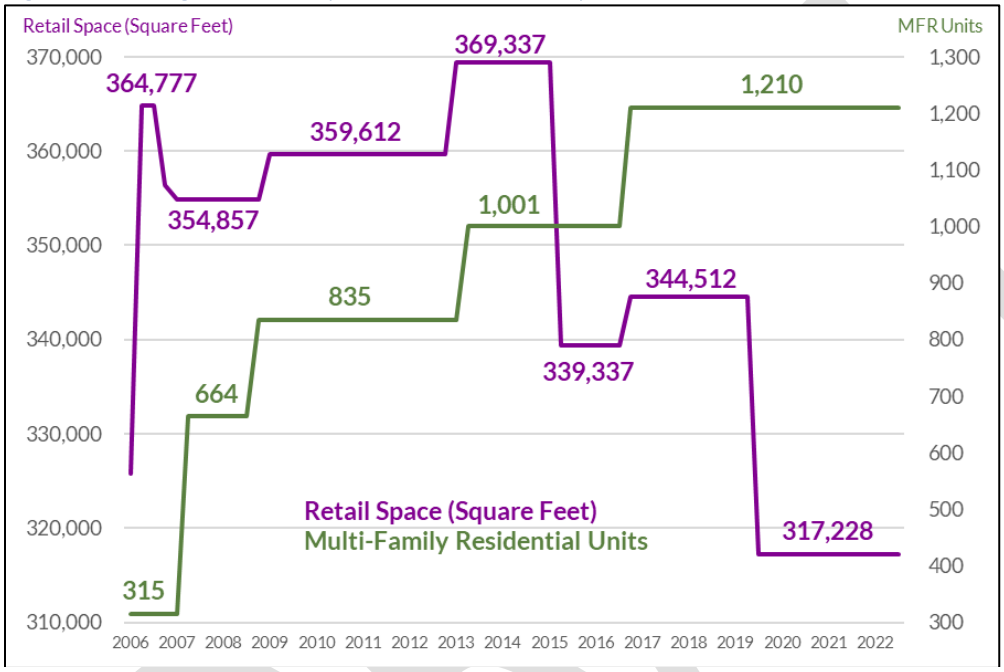
restaurant space. From 2006 to 2022, the multi-family residential units increased by 895 units to a total of 1,210 (Figure 1). In that same period, the square footage of commercial space initially increased to a peak of about 369,000 square feet in 2013, before decreasing to about 317,000 square feet in the third quarter of 2019. This may be the result of a demolished building at 2431-2441 76th Ave SE. Although all development in Town Center is interconnected due to the mixed-use zoning in the area, this data does not mean that the amount of commercial space and number of residential units in Town Center are proportional or causal. From 2006 to 2022, the amount of commercial space has decreased by approximately 2.5% while the number of multi-family residential units have increased by nearly 75%.

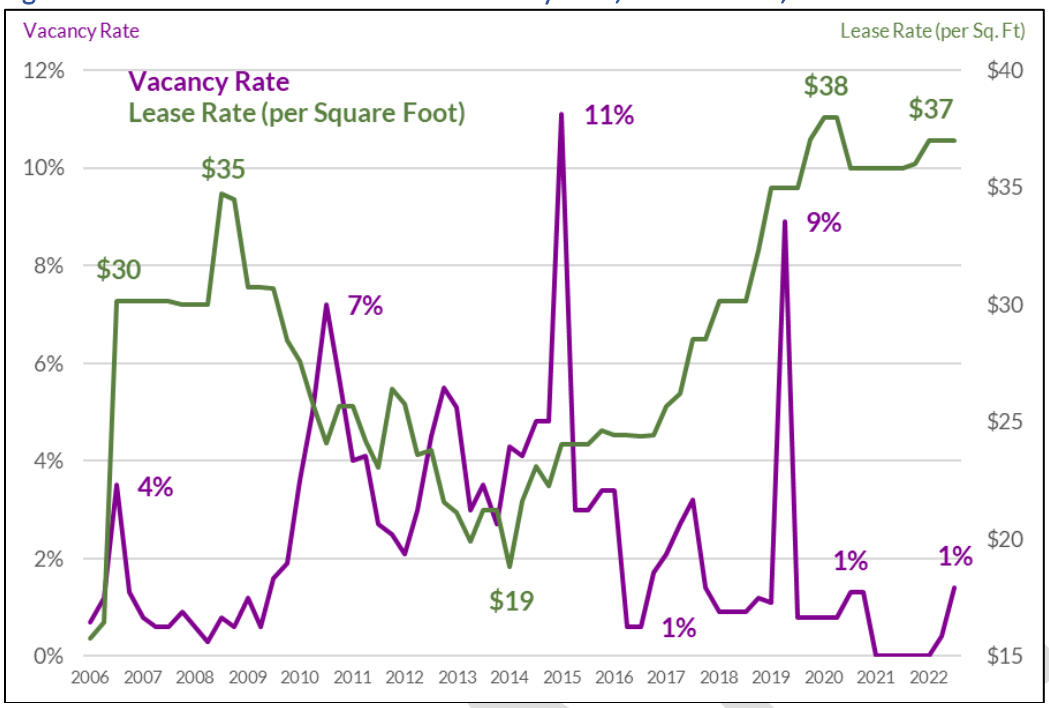
Figure 2. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2022.

In the years between 2006 and 2020, the yearly lease rate (shown per square foot of retail space in Figure 3) increased to 38 dollars per square foot in the first quarter of 2020 and was holding at 37 dollars per square foot in 2022. While there was a small spike in the lease rate around 2020 (at the onset of the COVID-19 pandemic and development moratorium), this rate has been on a fairly steady increase since a low of 19 dollars per square foot in 2014. In that period, lease rates nearly doubled. 2015 saw the highest spike in the vacancy rate in Town Center. Around that time, a retail space of about 30,000 square feet was demolished at 2615 76th Ave SE. The closure of the businesses at that location prior to demolition could contribute to the short-term spike in the vacancy rate. In addition, at the onset of the pandemic, Town Center saw a spike to nine percent in the retail vacancy rate. That spike was short-lived and held at about a one percent vacancy rate through 2022.

Figure 3. Retail Annual Lease Rate and Vacancy Rate, Town Center, 2006 to 2022.



Source: CoStar, 2022; CAI, 2022.

In 2022, the City Council enacted regulations in Town Center that expanded commercial frontage requirements along specific streets and added a new commercial floor area requirement in an attempt to prevent loss of commercial space. The effectiveness of these regulations will need to be evaluated over time. If new development in Town Center does not include enough commercial space to meet the demand from new businesses looking to locate in the city and the expansion of existing businesses, the affordability and availability of commercial space may constrain future economic growth and those regulations may need to be revisited.

Opportunities

Opportunities are foreseeable changes that can give the city's economy a stronger competitive advantage in the coming years. Compared with strengths and weaknesses, which come from existing conditions, opportunities are anticipated future events or conditions. Similar to strengths, opportunities are topic areas the City can focus on to support economic growth and maximize probable positive developments in the local economy.

Additional Transportation Connections

The flow of goods and people is a major component of any city's economy. Transportation infrastructure can be even more impactful for an island community where moving people and goods is complicated by lack of an overland route. For this reason, the East Link Light Rail station has the potential to be one of the most transformative transportation developments on Mercer Island since the construction of the first bridge to the island. The arrival of light rail will increase access to Mercer Island for off-island people. The potential to draw more off-island visitors to increase the customer base for local businesses is an opportunity to boost economic growth in the city. Leveraging the arrival of light rail will require some active steps to ensure that this opportunity is maximized, and impacts are adequately addressed. The City can help connect transit riders with local businesses to take advantage of the arrival of light rail.

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Arrival of a Large Employer in Town Center

Riot Games acquired an office building in Town Center in 2022. Their use of this office space is expected to eventually add a couple hundred jobs to Town Center. This opportunity overlaps with the planned arrival of light rail. This influx of workers is expected to increase demand for goods and services from neighboring businesses in Town Center. The arrival of a large employer is also expected to generally spur economic growth. The City should explore partnerships and programs to begin encouraging commuters to spend more time in Town Center and shop locally.

More Islanders Working From Home

One of the changes prompted by the Covid-19 pandemic is the transition to more work-from-home options for commuters. The extent to which commuting workers will spend their workdays on-island instead of traveling to work off-island remains unclear. What seems increasingly likely is that workers will commute less often than they did before the pandemic. Changes in commuting could lead to new demand for different services in the city's commercial areas or increased demand for existing services.

More Housing Priced in the Middle Range

Recent legislation will encourage the development of more housing priced in the middle range, most of it in and near the Town Center. Residents of this housing will be located near the commercial area, will be less likely to own a car, and will be more likely to shop locally. The arrival of more residents in these locations will likely spur economic development.

Threats

Threats are external events or factors that have the potential to impede, slow, or otherwise negatively affect economic growth. Whereas weaknesses are existing conditions in the City that might challenge growth, threats are potential future concerns. Threats are topic areas where the City can focus attention to prepare for possible challenges and build resilience in the local economy.

Economic Uncertainty

There currently is a high degree of uncertainty about the future in the regional, national, and global economy. The unknown future of market forces such as inflation, supply chain difficulties, labor shortages, stock market volatility, and rising transportation costs obfuscate the economic outlook ~~in~~ for the coming years. Many of these market forces are beyond the reach of City policies, however the City can prepare for positive and negative swings in the regional, national, and global economy by planning for economic resilience. Policy interventions that look to build on the local economy's strengths, overcome its weaknesses, and capitalize on expected opportunities can build resilience in the local economy. Policies that establish contingency plans for economic downturns can also help position the City to be responsive to changing conditions in uncertain times.

The Changing Nature of Retail

Retail commerce is undergoing a transition as online retailers compete with brick-and-mortar stores. This change appears to have been accelerated during the Covid-19 pandemic as more shoppers opted to order goods online. Comments indicate that this could mean that retail will need to focus more on location-specific or experiential retail to differentiate their goods and services from those more readily available in online marketplaces. Some comments proposed a shop local campaign and adaptive reuse regulations for commercial spaces as possible measures to help local businesses respond to changes in demand.

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Affordability in the Region

The affordability of commercial and housing has the potential to slow economic growth in the coming years. Rising commercial real estate costs negatively impact both business formation and retention by making it more expensive to locate a business in the city. Higher rents can price out existing businesses, make expanding cost-prohibitive, and increase startup costs for entrepreneurs. Higher rents in new development can displace existing businesses as commercial areas redevelop. The City can monitor commercial space availability and development capacity to ensure that zoning and other development regulations do not create scarcity of commercial spaces in the city's commercial zones.

Housing affordability can impact workforce availability. Labor is an important input for local businesses. As housing prices increase, filling middle and lower wage positions can potentially become more difficult as many workers commute from outside the city. The majority of people employed on Mercer Island commute from outside the city. In 2019, 87 percent of workers employed on Mercer Island live outside the city. Only about 13 percent of workers employed in the city also live on Mercer Island. On the other hand, 91 percent of workers living on Mercer Island commuted to jobs outside the City in 2019. Table 5 shows the inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2019.

Table 5. Worker Inflow and Outflow, 2019.

	Count	Share
Workers Employed in Mercer Island		
Employed in Mercer Island	7,071	100%
Employed in Mercer Island but living outside Mercer Island (inflow)	6,157	87.1%
Employed and living in Mercer Island	914	12.9%
Workers Living in Mercer Island		
Workers living in Mercer Island	10,123	100%
Living in Mercer Island but employed outside Mercer Island (outflow)	9,209	91%
Living and employed in Mercer Island	914	9%

Source: U.S. Census Bureau On the Map, 2019.

Many workers commute from off-island to fill middle and lower wage positions. In 2019, more than half of jobs in Mercer Island paid less than $3,333 a month or about $40,000 a year. The low earnings for on-island jobs can make it difficult for workers to afford to live near Mercer Island and could make finding workers difficult given that all of metro King County has a higher cost of living. Table 6 shows the earnings for on-island jobs as tracked in 2019 by the U.S. Census Bureau.

Table 6. Mercer Island Jobs by Earnings, 2019.

	Mercer Island		King County	
Earning Range	Count	Share	Count	Share
$1,250 per month or less ($15,000 annually)	1,738	24.6%	188,902	13.7%
$1,251 to $3,333 per month ($15,012 to $39,996 annually)	1,995	28.2%	299,798	21.7%
More than $3,333 per month (more than $39,996 annually)	3,338	47.2%	891,181	64.6%

Source: U.S. Census Bureau On the Map, 2019.

While many jobs on Mercer Island pay relatively lower wages, the cost of housing is rising. Figure 4 shows that in 2020, the median rent in Mercer Island was $2,166 a month. Assuming that housing costs should be around 30 percent of a household's income, this would require a monthly income of roughly $6,498 or $77,976 annually to be affordable. Expanding to the county level, the 2020 median rent in King County

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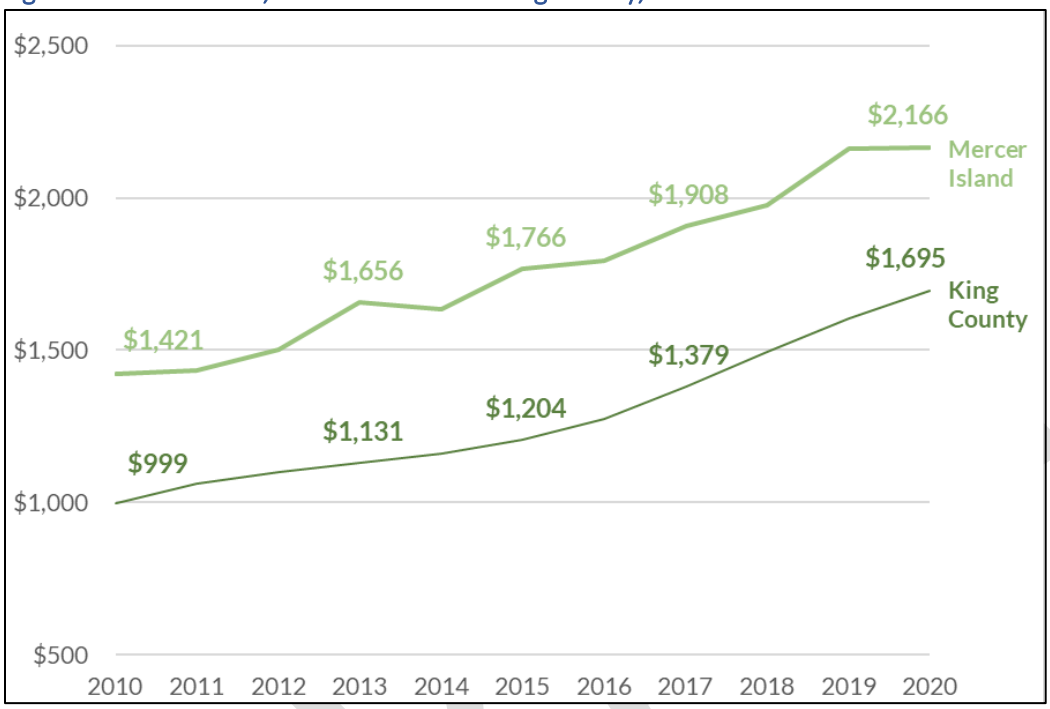
was $1,695. The King County median rent would require a monthly income of about $5,085 or $61,020 annually to be affordable. As highlighted earlier, many jobs on Mercer Island pay $40,000 a year or less. If rent outpaces wage growth, many workers may choose to live or work in more affordable cities or regions. Difficulty in attracting workers can hinder economic growth as greater competition for workers can drive up wages and costs to businesses.

Figure 4. Median Rent, Mercer Island and King County, 2010 to 2020.



Source: American Community Survey, 2020; CAI, 2022.

Displacement During Redevelopment

The City's commercial areas are largely developed. This causes most new commercial development on the Island to occur through redevelopment of existing commercial buildings, which can displace businesses in older developments. Displacement risk increases as sites redevelop because commercial spaces in redeveloped sites can have higher rents, construction can interrupt business, and new spaces might not fit existing business' needs. The City can monitor the supply of developable commercial land to determine whether the availability of commercial space is not increasing the displacement risk for local businesses.

Climate Change

Climate change has the potential to have negative effects upon the economy. Business establishment and success as well as customer spending patterns may be affected. Though many of the impacts of climate change may be out of the control of local government, Mercer Island should implement and market the success of climate mitigation and adaptation strategies included in the Climate Action plan to attract businesses and shoppers. Businesses may want to locate where they can minimize their impact upon the climate and where their employees may be more comfortable. Shoppers may seek commercial areas that are more comfortable in a warmer climate.

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II. Business Ecosystem Goals and Policies

Goal 1 – The City of Mercer Island actively fosters a healthy business ecosystem.

Policies

1.1 Partner with local, regional, state, and federal economic development agencies to increase resources available for business owners and entrepreneurs.

1.2 Dedicate one staff position to coordinating the implementation of the Economic Development Element.

1.3 Support local economic development nongovernmental organizations to grow their capacity to support local businesses, attract new investment, and maintain a healthy business ecosystem.

1.4 Analyze commercial development capacity periodically to evaluate the type and quantity of commercial development possible given existing development, zoning, and regulations.

1.5 Develop a citywide retail strategic plan. The citywide retail strategic plan should include actionable steps the City can take to support existing retail businesses, attract new retail businesses, and diversify the local economy.

1.6 Analyze the feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) in one or more commercial areas to fund improvements for economic development.

1.7 Partner with community organizations such as the Chamber of Commerce to market Mercer Island as good place to do business.

1.8 Study the feasibility of relocating City Hall facilities to Town Center. The study should consider creation of a public park, establishing City Hall as a gateway from the Sound Transit Light Rail Station, public access to City services, and accessibility for all Mercer Island residents.

Goal 2 – Mercer Island's healthy business ecosystem attracts entrepreneurs, businesses, and investment.

Policies

2.1 Partner with nongovernmental organizations and neighboring economic development agencies to market Mercer Island as a prime location for businesses and investment.

2.2 Partner with community organizations to target the following types of businesses and investment when marketing the City as a prime location for business:

- 2.2.A A complementary and balanced mix of retail businesses and restaurants;
- 2.2.B High wage employers; and
- 2.2.C Satellite offices and coworking spaces.

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2.3 Partner with community organizations to develop a guide to doing business on Mercer Island to help entrepreneurs navigate City processes and find additional resources available to assist in starting a new business.

2.4 Partner with community organizations to facilitate a mentorship program that connects Mercer Island business owners, entrepreneurs, and retirees with people interested in starting new businesses.

2.5 Conduct a food truck pilot program to attract new entrepreneurs to Town Center. The pilot program can include but is not limited to the following:

- 2.5.A Designated food truck parking on public property, including rights of way;
- 2.5.B Informational materials provided to existing food truck operators to attract them to Mercer Island;
- 2.5.C Partnerships with food truck organizations in the region;
- 2.5.D Outreach to existing restaurants to consider the impacts of the pilot program on existing businesses; and
- 2.5.E A report providing recommendations for potential programmatic and regulatory changes.

Goal 3 – Existing Businesses thrive as the cornerstone of Mercer Island's business ecosystem.

Policies

3.1 Convene an annual business owners' forum to create a continuous feedback system during which City elected officials and staff gather input from business owners. This input should inform City decision making that affects the business community.

3.2 Facilitate periodic business roundtables with community organizations, local business owners, and City staff.

3.3 Periodically distribute a business newsletter to local business owners and community organizations.

3.4 Partner with community organizations, including the Chamber of Commerce, to initiate a "Shop Mercer Island" marketing campaign directed at drawing more residents and visitors to commercial areas on the island. The City should fill a supporting role in this partnership.

3.5 Conduct outreach to surrounding businesses before initiating capital projects in commercial zones. This outreach should create a two-way dialogue with businesses, offering a seat at the table when capital projects might affect business operation.

3.6 Identify and adopt measures to reduce displacement of existing businesses as new development occurs. Notify nearby businesses of any potential redevelopment.

Goal 4 – The business ecosystem on Mercer Island is sustainable in that it meets the social, environmental, and economic needs of residents now and in the future.

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4.1 Encourage programming that enables residents and visitors to safely gather, access spaces, socialize, and celebrate in the City. Encouraging public gatherings throughout the City can improve the quality of life on Mercer Island and make the City a more vibrant place for residents and visitors alike, which can in turn drive increased economic activity.

4.2 Build resilience in the local economy by:

- 4.2.A Diversifying the goods and services available in the local economy;
- 4.2.B Being flexible when working with businesses to respond to crises such as allowing temporary use of rights of way for business activity during a state of emergency like a pandemic;
- 4.2.C Coordinating with local businesses to plan for disaster preparedness; and
- 4.2.D Be guided by relevant strategies in the Climate Action Plan to reduce the potential negative effects of climate change on doing business in the City and to attract businesses, workers and customers in a warming climate.

4.3 Consider Climate Action Plan strategies during economic development decision making.

Goal 5 – Mercer Island has a skilled workforce that is central to the health of the business ecosystem.

5.1 Partner with regional, statewide, and federal agencies to connect job seekers in the region with opportunities on Mercer Island.

5.2 Partner with community organizations in the City and region to connect tradespeople and other high-skilled workers with employment opportunities on Mercer Island. This work should focus on communications and fostering connections between community organizations, employers, and workers.

Goal 6 – The Mercer Island economy provides residents the option to both live and work on-island.

Policies

6.1 Plan to increase high-wage on-island job opportunities for residents, increase on-island employment options as a share of the City's employment growth target, eliminate the need to commute, and reduce vehicle miles traveled.

6.2 Coordinate with the Housing Element to increase housing opportunities for employees to live and work in the community.

III. Regulatory Environment Goals and Policies

Goal 7 – The City actively reduces the regulatory burden created by commercial development regulations and permitting processes to support a healthy business ecosystem, entrepreneurs, and innovation in business.

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Policies

7.1 Audit the development code and permitting processes to identify code amendments to support businesses, improve effectiveness, and make efficient use of City resources. The following goals should be coequally considered when identifying code amendments:

- 7.1.A Lowering compliance costs for business owners;
- 7.1.B Minimizing delay and reduce uncertainty in the entitlement process;
- 7.1.C Improving conflict resolution in the entitlement process;
- 7.1.D Reducing the likelihood of business displacement as new development occurs; and
- 7.1.E Balancing parking requirements between reducing barriers to entry for new businesses and the need for adequate parking supply.
- 7.1.F Reducing greenhouse gas emissions.

7.2 Evaluate City fees imposed on development to determine their effect on business startup costs and City finances. The impact on business startup costs must be balanced with the financial needs of the City.

7.3 Evaluate additional process or code improvements on an annual basis with input from the economic development staff. This evaluation should inform the development of annual docket recommendations as needed.

7.4 Update home business regulations to support a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses.

7.5 Establish a small-business pre-application process to help guide applicants through the permitting process.

7.6 Study allowing small scale retail outside the existing commercial districts.

IV. Business and Customer Attraction Goals and Policies

Goal 8 – The Mercer Island business ecosystem includes a diversity of goods and services enjoyed by residents and visitors.

Policies

8.1 Ensure land use regulations in commercial zones allow a diversity of commercial uses.

8.2 Encourage commercial offices to locate in Mercer Island to bring more potential daytime customers to the Island without displacing existing retail space.

Goal 9 – The commercial areas in Mercer Island, and especially the Town Center, are lively, vibrant gathering places for the community and visitors.

Policies

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9.1 Encourage arts and cultural activities in commercial zones to draw the community to commercial areas.

9.2 Partner with community organizations to develop a program to activate Town Center in the evening. The program should include strategies such as:

- 9.2.A Evening events to draw people to Town Center;
- 9.2.B Focusing on arts and cultural experiences;
- 9.2.C Engaging local nonprofits; and
- 9.2.D Incorporating existing community events.

Goal 10 – Commercial areas are attractive and inviting to the Mercer Island community and visitors.

Policies

10.1 Focus on public safety as an important component of a thriving business community.

10.2 Activate public spaces in commercial areas by establishing design standards that encourage walkability and active use of street frontages in new development using strategies such as:

- 10.2.A Emphasizing spaces that are human-scaled, safe and comfortable for walkers and bikers;
- 10.2.B Incorporating principles of crime prevention through environmental design (CPTED);
- 10.2.C Increasing wayfinding;
- 10.2.D Incorporating public art;
- 10.2.E Increasing street furniture/public seating provided it is designed with a specific purpose or function; and
- 10.2.F Increasing the amount of public space, including parklets.

10.3 Review street standards including the streetscape manual in Town Center, considering the following:

- 10.3.A On street parking;
- 10.3.B Time-limited public parking;
- 10.3.C Public safety;
- 10.3.D Pedestrian improvements;
- 10.3.E Electric vehicle charging; and
- 10.3.F Bike parking and infrastructure.

Goal 11 – Public space in Town Center is plentiful, providing residents and visitors places to gather, celebrate, and socialize.

Policies

11.1 Establish regulations for outdoor dining and temporary uses that allow flexible use of street frontages and public rights of way for public space to gather, celebrate, and socialize.

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11.2 Seek to create more community gathering spaces when considering development standards in Town Center.

11.3 Maintain the existing City program to beautify Town Center with landscaping, street trees and flower baskets.

Goal 12 – Mercer Island residents and visitors can safely access commercial areas.

Policies

12.1 Ensure multimodal transportation options are available for workers to access on-island employment and customers to access goods and services.

12.2 Reduce car dependence without compromising existing available parking in commercial areas by prioritizing the following when considering regulatory amendments and capital improvements:

12.2.A Bike safety, parking, and infrastructure;
12.2.B Access to transit;
12.2.C Pedestrian safety;
12.2.D Traffic calming; and
12.2.E Human scale design.

12.3 Prioritize capital investment in creating robust pedestrian and bicycle connections between the park and ride, light rail station, Town Center and surrounding residential areas.

12.4 Ensure that sufficient parking is provided as commercial areas redevelop. Interpretation of the policies in this element should not lead to a reduction in parking,

12.5 Align the development of public space with all City functional plans, including the Pedestrian and Bicycle Facilities Plan, to create safe walking and cycling routes that connect residential areas with public spaces.

IV. Implementation Goals and Policies

Goal 13 – The City takes specific actions and provides resources to implement the policies and achieve the goals of this Economic Development Element. Progress toward achieving Economic Development Element goals is regularly monitored and reported to the City Council and public.

Policies

13.1 Utilize federal, state, regional, and King County resources to implement this element.

13.2 Encourage public-private partnerships to achieve the goals of this element.

13.3 Seek grant funding for programs and activities that implement the policies of this element.

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13.4 Appropriate funding for the implementation of this element through the City budget process. Funds should be allocated at the same time projects are added to City department work plans to ensure programs and projects are adequately funded to achieve the goals of this element.

13.5 Prepare a biennial report tracking implementation of the Economic Development Element. The report will be provided to the City Council prior to adoption of the budget.

13.6 Establish an implementation timeline for this element each budget cycle. The implementation timeline can be updated and amended each budget cycle to reflect the resources available to accomplish actions to implement this element. The implementation timeline should detail the following:

- 13.6.A Actions from this element to be added to department work plans for the upcoming budget cycle;
- 13.6.B Actions from this element that should be added to work plans in the next three to six years; and
- 13.6.C Actions from this element that should be added to future work plans in seven or more years.

13.7 Respond to potential budget shortfalls for actions to implement this element with the following strategies in descending order of priority:

- 13.7.A Alternate funding sources;
- 13.7.B Public-private partnerships;
- 13.7.C Reducing project or program scope to align with current budget constraints;
- 13.7.D Delaying projects to the next budget cycle; and
- 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity to implement the element.

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Introduction

The City of Mercer Island parks, open spaces, trails, and recreation facilities are a pillar of the high quality of life enjoyed by Mercer Islanders. Preserving these public lands as the City manages growth in the coming decades is an important way the City can maintain the quality of life for future generations. To that end, this element of the Comprehensive Plan establishes the goals and policies to manage parks, open spaces, trails, and recreation facilities through the year 2044.

Parks, Recreation and Open Space Plan

The Parks, Recreation, and Open Space Plan (PROS) is a long-range planning document that serves as a blueprint for the growth, enhancement, and management of the City of Mercer Island parks and recreation system and assists in guiding decisions related to planning, acquiring, developing, and maintaining parks, open space, trails, and recreational facilities. The PROS Plan also includes priorities for recreation programs, special events, and arts and cultural activities.

The PROS Plan, updated every six to ten years, identifies parks and recreation goals and objectives and establishes a long-range capital plan for the Mercer Island parks and recreation system, including action items and strategies to inform future work plan items. The recommendations in the PROS Plan are based on community input, evaluations of the existing park system, operating conditions, and fiscal considerations.

Goals and Policies

Goal 1

Continue to maintain the Island's unique quality of life through the stewardship, preservation, and maintenance of parks, open spaces, trails, and recreational facilities.

Policies

1.1 The most recent version of the Parks, Recreation and Open Space (PROS) Plan is hereby adopted by reference, establishing the goals and objectives that serve as the policy framework for the operation of the City of Mercer Island parks and recreation system.

1.2 Establish an Open Space zone and a Park zone, as well as the related development regulations to preserve and enhance public open space and park lands for the enjoyment of Mercer Island residents, visitors, and future generations.

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City of Mercer Island
Economic Analysis

November 2022

Prepared by:

cai community attributes inc

Prepared for:

CITY OF MERCER ISLAND · WASHINGTON ·

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INTRODUCTION

Background and Purpose

The City of Mercer Island is updating its comprehensive plan as part of the periodic review required by the WA Growth Management Act (GMA). The Comprehensive Plan (Plan) update will extend the planning horizon through the year 2044. The Plan update will include adoption of a new Economic Development Element (EDE). Before drafting an EDE, the City requires an analysis of economic data to describe existing economic conditions and expected growth through the year 2044. This report summarizes these data to establish a shared understanding of the economy on Mercer Island for the City to consider as it adopts a vision, goals, and policies in the EDE.

Organization of This Report

The remainder of this report is organized as follows.

- **Existing Conditions and Trends** includes an overview of current demographic, socio-economic, and housing conditions in Mercer Island.
- **Growth Forecast** includes projections of future regional and local job and housing growth and need.
- **Findings and Implications** outlines opportunities for policy and programmatic action for the City of Mercer Island.

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EXECUTIVE SUMMARY

The Comprehensive Plan serves as the City of Mercer Island's long-term planning strategy and an Economic Development Element will supplement policy addressing land use, housing, transportation, and utilities across the island. This economic analysis provides the city with context on the current economic conditions and projected changes to inform the development of goals and strategies in the forthcoming Comprehensive Plan Economic Development Element.

Mercer Island's land use policy and geographic disposition, codified through its community vision, is to maintain a single-family residential community within a unique physical setting. Since 2006, the city has focused on developing Town Center as the mixed use and dynamic downtown area of the island. As of 2022, Town Center features 1,210 multi-family residential units and more than 317,000 square feet of retail space. It is the primary commercial and multi-family cluster on the island. Estimates project that the city could accommodate an additional 35,000 square feet of commercial and retail space, an estimate that may be conservative based on the incoming Riot Games campus and a potential capacity shortage to accommodate projected job growth through 2044.

Two additional areas in Mercer Island currently support a variety of non-residential land uses and could potentially support future housing and commercial demand. A cluster of government, education, and health care facilities are centered on City Hall in northeast Mercer Island. While this area is zoned as commercial and includes professional service providers and other commercial services, there are no current retail uses in the area. It is also bounded by a multi-family residential zone to the west.

The second area is a commercial cluster around the QFC in the southern half of Mercer Island, immediately adjacent to Pioneer Park. This cluster's zoning permits non-residential and residential uses, although it does not have any residences. It includes a total of 73,000 square feet of retail and commercial space, unchanged from 2006.

Implications

- **Mercer Island's economic activity is concentrated in a few areas with decreasing available commercial space**. Town Center accounts for most of the island's economic activity but has a historically low amount of leasable retail space. Based on a 2021 analysis, the city could support an additional 35,000 square feet of retail capacity, and this estimate does not account for the pending arrival of Riot Games and potentially hundreds of new jobs in the Town Center.

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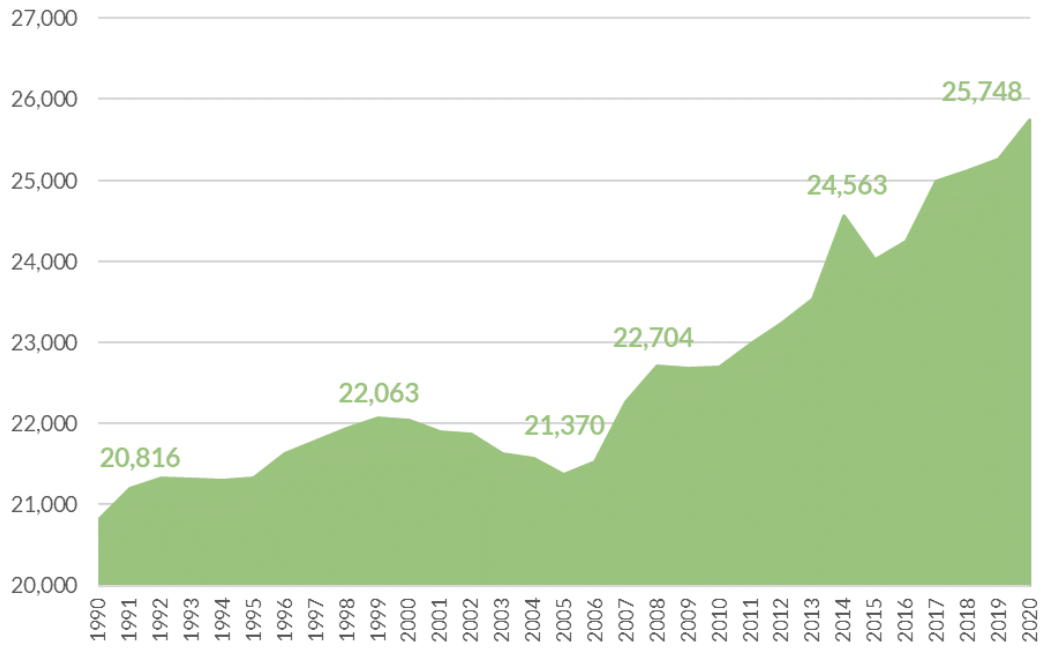
- **Mercer Island's economy is anchored by professional, technical, and scientific services**. These are some of the highest paid professions. According to the Washington State Employment Security Division, these jobs are typically more resilient in recessions or other times of economic duress, like the COVID-19 pandemic. The Puget Sound Regional Council projects that services will make up more than half of all jobs in the region by 2050.
- **Housing costs are likely unaffordable for many segments of the Mercer Island workforce**. The public sector provides the largest employer base including the City of Mercer Island and the Mercer Island School District, but employees in these industries earn low median wages compared to the city as a whole. Housing costs – for both renters and owners – are on the rise, and nearly half of renters are cost burdened. More moderate- and low- income residents are increasingly priced out of living on Mercer Island.
- **Very few Mercer Island residents work in the city**. Mercer Island is well-situated between major job hubs like Seattle and Bellevue, and most residents commute outside the city for work.
- **The city is not on track to accommodate the projected new job growth through 2044, but this does not include the arrival of Riot Games**. Mercer Island is projected to add 1,300 jobs between 2018 and 2044. Its most recent job growth trends indicate that the island does not have the capacity for its projected growth. These projections do not take into account the arrival of Riot Games, which will account for about one-third of the job growth projected through 2044 by the end of 2023.
- **Riot Games' expansion may have broader economic impacts**. Within one year, Riot Games is projected to become the second largest employer on the island, fulfill nearly one-third of the city's long-term job growth projection, and bring about 400 high-paying jobs to the island. Riot's campus may drive additional retail demand in Town Center and housing demand within the vicinity and across the island. These new high-earning workers could place additional pressure on an already tight housing market and existing cost burdened households. Riot employees who opt to live off the island will utilize public parking and transportation systems and increase use rates for public infrastructure in the span of a few weeks.

Population Profile

Mercer Island is an incorporated city in King County, Washington, and is coterminous with a 6.2 square mile island in Lake Washington, immediately east of Seattle. As of 2020, the population was 25,748 (**Exhibit 1**), an increase of nearly 5,000 since 1990.

Exhibit 1. Population Change, Mercer Island, 1990 to 2020



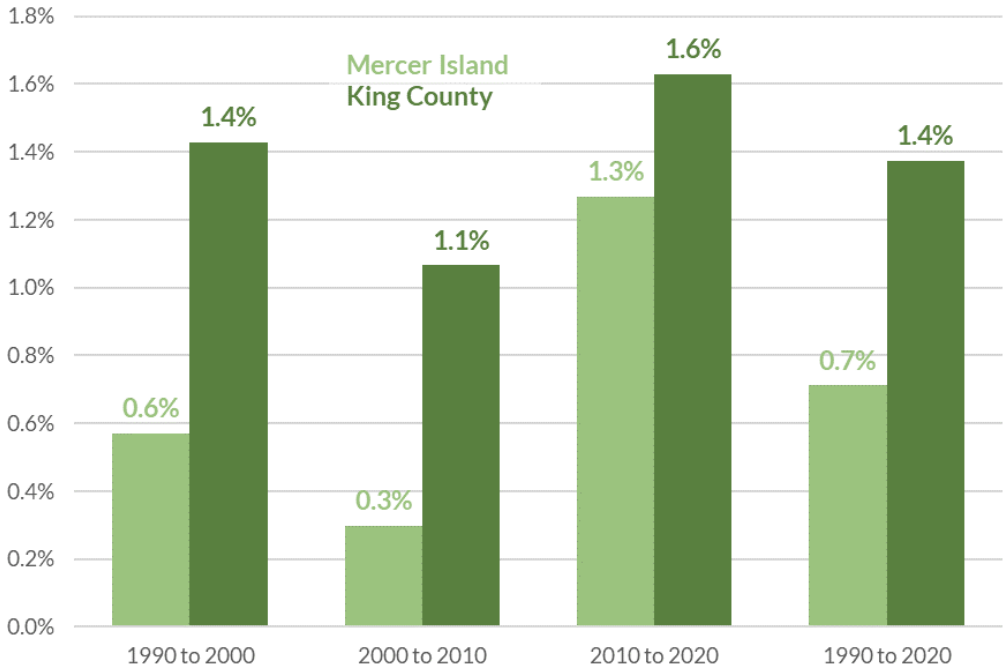
Source: Washington Office of Financial Management, 2020; CAI, 2022.

Mercer Island is a comparatively slow-growing city

The city has grown at a rate of 0.7% annually (CAGR) from 1990 to 2020, as shown in **Exhibit 2**, a lower growth rate than King County as a whole. 2010 to 2020 was the period of fastest growth for both Mercer Island and the county. The decade of 2000 to 2010 was the slowest growing for both jurisdictions. Most of Mercer Island's residential growth occurred in the period between 1940 and 1960, following the opening of the floating bridge, which connected Mercer Island to Seattle and the region.[1] Today, the island is nearly fully developed, limiting new growth in comparison to the county.

[1] Mercer Island Chamber of Commerce.

Exhibit 2. Annual Growth Rate, Mercer Island and King County, 1990 to 2020



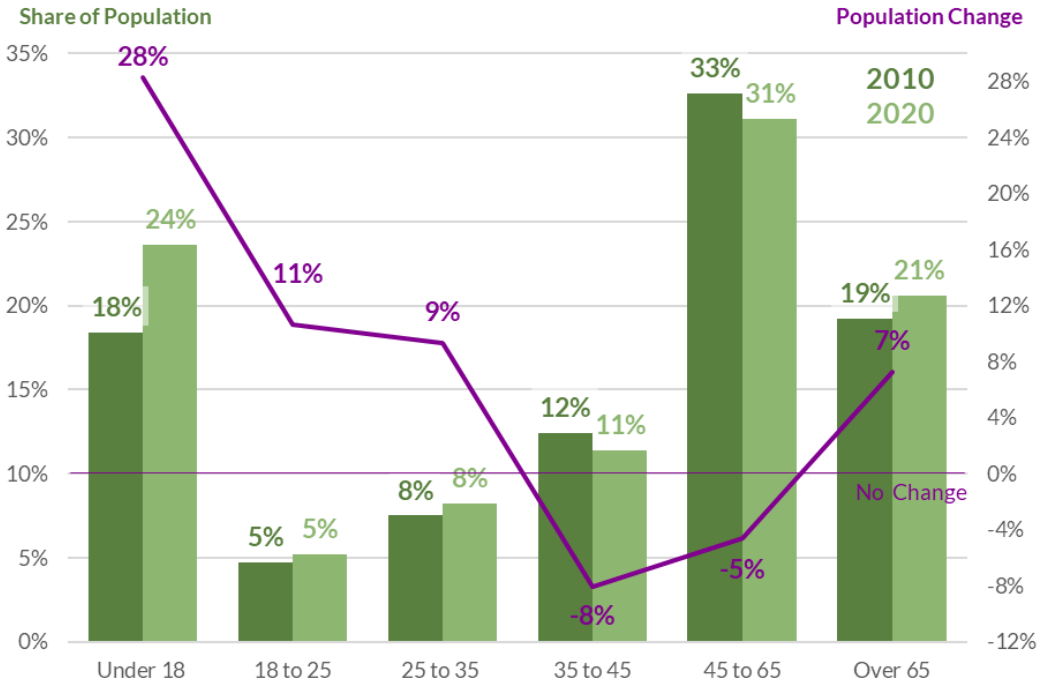
Source: Washington Office of Financial Management, 2020; CAI, 2022.

Workforce-aged population groups have shrunk since 2010

Population groups aged 35 and under, as well as over 65, are increasing in Mercer Island (**Exhibit 3**). The largest population group, aged 45 to 65, decreased by 5% from 2010 to 2020. Residents aged 35 to 45 decreased in that time period by 8%. The median age of those living in Mercer Island was 46 in 2020, unchanged from a decade ago and higher than King County's median age of 37.[2]

[2] United States Census Bureau American Community Survey, 2020 and 2010 5-Year Estimates.

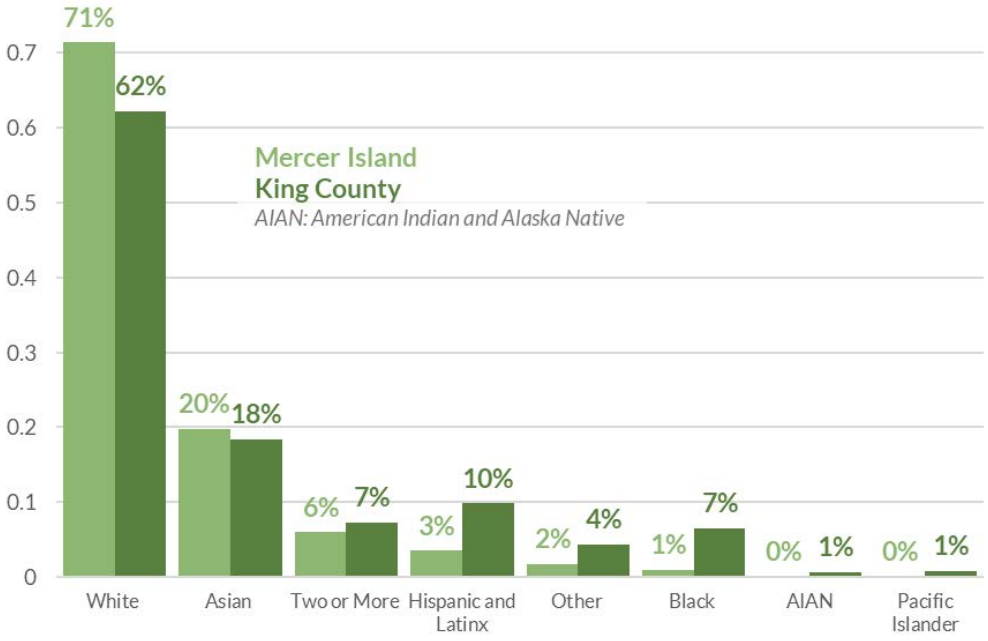
Exhibit 3. Age Change, Mercer Island, 2010 and 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

The majority of Mercer Island and King County residents identify as white (71% and 62%, respectively). Mercer Island has a higher share of white and Asian residents than King County as a whole (**Exhibit 4**).

Exhibit 4. Race of Residents, Mercer Island and King County, 2020

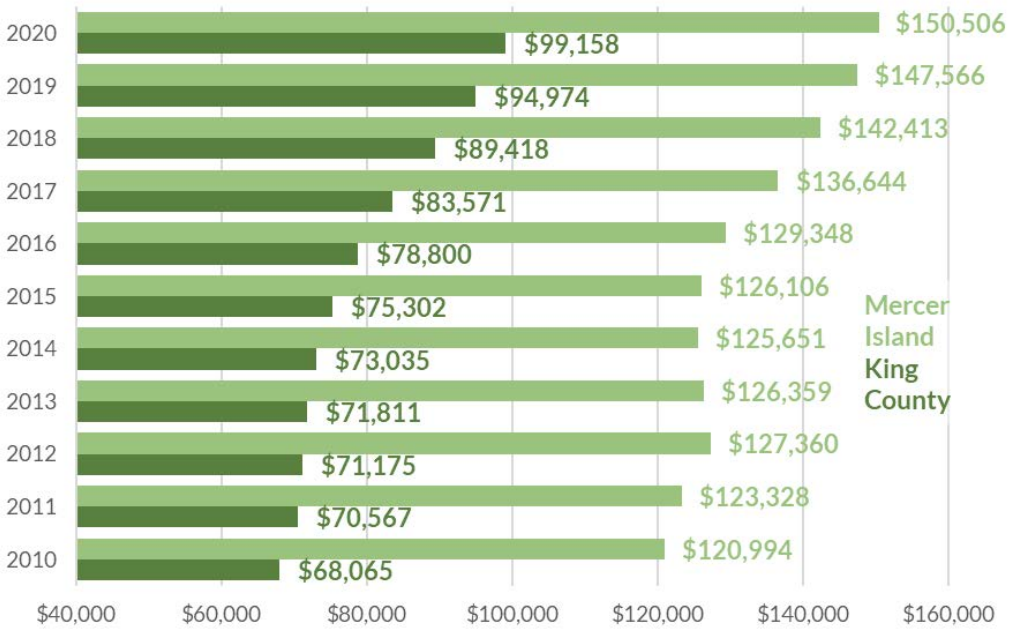


Source: American Community Survey, 2020; CAI, 2022.

Residents earn more than King County as a whole and median income is increasing

Mercer Island's household median income is much higher than King County as a whole (**Exhibit 5**). Median household income in the city has been steadily increasing in recent years after a brief period of stagnation from 2013 to 2015.

Exhibit 5. Median Household Income by Year, Mercer Island, 2010 to 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

Mercer Island residents are highly educated

More than half of Mercer Island adults hold a college or advanced degree, a higher share than King County (39%), as shown in **Exhibit 6**. Small portions of adults hold an associate's degree compared to a bachelor's, advanced degree, or even attending but not graduating from college. An even smaller share of King County and Mercer Island adults did not complete high school.

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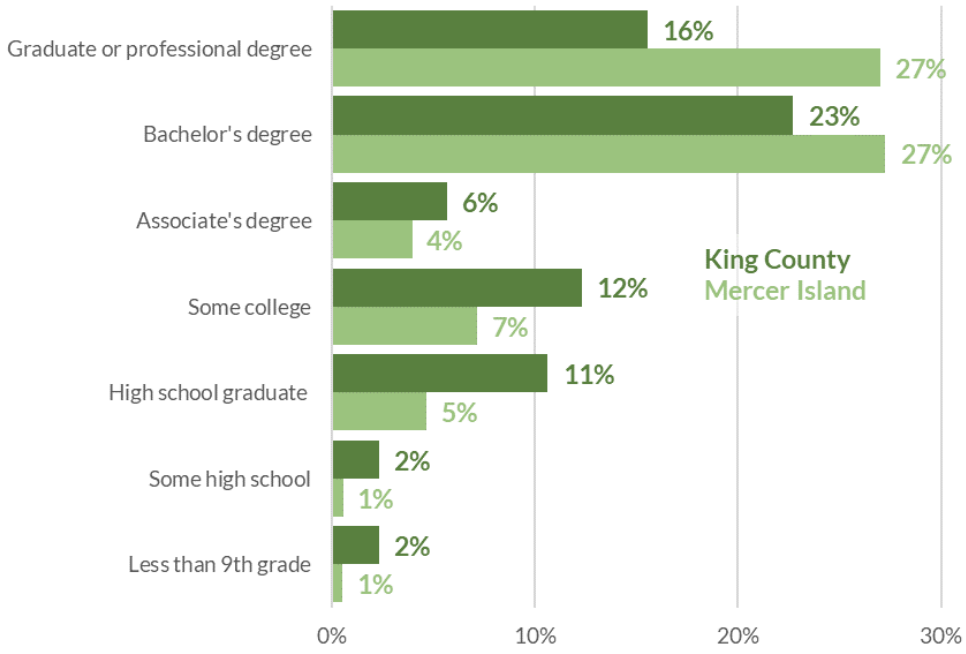
Exhibit 6. Education Level, Mercer Island and King County, 2020



Source: American Community Survey, 2020; CAI, 2022.

Economic Profile

Mercer Island is predominantly zoned as residential, with the exception of three significant commercial or mixed-use areas. The primary retail and mixed-use cluster in Mercer Island is in Town Center. Town Center has its own zoning code (TC) that does not mandate minimum residential lot sizes. As Mercer Island's downtown, Town Center features restaurants, cafes, small businesses, and markets in addition to the bulk of the island's multi-family residential housing. Town Center includes about 20 condominium buildings, nearly all of the island's apartment developments, and several independent and senior living communities.

The second retail and commercial cluster is anchored by a QFC immediately south of Pioneer Park. This area is zoned as a Planned Business Zone (PBZ) that does not mandate minimum residential lot sizes. However, there are no residential units built within this area and it mainly includes restaurants and other service-based businesses like banks, dry cleaners, a storage facility, and a gas station.

The third commercial cluster is located in northeast Mercer Island, anchored by City Hall and immediately adjacent to the south of I-90. The majority of this area is zoned as Commercial Offices (CO) with a small multi-family residential zone to the west of City Hall (MF-2). MF-2 zoning permits a

maximum density of 38 units per acre, but there is only one multi-family development in the area.[3] Surrounding City Hall are schools (including day care and the private French American School), other city buildings and facilities (including the Police Department and Public Works Department), and healthcare and related clinic space. Community organizations such as the Stroum Jewish Community Center and the Herzel Ner-Tamid Synagogue are located adjacent to the commercial office zone, to the southeast.

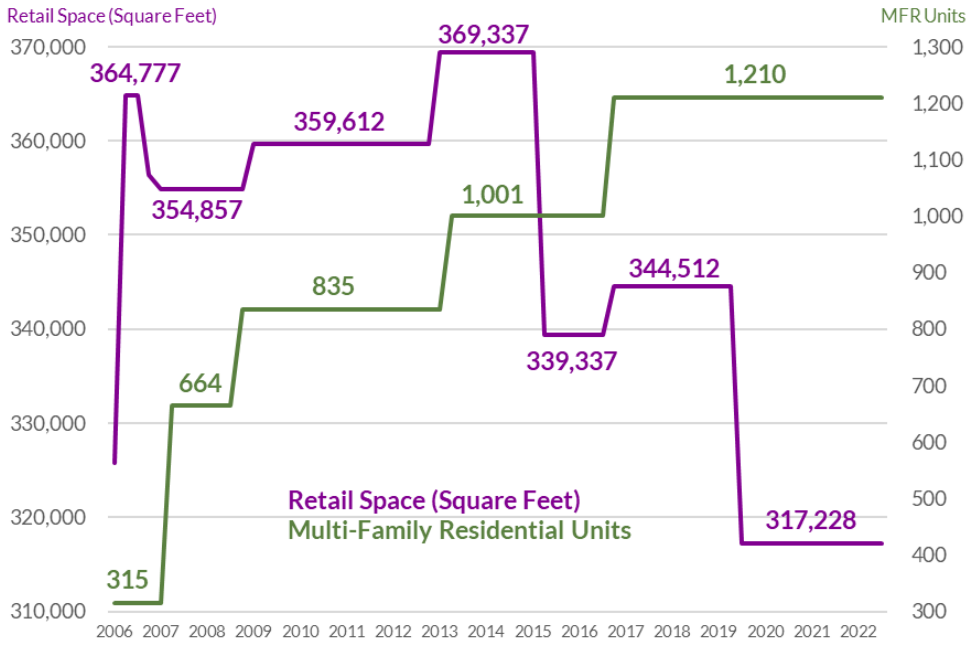
Town Center

Town Center's available retail space is at an all-time low, as housing units steadily increase

Town Center is the primary hub of retail and other economic activity in Mercer Island. From 2006 to 2022, the multi-family residential units increased by 895 units to a total of 1,210 (**Exhibit 7**). In that same period, the square footage area of retail space initially increased to a peak of about 369,000 square feet in 2013, before decreasing to about 317,000 square feet in the third quarter of 2019. This may be the result of a demolished building at 2431-2441 76th Ave SE. From 2006 to current, the amount retail space has decreased by approximately 2.5% while the number of multi-family residential units have increased by nearly 75%. Although all development in Town Center is interconnected due to the area's mixed use zoning, this data does not mean that the amount of retail space and number of residential units in Town Center are proportional or causal.

[3] King County Department of Assessments.

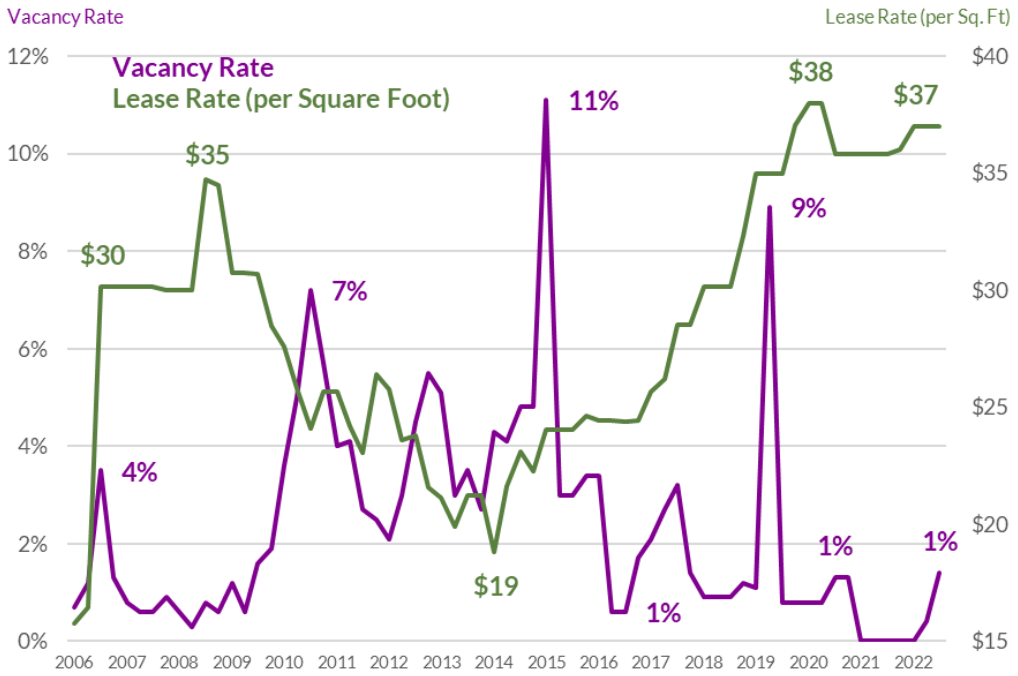
Exhibit 7. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2021.

In the same period, the yearly lease rate (shown in **Exhibit 8** per square foot of retail space) has increased to $38 per square foot in the first quarter of 2020 and is now holding at $37 per square foot. While there was a small spike in the lease rate around 2020 (at the onset of the COVID-19 pandemic and development moratorium), this rate has been on a fairly steady increase since a low of $19 per square foot in 2014. In that period, lease rates nearly doubled. 2015 saw the highest spike in vacancy in Town Center. Around that time, a retail space of about 30,000 square feet was demolished at 2615 76th Ave SE. The closure of the businesses at that location prior to demolition could contribute to the short-term spike in vacancy. In addition, at the onset of the pandemic, Town Center saw a spike to 9% in the retail vacancy rate. That spike was short-lived and has held at about a 1% vacancy rate since then.

Exhibit 8. Retail Annual Lease Rate and Vacancy Rate, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2021.

South End Shopping Center

There is very little retail and commercial growth or capacity outside of Town Center

Mercer Island's secondary retail cluster is the South End Shopping Center located south of Pioneer Park at the intersection of SE 68th Street and 84th Avenue SE. This retail cluster is anchored by a QFC and includes restaurants and other businesses. It is bounded by city services like the Fire Department to the east and amenities like the Mercer Island Country Club to the south.

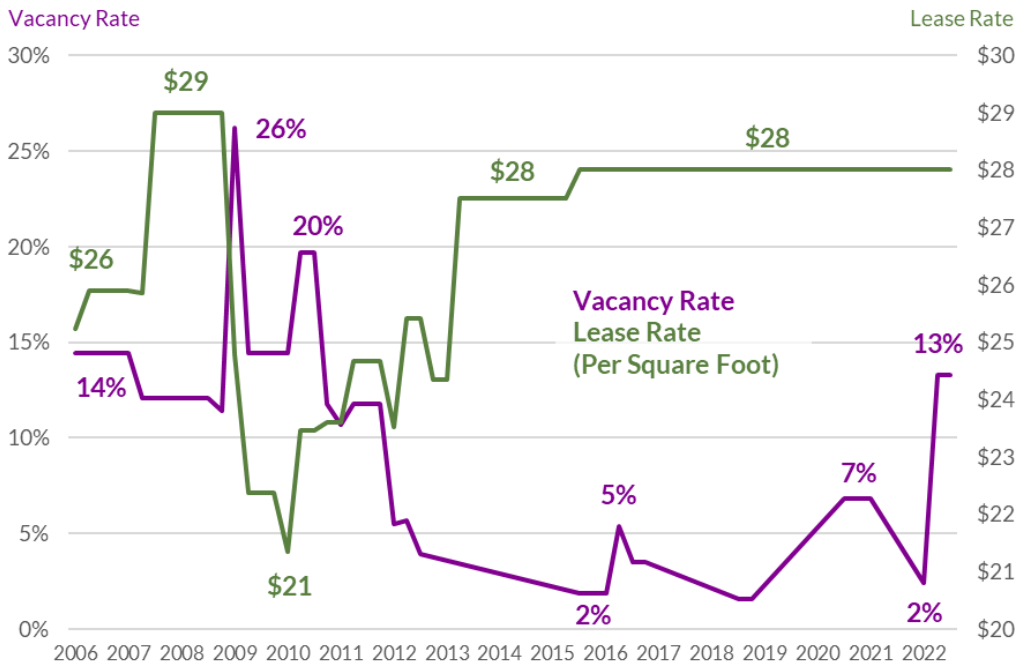
This area is zoned as Commercial and does not permit residential units. In 2006 this area increased its retail space by 15,000 square feet and has remained constant at 73,453 square feet of retail space since then.[4]

Over that period, the vacancy rate of retail spaces within the South End retail cluster have varied from a high of 26% in 2009 to a periodic low of 2% in 2016, 2019, and 2022 (**Exhibit 10**). Vacancy did spike in 2020 and 2021, the same period as the COVID-19 pandemic. In May 2022, Rite Aid closed its South End location, which likely contributed to the 2022 vacancy spike to 13%. Lease rates have changed very little since 2013 and remain at $28 per

[4] Costar, 2022.

square foot. Prior to 2013, rent prices oscillated between $21 and $29 per square foot. Rental rates did not change during the pandemic.

Exhibit 9. Retail Annual Lease Rate and Vacancy Rate, South End Retail Cluster, 2006 to 2022



Source: CoStar, 2022; CAI, 2021.

Mercer Island Retail Capacity

Mercer Island can accommodate an estimated 35,000 square feet of additional retail space

Exhibit 11 estimates supportable retail growth across all of Mercer Island using housing growth projections along with 2020 taxable retail sales and population data. Under these assumptions, estimated population growth is 2,790 through 2044, assuming 1,240 new households and 2.25 persons per household. The taxable retail sales include the retail trade (NAICS 44-45), arts, entertainment, and recreation (NAICS 71), and accommodation and food services industries (NAICS 72). The City of Mercer Island's 2020 taxable retail sales per capita across these three sectors was $7,600. Given anticipated population growth and current spending patterns, Mercer Island retailers could capture an estimated $21.2 million in additional retail spending through 2044 (assuming per capita taxable retail sales does not change). This could support an estimated 34,840 square feet of retail space, after accounting for current retail vacancies on the island, and assuming $600 per square foot of retail sales.

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Exhibit 10. 2044 Population and Supportable Retail Growth, Mercer Island, 2021

Supportable Retail Growth	
Additional Retail Spending Given Population Growth	
Population Growth	
Housing Units Target (2020 - 2044)	1,240
Assumed Population per Household	2.25
Estimated Population Growth	*2,790*
Taxable Retail Sales	
2020 Estimated Taxable Retail Sales	$187,238,800
2020 Population - City of Mercer Island (OFM)	24,690
2020 Taxable Retail Sales per Capita	*$7,600*
Additional Retail Spending	
Estimated Population Growth	2,790
2020 Taxable Retail Sales per Capita	$7,600
Estimated Additional Retail Spending	*$21,204,000*
Supportable Retail	
Supportable Retail Square Feet*	35,340
Less Vacant Retail Square Feet	500
Estimated Supportable Retail Square Feet	**34,840**
*Assuming Sales at $600/sf	

Sources: Washington Office of Financial Management, 2021; Puget Sound Regional Council, 2021; CoStar, 2021; CAI, 2021.

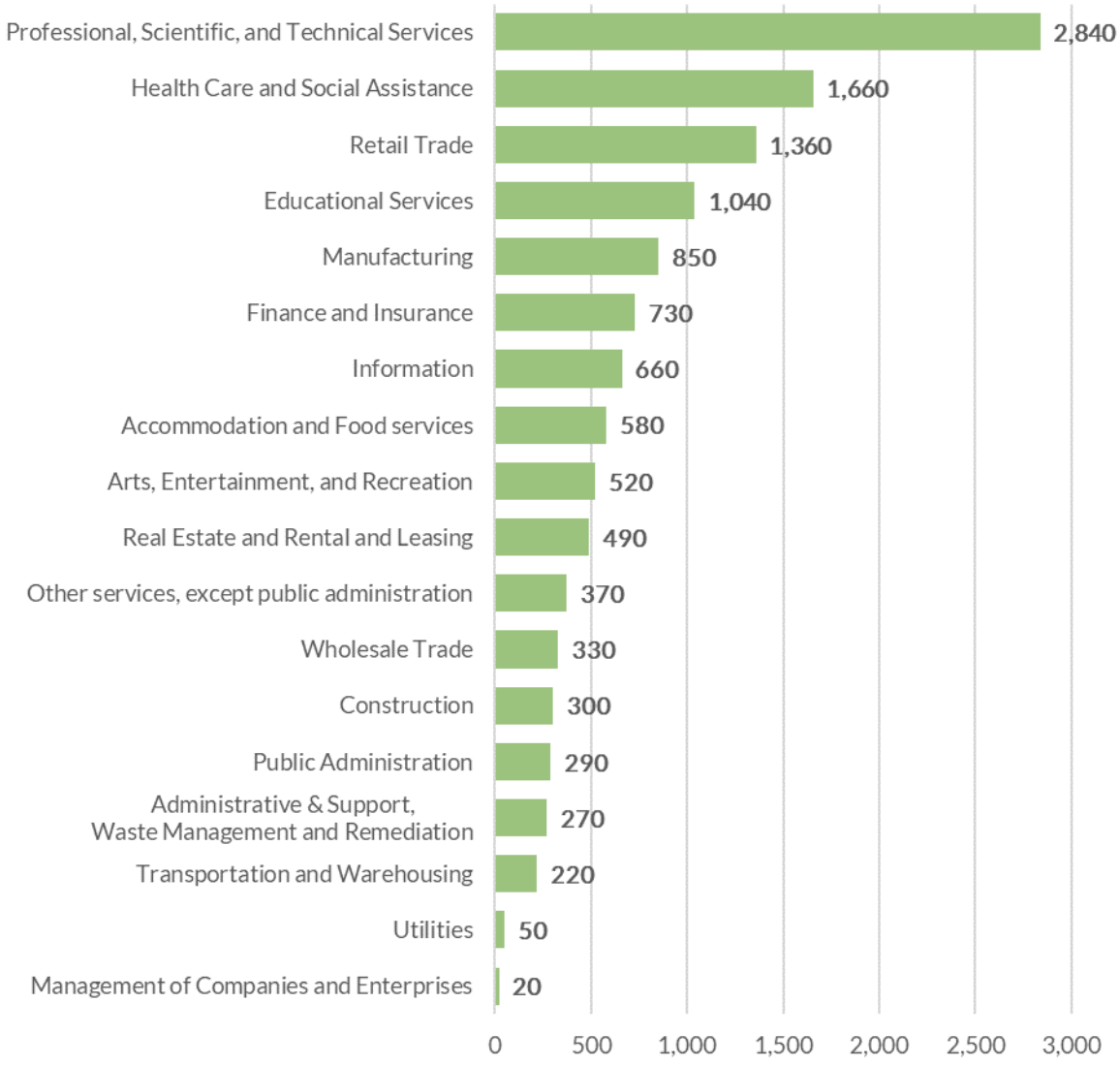
Workforce Profile

Mercer Island's largest sectors are high-earning and relatively resistant to economic distress

Exhibit 12 shows employment by industry for all those who live in Mercer Island. This includes residents who work on the Island or commute to another community for work. The professional, scientific, and technical services industry employs the most Mercer Island residents (2,840). This is followed by healthcare and social assistance, retail trade, and educational services, which each employed more than 1,000 Mercer Island residents as of 2020.

Exhibit 13 presents the share of total Mercer Island employment by industry. This captures all jobs located on Mercer Island, whether they are held by Mercer Island residents or residents from the surrounding region. The two most prominent industries are healthcare and social assistance and professional, scientific, and technical services, which represent 26% of Mercer Island's total jobs (13% a piece), as of 2019. Other top industries include information, educational services, and accommodation and food services.

Exhibit 11. Employment by Industry, Mercer Island Residents, 2020



Sources: US Census Bureau ACS 5-year Estimates, 2020; Community Attributes Inc., 2022.

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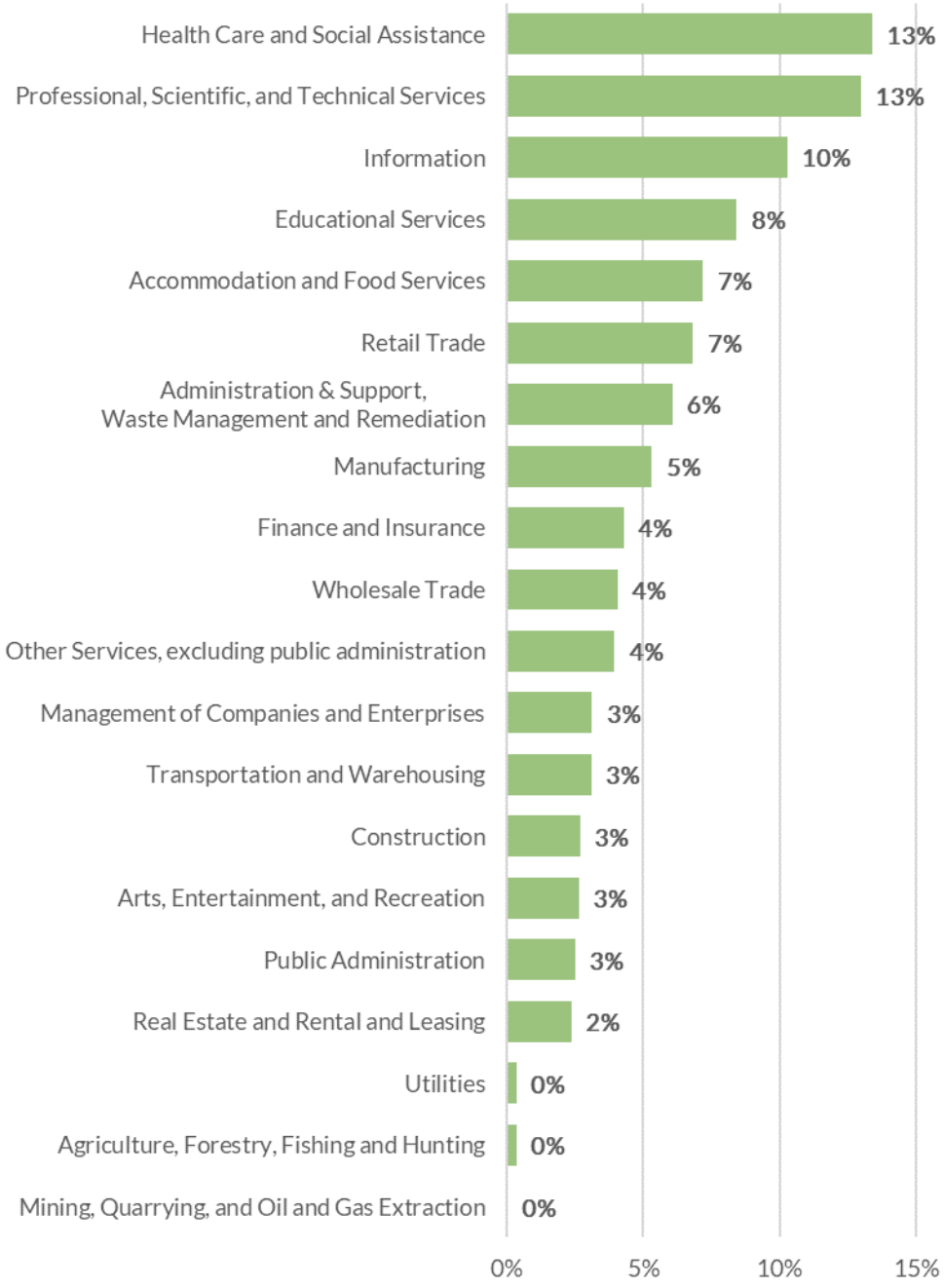
Exhibit 12. Employment by Industry, Mercer Island Jobs, 2019



Sources: LEHD, 2019; Community Attributes Inc., 2022.

Riot Games is anticipated to become the second largest employer in Mercer Island

The Mercer Island School District is the largest employer on the island, providing nearly 500 jobs combined (**Exhibit 14**). The video game company, Riot Games, announced earlier this year that it plans to open a campus on

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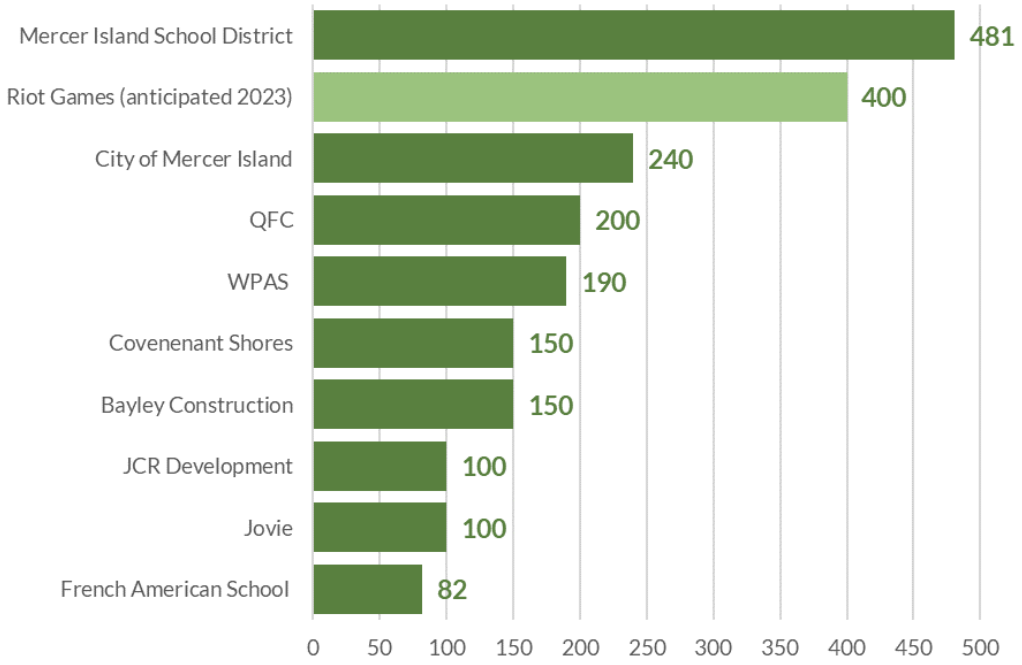
Mercer Island for 400 employees in 2023.[5] Riot purchased the six-acre former Farmers Insurance headquarters space at 3003 77th Avenue SE.[6]

Exhibit 13. Largest Employers on Mercer Island, 2022



Source: ESRI, 2022; Riot, 2022; CAI, 2022.

Mercer Island's largest industries are also some of its highest paying – including information and professional services

There are a few industries that have a high share of jobs in Mercer Island and also offer high median wages. Jobs in information make up 10% of all jobs in Mercer Island, and also have the highest median income of $182,019 (**Exhibit 15**). Professional, scientific, and technical services make up 13% of all jobs and have a high median wage of $126,471. Other industries offer high wages but have few jobs on Mercer Island, including utilities. Income data on management and natural resource industries is not available.

[5] The Farmers Insurance space has capacity for approximately 800 employees, and Riot Games has indicated that it may ultimately employ 500 to 700 full-time employees at this site.
[6] "Riot Games to open Mercer Island office," My Mercer Island, January 2022.

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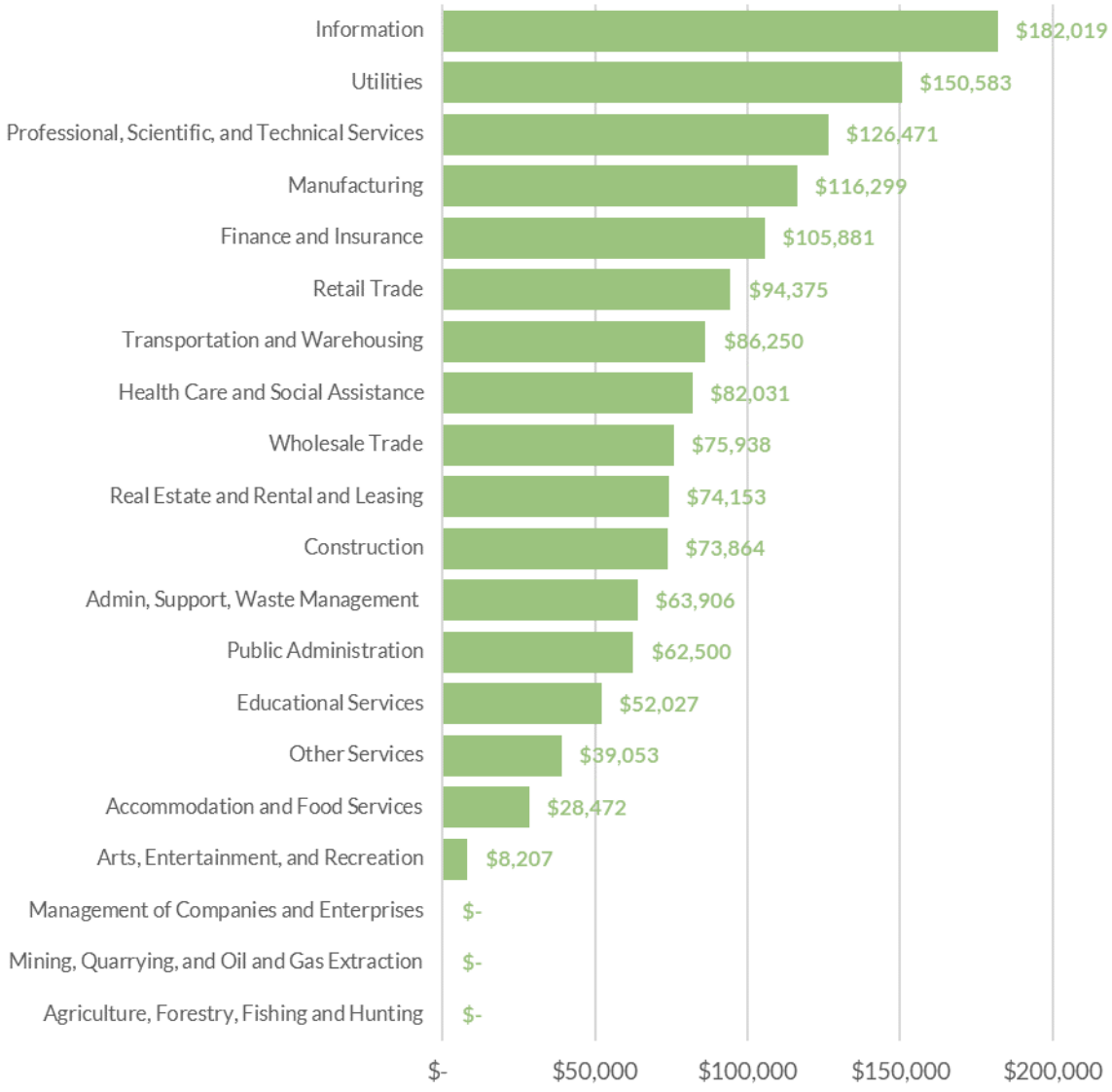
Exhibit 14. Median Income by Industry, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

BIPOC residents typically earn less than white residents[7]

Approximately 70% of Mercer Island residents identify as white, and this population group are likely to be high earners compared to the rest of the population (**Exhibit 16**). All other race and ethnic groups earn less than the average income for Mercer Island as a whole.

[7] BIPOC refers to individuals who identify as Black, Indigenous, and people of color.

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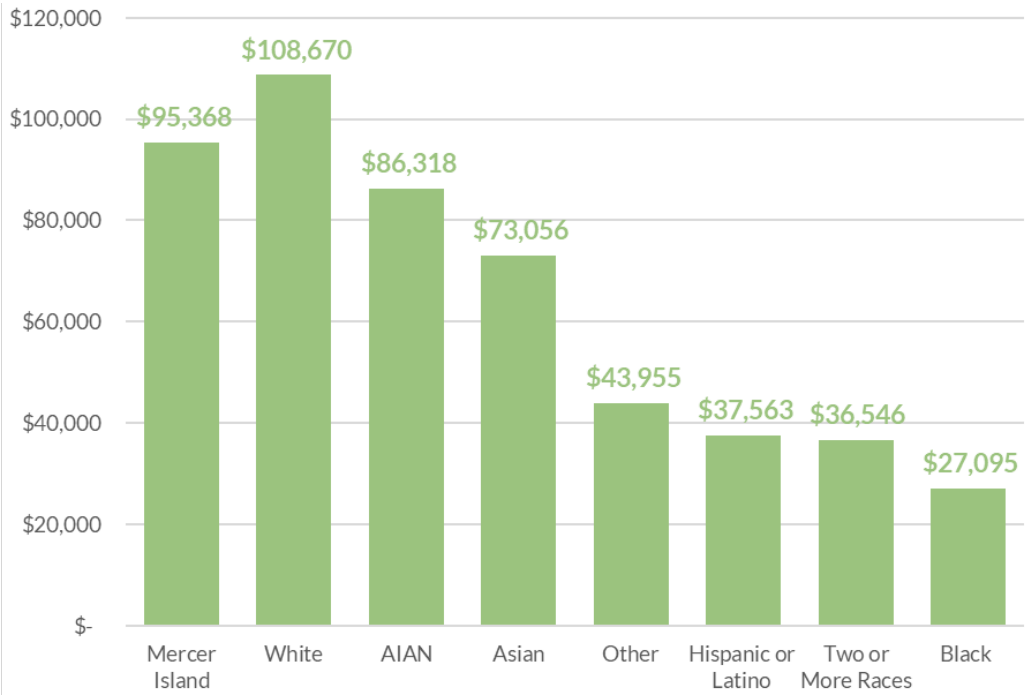
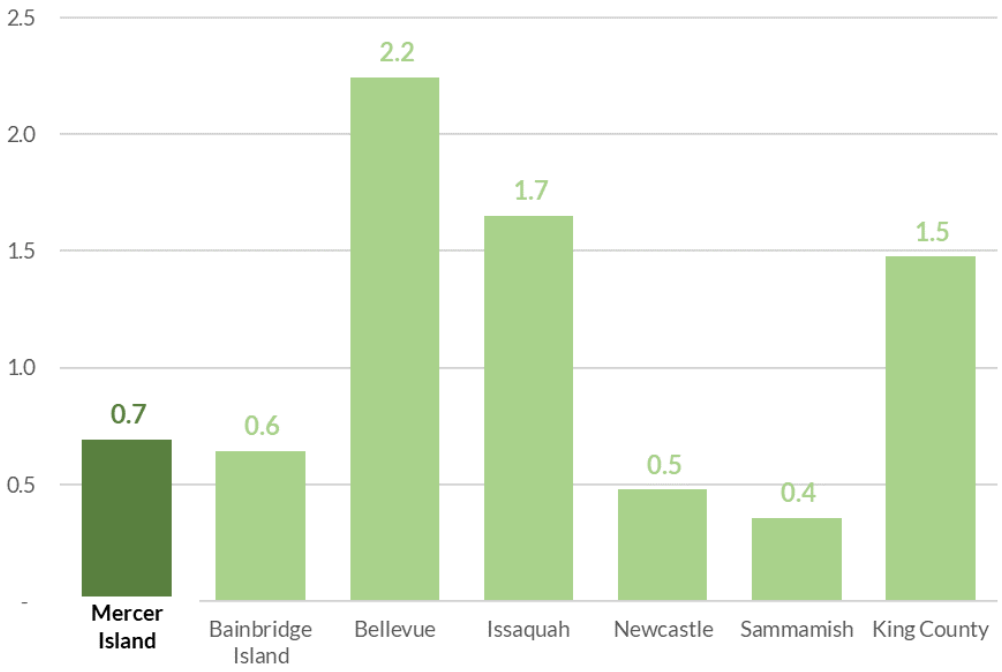
Exhibit 15. Average Income by Race and Ethnicity, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

Mercer Island is part of a robust regional economy and has a highly mobile workforce. Within the region, different cities play different economic roles, with some cities that are job centers. The ratio of jobs to housing units measures how many jobs a community has relative to the number of housing units in the community; it is an indicator of the community's economic role in a given region. Job centers have a ratio much higher than one job per housing unit, and cities with ratios much lower than one job per housing unit are residential centers or bedroom communities. Mercer Island has a jobs-to-housing units ratio of 0.7, lower than King County as a whole (1.5) (**Exhibit 17**).

Exhibit 16. Jobs to Housing Units Ratio, Mercer Island and Peer Cities, 2020



Source: Puget Sound Regional Council, 2020; Washington Office of Financial Management, 2020; CAI, 2022.

Less than 10% of Mercer Island residents also work on the island

The vast majority of Mercer Island residents commute to other cities in the region for work, with about 14% of its population commuting to Bellevue (**Exhibit 18**). Only 9% of resident workers remain in Mercer Island for work, while a significant portion commute to Seattle, Bellevue, and a range of other cities. About 13% of Mercer Island's workforce is comprised of Mercer Island residents, with the bulk of its workforce commuting in from across the region.

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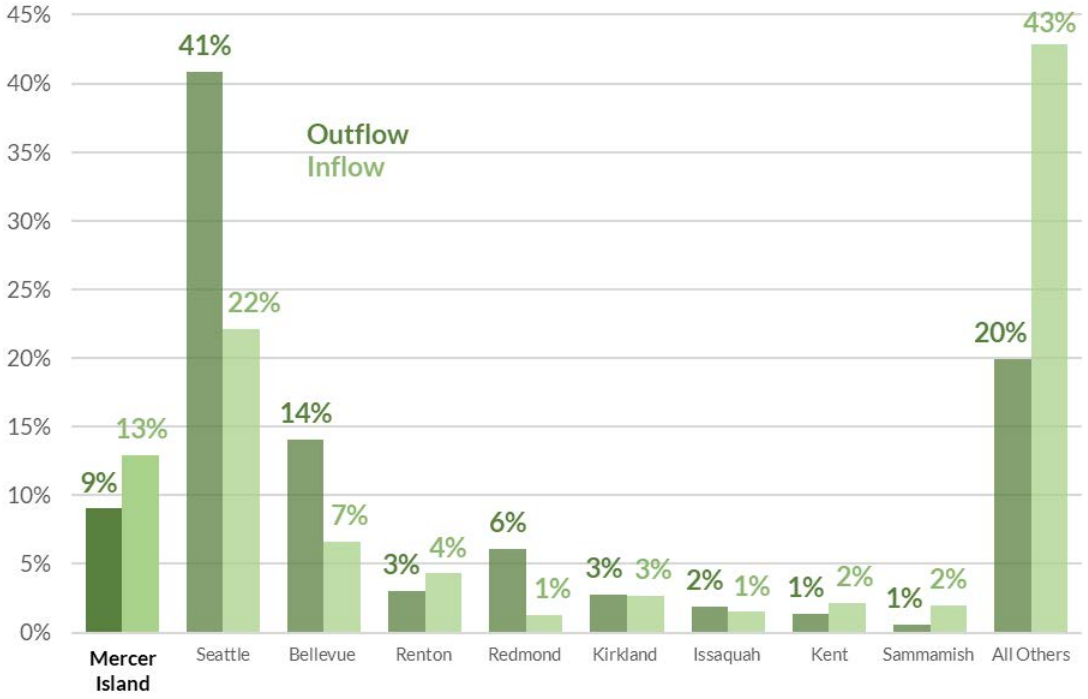
Exhibit 17. Commuter Inflow and Outflow, Mercer Island, 2020



Source: U.S. Census Bureau OnTheMap, 2019; CAI, 2022.
Note: This data includes all public and private sector jobs that are a resident's primary source of income.

Housing Analysis

Most new units since 2010 are multi-family residences

Mercer Island added about 1,200 housing units between 2010 and 2020, with the majority of new housing units in large scale multi-family developments with more than 20 units (**Exhibit 19**). In that time period, the number of two-unit residences increased from one to 67, a more than 6,000% increase, although this type of unit represents only 1% of the city's housing stock. The majority of the city's population live in single-family detached homes.

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Exhibit 18. Change in Housing Units and Type, Mercer Island, 2010 to 2020

	2010		2020		2010 to 2020 Change	
	Count	*Share*	*Count*	*Share*	*Net*	*Percent*
1-unit, detached	7,130	74%	7,306	67%	176	2%
1-unit, attached	197	2%	95	1%	-102	-52%
2 units	1	0%	67	1%	66	6600%
3 or 4 units	65	1%	39	0%	-26	-40%
5 to 9 units	406	4%	502	5%	96	24%
10 to 19 units	376	4%	403	4%	27	7%
20 or more units	1,491	15%	2,463	23%	972	65%
Mobile home	9	0%	11	0%	2	22%
Boat, RV, van, etc.	0	0%	0	0%	0	0%
Total	**9,675**	**100%**	**10,886**	**100%**	**1,211**	**13%**

Source: American Community Survey, 2010, 2020; CAI, 2022.

Renter and owner housing costs, higher than the region, are on the rise in Mercer Island

The cost to live on Mercer Island, while typically higher than King County as a whole, has been on the rise since at least 2012. Median home prices increased to more than $1 million in 2021 from $500,000 in 2012 (**Exhibit 20**). In that same period, home prices increased from $277,000 to $699,000 in King County. As of 2021, the median home value in Mercer Island is about $320,000 more than King County as a whole. In Mercer Island's case, specifically, a relatively small sample size of transactions can lead to large swings in median sale price, which may account for some of the volatility; nonetheless, the median sale price of homes in Mercer Island has been consistently higher than in King County as a whole.

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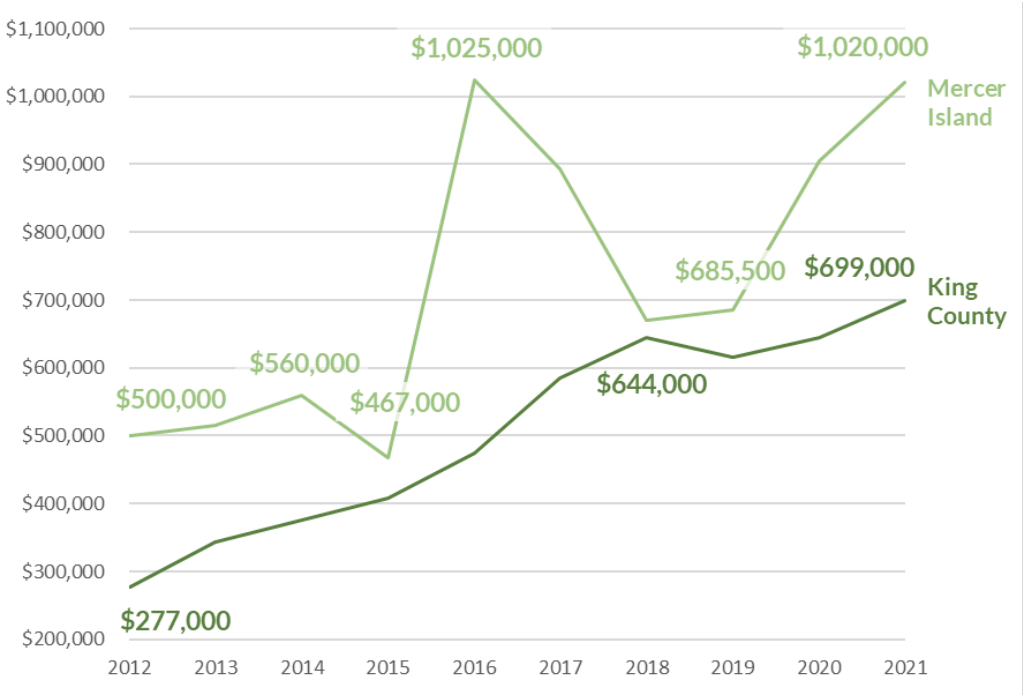
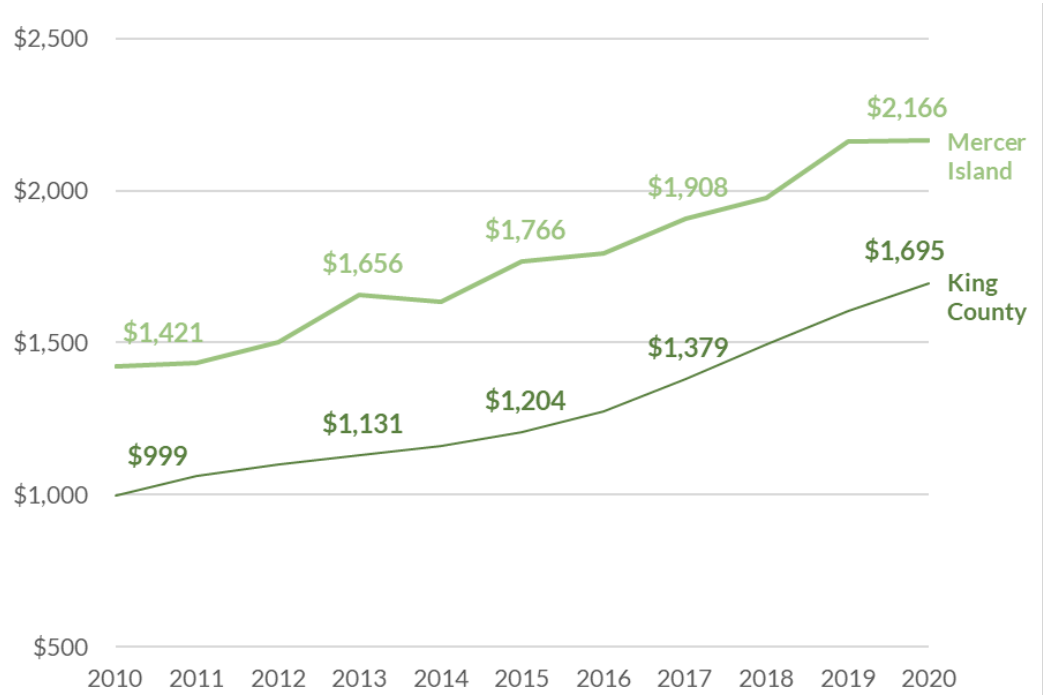
Exhibit 19. Median Home Sale Price, Mercer Island and King County, 2012 to 2021



Source: Redfin, 2022; CAI, 2022.

Median rent in Mercer Island increased from $1,421 to $2,166 from 2010 to 2020, about a $750 increase (**Exhibit 21**). In that time period, King County median rent increased from $999 to $1,695, about a $700 increase. The median rental price in 2020 is about $500 more per month in the city than across the county.

Exhibit 20. Median Rent, Mercer Island and King County, 2010 to 2020

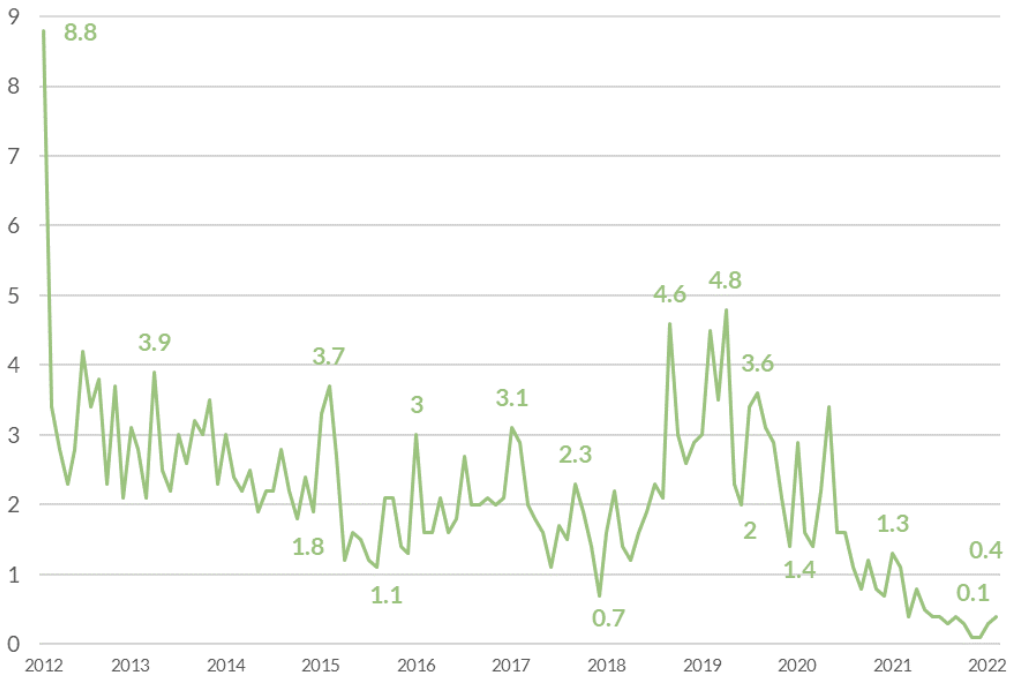


Source: American Community Survey, 2020; CAI, 2022.

There are few homes currently available for sale in Mercer Island compared to historic for-sale stock

According to the St. Louis Federal Reserve, "the months' supply is the ratio of new houses for sale to new houses sold." This measure relates the size of the new for-sale inventory to the number of new houses currently being sold. This indicates how long the current new for-sale inventory would last given the current sales rate if no additional new houses were built and is an indicator of the competitiveness of a local housing market. Mercer Island's for-sale inventory has been on the decline since 2019 and the month's supply is currently near zero (**Exhibit 22**).

Exhibit 21. Month's Supply of Homes, Mercer Island, 2012 to 2022

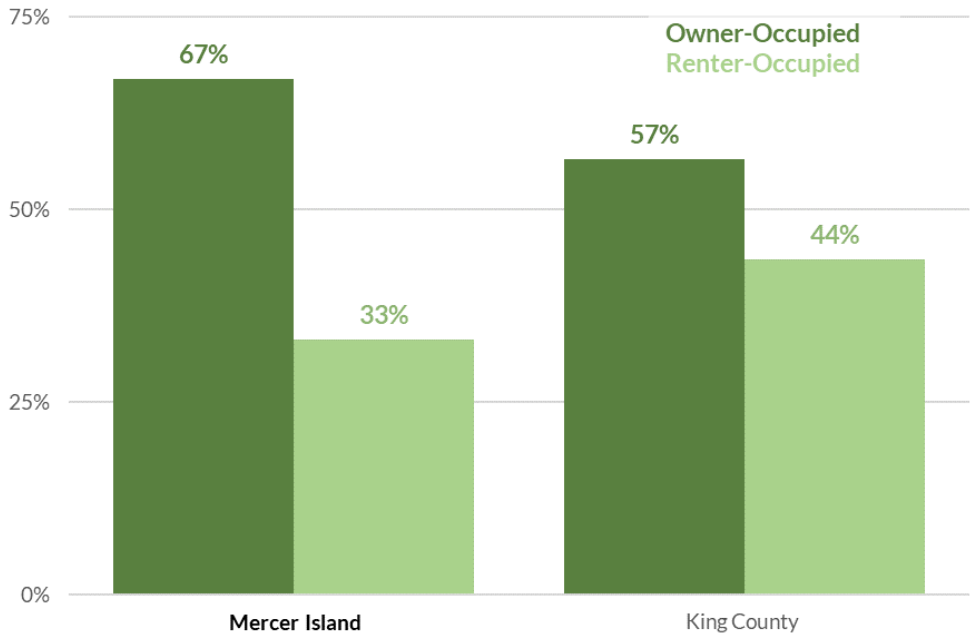


Source: Redfin, 2022; CAI, 2022.

Most Mercer Island households are owner-occupied

About two-thirds of Mercer Island homes are owner-occupied, compared to 57% of King County households (**Exhibit 23**). Rental households are increasing in Mercer Island and now make up about one-third of all households.

Exhibit 22. Housing Tenure, Mercer Island and King County, 2020

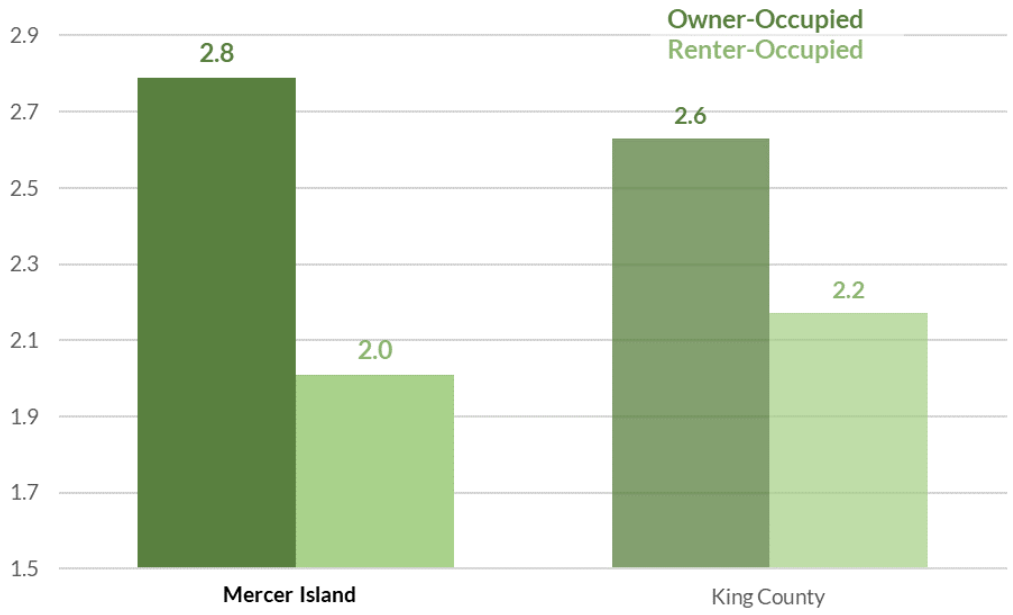


Source: American Community Survey, 2010, 2020; CAI, 2022 .

Owner-occupied households are typically larger than renter-occupied and are larger than those across King County as a whole

Households are getting larger across King County and in Mercer Island, although owner-occupied households are typically larger than renter-occupied (**Exhibit 24**).

Exhibit 23. Household Size, Mercer Island and King County, 2020



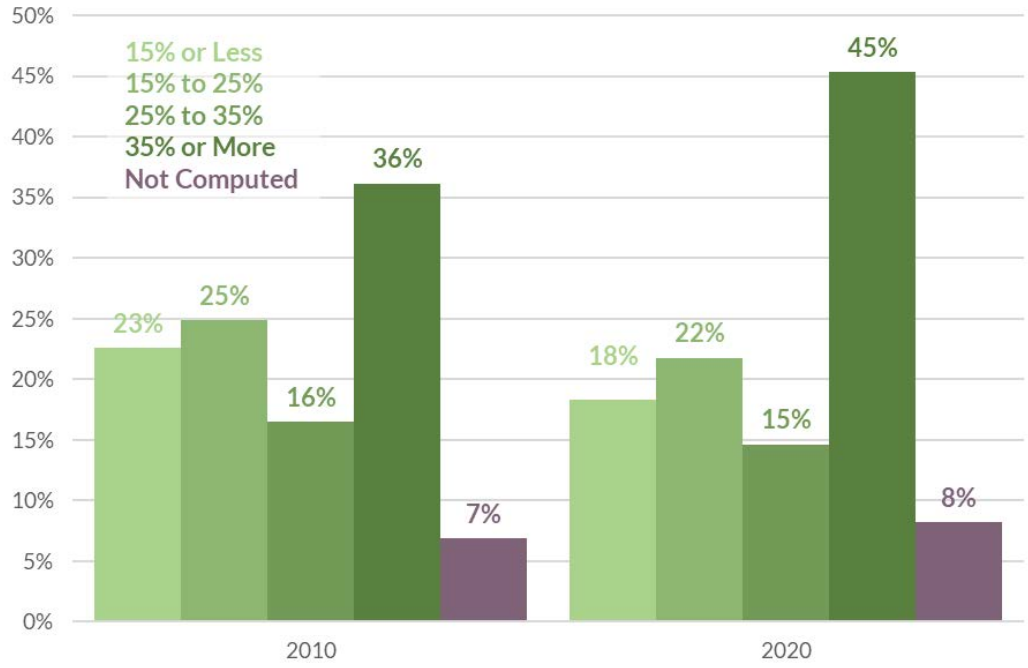
Source: American Community Survey, 2010, 2020; CAI, 2022.

Mercer Island renters are increasingly cost burdened

The Department of Housing and Urban Development defines cost-burdened households as those who pay "more than 30% of their income for housing," which may lead to difficulty "affording necessities such as food, clothing, transportation, and medical care."[8] Renter-occupied households are increasingly cost-burdened, with 45% spending more than 35% of their income on housing costs in 2020, up from 36% in 2010 (**Exhibit 25)**.

[8] Rental Burdens: Rethinking Affordability Measures, U.S. Department of Housing and Urban Development.

Exhibit 24. Percentage of Renter Household Income Spent on Housing, Mercer Island, 2010 to 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

GROWTH FORECAST

Information, professional, and technical services will comprise more than half of all Puget Sound jobs by 2050

The Puget Sound economy as a whole is anchored by jobs that fall in the Services industry classification, which includes information, professional and technical services, and management (**Exhibit 26**). These industries make up nearly half of all jobs in the region and are projected to increase to about 55% of all jobs by 2050. Retail is projected to grow to 12% of jobs, up from 11% in 2017. All other sectors are projected to decrease slightly.

Mercer Island and the Puget Sound region have a high concentration of industries, like services, that are resilient during economic hardship. According to PSRC data, information and technology, subindustries of the services industry shown in **Exhibit 26**, was the only industry which saw an increase in employment during the pandemic.[9] Nationwide, this industry has accounted for a fraction of job losses. One analysis of early pandemic industry trends cited that "the tech industry appears well-positioned to weather the economic storm and lead the next growth cycle by capitalizing on new

[9] "Helping industries recover from the impact of COVID-19," PSRC, July 2021.

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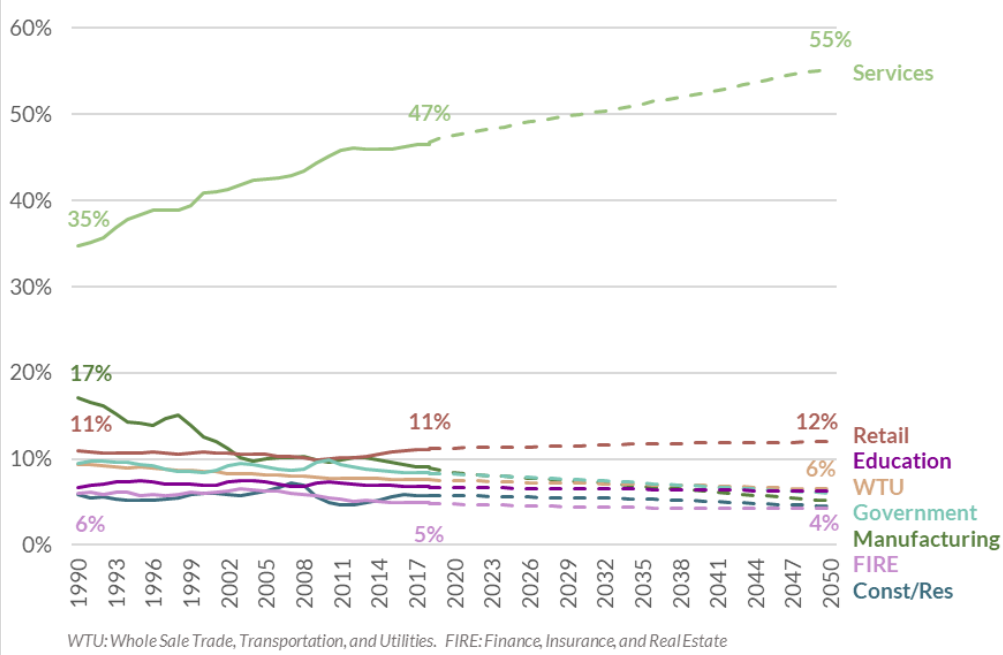
business and consumer preferences with further innovations that facilitate the 'new normal.'"[10]

Exhibit 25. Historic and Projected Employment by Industry, Puget Sound Region, 1970 to 2050



Source: Puget Sound Regional Council, 2017; CAI, 2022.

Manufacturing jobs are forecasted to decrease by 2050

The increase in share of employment in Services reflects a large increase in the number of the jobs in its subsectors projected through 2050 (**Exhibit 27**). The Puget Sound Regional Council projected an increase of nearly two million jobs in Services between 2017 and 2050. Industries like Government, Education, and Wholesale Trade, Transportation, and Utilities (WTU) have decreasing shares of the economy but will continue to see net job growth. Manufacturing, on the decline since the 1990s, is the only industry that is projected to lose jobs.

[10] "Tech Among Most Resilient U.S. Employment Sectors," CBRE, May 2020.

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Exhibit 26. Projected Industry Change, Puget Sound Region, 2017 to 2050

	2017 Total	2050 Forecast	Net Change	Percent Change
Const/Res	120,473	142,093	21,620	18%
FIRE	101,328	136,567	35,239	35%
Manufacturing	189,016	163,186	(25,830)	-14%
Retail	229,365	378,918	149,553	65%
Services	968,387	1,750,802	782,415	81%
WTU	156,937	204,945	48,008	31%
Government	175,257	189,876	14,619	8%
Education	141,294	198,056	56,762	40%

Source: Puget Sound Regional Council, 2017; CAI, 2022.
WTU: Wholesale Trade, Transportation, and Utilities.
FIRE: Finance, Insurance, and Real Estate.

Mercer Island has a target to add 1,300 jobs between 2018 and 2044 but currently has the capacity for 961 new jobs

King County develops long-term housing unit and job projections for each of its jurisdictions, including Mercer Island. It reports on these in the 2021 Urban Growth Capacity (UGC) Report, an update to the 2014 Buildable Lands Report and the county's buildable lands analysis as required by the Growth Management Act, RCW 36.70A.215. King County projects an addition of 1,239 housing units from 2019 to 2044 in the UGC Report. Mercer Island has since increased this target to 1,370, as shown in **Exhibit 28**. Mercer Island's target of 1,370 new housing units through 2044 would result in 11,843 housing units. King County's estimated housing unit capacity of 1,607 units can accommodate Mercer Island's increased housing target. The UGC also projects a new target of 1,300 jobs through 2044, which would result in a total of 9,045 jobs on the island. King County estimates Mercer Island's job capacity to be 961 new jobs through 2044, a 339 jobs short of anticipated growth.

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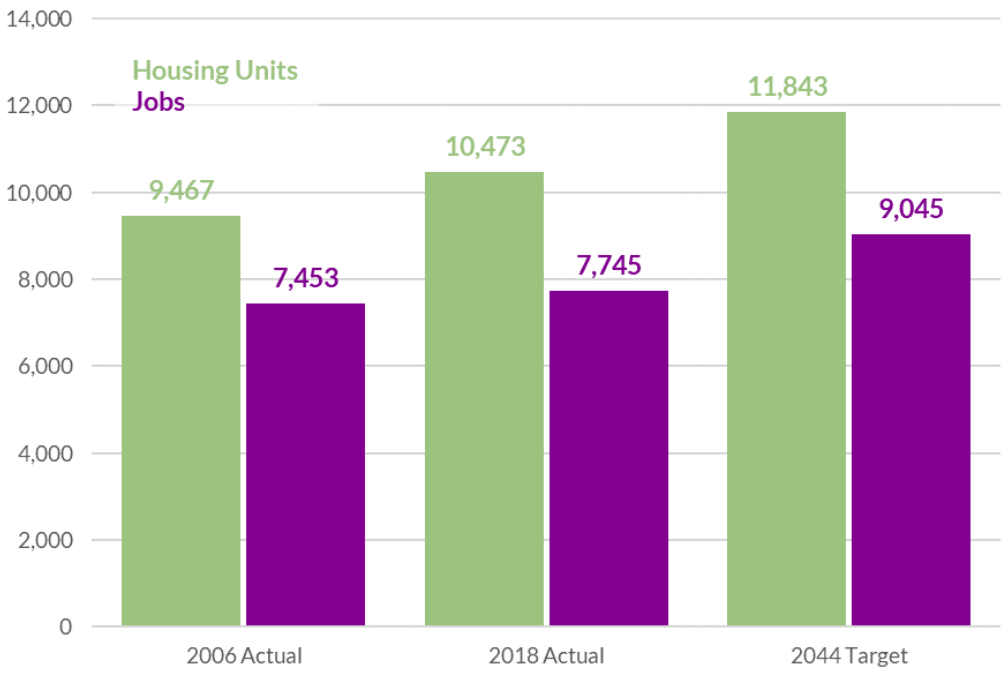
Exhibit 27. King County Countywide Planning Revised Growth Targets, Mercer Island, 2021



Source: King County Urban Growth Capacity Report, 2021; CAI, 2022.

Services will continue to be Mercer Island's largest industry

The Puget Sound Regional Council (PSRC) calculates jobs grouped by industry sectors. Applying the share of each industry calculated by PSRC to the 2044 job growth target calculated by King County in its Urban Growth Capacity report provides an estimate of jobs by sector. The majority of current jobs fall within professional and technical services sector, and this sector may grow by upwards of 1,100 jobs by 2044 (**Exhibit 29**).

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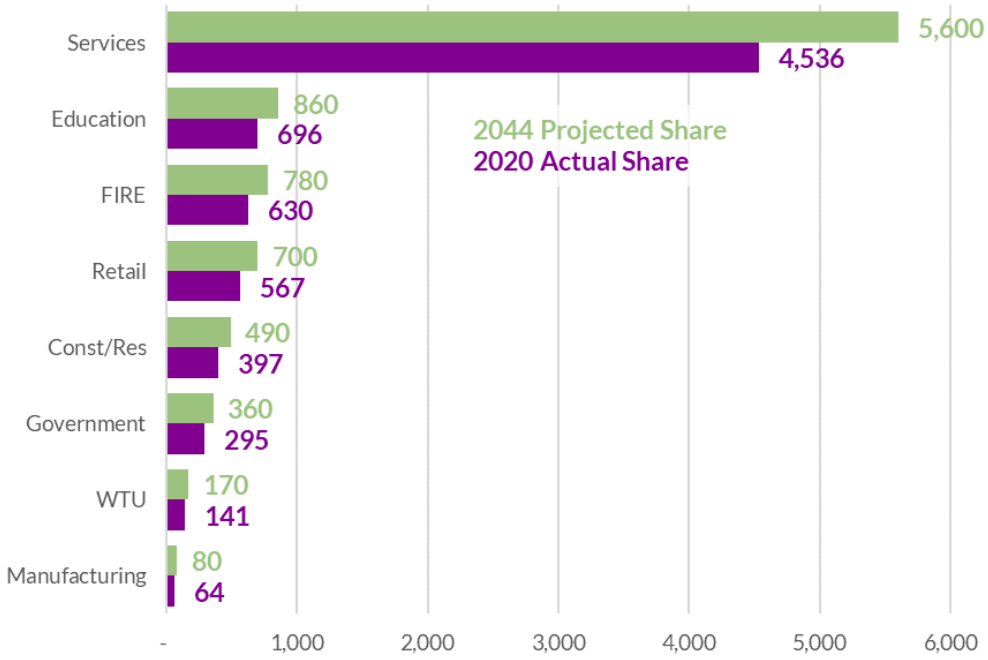
Exhibit 28. Estimated Increase in Jobs by Sector, Mercer Island, 2020 and 2044



Source: PSRC, 2020; King County Urban Growth Report, 2021; CAI, 2022.

Key Findings and Implications

This section is forthcoming, pending discussion with key stakeholders, including City Council and the Planning Commission.

Findings

Population Profile

- Mercer Island is a comparatively slow-growing city.
- Workforce-aged population groups have shrunk since 2010.
- Residents earn more than King County as a whole and median income is increasing.
- Mercer Island residents are highly educated.

Economic Profile

- Town Center's available retail space is at an all-time low, as housing units steadily increase.
- There is very little retail and commercial growth or capacity outside of Town Center.
- Mercer Island can accommodate an estimated 35,000 square feet of additional retail space.

Workforce Profile

- Mercer Island's largest sectors are high-earning and relatively resistant to economic distress.
- Riot Games is anticipated to become the second largest employer in Mercer Island.
- Mercer Island's largest industries are also some of its highest paying – including information and professional services.
- BIPOC residents typically earn less than white residents.
- Less than 10% of Mercer Island residents also work on the island.

Housing Analysis

- Most new units since 2010 are multi-family residences.
- Renter and owner housing costs, higher than the region, are on the rise in Mercer Island.
- There are few homes currently available for sale in Mercer Island compared to historic for-sale stock.
- Most Mercer Island households are owner-occupied.
- Owner-occupied households are typically larger than renter-occupied and are larger than those across King County as a whole.
- Mercer Island renters are increasingly cost burdened.

Growth Forecast

- Information, professional, and technical services will comprise more than half of all Puget Sound jobs by 2050.
- Manufacturing jobs are forecasted to decrease by 2050.
- Mercer Island has a target to add 1,300 jobs between 2018 and 2044 but currently has the capacity for 961 new jobs.
- Services will continue to be Mercer Island's largest industry.

Implications

- **Mercer Island's economic activity is concentrated in a few areas with decreasing available commercial space**. Town Center accounts for most of the island's economic activity but has a historically low amount of leasable retail space. Based on a 2021 analysis, the city could support an additional 35,000 square feet of retail capacity, and this estimate does not account for the pending arrival of Riot Games and potentially hundreds of new jobs in the Town Center.
- **Mercer Island's economy is anchored by professional, technical, and scientific services**. These are some of the highest paid professions. According to the Washington State Employment Security Division, these jobs are typically more resilient in recessions or other times of economic duress, like the COVID-19 pandemic. The

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Puget Sound Regional Council projects that services will make up more than half of all jobs in the region by 2050.

- **Housing costs in Mercer Island are a challenge for segments of the Mercer Island workforce**. The School District and the City are the largest employers, but employees in these sectors earn low median wages compared to the city as a whole. Housing costs – for both renters and owners – are on the rise and nearly half of renters are cost burdened. More moderate- and low- income residents are increasingly priced out of living on Mercer Island.
- **Mercer Island is uniquely situated between two of the region's economic hubs and has an opportunity to onshore some of those jobs.** Very few Mercer Island residents work in the city, with the highest share commuting to Seattle and Bellevue. As some of the region's largest companies, including Microsoft and Amazon, put their return-to-work plans on hold or adopt a full-time remote option, Mercer Island may have an opportunity to attract some remote employees away from commuting into the office. Investment in office or coworking space could draw in residents who are not ready to commute to the office but may want alternatives to working from home.
- **Mercer Island is well-poised to reinvigorate the retail base**. Town Center is the city's most viable location for new residential units, and the expected light rail expansion in 2024 combine to create a unique opportunity for Town Center. With concentrated population growth and expanded and affordable access to the region, Town Center is well suited to support a range of walkable urban amenities for residents and visitors alike.
- **The relatively older and aging population, as well as a growing contingent of young adults and families, will have implications on future housing, service, and retail needs**. Aging population groups may need housing options to age in place, downsize within the community, or move to assisted living facilities.[11] Young residents, whether individuals, couples, or growing families, will need access to a range of housing types and sizes. Affordable rental units, starter homes, and homes that will accommodate a growing family are noted housing typologies for households under 35.[12] Furthermore, a variety of demographic types moving into Mercer Island can support a more diverse offering of retail, food, and commercial offerings on the island.

[11] "Guidance for Developing a Housing Action Plan – Public Review Draft," Washington State Department of Commerce, June 2020.
[12] Ibid.

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- **The city is not on track to accommodate the projected new job growth through 2044, but this does not consider Riot Games' arrival**. Mercer Island is targeted to add 1,300 jobs between 2018 and 2044. Its most recent job growth trends indicate that the island does not have the capacity for its projected growth. These projections do not take into account Riot Games' expansion into the city, which will account for approximately 31% of Mercer Island's 2044 projected job growth by the end of 2023. Furthermore, these new jobs are replacing those lost when Farmers Insurance left in 2018. This may have the two-fold effect to alleviate capacity pressure to meet the 2044 jobs target while increasing demand for even more new businesses.
- **Riot Games' arrival may have broader economic impacts**. With a projected 2024 opening, Riot Games is projected to become the second largest employer on the island, fulfill nearly one-third of the city's long-term job growth projection, and bring at least 400 (and potentially up to 700) mostly high-paying jobs to the island. Riot's campus may drive additional retail and service demand in Town Center and housing demand within the vicinity and across the island. These new high-earning workers could place additional pressure on an already tight housing market and existing cost burdened households. Riot employees who opt to live off the island will utilize public parking and transportation systems and increase use rates for public infrastructure in the span of a few weeks.
- **Mercer Island's high quality of life is one of its most competitive advantages, and the City should ensure it remains accessible to all who want it.** Housing demand has never been higher or most expensive. Post-pandemic retail vacancy rates are low. Major employers like Riot Games are expanding, with the potential to lead a reinvigoration of the retail base on the island. All of housing, workforce, and economic indicators in this report all lead to one assumption: more people than ever want to live, work, and play on Mercer Island. The stark reality is that these same conditions may also result in fewer residents and workers having the ability to do so. The City should work to ensure that aging residents, new and growing families, and crucial components of the Mercer Island workforce can also afford to enjoy Mercer Island's quality of life now and into the future.

City of Mercer Island
Housing Needs Assessment

November 2022

Prepared by:

cai community attributes inc

Prepared for:

Community Attributes Inc. tells data-rich stories about communities that are important to decision makers.

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INTRODUCTION

Background and Purpose

Mercer Island is subject to planning requirements of the Washington Growth Management Act, which includes periodic updates to comprehensive plans in cities and counties across the state. Pursuant to this update, Mercer Island is undertaking a Housing Needs Assessment (HNA) that analyzes conditions, trends, and gaps in Mercer Island's housing stock. The HNA describes the current housing stock in the city and evaluates how the Mercer Island Comprehensive Plan will accommodate the projected growth in housing. This helps to ensure that the Plan will address statewide planning goal 4 established in RCW 36.70A.020(4), which states:

"Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock."

In addition to analyzing housing needs, the HNA includes a list of recommended actions to address housing during the Comprehensive Plan update. The list of recommended actions includes policy recommendations, possible city programs, and other implementation actions to address identified housing needs.

This Housing Needs Assessment also utilizes draft future housing need methodologies that are currently under consideration by King County and resulting from Department of Commerce guidance in response to House Bill 1220. House Bill 1220 amends the Growth Management Act and changes the way communities are required to plan for housing by requiring local governments to plan and accommodate affordability for all income levels in its housing plans.

Methods

The HNA begins with a review of existing city and regional housing plans and policies to set the context for the housing analysis. The demographic and economic analysis is organized around population level and trends, household characteristics, and employment and commuting trends which affect the demand for and price of housing. The HNA provides an analysis of current housing supply and availability, housing market conditions and trends, defines affordability and how affordability is typically measured, and examines affordability of ownership and rental housing. Lastly, the HNA compares the housing unit inventory, land capacity analysis, and forecasted growth to determine the housing needs the Comprehensive Plan must accommodate.

The analysis in this report relies on secondary data analysis. The analysis leverages data published by federal, state, and local government resources, as well as private real estate data vendors, such as CoStar and Zillow. The analysis addresses the housing market and housing inventory found within the boundaries of the City of Mercer Island and provides comparisons with neighboring and peer cities of Bainbridge Island, Bellevue, Issaquah, Newcastle, Sammamish and with King County.

Organization of this Report

The remainder of this report is organized as follows:

- **City and Policy Context** summarizes Mercer Island's current local and regional housing planning and policy.
- **Demographic and Economic Character of Mercer Island** provides a current snapshot and historic trends of the social and economic conditions in Mercer Island.
- **Current Housing Supply** summarizes the current housing stock and market conditions in Mercer Island and the region.
- **Future Housing Need** utilizes availability data and population and housing projections to estimate future housing need.
- **Housing Needs Assessment** includes findings and implications from the previous analyses.
- **Recommendations** includes a list of recommended actions informed by findings from the HNA to provide strategic guidance for addressing housing during the Comprehensive Plan update.

EXECUTIVE SUMMARY

The City of Mercer Island is updating its comprehensive plan as part of the periodic review required by the Washington Growth Management Act (GMA). Specific GMA requirements for the Housing Element are established in WAC 365-196-410. The Housing Element must include a housing unit inventory and an analysis of housing needs. The Housing Needs Assessment includes these elements and is an important tool that will inform updates to the city's Housing Element. The HNA also describes the current housing stock in the city and evaluates how the Mercer Island Comprehensive Plan will accommodate the projected growth in housing. Lastly, the HNA includes a list of recommended actions to address housing during the Comprehensive Plan update.

Key Housing Needs in Mercer Island

- **Demographic and economic trends will drive demand for affordable and diverse housing in Mercer Island.** Key demographic and economic trends affect Mercer Island's future housing needs. Increasing home values combined with slow income growth for many resident groups has resulted in increasing affordability challenges for moderate- and low-income households. Demand appears to be growing for access to multifamily housing.
- **Mercer Island's population – and its housing needs – are diversifying**. The city has an older population than King County, and a higher and growing share of families with children. Its BIPOC population is growing, although it remains relatively low compared to King County's as a whole.
- **Moderate- and low-income households are increasingly cost burdened and at risk of being priced out of Mercer Island**. As the cost of housing on Mercer Island increases, the city may increasingly rely on workers commuting into the island to supply much of the workforce. Over time, an increasing portion of Mercer Island workers may not be able to afford to live near their place of work.
- **Mercer Island's housing growth target is 1,240 new housing units between 2020 and 2044.** The composition of these units by housing type and price will vary based on market forces and other factors, but Mercer Island's allocation is likely to include housing units affordable to households making less than 100% of area median income (AMI).
- **New housing growth will be concentrated in a small part of Mercer Island and the capacity for new units is dwindling.** Town Center is 76-acres and accounts for nearly all of the island's

multifamily residences. Likewise, most of Mercer Island's zoning capacity for new housing is located in the Town Center. While sufficient capacity to accommodate the additional multifamily or mixed-use development needed to achieve the growth target is currently in place, most of this capacity is likely to be utilized by 2044.

Policy and Action Recommendations

1. Comprehensive Plan Updates and Amendments

1.1 Update the Comprehensive Plan with newly released King County population, housing unit, and jobs projections.

1.2 Incorporate findings from the Housing Needs Assessment into the goals and policies of the Comprehensive Plan's Housing Element.

1.3 Implement the tracking and work plans outlined in Chapter 3.VI of the Comprehensive Plan (Implementation Tracking, Housing Element) to monitor progress made by the city in accomplishing its housing goals, evaluate the changing housing landscape in Mercer Island, and track key indicators of housing supply, accessibility, affordability, and diversity.

1.4 Establish a goal within the Housing Element to develop transit-oriented development along I-90 and the future light rail station and develop a vision for connecting multifamily residential areas across the island to job clusters and transit corridors.

2. Unified Land Development Code Amendments

2.1 Amend minimum residential lot sizes to allow for smaller units, in line with stated Comprehensive Plan housing goals to allow residents to age in place and young families to attain homeownership and land use goal to encourage green building and sustainable development. Possibly omit R-15 zone due to environmental conditions and high cost of development.

2.2 Allow subdividing homes into duplexes or similar small multifamily units to allow residents to age in place, improve access to homeownership for young residents and families, and maintain neighborhood character.

2.3 Allow cottage courts or courtyard housing in certain single-family residential zones or on redeveloped parcels to allow for additional housing options for low- and middle-income families while maintaining neighborhood character, bulk, and scale.

2.4 Revisit the proposed demonstration project of innovative and smaller housing on vacant or underutilized sites within Mercer Island. Consider cottage courts or courtyard housing on appropriate sites.

2.5 Consider revising the Commercial Offices (CO) land use designation to include the potential for dense residential housing in areas that are transit oriented and can support higher density.

2.6 Remove the average parcel size language from the Planned Business (PBZ) land use designation and replace with allowed density.

2.7 Replace maximum allowed density limits in multifamily zones with a minimum density or no density requirement.

3. City Programs, Policies, and Action

3.1 Develop an affordable housing preservation program to protect the existing affordable housing stock and identify potential sites for new units.

3.2 Create a program to incentivize or assist infill development that is appropriate to neighborhood character and scale that also provides housing for a range of incomes, demographics, and abilities. Program could include streamlining the development process or modifying regulations for certain types of development on certain sites.

3.3 Develop an assistance or education program for young families or residents who wish to become homeowners and aging homeowners who wish to age in place. Pair with a housing demonstration project, new development within the city, or regulatory review that allows single-family homeowners to divide their homes into multiple units.

3.4 Consider revising density bonuses, flexible parking and development standards, and reduced development regulations or fees to encourage development and alleviate growing development costs in Town Center.

PLANNING AND POLICY CONTEXT

Mercer Island is a 6.2 square mile island in Lake Washington, east of the City of Seattle. In the late 1800s, Mercer Island was settled as a resort and small island-living community convenient to the nearby then-timber boom town of Seattle. Development slowly overtook the island until 1940, when the floating Lacey V. Murrow Memorial Bridge connected Mercer Island to Seattle and opened the island to the region and a wave of development and population growth.

Upon its incorporation in 1960, the City has undertaken multiple Comprehensive Plan updates as required by the Washington State Growth Management Act. The City is a member of A Regional Coalition for Housing, an intergovernmental agency that works to preserve and increase the supply of housing for low- and moderate-income Eastside households, and subject to King County Countywide Planning Policies. This section provides a summary of each of the City's planning documents and regional or state policy.

Citywide Context

Mercer Island City Code

The Mercer Island's City Code sets forth land use and development requirements across the city. Seven single- and multifamily residential zones and sub-areas in the Town Center zone allow for housing. Exhibit 1 outlines some zoning and development guidelines of each residential zone. The code's unified land development code is the primary mechanism through which the city maintains its residential and community character.

Mercer Island Comprehensive Plan

Mercer Island's 2016 update to its Comprehensive Plan largely affirms the city's character as a single family residential and convenient island living haven in the Puget Sound region. The island's 6.2 square miles are predominantly developed with large-lot, single family residences. Its Town Center and Commercial Office Zone serve the entire island as its commercial zones as well as the sites for nearly all mixed-use and multifamily development. Additional commercial land is located at the southern end of the island in the Planned Business Zone (PBZ).

Exhibit 1. Zoning and Land Use, Mercer Island City Code

Zone	Zone Type		Minimum Lot Size (square feet)	Maximum Density (units/acre)
R-8.4	Single Family		8,400	5
R-9.6	Single Family		9,600	5
R-12	Single Family		12,000	4
R-15	Single Family		15,000	3
MF-2L	Multi-Family, Limited	*S*	4,800	26
		TH	1,500	
MF-2	Multi-Family	*S*	4,800	38
		TH	1,000	
MF-3	Multi-Family	*S*	4,800	26
		TH	1,500	
B	Business		None	
PBZ	Planned Business		None	
C-O	Commercial Offices		None	
P	Public Institution		None	
TC	Town Center		None	

Source: City of Mercer Island, 2022; Community Attributes, 2022.
Note: S refers to standard lot sizes; TH refers to lots with townhouses. The City of Mercer Island Zoning Map and Municipal Code are available online at https://library.municode.com/wa/mercer_island.

Town Center

Over the last 30 years, the city has undertaken multiple planning efforts to revitalize the 76-acre downtown area, Town Center. The 2002 effort led to an overhaul of Town Center design and development guidelines, a process which culminated in a wave of development that added 870 housing units and approximately 334,000 square feet of new commercial area between 2001 and 2014.[1] The city continues to review and reconsider its design standards and development guidelines for this area.

In June 2020, City Council unanimously enacted a six-month moratorium on new construction in the Town Center zone so it could assess the adequacy of current retail space requirements.[2] City Council extended this moratorium three times since then, most recently on May 17, 2022. This moratorium

[1] Mercer Island Comprehensive Plan: Housing Element, September 2021.
[2] "City Council Adopts Temporary Moratorium on Town Center Development," City of Mercer Island, June 2020.

primarily impacts higher density and multifamily developments in one of the few areas on the island in which this type of development may happen.

Regional and State Context

Mercer Island is undertaking a Housing Needs Assessment which will ultimately inform a Housing Action Plan. This effort is supported by Growth Management Act funds distributed to cities across the state by the Washington State Department of Commerce.

In addition to its own and state-guided planning, Mercer Island is a part of several regional housing and growth planning efforts, each with its own purview, goals, and commitments. These plans share many of the same goals and strategies, and efforts undertaken by the City may meet multiple commitments and targets across them. This Housing Needs Assessment and forthcoming Housing Action Plan, while supported and triggered by the Growth Management Act, will help Mercer Island fulfill commitments and strategies in its regional and local partnerships. Where applicable, this is noted below.

Growth Management Act

As a Washington county that meets the population threshold of the Growth Management Act (GMA), King County and its cities and towns are required to meet GMA planning requirements. The GMA was amended in 2017 and now requires certain counties, including King County, to compare its development to its growth targets and urban densities. Through King County's Urban Growth Capacity Report, which fulfills the county's GMA planning requirements, Mercer Island is classified as one of seven High Capacity Transit (HCT) Communities. Mercer Island accounts for a small portion of King County's housing and job capacity among HCT communities (3% and 6% respectively).[3] Among all planned growth in King County, HCT communities account for 12% and 3% of all housing and job growth, respectively.[4] As of 2018, Mercer Island was on pace to meet its 2035 target of new housing units, an additional 2,320 units.[5] It had fallen behind on its projected job growth and was on track to meet only 61% of its anticipated 1,160 new jobs.[6] Mercer Island is classified as a high price but limited growth community due its geographic constraints, but a buildable lands analysis projects that the city has land capacity for more than the anticipated housing unit growth.

[3] 2021 King County Urban Growth Capacity Report, King County, June 2021.
[4] Ibid.
[5] Ibid.
[6] Ibid.

VISION 2050

VISION 2050 is the region's shared and collaborative plan for a "sustainable and more equitable future" through planning across several issue areas, including economy, environment, housing, and community.[7] The plan acknowledges the housing affordability challenges facing the region and the growing economic and social disparities that housing insecurity and unaffordability exacerbate. The Puget Sound Regional Council, which administers VISION 2050, identifies a growing need for local action and more diverse housing choices for evolving population needs. Its housing strategies include focusing housing near transit options and diversifying housing type, density, style, and size. It also encourages counties and cities to conduct a housing needs analysis, evaluate the effectiveness of existing policies, and consider implementing strategies that will create additional housing capacity in line with its growth strategy. The Housing Needs Assessment and Housing Action Plan directly support this recommendation.

Mercer Island is one of the 34 High Capacity Transit Communities in PSRC's Vision 2050. The Regional Growth Strategy calls for the 34 High Capacity Transit Communities to accommodate 24% of the region's population growth and 13% of its employment growth by the year 2050.

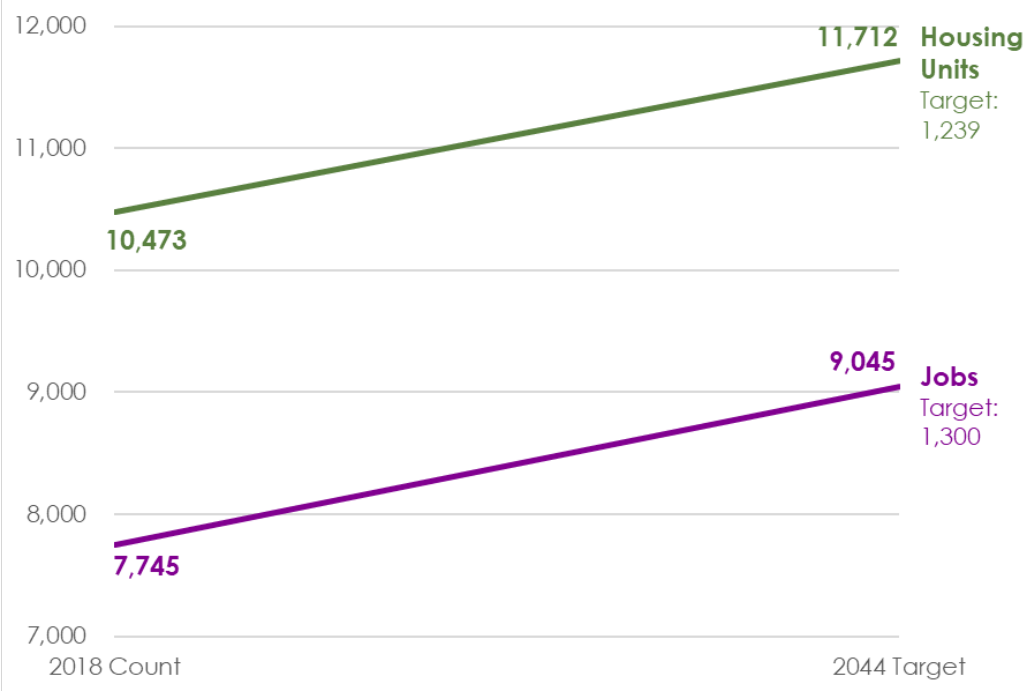
King County Countywide Planning Policies

RCW 36.70A.210 requires Washington counties to adopt countywide planning policies in cooperation with the cities within its jurisdiction.[8] King County and each of its 39 cities recently ratified the 2021 King County Countywide Planning Policies (CPPs) in preparation for statutory updates of city comprehensive plans and in conjunction with the region's growth plan, VISION 2050. This effort incudes growth targets of housing units and jobs in each VISION 2050 jurisdiction.

The CPPs overarching development pattern goal is to facilitate growth in "compact, centers-focused pattern that uses land and infrastructure efficiently, connects people to opportunity, and protects Rural and Natural Resource Lands.[9] Housing and employment growth will be prioritized within urban growth areas and land use will create healthy, vibrate, and equitable urban communities. King County classifies Mercer Island as a high-capacity transit community and forecasts 1,239 new housing units and 1,300 new jobs in Mercer Island by 2044 (Exhibit 2).

[7] VISION 2050: A Plan for the Central Puget Sound Region, Puget Sound Regional Council, October 2020.
[8] Countywide planning policies, RCW 36.70A.210
[9] 2021 King County Countywide Planning Policies, King County, April 2022.

Exhibit 2. 2019 to 2044 Growth Target by Type, 2021



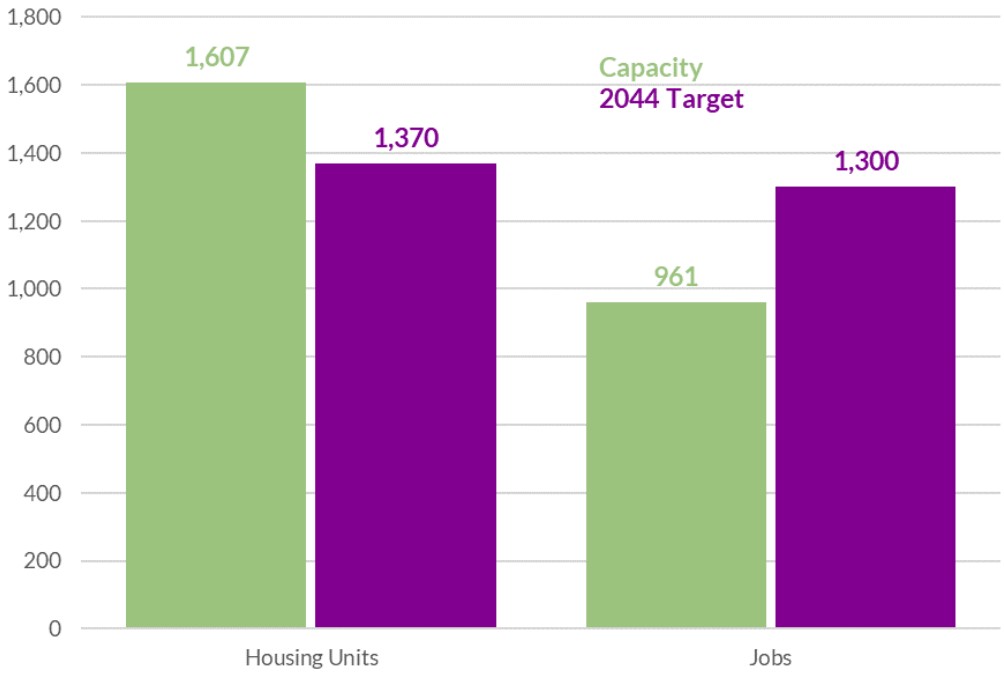
Source: King County Countywide Planning Policies, 2021; CAI, 2022.

King County Urban Growth Capacity Report

King County furthers assesses its future housing and employment constraints and needs through the Urban Growth Capacity (UGC) Report. The 2021 Urban Growth Capacity Report provides an interim evaluation of King County jurisdictions' progress on meeting the goals laid out in their 2035 comprehensive plans and fulfills Growth Management Act Buildable Lands planning requirements. The report also implements and tracks portions of the King County Countywide Planning Policies.

Mercer Island is classified as both a large city and high-capacity transit community. The UGC uses the King County Countywide Planning Policy growth targets of 1,239 new housing units and 1,300 new jobs in Mercer Island by 2044 and expands on these growth projections with estimations of Mercer Island's progress in accommodating this potential growth. It lists the city's total housing unit capacity at 1,607. Since King County announced the 2044 targets, Mercer Island has itself committed to an increased housing unit target of 1,240 new units by 2044, still well within the projected capacity (Exhibit 3). Mercer Island's job capacity is projected at 961, a shortfall of 646 jobs.

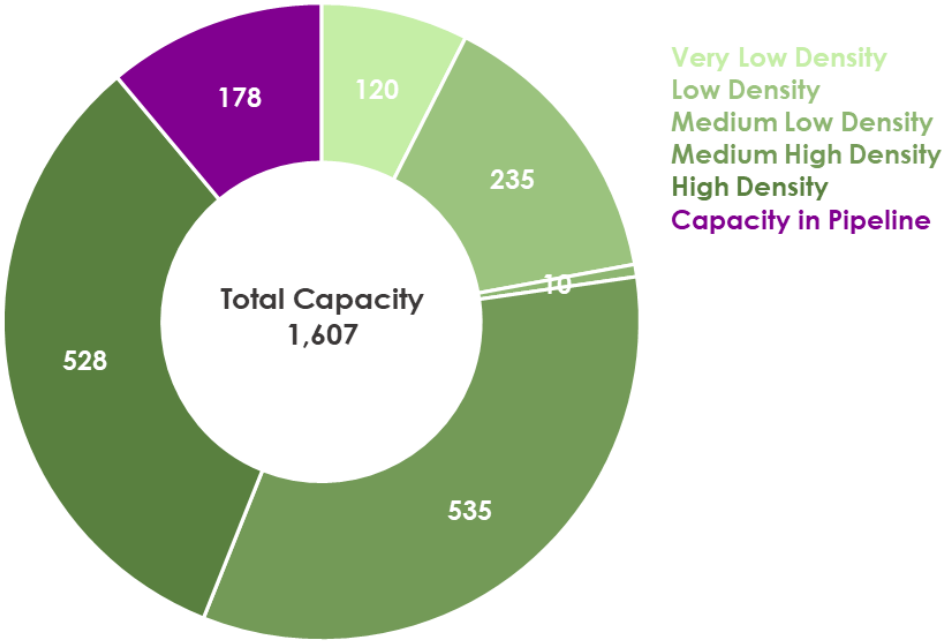
Exhibit 3. Projected Growth Targets and Capacity, 2018



Source: King County Urban Growth Capacity Report, 2021; CAI, 2022.

The majority of the projected 1,607 housing units will be supplied in higher density development, as shown in Exhibit 4. A combined two-thirds of housing units will be accommodated in medium high and high density zones.

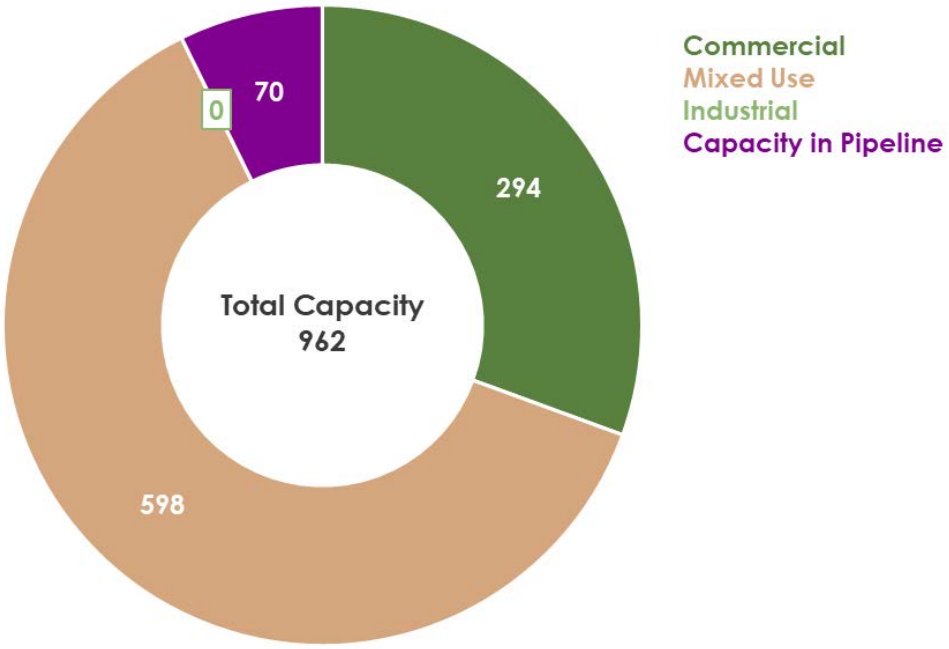
Exhibit 4. Housing Capacity by Density Level, 2018



Source: King County Urban Growth Capacity Report, 2021; CAI, 2022.

Of the current capacity for 962 jobs, 62% will be accommodated in mixed use zones throughout Mercer Island (Exhibit 5). There is no land zoned for industrial uses on the island. An additional 70 jobs were in development as of 2018.

Exhibit 5. Job Capacity by Land Use, 2018



Source: King County Urban Growth Capacity Report, 2021; CAI, 2022.

A Regional Coalition for Housing

A Regional Coalition for Housing (ARCH) is a partnership of King County and its city governments working to preserve and increase the supply of housing for low- and moderate-income households. As a coalition member, Mercer Island adopted the 2021 ARCH Work Program which includes the administration of voluntary density bonuses and its multifamily tax exemption (MFTE) program, evaluating these programs' effectiveness, and updating its Housing Strategy Plan. The Housing Needs Assessment directly supports this work plan.

Housing Needs Assessment

This Housing Needs Assessment will aid the City of Mercer Island in meeting statewide planning requirements and advance housing priorities from the city level and in collaboration with the region. The King County Countywide Planning Policies and the King County Urban Growth Capacity Report both fulfill Washington State Growth Management Act planning requirements to compare its development to its growth targets and urban densities. The Housing Needs Assessment furthers Mercer Island's understanding of the geographic, land use, and demographic demands on future housing development. The Housing Needs Assessment's focus on vulnerable population groups and equitable housing outcomes – through data analysis on housing needs of low- and middle-income households and special housing

needs – advances the goals of regional and collaborative planning and housing efforts outlined in VISION 2050 and the ARCH Work Program. The Housing Needs Assessment will provide important context to the City of Mercer Island's existing understanding of its housing needs, capacity, and constraints of its residents and the city.

Demographic and Economic Character of Mercer Island

The following demographic and economic profile provides a current snapshot of Mercer Island's population, household characteristics and economy, as well as historic trends to provide useful context about the forces affecting housing demand.

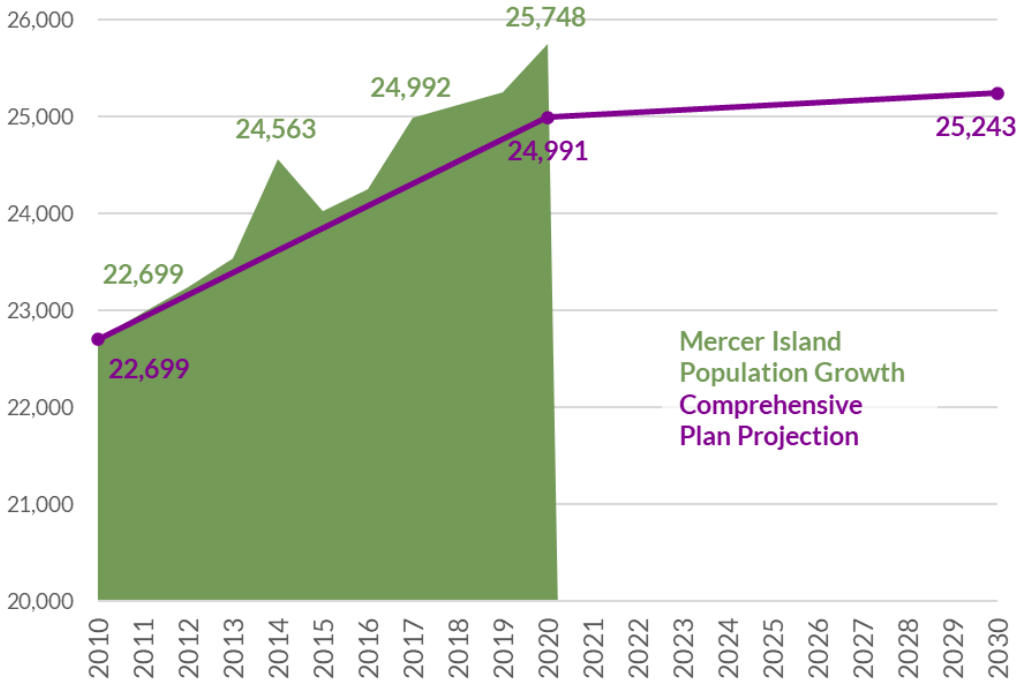
Population and Demographics

Population and demographics are useful to better understand Mercer Island and the people who live here. Characteristics such as population growth, age of residents, ethnicity, and household income provide useful context about Mercer Island residents, the trends, and the forces affecting housing demand. Understanding shifting demographics can help local government determine appropriate housing development to accommodate changing household needs.

Mercer Island's population grew slower than its neighbors and King County, but outpaced its own projections

As of April 2020, OFM estimates Mercer Island's population to be 25,748, up from about 23,000 in 2010 (Exhibit 6). Since 2010, Mercer Island's population grew at an average annual rate of 1.3%, which is below the countywide average annual growth rate of 1.5% during this period. In its 2015 Comprehensive Plan periodic update, the City used the 2010 Washington State Office of Financial Management population estimate to project its population growth through 2030. Exhibit 2 indicates that Mercer Island's actual population growth quickly outpaced its projected growth. In 2020, it's estimated population of 25,748 represents 505 more people compared to the 2030 projection.

Exhibit 6. Actual and Projected Population, Mercer Island, 2010 - 2030



Source: Washington State Office of Financial Management, 2020; Mercer Island Comprehensive Plan, 2021; CAI, 2022.

From 2000 to 2020, Mercer Island grew at a slower rate than its neighboring cities and King County as a whole (Exhibit 7). Some of the population growth in these cities is due to expanding municipal boundaries, as in the case of Sammamish's 2016 annexation of a neighboring community. Mercer Island and Bainbridge Island, bound on every side by bodies of water, have the lowest annual growth rate and are more land-constrained than their neighbors.

Exhibit 7. Population Growth Rate, Mercer Island and Peers, 2000 to 2020

	Population			2000-2020	
	2000	*2010*	*2020*	*CAGR*	*Net Change*
Mercer Island	**22,036**	**22,699**	**25,748**	**0.8%**	**3,712**
Bainbridge Island	20,308	23,025	24,825	1.0%	4,517
Bellevue	109,827	122,363	151,854	1.6%	42,027
Issaquah	11,212	30,434	40,051	6.6%	28,839
Newcastle	7,737	10,380	13,017	2.6%	5,280
Sammamish	34,104	45,780	67,455	3.5%	33,351
King County	1,737,046	1,931,249	2,269,675	1.3%	532,629

Source: Washington Office of Financial Management, 2020; CAI, 2022.

Mercer Island has an older population than King County

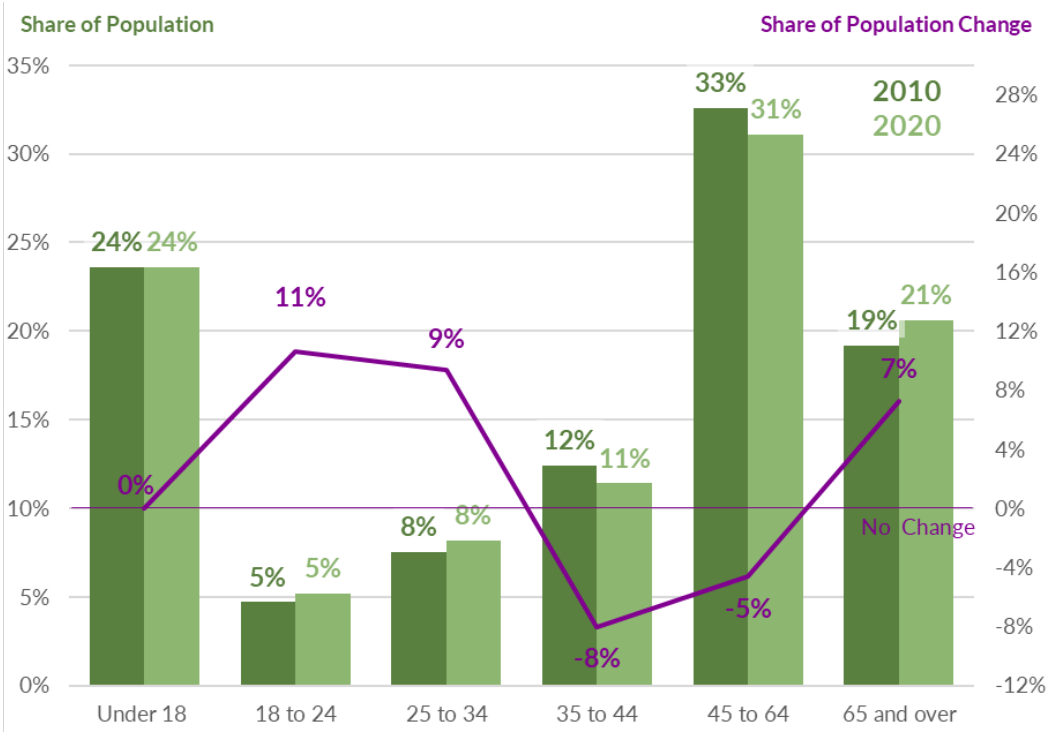
The median age of those living in Mercer Island was 46 in 2020, unchanged from a decade ago and higher than King County's median age of 37.[10] As shown in **Exhibit 5**, this correlates to a higher share of residents aged 45 and older in Mercer Island than in King County as a whole.

The population of those between the ages of 45 to 64 represents the largest portion of Mercer Island's population but has been declining since 2010 as a share of the city's total population. Mercer Island's population under age 18, the second largest population group, represents a larger share of the population in the city than the county, but its share has remained unchanged from 2010 to 2020. The share of residents aged 65 and over increased by 7%, from 19% of the city's total population in 2010 to 21% in 2020.

The population groups shown in Exhibit 8 and Exhibit 9 have distinct housing needs that change over time. An increasing senior population indicates a growing need for housing options that allow residents to age in place, downsize within the community, or access assisted living options.[11] Residents aged 45 to 64 remain the largest group in Mercer Island, and may include families and empty nesters. This indicates a continued need for a variety of sizes of homes and the opportunity for empty nesters to downsize within the community. Growth in population aged 18 to 34 indicates a need for rental and affordable first homes of various sizes and types, as this population could include young families, couples, shared housing, or individuals living alone.[12]

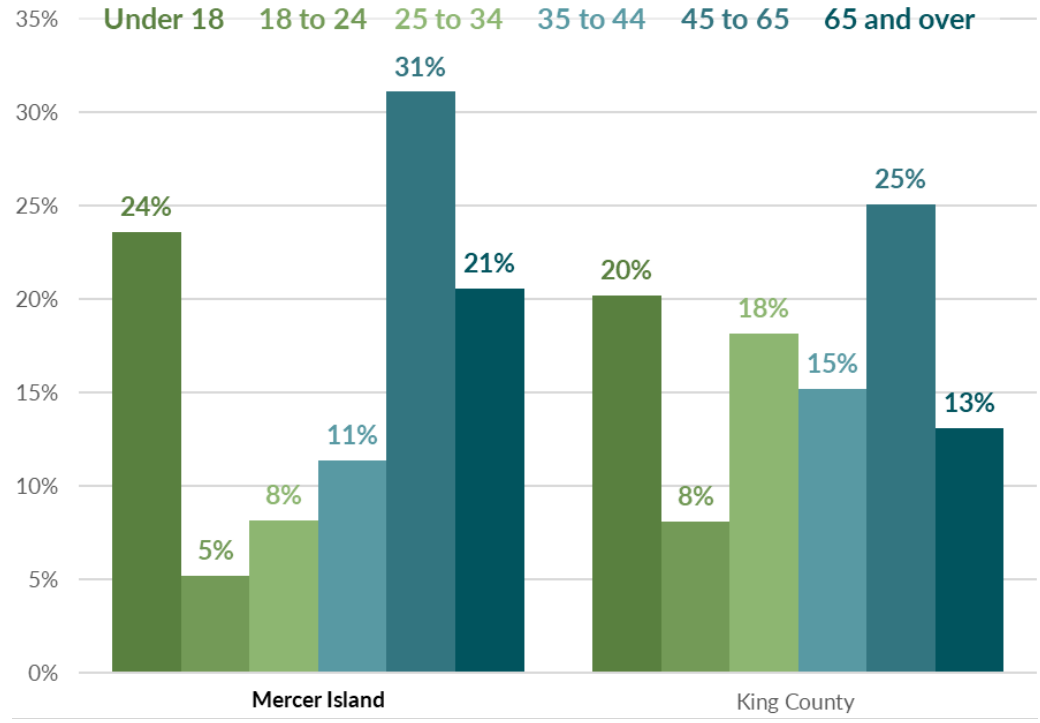
[10] United States Census Bureau American Community Survey, 2020 and 2010 5-Year Estimates.
[11] "Guidance for Developing a Housing Action Plan – Public Review Draft," Washington State Department of Commerce, June 2020.
[12] Ibid.

Exhibit 8. Population Changes by Age, Mercer Island, 2010 to 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

Exhibit 9. Population Share by Age, Mercer Island and King County, 2020



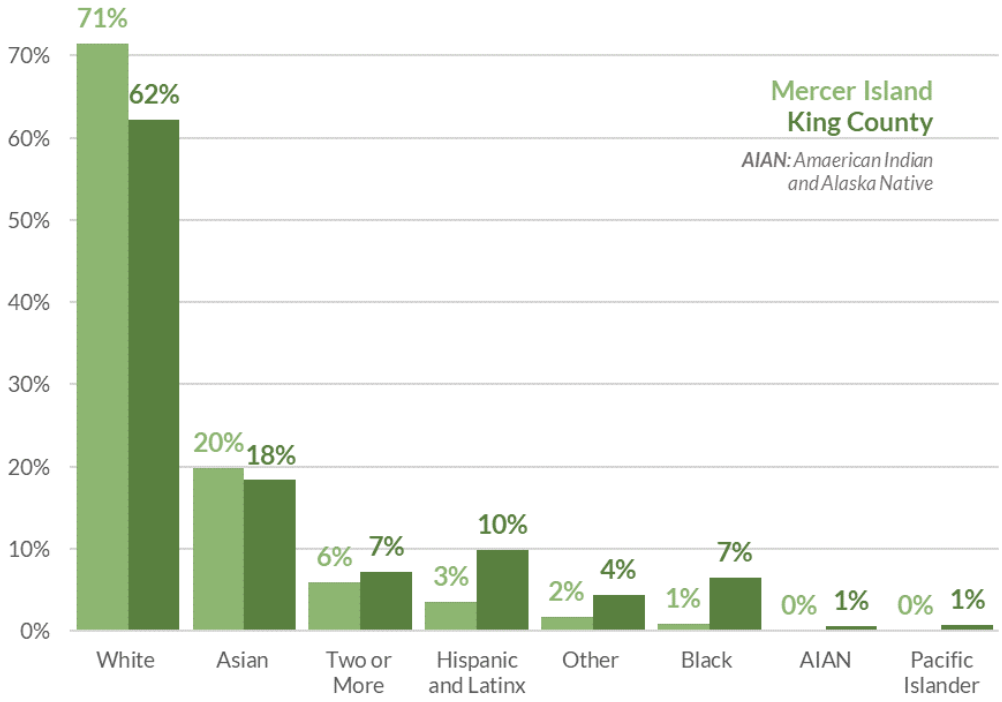
Source: American Community Survey, 2010, 2020; CAI, 2022.

Mercer Island has become more diverse since 2010

The majority of Mercer Island and King County residents identify as white (71% and 62%, respectively). Mercer Island has a higher share of white and Asian residents than King County (Exhibit 10).

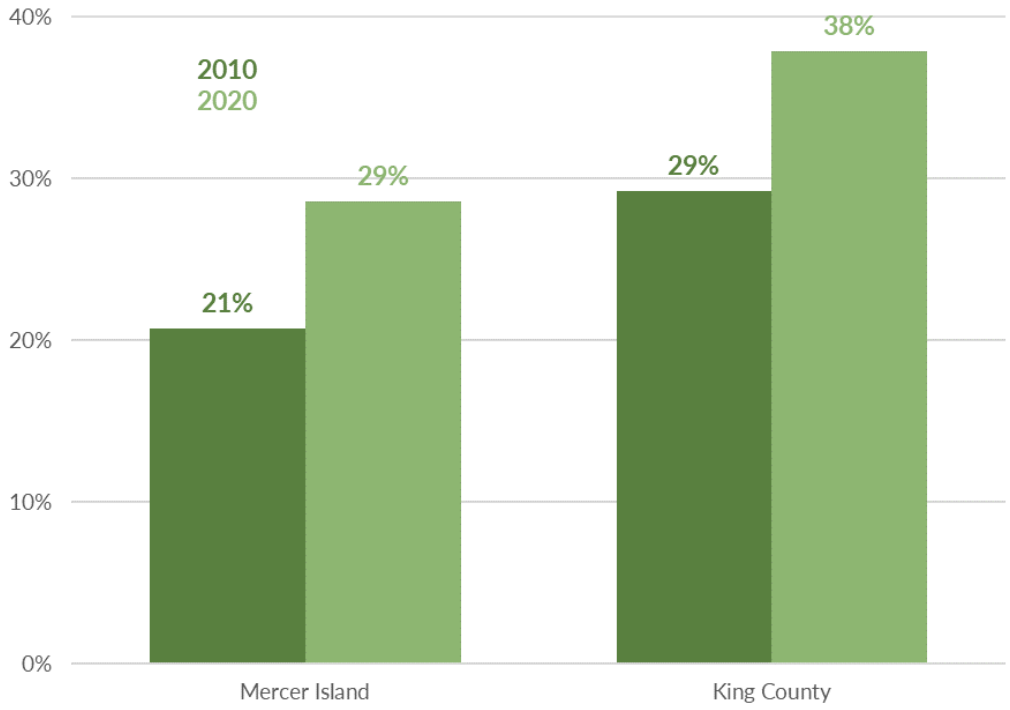
The number of residents who identify as Black, Indigenous, and people of color (BIPOC) has increased in both Mercer Island and King County. In 2010, 21% of Mercer Island residents identified as BIPOC, which increased to 29% – about one-third – in 2020 (Exhibit 11). Nearly 4 in 10 King County residents identify as BIPOC, as of 2020.

Exhibit 10. Race and Ethnicity of Residents, Mercer Island and King County, 2020



Source: American Community Survey, 2020; CAI, 2022.
Note: Share of population will sum to more than 100% as Exhibit 10 includes both race and ethnicity, which are not mutually exclusive.

Exhibit 11. Percent of BIPOC Population, Mercer Island and King County, 2010 and 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.
Note: BIPOC refers only to race and does not account for ethnicity.

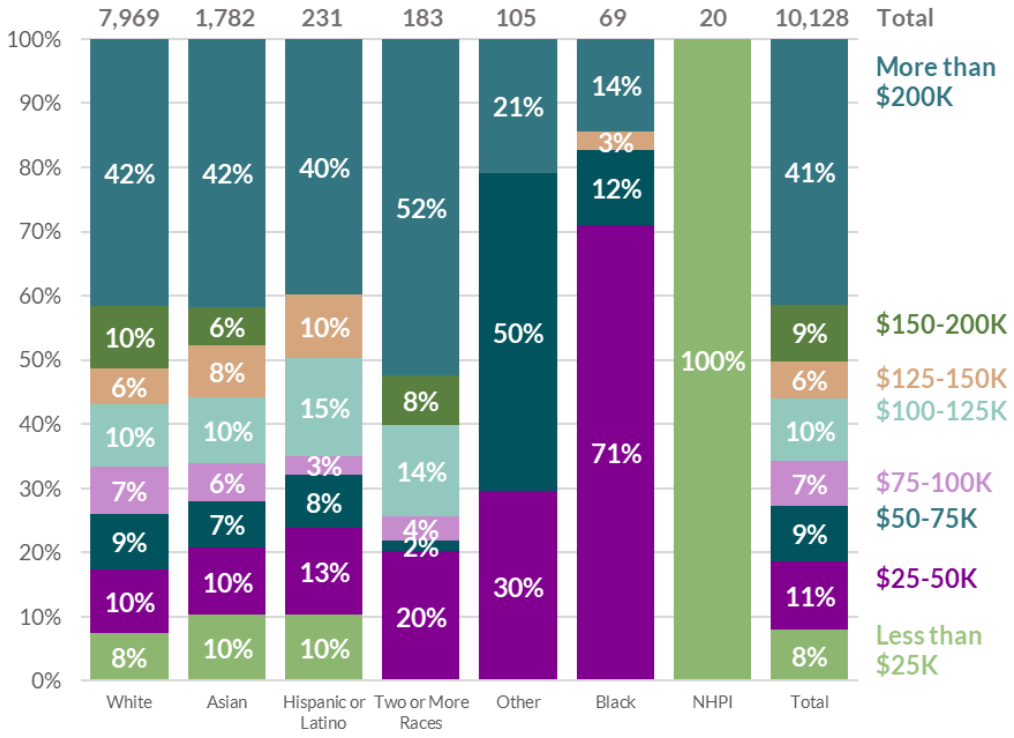
Household Characteristics

The characteristics and demographics of residents may indicate demand for certain types, sizes, and styles of housing.

White and Asian households typically earn more annually than BIPOC and other racial groups

There are significant discrepancies in household income among Mercer Island's racial groups (Exhibit 12). 41% of all Mercer Island households earn more than $200,000 annually. A higher share of white, Asian, and bi-racial or multi-racial households earn $200,000 annually, and fewer Hispanic or Latino, Black, Native Hawaiian and Pacific Islander (NHPI) and other households earn that much. Multi-racial, Black and NHPI households earn less than other groups, sometimes by large margins. Of Mercer Island's 69 NHPI households, all earn less than $25,000 annually. More than three-quarters of Black households earn between $25,000 and $75,000 annually.

Exhibit 12. Household Income by Race, Mercer Island, 2020



Source: ACS, 2020; CAI, 2022.

Mercer Island has a high and growing rate of households with children

As of 2020, Mercer Island had 10,128 households, roughly 900 more than in 2010. Mercer Island has a higher share of households with children than King County (Exhibit 13). More than one-third of Mercer Island households have children, compared to 27% of King County households. Mercer Island has a decreasing and lower share of one person households than King County, with 23% and 30% in 2020, respectively. Mercer Island's population living with a disability is increasing and in 2020 was slightly higher than King County.

Exhibit 13. Select Household Demographics, Mercer Island, 2010 and 2020

	Mercer Island		King County
	2010	2020	2020
Households with Children	31%	35%	27%
One Person Household	26%	23%	30%
Persons Over 65	14%	14%	9%
Persons Living with a Disability	8%	11%	10%

**Data on persons living with a disability is available only as early as 2012. All other data shown is from 2010.*
Source: American Community Survey, 2010, 2012, 2020; CAI, 2022.

Although notoriously difficult to quantify, the number of unsheltered persons experiencing homelessness has increased in recent years

King County conducts an annual point-in-time (PIT) count of persons experiencing homelessness. This is widely accepted as a significant undercount of homelessness and does not count individuals on a municipal level. The January 2022 point-in-time count showed that the current homeless population in King County increased from the previous 2020 PIT count by 1,617 individuals (Exhibit 14). The share of unsheltered individuals also increased from 47% of homeless individuals to 57% of individuals during that time period.

The King County Department of Community and Human Services also conducts its own data collection of homelessness in King County. Its 2020 Cross Systems Homelessness Analysis found that at least 40,871 individuals experienced homelessness at some point in 2020.[13] This figure is accepted by county and regional housing and homelessness organizations as the annualized figure to measure progress against.

[13] 2022 Point in Time Count, King County Regional Homelessness Authority, June 2022.

Exhibit 14. Point-in-Time Count of Persons Experiencing Homelessness, King County, 2020 and 2022

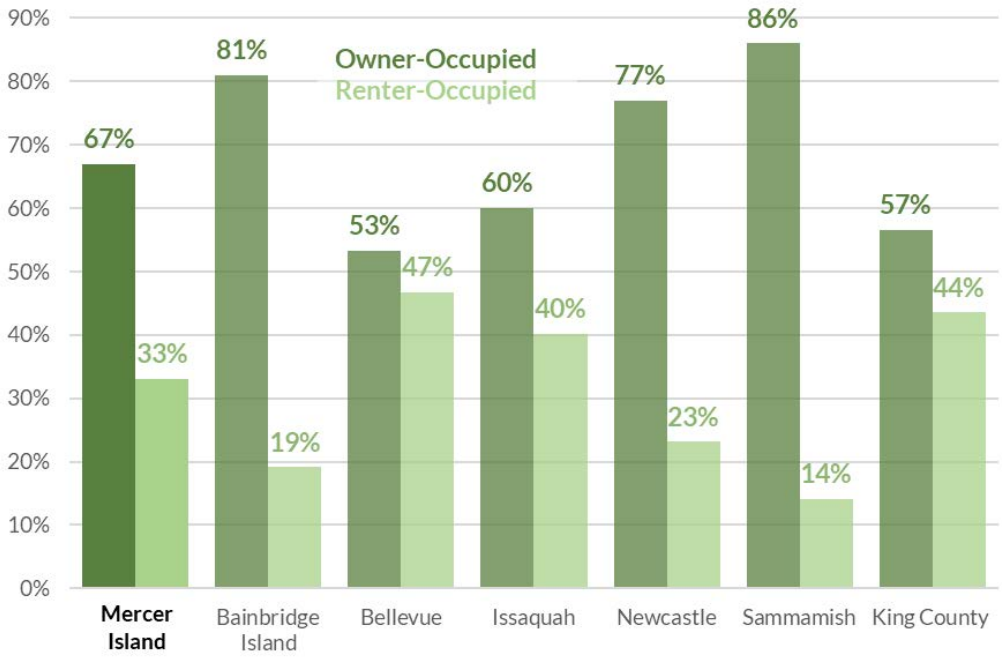
Source: King County Regional Homelessness Authority, 2022; CAI, 2022.

Mercer Island residents are more likely to own their home than rent compared to King County

The rate of homeownership has declined in the city from 77% in 2010 to 67% in 2020, with renters growing from 23% to 33% of households during the same period (Exhibit 15). Although this may be reflective of a number of socio-economic and demographic changes and preferences in the city, it may also be due to the realities of development in Mercer Island. Several developments have opened to tenants in Town Center in recent years, while the remaining single-family residential zones have seen fewer additional units.

When observing household tenure in comparison to neighboring cities and the county, Mercer Island has a higher rate of home ownership compared to Bellevue, Issaquah, and King County.

Exhibit 15. Housing Tenure, Mercer Island and Peers, 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

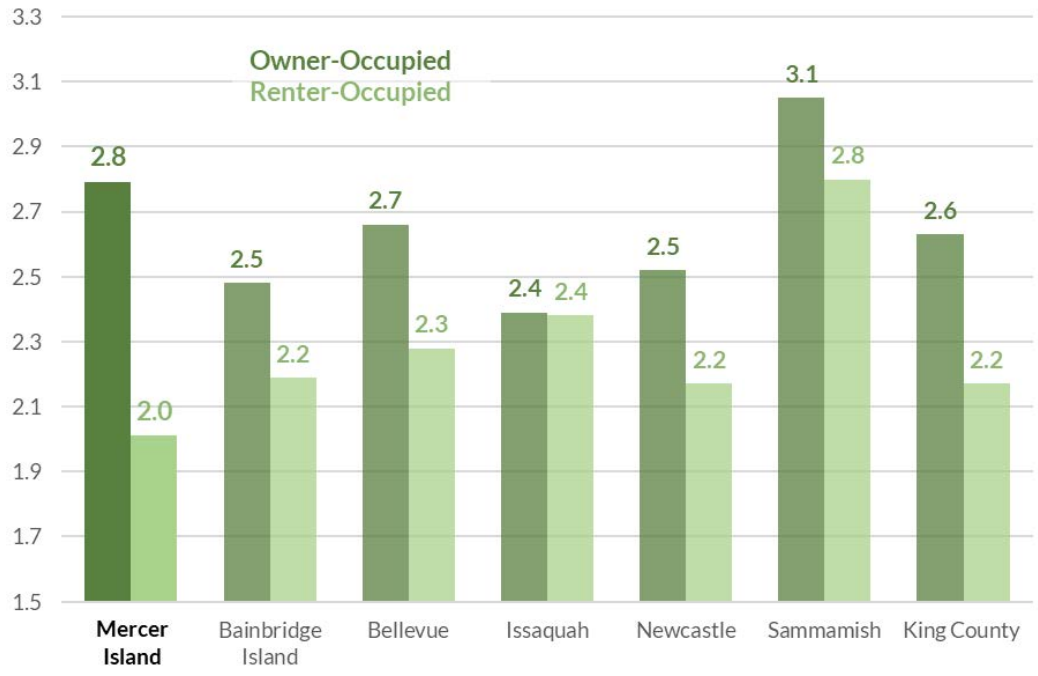
Mercer Island's household size increased slightly in the past decade

Mercer Island's average number of people per household is 2.54 (2016-2020) which is slightly higher than the average for King County of 2.43 persons[14]. While increases in household size can decrease the demand for housing, Mercer Island's average household size only increased slightly in the past decade (from 2.41 in 2010). When observed by tenure, the average household size also did not change much from 2010 to 2020 for both renter- and owner-occupied households in Mercer Island.

Each peer city now has an average household size of more than two persons. Mercer Island has slightly larger owner-occupied households than most neighboring cities and the county, except Sammamish (Exhibit 16).

[14] United States Census Bureau American Community Survey, 2020 and 2010 5-Year Estimates

Exhibit 16. Average Household Size by Tenure, Mercer Island and Peers, 2020



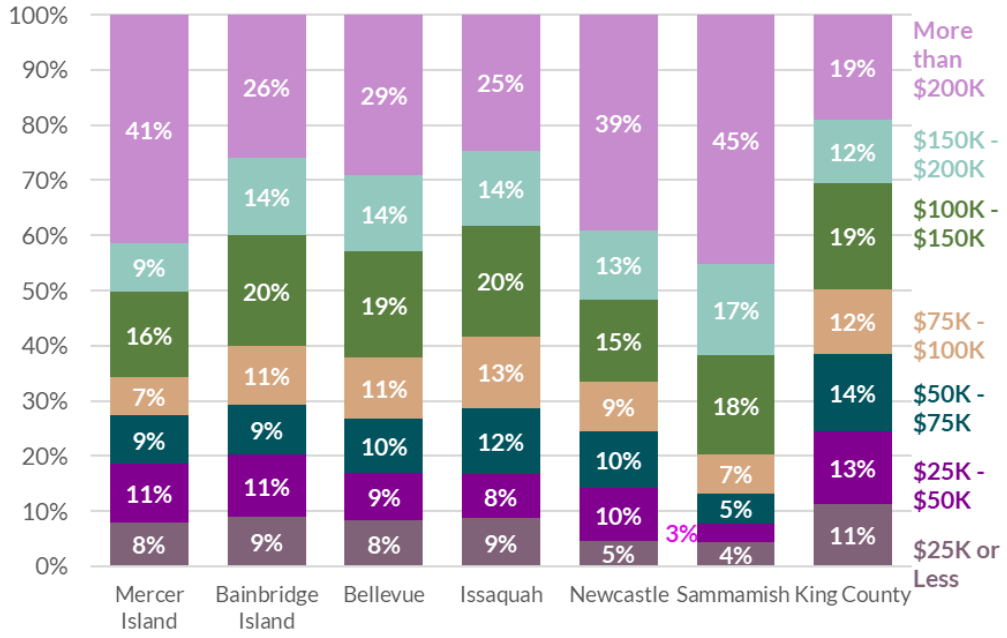
Source: American Community Survey, 2010, 2020; CAI, 2022.

Mercer Island has a higher proportion of high-income households than in King County overall

The City of Mercer Island's median household income is estimated at $150, 506 (in 2020 dollars) in 2020, with over 40% of households earning more than $200,000 (Exhibit 17). Exhibit 18 shows a further breakdown of the number of households by income level. Of the city's 10,128 households, 4,193 of them earn more than $200,000 annually.

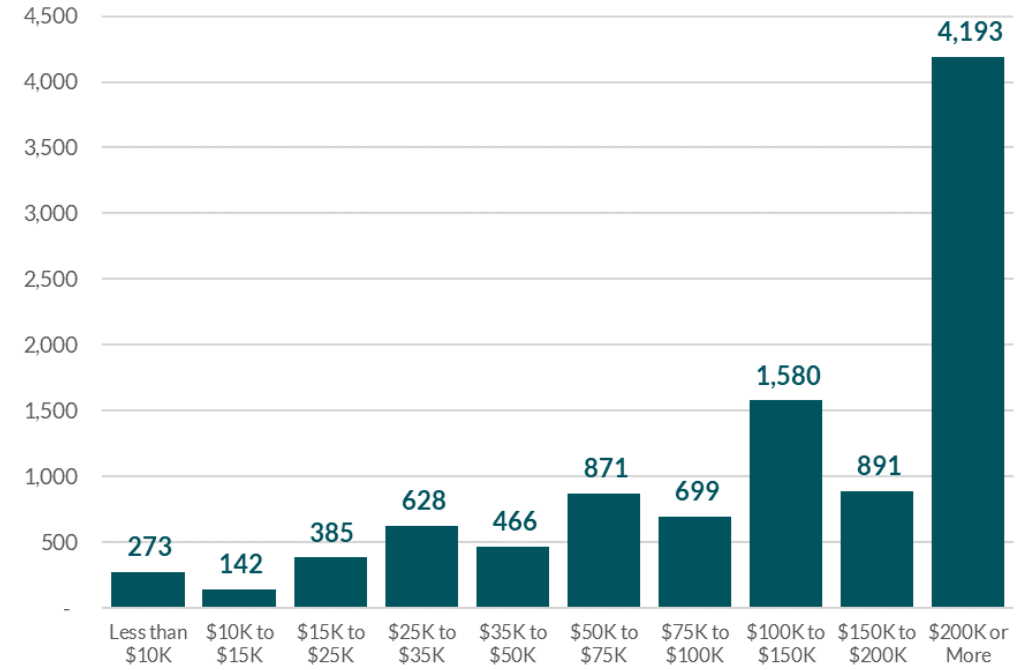
Mercer Island's median household income has increased by roughly 24% in the past decade, from $120,994 in 2010. The 2020 median income for Mercer Island is above King County's median income of $99,158. Mercer Island is a high-income community relative to the region. In comparison to neighboring cities and King County, Mercer Island has the second highest share of households with incomes over $150,000 after Sammamish. Mercer Island has a similar share of households with incomes below $25,000 as Bainbridge Island, Bellevue, and Issaquah, but lower than King County's share. Mercer Island's current poverty rate is at 5.3%.

Exhibit 17. Household Income, Mercer Island and Peers, 2020



Source: American Community Survey, 2020; CAI, 2022.

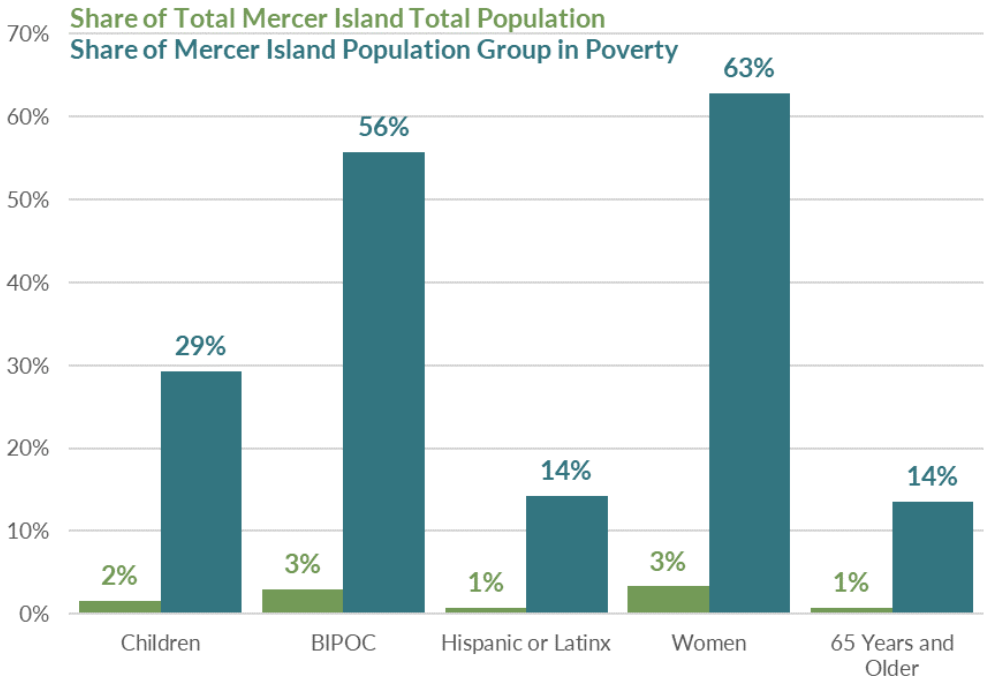
Exhibit 18. Number of Households by Income Level, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

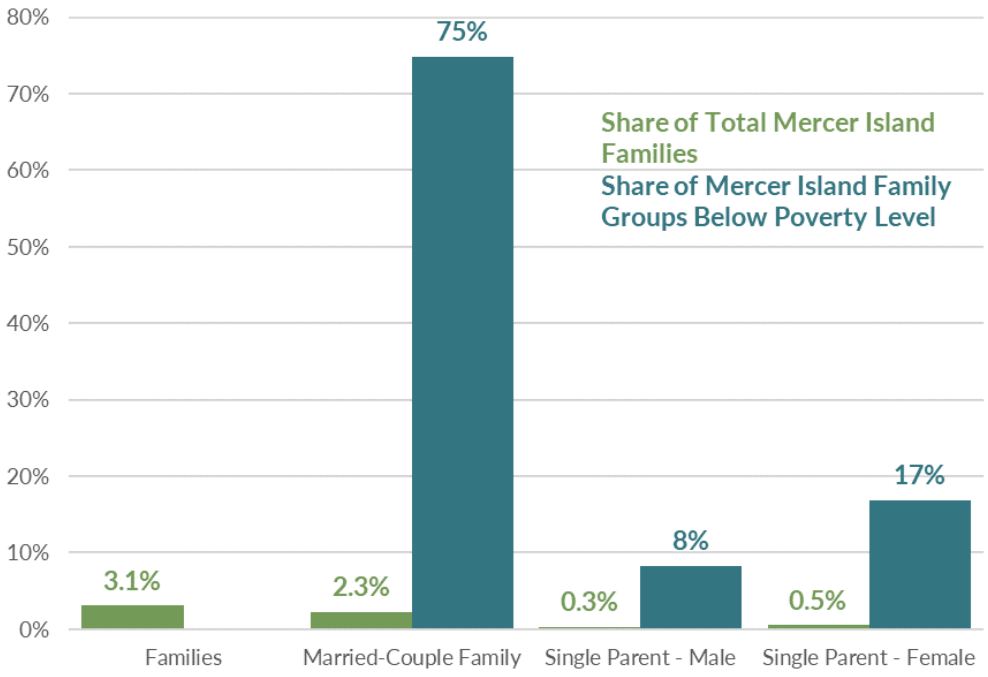
The number and demographics of Mercer Island's residents living at or below poverty level can be a useful indicator of potential household cost burden, access to jobs, and need for city services. Exhibits 19 and 20 show two data points for certain groups of peoples and family types. One data point (green columns) show how much of the total Mercer Island population identify in that group. The second data point (blue columns) show how many of those who identify as that group live in poverty. As a whole, Mercer Island has a very small share of its population living in poverty. 5% of all residents live in poverty (Exhibit 19) and 3% of families live in poverty (Exhibit 20). Of those residents living in poverty, nearly two-thirds are women and more than half are Black, Indigenous, People of Color (BIPOC). Nearly 30% are children. 14% identify as Hispanic or Latinx or are seniors. Most families living in poverty are married-couple families. Single mother households are more likely to live in poverty than single father households.

Exhibit 19. Population Living Below Poverty Level in Last 12 Months, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

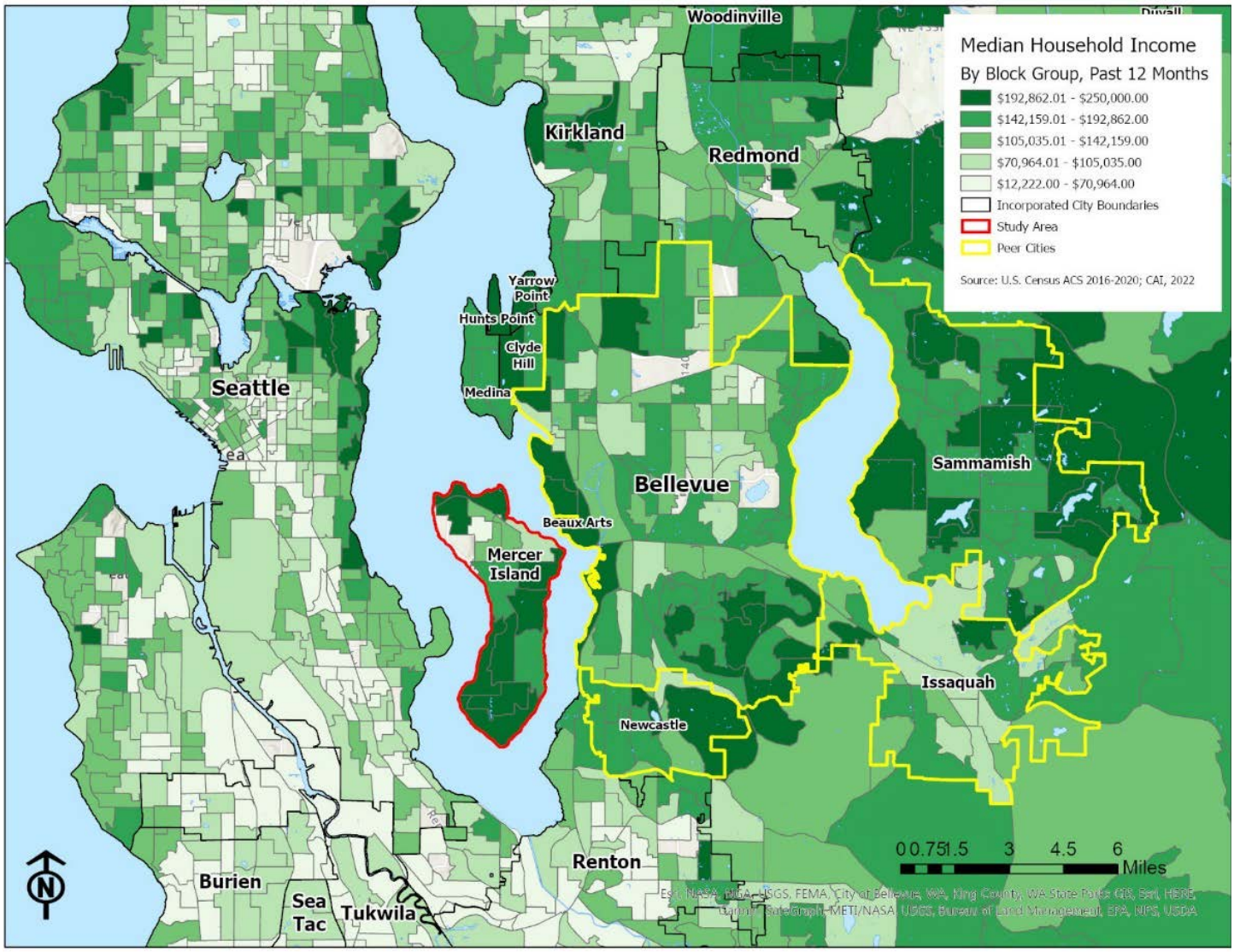
Exhibit 20. Families Living Below Poverty Level in Last 12 Months, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

Mercer Island's South End and North End neighborhoods have the highest household income with most block groups with a median household income above $190,000 (Exhibit 21).

Exhibit 21. Median Household Income by Block Group, Mercer Island & Region, 2020

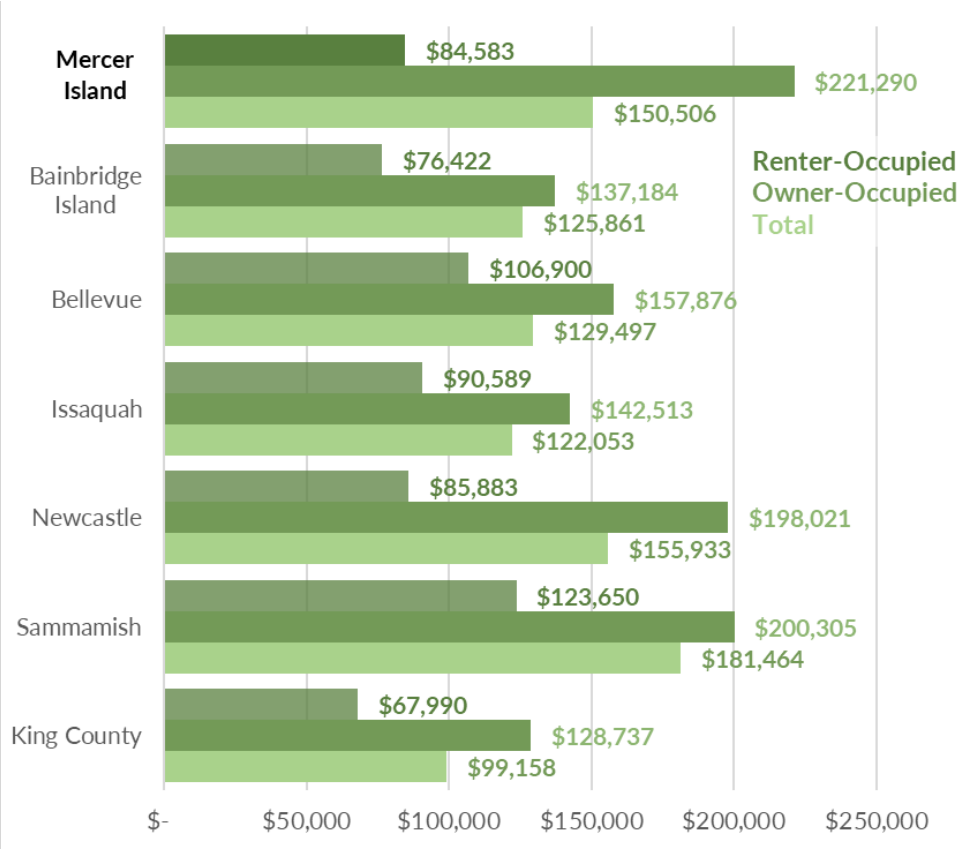


Source: U.S. Census ACS, 2016-2020; Community Attributes, 2022.

Owner-occupied households typically earn a higher annual income than renter-occupied households

In Mercer Island, owner-occupied households earn more than 2.5 times as much annually as renter-occupied households, a larger gap than most of King County (Exhibit 22). The median income of households that rent is about $85,000 annually, compared to median income of $221,000 for owner-occupied households. In total, Mercer Island is a community of high-earning households compared to many of its neighbors, particularly among those who own their own home.

Exhibit 22. Median Household Income by Tenure, Mercer Island and Peers, 2020



Source: American Community Survey, 2020; CAI, 2022.

Employment and Commuters

Understanding Mercer Island's workforce profile and commuting trends will help provide insights on the housing needs of workers today and into the future. Factors such as the jobs to housing ratio and the city's commuting patterns may have implications for how many people are able to both live and work within the city. If such factors indicate many people are commuting into the city for work, it could be possible that the city does not have enough housing to accommodate its workforce or enough housing matching the needs and affordability levels of those wanting to live in Mercer Island.

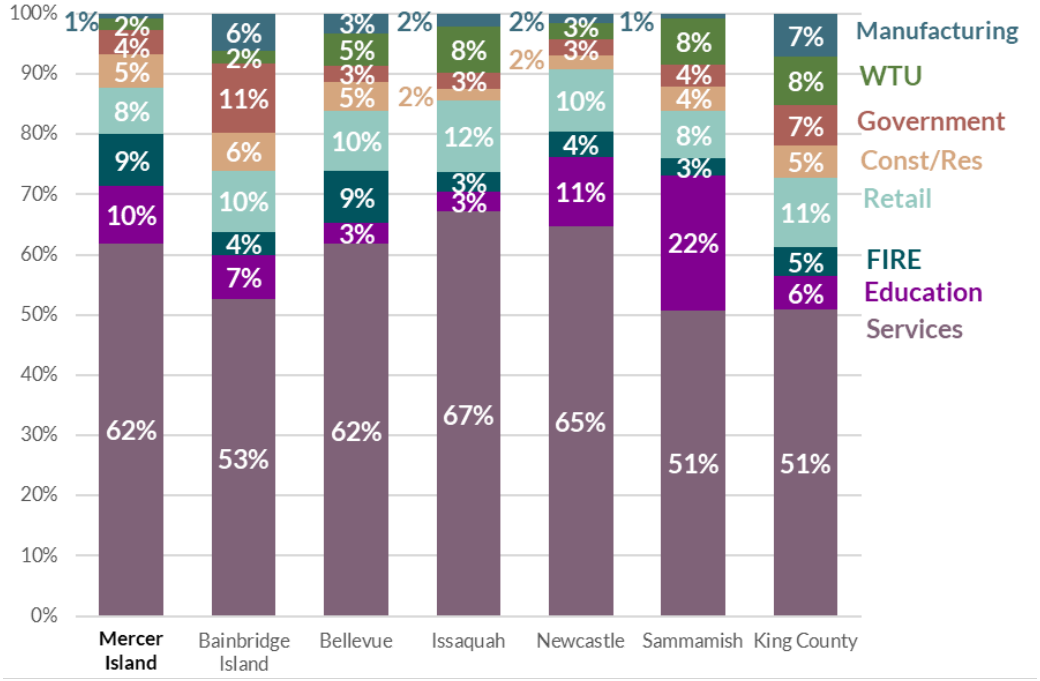
Services account for a large share of all employment in Mercer Island

At approximately 4,500 jobs, 62% of total jobs, the services sector provides the largest number and share of jobs for the City of Mercer Island and has increased by more than 1,300 jobs (43% growth rate) in the last 10 years.[15]

[15] Puget Sound Regional Council, City Employment 2010 and 2020.

Services is a classification that includes a broad range of industries, including scientific and technical services, management of companies, health care services, and accommodation and entertainment. Mercer Island also has a large share of education and finance, insurance, and real estate (FIRE) (Exhibit 23). However, the FIRE industry lost more than half of jobs between 2010 and 2020, decreasing from 1,400 jobs in 2010 to 600 in 2020.[16]

Exhibit 23. Employment Share by Industry, Mercer Island and Peer Cities, 2020



Source: Puget Sound Regional Council, 2020; CAI, 2022.
**FIRE includes jobs in the industries of finance, insurance, and real estate. WTU includes jobs in wholesale trade, transportation, and utilities.*

The jobs-housing balance in Mercer Island is tilted toward housing

The ratio of jobs to housing is indicative of a city's balance of employment and residences and is often used as a metric for describing the availability of housing for local workers. King County uses the jobs-to-housing assessment to improve the jobs/housing balance within the county, and as a factor in determining the allocation of residential and employment growth for different jurisdictions. The strategy of balancing housing and job growth is intended to reduce the need for long commutes, and to keep living and working communities easily accessible to each other.

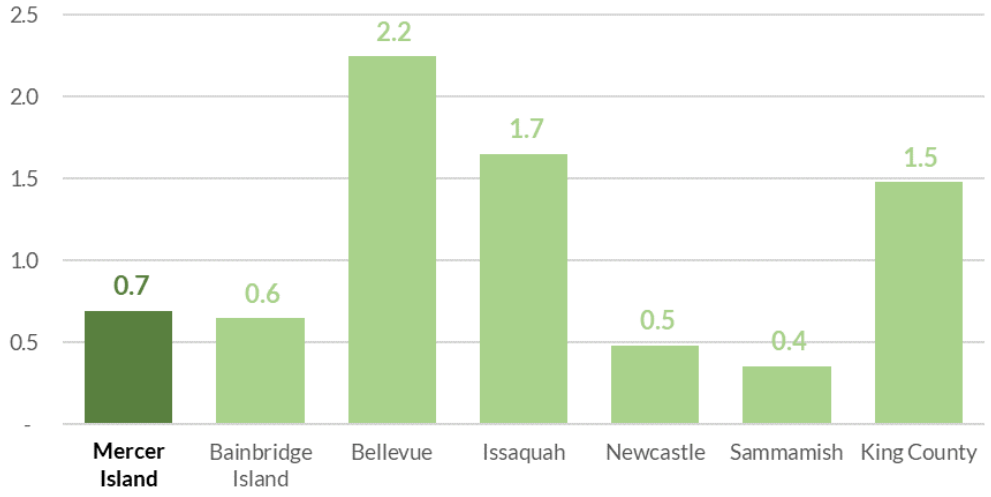
[16] Puget Sound Regional Council, City Employment 2010 and 2020.

A ratio of 1 would signify a perfect alignment between the number of jobs and housing units to support the workforce within a jurisdiction. A ratio lower than 1 indicates a higher representation of housing units. Jurisdictions with lower ratios could be considered bedroom communities whose residents largely work outside the community. Ratios higher than 1 indicate a higher share of jobs compared to housing units and are likely to be job hubs within the region.

This metric has limitations since the method does not account for the number of wage-earners in a household and does not address levels of affordability. Also, this metric simply reports the total number of jobs in an area in comparison to housing units. This quantity of housing units does not necessarily represent true housing demand since workers might not want to live in a city for other reasons and preferences besides the availability of housing.

Exhibit 24 shows the jobs to housing units ratio for Mercer Island, King County, and selected peer cities. Mercer Island, Bainbridge Island, Newcastle, and Sammamish have a lower ratio and a higher concentration of residences; cities like Bellevue serve as job centers for the region. Issaquah has a more balanced ratio of jobs and housing units.

Exhibit 24. Jobs to Housing Units Ratio, Mercer Island and Peers, 2020



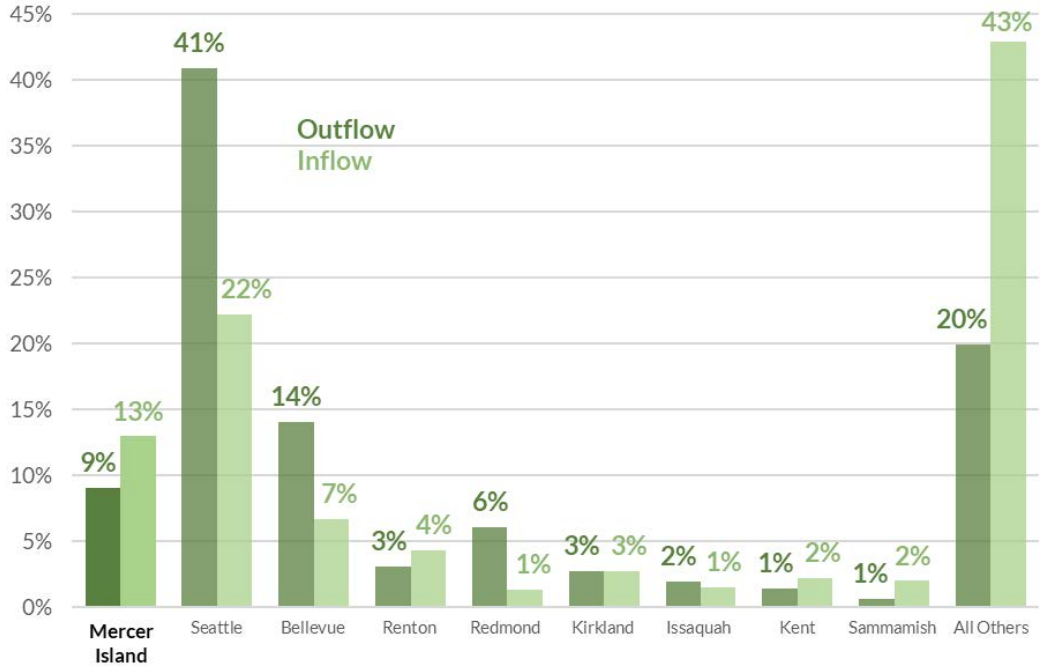
Source: Puget Sound Regional Council, 2020; Washington Office of Financial Management, 2020; CAI, 2022.

Only 9% of residents live and work in Mercer Island

Mercer Island's low jobs-to-housing ratio may help understand the fact that only 9% of Mercer Island's residents both lived and worked in the city in 2019, while 91% of Mercer Island's population work outside the city.

Exhibit 25 includes the cities to which Mercer Island residents commuted for work (resident outflow) and where Mercer Island workers commuted from (commuter inflow) in 2019. Roughly 41% of Mercer Island residents commute to Seattle for work, followed by Bellevue with 14%. The rest of Mercer Island residents' commute destinations are spread throughout the region. Similarly, Mercer Island's workforce comes from many communities across the Puget Sound. Of the 6,400 people working in Mercer Island in 2019, just over 87% live outside the city. Nearly a quarter of Mercer Island's workforce are Seattleites, while roughly 20% live in Eastside cities including Bellevue, Renton, and Kirkland.

Exhibit 25. Commuter Inflow and Resident Outflow, Mercer Island, 2019.



Source: U.S. Census OnTheMap, 2019; CAI, 2022.

Current Housing Supply

This section examines the current housing stock, affordability, and market conditions in Mercer Island and how it compares to the region. While Mercer Island's housing policy and programs impact only the land within its boundaries, many of its housing commitments and strategies are regional in nature and partnership.

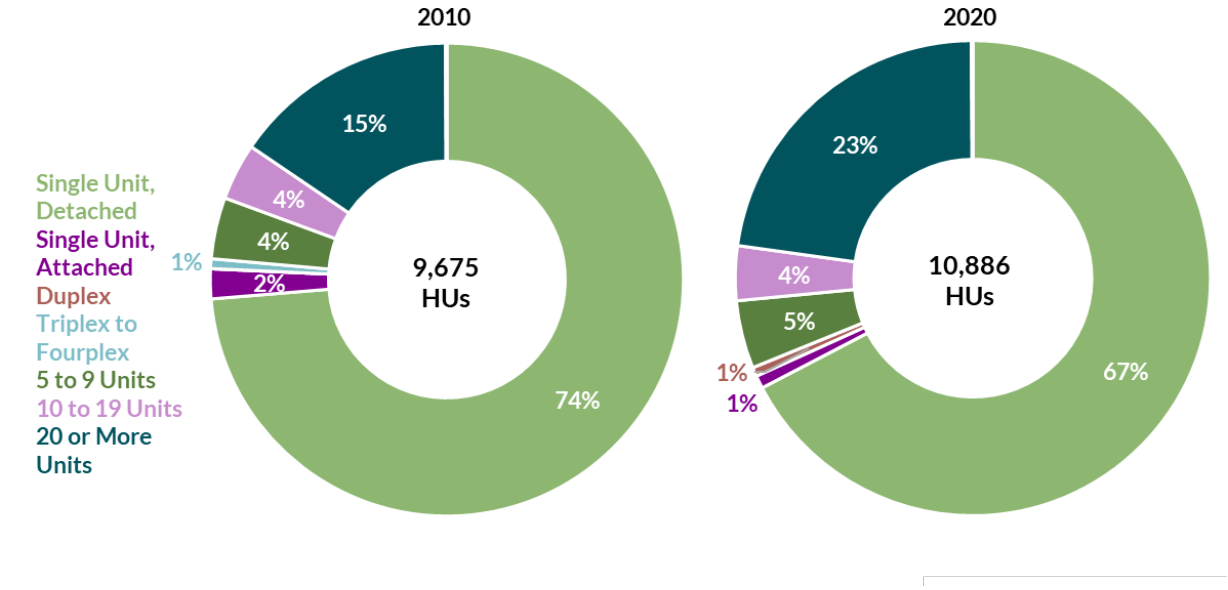
Housing Stock

Almost two-thirds of Mercer Island's housing stock are detached single family units

Mercer Island added approximately 1,200 housing units from 2010 to 2020, as shown in Exhibit 23. Most of those units (roughly 970 units) came in developments with 20 or more units. Although the shift toward multifamily development has been significant in the past decade, Mercer Island's share of single-family housing units remains higher than some neighboring communities like Bellevue, Issaquah, Newcastle, and King County in 2020 (Exhibit 26). The current land constraints and efforts to develop Town Center will likely limit the future development of single-family residences. This may put upward pressure on prices of a fixed rate of single-family homes.

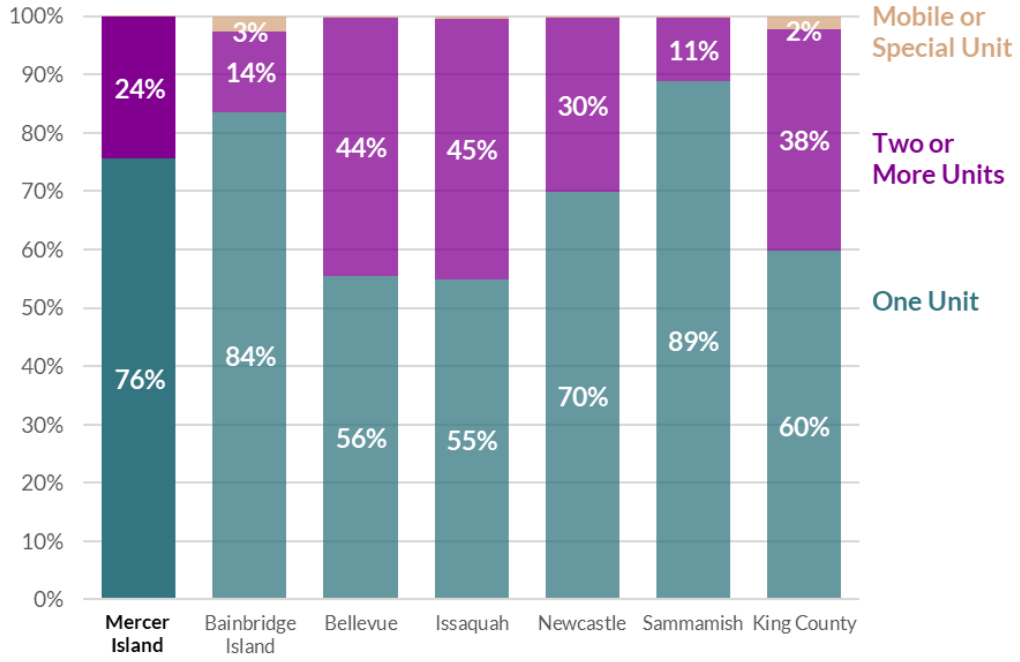
Compared to King County and its neighbors, Mercer Island has a high share of single-family housing units than multifamily units (Exhibit 27). 76% of Mercer Island homes include one unit, compared to 60% of King County. This distribution is comparable to Bainbridge Island and Sammamish, while the cities of Bellevue, Issaquah, and Newcastle are more similar to King County.

Exhibit 26. Housing Units by Number of Units in Structure, Mercer Island, 2010 and 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

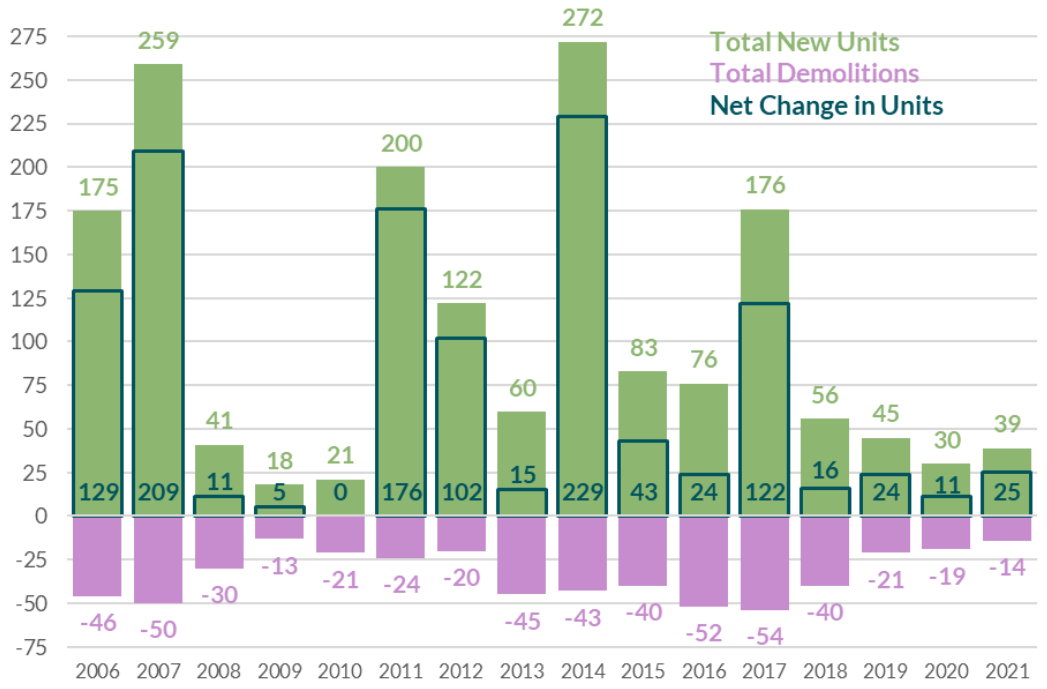
Exhibit 27. Share of Housing Unit Typology, Mercer Island and Peers, 2020



Source: American Community Survey, 2020; CAI, 2022.

Since 2006, the city of Mercer Island has added 1,141 net new housing units, including single-family, multi-family, ADUs, and units in Town Center. Construction of new housing units of all types slowed starting in 2018 (Exhibit 28). Town Center was developed in several waves between 2001 and 2014. The majority of new units in 2006, 2007, 2001, 2012, and 2014 were permitted and built in Town Center. New multi-family units outside of Town Center were built in 2015 (18 new units) and 2017 (89 new units). The remaining total new units and nearly all demolitions were single-family units.

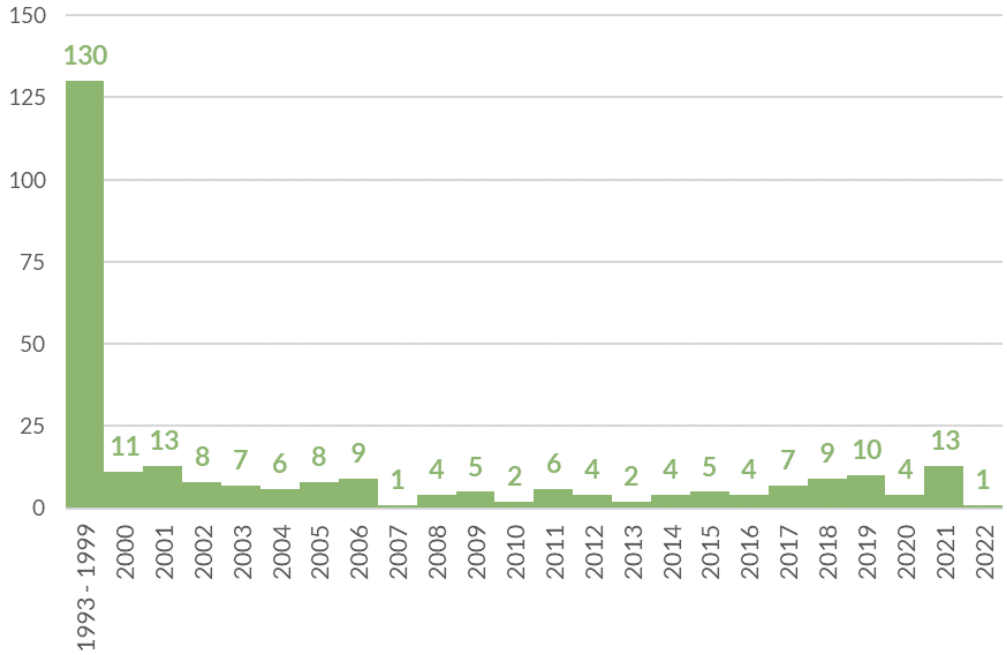
Exhibit 28. Net New Units, Mercer Island, 2006 to 2021



Source: City of Mercer Island, 2022; CAI, 2022.

Mercer Island began issuing permits for accessory dwelling units (ADUs) in 1993. Since then, 273 permits have been issued, nearly half of which occurred in the six years after allowing ADUs (Exhibit 29). In that time period, the city averaged about 22 permits per year. Since 1999, the city issues an average of 6.2 ADU permits annually. In addition, there are currently six permit applications currently under review by the city.

Exhibit 29. ADU Housing Growth, Mercer Island, 1993 to 2022

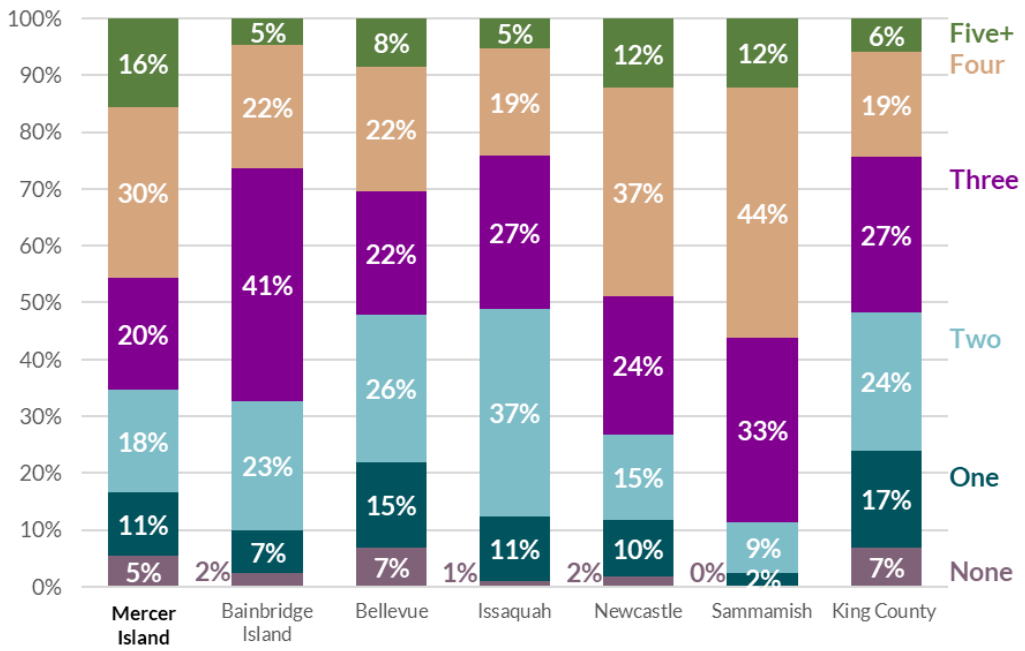


Source: Mercer Island Comprehensive Plan, 2012; My Building Permit, 2022; CAI, 2022.

Nearly half of Mercer Island's homes have four or more bedrooms

Mercer Island has a high concentration of homes with a large number of bedrooms (Exhibit 30). Nearly half of its homes have more than four bedrooms, a higher share than some of its neighbors and about double that of King County (25%). Sammamish (56%) and Newcastle (49%) have similar rates of large homes to Mercer Island. The median size of an owner-occupied household in Mercer Island is 2.8 and renter-occupied is 2.0, which may suggest that a number of households on the island may be underutilized.

Exhibit 30. Number of Bedrooms in Home, Mercer Island and Peer Cities, 2020



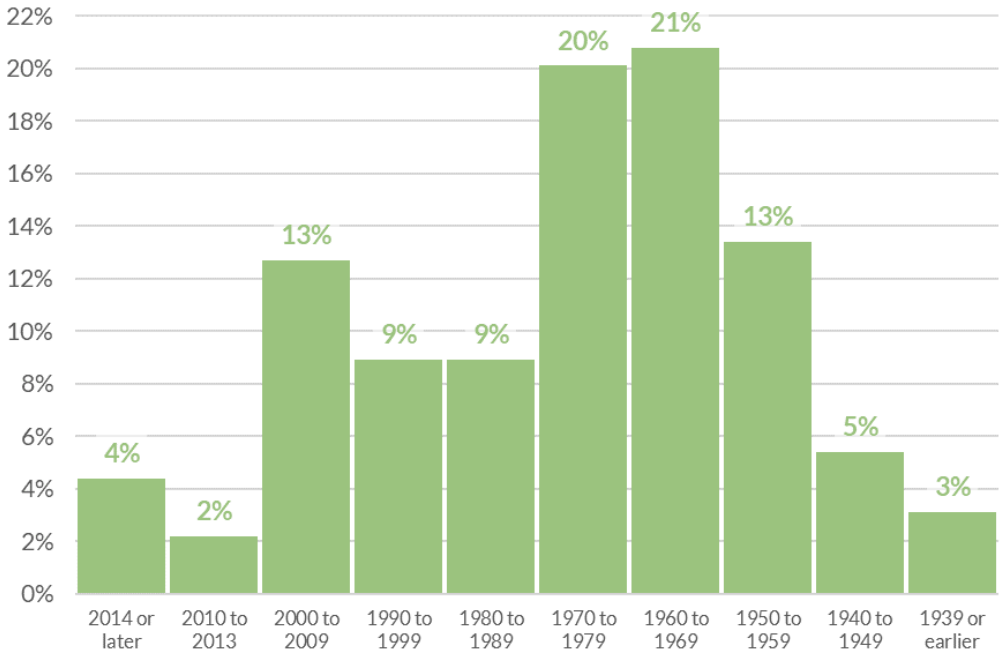
Source: American Community Survey, 2010, 2020; CAI, 2022.

Most of Mercer Island's homes are 40- to 60-years old

More than half of Mercer Island's housing stock dates to the postwar period from about 1950 to 1979 (Exhibit 31). This was a period where much of the undeveloped land on Mercer Island was divided into single family, relatively large lot subdivisions.[17] After another moderate push of new predominantly mixed-use Town Center development in the late 2000s and early 2010s, new development has recently tapered off. Aging infrastructure, changing aesthetic, and evolving housing needs may be growing concerns for Mercer Island residents and city staff.

[17] Mercer Island Comprehensive Plan: Housing Element, September 2021.

Exhibit 31. Age of Housing Units, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

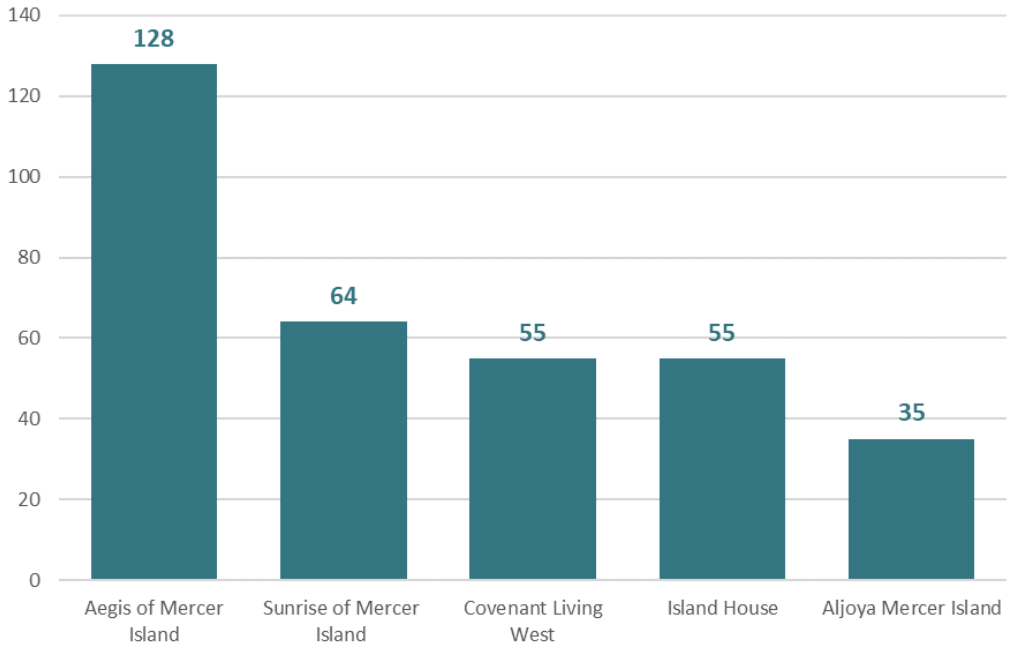
A number of Mercer Island facilities that provide housing to seniors, including retirement, assisted, independent, and medical living models, are registered with the Washington State Department of Social and Health Services. At least 337 beds are available at five facilities, shown in Exhibit 32. Note that this may not include additional beds at facilities that are not registered as assisted living facilities. According to a 2020 Cost of Care Survey, the average monthly cost of assisted living in the state of Washington is $5,750 and can range from $3,800 to upwards of $10,000 monthly.[18] This is about 36% higher than the U.S. average. While financial support options do exist, care costs vary widely depending on level of care, specialized care, and facility amenities. For example, memory care can cost up to $9,255 per month. One of Mercer Island's facilities offers made-from-scratch, seasonal, and locally sourced meal plans. One facility lists their floor plan pricing online, which ranges from $3,800 per month for a studio to $7,400 for a two-bedroom.

As shown in Exhibit 33, Mercer Island's population aged 65 and older has increased from 2010 to 2020. The population aged 65 and older increased by 7% in that time period and is estimated at 5,317 individuals. The population aged 85 and older also increased in that time period and as of 2020 is estimated at 1,097 individuals. While not all of these residents will need

[18] "Cost of Assisted Living and Memory Care in WA State, Washington Masonic Charities, July 2021.

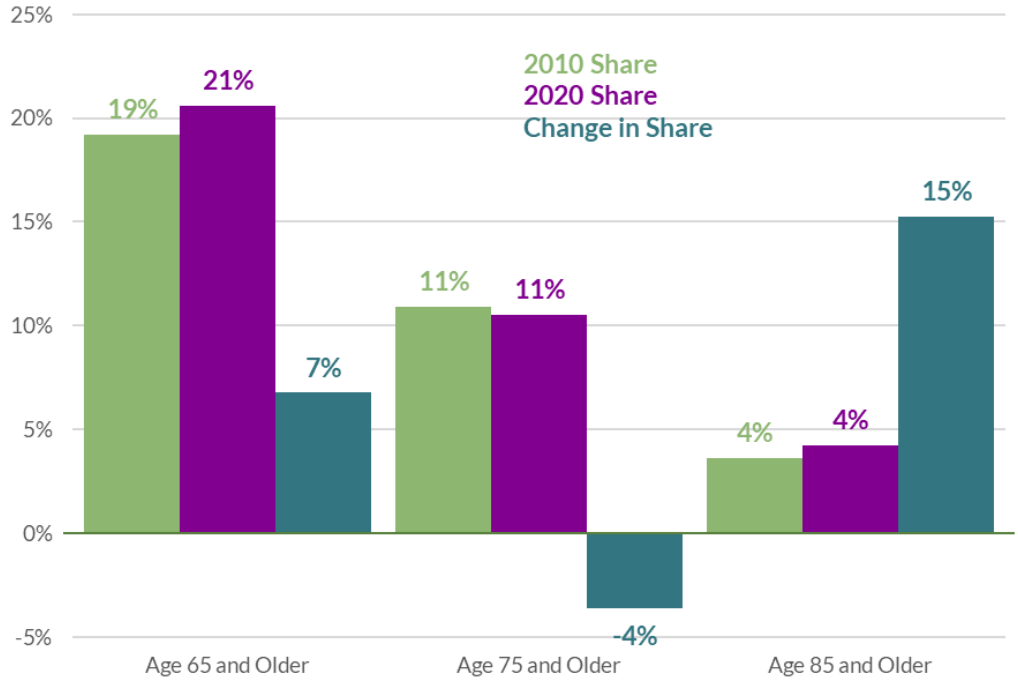
assisted living services, these numbers are much higher than the 337 available beds on Mercer Island.

Exhibit 32. Known Senior Housing Beds, Mercer Island, 2022



Source: Washington State Department of Social and Health Services, 2022; CAI, 2022.
Note: This exhibit only refers to senior housing beds that are publicly available.

Exhibit 33. Elderly Share of Population, Mercer Island, 2010 and 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

Housing Market Conditions and Trends

Mercer Island's home prices are near the highest in the region

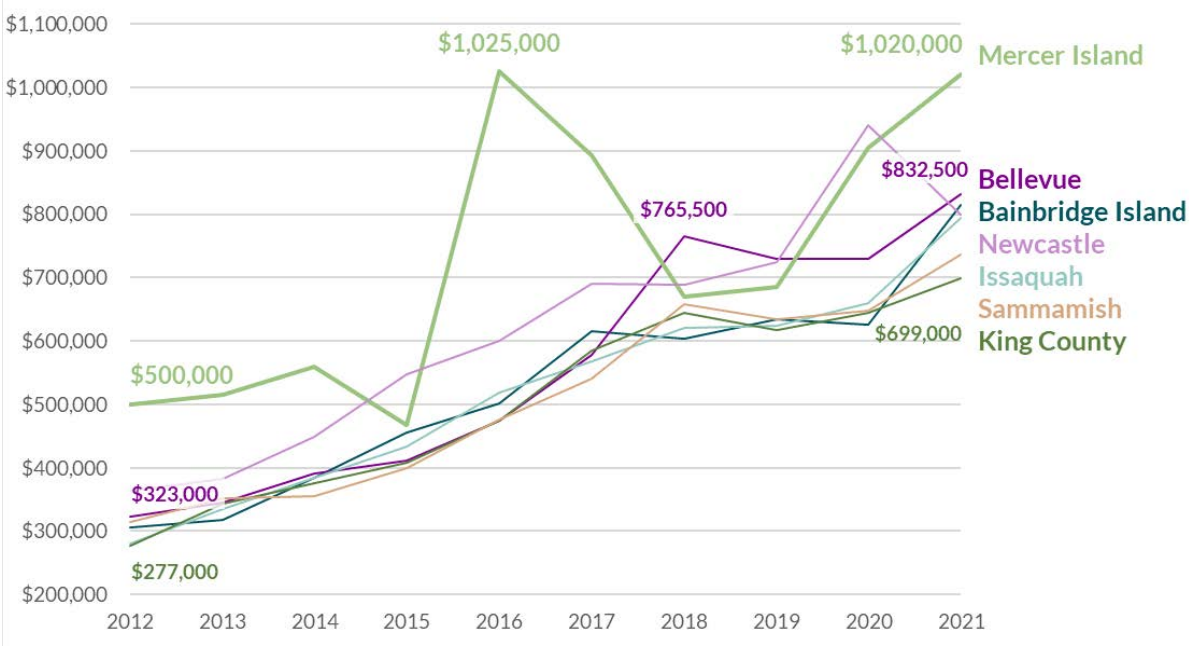
Mercer Island's median home price more than doubled from 2012 to 2021 and is currently more than $1 million, the most expensive of selected peer cities (Exhibit 34). This growth is comparable to other cities in the county. Newcastle's median sale price nearly tripled and Bellevue's more than doubled. Mercer Island's median home price is nearly 1.5 times more expensive than the median of King County as a whole.

The current month's supply of housing indicates the size of the for-sale inventory compared to the number of homes being sold. This can indicate the competitiveness of a housing market and the number of houses available for buyers. Four to five months of supply is average. A lower number means that buyers are dominating the market and there are relatively few sellers; a higher number means there are more sellers than buyers.

Mercer Island's for-sale inventory has been on the decline since 2019 and there is currently about 2.5 months' worth of supply left in the market (Exhibit 35). As the stock of homes-for-sale has decreased, the median sale price has steadily increased, increasing to more than $1 million in 2021. Mercer Island's historic median sale prices show more volatility than much of the region. One potential reason for this may be the comparatively smaller number of home sales completed annually in Mercer Island. For example, during the month of January 2022 (the month with the lowest completed home sales in the year of June 2021 to June 2022), 11 homes were sold in Mercer Island, the lowest of all peer cities by more than half.[19]

Exhibit 34. Median Home Sale Price, Mercer Island and Peer Cities, 2012 to 2021

[19] Redfin Monthly Housing Market Data, June 2021 to June 2022.



Source: Redfin, 2022; CAI, 2022.

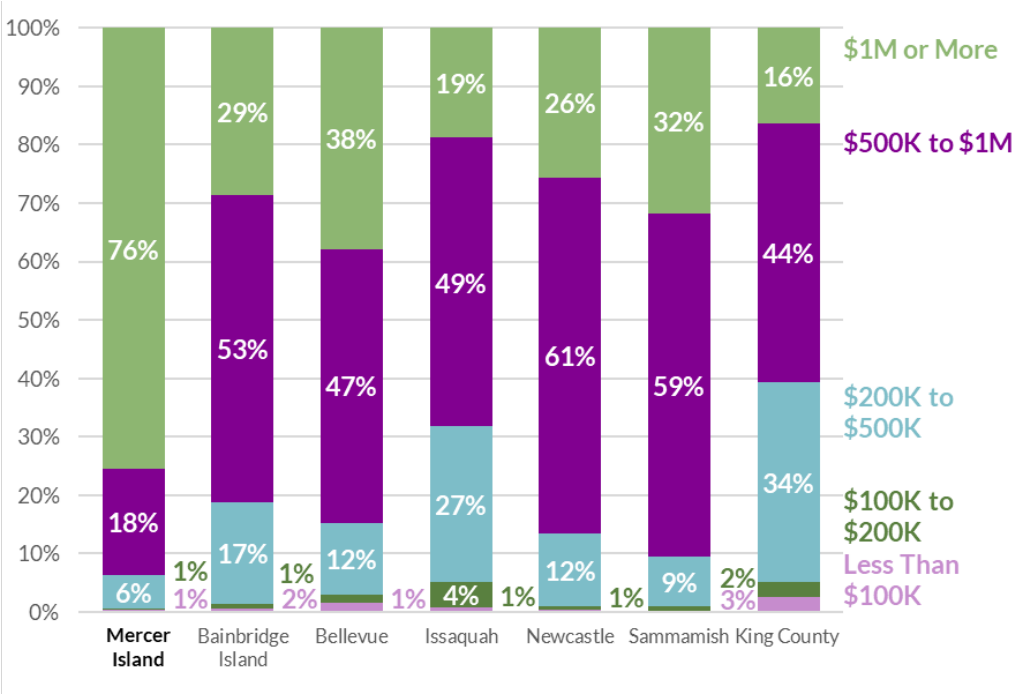
Exhibit 35. Months' Supply of Housing Units and Median Sale Price, Mercer Island, 2012 to 2022

Source: Redfin, 2022; CAI, 2022.

Only 6% of housing units in Mercer Island are valued at less than $500,000

Mercer Island's home prices are on the high end for the region (Exhibit 36). Price appreciation since 2010 has mostly been attributable to an increase in value homes in the $500,000 to $1 million range to more than $1 million. About 6% of available homes cost less than $500,000, compared to 40% of all homes across King County. Mercer Island has no homes valued at $200,000 or less, and there are few homes at this value across King County and neighboring cities.

Exhibit 36. Value of Owner-Occupied Housing Units, Mercer Island and Peer Cities, 2010 and 2020

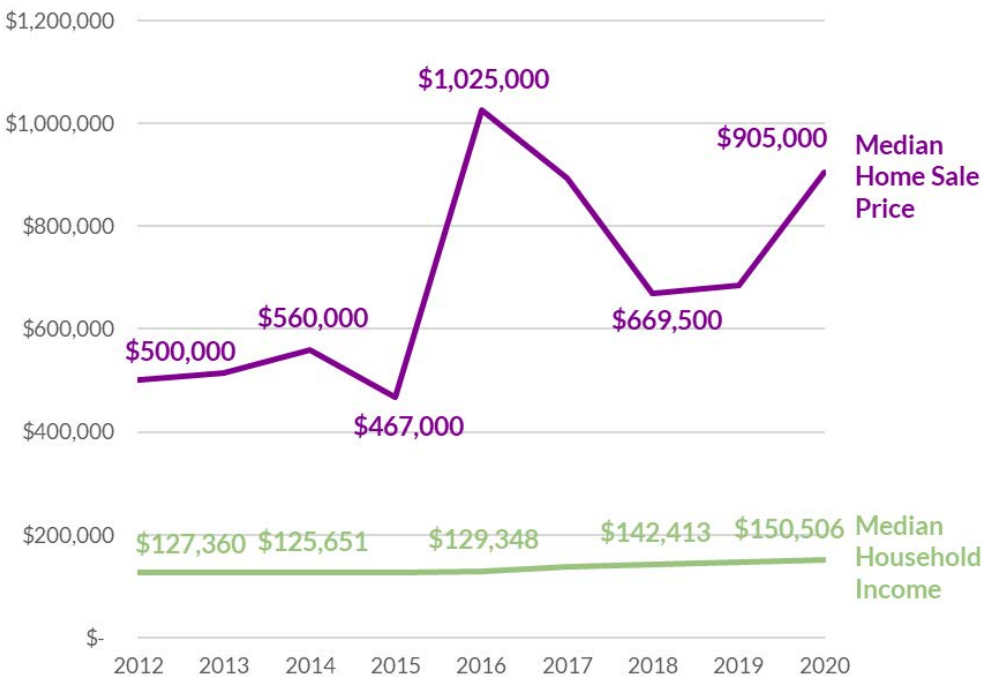


Source: American Community Survey, 2010, 2020; CAI, 2022.

Growth in home value outpaced growth in household income

Mercer Island's home sale prices have nearly doubled from 2012 to 2020 (Exhibit 37), increasing from $500,000 in 2012 to $905,000 in 2020 (when 2021 is taken into account, the median home sale price from 2012 more than doubles in a nine-year period). That is a $405,000 and 81% increase. From 2012 to 2020, median household income increased by about $30,000 – an increase of 24%. As of 2020, the difference in household income and home prices was more than $750,000, compared to approximately $373,000 in 2012.

Exhibit 37. Annual Median Home Sale Price and Household Income, Mercer Island, 2012 to 2020

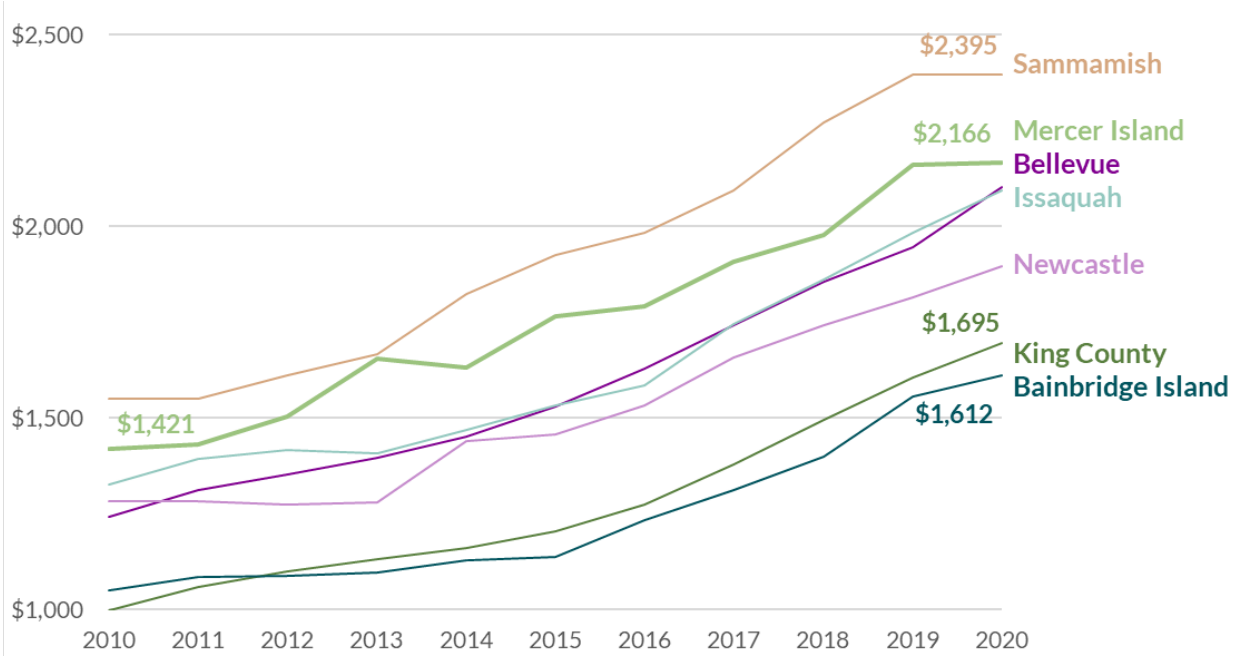


Source: Redfin, 2022; ACS, 2020; CAI, 2022.

Mercer Island's average rent prices are second highest among peer cities

Median rent has been on the rise for the entire region since 2010 (Exhibit 38). Rent in Mercer Island has increased by about $800 from 2010 to 2020, a 52% increase. It remains one of the most expensive rental markets within King County. Renters in Mercer Island are increasingly cost-burdened, with 9% more residents paying more than 35% of their income on housing costs in 2020 than in 2010.

Exhibit 38. Change in Median Rent, Mercer Island and Peer Cities, 2010 to 2020



Source: American Community Survey, 2010 to 2020; CAI, 2022.

Housing Affordability

Affordability Metrics

The widespread metric used to determine household income for affordable housing programs is the US Housing and Urban Development (HUD) definitions for area median income (AMI). HUD establishes unique limits for households between one and eight people in size and presents income by extremely low, very low, low, and median incomes. The income levels produced by HUD are only available for certain metropolitan areas. The City of Mercer Island falls within the in the Seattle-Bellevue HUD Metro Fair Market Rent (FMR) Area, which spans King and Snohomish counties (Exhibit 39). HUD defines a household as cost burdened if they pay more than 30 percent of their gross household income for housing, and severely cost burdened if they pay more than 50% of their gross household income on housing.

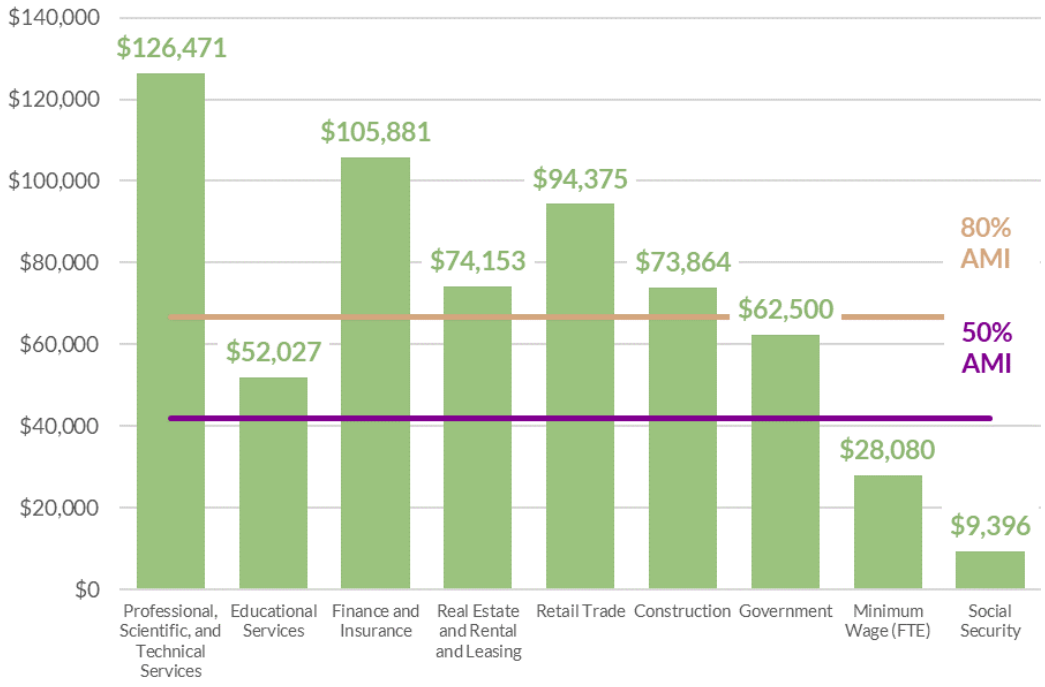
Exhibit 39. HUD Household Income Limits, Seattle-Bellevue HUD Metro FMR Area, 2021

Income Level	Household Size (Persons in Family)							
	1	2	3	4	5	6	7	8
Extremely Low Income (30% AMI)	$24,300	$27,800	$31,250	$34,700	$37,500	$40,300	$43,050	$45,850
Very Low Income (50% AMI)	$40,500	$46,300	$52,100	$57,850	$62,500	$67,150	$71,750	$76,400
Low Income (80% AMI)	$63,350	$72,400	$81,450	$90,500	$97,750	$105,000	$112,250	$119,500
Median Income	$81,000	$92,600	$104,200	$115,700	$125,000	$134,300	$143,500	$152,800

Sources: HUD, 2021; Community Attributes Inc., 2022.

Exhibit 40 shows the median income among Mercer Island's largest industries in terms of employment, alongside the salary associated with Washington's minimum wage and federal social security payments. HUD limits for 50% and 80% AMI have been included for reference. None of Mercer Island's top industries earn a median income below the 50% AMI level, however, the median income for educational services and government are below the 80% AMI level. Real estate and rental and leasing and construction median incomes are near the 80% AMI level, but workers within the industry are likely to earn more than the 80% of the area median income.

Exhibit 40. Median Income by Industry HUD Income Limits, 2020

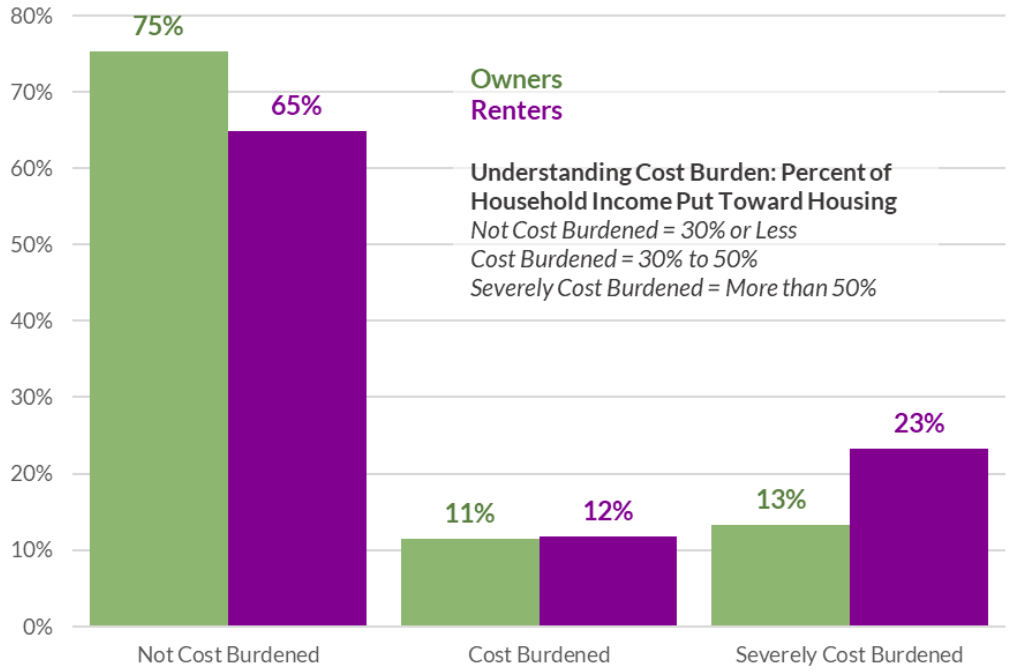


Sources: HUD, 2020; US Census Bureau 5-year Estimates ACS, 2016-2020; Social Security Administration, 2020; Washington State Department of Labor & Industries, 2020; Community Attributes Inc., 2022.

Mercer Island's renters experience higher rates of housing cost burden than owners

Cost burden is defined by the U.S. Department of Housing and Urban Development at three levels: Cost burdened households are those who spend more than 30% of their household income on housing costs. Severely cost burdened households spend more than 50% of their income on housing. Households that spend less than 30% on their housing costs are considered not to be cost burdened. Generally, Mercer Island's homeowning households experienced lower rates of housing cost burden from 2014 to 2018 compared to renting households (Exhibit 41). Three-quarters of homeowning households are not cost burdened, compared to 65% of renter-occupied households. Nearly one in four renter households are severely cost burdened.

Exhibit 41. Cost Burden by Housing Tenure, Mercer Island, 2018



Sources: HUD CHAS, 2014 – 2018; Community Attributes Inc., 2022.

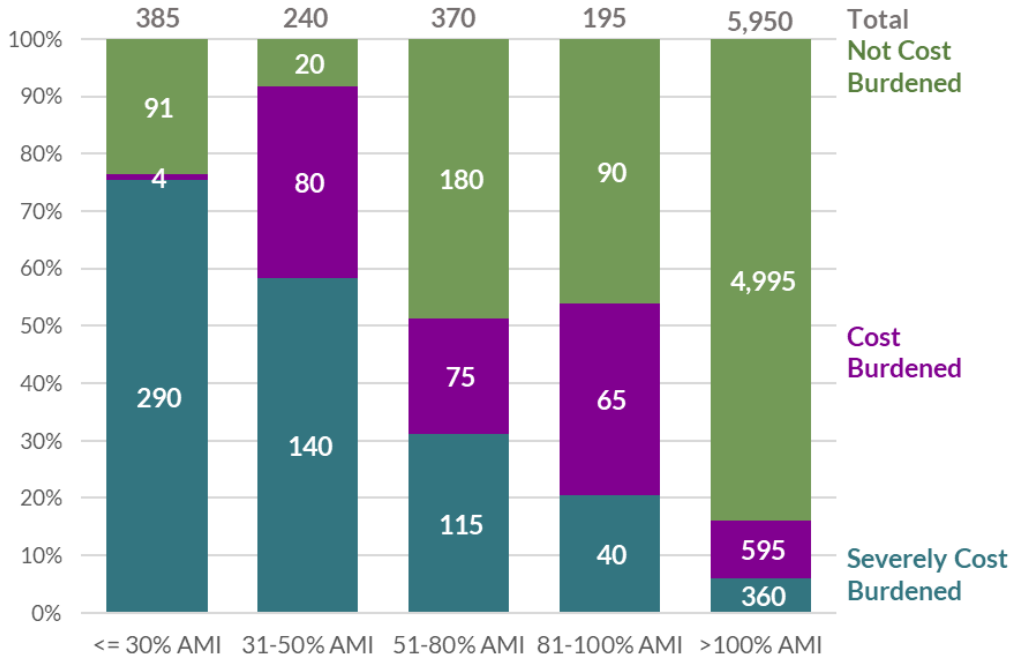
Severe cost burden is borne by both very low- and very high-income homeowners. Most low-income renters are severely cost burdened.

The majority of homeowning and renting households in Mercer Island are high-earning, above 100% AMI (Exhibits 42 and 43). Severe housing cost burden was experienced most frequently by very low- and very high-income Mercer Island homeowners (Exhibit 42), although this amounts to a small share of high-income households (less than 10%). More than 80% of high-income households, those earning more than 100% AMI, are not cost

burdened. About half of all households between 51% to 100% AMI are not cost burdened. A higher share, although small number of total households, at lower AMI levels are cost burdened or severely cost burdened.

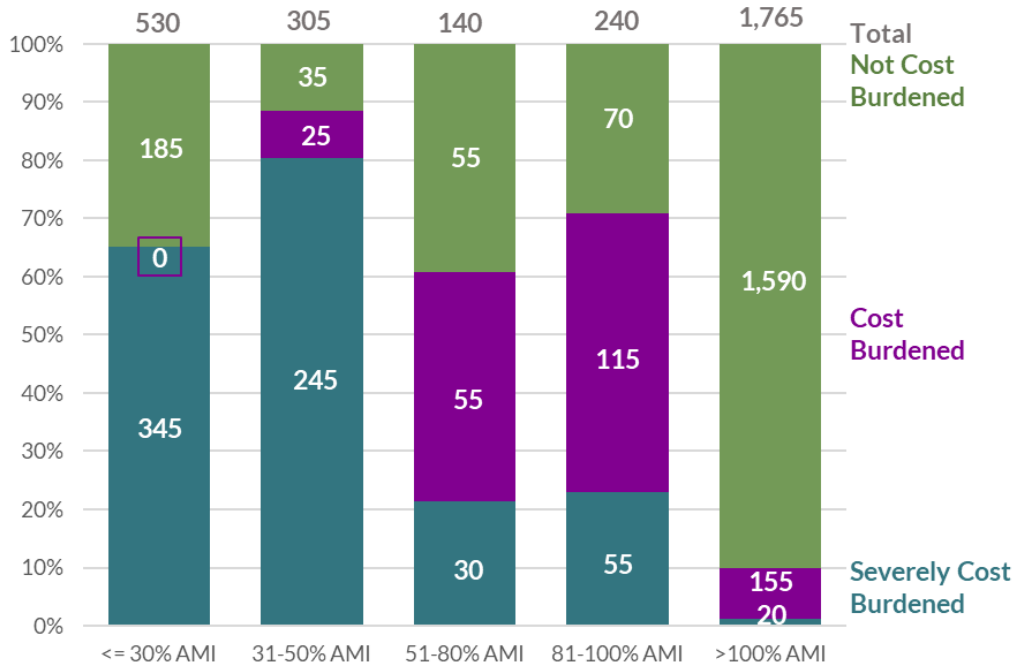
A majority of the City's low-income renting households are severely cost burdened (Exhibit 43). A small fraction of the city's high-income renters are cost burdened. Severe cost burden is most prevalent in rental households earning less than or equal to 50% of area median income and tapers off significantly for households earning more than 50% of the area median income.

Exhibit 42. Cost Burden by Income Level, Homeowning Households, Mercer Island, 2018



Sources: HUD CHAS, 2014 – 2018; Community Attributes Inc., 2022.

Exhibit 43. Cost Burden by Income Level, Renting Households, Mercer Island, 2018

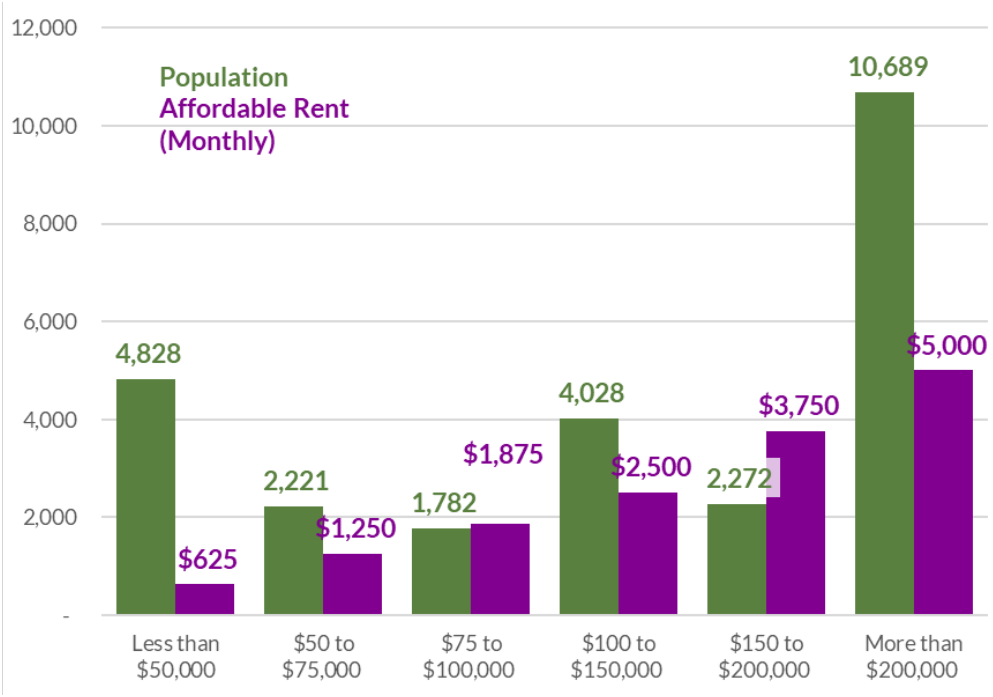


Sources: HUD CHAS, 2014 – 2018; Community Attributes Inc., 2022.

Although most renters are high earners and can afford market rate apartments, nearly 5,000 Mercer Island households' affordable rent is capped at $625 monthly

Using HUD's definition of cost burdened households, Exhibit 44 calculates affordable rents for Mercer Island renters based on their income bracket. Affordable is considered to be monthly rent that is 30% or less of a renter's income. The majority of renters earn more than $200,000 annually, which equals a $5,000 monthly affordable rental rate. There are more than 4,800 residents for which an affordable monthly rent is $625 or less.

Exhibit 44. Affordable Rent by Income Level, Mercer Island, 2020



Source: American Community Survey, 2020; HUD CHAS, 2014-2018; CAI, 2022.

Mercer Island has 102 total rent-restricted units available to a variety of demographics

Exhibit 45 includes the number of rental units by price point in Mercer Island. The majority of units rent for between $1,500 and $2,499 per month. Approximately 1,000 units are available that are rented for between $1,500 and $2,000. An addition 812 rent for between $2,000 and $2,499 monthly. Very few units are available for less than $1,000 and from $1,000 to $1,500.

In addition, there are 102 rent-restricted units in three buildings that offer rent-restricted units to certain demographics. They include:

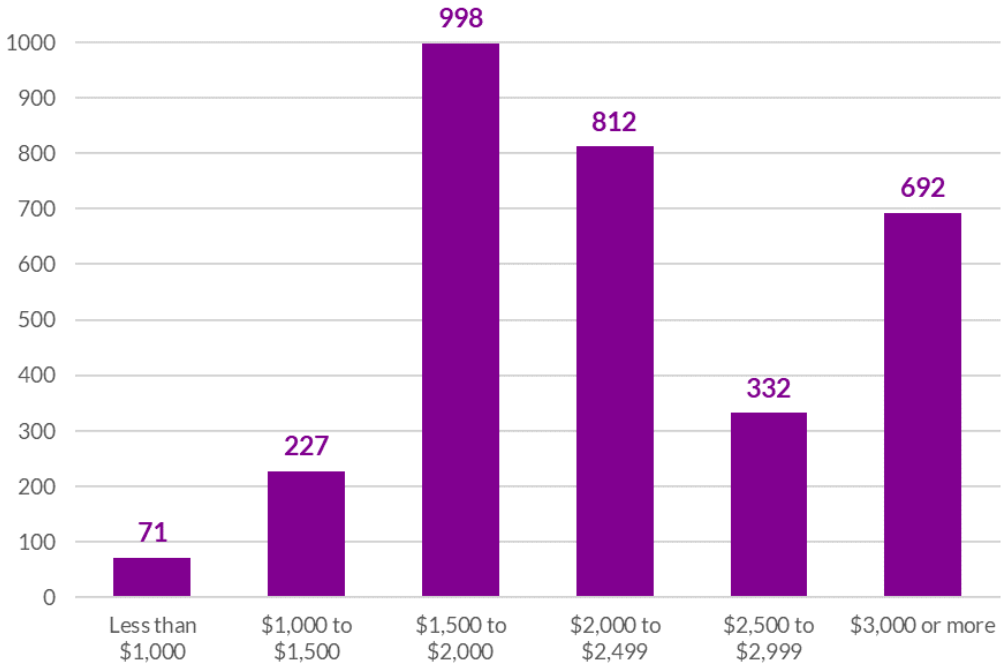
- **Grace Place** (formerly Ellsworth House) offers 59 units to people aged 62 and older earning less than 50% AMI.
- **Hadley Apartments** offers 13 units to those earning less than 70% AMI.
- **Island Crest Apartments** offers 30 units to low income families, seniors, and persons experiencing a disability.[20]

Compared together, Exhibit 44 and Exhibit 45 illuminate potential shortages of rental units at each price point. 4,828 Mercer Island residents need rental

[20] City of Mercer Island, 2022.

units affordable at $625 or less per month. Based on Mercer Island's average renter-occupied household size of 2.0, that corresponds to a need for 2,414 units affordable at $625 or less per month.[21] This suggests a significant need for housing to accommodate households making less than 30% of AMI.

Exhibit 45. Rental Units by Monthly Rent, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

Future Housing Needs

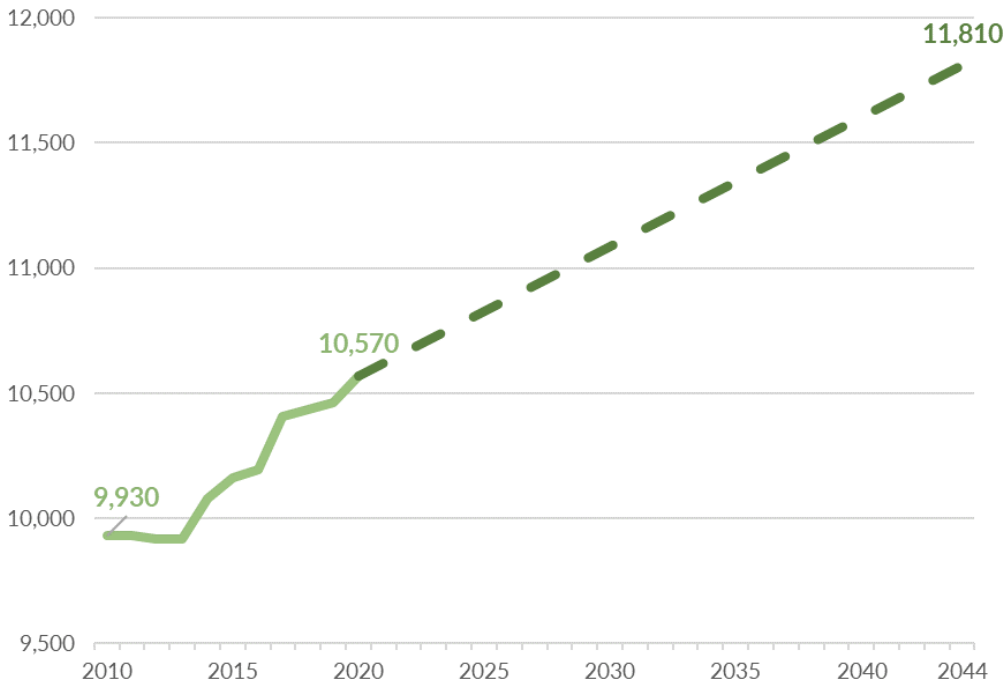
In 2021, the Washington State Legislature passed House Bill 1220 (HB 1220) and amended the Growth Management Act. This amendment, signed into law in May, instructs local governments to "plan and accommodate" for housing affordable to all income levels.[22] The requirements of HB 1220 spurred new guidance for counties and cities from the Department of Commerce. This includes methods suggested by Commerce for the allocation of housing units at various levels of affordability, which provide counties a way to allocate housing targets to municipalities through mechanisms like the King County Countywide Policies and the Urban Growth Capacity Report. Using these housing unit targets, King County is currently working to produce housing needs projections. The County, in turn, identified three potential methods to estimate future housing need, which it will ultimately narrow to one. This has not been finalized at the time of this report's delivery; as such, all three

[21] U.S. Census Bureau, 5 Year Estimates, 2020.
[22] Department of Commerce, 2021.

methods are included as scenarios for estimating Mercer Island's future housing needs.

The following five scenarios include the County's draft methodologies for future housing need in addition to two custom-to-Mercer Island scenarios. Exhibit 46 shows housing growth targets developed by King County in its 2021 Urban Growth Report, along with actual housing units developed in Mercer Island since 2010. The report allocates an additional 1,240 units by 2044, and the city must demonstrate the capacity to accommodate this growth. In 2044, Mercer Island must have the infrastructure and land use capacity for a total of 11,810 housing units.

Exhibit 46. Growth Management Housing Unit Projections, Mercer Island, 2020 to 2044



Source: Urban Growth Report, 2021; Office of Financial Management, 2010 to 2020; CAI, 2022.

King County uses scenarios to plan for future housing needs. It has three planning scenarios that project potential future housing demand in each of its jurisdictions with a focus on affordability at all income levels, pursuant to the amended GMA. In addition, it calls for the creation of 230 beds in emergency housing. The three scenarios are:[23]

[23] King County Growth Management Planning Council, July 2022.

1. **Focus on new growth**. Same percent shares of new housing growth are affordable in every jurisdiction.
2. **Focus on 2044**. Same percent shares of total housing stock in 2044 are affordable in every jurisdiction.
3. **Focus on new growth adjusted for local factors**. Same percent shares of new housing growth are affordable in every jurisdiction and adjusts outputs within each income band by:
    a. Percent share of housing that's currently affordable at 0-80% AMI.
    b. Percent share of housing that's currently income restricted at 0-80% AMI.
    c. Subregional ratio of low-wage jobs to low-wage workers.

These scenarios project housing need by Area Median Income (AMI). AMI is a series of income levels determined by the U.S. Department of Housing and Urban Development to determine accessibility to housing and social service programs. AMI develops income levels based on the median family income and fair market rent area definition for set geographic areas. The AMI used in these projections is the median family income of King County.[24]

Two additional scenarios were identified to show potential housing need in Mercer Island using a comparative analysis of King County and Mercer Island housing production. These scenarios do not fulfill the HB 1220 requirement to address and accommodate housing affordability through the ongoing guidance developed by the Department of Commerce and deployed by King County. They do use the 2044 GMA housing unit allocation and redistribute these housing units along price (Scenario 4) and income levels (Scenario 5). These scenarios are:

4. **Status quo**. Total projected housing units includes the 2044 GMA allocation and historical under- or over-production of units compared to King County, distributed by the current percent share of housing units by price.
5. **Fair share**. Total projected housing units includes the 2044 GMA allocation and historical under- or over-production of units compared to King County, distributed by King County household income.

Under- and over-production of housing units is an indicator that compares housing unit production to population growth and is the ratio of housing units to households. A ratio of housing units to households of 1.00 indicates that housing production will keep even pace with population growth. A ratio above 1.00 indicates unit production is ahead of population growth. A ratio less than 1.00 indicates unit production is not keeping up with population

[24] King County Growth Management Planning Council, July 2022.

growth. The historic under- or over-production of units that is taken into consideration in Scenarios 4 and 5 compares Mercer Island's production ratio to that of King County and would take into account the number of units that would bring the city's ratio in line with the county's. King County's ratio is 1.04. Mercer Island's ratio is also 1.04, indicating equal production over time. Therefore, scenarios 4 and 5 are calculated using only the 2044 GMA housing unit allocation.

Scenarios 1 through 3

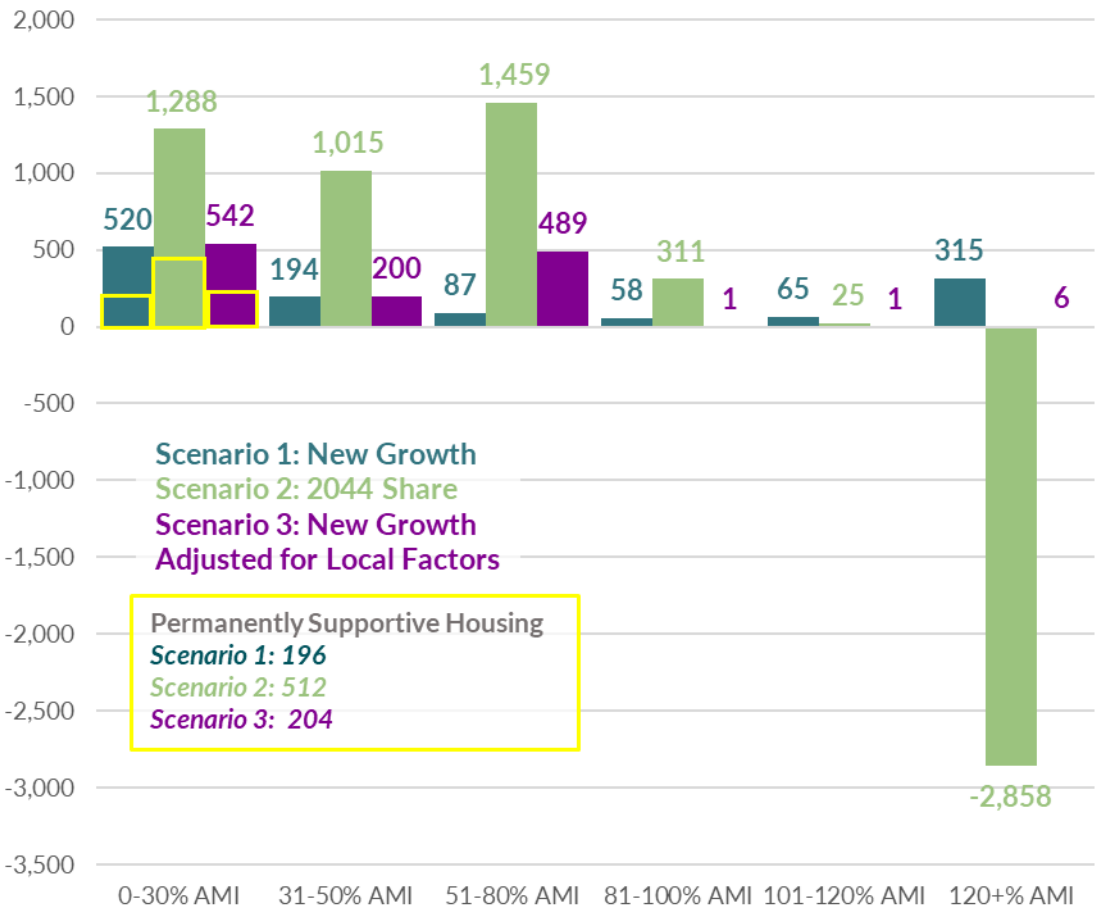
Scenarios 1, 2, and 3 were produced by the King County Department of Community and Human Services, using a version of the Department of Commerce's Housing Needs Allocation Tool. Exhibit 47 shows the distribution of affordability of housing units based on scenarios 1-3 using the GMA's 2044 new housing unit project of 1,240 units.

Under **Scenario 1: New growth**, 520 of the projected 1,240 new housing units must be affordable to households at or below 30% of Area Median Income (AMI). 196 of these units must be permanently supportive housing. An additional 315 units will only be affordable to households earning 120% or more of AMI.

Scenario 2: 2044 Share uses the share of affordable housing at the County level to determine the production of units by income level needed by each jurisdiction to match the county share. Under Scenario 2, Mercer Island must over compensate for housing units affordable at moderate- and low-income and decrease the share of units available to high-income households above 120% AMI by 2,858. This calls for the production of a total of 3,762 units available to households below 80% AMI to achieve the same affordability balance of King County. Of the 1,288 units that would be affordable to those earning less than 30% AMI, 512 of them would be permanently supportive housing.

Scenario 3: New growth adjusted for local factors uses a series of local factors including affordability levels and the ratio of low-wage jobs to workers, a methodology that is still under development and subject to change. Currently, Scenario 3 calls for almost no new housing development that are exclusionary to households below 80% AMI. This means that no new housing units affordable to households earning 81% AMI or more would be built in Mercer Island through 2044. The city would accommodate new housing growth at lower income levels, including 542 units affordable to households below 30% AMI (204 of which would be permanently supportive housing), 200 units affordable at 31 to 50% AMI, and 489 units affordable at 51 to 80% of AMI.

Exhibit 47. Future Housing Need Scenarios 1 through 3, Mercer Island, 2044



Source: King County, 2022; CAI, 2022.

Scenarios 4 and 5

Mercer Island has produced housing units at the same rate as King County. As such, Scenarios 4 and 5 use the same 2044 housing unit projection as Scenarios 1 through 3 and applies a different distribution of housing units to that allocation. These scenarios do not take into account or fulfill the Commerce affordable housing guidance.

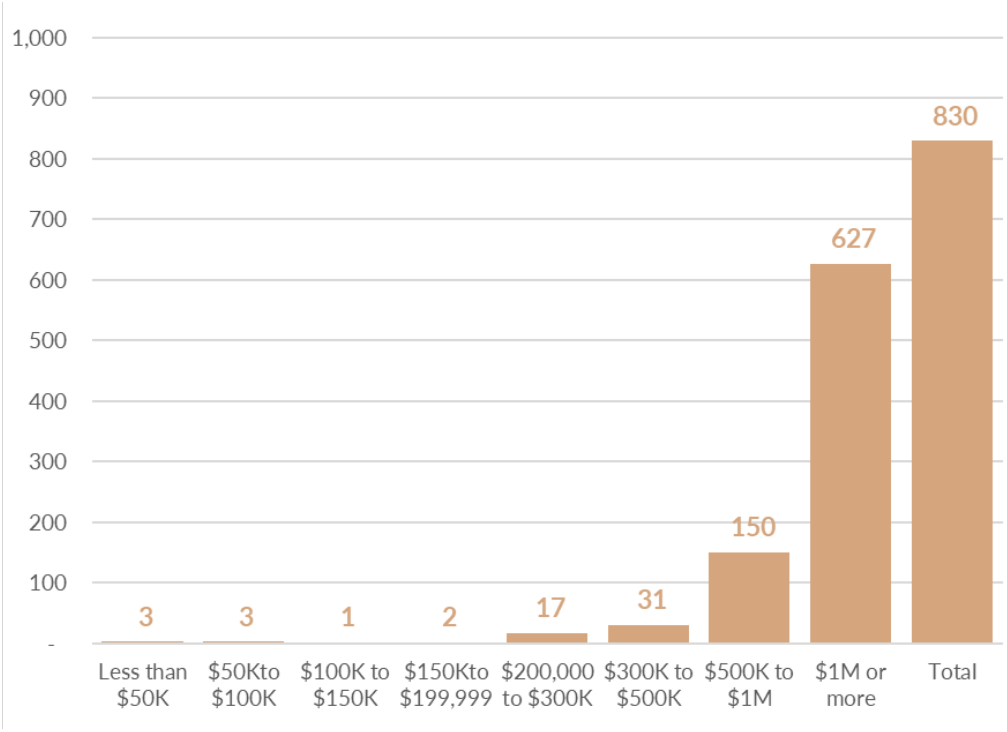
Scenario 4: Status quo distributes new housing units by housing unit price. As there is variability in housing costs and price depending on the tenure of the householder, Exhibit 48 and Exhibit 49 further distinguish housing unit price by owner- and renter-occupied units.

Two-thirds of households in Mercer Island are owner-occupied, which would account for 830 of 1,240 projected housing units (Exhibit 43). If these 830 units follow the 2020 share of households by price, 627, or 76%, of them will

be worth $1 million or more. About 60 units would be available for less than $500,000.

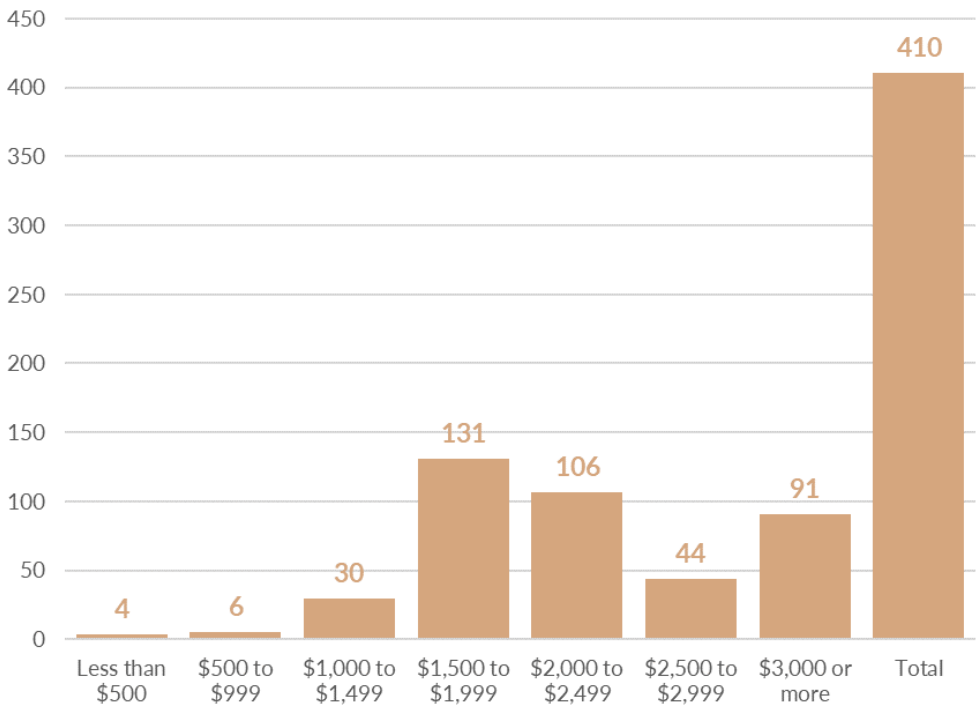
Exhibit 49 shows the distribution of renter-occupied households based on the current share of rental value. 410 of the 1,240 projected new units will be occupied by renters. Of those 410, nearly 60% will rent for between $1,500 and $2,500 per months. 91 units will cost more than $3,000 per months. Less than 10% will cost less than $1,500 per month.

Exhibit 48. Future Housing Need Scenario 4 (Owner-Occupied Units), Mercer Island, 2044



Source: King County Growth Management Policy Council, 2022; ACS, 2020; CAI, 2022.

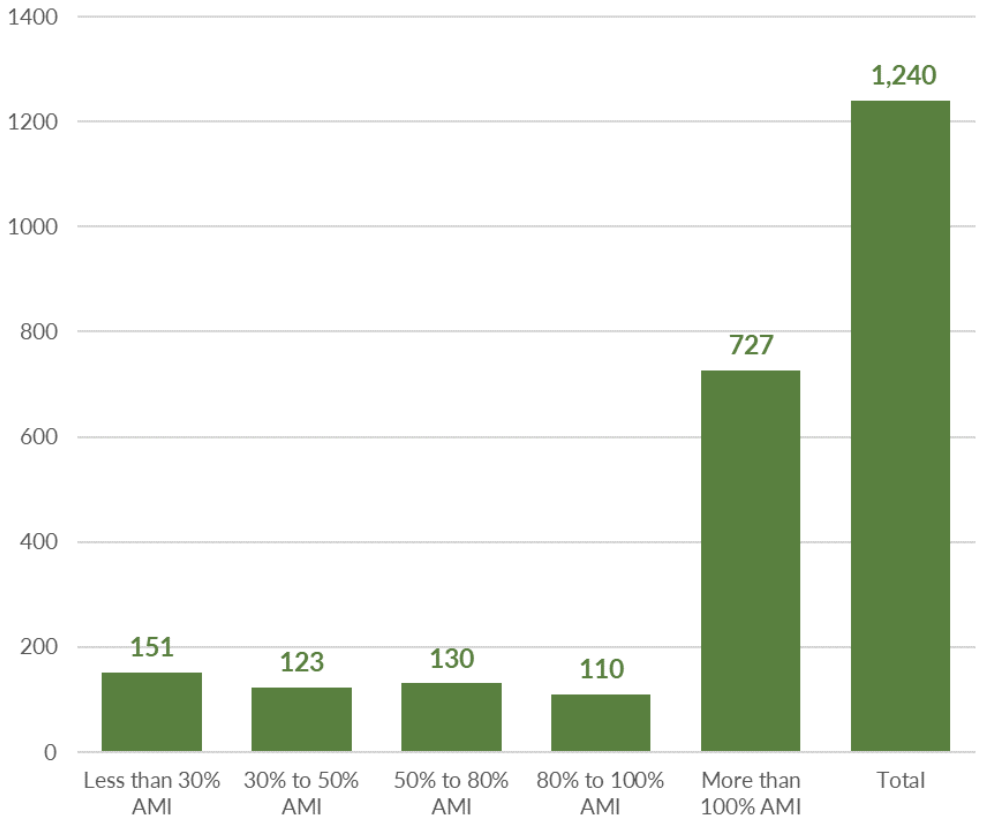
Exhibit 49. Future Housing Need Scenario 4 (Renter-Occupied Units), Mercer Island, 2044



Source: King County Growth Management Policy Council, 2022; CAI, 2022.

Scenario 5: Fair share by King County AMI shows how many units Mercer Island would need to match the same percent share of AMI for King County Exhibit 50). Under this scenario, the bulk of housing development will be out of reach of low- and moderate-income households. Nearly 60% of units, a total of 727, would be affordable only to households earning more than 100% of AMI. Between 110 and 151 units would be developed at prices affordable to other income segments.

Exhibit 50. Future Housing Need Scenario 5, Mercer Island, 2044



Source: King County Growth Management Policy Council, 2022; HUD CHAS, 2014=2018; CAI, 2022.

HOUSING NEEDS ASSESSMENT FINDINGS AND RECOMMENDATIONS

Findings

Demographic and Economic Context

- Mercer Island's population grew slower than its neighbors and King County but outpaced its own projections.
- Mercer Island has an older population than King County.
- Mercer Island has become more diverse since 2010.

Household Characteristics

- White and Asian households typically earn more annually than other racial groups.
- Mercer Island has a high and growing rate of households with children.

- Although notoriously difficult to quantify, the number of unsheltered persons experiencing homelessness has increased in recent years.
- Mercer Island residents are more likely to own their home than rent compared to King County.
- Mercer Island's household size increased slightly in the past decade.
- Mercer Island has a higher proportion of high-income households than in King County overall.
- Owner-occupied households typically earn a higher annual income than renter-occupied households.

Employment and Commuters

- Services account for a large share of all employment in Mercer Island.
- The jobs-housing balance in Mercer Island is tilted toward housing.
- Mercer Island's residents are likely to commute to other cities for work, and workers are likely to commute from outside Mercer Island; only 9% of residents live and work in Mercer Island.

Housing Supply

- Almost two-thirds of Mercer Island's housing stock are detached single family units.
- Nearly half of Mercer Island's homes have four or more bedrooms.
- Most of Mercer Island's homes are 40- to 60-years old.

Housing Market Trends and Conditions

- Mercer Island's home prices are near the highest in the region.
- Only 6% of housing units in Mercer Island are valued at less than $500,000.
- Growth in home value outpaced growth in household income.
- Mercer Island's average rent prices are second highest among peer cities.

Housing Affordability

- Mercer Island's renters experience higher rates of housing cost burden than owners.
- Severe cost burden is borne by both very low- and very high-income homeowners. Most low-income renters are severely cost burdened.
- Although most renters are high earners and can afford market rate apartments, nearly 5,000 Mercer Island households' affordable rent is capped at $625 monthly.
- Mercer Island has 102 total rent-restricted units available to a variety of demographics.

Implications

Planning and Policy Context

- Mercer Island has committed to a number of state, regional, and local housing and development strategies. Many of these priorities are complimentary and one action or program (like this Housing Needs Assessment) may meet several the City's planning and development goals and obligations.
- As of 2018, housing development was on track to meet growth projections and Mercer Island commitments. Most new units were delivered in large multifamily projects in Town Center. This data was last calculated prior to the current development moratorium in that area and does not consider the loss of any housing units from 2020 to present.
- Multifamily and higher-density housing development is focused in Town Center. The majority of the island is zoned for large single-family and low density lots.

Demographic and Economic Context

- Mercer Island added more than 3,700 residents between 2000 and 2020, outpacing its own growth projections. Its population has been growing at a slower rate than most of its neighbors and King County but has outpaced its own projections. The city is moving toward and on track to meet its housing unit target of 1,240 new units by 2044. This exceptional growth is occurring at the same time as household sizes are increasing, long-time residents are aging out of their homes and being replaced by younger families, and Mercer Island's residents – and their housing needs – are becoming more diverse. Taken together, these trends indicate a growing need for a diverse range of housing options for a diversifying population.
- Mercer Island's median home price is more than $1 million. Moderate- and low-income groups, which include many BIPOC households that earn below the island's median income, may be increasingly cost burdened or priced out of living in Mercer Island.
- As the cost of living on Mercer Island increases, the city will increasingly rely on workers commuting into the island to supply much of the workforce. A quickly growing portion of Mercer Island workers cannot be able to afford to live near their place of work. This will increasingly impact Mercer Island's quality of life, including transportation and housing costs.

Current Housing Supply

- Demand for housing has outpaced Mercer Island housing supply, which is part of a larger trend in the Puget Sound region. Nearly 80% of Mercer Island homes are valued at more than $1 million.

- Rent prices have steadily increased in recent years and renters are spending a larger share of their income on housing now than they did 10 years ago. Nearly half of all renters in Mercer Island are now considered to be cost burdened.
- About three-quarters of Mercer Island's new housing units are in large multifamily buildings. The remainder of new units were mostly single-family residences, although the number of duplexes and tri- and fourplexes increased by 12- and four-fold, respectively.
- Most of Mercer Island's housing stock are single family homes on large lots. The land area required for this residential type limits the island's ability to accommodate new units outside of the 76-acre Town Center. Ultimately, this growth pattern will continue to put upward pressure on housing costs for more of the island's residents.
- Most new housing growth is developed in the form of multifamily housing and land capacity for new single-family homes is constrained. As single-family homes are redeveloped, the net number of homes may not significantly change. As the single-family-zoned areas of Mercer Island nearly full build out, prices for single-family homes will increase.

Housing Market Trends and Conditions

- Mercer Island's housing market is one of the most expensive in the region and getting more expensive.
- Growth in home prices far outpaced increases to household income. This continued trend will put pressure on moderate- and low-income households.
- As Mercer Island's population continues to age, there may be growing demand and insufficient capacity to house them in assisted living or age-appropriate homes. There is no current mechanism in place to easily track how many assisted living beds are available on Mercer Island, and the publicly available data on beds indicate that demand exceeds supply.

Policy and Action Considerations

The following considerations build on the findings and implications of this report and provide potential actions through a variety of City of Mercer Island planning and policy mechanisms, including:

- Comprehensive Plan update
- Unified Land Development Code amendments
- City programs, policies, and action

1. Comprehensive Plan Updates and Amendments

1.1 Update the Comprehensive Plan with newly released King County population, housing unit, and jobs projections.

1.2 Incorporate findings from the Housing Needs Assessment into the goals and policies of the Comprehensive Plan's Housing Element.

1.3 Implement the tracking and work plans outlined in Chapter 3.VI of the Comprehensive Plan (Implementation Tracking, Housing Element) to monitor progress made by the city in accomplishing its housing goals, evaluate the changing housing landscape in Mercer Island, and track key indicators of housing supply, accessibility, affordability, and diversity.

1.4 Establish a goal within the Housing Element to develop transit-oriented development along I-90 and the future light rail station and develop a vision for connecting multifamily residential areas across the island to job clusters and transit corridors.

2. Unified Land Development Code Amendments

2.1 Amend minimum residential lot sizes to allow for smaller units, in line with stated Comprehensive Plan housing goals to allow residents to age in place and young families to attain homeownership and land use goal to encourage green building and sustainable development. Possibly omit R-15 zone due to environmental conditions and high cost of development.

2.2 Allow subdividing homes into duplexes or similar small multifamily units to allow residents to age in place, improve access to homeownership for young residents and families, and maintain neighborhood character.

2.3 Allow cottage courts or courtyard housing in certain single-family residential zones or on redeveloped parcels to allow for additional housing options for low- and middle-income families while maintaining neighborhood character, bulk, and scale.

2.4 Revisit the proposed demonstration project of innovative and smaller housing on vacant or underutilized sites within Mercer Island. Consider cottage courts or courtyard housing on appropriate sites.

2.5 Consider revising the Commercial Offices (CO) land use designation to include the potential for dense residential housing in areas that are transit oriented and can support higher density.

2.6 Remove the average parcel size language from the Planned Business (PBZ) land use designation and replace with allowed density.

2.7 Replace maximum allowed density limits in multifamily zones with a minimum density or no density requirement.

3. City Programs, Policies, and Action

3.1 Develop an affordable housing preservation program to protect the existing affordable housing stock and identify potential sites for new units.

3.2 Create a program to incentivize or assist infill development that is appropriate to neighborhood character and scale that also provides housing for a range of incomes, demographics, and abilities. Program could include streamlining the development process or modifying regulations for certain types of development on certain sites.

3.3 Develop an assistance or education program for young families or residents who wish to become homeowners and aging homeowners who wish to age in place. Pair with a housing demonstration project, new development within the city, or regulatory review that allows single-family homeowners to divide their homes into multiple units.

3.4 Consider revising density bonuses, flexible parking and development standards, and reduced development regulations or fees to encourage development and alleviate growing development costs in Town Center.

Racially Disparate Impacts Evaluation

CITY OF MERCER ISLAND 2024 COMPREHENSIVE PLAN PERIODIC REVIEW
HB 1220 IMPLEMENTATION

COMMUNITY PLANNING AND DEVELOPMENT DEPARTMENT

City of Mercer Island, WA
Community Planning and Development Department
December 15, 2023

GMHB Exhibit #268 - 0318

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Introduction

In 2021, the Washington State Legislature adopted House Bill 1220 (HB 1220). This bill requires cities and counties to begin analyzing housing policies to identify racially disparate impacts that housing policies might have had and adopt amendments to begin undoing those impacts.

Purpose

The purpose of this report is to analyze housing policies to identify those that might have resulted in racially disparate outcomes and identify areas at a higher risk of displacement. Evaluation, identification, and amendment of policies that result in racially disparate outcomes is required by the WA Growth Management Act (GMA) in RCW 36.70A.070(2)(e-h). The analysis in this report is for planning purposes to highlight potential amendments. Specific policy amendment proposals will be developed later in the Comprehensive Plan periodic review.

Report Organization

This report is organized into four main sections:

1. Introduction;
2. Population Data;
3. Displacement Risk; and
4. Conclusions.

The Introduction summarizes the purpose and background for this report. The Population Data section provides demographic information and analysis to describe the current population in Mercer Island. Displacement risk is evaluated in the third section of this report, highlighting areas and populations that might be displaced as development occurs in Mercer Island. Finally, the Conclusions section provides a summary of the analysis and highlights housing policies that Mercer Island can consider amending to address the requirements of HB 1220 during its Comprehensive Plan periodic review.

Background

In 1990, the WA Legislature adopted the GMA. This act requires cities and counties to adopt comprehensive plans. The GMA requirements are established in Chapter 36.70A RCW. The GMA specifically tasks cities and counties with planning for their share of population growth, ensuring that comprehensive plans and development regulations provide adequate development capacity to accommodate the growth projected for the twenty-year planning period (RCW 36.70A.115). The GMA also requires that cities and counties periodically review and update their comprehensive plans on a set schedule. Cities in King County, including Mercer Island, are required to complete their next periodic review by December 31, 2024 (RCW 36.70A.130).

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RCW 36.70A.020 – Planning Goals

The GMA establishes fifteen statewide planning goals. The planning goals can be found in RCW 36.70A.020 – Planning Goals. The statewide planning goal for housing (Goal 4) is established in RCW 36.70A.020(4), which states:

> Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

RCW 36.70A.070 – Mandatory Elements

The GMA requires cities and counties to adopt comprehensive plans with specific mandatory elements. The mandatory elements are established in RCW 36.70A.070 – Mandatory Elements. One of the mandatory elements addresses housing. The housing element requirements are codified in RCW 36.70A.070(2). HB 1220 added new requirements for planning for housing that cities and counties must identify and begin to address policies that have resulted in racially disparate impacts. These requirements are established in RCW 36.70A.070(2)(e)-(h), which states:

> (2) A housing element ensuring the vitality and character of established residential neighborhoods that: […]
>
> > (e) Identifies local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, including:
> >
> > > (i) Zoning that may have a discriminatory effect;
> > >
> > > (ii) Disinvestment; and
> > >
> > > (iii) Infrastructure availability;
> >
> > (f) Identifies and implements policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions;
> >
> > (g) Identifies areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments; and
> >
> > (h) Establishes antidisplacement policies, with consideration given to the preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate-income housing; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing. […]

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House Bill 1220

In 2021, the WA State Legislature passed Engrossed Second Substitute House Bill 1220 (HB 1220). HB 1220 enacted new requirements for counties and cities planning under the GMA to identify and make amendments that will begin to undo policies that have resulted in racially disparate impacts, displacement, and exclusion in housing (RCW 36.70A.070(2)(e-h)). These new requirements must be addressed during the comprehensive plan periodic review that cities in King County must complete by December 31, 2024. This report is a review of housing policies to address the new requirements of HB 1220, based on the WA Department of Commerce (Commerce) guidance.

What is a Racially Disparate Impact?

The WA Department of Commerce Guidance for complying with HB 1220 defines the "racially disparate impacts" as:

> **Racially disparate impacts**: When policies, practices, rules, or other systems result in a disproportionate impact on one or more racial groups.

Commerce Guidance

In 2023, Commerce issued guidance for how cities and counties can evaluate policies for racially disparate impacts and meet the requirements of HB 1220. This report is based on the Commerce publication "Guidance to Address Racially Disparate Impacts" dated April 2023. The first step detailed in the guidance is a data analysis to understand the demographics of who lives in the City and who does not, resulting in a population profile. Next, the guidance recommends an evaluation of displacement risk in the City to identify which households and which areas of the City are vulnerable to displacement as development occurs. Finally, the guidance provides a framework for analyzing housing policies based on the analysis in the first two steps. The policy evaluation provided in Appendix A and summarized in the Conclusions section of this report is based on the Commerce framework. This framework will help Mercer Island identify policies that may need to be amended during the Comprehensive Plan periodic review to satisfy the new requirements established by HB 1220.

Defining Race and Other Terms

This report reviews data to better understand race and ethnicity in Mercer Island. There are many different ways to define the concepts of race and ethnicity. The American Psychological Association (APA) Dictionary of Psychology provides a comprehensive definition of the concept of race. The APA Dictionary of Psychology defines race as:

> "the social construction and categorization of people based on perceived shared physical traits that result in the maintenance of a sociopolitical hierarchy. The term is also loosely applied to geographic, cultural, religious, or national groups. [...]" Source: APA Dictionary https://dictionary.apa.org/

The most common source of racial data in this report is the U.S. Census Bureau. The U.S. Census Bureau describes how it collects data on race as follows:

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> The data on race were derived from answers to the question on race. The U.S. Census Bureau collects race data in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB), and these data are based on self-identification. The racial categories included in the census questionnaire generally reflect a social definition of race recognized in this country and not an attempt to define race biologically, anthropologically, or genetically. In addition, it is recognized that the categories of the race question include race and national origin or sociocultural groups. OMB requires that race data be collected for a minimum of five groups: White, Black or African American, American Indian or Alaska Native, Asian, and Native Hawaiian or other Pacific Islander. OMB permits the Census Bureau to also use a sixth category – Some Other Race. Respondents may report more than one race.

The U.S. Census Bureau also defines each of the racial categories as follows:

> **White** – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.
>
> **Black or African American** – A person having origins in any of the Black racial groups of Africa.
>
> **American Indian or Alaska Native** – A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.
>
> **Asian** – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
>
> **Native Hawaiian or Other Pacific Islander** – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Sometimes in this report, a racial group will be referred to as a race alone (i.e., White alone). This terminology comes from the U.S. Census Bureau, which describes "race alone" as follows:

> People who responded to the question on race by indicating only one race are referred to as the race alone population, or the group who reported only one race. For example, respondents who reported a single detailed Asian group, such as "Asian Indian," would be included in the Asian alone population. Respondents who reported more than one detailed Asian group, such as "Asian Indian" and "Korean" would also be included in the Asian alone population. This is because the detailed groups in the example combination are part of the larger Asian race category.

Source: U.S. Census Bureau Glossary and "About the Topic of Race" webpage.

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Ethnicity and Race

Ethnicity and race are two different concepts. Race is a social construction based on perceived shared physical traits whereas ethnicity refers to a shared cultural heritage. The APA Dictionary of Psychology definition of ethnicity provides a contrasting definition of ethnicity compared to its definition of race provided above. The APA Dictionary of Psychology defines ethnicity as follows:

> "a characterization of people based on having a shared culture (e.g., language, food, music, dress, values, and beliefs) related to common ancestry and shared history." Source: APA Dictionary https://dictionary.apa.org/

Hispanic and Latino are generally considered an ethnic rather than a racial identity. When racial data are provided throughout this report, ethnicity is typically not included because of the distinction from race. This is primarily because data tables tend to focus on either ethnicity or race and persons from a given ethnicity may have one or more racial identities. The U.S. Census Bureau categorizes Hispanic or Latino as an ethnicity rather than a race explained as follows in their glossary:

> The U.S. Census Bureau adheres to the U.S. Office of Management and Budget's (OMB) definition of ethnicity. There are two minimum categories for ethnicity: Hispanic or Latino and Not Hispanic or Latino. OMB considers race and Hispanic origin to be two separate and distinct concepts. Hispanics and Latinos may be of any race. Source: U.S. Census Bureau Glossary.

Population Data Review

To begin with, population data was gathered and reviewed to develop a profile of the Mercer Island population and which demographics are underrepresented compared to the larger area around the City. This data review will help to identify if specific groups might be disproportionately affected by housing policies. The population profile at the end of this section will provide a description of the Mercer Island population and those groups that are underrepresented.

Population

The WA Office of Financial Management estimated that the City of Mercer Island's population was 25,780 as of April 1, 2022 (Office of Financial Management (OFM), 2022). The population in King County in 2022 was estimated to be 2,317,700 people (OFM, 2022). The majority of the King County population lives in incorporated cities. There are 26 incorporated cities within fifteen miles of Mercer Island. These cities range from large metropolitan center, Seattle at 762,500 people, and very small community, Beaux Arts Village at 315 people. Of those cities, Mercer Island at 25,780 people is the fourteenth largest by population.

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Exhibit 1. King County and Selected Cities Population.

Jurisdiction	2020 Population	2021 Population Estimate	2022 Population Estimate	2023 Population Estimate
King County	2,269,675	2,287,050	2,317,700	1,347,800
Incorporated King County	2,023,409	2,039,665	2,069,540	2,098,740
Unincorporated King County	246,266	247,385	248,160	249,060
Seattle	737,015	742,400	762,500	779,200
Bellevue	151,854	152,600	153,900	154,600
Kent	136,588	137,700	137,900	139,100
Renton	106,785	107,100	107,500	107,900
Kirkland	92,175	92,900	93,570	96,920
Redmond	73,256	73,910	75,270	77,490
Sammamish	67,455	67,940	68,150	68,280
Shoreline	58,608	59,260	60,320	61,120
Burien	52,066	52,430	52,490	52,560
Issaquah	40,051	40,640	40,950	41,290
Des Moines	32,888	33,100	33,160	33,260
SeaTac	31,454	32,000	31,910	31,740
Bothell (part)	28,956	28,930	29,210	29,280
Mercer Island	25,748	25,790	25,780	25,800
Kenmore	23,914	24,050	24,090	24,230
Tukwila	21,798	22,000	22,620	22,780
Covington	20,777	20,890	21,200	21,600
Lake Forest Park	13,630	13,630	13,620	13,660
Newcastle	13,017	13,310	13,560	13,610
Woodinville	13,069	13,100	13,450	13,830
Normandy Park	6,771	6,785	6,790	6,840
Clyde Hill	3,126	3,110	3,110	3,115
Medina	2,915	2,920	2,915	2,925
Yarrow Point	1,134	1,125	1,125	1,135
Hunts Point	457	455	460	460
Beaux Arts Village	317	315	315	351

Source: OFM April 1, 2022, Population Estimates (OFM, 2022)

According to the 2020 Decennial Census, roughly 35 percent of the Mercer Island population are black, indigenous, and people of color (BIPOC) whereas about 65 percent of the population is white. Asian people are the second largest racial group in the City, accounting for approximately 23 percent of the City population. The next largest racial group in the City are multiracial people, making up slightly less than ten percent of the population. Black or African American people compose a little more than one percent of the Mercer Island population. American Indian and Alaska Native (AIAN) people make up less than one quarter of one percent of the population. The distribution of population by race in Mercer Island from the 2020 Decennial Census is shown in Exhibit 2.A and 2.B.

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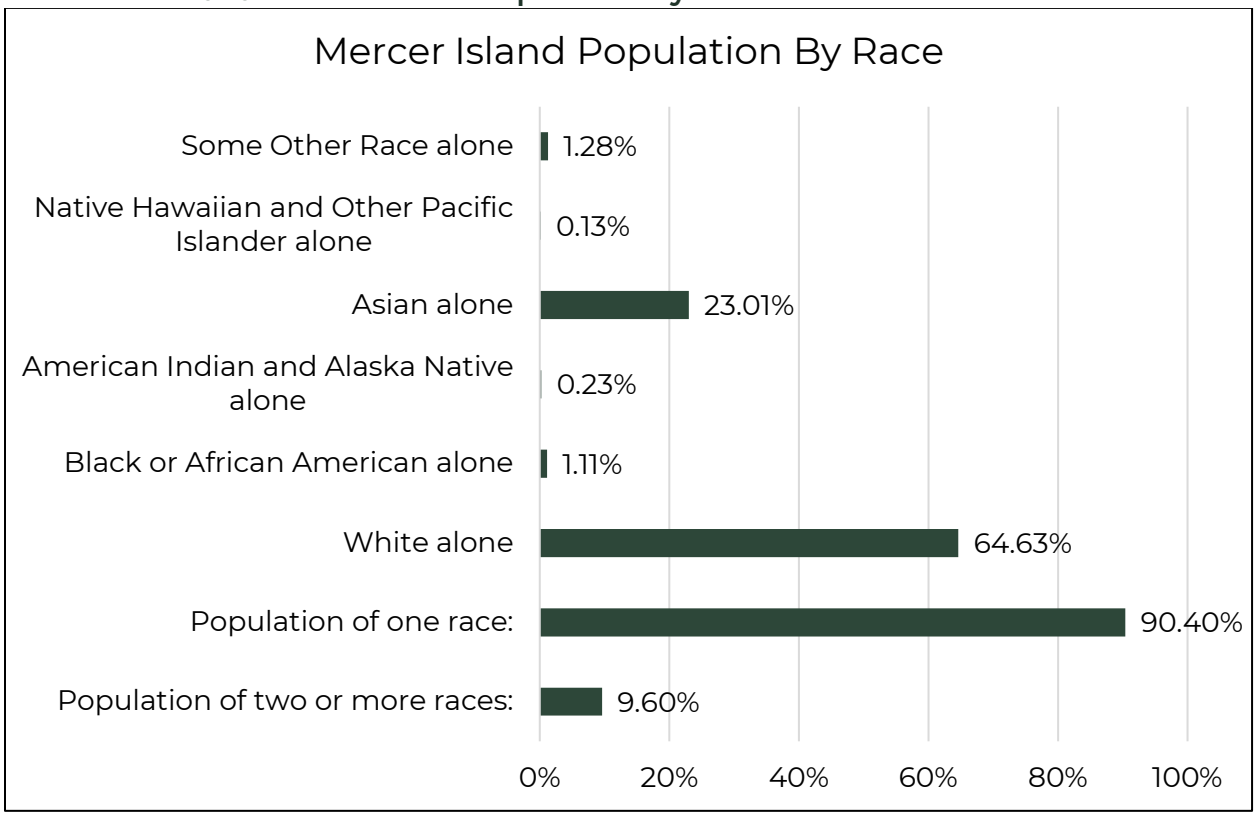
Exhibit 2.A. 2020 Mercer Island Population by Race.

	Mercer Island Population	Percent of Total Population
Total:	25,748	100.00%
Population of one race:	23,275	90.40%
White alone	16,642	64.63%
Black or African American alone	287	1.11%
American Indian and Alaska Native alone	59	0.23%
Asian alone	5,924	23.01%
Native Hawaiian and Other Pacific Islander alone	34	0.13%
Some Other Race alone	329	1.28%
Population of two or more races:	2,473	9.60%

Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1
https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL2020.P1

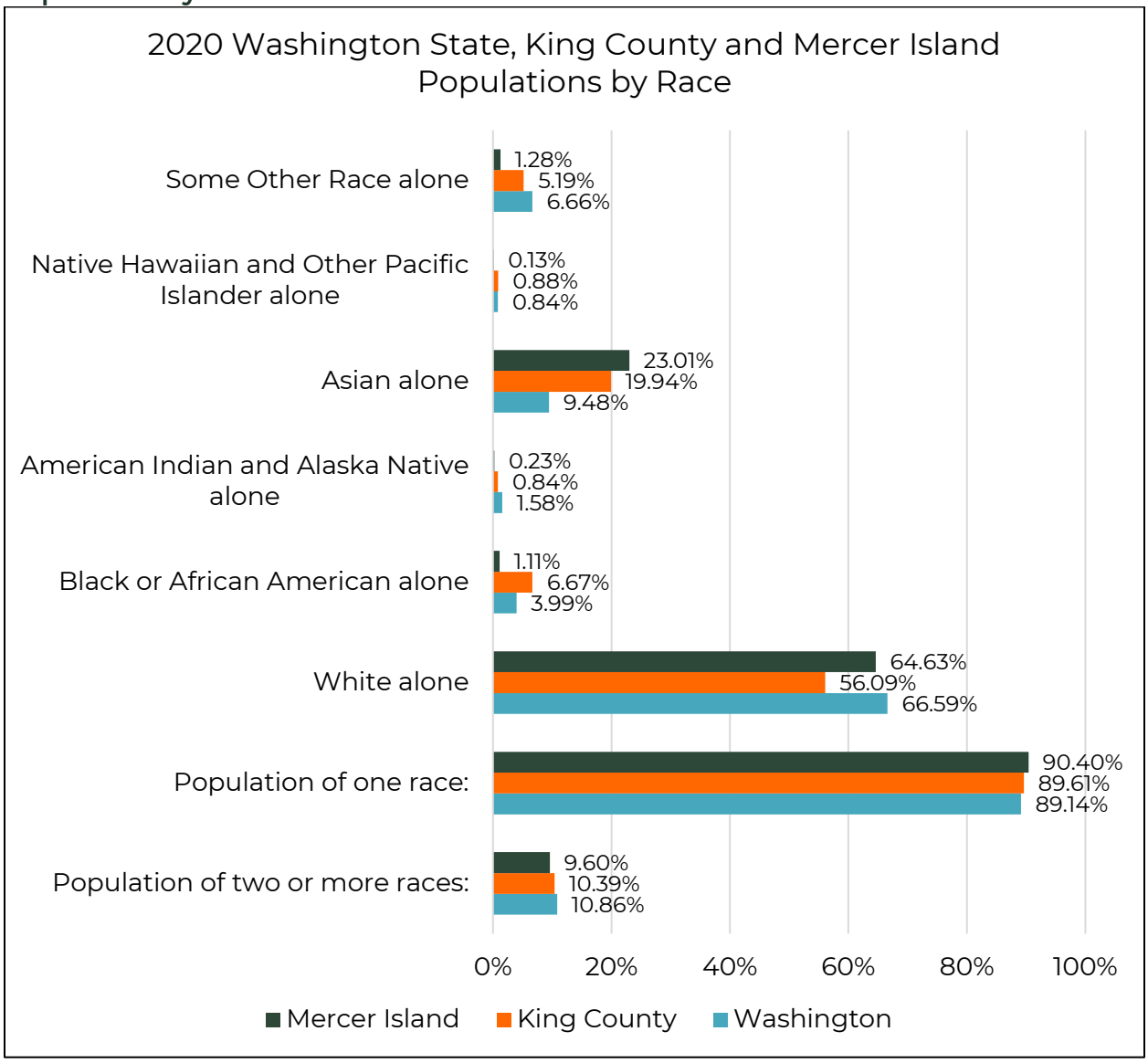
Exhibit 2.B. 2020 Mercer Island Population by Race.



Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1
https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL2020.P1

Exhibit 2.C shows the Washington State, King County, and Mercer Island populations by race. Compared with King County the Mercer Island population has a higher share of white and Asian residents. The 64 percent of Mercer Island residents who are white is eight percentage points higher than King County's 56 percent. Asian residents make up 23 percent of the Mercer Island population, around three percentage points higher than the share of Asian King County residents at 20 percent. Conversely, Mercer Island has a lower share of Black or African American, American Indian and Alaskan Native, other races, and multi-racial residents. The 1.11 percent share of Mercer Island residents who are Black or African American is five percentage points lower than King County's at 6.67 percent.

Exhibit 2.C. Comparison of Washington State, King County, and Mercer Island Population by Race.



Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1
https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL2020.P1

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Educational Attainment

Exhibit 3 shows the educational attainment for both Mercer Island and King County according to the 2021 ACS. The Mercer Island population has a higher degree of educational attainment than King County. Nearly 83 percent of the Mercer Island population has earned an Associate's degree or higher. This is nearly twenty percentage points higher than the King County rate of almost 64 percent. The share of people in Mercer Island with a post-graduate degree, 38 percent, is fourteen percentage points higher than King County at about 24 percent.

Exhibit 3. Educational Attainment for the Mercer Island and King County Population 25 Years and Over.

Educational Attainment	Mercer Island Estimate	Mercer Island Percent Share	King County Estimate	King County Percent Share
Less than high school diploma	308	1.70%	99,593	6.11%
Regular high school diploma	1,034	5.71%	193,659	11.88%
GED or alternative credential	84	0.46%	37,151	2.28%
Some college, less than 1 year	316	1.74%	75,175	4.61%
Some college, 1 or more years, no degree	1,379	7.61%	184,284	11.30%
Associate's degree	952	5.25%	122,216	7.50%
Bachelor's degree	7,118	39.29%	530,777	32.55%
Master's degree	3,781	20.87%	285,184	17.49%
Professional school degree	1,791	9.89%	53,863	3.30%
Doctorate degree	1,354	7.47%	48,598	2.98%
Total	18,117	100%	1,630,500	100%

Source: 2021 American Community Survey, Table B15003.

Households

In 2020, the average number of people per household in Mercer Island was 2.54 according to the U.S. Census Bureau Decennial Census. The average Mercer Island household is slightly larger than the average King County household, which was 2.43 persons in 2020. The U.S. Census Bureau defines a household as:

> A household includes all the people who occupy a housing unit (such as a house or apartment) as their usual place of residence.
>
> A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group

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quarters. There are two major categories of households, "family" and "nonfamily."

Household is a standard item in Census Bureau population tables.

Exhibit 4 shows selected household characteristics for Mercer Island and King County from the U.S. Census Bureau American Community Survey (ACS). Mercer Island household characteristics differ from King County in some key categories. The City has a higher share of households with children compared to King County overall, this helps explain why the City has a larger average household size. At 14 percent compared with nine percent, Mercer Island has a greater proportion of households with persons over 65 than King County. King County has a larger share of one person households. The City and King County have similar proportions of households with a person living with a disability.

Exhibit 4. Select Household Demographics, Mercer Island, 2010 and 2020.

Household Characteristics	Mercer Island		King County
	2010	2020	2020
Households with Children	31%	35%	27%
One Person Household	26%	23%	30%
Persons Over 65	14%	14%	9%
Persons Living with a Disability*	8%	11%	10%

*Data on persons living with a disability is available only as early as 2012. All other data shown is from 2010.
Source: U.S. Census Bureau, American Community Survey, 2010, 2012, 2020; CAI, 2022.

Housing Tenure

Housing tenure is the arrangement by which a housing unit is occupied. Exhibit 5 shows the owner and renter occupancy rates for Mercer Island, peer cities, and King County from the 2020 ACS. Sixty-seven percent of homes in Mercer Island are owner occupied (CAI, 2022). The City's owner-occupancy rate is higher than Bellevue, Issaquah, and King County. Sammamish, Bainbridge Island, and Newcastle have higher owner-occupancy rates than Mercer Island.

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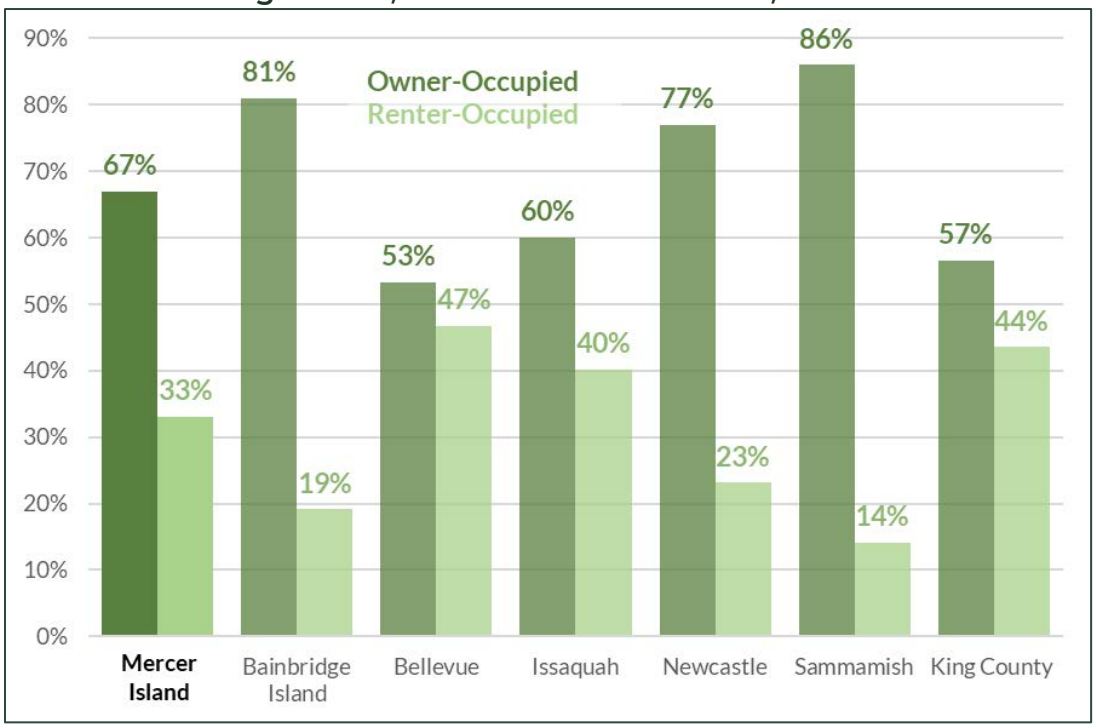
Exhibit 5. Housing Tenure, Mercer Island and Peers, 2020.



Source: CAI, 2022

Exhibit 6 shows housing tenure disaggregated by race. Homeownership rates across races range from 62 percent to 85 percent. The lone exception are American Indian or Alaska Native households (AIAN). Exhibit 1 shows that there are 59 people in Mercer Island of AIAN descent based on the 2020 Decennial Census, a direct count of the population. The 2021 ACS, an estimate, approximates that there are no AIAN households. The likely explanation is that many of these individuals live in a household with two or more races and that the low number of individuals in that category require a level of detail to estimate characteristics of that is beyond what the ACS can produce.

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Exhibit 6. Mercer Island Housing Tenure by Race or Ethnicity, 2021 ACS.

Race or Ethnicity	Homeowner-ship Rate	Tenure	Households	Percent of Total
Black or African American	71%	Total	52	0.5%
		Owner-Occupied	37	0.3%
		Renter-Occupied	15	0.1%
American Indian or Alaska Native	0%	Total	0	0%
		Owner-Occupied	0	0%
		Renter-Occupied	0	0%
Asian	64%	Total	1907	19%
		Owner-Occupied	1227	12%
		Renter-Occupied	680	6%
Native Hawaiian or Pacific Islander	0%	Total	27	0.2%
		Owner-Occupied	0	0%
		Renter-Occupied	27	0.2%
Other Race	64%	Total	87	0.8%
		Owner-Occupied	56	0.5%
		Renter-Occupied	31	0.3%
Two or More Races	66%	Total	244	2%
		Owner-Occupied	162	1%
		Renter-Occupied	82	0.8%
White	68%	Total	7318	74%
		Owner-Occupied	5024	50%
		Renter-Occupied	2294	23%
Hispanic or Latino[1]	85%	Total	256	2%
		Owner-Occupied	219	2%
		Renter-Occupied	37	0.3%

Source: U.S. Census Bureau 2021 American Community Survey, Tables B25003, B25003B, B25003C, B25003D, B25003E, B25003F, B25003G, B25003H, B25003I.

Note:

1. The U.S. Census Bureau considers Hispanic or Latino to be an ethnicity rather than a race. Hispanic or Latino households may be of any race, see glossary of terms in this report for more information.

The ACS estimates the number of housing units by tenure and number of units in the structure. This data provides some information about the types of structures owner occupied and renter occupied housing units are in. Exhibit 7 provides the ACS estimate of the number of housing units by tenure and number of units in the structure. Overall, the City has an owner occupancy rate of 68 percent. Nearly 90 percent of owner-occupied housing units are detached single-family homes. Conversely, only about fifteen percent of renter-occupied housing units are single-family homes (1 unit, detached).

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Exhibit 7. Estimated Housing Units by Tenure and Number of Units in Structure.

	Number of Units	Percent in Tenure Category	Percent of Total
Total:	**9,758**	**100%**	**100%**
Owner-occupied housing units:	**6,607**	**100%**	**68%**
1 unit, detached	5,882	89%	60%
1 unit, attached	81	1.2%	0.8%
2 units	10	0.1%	0.1%
3 or 4 units	10	0.1%	0.1%
5 to 9 units	100	1.5%	1%
10 to 19 units	35	0.5%	0.3%
20 to 49 units	321	5%	3%
50 or more units	132	2%	1.3%
Mobile home	36	0.5%	0.3%
Boat, RV, van, etc.	0	0%	0%
Renter-occupied housing units:	**3,151**	**100%**	**32%**
1 unit, detached	768	15%	8%
1 unit, attached	7	0.2%	0.1%
2 units	47	1.5%	0.4%
3 or 4 units	0	0%	0%
5 to 9 units	394	12.5%	4%
10 to 19 units	348	11%	3.6%
20 to 49 units	513	16%	5%
50 or more units	1,074	34%	11%
Mobile home	0	0%	0%
Boat, RV, van, etc.	0	0%	0%

Source: U.S. Census Bureau, 2021 ACS, Table B25032.

Income

King County median household annual income in 2021 was estimated to be $110,586. The median annual income in King County is more than $26,000 higher than the state median. Of the other counties in the PSRC, King County has the highest median annual income. Mercer Island's median annual income is $60,000 higher than King County's. Mercer Island is a high-income city in a high-income county by comparison to other PSRC counties and Washington state. Exhibit 8 shows the median household income for Washington state and the PSRC counties.

The U.S. Census Bureau describes household income as follows:

> **Household Income** – The sum of the income of all people 15 years and older living in the household. A household includes related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living

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alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household.

Exhibit 8. Estimated 2021 Median Household Income in the Last 12 Months, Washington State and PSRC Counties.

Location	Median Income (Dollars)
Washington State	$84,247
King	$110,586
Kitsap	$87,314
Pierce	$85,866
Snohomish	$100,042

Source: 2021 American Community Survey Table S1903.

Mercer Island households have higher income on average when compared with King County. Exhibit 9 shows the mean and median household income in Mercer Island and King County along with the distribution of household income. The King County median household income in 2021 was $110,586. At $170,000, the median household income in Mercer Island was nearly $60,000 greater than King County's. There is an even greater gap between Mercer Island and King County's mean household income. In 2021, the county's mean household income was $154,122 and the Mercer Island mean household income was $261,417; a difference of over $107,000.

Exhibit 9. King County and Mercer Island Households by Income, 2021.

Household Income	King County Households	Mercer Island Households
Total	924,763	9,758
Less than $10,000	4.7%	3.3%
$10,000 to $14,999	2.4%	0.5%
$15,000 to $24,999	4.3%	4.0%
$25,000 to $34,999	4.2%	5.1%
$35,000 to $49,999	7.4%	4.3%
$50,000 to $74,999	12.2%	8.3%
$75,000 to $99,999	10.3%	6.1%
$100,000 to $149,999	18.1%	14.3%
$150,000 to $199,999	12.1%	8.8%
$200,000 or more	24.4%	45.3%
Median income (dollars)	110,586	170,000
Mean income (dollars)	154,122	261,417

Source: U.S. Census Bureau, 2021 ACS, Table S1901.

Household income can be disaggregated by race. According to the 2021 ACS, approximately 52 percent of white households in Mercer Island have an annual income of $150,000 or more. This means about 48 percent of white households have an annual income below the median. For Asian households, the share of households earning $150,000 or more is 48 percent. Approximately 52 percent of Asian households earn below the median income. Forty percent of Hispanic or Latino

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households have an annual income of $150,000 or more and about 60 percent earn below the median. Sixty percent of households with two or more races have an annual income at or above $150,000 and only about 40 percent earn below the median income. Fourteen percent of black households have an annual income at or above the median. This means that about 86 percent of black households have a household income below $150,000. Exhibit 10 shows household income by race in Mercer Island from the 2020 American Community Survey.

Exhibit 10. Estimated 2021 Median Household Income in the Last 12 Months By Race or Ethnicity, Mercer Island.

	Mercer Island			King County		
	Estimated Households	Estimated Share	Estimated Median Income	Estimated Households	Estimated Share	Estimated Median Income
All Households	9,758	100%	$170,000	924,763	100%	$110,586
White	7,441	76.3%	$167,031	575,186	62.2%	$113,731
Black or African American	52	0.5%	$100,417	56,101	6.1%	$57,437
American Indian and Alaska Native	0	0.0%	No Data	4,824	0.5%	$62,905
Asian	1,907	19.5%	$203,466	170,772	18.5%	$145,800
Native Hawaiian and Other Pacific Islander	27	0.3%	No Data	No Data	No Data	$73,531
Some other race	87	0.9%	$63,185	32,575	3.5%	$65,055
Two or more races	244	2.5%	$215,417	80,411	8.7%	$96,684
Hispanic or Latino origin (of any race)[1]	256	2.6%	No Data	72,028	7.8%	$74,357
White alone, not Hispanic or Latino	7,318	75.0%	$166,899	561,906	60.8%	$114,054

Source: U.S. Census Bureau, 2021 ACS, Table S1903.

Workforce

The preceding sections have evaluated the Mercer Island resident population figures. Many workers employed in Mercer Island commute from outside the City. These workers are an important part of the Mercer Island community. They include City employees, teachers, first responders, and essential workers. Ninety percent of workers employed in Mercer Island commute from off-island. Only about 10 percent

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of workers employed in Mercer Island both live and work on-island. On the other hand, 93 percent of workers living in Mercer Island are employed off-island. Exhibit 11 shows the worker inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2020.

Exhibit 11. Worker Inflow and Outflow, 2020.

	Count	Share
Workers Employed in Mercer Island		
Employed in Mercer Island	6,926	100%
Employed in Mercer Island but living outside Mercer Island (inflow)	6,234	90%
Employed and living in Mercer Island	692	10%
Workers Living in Mercer Island		
Workers living in Mercer Island	10,482	100%
Living in Mercer Island but employed outside Mercer Island (outflow)	9,790	93.4%
Living and employed in Mercer Island	692	6.6%

Source: U.S. Census Bureau On the Map, 2020.

Exhibit 12 shows the race of workers employed on Mercer Island in 2020. Comparing the share of workers and the share of population by race from Exhibit 2 shows that White and Black, or African American workers are overrepresented in the Mercer Island workforce. At the same time, other racial groups are underrepresented in the Mercer Island workforce. The share of White workers is ten percentage points higher than the share of White people in the general population. The share of Black or African American workers in the work force is about five percentage points greater than share of Black or African American people in the general population. At 13.9 percent, the Asian share of workers is nearly ten percentage points fewer than the share of Asian people in the general population.

Exhibit 12. Mercer Island Jobs by Worker Race, 2020.

Worker Race	Count	Share
White Alone	5,149	74.3%
Black or African American Alone	458	6.6%
American Indian or Alaska Native Alone	35	0.5%
Asian Alone	961	13.9%
Native Hawaiian or Other Pacific Islander Alone	39	0.6%
Two or More Race Groups	284	4.1%
Total	6,926	100%

Source: U.S. Census Bureau On the Map, 2020.

The U.S. Census Bureau provides data on the monthly earnings for jobs and income range by inflow and outflow. The monthly earnings for inflow and outflow jobs are shown in Exhibit 13. Inflow jobs are those filled by people that live outside of Mercer Island that commute to the City for work. Outflow jobs are filled by people that live in Mercer Island but commute outside of the City for work. Nearly half (49.7%) of inflow jobs in Mercer Island pay less than $3,333 a month or $40,000 a year. This means that

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many of the 6,234 workers commuting to Mercer Island for work, do so for relatively low-wage jobs. On the other hand, only 22 percent of outflow jobs pay less than $3,333 a month or $40,000 a year. Of note, Exhibit 9 also shows that about 45 percent of Mercer Island households earn more than $200,000 a year, highlighting a significant difference between the income of workers that commute to Mercer Island (49 percent below $40,000 a year) and the Mercer Island population,

Exhibit 13. Mercer Island Jobs by Earnings, 2020.

	Inflow Jobs[1]		Outflow Jobs[2]	
Earning Range	**Count**	**Share**	**Count**	**Share**
$1,250 per month or less ($15,000 or less annually)	1,572	25.2%	1,117	11.4%
$1,251 to $3,333 per month ($15,012 to $39,996 annually)	1,526	24.5%	1,038	10.6%
More than $3,333 per month (more than $39,996 annually)	3,136	50.3%	7,635	78%
Total	6,234	100%	9,790	100%

Source: U.S. Census Bureau On the Map, 2020.
Notes:
1. Inflow jobs are those filled by workers that commute to the City for work.
2. Outflow jobs are those filled by workers that commute from the City to work elsewhere.

Demographic Change

The demographics of the Mercer Island population have changed over time. In general, between 2010 and 2020, the share of persons of color in Mercer Island has risen at the same time that the share of white residents has decreased. Even as the Mercer Island population is diversifying, white people have historically been and remain the largest single racial group in the City by a wide margin. Exhibit 14 shows the changes in demographics in Mercer Island between 2010 and 2020.

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Exhibit 14. Mercer Island Demographic Change 2010 to 2020.

Label	2020 Pop.	% of 2020 Total	2010 Pop.	% of 2010 Total	Net Change	% Change in Total	% Point Change in Share
Total:	25,748	100.00%	22,699	100.00%	3,049	13.43%	0.00
Population of one race:	23,275	90.40%	21,813	96.10%	1,462	6.70%	-5.70
White alone	16,642	64.63%	17,677	77.88%	-1,035	-5.86%	-13.24
Black or African American alone	287	1.11%	286	1.26%	1	0.35%	-0.15
American Indian and Alaska Native alone	59	0.23%	51	0.22%	8	15.69%	0.00
Asian alone	5,924	23.01%	3,615	15.93%	2,309	63.87%	7.08
Native Hawaiian and Other Pacific Islander alone	34	0.13%	26	0.11%	8	30.77%	0.02
Some Other Race alone	329	1.28%	158	0.70%	171	108.23%	0.58
Population of two or more races	2,473	9.60%	886	3.90%	1,587	179.12%	5.70

Source: U.S. Census Bureau, 2010 and 2020 Decennial Censuses, Table P1.

Exhibit 15 compares changes in racial composition of the Mercer Island and King County populations between 2010 and 2020. The graph shows the following relative changes between King County and Mercer Island racial demographics between 2010 and 2020:

- Two or more races – King County +5.38 percentage points, Mercer Island +5.7 percentage points;
- Some other race alone – King County +1.25 percentage points, Mercer Island +0.6 percentage points;
- Native Hawaiian and other Pacific Islander alone – King County +0.13 percentage points, Mercer Island (-)0.01 percentage points;
- Asian alone – King County +5.33 percentage points, Mercer Island +7 percentage points;
- American Indian or Alaska Native alone – King County no change, Mercer Island no change;
- Black or African American alone – King County +0.47 percentage points, Mercer Island (-)0.16;
- White alone – King County (-)12.56 percentage points, Mercer Island (-)13.28 percentage points; and
- In both years the Mercer Island population had a higher share of White people by around 10 percentage points and a lower share of Black or African American people by about five percentage points compared to King County.

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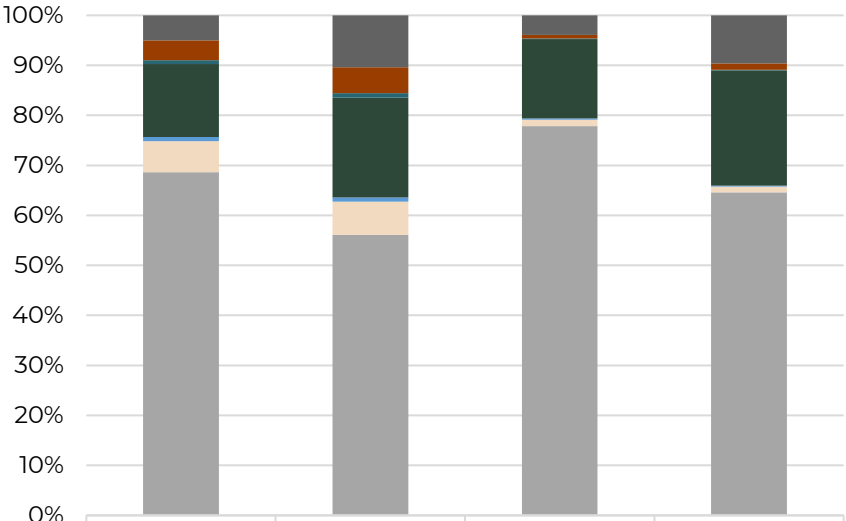
Exhibit 15. Racial Composition of Mercer Island and King County, 2015 and 2020.



	2010 King County	2020 King County	2010 Mercer Island	2020 Mercer Island
Population of two or more races	5.01%	10.39%	3.90%	9.6%
Some Other Race alone	3.94%	5.19%	0.70%	1.3%
Native Hawaiian and Other Pacific Islander alone	0.75%	0.88%	0.11%	0.1%
Asian alone	14.61%	19.94%	15.93%	23.0%
American Indian and Alaska Native alone	0.84%	0.84%	0.22%	0.2%
Black or African American alone	6.20%	6.67%	1.26%	1.1%
White alone	68.65%	56.09%	77.88%	64.6%

Source: U.S. Census Bureau, 2010 and 2020 Decennial Censuses, Table P1.

Summary

The Mercer Island population has the following characteristics:

- There were an estimated 25,780 people living in Mercer Island as of 2022 (Exhibit 1);
  - 65 percent of the population is White;
  - A little more than 1 percent of the population is Black or African American;
  - 23 percent of the population is Asian;
  - A little more than 9 percent of the population is two or more races; and

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  - Native Hawaiian or Pacific Islander and American Indian or Alaska Native people make up less than 1 percent of the population (Exhibit 2.A);
- The following races are underrepresented in the Mercer Island population compared to King County:
  - Black or African American (6% in King County, 1% in Mercer Island);
  - American Indian or Alaska Native (0.8% in King County, 0.2% in Mercer Island);
  - Native Hawaiian or Pacific Islander (0.9% in King County, 0.1% in Mercer Island);
  - Other race alone (5% in King County, 1% in Mercer Island); and
  - Two or more races (10.4% in King County, 9.6% in Mercer Island)(Exhibit 2.C);
- The majority of the population over 25 has a college degree (Exhibit 3);
- Mercer Island has a higher share of households with children and households with people over 65 than King County (Exhibit 4);
- 68 percent of housing is owner-occupied, and 32 percent of housing is renter occupied (Exhibit 5);
- Most racial and ethnic groups have roughly the same rate of home ownership. Hispanic or Latino households have the highest rate of home ownership at 85 percent (Exhibit 6);
- Nearly 90 percent of owner-occupied housing units are detached single-family homes (Exhibit 7);
- About 83 percent of renter-occupied housing is in structures with 5 or more dwelling units (Exhibit 7);
- The median household income in King County is higher than other PSRC counties and Washington as a whole (Exhibit 8);
- Compared with King County households:
  - The median household income in Mercer Island was roughly $60,000 more than King County's in 2022;
  - Households earning less than $100,000 annually are a lower share of the population compared to King County (Exhibit 9);
  - Mercer Island has roughly the same proportion of households with income below $35,000 annually; and
  - Mercer Island has a higher share of households earning more than $200,000 by a margin of 20 percentage points (Exhibit 9 and 10);
- Most (90%) Mercer Island Residents are employed outside of the City (Exhibit 11);

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- Compared with King County, Mercer Island has a smaller proportion of households with income between $35,000 and $200,000;

    - The share of households with annual income less than $100,000 annually in Mercer Island (31.6%) is nearly 14 percentage points lower than the share of households in King County (45.5%) (Exhibit 9); and

- In 2020, nearly half of the jobs on Mercer Island paid less than $40,000 a year (Exhibits 13).
- The Mercer Island population is becoming more diverse, the share of people of color in the City rose by about five percentage points between 2010 and 2020 (Exhibits 14 and 15); and
- Racial demographics in Mercer Island are changing in roughly the same proportion as King County overall (Exhibit 15).

Displacement Risk

During the comprehensive plan periodic review, Mercer Island is required to adopt policies to begin to undo displacement and identify areas at risk of displacement (RCW 36.70A.070(2)I-(h)). According to the Commerce guidance for assessing displacement, "Displacement is when a household is forced or pressured to move from their community by factors outside of their control (Commerce, 2023)." The Commerce guidance further articulates three types of displacement:

- **Economic**: Displacement due to inability to afford rising rents or costs of homeownership like property taxes;
- **Physical**: Displacement resulting from eviction, acquisition, rehabilitation or demolition of property, or the expiration of covenants on rent-or income-restricted housing; and
- **Cultural**: Residents are compelled to move because the people and institutions that make up their cultural community have left the area (Commerce, 2023).

The Comprehensive Plan and its attendant housing policies affect economic and physical displacement. The twin forces of market pressure to redevelop an area and household financial constraints can increase displacement risk. To assess displacement risk, this report will begin with evaluating which households might be at risk of displacement due to rising costs. Then, this report will analyze areas of Mercer Island more likely to have higher displacement risk due to market pressure to redevelop. The result will be profiles of households and areas of Mercer Island at risk of displacement.

Housing Prices

The median home price in Mercer Island was greater than $1 million in 2021. The median home price more than doubled between 2012 and 2021. Exhibit 16 shows the median home price in Mercer Island and peer cities between 2012 and 2021. Of the cities sampled, Mercer Island typically has one of the highest median home sale prices over the last nine years.

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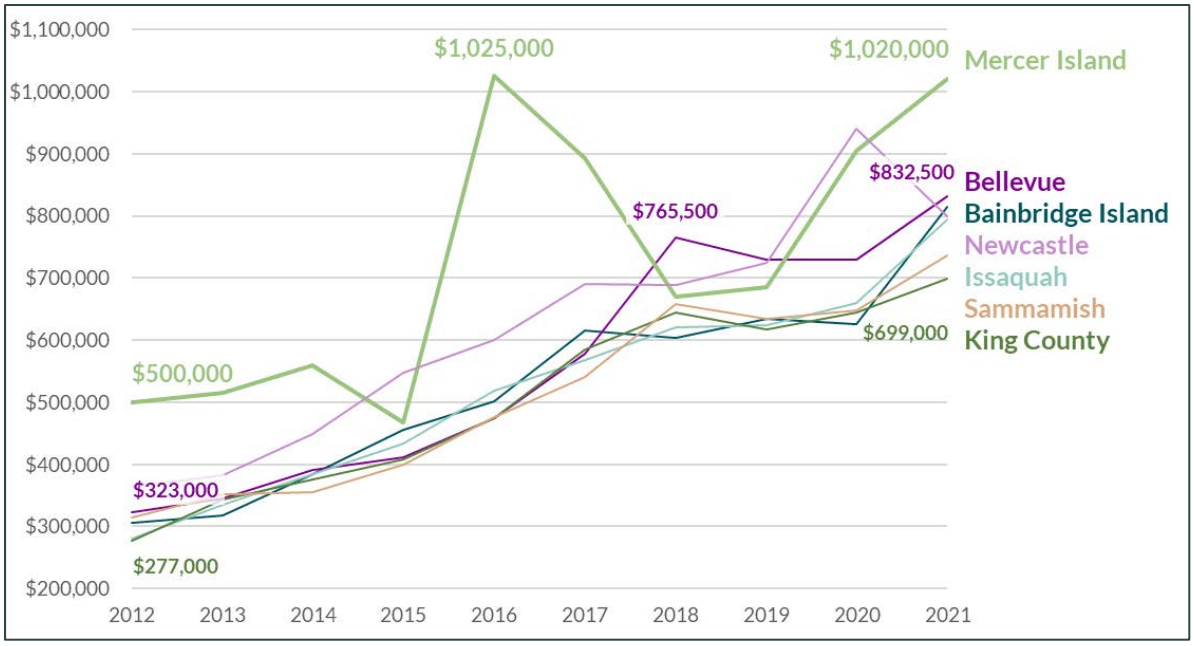
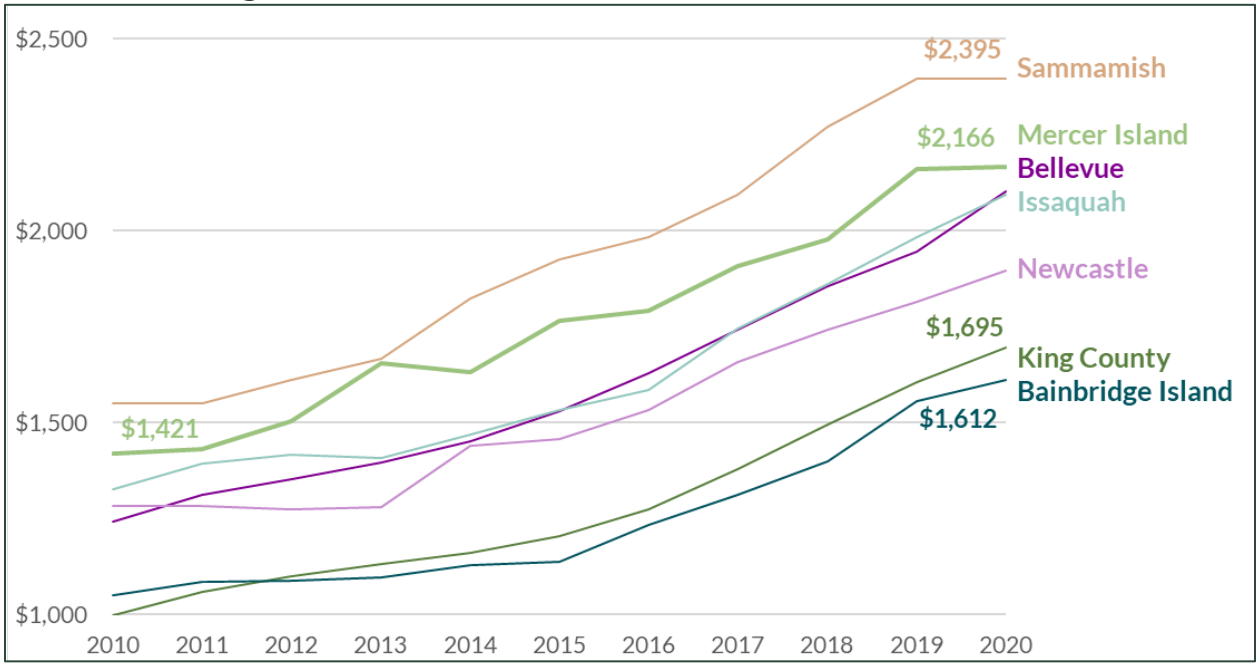
Exhibit 16. Median Home Sale Price, Mercer Island and Peer Cities, 2012 to 2021.



Source: Redfin, 2022; CAI, 2022.

The median cost of a rental home in Mercer Island is nearly the highest among peer cities. Exhibit 17 shows the median rental price in Mercer Island and peer cities from 2010 to 2020.

Exhibit 17. Change in Median Rent, Mercer Island and Peer Cities, 2010 to 2020.



Source: American Community Survey, 2010 to 2020; CAI, 2022.

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Another way to track housing costs is to look at monthly housing costs. Where sale price and monthly rent gives the cost for housing on the market, it does not track the housing costs for housing that has not been on the market for some time. For example, a home that was purchased several years ago will have a different cost because it was likely bought at a different price and interest rate because these two cost factors fluctuate with the market. Monthly housing cost provides a more complete picture of housing costs across the City.

Exhibit 18 shows the estimated 2021 monthly housing costs by tenure according to the 2021 ACS. Slightly more than half (50.9%) of the 9,758 occupied housing units in Mercer Island had monthly costs greater than $2,500 in 2021. Assuming housing costs are affordable when they are one third of household income, this means that nearly half of housing units had a monthly cost that was affordable to households earning $90,000 annually. In 2021, the median monthly housing cost for all housing units was $2,630. Owner-occupied housing units had a higher median monthly cost at $3,191. Renter-occupied housing units had a median monthly cost of $2,244.

Exhibit 18. Mercer Island Monthly Housing Costs by Tenure, 2021.

Monthly Housing Costs	Occupied housing units	Percent occupied housing units	Owner-occupied housing units	Percent owner-occupied housing units	Renter-occupied housing units	Percent renter-occupied housing units
All	9,758	100%	6,607	100%	3,151	100%
Less than $300	62	0.6%	62	0.9%	0	0.0%
$300 to $499	15	0.2%	15	0.2%	0	0.0%
$500 to $799	145	1.5%	132	2.0%	13	0.4%
$800 to $999	226	2.3%	215	3.3%	11	0.3%
$1,000 to $1,499	1,196	12.3%	1,089	16.5%	107	3.4%
$1,500 to $1,999	1,684	17.3%	698	10.6%	986	31.3%
$2,000 to $2,499	1,235	12.7%	528	8.0%	707	22.4%
$2,500 to $2,999	778	8.0%	366	5.5%	412	13.1%
$3,000 or more	4,189	42.9%	3,502	53.0%	687	21.8%
No cash rent	228	2.3%	N/A	N/A	228	7.2%
Median (dollars)	$2,630	N/A	$3,191	N/A	$2,244	N/A

Source: U.S. Census Bureau, 2021 ACS, Table S2503.

Exhibit 19 shows the change in affordable rental units and households at varying income levels between 2014 and 2019 as tracked by the U.S. Department of Housing and Urban Development (HUD) in their Comprehensive Housing Affordability Strategy (CHAS). The number of housing units tracked is broken out into different affordability levels by household income relative to the area median income (AMI).

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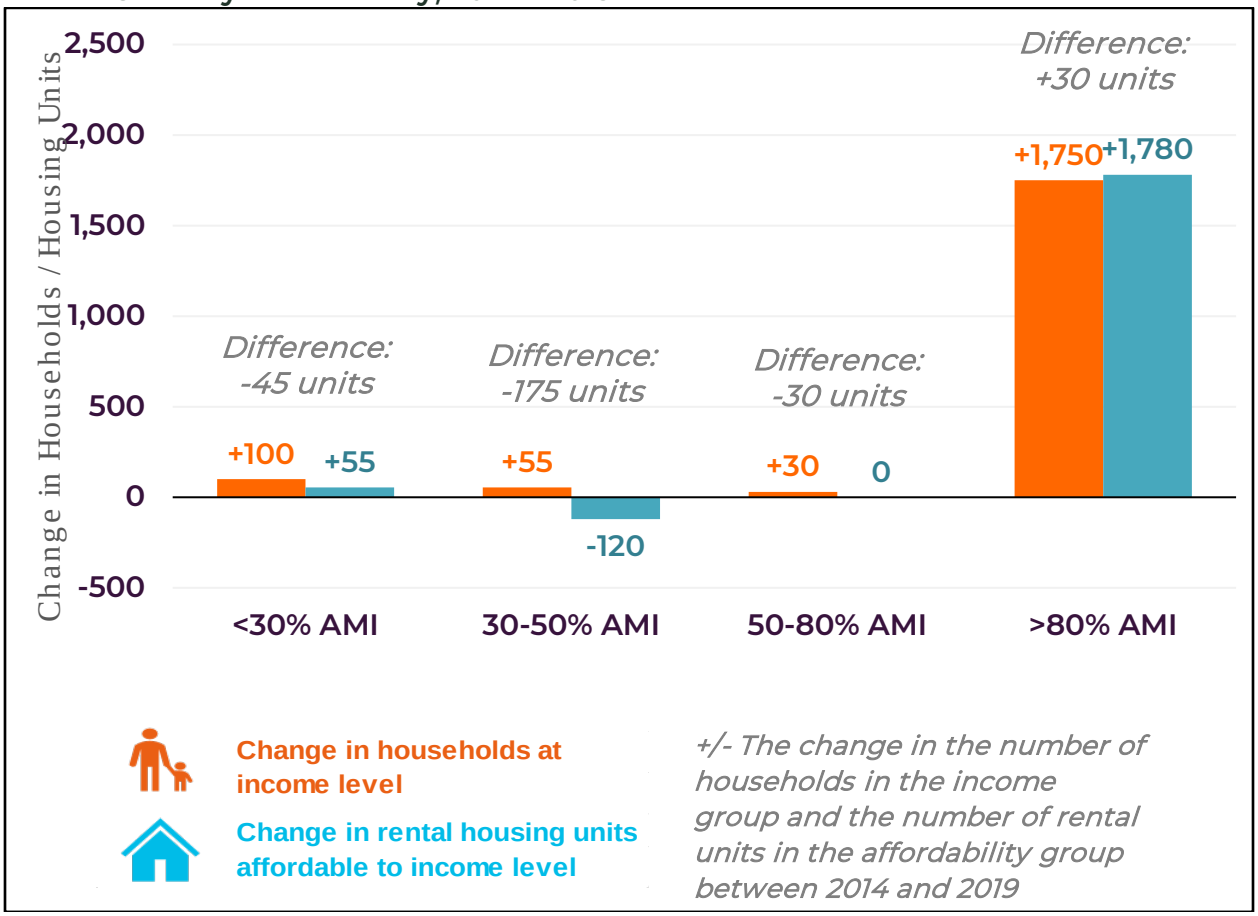
Households are divided into the same income levels. The chart shows the difference between the change in households and the change in number of units to highlight the housing unit production shortfall at each income level. During the years tracked, households earning less than 30 percent of the AMI increased by 100 households and at the same time the number of housing units affordable at that income level only increased by 55 units resulting in a shortfall of 45 units during the study period. Households earning between 30 and 50 percent of the AMI increased by 55 but the number of affordable units at that income level decreased by 120; a shortfall of 175 units. Households earning between 50 and 80 percent of the AMI increased by 30 and there was not change in units affordable at that income level. On the other hand, households earning more than 80 percent of the AMI increased by 1,750 at the same time that 1,780 affordable units were added, a production surplus of 30 units. Exhibit 19 illustrates that production of affordable units for households earning less than 80 percent of the AMI has fallen below the increase in households at that income level during the study period.

Exhibit 19. Mercer Island Five Year Change In Renter Households By Income and Rental Units By Affordability, 2014 – 2019.



Sources: US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 15C) & US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 14B) & US HUD, 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) (Table 15C) & US HUD, 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) (Table 14B).

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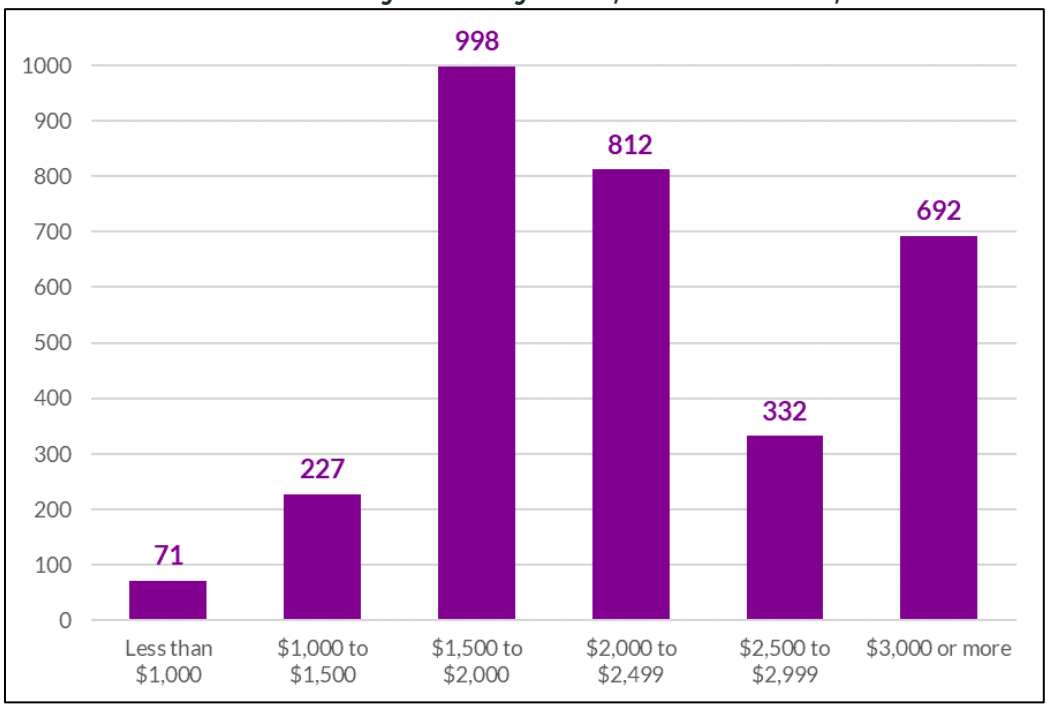
Exhibit 20 shows the number of rental units by monthly rent in 2020. In that year, there were 3,132 rental units and nearly one third (31%) of them were priced between $1,500 and $2,000 a month. Rent in this range is affordable to households earning between $54,000 and $72,000. 298 rental units, a little less than ten percent, were priced below $1,500 a month. On the highest end of the scale, 697 units or 22 percent of rentals, were priced $3,000 and above. Households would need to earn around $110,000 annually to afford a rental that costs $3,000 a month without becoming cost burdened.

Exhibit 20. Rental Units by Monthly Rent, Mercer Island, 2020.



Source: U.S. Census Bureau 2020 American Community Survey; CAI, 2022.

Housing Cost Burden

Housing cost burden is a figure that illustrates how many households are spending a higher proportion of their income on housing. It is calculated by comparing income and housing costs. Households are generally considered cost burdened if housing, including utilities, costs more than 30 percent of their income. Severe cost burden is when a household's housing costs are greater than 50 percent of their income. Both homeowners and renters can be cost burdened when their housing cost is disproportionately high relative to their income. Cost-burdened households have a greater displacement risk because they are already spending a higher share of their income on housing than other households.

Exhibit 21 shows the 2021 cost burden rate in Mercer Island by household income and housing tenure. Out of the 9,758 households in Mercer Island, 2,538 (26 percent) are either cost burdened or severely cost burdened. Out of the 2,538 cost-burdened households, 1,469 are severely cost burdened. In general, home owning households tend to have a lower cost-burden rate at 10 percent, compared to renting households,

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of which 39 percent are cost-burdened. Renting households with income below $75,000 annually have the highest rate of cost burden. Households earning between $75,000 and $100,000 annually have the highest rate of cost-burden among home-owning households at 45 percent.

Exhibit 21. Estimated Housing Cost as a Percent of Household Income by Housing Tenure, 2021.

			Cost Burdened		Severely Cost Burdened	
Income Range		Total Households	Households Paying ≥35% to <50% of Income for Housing	Percent of Households In Income Range Paying ≥35% to <50% of Income for Housing	Households Paying ≥50% of Income for Housing	Percent of Households In Income Range Paying ≥50% of Income for Housing
Owner-Occupied	<$35,000	509	144	28%	290	57%
	$35,000 - $49,999	248	79	32%	104	42%
	$50,000 - $74,999	419	62	15%	72	17%
	$75,000 - $99,999	239	108	45%	35	15%
	$100,000 - $149,999	795	107	13%	110	14%
	>$150,000	4,397	118	3%	86	2%
	Total Owner-Occupied	6,607	618	9%	697	10%
Renter-Occupied	<$35,000	753	0	0	617	82%
	$35,000 - $49,999	173	20	11.56%	101	58%
	$50,000 - $74,999	392	289	73%	43	11%
	$75,000 - $99,999	357	141	39%	0	0
	$>100,000	1,476	46	3%	11	0.75%
	Total Renter-Occupied	3,151	469	15%	772	24.5%
Total Households		**9,758**	**1,114**	**11.4%**	**1,469**	**15%**

Source: U.S. Census Bureau, 2021 ACS, Tables B25095 and Table B25074.

Exhibit 22 shows the housing cost-burden rate for households by race and housing tenure. This data on cost burden comes from the U.S. Department of Housing and

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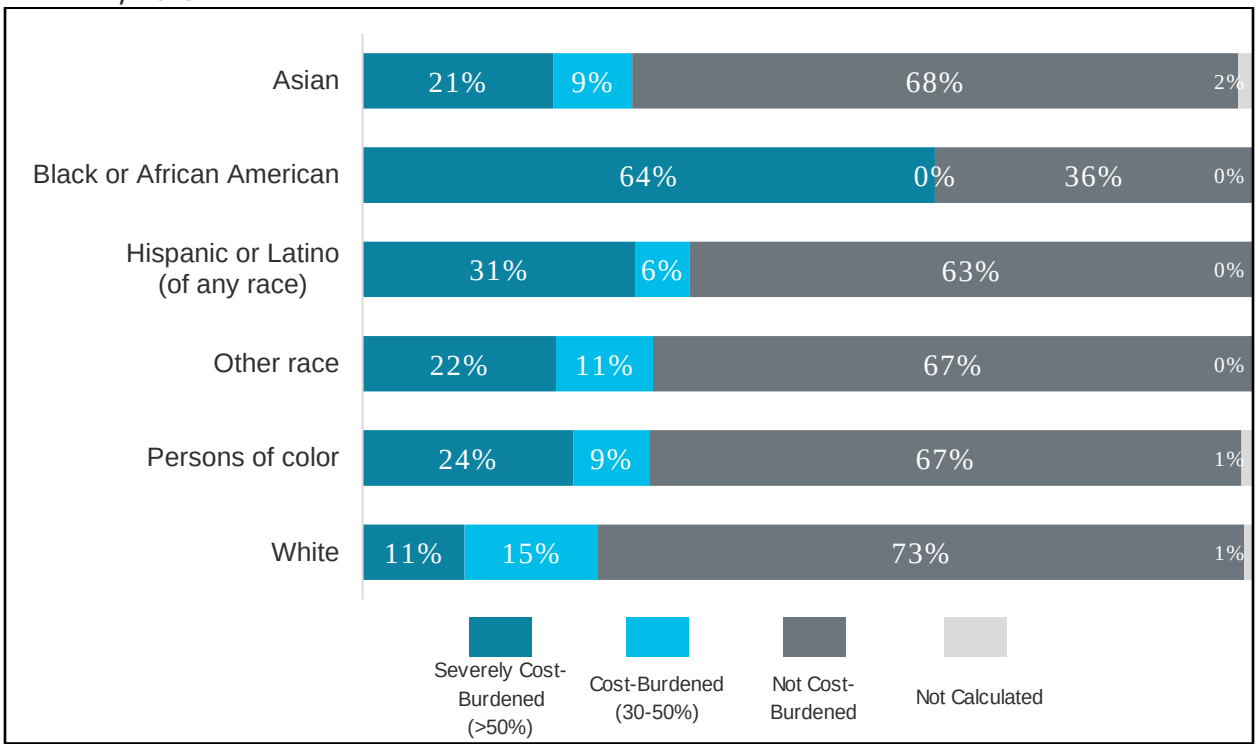
Urban Development (HUD) 2019 Comprehensive Housing Action Strategy (CHAS). Households of color are cost burdened at a seven-percentage point higher rate than white households (33 percent to 26 percent). The difference in severe cost-burden rate between white households and households of color is wider by almost six percentage points: 24 percent of households of color are severely cost burdened compared to 11 percent of white households.

Other observations from Exhibit 22:

- 30 percent of Asian households were cost burdened;
- 64 percent of Black or African American households were severely cost burdened. Black or African American households are cost burdened at a much higher rate than other racial groups;
- 37 percent of Hispanic or Latino households are cost burdened;
- 33 percent of households categorized as other race are cost burdened;
- 26 percent of White households are cost burdened. White households are cost burdened at the lowest rate of the groups considered in Exhibit 22;
- A majority of cost-burdened households are severely cost burdened; and
- A majority of cost-burdened households are severely cost burdened in all racial groups except for White households.

Exhibit 22. Mercer Island Percent of all Households Experiencing Housing Cost Burden, 2019.



Source: US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 9); Washington Department of Commerce, 2023.

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Displacement Risk Mapping Tool

The PSRC provides a Displacement Risk Mapping Tool that identifies areas where residents and businesses are at greater risk of displacement. In the PSRC Displacement Risk Mapping Tool, risk is a composite of indicators representing five elements of neighborhood displacement risks: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. PSRC analyzed data for these five displacement indicators and compiled a comprehensive index of displacement risk for all census tracts in PSRC counties. Areas were placed into three categories:

- Lower Risk – Tracts in the bottom 50 percent of the risk score range;
- Moderate Risk – Tracts with a score in the top 50 to 90 percent range; and
- Greater Risk – Tracts with a score in the top 10 percent range.

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

Exhibit 23. PSRC Displacement Risk Map.

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

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Housing Choice Vouchers

The U.S. Department of Housing and Urban Development (HUD) operates the Housing Choice Voucher program. The housing choice voucher program is sometimes referred to as 'Section 8' housing. The HUD website describes the housing choice voucher program as follows.

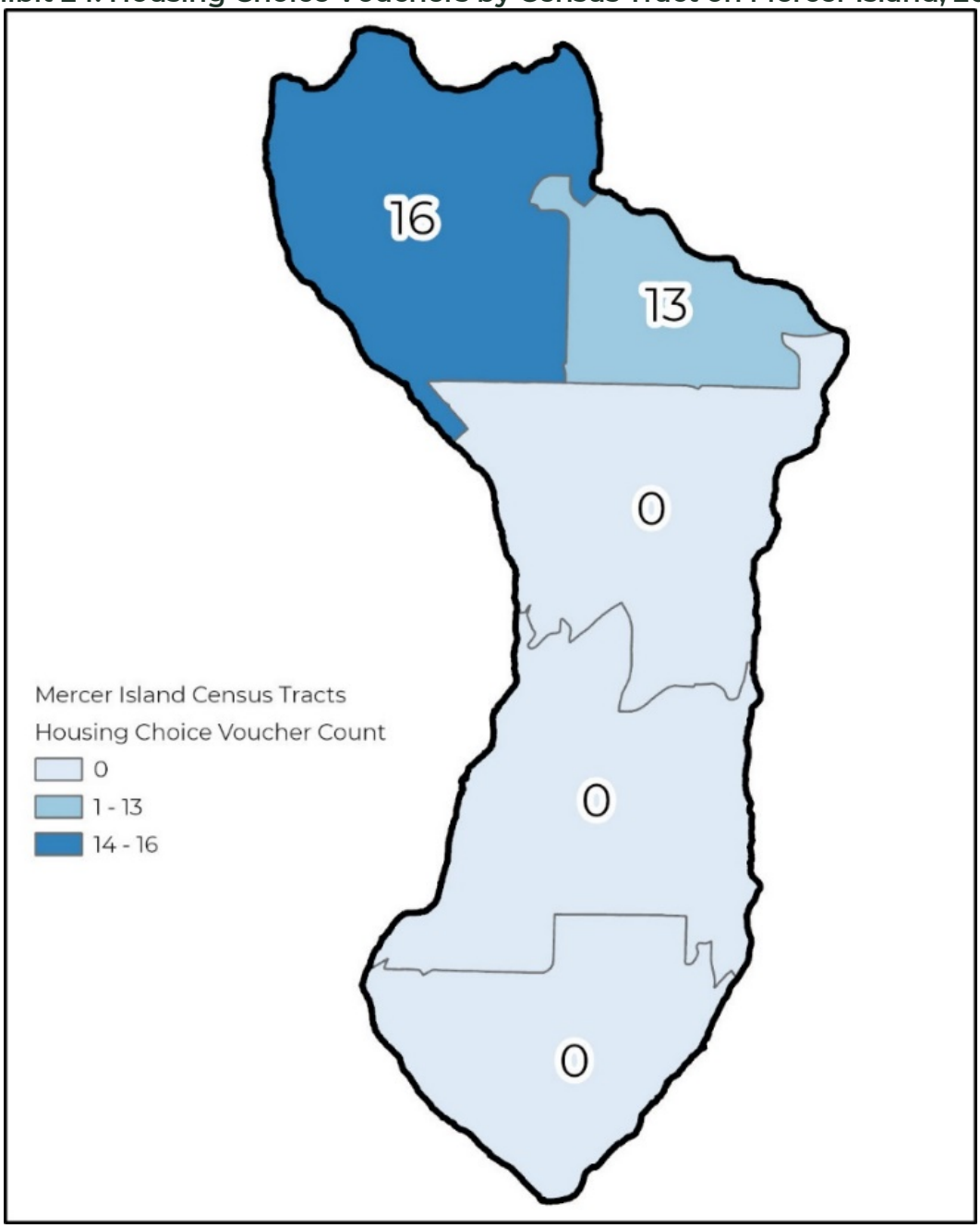
> The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program (Housing and Urban Development, 2022).

Information on where housing choice vouchers are used within the City is provided by HUD through their open data website. According to that data, there were 29 housing choice vouchers used on Mercer Island in 2022. HUD provides data on how many vouchers are used in each census tract. Exhibit 24 shows a map of the census tracts in the City and the quantity of housing choice vouchers used in each during 2022.

All 29 of the housing choice vouchers used in the City in 2022 are in the north of the island. Housing choice vouchers are only available for rental housing and the majority of multifamily housing is located in and around Town Center. There are no housing choice vouchers used in the south end of the island where the vast majority of housing is single-family residences.

GMHB Exhibit #268 - 0350

Exhibit 24. Housing Choice Vouchers by Census Tract on Mercer Island, 2022.



Source: HUD Housing Choice Vouchers by Census Tract, 2022.

Existing Zoning

The City's zoning regulations are the primary tool with which the City affects the size, scale, density, and type of housing development that occurs in the City. Residential development is allowed in most zones in the City. There are three general residential categories City zones can be divided into: single-family residential, multifamily residential, and mixed-use. Exhibit 25 shows the single-family, multifamily, and mixed-use zones in the City.

GMHB Exhibit #268 - 0351

Exhibit 25. Single-Family, Multifamily, and Mixed-Use Zones.

Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

Single-family residential zones establish regulations to limit most new residential development to single-family homes and accessory dwelling units (ADUs). These zones are typified by minimum lot sizes and land use controls that preclude denser residential development. Most of the land in the City is zoned for single-family residential development, with minimum lot sizes ranging from 8,400 to 15,000 square feet. These minimum lot sizes translate to densities between around five- and three-dwellings per acre.

GMHB Exhibit #268 - 0352

Multifamily residential zones are those that allow for denser development, including mid- and low-rise apartment buildings. All multifamily residential zones are located at the north end of the Island on the outskirts of mixed-use and commercial zones. Low- and mid-rise apartment buildings characterize most of the existing residential development in the multifamily zones. Most of the land zoned multifamily is already developed. Because the multifamily zones are largely developed, there are very few developable lots in these zones.

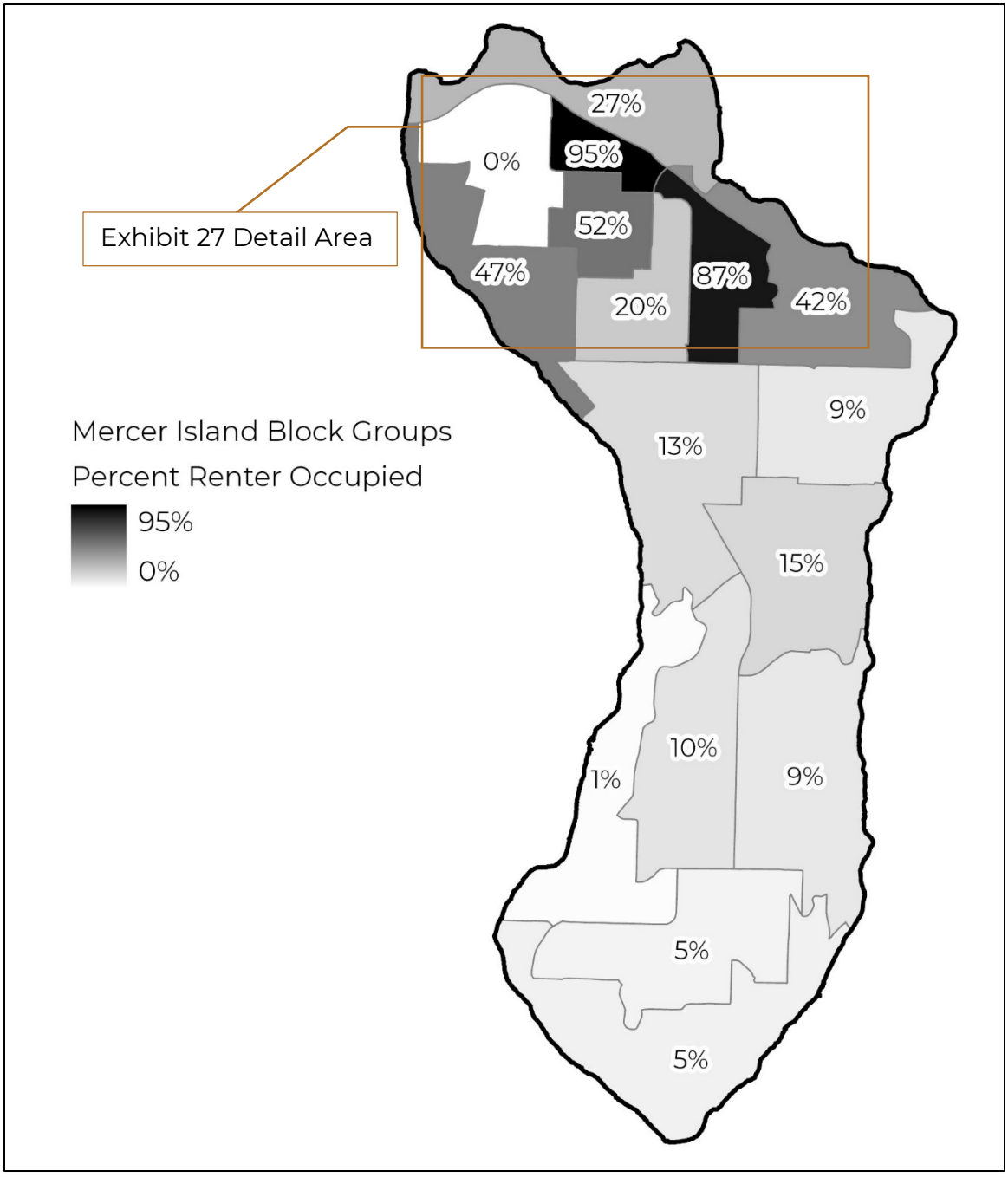
Mixed-use zones allow a combination of commercial and residential development. Mixed-use zones are only found in the Town Center at the north end of the island. Residential development in mixed-use zones is typically mid-rise mixed-use development with four or five stories of residential development over ground floor commercial space. Mixed-use zones allow a height bonus whereby developers are granted additional building height in exchange for a percentage of the new units being income-restricted affordable housing units. Due to this height bonus, all of the income-restricted affordable units that have been developed in recent years have been in Town Center.

Location of Rental Housing

Exhibits 26 and 27 Mercer Island census block groups by housing tenure. Exhibit 27 includes an overlay showing where the multifamily and mixed-use zones are in the City. It should be noted that renter-occupied housing in this instance is not limited to apartments, it includes detached single-family homes that are rented or for rent. In general, renter-occupied housing is more prevalent in the north end of the City, where the multifamily and mixed-use zones are located. Interestingly, the only tract with no renter occupied housing is the tract immediately west of the City's densest area, Town Center.

GMHB Exhibit #268 - 0353

Exhibit 26. Mercer Island Housing Tenure by Census Block Group.



Source: U.S. Census Bureau, 2021 ACS, Table B25003.

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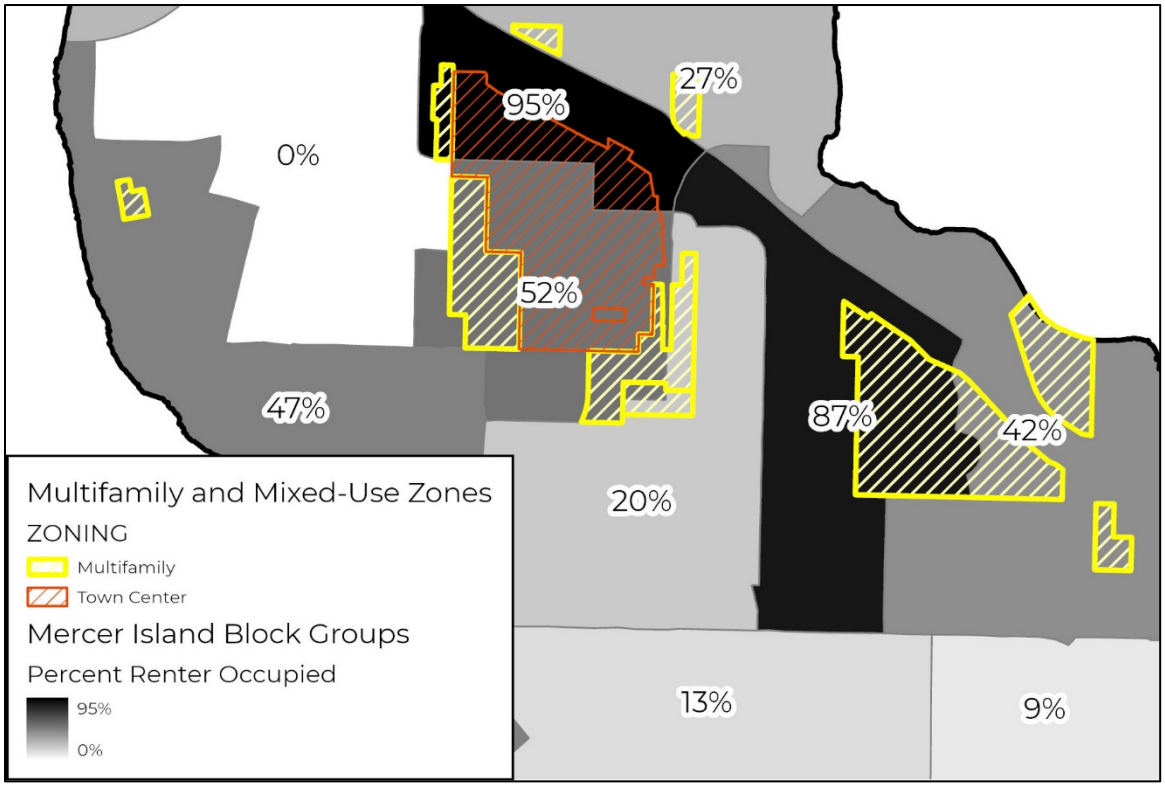
Exhibit 27. Mercer island Housing Tenure by Census Block Group.



Source: U.S. Census Bureau, 2021 ACS, Table B25003 and Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

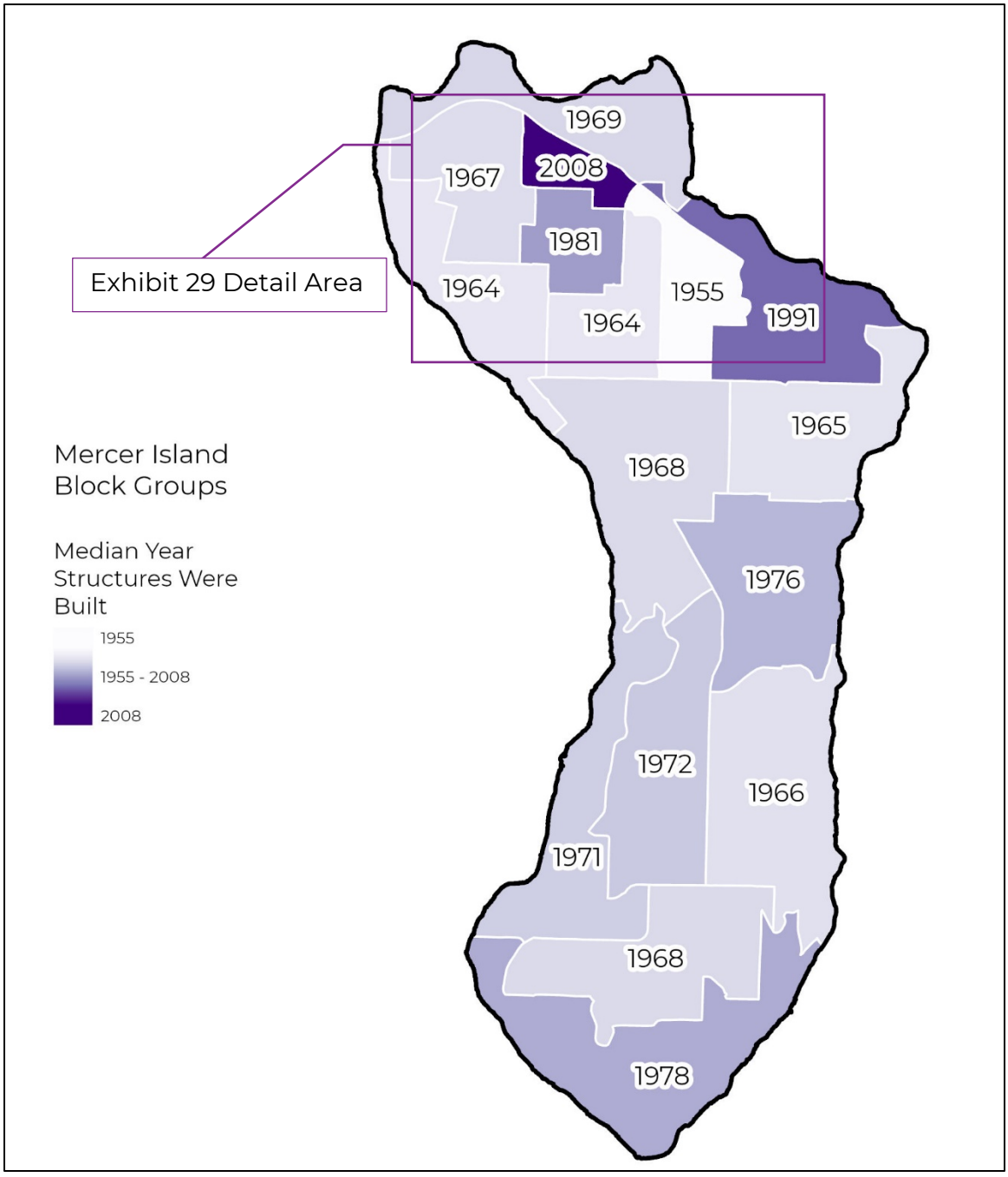
Age of Structures

Areas with older structures are more likely to redevelop. The likelihood of redevelopment of areas with older structures increases when zoning is changed to increase development capacity above what it was when the area was originally developed. Renting households are more likely than homeowning households to be displaced as areas redevelop because they are physically displaced during construction and can be economically displaced by higher rents in newer structures.

Exhibit 28 shows the median year structures were built in each census block group island wide. Exhibit 29 shows the median year structures were built in each census block group with multifamily and mixed-use zones overlaid. Note that Exhibit 29 shows the same data as Exhibit 28 but is zoomed to the multifamily areas in the north of the island.

GMHB Exhibit #268 - 0355

Exhibit 28. Median Year Structures Built by Block Group.



Source: U.S. Census Bureau, 2021 American Community Survey, Table B25037.

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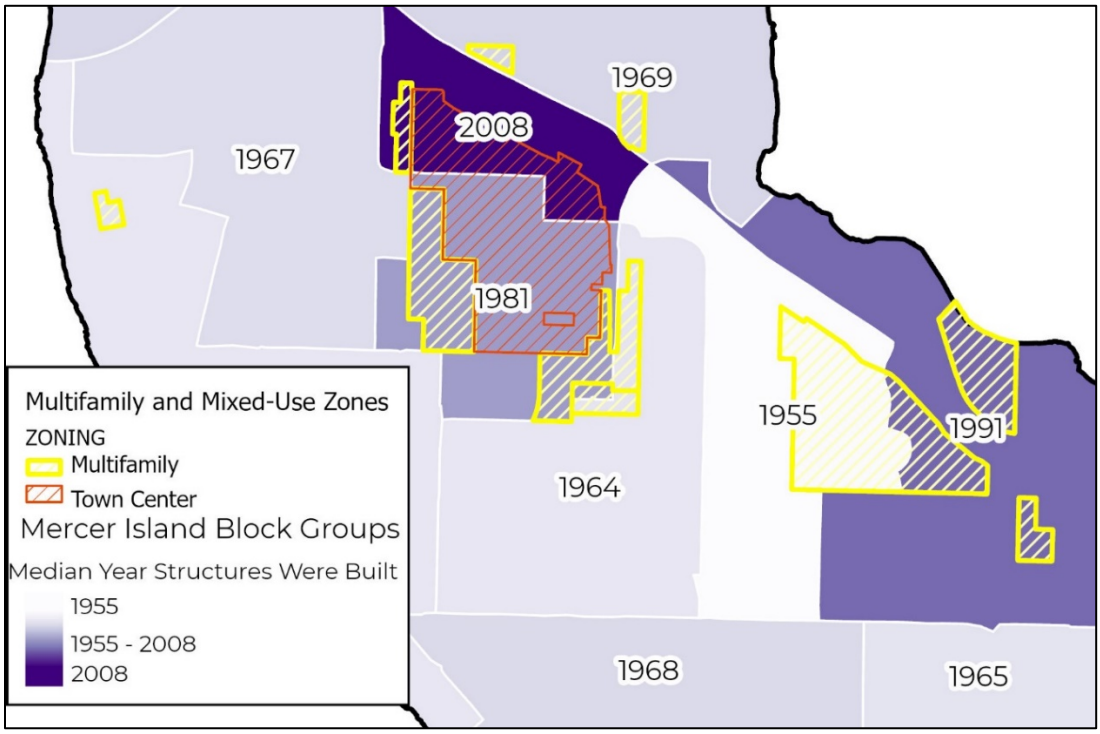
Exhibit 29. Median Year Structure Built by Block Group With Multifamily and Mixed-Use Zones.



Source: U.S. Census Bureau, 2021 American Community Survey, Table B25037 and Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

Development Capacity

In 2021, King County prepared an Urban Growth Capacity Report (UGC Report) which analyzed the development capacity in urban growth areas throughout the County. Exhibit 30 shows Mercer Island's housing capacity from the UGC Report. The report finds that 1,073 of Mercer Island's 1,428 units of housing development capacity are in multifamily and mixed-use zones. This means that the majority of the possible residential development in the City through the planning period is focused in higher-density areas.

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Exhibit 30. Mercer Island Housing Capacity.

Zone Category	Density Range	Corresponding Zones	Net Residential Capacity
Very Low Density	2.6-3.3 dwellings/acre	R-15 and R-12	120
Low Density	4.6-6.1 dwellings/acre	R-9.6 and R-8.4	235
Medium-Low Density	22.7 dwellings/acre	MF-2L	10
Medium-High Density	26 dwellings/acre	MF-2 and MF-3	535
High Density	100.6-167 dwellings/acre	Town Center Zones	528
Total	-	-	1,428

Source: 2021 UGC Report.

Summary

Exhibits 16 through 30 can be summarized as follows:

- Mercer Island housing prices are higher than most neighboring cities and rising for both owner- and renter-occupied housing (Exhibits 16 and 17);
- Most housing units are in Mercer Island require an annual household income greater than $100,000 to be affordable (Exhibit 18);
- Between 2014 and 2019, the supply of units affordable to households earning less than 80 percent of the AMI did not keep up with the increase in number of households in that income range. Housing affordable to households earning between 30 and 50 percent of the AMI had the widest gap in this time period (Exhibit 19);
- 1,296 rental housing units are priced at $2,000 a month or less, this is a little more than 40 percent of all rental units. Monthly rent at $2,000 a month would be affordable to households earning $72,000 a year. (Exhibit 20);
- Around 26 percent of households are housing cost burdened. More renting households are cost burdened than home-owning households. Households earning less than $75,000 a year are cost burdened at a higher rate than other households (Exhibit 21);
- Households of color are cost burdened at a higher rate than White households Exhibit 22);
- Black or African American households are severely cost burdened at a much higher rate than other racial groups (Exhibit 22);
- A cost-burdened household is more likely to be severely cost burdened, paying more than 50 percent of its income for housing (Exhibits 21 and 22);
- The PSRC Displacement Risk Mapping Tool categorizes all census tracts in Mercer Island have lower displacement risks compared to tracts throughout the PSRC region (King, Pierce, Snohomish, and Kitsap Counties) (Exhibit 23);

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- All of the 29 HUD Housing Choice Vouchers are used in two census tracts on the north end of the island that include Town Center and the area to the east along I-90 (Exhibit 24);
- The majority of Mercer Island is zoned for single-family residential, with mixed-use and multifamily residential zones concentrated near I-90 (Exhibit 25);
- The census tracts surrounding Town Center have the highest percentage of owner-occupied housing in the City, coinciding with the areas zoned for multifamily and mixed-uses (Exhibits 26 and 27);
- The census tract that contains the north end of Town Center has the newest average building age: 2008 (Exhibit 28 and 29);
- Several of the census tracts around Town Center have both a high percentage of renter-occupied housing (Exhibit 27) and average building ages between 42 and 68 years old (Exhibit 28 and 29); and
- Most of the residential development capacity in Mercer Island is provided by the multifamily and Town Center zones (Exhibit 30).

Areas at Risk of Displacement

RCW 36.70A.070(2)(g) requires cities and counties to adopt housing elements that:

> "Identifies areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments".

Displacement occurs when an area redevelops, and existing residents do not return to the area. Displacement typically results from existing residents not being able to afford to stay in the area following redevelopment due to rising costs. Though the overall risk of displacement in Mercer Island is lower than other areas in Puget Sound (Exhibit 23), some households in the City still face displacement risk. Lower-income families are at risk of displacement because the data shows that many households earning less than $75,000 a year are cost burdened (Exhibit 21). Given their proportionally higher cost-burden rate, households of color in general and Black or African American households in particular, are also at risk of displacement as redevelopment occurs (Exhibit 22). As new development supplants older multifamily, housing costs can rise as new units tend to command higher rent. This market force can make it harder for already cost-burdened households to afford new units, driving displacement. Areas with multifamily or mixed-use development and older buildings, are more likely to redevelop and contribute to displacement.

The following areas might be at a higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments:

- The south end of Town Center;
- Multifamily zones adjacent to Town Center; and
- Multifamily zones east of Town Center.

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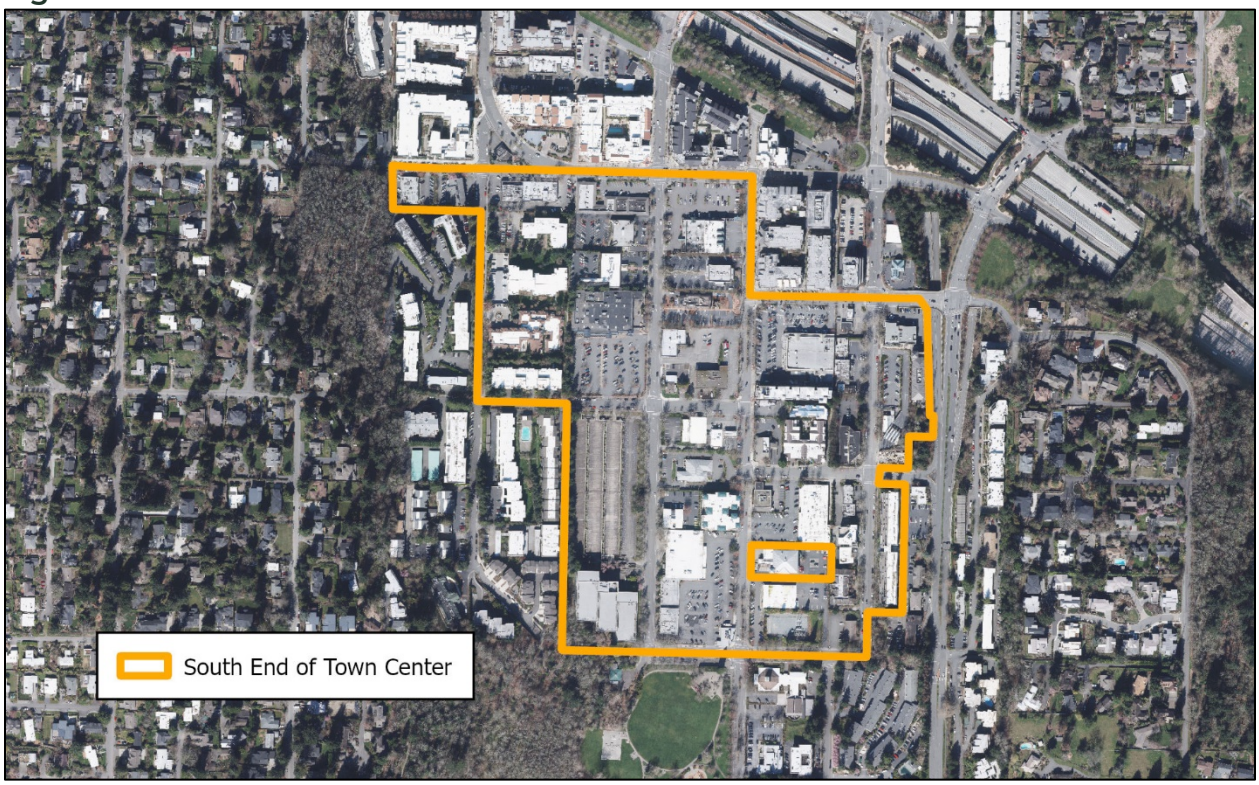
Area 1: South End of Town Center

Figure 1 shows Area 1.

Figure 1. South End of Town Center.



The south end of Town Center has the following characteristics:

- This area is characterized by a mix of commercial buildings and multifamily development;
- Most of this area is in a census tract where 52 percent of dwellings are renter-occupied (Exhibit 27);
- The average age of structures in this census tract is 42 years old (Exhibit 28); and
- Town Center accounts for about 37 percent of all development capacity in the City (Exhibit 30).

Area 2: Multifamily Zones Adjacent to Town Center

Figure 2 shows Area 2.

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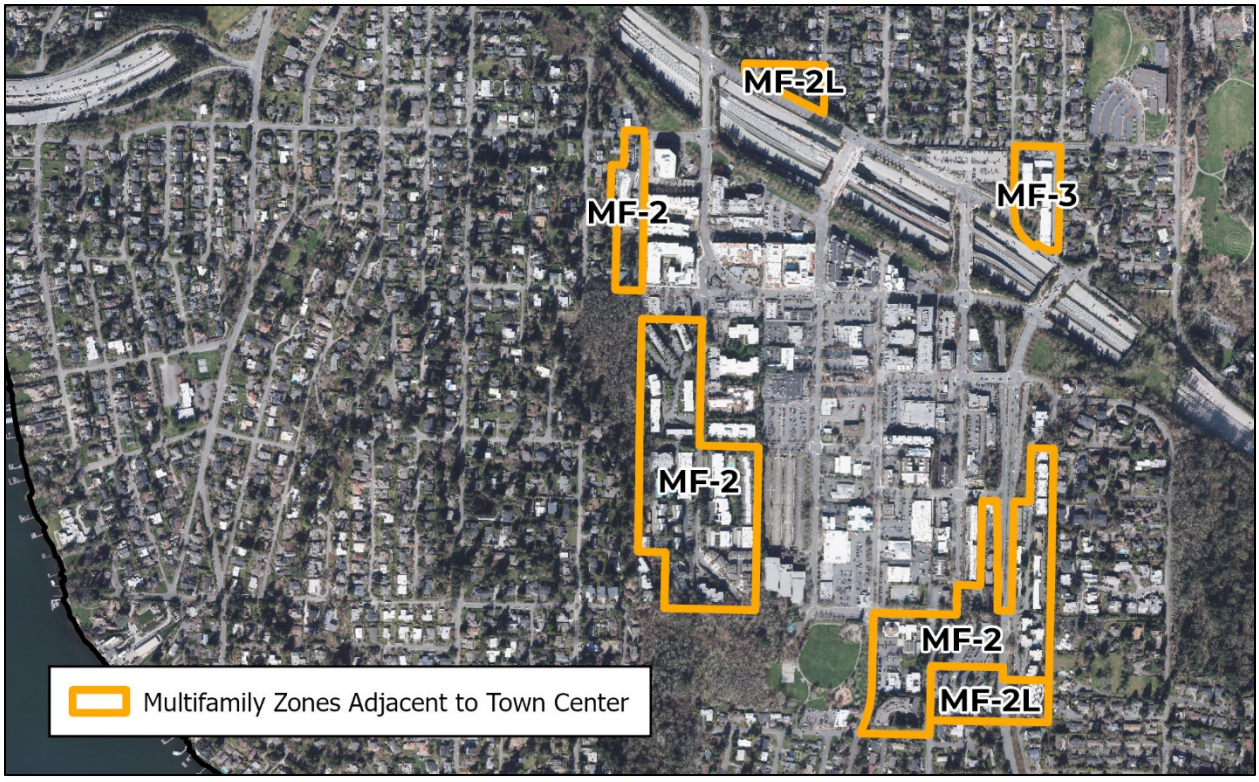
Figure 2. Multifamily Ones Adjacent to Town Center.



The multifamily zones adjacent to Town Center have the following characteristics:

- These zones are next to the City's primary employment center, an Interstate 90 onramp, and the East Link Light Rail Station;
- Owner-occupied units in this area are likely to be condominiums, a lower-cost option for home ownership;
- These zones are in areas with more renter-occupied dwelling units (Exhibit 27);
- Most of these zones are in census tracts where the average building age ranges between 42 and 59 years old (Exhibit 29); and
- Multifamily zones provide a little less than 40 percent of the development capacity in the City (Exhibit 30).

Area 3: Multifamily Zones East of Town Center

Figure 3 shows Area 3.

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Figure 3. Multifamily Zones East of Town Center.

The multifamily zones east of Town Center have the following characteristics:

- These zones are near Interstate 90 and surrounded by single-family zones;
- These zones are partially separated from Town Center by a large hill and, for those areas in the northeast, Interstate 90;
- The largest multifamily development in these zones is Shorewood;
    - Shorewood is located in a census tract where the average building age is 68 years old (Exhibit 29);
    - King County Assessor's records indicate that most of the buildings at Shorewood are more than 60 years old; and
    - Shorewood is likely the reason that 87 percent of dwelling units in its census tract are multifamily units (Exhibit 27).

Conclusions

Review of the data highlights the following impacts:

- More renting households are cost-burdened than homeowning households by a margin of 20 percentage points (Exhibit 21);
- Households of color are eight percentage points more likely than White households to be housing cost-burdened (Exhibit 22); and

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- Black or African American households in Mercer Island are severely housing cost-burdened at more than double the rate of any other racial group (Exhibit 22).

Some of the likely causes of the identified impacts within the City's capacity to influence are:

- Limited housing supply;
- Access to employment:
    - On-island employment tends to be lower-paying jobs, and
    - Most households commute off-island for work, increasing transportation costs.

Housing Supply

The housing cost-burden rate for households of color in Mercer Island can be partially explained by the limited supply of lower-cost rental housing, indication that policies which constrain the supply of housing might be causing racially disparate impacts. Exhibit 20 shows that only 297 or about 10 percent of rental units are affordable to households earning around $54,000 or less annually. At the same time, Exhibit 21 shows that there are about 926 renting households earning below $50,000 annually, roughly 629 more households than rental units in that price range. The lack of units affordable to households in this income range means they must choose units outside of their affordable price range or move to a lower cost area. This is likely the reason nearly 70 percent of these households are housing cost burdened.

Another disconnect between housing supplied and housing need is highlighted by Exhibits 20 and 21. In 2020, there were 998 rental units priced between $1,500 to $2,000 a month (Exhibit 20). These units were priced within a range affordable to households earning between $54,000 and $72,000 annually. In 2021, there were 392 renting households earning between $50,000 and $75,000 (Exhibit 21). Of those 392 households, 84 percent were housing cost burdened. This suggests that, despite there being enough total units affordable to these households, they are crowded out of that price range. The crowding highlighted by Exhibits 20 and 21 indicates that there are not enough rental housing units to allow households to find housing that can fit their budget.

During the review of housing policies, those that might limit the supply of multifamily and mixed-use housing should be considered for possible amendments. There are a few ways existing policies and their resultant development regulations can affect housing supply. First, maximum density can limit the amount of residential development possible on developable land. Maximum density is set explicitly as a maximum rate of dwellings per acre or implicitly through a minimum lot size and limiting residential uses to single-family development. Other land use regulations such as those that limit building coverage, require landscaped areas, and design standards can also limit the amount of development possible in a given area. Land

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use regulations that restrict where higher-density housing is allowed can also limit how many dwelling units are possible in a given area.

Access to Employment

People that work on Mercer Island do not live there by a wide margin. Nearly half of workers on Mercer Island earn less than $40,000 annually and households in that income range are housing cost-burdened at the highest rates (Exhibits 11, 13, and 21). It is reasonable to assume that some of those workers are precluded from living on Mercer Island by the lack of housing available at their income level. Finding ways to increase supply of housing affordable to households employed on Mercer Island will begin to address the impacts identified in this report. Increasing housing affordable to on-island workers would also help to reduce the barriers to living on Mercer Island for workers already employed on-island.

At the same time, over 90 percent of workers living on Mercer Island commute to jobs outside of the City (Exhibit 11). Though these off-island jobs tend to pay more per Exhibit 13, and housing cost-burden rates reduce for higher-income households, access to transportation infrastructure is an important consideration for these workers. For lower-income households that rely on off-island employment, transportation costs can make it harder to afford increasing housing costs. Development capacity directed at boosting affordable housing supply should be located in areas with access to transportation infrastructure. Policies directed at increasing the supply of more affordable rental housing should aim to place capacity increases in areas with easy access to transportation infrastructure. This can help working people afford to continue living on Mercer Island because it can help mitigate the transportation costs that result from commuting to work.

Policy Review

Cities are required to implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing (RCW 36.70A.070(2)(f)). The policy evaluation in Appendix A analyzes the existing housing policies in the Comprehensive Plan, in light of the data in this report, to identify policies that may need amendments to begin to undo the impacts identified in this report. The evaluation is based on the recommendations in the Commerce guidance.

The policy evaluation in Appendix A is a review of all housing policies in the Housing Element and Land Use Element. In this evaluation, goals and policies are placed into one of three categories. The “Supportive” category are policies that support achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing. The “Approaching” category is for policies that can help achieve the GMA goal for housing but may be insufficient or do not specifically address racially disparate impacts, displacement, and exclusion in housing. Approaching policies will need review and, in some instances, amendment. Finally, the “Challenging” category is for policies that may challenge the City’s ability to achieve the GMA goal for housing. Challenging policies are those that need amendment to address racially disparate impacts, displacement, and/or exclusion.

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Based on the evaluation in Appendix A, the following policies will need to be reviewed and potentially amended during the Comprehensive Plan update:

Housing Element – Policies 1.1, 1.2, 1.4, 2.5, 2.7
Land Use Element – Goal 15, Policies 15.1, 15.2, 15.3, 15.4, 16.5, 30.6

Next Steps

In addition to making amendments to begin addressing racially disparate impacts, the City will be required to amend housing policies to address other topics. This includes:

- Make adequate provisions for the existing and projected needs of all economic segments of the community as required by RCW 36.70A.070(2)(d), and
- Address middle housing and accessory dwelling units to comply with recent statewide legislation.

1. Adequate Provisions

To make adequate provisions for the existing and projected needs of all economic segments of the community the City will identify barriers to housing production and adopt policies to address those barriers. Commerce has provided guidance for identifying barriers to housing production. The Commerce guidance outlines a process of listing barriers such as high cost of land and preparing a list of potential policies to address that barrier such as making surplus city-owned land available for affordable housing development. Prior to drafting the Housing Element, staff will identify barriers to housing production and develop policy options for addressing barriers that can be considered with the draft of the element. The policy options added to the Housing Element that address the identified barriers will constitute adequate provisions for existing and projected housing needs.

2. Middle Housing and Accessory Dwelling Units (ADUs)

In 2023, the WA State Legislature enacted House Bills 1110 and 1337. House Bill 1110 requires development code amendments to allow middle housing types in zones that allow single-family residences. House Bill 1337 establishes required development standards for ADUs. Policy amendments may be required by these two bills. The Housing Element will be reviewed during the drafting process to ensure that it is consistent with state law.

Middle housing and ADUs tend to be more affordable dwelling units because they are smaller and carry lower land costs. Because they tend to be more affordable, middle housing units and ADUs can also be considered part of the City's strategy for accommodating housing needs.

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Appendix A: Policy Evaluation

Policy Evaluation Framework

The policy evaluation in this appendix is a review of all current housing policies in the existing Housing Element and Land Use Element of the adopted 2016 Comprehensive Plan. In this evaluation, goals and policies are placed into one of three categories. The "Supportive" category are policies that support achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing. The "Approaching" category is for policies that can help achieve the GMA goal for housing but may be insufficient or do not specifically address racially disparate impacts, displacement, and exclusion in housing. Approaching policies will need review and, in some instances, amendment. Finally, the "Challenging" category is for policies that may challenge the City's ability to achieve the GMA goal for housing. Challenging policies are those that need amendment to address racially disparate impacts, displacement, and/or exclusion. This evaluation framework comes directly from the WA Department of Commerce Guidance on HB 1220 implementation for evaluating racially disparate impacts.

The purpose of this policy evaluation is to identify potential policy amendments. The policies labeled approaching or challenging in this policy evaluation will be considered as candidates for amendment during the current Comprehensive Plan periodic review due for completion no later than December 31, 2024.

Table A.1. Policy Evaluation Framework.

Evaluation	Criteria
S: Supportive	The policy supports achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing.
A: Approaching	The policy can help achieve the GMA goal for housing but may be insufficient or does not specifically address racially disparate impacts, displacement, and exclusion in housing.
C: Challenging	The policy may challenge the jurisdiction's ability to achieve the GMA goal for housing. The policy's benefits and burdens should be reviewed to optimize the ability to meet the policy's objectives while improving the equitable distribution of benefits and burdens imposed by the policy.
N/A: Not Applicable	The policy does not affect the jurisdiction's ability to achieve the GMA housing goal and has no influence or impact on racially disparate impacts, displacement or exclusion.

GMHB Exhibit #268 - 0369

Table A.2. Housing Element Policy Evaluation.

Goal or Policy	Evaluation	Explanation
Goal 1. Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features.		
Policy 1.1 Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.	A	The City does not require single family design review, but rather relies on adopted development standards in MICC, Chapter 19. Design review for single-family development can be an unnecessary burden on residential development and can increase total housing costs. Existing development standards control the scale and quality of development without additional design review. If this policy is retained in future drafts of the Housing Element, it should be reworked to be non-suggestive of single-family design review.
Policy 1.3 Promote quality, community friendly Town Center, CO and PBZ district residential development through features such as pedestrian and transit connectivity, and enhanced public spaces.	N/A	N/A
Policy 1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.	A	Preservation, maintenance, and revitalization of existing housing stock can serve existing residents, some of whom may be at risk of displacement.

GMHB Exhibit #268 - 0370

Goal or Policy	Evaluation	Explanation
		Preservation of the existing housing stock may need to be tempered by the need to diversify housing types available to accommodate populations historically excluded from Mercer Island. If this policy is retained in future draft of the Housing Element, it should be reworked to reflect such.
Policy 1.5 Foster public notification and participation in decisions affecting neighborhoods.	S	
Policy 1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas.	N/A	N/A
Goal 2. Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.	S	
Policy 2.1 Through zoning and land use regulations, provide adequate development capacity to accommodate Mercer Island's projected share of the King County population growth over the next 20 years.	S	
Policy 2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.	S	
Policy 2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.	S	
Policy 2.4 Encourage residential development in mixed use zones through regulatory tools, infrastructure	N/A	N/A

GMHB Exhibit #268 - 0371

Goal or Policy	Evaluation	Explanation
improvements and incentives. Track residential development over time to ensure policies are effective.		
Policy 2.5 Use the addition of housing in the Town Center, PBZ and CO zones to create new, vibrant neighborhoods that complement the character of existing development. Consider allowing additional types of multifamily housing in the CO zone.	A	The lack of defined terms in this policy can be problematic. Additionally, this policy is suggestive of two conflicting ideals – new, vibrant neighborhoods and character of existing development. If this policy is retained in future drafts of the Housing Element it should avoid using undefined terms, be reworked to confirm the addition of housing in the PBZ and CO zones as well as the conveyance of the preferred ideal.
Policy 2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.	S	
Policy 2.7 Encourage infill development on vacant or under-utilized sites that are outside of critical areas and ensure that the infill is compatible with the scale and character of the surrounding neighborhoods.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.	S	
Policy 2.9 Through a mix of new construction and the preservation of existing units, strive to meet Mercer Island's proportionate amount of the countywide need for housing affordable to households with moderate, low, and very low incomes, including those with special needs.	S	
Goal 3. Support the adequate preservation, improvement, and development of housing for the	S	

GMHB Exhibit #268 - 0372

Goal or Policy	Evaluation	Explanation
diverse economic and social segments of the Mercer Island community.		
Policy 3.1 Work cooperatively with King County, "A Regional Coalition for Housing," (ARCH) and other Eastside jurisdictions to assess the need for and to create affordable housing.	S	
Policy 3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.	S	
Policy 3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.	N/A	
Policy 3.4 Work cooperatively with and support efforts of private and not-for-profit developers, and social and health service agencies to address local housing needs.	S	
Policy 3.5 Work to increase the base of both public and private dollars available on a regional level for affordable and accessible housing, especially for housing affordable to very low income households, and accessible to people with disabilities.	S	
Policy 3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.	S	
Policy 3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.	S	

GMHB Exhibit #268 - 0373

Goal or Policy	Evaluation	Explanation
Policy 3.8 Use local resources to leverage other public and private funding when possible to build or preserve affordable housing on Mercer Island and in other Eastside cities, including housing for very low income households.	S	
Policy 3.9 Use regulatory and financial incentives in the Town Center and PBZ/CO districts such as density bonuses, fee waivers, and property tax reductions to encourage residential development for a range of household and ownership types and income levels.	S	
Policy 3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.	S	
Policy 3.11 Consider allowing the development of one innovative housing project, e.g., compact courtyard housing, attached single family housing or smaller lot housing, to examine the feasibility and desirability of additional housing options to address the changing demographics on Mercer Island. The demonstration project should include smaller single family units, accessible housing and barrier-free entries for visitability, common open space and other amenities, and be subject to strict design review. Following completion of the project, the City will engage in a policy discussion about expanding innovative housing opportunities.	S	
Policy 3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and	S	

GMHB Exhibit #268 - 0374

Goal or Policy	Evaluation	Explanation
City bonding to support development of affordable housing.		
Policy 3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.	S	
Policy 3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.	S	
Policy 3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.	S	
Policy 3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.	S	
Policy 3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.	S	
Policy 3.18 Support housing options, programs and services that allow seniors to stay in their homes or neighborhoods. Promote awareness of Universal Design improvements that increase housing accessibility.	S	
Policy 3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.	S	
Policy 3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning	S	

GMHB Exhibit #268 - 0375

Goal or Policy	Evaluation	Explanation
Code meets the requirements of the Federal Fair Housing Act and the State of Washington Fair Housing Law to provide equal access for people with special needs and recognized protected classes (race, color, national origin, religion, sex, family status, disability).		
Policy 3.21 Zoning should provide appropriate opportunities for special needs housing. Support should be given to organizations that offer services and facilities to those who have special housing needs.	S	
Policy 3.22 Support and plan for special needs housing using federal or state aid and private resources.	S	
Policy 3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.	S	
Policy 3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.	S	
Policy 3.25 Explore innovative ways to remove barriers to, and provide incentives for, the creation and modification of residential housing that is wholly or partially accessible to people with disabilities.	S	
Goal 4. Adopt and implement specific strategies designed to achieve the housing goals outlined in this Housing Element. Continue to monitor how well Mercer Island resident's housing needs are being met.	S	

GMHB Exhibit #268 - 0376

Goal or Policy	Evaluation	Explanation
Policy 4.1 Every five years, adopt a Strategy Plan and Work Program identifying strategies and implementation measures that increase the City's achievement of housing goals, including the provision of adequate accessible and affordable housing.	S	
Policy 4.2 Track key indicators of housing supply, accessibility, affordability and diversity. Key indicators include but are not limited to housing production, demolition, conversion and rezones, in addition to units affordable to moderate, low and very low income households.	S	
Policy 4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.	S	
Policy 4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.	S	
Policy 4.5 At least once every five years, the City shall evaluate the achievements of its housing goals and policies and present the findings to the City Council. This evaluation will be done in cooperation with Countywide evaluations done by the Growth Management Planning Council (GMPC), or its successor organization, and coordinated with the development of the biannual budget.	S	

GMHB Exhibit #268 - 0377

Table A.3. Land Use Element Housing Related Policy Evaluation.

Goal or Policy	Evaluation	Explanation
Goal 5 Encourage a variety of housing forms for all life stages, including townhomes, apartments and live-work units attractive to families, singles, and seniors at a range of price points.	S	
Policy 5.1 Land uses and architectural standards should provide for the development of a variety of housing types, sizes and styles.	S	
Policy 5.2 Encourage development of low-rise multi-family housing in the TCMF subareas of the Town Center.	S	
Policy 5.3 Encourage the development of affordable housing within the Town Center.	S	
Policy 5.4 Encourage the development of accessible and visitable housing within the Town Center.	S	
Policy 5.5 Encourage options for ownership housing within the Town Center.	S	
Goal 15 Mercer Island should remain principally a low density, single family residential community.	C	Having a goal to maintain lower residential densities may make it more difficult to comply with current and future GMA requirements for higher residential densities and the accommodation of affordable housing needs. If this goal is retained in future drafts of the Housing Element, it should be reworked appropriately to reflect GMA direction.

GMHB Exhibit #268 - 0378

Goal or Policy	Evaluation	Explanation
Policy 15.1 Existing land use policies, which strongly support the preservation of existing conditions in the single family residential zones, will continue to apply. Changes to the zoning code or development standards will be accomplished through code amendments.	C	This policy will likely require amendments to address the changes in the state law from House Bills 1110 and 1337, both enacted in 2023.
Policy 15.2 Residential densities in single family areas will generally continue to occur at three to five units per acre, commensurate with current zoning. However, some adjustments may be made to allow the development of innovative housing types, such as accessory dwelling units and compact courtyard homes at slightly higher densities as outlined in the Housing Element.	C	This policy will likely require amendments to address the changes in the state law from House Bills 1110 and 1337, both enacted in 2023. These bills require cities to permit residential development that will exceed three to five units per acre.
Policy 15.3 Multi-family areas will continue to be low rise apartments and condos and duplex/triplex designs, and with the addition of the Commercial/Office (CO) zone, will be confined to those areas already designated as multi-family zones.	A	The WA Department of Commerce guidance on HB 1220 implementation indicates that higher-density residential zoning is the primary type to accommodate affordable housing needs. Additional areas may need to be considered for multifamily development as the City continues to plan for its assigned affordable housing needs. If this policy is retained in future drafts of the Housing Element, it should be reworked appropriately to reflect GMA direction.
Policy 15.4 As a primarily single family residential community with a high percentage of developed land, the community cannot provide for all types of land uses. Certain activities will be considered incompatible with present uses. Incompatible uses include landfills, correctional facilities, zoos and airports. Compatible permitted uses such as education, recreation, open	A	If this policy is retained in future drafts of the Housing Element, the 'single-family' could be dropped and the policy would have the same effect.

GMHB Exhibit #268 - 0379

Goal or Policy	Evaluation	Explanation
spaces, government social services and religious activities will be encouraged.		
Goal 16 Achieve additional residential capacity in single family zones through flexible land use techniques and land use entitlement regulations.	S	
Policy 16.1 Use existing housing stock to address changing population needs and aging in place. Accessory housing units and shared housing opportunities should be considered in order to provide accessible and affordable housing, relieve tax burdens, and maintain existing, stable neighborhoods.	S	
Policy 16.2 Through zoning and land use regulations provide adequate development capacity to accommodate Mercer Island's projected share of the King County population growth over the next 20 years.	S	
Policy 16.3 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.	S	
Policy 16.4 Promote accessory dwelling units in single-family districts subject to specific development and owner occupancy standards.	S	
Policy 16.5 Infill development on vacant or under-utilized sites should occur outside of critical areas and ensure that the infill is compatible with the surrounding neighborhoods.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 16.6 Explore flexible residential development regulations and entitlement processes that support, and	S	

GMHB Exhibit #268 - 0380

Goal or Policy	Evaluation	Explanation
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 encourage public amenities such as wildlife habitat, accessible homes, and sustainable development.		
Goal 17 With the exception of allowing residential development, commercial designations and permitted uses under current zoning will not change.	S	
Policy 17.3 Inclusion of a range of residential densities should be allowed when compatible in the Commercial Office (CO) zones. Through rezones or changes in zoning district regulations, multi-family residences should be allowed in all commercial zones where adverse impacts to surrounding areas can be minimized. Housing should be used to create new, vibrant neighborhoods.	S	
Policy 17.4 Social and recreation clubs, schools, and religious institutions are predominantly located in single family residential areas of the Island. Development regulation should reflect the desire to retain viable and healthy social, recreational, educational, and religious organizations as community assets which are essential for the mental, physical and spiritual health of Mercer Island.	S	
Goal 30 To implement land use development and capital improvement projects consistent with the policies of the comprehensive plan.	S	
Policy 30.1 To focus implementation of the Comprehensive Plan on those issues of highest priority	S	

GMHB Exhibit #268 - 0381

Goal or Policy	Evaluation	Explanation
to the City Council and community: Town Center development, storm drainage, critical lands protection, and a diversity of housing needs including affordable housing.		
Policy 30.2 To create opportunities for housing, multi-modal transportation, and development consistent with the City's share of regional needs.	S	
Policy 30.3 To make effective land use and capital facilities decisions by improving public notice and citizen involvement process.	S	
Policy 30.4 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.	S	
Policy 30.5 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.	N/A	N/A

GMHB Exhibit #268 - 0382

Goal or Policy	Evaluation	Explanation
Policy 30.6 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, and could occur before 2035 or shortly thereafter. 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.	C	The GMA requires the City of Mercer Island, like all GMA planning jurisdictions, to plan for assigned housing and employment targets. This policy, with its focus on build out, will prove challenging when the City plans for required future housing needs.

GMHB Exhibit #268 - 0383

Land Capacity Analysis Supplement

CITY OF MERCER ISLAND 2024 COMPREHENSIVE PLAN PERIODIC REVIEW HB 1220 IMPLEMENTATION

COMMUNITY PLANNING AND DEVELOPMENT DEPARTMENT

City of Mercer Island, WA
Community Planning and Development Department
December 15, 2023

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I. Introduction

Under the WA Growth Management Act (GMA) cities and counties must plan for housing and employment growth targets every time they update their comprehensive plans. The growth targets are expressed as a total number of new dwelling units for housing and jobs for employment. The growth targets are based on the population forecast the WA Office of Financial Management (OFM) prepares. Countywide growth targets are allocated to the cities within the county, so each city's growth target is a share of the overall county need. The Mercer Island housing growth target of 1,239 dwelling units was adopted in 2022.

In 2021, the WA State Legislature adopted House Bill 1220 (HB 1220), which required cities to specifically plan for housing that is affordable for every income segment. HB 1220 directs the WA Department of Commerce (Commerce) to develop housing need for each county broken up by income segment. The income-segment-based housing need developed by Commerce is still based on the OFM population forecast but disaggregates this single growth target into a number of dwelling units needed at each income level relative to the area median income (AMI). In summary:

- Mercer Island housing growth target is 1,239 dwelling units.
    - The housing growth target total was adopted by King County in 2022 by Ordinance 19384.
    - The housing growth target total (1,239) has not changed since it was adopted.
- Under HB 1220, the housing growth target total is broken out into affordable housing need at different income levels (Table 1).
    - The emergency housing need is a number separate from the other housing needs. The unit of measure for emergency housing is beds rather than dwelling units. Emergency housing, unlike affordable housing or permanent supportive housing, is housing that provides temporary accommodations for individuals or families at immediate risk of being homeless.

In 2023, Commerce issued guidance on how cities and counties can update their housing elements to address the new requirements from HB 1220. Chapter three of the guidebook, "Guidance for Updating Your Housing Element" outlines the steps for conducting a land capacity analysis to evaluate capacity for housing need at varying income segments. The methodology in Appendix A, which outlines the steps taken to prepare this report, was developed based on Commerce guidance. The methodology was developed using guidance from the Commerce.

A. Background

The purpose of this report is to analyze land capacity for housing disaggregated by affordability for all income ranges and compare the capacity and housing need at each income range.

GMHB Exhibit #268 - 0390

1. Housing Need

Under the GMA, counties and cities are required to plan for adequate housing to accommodate the projected housing needs for each income segment (RCW 36.70A.070(2)(a)-(d)). HB 1220 requires Commerce to establish the level of housing need by income level for counties. In 2023, Commerce published the Housing For All Planning Tool (HAPT), which details the housing need for counties throughout Washington, including King County. After receiving the county-level housing need projection, King County then allocated the total need by income level to its cities.

In 2023, King County allocated housing need to its cities by amending the countywide planning policies (CPPs) with Ordinance 19660. The allocated housing need was based on each city's housing growth target, disaggregated by income level. Mercer Island's housing growth target is 1,239 additional dwelling units by the year 2044. Those 1,239 additional dwelling units are broken out into the following income levels relative to the King County area median income (AMI):

- Emergency Housing
- Permanent Supportive Housing
- Extremely low income (less than 30% of the AMI)
- Very Low Income (between 30 and 50% of the AMI)
- Low Income (50 to 80% of the AMI)
- Moderate Income (80 to 120% of the AMI)
- High Income (greater than 120% of the AMI)

The housing need assigned to the City of Mercer Island under King County Countywide Planning Policy H-1 is shown in Table 1 below.

Table 1. Mercer Island Housing Need.

	Total	≤30%		>30 to ≤50 %	>50 to ≤80 %	>80 to ≤100 %	>100 to ≤120 %	>120 %	Emergency Housing[2]
		Non-PSH[1]	PSH[1]						
New Units Needed 2019-2044	1,239	339	178	202	488	4	5	23	237

Source: King County Ordinance 19660.
Notes:
1. Permanent Supportive Housing (PSH)
2. Emergency Housing need is its own metric and not part of the housing need or housing growth target.

Mercer Island will need to plan for accommodating its housing need as listed in Table 1 through 2044. A key component of planning for accommodating the housing need is to determine whether there is adequate development capacity in the zones that can accommodate housing units that tend to be affordable at various income levels.

GMHB Exhibit #268 - 0391

2. Land Capacity

Land Capacity is an estimate of the number of dwelling units possible given existing development, zoning and development regulations, market factors, land available for development, and environmental constraints. RCW 36.70A.070(2)(c) requires cities and counties to adopt a housing element that:

> Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes;

In 2021, King County prepared the Urban Growth Capacity Report (UGC Report), which analyzed land capacity in King County urban growth areas. The UGC Report did not consider the capacity for housing at affordable at different income levels. Further analysis is needed to determine whether there is adequate capacity to accommodate the housing need at each affordability level. The analysis that follows will make that determination and identify potential alternatives for addressing any capacity deficits at a given affordability level.

3. Permanent Supportive Housing

The housing need for Mercer Island differentiates two types of housing need at the extremely low-income level: permanent supportive housing (PSH) and non-permanent supportive housing. Housing need for extremely low-income housing is split into these two categories because these are two distinct housing types. One, PSH, is intended to house people who need support services whereas non-PSH extremely low-income housing is meant for people at the lowest income level that do not necessarily need additional services. For reference, PSH is defined in RCW 36.70A.030(31), which states:

> "Permanent supportive housing" is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter 59.18 RCW.

GMHB Exhibit #268 - 0392

4. Emergency Housing

The housing need for Mercer Island includes emergency housing. Emergency Housing is defined in RCW 36.70A.030(14), which states:

> "Emergency housing" means temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement.

This is a housing type that is different from housing for extremely low-income households and PSH in that it is intended to be shorter-term accommodations. Emergency housing is fundamentally different from other housing types because it is not always made up of dwelling units (complete housing units with kitchen, bathroom, and living area) and can include shelter space.

According to the Commerce guidance, cities are not required to analyze land capacity for emergency housing if they can provide supporting documentation demonstrating both of the following conditions:

- Emergency housing is allowed in all zones that allow hotels. Alternatively, this condition may be met by demonstrating that emergency housing is allowed in a majority of zones within a one-mile proximity to transit, per RCW 35A.21.430 and RCW 35.21.683 (sections 3 and 4 of HB 1220, laws of 2021); and

- The jurisdiction has no regulations that limit the occupancy, spacing or intensity of emergency housing.

In 2021, Mercer Island adopted interim regulations to address this requirement in response to HB 1220 (Ord. No. 21C-23, renewed by 22C-14 and 23C-11). The interim regulations amended the definition of “social service transitional housing” to clarify that this use includes emergency housing as defined in state law. Social service transitional housing is a land use that is allowed by conditional use permit in a majority of zones within one mile of transit. If those interim regulations are made permanent during the Comprehensive Plan periodic review and the regulations are reviewed to ensure that they do not limit occupancy, spacing, or intensity of emergency housing, Mercer Island will not be required to further analyze whether there is sufficient capacity of land to accommodate its emergency housing need.

B. Data Sources

Conducting the supplemental land capacity analysis will include analysis of several data sources. The City will use the following data sources.

1. King County Urban Growth Capacity Report

In 2021, King County issued the Urban Growth Capacity Report (UGC Report). This report provides the development capacity for all cities within the County, including Mercer Island. The UGC Report was prepared based on the land capacity analysis

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requirements prior to HB 1220. The capacity detailed in this report will be the foundation of the additional analysis of the land capacity analysis supplement.

2. Washington Center for Real Estate Research Housing Market Data Toolkit

The Washington Center for Real Estate Research (WCRER) provides data on housing, including average housing costs. The WCRER website is: https://wcrer.be.uw.edu/housing-market-data-toolkit/

C. Assumptions

Assumptions form the basis of extrapolating meaning from data. They are a key component of any data analysis. The City will make the following assumptions related to housing capacity.

1. An Affordable Home Does Not Cost More Than 30 Percent of Household Income

The crux of this supplemental land capacity analysis is analyzing housing affordability for all income segments. Housing affordability is defined in the Growth Management Act (GMA) as housing with a cost that does not exceed thirty percent of a household's income (RCW 36.70A.030(2)). As the City analyzes housing data to determine capacity for all income segments, it will be assumed that the affordable cost is roughly equal to thirty percent of household income.

2. Existing Residential Capacity

This methodology will use the residential capacity shown in the 2021 UGC Report as the existing capacity.

3. Higher Density Housing is More Likely To Be Affordable

It is assumed that higher-density housing is more likely to be affordable to lower-income households. The assumption here is that a two-bedroom apartment home is generally less expensive than a two-bedroom detached single-family home.

4. Permanent Supportive Housing Is Only Likely in High-Density Zones That Include an Incentive

Permanent supportive housing (PSH) is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors (RCW 36.70A.030(19)). HB 1220 requires cities to determine capacity for PSH as part of their housing need. Given the high cost of construction, reduced return on investment, and need for support services, this analysis will assume the following:

- PSH will only be produced in higher density zones where dwelling units can be smaller;
- PSH in Mercer Island requires subsidies; and
- PSH will only be feasible in zones that provide an affordable housing incentive such as the height bonus in Town Center zones.

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5. The City Will Adopt Permanent Regulations to Allow Emergency Housing in The Majority of Zones Within One Mile of Transit and Ensure that Emergency Housing is Not Subject to Occupancy, Spacing, or Intensity Regulations

Cities are required by HB 1220 to allow emergency housing in any zone that allows hotels or in a majority of zones within one mile of transit. The City currently includes the GMA definition of 'emergency housing' in its definition of 'social service transitional housing' through an interim amendment made by Ordinance 21C-23. Social service transitional housing is allowed in a majority of zones within one mile of transit. This analysis assumes that through the Comprehensive Plan update, this amendment will be made permanent to comply with HB 1220 and ensure that emergency housing is not subject to occupancy, spacing, and intensity requirements. If these two conditions are met, further analysis of capacity for emergency housing is not required per the Commerce guidance.

II. Land Capacity Analysis

A. Land Capacity By Zone and Zone Category

The analysis began by gathering the land capacity that was already calculated in the UGC report. In the UGC Report, the zones in Mercer Island were divided into categories based on the allowed density in each zone. For example, the R-15 zone was categorized as a low-density residential zone because it only allows single-family homes and has a minimum lot size of 15,000 square feet (slightly less than three dwellings per acre). During this step, staff gathered the housing capacity provided in the UGC Report for reference as the existing capacity as shown in Table 2.

Table 2. Housing Capacity By Zone Category.

Zone Category	Density Range	Corresponding Zones	Net Residential Capacity
Very Low Density	2.6-3.3 dwellings/acre	R-15 and R-12	120
Low Density	4.6-6.1 dwellings/acre	R-9.6 and R-8.4	235
Medium-Low Density	22.7 dwellings/acre	MF-2L	10
Medium-High Density	26 dwellings/acre	MF-2 and MF-3	535
High Density	100.6-167 dwellings/acre	TC Zones	528
Total	-	-	1,428

Source: 2021 UGC Report.

B. Zone Categories and Income Levels

After gathering the residential capacity information from the UGC Report, information on the price of housing in each category was analyzed. Price data from the Washington Center for Real Estate Research (WCRER) provided the home prices in each zone category. According to the WCRER data, the median sale price for a single-family dwelling in the fourth quarter of 2022 was $2,950,000. In the same quarter, the median condominium sale price was $566,000.

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Table 3 shows Mercer island home sales and median sale price by dwelling type from 2021 to 2022, the most recent years available. The price data shows home prices and the number of sales fluctuated from quarter to quarter in 2022. To smooth out this variation, staff calculated an average of median sale price, weighted by the number of sales in each quarter. Using a weighted average splits the difference between the higher and lower sale prices in a given quarter while accounting for quarters with a higher number of sales. In 2022, the average sale price weighted by number of sales was $2,620,986 for single-family home and $662,179 for condos.

Table 3. Mercer Island Home Sales and Median Sale Price by Dwelling Type 2021-2022.

Total Sales			Sales by Dwelling Type		Median Price by Dwelling Type	
Quarter	Count	Median price	Condo	Single-Family	Condo	Single-Family
2022 Q1	49	$2,420,000	10	39	$680,250	$2,530,000
2022 Q2	100	$2,450,000	16	84	$765,000	$2,710,000
2022 Q3	69	$2,298,000	7	62	$525,000	$2,382,500
2022 Q4	42	$2,200,000	9	33	$566,000	$2,950,000
Weighted Average		**$2,363,623**	**Weighted Average**		**$662,179**	**$2,620,986**

Source: Washington Center for Real Estate Research (WCRER).

Table 4 combines the 2022 weighted average sale price for condos and single-family homes and the average monthly rent. The average monthly rent is another statistic provided by the WCRER. The mean monthly rent is a simple average of each quarterly monthly rent in 2022.

Table 4. Average Price by Housing Type.

Type	Average Cost	Notes
Single-Family Home	$2,620,986	Average of Median Single-Family Home Sale Price Q1-Q4 2022, weighted by number of sales
Townhomes and Condos	$662,179	Average of Median Condo Sale Prices Q1-Q4 2022, rounded to nearest dollar, weighted by number of sales
Apartments	$2,528/Month	Mean Monthly Rent Q1-Q4 2022

Source: WCRER.

C. Affordability Levels

After finding the average price for each housing type, the level of household income required to afford each housing type was determined. First, the median sale price for owner-occupied housing and the mean rent for apartments, both listed in Table 4, were analyzed to determine an average monthly payment for each zone category. The average monthly payment for owner-occupied housing (single-family homes and condos) was calculated using the Fannie Mae mortgage calculator. The mortgage calculator details are shown in Appendix B. These details show the assumptions used to calculate the monthly payment for single-family home and condo purchase. Table 5 shows average price and monthly payment for each zone category.

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Table 5. Average Monthly Housing Cost by Zone Category.

Zone Category	Typical Home Type	Average Price[1]	Average Monthly Cost[2]
Very Low Density	Detached Single-Family	$2,620,986	$15,867
Low Density	Detached Single-Family	$2,620,986	$15,867
Medium-Low Density	Condominium	$662,179	$4,085
Medium-High Density	Multifamily – Rental	$2,528/Month	$2,528
High Density	Multifamily – Rental	$2,528/Month	$2,528

Sources:
1. Average price comes from the WCRER, see Table 4.
2. Monthly cost for single-family homes and condominiums was calculated using the Fannie Mae Mortgage Calculator at https://yourhome.fanniemae.com/calculators-tools/mortgage-calculator

The average monthly payment for each zone category was then used to calculate the approximate annual household income needed to afford a home in each zone category. The annual housing income needed was then compared with the area median income (AMI) to determine the affordability of each zone category relative to the AMI. This analysis uses the King County AMI. The following formulas were used to calculate annual household income needed and income level as a percent of AMI as shown in Table 6.

Annual Household Income Needed = (Monthly payment / 0.3) * 12.

Income level as percent of AMI = Annual household income needed / Area Median Income (AMI).

Table 6 shows the affordability without subsidies for each zone category based on the average housing cost shown in Table 5. The table shows that single-family homes on Mercer Island typically require a household income of 433 percent of the AMI. Condos and townhouses usually require a household income of 112 percent of the AMI. Rental housing is more affordable, the average rent requiring a household income of 69 percent of the AMI.

Table 6. Income Level Without Subsidies by Housing Type.

Housing Type	Average Cost Without Subsidies	Annual Household Income Needed	Annual Income Level as a Percent of AMI[1, 2]
Single-Family	$15,867 /month	(15,867 / 0.3) * 12 = 634,680	634,680 / 146,500 = 433%
Condos and Townhomes	$4,085/month	(4,085 / 0.3) * 12 = 163,400	163,400 / 146,500 = 112%
Apartments	$2,528/month	(2,528 / 0.3) * 12 = 101,120	101,120 / 146,500 = 69%

Note:
1. Area Median Income (AMI) used is the King County AMI which was $146,500 in 2022 according to the U.S. Department of Housing and Urban Development (HUD). Source: https://www.huduser.gov/portal/datasets/il/il2023/2023summary.odn?STATES=53.0&INPUTNAME=METRO42660MM7600*5303399999%2BKing+County&statelist=&stname=Washington&where

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from=%24wherefrom%24&statefp=53&year=2023&ne_flag=&selection_type=county&incpath=%24incpath%24&data=2023&SubmitButton=View+County+Calculations.

2. Annual income level needed to afford each housing type without subsidy.

D. Capacity by Zone Category and Affordability Level

Table 7 combines these pieces of information from other tables in this report. Table 7 shows the housing capacity from Table 2, the average cost from Table 4, and the income level as a percent of AMI from Table 6.

Table 7. Housing Capacity by Zone Category and Affordability Level.

Zone Category	Capacity[1]	Average Cost[2]	Affordability Level Without Subsidy[3]
Very Low Density	120	$2,620,986	433%
Low Density	235	$2,620,986	433%
Medium-Low Density	10	$662,179 (Condos) and $2,528/Month (apartments)	69 - 112%
Medium-High Density	535	$662,179 (Condos) and $2,528/Month (apartments)	69 - 112%
High Density	528	$662,179 (Condos) and $2,528/Month (apartments)	69 - 112%
Total	1,428	-	-

Notes:

1. Capacity for each zone category comes from Table 2.
2. Average Cost comes from Table 4.
3. Affordability level without subsidy comes from Table 6.

Table 8 compares the zone categories, the housing types allowed in those zones, and the income levels served by the typical housing in each zone both with and without subsidies. Comparison of these factors allows the City to determine the affordability level for housing in each of the zone categories, linking capacity to affordability level. Single-family housing in Mercer island is typically high cost with the average sale price necessitating more than four times the AMI (Table 7). Given the cost of housing in these zones, subsidies to support housing affordable to households earning below 120 percent of the AMI is not feasible at the city scale. Single-family zones are assumed to only provide capacity for households earning more than 120 percent of the AMI. Though single-family zones tend to only be affordable at the upper end of the income distribution, multifamily zones have more variation.

Without subsidies, multifamily and mixed-use zones in Mercer Island are more affordable for families earning moderate income (80-120 percent of the AMI). The average sale price of owner-occupied multifamily housing, condominiums, and townhomes, is affordable to households earning 112 percent of the AMI (Table 7). The average monthly rent is affordable to households earning around 70 percent of the AMI (Table 7).

Multifamily zones are also the most likely to produce affordable units if a subsidy is provided. For the purpose of Table 8, subsidies can include affordability requirements

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like the height bonus in Town Center zones. Currently, the base building height in Town Center zones is two stories (MICC 19.11.030(A)(1) – Bulk Regulations). Buildings are allowed to exceed the base building height for residential buildings if at least ten percent of dwelling units are reserved for households earning 70 percent of the AMI for rental housing and 90 percent of the AMI for owner-occupied housing (MICC 19.11.040 - Affordable Housing). Because multifamily units, including owner-occupied units, tend to be lower-cost on a per-unit basis, subsidies and incentives can produce more affordable units at scale in zones that allow multifamily and mixed-use housing.

Table 8 shows that multifamily and mixed-use zones are the zones that can accommodate the City's housing need for households earning below 120 percent of the AMI. It lists the capacity for each zone category in the column on the right side of the table, taken from Table 2. In the analysis that follows Table 8, that capacity and the housing need from Table 1 will be compared.

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Table 8. Zone Categories, Housing Types, and Income Levels Served.

Zone Category	Typical Housing Types Allowed	Assumed Density Range	Lowest Potential Income Level Served		Assumed Affordability Level for Capacity Analysis	Capacity
			Without Subsidies	With Subsidies		
Very Low Density	Single-Family Residences	2.6-3.3 dwellings per acre	High income (>120%)	Not feasible at scale	>120% AMI	120
Low Density	Single-Family Residences	4.6-6.1 dwellings per acre	High income (>120%)	Not feasible at scale	>120% AMI	235
Medium-Low Density	Apartments and Owner-Occupied Multifamily	22.7 dwellings per acre	Moderate Income[1] (>80-≤120% AMI)	PSH, Extremely Low, Very Low, and Low-Income (0-≤80% AMI)	0-120% AMI and PSH	10
Medium-High Density	Apartments and Owner-Occupied Multifamily	26 dwellings per acre	Moderate Income[1] (>80-≤120% AMI)	PSH, Extremely Low, Very Low, and Low-Income (0-≤80% AMI)	0-120% AMI and PSH	535
High Density	Apartments and Owner-Occupied Multifamily	>100 dwellings per acre	Moderate Income[1] (>80-≤120% AMI)	PSH, Extremely Low, Very Low, and Low-Income (0-≤80% AMI)	0-120% AMI and PSH	528

Note:

1. Owner-occupied multifamily housing tends to be affordable to households earning about 112% of the AMI. On the other hand, the average monthly rent in renter-occupied multifamily housing is affordable to households earning around 70% of the AMI. Though the average rent is affordable at 70% of AMI, housing need allocated from the County is split into 50-80% and 80-100% of AMI categories. To avoid overestimating the affordability of apartments, it is assumed in this table that without subsidies, apartments are affordable to households earning at least 80% of the AMI. See Table 6 for more information about affordability levels without subsidies.
2. Subsidies include income restricted units created by incentives such as height bonuses or other required affordable units.

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E. Comparison of Projected Housing Needs To Capacity

To determine whether the City has adequate capacity to accommodate its growth targets by income segment, the zone categories and housing costs determined in previous steps were compared with land capacity and housing targets. Housing need was subtracted from housing capacity for each zone category as assigned based on the affordability level of each housing type. The difference between housing need and housing capacity gives the City a capacity surplus or deficit. Because all housing need for households earning below 120 percent of the AMI can only be accommodated in the multifamily and mixed-use zone categories, the capacity for those zone categories and the housing need in those income ranges were aggregated together. In other words, the total housing need below 120 percent of the AMI will be accommodated in all of the multifamily and mixed-use zones (Tables 7 and 8).

For the purposes of this analysis, any zone that fits into the medium-low, medium-high, and high density categories will be considered a multifamily or mixed-use zone. These zones are characterized by densities from around 22 units per acre and higher. That density range (greater than 22 units per acre) is typically made up of apartment buildings, mixed-use buildings, townhomes, and condominiums.

Table 9 shows the capacity surplus or deficit in each zone category based on the affordability levels determined earlier in the analysis. Though there is enough total capacity (1,428 units) to accommodate the overall growth target (1,239 units), there is a capacity deficit for accommodating households earning less than 120 percent of the AMI in multifamily and mixed-use zones. In multifamily and mixed-use zones there is capacity for 1,073 additional units and the housing need for households earning less than 120 percent of the AMI is 1,216 additional units. This means there is a capacity deficit of 143 units in multifamily and mixed-use zones. In the very low and low density zone categories, typified by single-family homes, there is capacity for 355 additional units. Very low and low density zones can accommodate households earning more than 120 percent of the AMI, of which the City has a need for 23 additional units. There is a capacity surplus of 332 units in the very low and low density zone categories.

Table 9. Capacity Surplus or Deficit by Zone Category and Affordability.

Zone Category	Income Level as a Percent of AMI[1]	Capacity[2] in Number of Dwellings	Housing Need at Income Level[3] in Number of Households	Surplus/Deficit
Emergency Housing	N/A	N/A	237	N/A[5]
Very-Low and Low Density	>120%	355	23	332
Medium-Low, Medium-High, and High Density	0-≤120%	1,073	1,216	(- 143)

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A capacity deficit means Mercer Island will need to increase the capacity in those zone categories enough to allow additional dwelling units. Because there is a capacity deficit in multifamily and mixed-use zones of 143 units, the City will need to find ways to increase the total number of dwellings allowed in those zones by at least 143. This can include amending building bulk and intensity to allow more use on the land already zoned for multifamily or mixed-use. For example, increasing the building heigh to allow bigger apartment buildings would increase capacity because more apartments could be built in the larger buildings. Alternatives for addressing the capacity deficit are discussed later in this report.

A capacity surplus means that Mercer Island has enough capacity in that zone category to accommodate its projected need at the related income level. Cities are not required to reduce capacity to account for a capacity surplus. Page 39 of the Commerce guidance states, "as long as jurisdictions have sufficient capacity to meet their housing needs at all income levels, there is no requirement that jurisdictions need to downzone other areas if capacity exceeds housing needs." No changes to single-family zones are expected to result from the capacity surplus found in Table 9.

F. Emergency Housing Capacity

According to the Commerce guidance, cities are not required to analyze land capacity for emergency housing if they can provide supporting documentation demonstrating both of the following conditions:

- Emergency housing is allowed in all zones that allow hotels. Alternatively, this condition may be met by demonstrating that emergency housing is allowed in a majority of zones within a one-mile proximity to transit, per RCW 35A.21.430 and RCW 35.21.683 (sections 3 and 4 of HB 1220, laws of 2021); and

- The jurisdiction has no regulations that limit the occupancy, spacing or intensity of emergency housing.

In 2021, Mercer Island adopted interim regulations to address this requirement in response to HB 1220 (Ord. No. 21C-23, renewed by 22C-14 and 23C-11). The interim regulations amended the definition of "social service transitional housing" to clarify that this use includes emergency housing as defined in state law. Social service transitional housing is a land use that is allowed by conditional use permit in a majority of zones within one mile of transit. If those interim regulations are made permanent during the Comprehensive Plan periodic review and the regulations are reviewed to ensure that they do not limit occupancy, spacing, or intensity of emergency housing, Mercer Island is not required to further analyze whether there is sufficient capacity of land to accommodate its emergency housing need.

III. Summary and Conclusions

Under the current conditions, single-family home ownership is mostly limited to households making more than four times the AMI. Condo ownership will only be affordable to households slightly more than the AMI. Households earning less than 120 percent AMI are most likely to be accommodated in multifamily and mixed-use

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zones. Without affordable housing subsidies and incentives, households making less than 70 percent of the AMI will be at risk of either being cost-burdened or priced out of Mercer Island altogether.

Summary of Analysis

- Mercer Island must plan to accommodate 1,239 new dwelling units by 2044. This housing growth target is disaggregated by income level as follows:
    - Emergency Housing – 237 Units;
    - Extremely Low (≤30% AMI) – 517 Units (178 PSH, 339 non-PSH);
    - Very Low (>30 - ≤50% AMI) – 202;
    - Low Income(>50 - ≤80% AMI) – 488;
    - Moderate Income (>80 - ≤120% AMI) – 9;
    - High Income (>120% AMI) – 23 (Table 1);
- Mercer Island has capacity for 1,428 dwelling units as follows
    - Very low density – 120 units;
    - Low density – 235 units;
    - Medium low density – 10 units;
    - Medium high density – 535 units;
    - High density – 528 units (Table 2);
- The average home sale price in 2022 was:
    - Single-Family Home – $2,620,986;
    - Condominium – $662,179 (Table 3);
- The average monthly cost by housing type in 2022 was:
    - Single-Family Home – $15,867;
    - Condominium – $4,085;
    - Apartment – $2,528 (Table 5);
- Based on the average monthly cost and without subsidies, different types of housing are affordable to households with in the following income ranges:
    - Single-Family Home – 433% of AMI;
    - Condominium – 112% of AMI;
    - Apartment – 69% of AMI (Table 6);
- Single-family homes are generally affordable to only the highest income households and do not contribute to accommodating housing needs for households earning below 120 percent of the AMI;
- Without subsidies, the cost of multifamily housing varies by tenure.
    - Owner-occupied multifamily housing such as condominiums and townhomes is affordable to households earning around 112 percent of the AMI, on average;
    - On average, renter-occupied multifamily housing is affordable to households earning around 70 percent of the AMI (Table 6);
- Subsidies and incentives are needed to provide housing that is affordable to households earning less than 70 percent of the AMI. Multifamily and mixed-use zones are the most likely to provide affordable units with subsidies and incentives (Tables 6 through 8);
    - Subsidies and incentives can include strategies such as height bonuses, density bonuses, or multifamily tax exemptions (MFTE) in exchange for construction of income-restricted units;

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- Multifamily and mixed-use zones need 143 additional units of capacity to accommodate the projected need for households earning less than 120 percent of the AMI:
    - Multifamily housing is the primary type of housing affordable to households earning below 120 percent of the AMI;
    - Mercer Island must plan to accommodate 1,216 households earning up-to and below 120 percent of the AMI; and
    - Mercer Island has capacity for 1,073 dwelling units in multifamily and mixed-use zones (Table 9).

A. Capacity Needs by Household Income Segment

1. Households With Income Greater Than 120 Percent of the AMI

Housing Need: 23 units (Table 1)
Accommodating Zone Type: Very-Low to Low Density (Single-Family Zones) (Table 8)
Capacity: 355 units (Table 2)
Capacity Surplus/Deficit: +332 units (Table 9)

2. Households Earning Below 120 Percent of the AMI

Housing Need: 1,216 units (Table 1)
Accommodating Zone Type: Medium-Low to High Density (Multifamily and Mixed-Use Zones) (Table 8)
Capacity: 1,073 units (Table 2)
Capacity Surplus/Deficit: (-)143 units (Table 9)

In general, all households that earn less than 120 percent of the AMI will be accommodated by capacity in multifamily and mixed-use zones, in a mix of condominiums and apartments. The total capacity in multifamily and mixed-use zones will need to increase by 143 units to ensure that there is enough capacity to accommodate the City's housing need for households earning below 120 percent of the AMI. As part of its Comprehensive Plan update, Mercer Island will also need to examine its incentives and subsidies for affordable housing to ensure that it is planning for its projected housing need. This review of incentives and subsidies will be conducted in a separate report addressing the 'adequate provisions' guidance provided by Commerce. Each income range below 120 percent of the AMI is discussed below.

a. Households With Income More than 100 and Less Than or Equal to 120 Percent of the AMI

The City must plan for 5 new households earning between 100 and 120 percent of the AMI through the planning period (Table 1). The housing types affordable to these households are single-family dwellings priced below the average, owner-occupied multifamily (i.e., condominiums and town homes), and higher-cost apartments.

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Middle housing forms also increase opportunities for home ownership at a lower price than detached single-family homes because they are smaller units on smaller lots compared to detached single-family homes. These characteristics make middle housing more affordable than larger single-family homes. In responding to HB 1110 during the Comprehensive Plan Update, the City will add more middle-housing capacity that will contribute to accommodating households in this income range.

b. Households With Income More than 80 and Less Than or Equal to 100 Percent of the AMI

According to the City's allocated housing need, the City must plan for an additional 4 households earning between 80 and 100 percent of the AMI. Based on the analysis in Table 6, market-rate condominiums and apartments are typically affordable at this income range. The City has over capacity for 1,073 higher density dwelling units (apartments and condos). Though there is a high-density housing capacity shortfall per the analysis in Table 9, the deficit is primarily in the number units affordable below market rate.

c. Households With Income More than 50 and Less Than or Equal to 80 Percent of the AMI

The City must plan to accommodate 488 additional households that earn between 50 and 80 percent of the AMI. Some households in this income segment can afford market-rate rental housing, which on average is affordable to households earning around 70 percent of the AMI (Table 6). Households earning below 69 percent of the AMI are likely to begin to be cost-burdened in market-rate rentals. Without subsidies, incentives, income-restricted units, and/or other housing cost mitigation measures, households at the lower-end of this income segment are at risk of becoming severely cost-burdened or potentially priced out of Mercer Island altogether. This income segment is expected to be accommodated in higher-density, lower-cost, housing.

d. Households With Income More than 30 and Less Than or Equal to 50 Percent of the AMI

The City must plan to accommodate 202 additional households that earn between 30 and 50 percent of the AMI. The average owner-occupied and renter-occupied market rate housing in Mercer Island is priced beyond what a household in this income segment can afford. Subsidies and/or incentives will be required to accommodate this income segment.

e. Households With Income Less Than or Equal to 30 Percent of the AMI

The City must plan to accommodate 339 additional households that earn below 30 percent of the AMI. The average owner-occupied and renter-occupied market rate housing in Mercer Island is priced beyond what a household in this income segment can afford. Subsidies and/or incentives will be required to accommodate this income segment because the market is not providing affordable units at this income level.

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f. Permanent Supportive Housing

The City must plan to accommodate 178 units of permanent supportive housing (PSH). Subsidies and/or incentives will be required to accommodate PSH because the market is not providing affordable units at this income level.

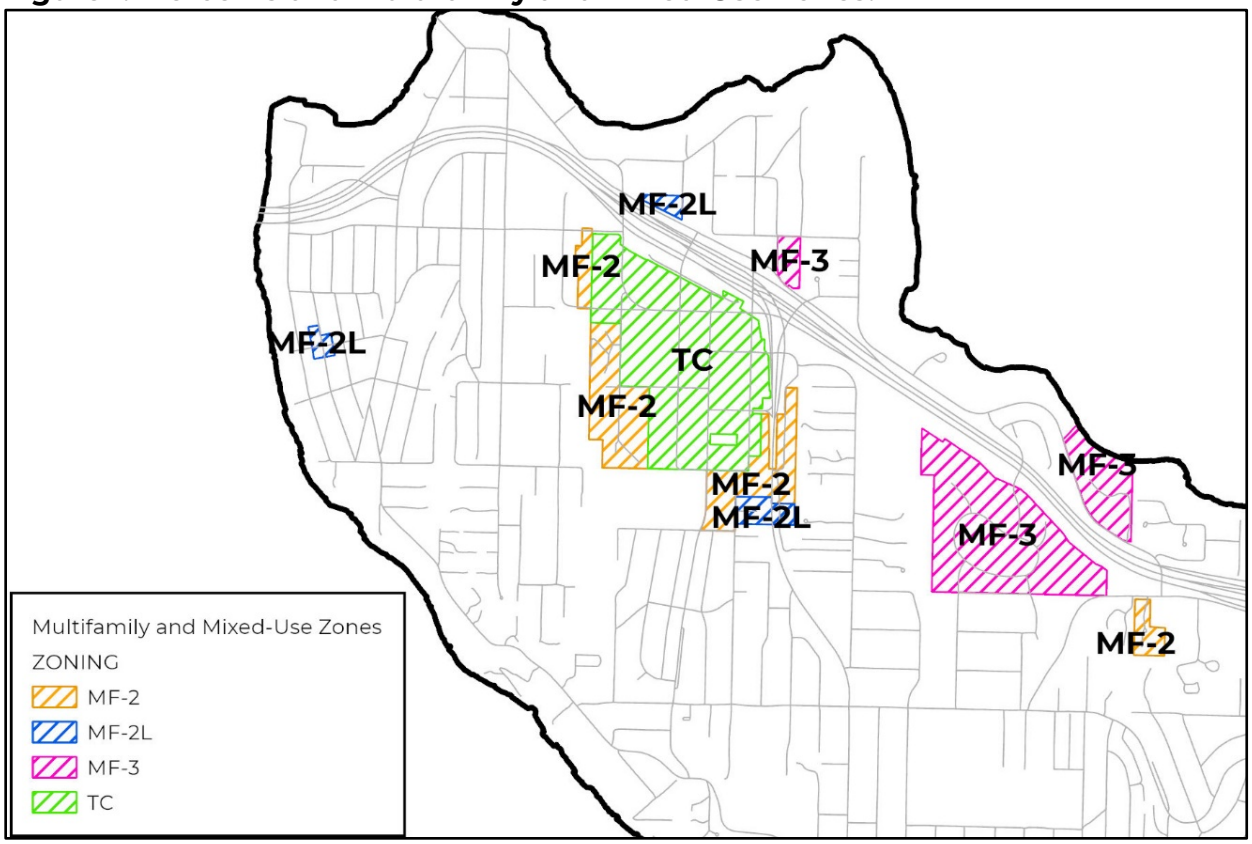
3. Emergency Housing

The City must plan to accommodate 237 units of emergency housing. Emergency housing units are sometimes referred to as beds because these units are not full dwelling units (a unit with living, cooking, and sanitation facilities). As stated elsewhere, additional capacity analysis for emergency housing is not necessary if the City makes interim regulations for emergency housing permanent and review those regulations for spacing requirements.

B. Multifamily and Mixed-Use Zones

Multifamily and mixed-use zones provide capacity to accommodate households earning less than 120 percent of the AMI (Table 8). Relative to the projected housing need, there is a 143-unit capacity deficit in multifamily and mixed-use zones (Table 9). This deficit is small enough that it can be addressed by changes to the regulations in multifamily and mixed-use zones without amending the existing zoning boundaries. Figure 1 shows a map of the multifamily (MF-2, MF-2L, and MF-3) and mixed-use (TC) zones in Mercer Island.

Figure 1. Mercer Island Multifamily and Mixed-Use Zones.



Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

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Mercer Island has three multifamily zones: MF-2, MF-2L, and MF-3. The development regulations for the multifamily zones are established in Chapter 19.03 Mercer Island City Code (MICC). The last amendment to the multifamily zone development regulations that affected development capacity was made in 2006 by Ordinance 06C-04. In the current Comprehensive Plan, only Land Use Element Policy 15.3 specifically addresses multifamily zones. Table D.1 in Appendix C details the Comprehensive Plan policies and development regulations that apply to multifamily zones.

Mercer Island's mixed-use Town Center zone (TC) has six subareas: TCMF-3, TCMF-4, TC-3, TC-4, TC-4 Plus, and TC-5. The development regulations for the Town Center are established in Chapter 19.11 MICC. The Town Center policies and development regulations were updated during the previous comprehensive plan periodic review that concluded in 2017. Land Use Element Goals 1 through 14 and their associated policies address development in TC zones. Table C.2 in Appendix C details the Comprehensive Plan policies and development regulations that apply to the Town Center.

IV. Addressing Capacity

The capacity shortfall identified in Table 9 can be addressed in many ways. Three options for addressing the capacity shortfall are analyzed in this report:

A. Increase Maximum Height to Permit One Additional Residential Story in Town Center;
B. Allow Multifamily Residential Use in the Commercial Office Zone; and
C. Increase Maximum Density From 26 to 30 Dwellings per Acre in the MF-3 Zone.

A. Increase Maximum Height to Permit One Additional Residential Story in Town Center

Figure 2 shows the six Town Center subareas and their corresponding height limit.

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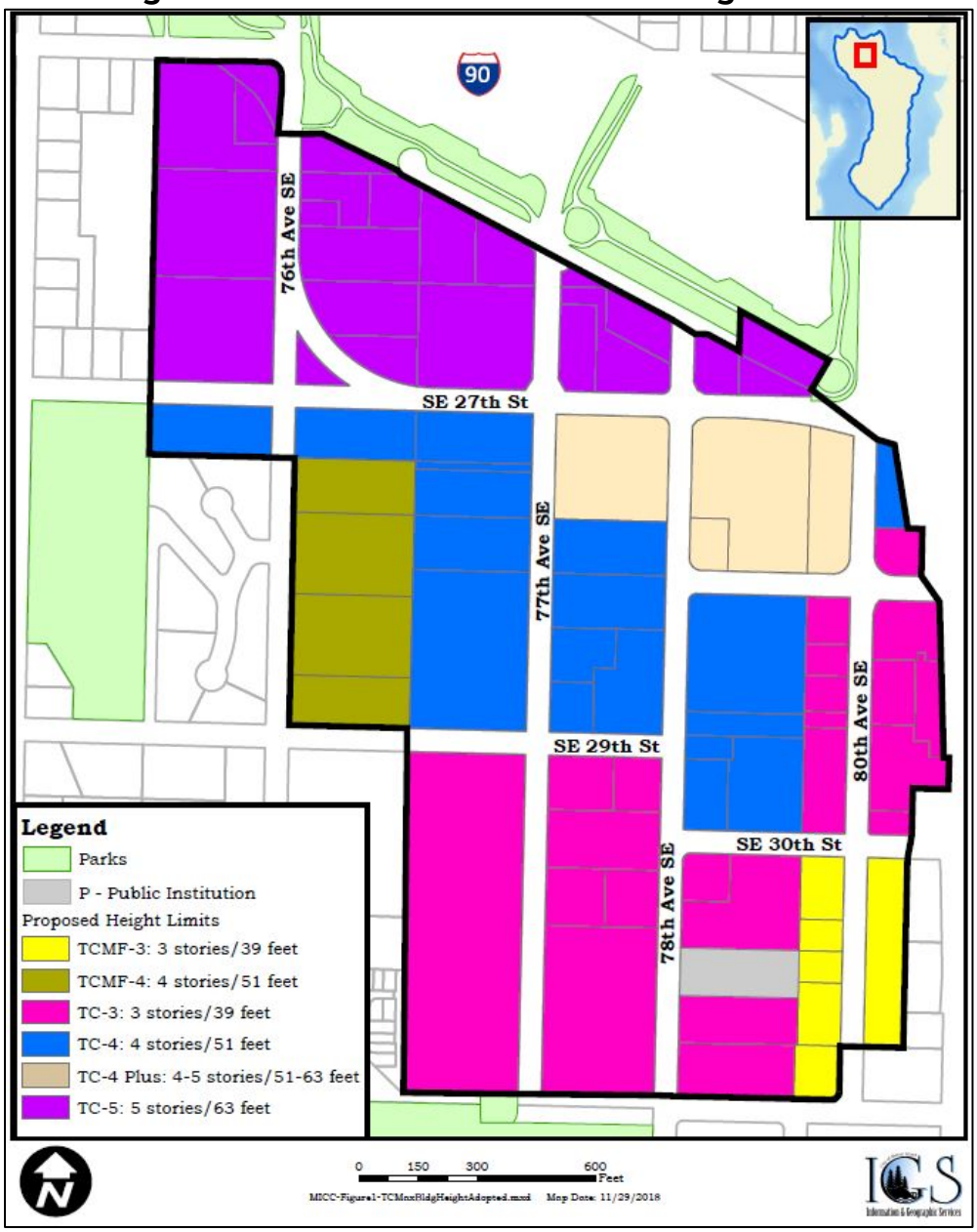
Figure 2. Town Center Subareas and Height Limit.



Source: Mercer Island City Code (MICC) 19.11.015 – Town Center Subareas.

Increasing the building height by one story in the Town Center subareas would increase mixed-use development capacity. The maximum building height in the subareas can be increased as follows:

- TC-3 and TCMF-3 from three to four stories;
- TCMF-4, and TC-4 from four to five stories; and
- TC-5 and TC-4 plus from five stories to six.

The UGC Report lists the total capacity in the Town Center as 528 dwelling units. To analyze the effect of increasing the maximum building height in Town Center, staff

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developed the analysis detailed in Table 10. The formula to determine capacity has five steps:

1. **Redevelopable area**, in square feet, from the UGC Report is reduced by 13.5 percent. This is the market and public purpose factor used in the UGC Report. The result is the **gross developable area**;
2. The gross developable area does not consider the other development regulations that apply such as maximum lot coverage and building bulk requirements. After reviewing the development standards, roughly 75 percent of lot area is developable after regulations are applied. A 0.75 assumed building coverage factor was applied to the gross building square footage to arrive at a **net developable area;**
3. Next, the net developable area is multiplied by the expected number of residential stories in each Town Center subarea. This analysis assumes that the first floor will be used for commercial uses, so the expected number of residential stories is the total allowed minus one. The result of this step is the **residential building square footage**;
4. To convert the residential building square footage to a number of dwelling units, the residential building square footage was divided by an assumed unit size of 925 square feet. Since the year 2000, the average unit size permitted in Town Center was 928 square feet. The average unit size was rounded down to 925 because unit sizes have been trending smaller in recent years. The result is the **gross dwelling unit capacity**;
5. The final step is subtracting the existing dwelling units on redevelopable lots from the gross dwelling unit capacity. The result is the **net dwelling unit capacity (proposed)**.

The net dwelling unit capacity formula is:

((Redevelopable Square Footage X (1 - Market Factor) X Building Coverage X Stories Allowed)/Assumed Unit Size) – Existing Dwelling Units

Table 10 shows the development capacity in Town Center after an additional story is allowed. Increasing the maximum building height as proposed would increase development capacity from 528 dwellings to 681 dwellings; adding capacity for 153 additional dwelling units, enough to accommodate the capacity shortfall identified in this report.

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Table 10. Town Center Capacity With Proposed Height Increase.

	A	B	C	D	E	F	G
Subarea	**Total Redevelopable Area[2]**	**Proposed Stories Allowed**	**Assumed Building Coverage**	**Assumed Unit Size[3]**	**Market Factor[4]**	**Existing Dwelling Units on Redevelopable Parcels**	**Net Dwelling Unit Capacity (Proposed)[1]**
	From UGC Report		MICC 19.11.030	MICC 19.11.070		UGC Report	
TCMF-3	41,382.00	4	0.75	925	0.135	94	0[5]
TCMF-4	-	5	0.75	925	0.135	0	0
TC-3	612,889.20	4	0.75	925	0.135	841	449
TC-4	337,590.00	5	0.75	925	0.135	896	52
TC-4 Plus	75,794.40	6	0.75	925	0.135	233	33
TC-5	141,570.00	6	0.75	925	0.135	350	147
					TOTAL CAPACITY		**681**

Notes:

1 Proposed capacity formula for Column G: (((A * E) (B-1) C) / D) – F. Note, most of Town Center requires commercial development on the first floor. The height term in the equation is column B minus 1 to account for first floor commercial, assuming new development will be mixed-use.

2 Total redevelopable area is shown in square footage.

3 Between 2000 and 2023, ten mixed-use developments were permitted in Town Center. The total residential square footage in those ten developments was 1,135,212 for 1,223 dwelling units, a rate of 928 square feet per dwelling. A table of the permitted mixed-use development in Town Center is provided in Appendix D.

4 The market factor is a reduction of 13.5%. This reduction in capacity is included to represent that some property will not be developed or redeveloped during the planning period. The UGC Report reduced capacity by 10% for a market factor and 3.5% for a public purposes factor. The 0.865 market factor in Column E is used to allow multiplication to show capacity is reduced by 13.5%.

5 Per guidance from the County when preparing data for the UGC Report, in zones where capacity is less than existing dwelling units, the final capacity is zeroed out.

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Benefits, Drawbacks, and Future Considerations For This Alternative

Benefits	• Would focus additional development capacity in Mercer Island's most intensely developed area, limiting potential impacts to surrounding lower-intensity residential areas; • Would place additional development capacity near the light rail station and I-90 onramps, providing ample transportation connections. Additional households accommodated in this capacity would be within walking distance to key transportation infrastructure; • Would locate additional development capacity in an area with existing employment opportunities and services, reducing the need to travel elsewhere. Locating additional residential capacity near the City's largest commercial area could also further economic development goals by increasing the customer base; and • In addition to increasing capacity by adding another story to maximum building height, this would also give the City the opportunity to explore adjusting its affordability requirements in the Town Center to leverage the additional height allow for more affordable housing units.
Drawbacks	• Keeping the majority of residential development capacity focused in Town Center does not address the lack of affordable places to live throughout the City; • Would increase capacity in an area with some displacement risks. The southern area of the Town Center is has older residential development and increasing the capacity in that area might spur redevelopment of older, lower-priced units; and • Increased development activity in 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. Care would be needed to address potential displacement of existing businesses and avoid a net reduction in commercial capacity so local businesses have room to start and grow.
Future Considerations	• As a mixed-use zone, the Town Center is a residential *and* commercial center for the City. As the core redevelops and has more intense land use, the Town Center Subarea Plan may need some updates to reflect the changing circumstances, and • If this change does not add enough capacity in Town Center to spur redevelopment and increase the amount of affordable housing supplied, the City will need to explore additional ways to increase development capacity before the next periodic review.

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Conclusion

Increasing the maximum building height as proposed would increase development capacity from 528 dwellings to 681 dwellings; adding capacity for 153 additional dwelling units, enough to accommodate the capacity shortfall identified in Table 9.

B. Allow Multifamily Residential Use in the Commercial Office Zone

An option for addressing the capacity shortfall identified in this report is amending the Commercial Office (C-O) zone regulations from allowing primarily commercial and office type uses to a mixed-use zone through the addition of higher density multifamily residential uses.

The C-O zone is shown in Figure 3.

Figure 3. Commercial Office Zone.

Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

The Commercial Office (C-O) zone is located at the north end of the island, immediately south of I-90 between East Mercer Way and 93rd Avenue Southeast. There are currently 10 lots in the C-O Zone. There is a single lot zoned C-O that is west of North Mercer Way which is part of the Gallager Hill open space. This open space lot is expected to be rezoned with parks/open space designation during the Comprehensive Plan update. The remaining nine lots are developed primarily for commercial and institutional uses. The majority of buildings in this area were constructed between 1957 and 1981. Development in this area is typically composed

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of one- and two-story buildings surrounded by surface parking lots. The commercial land uses in this area are offices for professional services and services such as daycares and private schools. City hall is located in this area. The intersection of E Mercer Way, SE 36th Street and eastbound I-90 ramps is located in the eastern portion of this area. As a major entrance and exit to the interstate, this intersection experiences significant traffic levels during peak travel hours.

Residential Capacity

Given that there is no residential capacity in the C-O zone, the relative age of the improvements in this area, and the low development intensity, allowing multifamily residential development in the C-O zone would add residential capacity in the densities needed to address Mercer Island's housing need. To analyze the potential capacity increase allowing multifamily development in the C-O zone, staff used the following steps:

1. Parcels were analyzed for whether they are vacant or redevelopable using the same method deployed in the UGC Report. In that report commercial and mixed-use parcels were considered redevelopable if the ratio of improvement value to land value was less than 0.5 (Improvement Value ÷ Land Value < 0.5). Then, all parcels with a ratio below 0.5 were combined to determine the **gross developable area**.
2. The gross redevelopable area, was then reduced by two factors to arrive at the **net developable area**. The two factors were:
    a. Public use and market factors: 13.5 percent. This is the market and public purpose factor used in the UGC Report.
    b. Critical areas and their buffers were removed.
3. The net developable area is then multiplied by the expected stories of residential development. The result of this step is the **gross residential building square footage**. This analysis assumes the following:
    a. The maximum building height will allow four stories total, and
    b. The first floor will be used for commercial uses, so three stories of residential development are expected.
4. The gross residential building square footage does not take into account the other development regulations that apply such as maximum lot coverage and building bulk requirements. After reviewing the development standards, roughly 75 percent of lot area is developable after regulations are applied. A 0.75 assumed building coverage factor was applied to the gross building square footage to arrive at a **net building residential square footage**;
5. To convert the net residential building square footage to a number of dwelling units, the net residential building square footage was divided by an assumed unit size of 925 square feet. Since the year 2000, the average unit size permitted in Town Center was 928 square feet. The average unit size was rounded down to 925 because unit sizes have been trending smaller in recent years. The result is the **gross dwelling unit capacity**;
6. The final step is subtracting the existing dwelling units on redevelopable lots from the gross dwelling unit capacity. The result is the **net dwelling unit capacity**.

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Gross Developable Area

Six of the ten parcels in the C-O zone have an improvement value to land value ratio less than 0.5, meaning they are developable. One of the parcels is part of the Gallagher Hill open space and is expected to be rezoned to the parks zone during the Comp Plan update and so, for the purposes of calculating capacity, it will be excluded from the developable land totals. The remaining 5 redevelopable parcels make up a total of 11.38 acres (495,856.65 square feet). Figure 4 shows the gross developable area in the C-O zone.

Figure 4. Commercial Office Zone Gross Developable Area.

Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D, and King County Assessor's Data.

Net Developable Area

Once the redevelopable parcels have been identified, any critical areas and their buffers must be removed because development is limited or prohibited in those areas. Critical areas and buffers were removed from the gross developable area. Figure 5 shows the gross developable area with the critical areas removed. This reduced the developable land to 9.77 acres (425,625.08 square feet).

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Figure 5. Commercial Office Zone Gross Developable Area Minus Critical Areas and Their Buffers.

Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D, Mercer Island Critical Area Maps, and King County Assessor's Data.

Next, the 425,625.08 square feet of gross developable area minus the critical areas was reduced by the public purpose (3.5%) and market (10%) factors for a total reduction of 13.5 percent. The resultant metric is the net developable area: 368,165.69 square feet.

Residential Capacity

Table 11 shows the residential development capacity if the C-O zone allowed up to 4 story mixed-use development. For calculating the development capacity, staff used the same assumptions used for calculating capacity in the Town Center subarea TC-4. The assumptions are as follows:

- The parcel data, including land area, values, and improvement values, was gathered from the King County Assessor's website.
- It is assumed that the first floor of buildings will be used for commercial land uses.
- Only 75 percent of the site will be covered by new buildings to meet open space requirements and to account for building design constraints in Chapter 19.11 MICC.
- The average size of a dwelling unit in a multi-family building is 925 square feet. This is based on the average unit size in permitted development in Town Center from 2000 to 2023. During that time period, the average unit size was 928 square feet (1,135,212 residential square feet of development, 1,223 dwelling

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units). The average unit size was rounded down to 925 because unit sizes have been trending smaller in recent years.

- Parcel 4139300250 is excluded because it is an open space parcel and is expected to be rezoned to match the rest of the Gallagher Hill open space.
- Buildings exceeding 2 stories in TC-4 must include at least ten percent of units as affordable housing units (MICC 19.11.140(B)). A similar requirement is expected to be included in some capacity in a mixed-use zone in this area.
- The calculations for mixed-use zone capacity in the UGC Report used an assumed density to determine residential capacity. The assumed density was based on the rate of dwelling units per acre previously achieved in the zone. Because mixed-use development has not been allowed in the C-O zone, there is no achieved density to determine capacity. Instead of using the assumed density, staff developed a formula to account for the development standards' effects on maximum building size.
- In Town Center zones, the UGC Report reduced capacity by a market factor of 10 percent and a public purposes factor of 3.5 percent for a total reduction of 13.5 percent. This means that net capacity after the market and public purposes reduction is 86.5 percent of the gross capacity.

Table 11. Residential Capacity in the C-O Zone if Rezoned to Mixed-Use (TC-4).

Redevelopable Square Footage	Stories Allowed	Assumed Building Coverage	Assumed Unit Size	Market Factor	Capacity	Affordable Units
425,625.08	**4**	**0.75**	**925**	**0.135**	**895**	**90**

Residential Capacity formula:

(redevelopable square footage X (1 - market factor) X 3 stories X building coverage)/assumed unit size

(425,625.08 X 0.75 X 0.865 X 3) / 925 = 895

Developable Square Footage	X	1 - Market Factor	X	Residential Stories	X	Building Coverage	/	Unit Size	=	Residential Capacity
425,625.08		0.865		3		0.75		925		895

Additional Development Standards

If multifamily residential land uses are allowed in the C-O zone, the City would likely also adopt new development standards to ensure that new development would be compatible with the lower-intensity residential land uses in neighboring zones. This could include dimensional and bulk standards that might affect residential capacity in the zone. The 895-unit capacity found above could be reduced by development standards, but given the amount of developable land in the C-O zone, development standards are not expected to reduce the residential capacity below the 143-unit level needed to address the capacity shortfall.

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Commercial Capacity

In addition to residential development, allowing mixed-use development in the C-O zone would allow commercial development. Table 12 shows the commercial development capacity on the developable parcels in the C-O zone should mixed-use be allowed. To estimate the employment capacity impacts of allowing mixed-use development in this area, staff used the following assumptions:

- Commercial development capacity in this zone will increase because this analysis considers the former City Hall lot to be redevelopable whereas the UGC Report considered this lot as fully developed;
- Jobs will occur at a rate of 200 square feet per job, the same assumption used in the UGC Report;
- There is 55,520 square feet of existing commercial square footage pre the UGC Report; and
- The assumed density of commercial development will be a floor area ratio (FAR) or 0.50, the same assumed FAR used for TC-4 in the UGC Report.

Table 12. Commercial Capacity in the C-O Zone if Rezoned to Mixed-Use (TC-4).

Developable Square Footage	Market Factor	Assumed FAR	Existing Commercial Square Footage	Square Feet Per Job	Job Capacity
425,625.08	0.865	0.50	55,520	200	643

Commercial Capacity Formula:

(Redevelopable Square Footage X (1 - Market Factor) X Assumed FAR – Existing Commercial Square Footage) / 200 Square Feet Per Job

Developable Square Footage	X	1- Market Factor	X	Assumed FAR	-	Existing Commercial Square Footage	/	Square Feet Per Job	=	Jobs Capacity
425,625.08		0.865		0.50		55,520		200		643

The UGC Report estimates the C-O zone has 177 jobs worth of existing commercial development capacity. Increasing the commercial development capacity to 643 jobs would add capacity for 466 jobs.

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Benefits, Drawbacks, and Future Considerations Summary For This Alternative	
Benefits	• Would produce the largest increase in development capacity of the three alternatives considered in this report. A larger capacity increase gives more latitude for accommodating the City's housing needs; • Adding another mixed-use area in the City would add employment capacity in addition to residential capacity. This will help to ensure that the City continues to have adequate capacity to accommodate employment growth; and • Overshooting the capacity needs today can help the City prepare for growth that will occur in the years following the planning period.
Drawbacks	• The additional traffic generated by mixed-use development in this area will only be able to move through a few intersections, concentrating traffic impacts, and • The risk of displacement of existing businesses in this area may increase as increasing development capacity makes redevelopment more likely.
Future Considerations	• Increased traffic could necessitate infrastructure improvements to intersections in the area; • Additional development regulations to address compatibility with the neighboring zones could be required. These development regulations could include upper-story step backs and dimensional standards; and • Amendments to allow multifamily residential in the C-O zone should include an affordable housing incentive similar to the height bonus in Town Center to help ensure that new development in this zone adds to City's the affordable housing stock.
Conclusion	• Allowing multifamily residential uses in the C-O zone would add capacity for up to 895 more dwellings. This is enough to address the 143 dwelling unit shortfall identified in Table 9. • If the C-O zone developed with mixed-use development, there would be capacity for around 643 jobs, a 466 job increase.

C. Increase Maximum Density From 26 to 30 Dwellings per Acre in the MF-3 Zone

Another approach to addressing the multifamily and mixed-use capacity deficit is to amend the development regulations in the multifamily zones to allow more development within the existing area zoned MF-2, MF-2L, and MF-3. Development standards for the multifamily zones are established in Chapter 19.03 MICC. The simplest way to increase capacity in the multifamily zones is to amend the maximum density.

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According to the UGC Report, 56.92 acres zoned multifamily provide development capacity for 535 dwelling units. All of the development capacity in multifamily zones is in the MF-3 zone. All of this development capacity is in redevelopable land rather than vacant land, meaning that development is only expected on land with existing development. At the time the UGC Report was prepared there were 597 existing dwelling units on the MF-3 zoned land that was considered redevelopable. Of the 56.92 acres that are redevelopable, about 45 come from a single parcel. That parcel has an existing multifamily development called Shorewood.

The UGC Report method for calculating development capacity does not allow for considering the effect of amending any development regulations other than the maximum density. Table 13 shows the development capacity in multifamily zones and the factors used to calculate capacity. The UGC Report capacity formula is:

(Developable Acreage X (1 – (Market Factor + Public Purpose Factor)) X Assumed Density) – Existing Dwelling Units

Table 13. Multifamily Zone Development Capacity.

Zone	Developable Acreage	Market Factor	Public Purpose Factor	Assumed Density[1]	Existing Dwelling Units[2]	Final Capacity
MF-2L	0.21	0.20	0.035	26	5	0[3]
MF-2	2.07	0.20	0.035	38	101	0[3]
MF-3	56.92	0.20	0.035	26	597	535[4]

Notes:

1. Maximum density in multifamily zones is established in MICC 19.03.010(F).
2. Existing dwelling units from UGC Report source data.
3. Capacity is zeroed out in cases where the capacity formula yields a negative number because there are more existing dwelling units than the product of developable acreage times the sum of market factor and public purpose factor times the allowed density.
4. Due to a difference in rounding, the final capacity for multifamily zones was listed as 535 in the UGC Report though running the calculations with the figures above produces a result of 536.

Increasing the assumed density would increase development capacity. Increasing the maximum allowed density in the MF-3 zone from 26 dwellings per acre to 30 dwellings per acre would add capacity for 174 more dwellings. This is enough to address the 143 dwelling unit shortfall identified in Table 9. Table 14 shows the capacity that would result from increasing density to 30 dwellings per acre in the MF-3 zone.

Table 14. Multifamily Zone Development Capacity With Increased Density.

Zone	Developable Acreage	Market Factor	Public Purpose Factor	Proposed Density[1]	Existing Dwelling Units[2]	Final Capacity
MF-2L	0.21	0.20	0.035	30	5	0[3]
MF-2	2.07	0.20	0.035	38	101	0[3]
MF-3	56.92	0.20	0.035	30	597	709

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Notes:

1. Maximum density in multifamily zones is established in MICC 19.03.010(F). This table examines how increasing the maximum density in MF-2L and MF-3 from 26 to 30 dwelling units per acre would affect development capacity. In the table, MF-2L and MF-3 are linked because the maximum density for both zones is set in the same line of development code. The City could decide to only amend the maximum density in the MF-3 zone and the capacity increase would be the same.
2. Existing dwelling units from UGC Report source data.
3. Capacity is zeroed out in cases where the capacity formula yields a negative number because there are more existing dwelling units than the product of developable acreage times the sum of market factor and public purpose factor times the allowed density.

Benefits, Drawbacks, and Future Considerations For This Alternative

Benefits

- Simple development code amendment to add enough development capacity in multifamily zones to address the shortfall identified in Table 9;
- Would focus increased capacity in a zone that already allows multifamily development;
- Increase of density from 26 to 30 dwelling units per acre is only a minor increase in the allowed development intensity in the MF-3 zone; and
- Other development regulations will help mitigate the effects of increasing the maximum density.

Drawbacks

- Would not address the other development regulations that might make affordable housing development more challenging;
- Other regulations such as maximum lot coverage and parking standards might still need amendments to support affordable housing;
    - For example, the cost of providing parking spaces typically increases per-unit construction costs and residential development in the multifamily zones is required to include two parking spaces per dwelling unit (MICC 19.03.020(B)(1)). Requiring two parking spaces per unit adds to the cost of construction for any potential affordable housing in this zone; and
- Would increase capacity in an area with some displacement risks. About 80 percent of the developable land in the MF-3 zone is found in the parcel containing the Shorewood apartment complex. These apartment homes are older and can be more affordable than newer apartments. Increasing development capacity in this area could incentivize redevelopment that would replace more-affordable existing homes in this area with more-expensive new homes.

Future Considera

- Comprehensive Plan needs policies that address multifamily zones, and
- Multifamily development regulations should be analyzed in the near future for potential amendments to ensure that multifamily zones can accommodate affordable housing needs.

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Conclusion

Increasing the maximum allowed density in the MF-3 zone from 26 dwellings per acre to 30 dwellings per acre would add capacity for 174 more dwellings. This is enough to address the 143 dwelling unit shortfall identified in Table 9.

D. Other Housing Element Amendments

In addition to addressing the housing capacity for projected affordable housing needs, the City will be required to amend housing policies to address other topics. This includes:

- Make adequate provisions for the existing and projected needs of all economic segments of the community as required by RCW 36.70A.070(2)(d);
- Anti-displacement policies and amendments to address racially disparate impacts as required by RCW 36.70A.070(2)(e)-(h); and
- Address middle housing and accessory dwelling units to comply with recent statewide legislation.

1. Adequate Provisions

To make adequate provisions for the existing and projected needs of all economic segments of the community the City will identify barriers to housing production and adopt policies to address those barriers. Commerce has provided guidance for identifying barriers to housing production. The Commerce guidance outlines a process of listing barriers such as high cost of land and preparing a list of potential policies to address that barrier such as making surplus city-owned land available for affordable housing development. Prior to drafting the Housing Element, staff will identify barriers to housing production and develop policy options for addressing barriers that can be considered with the draft of the element. The policy options added to the Housing Element that address the identified barriers will constitute adequate provisions for existing and projected housing needs.

2. Racially Disparate Impacts and Anti-Displacement Policies

One of the requirements added by HB 1220 is that cities and counties must analyze housing policies for potential racially disparate impacts, identify areas at risk of displacement as development occurs, and establish anti-displacement policies. A report based on the Commerce guidance will be prepared that identifies existing policies that might need to be amended to address potential impacts. That report will also provide anti-displacement policies that can be considered during the Comprehensive Plan periodic review.

3. Middle Housing and Accessory Dwelling Units (ADUs)

In 2023, the WA State Legislature enacted House Bills 1110 and 1337. House Bill 1110 requires development code amendments to allow middle housing types in zones that allow single-family residences. House Bill 1337 establishes required development standards for ADUs. Policy amendments may be required by these two bills. The

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Housing Element will be reviewed during the drafting process to ensure that it is consistent with state law.

Middle housing and ADUs tend to be more affordable dwelling units because they are smaller and carry lower land costs. Because they tend to be more affordable, middle housing units and ADUs can also be considered part of the City's strategy for accommodating housing needs.

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Appendix A - Land Capacity Analysis Supplement Methodology

Methodology Introduction

The City of Mercer Island (City) is in the process of completing a periodic review of its Comprehensive Plan. The periodic review must be completed by December 31, 2024 (RCW 36.70A.130). RCW 36.70A.070(2) requires that that Comprehensive Plan include a Housing Element. The requirements for the Housing Element were amended in 2021 by Engrossed Second Substitute House Bill 1220 (HB 1220). These amendments require cities to analyze development capacity and make adequate provisions to accommodate housing for households throughout the income distribution. In 2023, the WA Department of Commerce (Commerce) issued guidance for meeting the new planning requirements added by HB 1220. The guidance recommends cities conduct additional analysis of development capacity to identify existing capacity affordable at varying income levels and inform the process of making adequate provisions to accommodate housing for all income levels. This methodology outlines the steps the City will undertake to perform that additional land capacity analysis.

Existing Land Capacity Analysis

The City completed a land capacity analysis in 2020, at the same time as other cities in King County in preparation for the periodic review. The 2020 land capacity analysis looked at development capacity under the previous planning framework, subject to standards that predated the enactment of HB 1220. HB 1220 added requirements to the previous planning framework, which means the land capacity analysis can be used as a foundation for the additional analysis now required under HB 1220. For that reason, the methodology provided in this document details an analysis that will supplement the 2021 land capacity analysis. This supplement is necessary to comply with the new requirements in RCW 36.70A.070(2)(c).

RCW 36.70A.070(2)

The Growth Management Act (GMA) requirements for what must be included in a Housing Element are established in RCW 36.70A.070(2). Specifically, RCW 36.70A.070(2)(c) states:

> (2) A housing element ensuring the vitality and character of established residential neighborhoods that: […]
>
> > (c) Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes; […]

This requirement was amended by HB 1220 to include identification of housing capacity for moderate, low, very low, and extremely low-income households. HB 1220 also amendment RCW 36.70A.070(2)(c) to require cities and counties to determine the development capacity for emergency housing, emergency shelters, permanent

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supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes.

The identification of land capacity for housing affordable at varying income levels is directly related to another GMA requirement that cities make adequate provisions to accommodate housing for all economic segments. That requirement is established in RCW 36.70A.070(2)(d), which states:

> (2) A housing element ensuring the vitality and character of established residential neighborhoods that: [...]
>
> > (d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:
> >
> > > (i) Incorporating consideration for low, very low, extremely low, and moderate-income households;
> > >
> > > (ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;
> > >
> > > (iii) Consideration of housing locations in relation to employment location; and
> > >
> > > (iv) Consideration of the role of accessory dwelling units in meeting housing needs; [...]

The purpose of the land capacity analysis supplement, the methodology for which is detailed in this document, is to identify land capacity for all income segments as required by RCW 36.70A.070(2)(c). That analysis will then inform the decision-making process to ensure the City makes adequate provisions for projected housing needs as required by RCW 36.70A.070(2)(d). Commerce has provided cities with guidance for satisfying these requirements.

Commerce Guidance

Commerce has issued guidance for compliance with the updated Housing Element requirements established by HB 1220. The steps and tasks detailed in this methodology are adapted from the Commerce guidance.

Data Sources

Conducting the supplemental land capacity analysis will include analysis of several data sources. The City will use the following data sources.

King County Urban Growth Capacity Report

In 2021, King County issued the Urban Growth Capacity Report (UGC Report). This report provides the development capacity for all cities within the County, including Mercer Island. The UGC Report was prepared based on the land capacity analysis

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requirements prior to HB 1220. The capacity detailed in this report will be the foundation of the additional analysis of the land capacity analysis supplement.

King County Assessor's Parcel Data

The King County Assessor maintains a data set of parcel-level data. This data shows the size of lots throughout the City, the assessed value of the land and improvements, and when the lot was developed. This information is central to determining whether a lot is fully developed or has potential development capacity.

Mercer Island Zoning Map

The Mercer Island Zoning Map shows the location of the different zones throughout the City. This is integral to determining development capacity because zoning sets the maximum density and performance standards that shape the type of development allowed in each zone.

Critical Area Maps

The City of Mercer Island maintains maps of the possible location of critical areas such as wetlands and watercourses. Critical areas and their buffers are parts of the City where development capacity can be limited by environmental regulations. For example, wetlands have buffers within which additional lot coverage and hardscape are prohibited which limits the developability of that area. The critical area maps will be used in this analysis to identify those areas of the City where capacity is constrained by environmental regulations.

Mercer Island Permit Data

The City of Mercer Island maintains data on permitted activity. This data provides a record of what development has occurred and will inform assumptions about achieved housing density. Understanding achieved development is vital to understanding what development is likely in the near future.

King County Housing Need Projection

King County has allocated housing needs to cities based on the Housing For All Planning Tool (HAPT) provided by Commerce. The housing need assigned to the City of Mercer Island is shown in Table 1 below.

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Table 1. Mercer Island Housing Need.

	Total	<30%		>30 to >50%	>50 to <80%	>80 to <100%	>100 to >120%	>120%	Emergency Housing
		Non-PSH[1]	PSH[1]						
Future Need (2044)	11,808	613	178	487	674	1,510	1,239	7,107	237
Baseline Supply (2019)	10,569	274	N/A[2]	285	186	1,506	1,234	7,084	N/A[2]
Net New Need: 2019-2044	1,239	339	178	202	488	4	5	23	237

Source: King County Growth Management Planning Council Motion 23-1.
Notes:

3. Permanent Supportive Housing (PSH)
4. There was no PSH or emergency housing supply in the City in 2019.

Washington Center for Real Estate Research Housing Market Data Toolkit

The Washington Center for Real Estate Research (WCRER) provides data on housing, including average housing costs. The WCRER website is: https://wcrer.be.uw.edu/housing-market-data-toolkit/

Assumptions

Assumptions form the basis of extrapolating meaning from data. They are a key component of any data analysis. The City will make the following assumptions related to housing capacity.

An Affordable Home Does Not Cost More Than 30 Percent of Household Income

The crux of this supplemental land capacity analysis is analyzing housing affordability for all income segments. Housing affordability is defined in the Growth Management Act (GMA) as housing with a cost that does not exceed thirty percent of a household's income (RCW 36.70A.030(2)). As the City analyzes housing data to determine capacity for all income segments, it will be assumed that the affordable cost is roughly equal to thirty percent of household income.

Existing Residential Capacity

This methodology will use the residential capacity shown in the 2021 UGC Report as the existing capacity. Though a few years old at the time this Land Capacity Analysis Supplement will be performed, the UGC Report is the documentation of capacity the City should use during the current periodic review to ensure the Mercer Island Comprehensive Plan is using assumptions about capacity that are consistent with the comprehensive plans in all King County jurisdictions.

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Higher Density is More Likely To Be Affordable

It is assumed that higher-density residential development is more likely to be affordable to lower-income households. The assumption here is that a two-bedroom apartment home is generally less expensive than a two-bedroom detached single-family home.

Permanent Supportive Housing Is Only Likely in High-Density Zones That Include an Incentive

Permanent supportive housing (PSH) is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors (RCW 36.70A.030(19)). HB 1220 requires cities to determine capacity for PSH as part of their housing need. Given the high cost of construction, reduced return on investment, and need for support services, this analysis will assume the following:

- PSH is only likely to be developed in higher density zones where dwelling units can be smaller and economies of scale are possible;
- PSH in Mercer Island likely requires substantial subsidies or land grants; and
- PSH is more likely in zones that provide an affordable housing incentive such as the height bonus in Town Center zones.

Based on these assumptions, this analysis will group PSH capacity with the 0 – 30% AMI capacity to determine the capacity as a number of units. Then, when analyzing alternatives in Step Five, policy changes to support PSH will be analyzed for the degree to which they affect PSH capacity. This analysis will be documented in the Land Capacity Analysis Supplemental Report to ensure that zoning allows sufficient capacity for the 178 units of PSH as allocated by the City's share of housing need.

The City Will Adopt Permanent Regulations to Allow Emergency Housing in The Majority of Zones Within One Mile of Transit

Cities are required by HB 1220 to allow emergency housing in any zone that allows hotels or in a majority of zones within one mile of transit. The City currently includes the GMA definition of 'emergency housing' in its definition of 'social service transitional housing' through an interim amendment made by Ordinance 21C-23. Social service transitional housing is allowed in a majority of zones within one mile of transit. This analysis assumes that during the Comprehensive Plan update, this amendment will be made permanent to comply with HB 1220. What this means is that further analysis of capacity for emergency housing is not required per the Commerce HB 1220 Guidance Book 2.

Steps

1. Gather Land Capacity By Zone and Zone Category
2. Relate Zone Categories To Potential Income Levels And Housing Types Served
3. Summarize Capacity By Zone Category

4. Compare Projected Housing Needs To Capacity
5. Develop and Analyze Alternatives as Needed

Step One: Gather Land Capacity By Zone and Zone Category
The analysis begins with gathering the land capacity that has already been calculated. The City prepared a land capacity analysis and provided the results to King County in 2021. The results of that land capacity analysis are provided in the UGC Report. During this step, staff will gather the housing capacity provided in the UGC Report and use this as the existing capacity. In preparing this report, the zones in the City were divided into categories based on the allowed density and housing types in each zone. For example, the R-15 zone was categorized as a low-density residential zone because it only allows single-family homes and has a minimum lot size of 15,000 square feet (roughly three dwellings per acre). The Housing Capacity on Mercer Island by zone and zone category from Chapter 7 of the UGC Report are shown in Table 2.

Table 2. Housing Capacity By Zone Category.

Zone Category	Density Range	Corresponding Zones	Net Residential Capacity
Very Low Density	2.6-3.3 dwellings/acre	R-15 and R-12	120
Low Density	4.6-6.1 dwellings/acre	R-9.6 and R-8.4	235
Medium-Low Density	22.7 dwellings/acre	MF-2L	10
Medium-High Density	26 dwellings/acre	MF-2 and MF-3	535
High Density	100.6-167 dwellings/acre	TC Zones	528
Total	-	-	1,429

Source: 2021 UGC Report.

Step Two: Relate Zone Categories to Income Levels
During Step Two the housing capacity by zone category summarized in Step One will be analyzed to determine which income levels may be accommodated in the existing capacity. The goal of this step is to answer, based on local market conditions, the following questions:

- Which income levels are likely to be served by new market-rate housing production in each zone category?
- In which zone categories is it feasible for affordable housing developers to produce new income-qualified affordable housing projects, assuming typical sources of funding and financing are available?
- In which zone categories is it feasible to produce new permanent supportive housing (PSH), assuming typical sources of funding and financing are available?

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Task 2.A – Gather and Summarize Data on Housing Prices

During this task, staff will gather data on the cost of housing types in the City. This task's purpose is to determine the income level each housing type is affordable to relative to AMI.

Task 2.A – Deliverables

This task will result in a completed version of Table 3.

Table 3. Average Cost by Housing Type.

Typical Housing Type	Average Cost	Notes
Single-Family Home	WCRER Data Toolkit Median Home Sale Price	
Townhomes and Condos	WCRER Data Toolkit Median Condo Sale Price	
Apartments	WCRER Data Toolkit Average Monthly Rent	

Task 2.B – Calculate Affordability Levels

During this task, each housing type will be analyzed to determine which income segments they are affordable to. For this step, it will be necessary to gather the monthly cost for housing types. Data on average home prices and rents are available from the WCRER. To calculate the monthly cost, the median sale price for each housing type will be used. The WCRER median sale price data is from the fourth quarter of 2022. For medium-low density zones, the median condominium sale price will be used. In medium-high and high-density zones, the mean rent will be used. Mean rents from the WCRER are from the first quarter of 2023.

For ownership housing, the Fannie Mae Mortgage Calculator will be used to determine a monthly payment. Using this calculator, the analysis will assume that the average buyer has a twenty percent down payment and a 30-year fixed-rate mortgage. Once the monthly payment is calculated, the formula to convert a monthly payment to household income needed is: **Annual Household Income Needed = (Monthly payment / 0.3) * 12.** Then, the income level as a percentage of AMI will be calculated as follows: **Income level as percent of AMI = Annual household income needed / Area Median Income (AMI).**

Task 2.B – Deliverables

Task 2.B will result in a completed version of Tables 4 and 5.

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Table 4. Average Housing Cost and Monthly Payment by Zone Category.

Typical Home Type	Average Price	Average Monthly Payment
Detached Single-Family	WCRER Q4 2022 Median Sale Price	From Fannie Mae Mortgage Calculator
Condominium	WCRER Q4 2022 Median Sale Price	From Fannie Mae Mortgage Calculator
Multifamily – Rental	WCRER Q1 2023 Average Rent	WCRER Q1 2023 Average Rent

Table 5. Affordability Without Subsidies by Zone Category.

Zone Category	Average Cost Without Subsidies	Annual Household Income Needed	Income Level as a Percent of AMI
Very Low Density	From Table 3	(Average Monthly payment / 0.3) * 12	Annual household income needed / Area Median Income (AMI)
Low Density	From Table 3	(Average Monthly payment / 0.3) * 12	Annual household income needed / Area Median Income (AMI)
Medium-Low Density	From Table 3	(Monthly payment / 0.3) * 12	Annual household income needed / Area Median Income (AMI)
Medium-High Density	From Table 3	(Monthly rent / 0.3) * 12	Annual household income needed / Area Median Income (AMI)
High Density	From Table 3	(Monthly rent / 0.3) * 12	Annual household income needed / Area Median Income (AMI)

Step Three: Summarize Capacity

During Step Three the results from Steps One and Two will be collated so that capacity and need can be compared in a later step.

Task 3.A – Summarize Capacity by Zone Category and Affordability Level

The results from previous steps will be placed in a single table that will allow the determination of where there may be a capacity surplus or deficit.

Task 3.A – Deliverable

A completed Table 6.

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Table 6. Zone Capacity by Zone Category and Affordability Level.

Zone Category	Capacity	Average Cost	Income Level as a Percent of AMI
Very Low Density	From Table 2	From Table 3	From Table 5
Low Density	From Table 2	From Table 3	From Table 5
Medium-Low Density	From Table 2	From Table 3	From Table 5
Medium-High Density	From Table 2	From Table 3	From Table 5
High Density	From Table 2	From Table 3	From Table 5

Step Four: Compare Projected Housing Needs To Capacity

This is the final step in the process prior to developing and analyzing alternatives. Step Four will analyze zone categories where there may be surplus or deficient capacity based on the City's allocated housing need. Zone categories with capacity deficits will require policy interventions during the Comprehensive Plan update. Those policy interventions will be developed and analyzed during Step Five.

Task 4.A – Determine Capacity Surplus or Deficit by Zone Category and Affordability

During this task, the results from Steps One, Two, and Three are compared to determine which zone categories have adequate capacity based on the projected need at each affordability level.

Task 4.A – Deliverable

A completed Table 7.

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Table 7. Capacity Surplus or Deficit by Zone Category and Affordability.

Zone Category	Income Level as a Percent of AMI	Capacity	Housing Need at Income Level	Surplus/Deficit
Emergency Housing	N/A	From Table 6	From Table 1	Capacity – Need = Surplus or Deficit
Very Low Density	From Table 5	From Table 2	From Table 1	Capacity – Need = Surplus or Deficit
Low Density	From Table 5	From Table 2	From Table 1	Capacity – Need = Surplus or Deficit
Medium-Low Density	From Table 5	From Table 2	From Table 1	Capacity – Need = Surplus or Deficit
Medium-High Density	From Table 5	From Table 2	From Table 1	Capacity – Need = Surplus or Deficit
High Density	From Table 5	From Table 2	From Table 1	Capacity – Need = Surplus or Deficit
Total	N/A			

Step Five: Develop and Analyze Alternatives as Needed

After completing Steps One through Four the City will know which zone categories have a capacity surplus or deficit relative to the projected level of need. During Step Five alternatives to address deficits will be developed and analyzed. These alternatives will be presented to the City Council for their direction on the preferred method to address capacity deficits.

Task 5.A – Prepare a List of Zones In Categories With A Capacity Deficit

In earlier tasks zones were aggregated into categories. During this task the zones will be disaggregated. This will allow staff to analyze related policies and zoning regulations that might need to be amended to address capacity deficits.

Task 5.A – Deliverable

A completed Table 8.

Table 8. Zoning Categories by Zone and Deficit.

Zone Category	Zones	Capacity Deficit
Emergency Housing		From Table 7
Very Low Density	R-15 and R-12	From Table 7
Low Density	R-9.6 and R-8.4	From Table 7
Medium-Low Density	MF-2L	From Table 7
Medium-High Density	MF-2 and MF-3	From Table 7
High Density	TC Zones	From Table 7

Task 5.B – Map Policies and Regulations to Zones With A Capacity Deficit

During this step of developing alternatives, the related policies and regulations for each zone will be listed for each zone. Those policies will also be categorized by whether they have an effect on housing capacity.

Task 5.B – Deliverable

A completed Table 9 for each zone with a capacity deficit.

Table 9. Policy and Regulation Map for Zones With A Capacity Deficit.

Zone Name		
Comprehensive Plan Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**
Policies	Comprehensive Plan Policy Number	
	Comprehensive Plan Policy Number	
	Comprehensive Plan Policy Number	
	Comprehensive Plan Policy Number	
Regulations	City Code Section	
	City Code Section	
	City Code Section	
	City Code Section	
	City Code Section	

Task 5.C – Prepare Alternatives and Analyze Potential Impact On Capacity

After mapping policies and regulations to each zone with a capacity deficit and determining which policies and regulations relate to capacity, staff will prepare at least two alternatives to address capacity deficits. Each alternative will be analyzed for the degree to which that alternative will increase capacity. In general, potential capacity increases will be estimates. Each alternative should be analyzed using the framework in Table 10. That framework will be shared with the City Council for their consideration when providing guidance on the preferred alternative.

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Table 10. Alternative Analysis Framework.

ALTERNATIVE A			
Amendment	**Location**	**Expected Additional Capacity Type**	**Expected Additional Capacity**
Policy or Code Amendment Description	Policy number or code section	Very Low, Low, Med-Low, Med-High, or High	
Policy or Code Amendment Description	Policy number or code section	Very Low, Low, Med-Low, Med-High, or High	
Policy or Code Amendment Description	Policy number or code section	Very Low, Low, Med-Low, Med-High, or High	
		Total Expected Additional Capacity	
		Sufficient to Address Deficit (Y/N)	

Task 5.C – Deliverable

A minimum of two alternatives that include:

- An analysis of alternatives using the framework in Table 10, and
- Supporting documentation detailing how expected additional capacity was calculated.

Glossary of Terms

Accessory Dwelling Unit (ADU) – A habitable dwelling unit added to, created within, or detached from a single-family dwelling that provides basic requirements for living, sleeping, eating, cooking and sanitation (see MICC 19.16.010).

Affordable Housing – means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed thirty percent of the monthly income of a household whose income is:

> (a) For rental housing, sixty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development; or
>
> (b) For owner-occupied housing, eighty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development (see RCW 36.70A.030(2)).

Capacity Surplus and Deficit – Based on the level of housing need and available capacity in each zone category, some zone categories may either provide more capacity than needed or not enough capacity to accommodate the projected need. Those zone categories with a capacity surplus will not necessarily require changes. On

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the other hand, zone categories with a deficit will require policy interventions to expand capacity to accommodate the projected need.

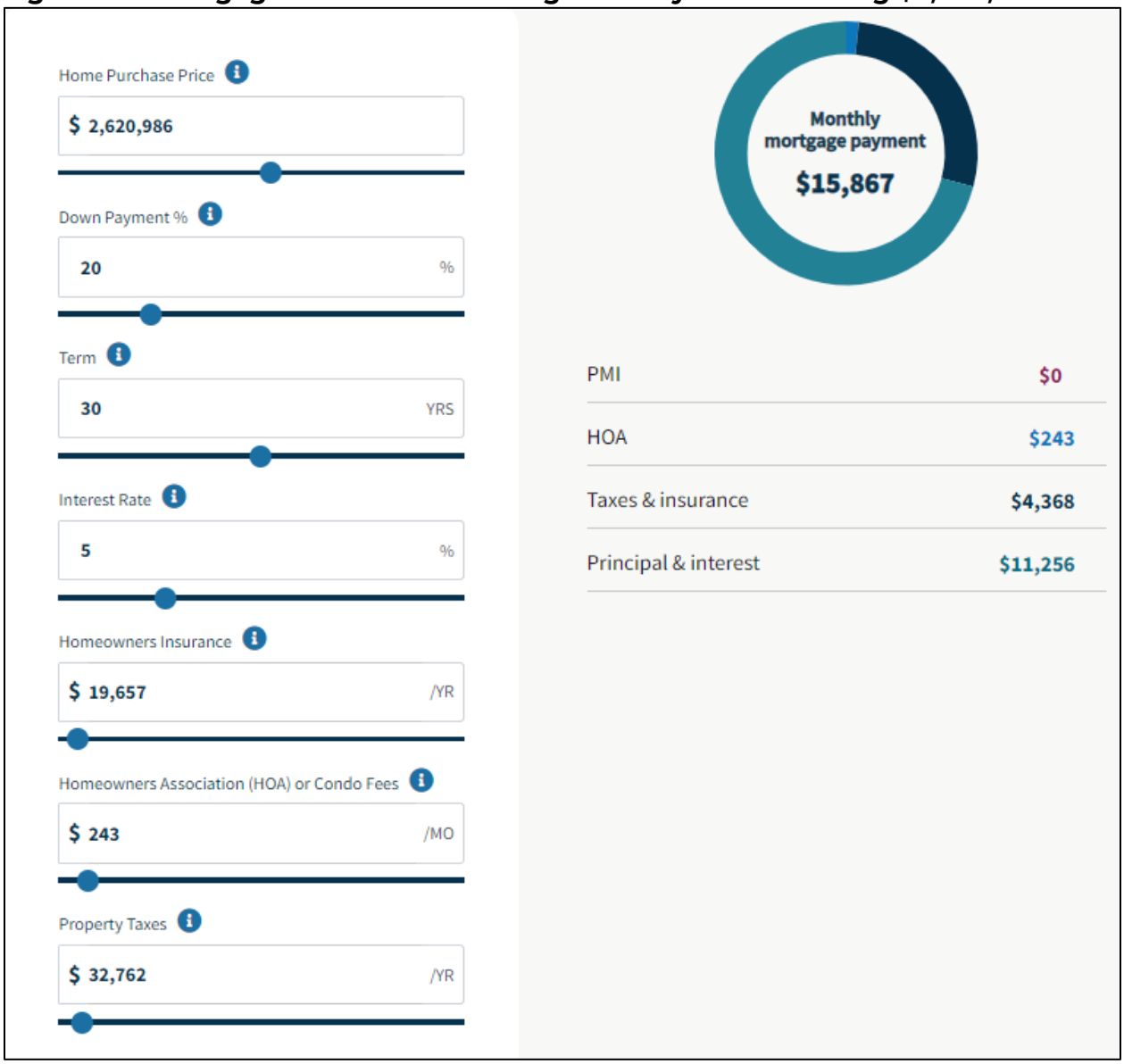
Emergency Housing – temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement (RCW 36.70A.030(9)).

Major Transit Stop – (a) A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCW; (b) Commuter rail stops; (c) Stops on rail or fixed guideway systems; or (d) Stops on bus rapid transit routes (See House Bill 1110 Section 1).

Permanent Supportive Housing – subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services (see RCW 36.70A.030(19)).

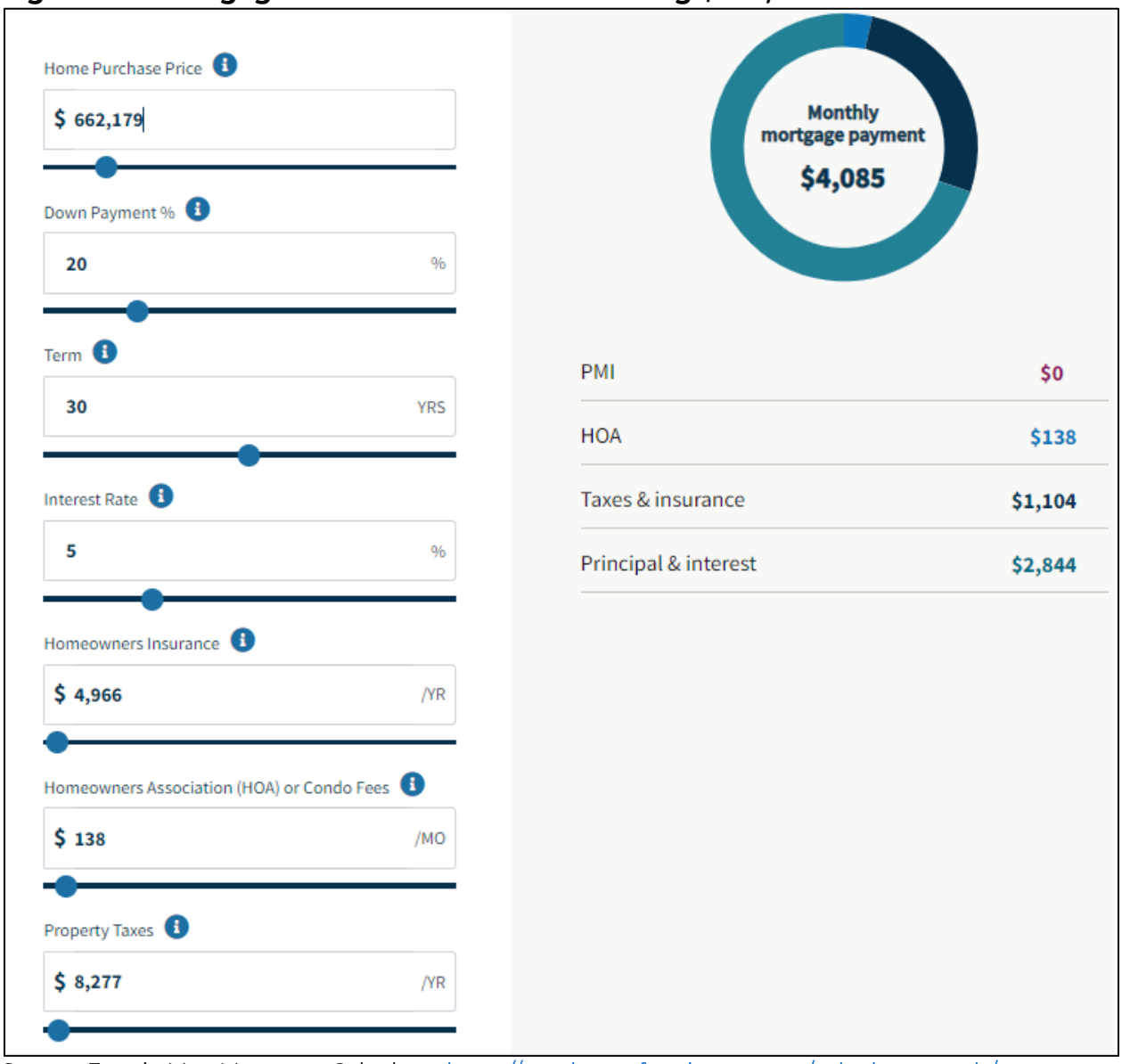
Appendix B – Mortgage Calculator Detail

Figure B.1. Mortgage Calculation for Single-Family Home Costing $2,620,986.



Source: Fannie Mae Mortgage Calculator https://yourhome.fanniemae.com/calculators-tools/mortgage-calculator

Figure B.2. Mortgage Calculator for Condo Costing $662,179.



Source: Fannie Mae Mortgage Calculator https://yourhome.fanniemae.com/calculators-tools/mortgage-calculator

The HOA fees ($243/month or $2,916/year) for the mortgage calculator are based on the 2021 average for the Seattle Metropolitan Area as determined by the U.S. Census Bureau's American Housing Survey (https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=42660&s_year=2021&s_tablename=TABLE10&s_bygroup1=2&s_bygroup2=1&s_filtergroup1=1&s_filtergroup2=1):

Appendix C – Policy Maps

Table C.1. Multifamily Zone Policy and Development Regulation Map.

MF-2 and MF-3			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
Policies	Land Use Goal 15	N	Land Use Goal 15 states: "Mercer Island should remain principally a low density, single family residential community." This goal does not specifically address multifamily or mixed-use development. Mixed-use development is addressed in the Town Center goals and policies because that is the zone where mixed-use is allowed. Ideally, the Land Use Element would have at least one specific goal and associated policies that address multifamily development.
	Land Use Policy 15.3	Y	Land Use Policy 15.3 is the only Land Use Element policy specifically directed at multifamily zones, it states: "Multi-family areas will continue to be low rise apartments and condos and duplex/triplex designs, and with the addition of the Commercial/Office (CO) zone, will be confined to those areas already designated as multi-family zones." This is related to capacity because it directs two things: (1) that MF zones should be primarily low-rise apartments, condos, and duplex/triplex designs, and (2) that multifamily should be limited to only those areas already designated multifamily. The second direction constrains multifamily capacity to existing areas, which in turn constrains multifamily capacity.
	Figure 1 – Land Use Map	Y	The Land Use Map designates specific areas of the City for multifamily housing, defining what areas can be zoned for multifamily.
	Housing Goal 1	N	Housing Goal 1 states: "Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features."

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MF-2 and MF-3			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	Housing Policy 1.1	N	Housing Policy 1.1 states: "Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character." Protecting residential areas from incompatible uses should be better defined in policy so as to avoid excluding building types that might help the City achieve its housing targets.
Regulations	MICC 19.03.010 – Multiple Family	Y	Height, bulk, density, yard, and lot coverage requirements constrain the types of buildings allowed in the MF-2 zone. This also limits the total development capacity.
	MICC 19.03.020 – Parking requirements	Y	Parking requirements can make new multifamily development more difficult. This is particularly true on smaller lots because space is limited. Parking requirements also add cost to new multifamily development. The cost of parking is typically bundled with the housing cost and gets passed on to buyers and renters. Specifically, MICC 19.03.020(B)(1) requires a minimum of two parking spaces per dwelling. Considering the height and density limits in MICC 19.03.010, the cost of providing parking combined with limits on the size of multifamily development likely makes many multifamily housing forms too expensive for developers.
	MICC 19.12.010 – General	Y	MICC 19.12.010 establishes the general requirements for design standards outside of Town Center. Specifically, the design vision in MICC 19.12.010(B) relates to building size and scale the MF-2 zone, both of which can affect capacity.

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MF-2 and MF-3			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	MICC 19.12.020 – Site features and context	Y	This code section refers to building height and size that can affect capacity.
	MICC 19.12.030 – Building design and visual interest	Y	The code section establishes design standards for building height and size that can affect capacity.
	MICC 19.12.040 – Landscape design and outdoor spaces.	Y	This code section requires landscaping on at least 40 percent of each lot developed in the MF-2 zone. This can limit development capacity on each MF-2 lot.

Table C.2. Town Center Zone Policy and Development Regulations Map.

Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
Policies	Land Use Goal 1	N	Goal 1 states: "Create a mixed-use Town Center with pedestrian scale and connections."
	Land Use Policy 1.1	Y	Policy 1.1 states: "A walkable mixed-use core should be located adjacent to a regional transit facility and be of sufficient size and intensity to create a focus for Mercer Island." Referring to sufficient size and intensity for Town Center to be a focus for Mercer Island indicates that the Comprehensive Plan envisions a Town Center that is the primary source for the City's development capacity.
	Land Use Goal 2	Y	Goal 2 states: "Create a policy and regulatory structure that will result in a diversity of uses that meets Islanders' daily needs and helps create a

Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
			vibrant, healthy Town Center serving as the City's business, social, cultural and entertainment center."
	Land Use Policy 2.1	Y	Policy 2.1 states: "Use a variety of creative approaches to organize various land uses, building types and heights in different portions of the Town Center."
	Land Use Goal 3	Y	Goal 3 states: "Have a mixture of building types, styles and ages that reflects the evolution of the Town Center over time, with human-scaled buildings, varied height, setbacks and step-backs and attractive facades."
	Land Use Policy 3.1	Y	Policy 3.1 states: "Buildings taller than two stories may be permitted if appropriate public amenities and enhanced design features are provided."
	Land Use Policy 3.2	Y	Policy 3.2 states: "Locate taller buildings on the north end of the Town Center and step down building height through the center to lower heights on the south end, bordering Mercerdale Park."
	Land Use Policy 3.3	Y	Policy 3.3 states: "Calculate building height on sloping sites by measuring height on the lowest side of the building."
	Land Use Policy 3.4	Y	Policy 3.4 states: "Mitigate the "canyon" effect of straight building facades along streets through use of upper floor step-backs, façade articulation, and similar techniques."
	Land Use Policy 3.5	Y	Policy 3.5 states: "Buildings on larger parcels or with longer frontage should provide more variation of the building face, to allow for more light and create the appearance of a smaller scale, more organic, village-like development pattern. Building mass and long frontages resulting

Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
			from a single user should be broken up by techniques such as creating a series of smaller buildings (like Island Square), providing public pedestrian connections within and through a parcel, and use of different but consistent architectural styles to create smaller building patterns."
	Land Use Policy 3.6	Y	Policy 3.6 states: "Building facades should provide visual interest to pedestrians. Street level windows, minimum building set-backs, on-street entrances, landscaping, and articulated walls should be encouraged."
	Land Use Goal 4	N	Goal 4 states: "Create an active, pedestrian-friendly, and accessible retail core."
	Land Use Policy 4.1	N	Policy 4.1 states: "Street-level retail, office, and service uses should reinforce the pedestrian-oriented circulation system."
	Land Use Policy 4.2	N	Policy 4.2 states: "Retail street frontages should be the area where the majority of retail activity is focused. Retail shops and restaurants should be the dominant use, with personal services also encouraged to a more limited extent."
	Land Use Goal 5	Y	Goal 5 states: "Encourage a variety of housing forms for all life stages, including townhomes, apartments and live-work units attractive to families, singles, and seniors at a range of price points."
	Land Use Policy 5.1	Y	Land Use Policy 5.1 states: "Land uses and architectural standards should provide for the development of a variety of housing types, sizes and styles."

Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	Land Use Policy 5.2	Y	Land Use Policy 5.2 states: "Encourage development of low-rise multi-family housing in the TCMF subareas of the Town Center."
	Land Use Policy 5.3	Y	Policy 5.3 states: "Encourage the development of affordable housing within the Town Center."
	Land Use Policy 5.4	Y	Policy 5.4 states: "Encourage the development of accessible and visitable housing within the Town Center."
	Land Use Policy 5.5	Y	Policy 5.5 states: "Encourage options for ownership housing within the Town Center."
	Land Use Goal 6	N	Goal 6 states: "Be convenient and accessible to people of all ages and abilities, including pedestrians, bicyclists, transit users and motorists."
	Land Use Goal 7	N	Goal 7 states: "Town Center streets should be viewed as multiple-use facilities, providing for the following needs: • Access to local businesses and residences. • Access for emergency vehicles. • Routes for through traffic. • Transit routes and stops. • On-street parking. • Pedestrian and bicycle travel. • Sidewalk activities, including limited advertising and merchandising and restaurant seating. • Occasional special events and outdoor entertainment."

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Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	Land Use Goal 8	N	Goal 8 states: "Be pedestrian-friendly, with amenities, tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around."
	Land Use Goal 9	Y	Goal 9 states: "Have ample parking, both on-street and off, and the ability to park once and walk to a variety of retail shops."
	Land Use Policy 9.1	Y	Policy 9.1 states: "Reduce the land area devoted to parking by encouraging structured and underground parking. If open-air, parking lots should be behind buildings."
	Land Use Policy 9.2	N	Policy 9.2 states: "Encourage improved access to transit, bicycle, pedestrian and shared parking facilities to reduce trip generation and provide transportation alternatives, particularly for secondary trips once users reach the Town Center."
	Land Use Policy 9.3	Y	Policy 9.3 states: "Consider a range of regulatory and incentive approaches that can increase the supply of public parking in conjunction with development proposals."
	Land Use Policy 9.4	N	Policy 9.4 states: "On and off-street parking should be well-lit, convenient and well-signed so that drivers can easily find and use parking."
	Land Use Policy 9.5	N	Policy 9.5 states: "Develop long-range plans for the development of additional commuter parking to serve Mercer Island residents."
	Land Use Policy 9.6	N	Policy 9.6 states: "Prioritize parking for Mercer Island residents within the Town Center."

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Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	Land Use Goal 10	N	Goal 10 states: "Prioritize Town Center transportation investments that promote multi-modal access to regional transit facilities."
	Land Use Goal 11	N	Goal 11 states: "Promote the development of pedestrian linkages between public and private development and transit in and adjacent to the Town Center."
	Land Use Goal 12	N	Goal 12 states: "Have inviting, accessible outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation."
	Land Use Policy 12.1	N	Policy 12.1 states: "Outdoor public spaces of various sizes in Town Center are important and should be encouraged."
	Land Use Goal 13	N	Land Use Goal 13 states: "Town Center buildings should meet a high standard of energy efficiency and sustainable construction practices as well as exhibiting other innovative green features, above and beyond what is required by the existing Construction Code."
	Land Use Goal 14	N	Land Use Goal 14 states: "Support the further economic development of Mercer Island, particularly in the Town Center."
	Land Use Goal 15	N	Land Use Goal 15 states: "Mercer Island should remain principally a low density, single family residential community." This goal does not address multifamily or mixed-use development. For the most part, mixed-use development is addressed in the Town Center goals and policies because that is the primary zone where mixed-use is allowed. Ideally, the Land Use Element would have at least one specific goal and associated policies that address multifamily development.

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Town Center Zones			
Comprehensive Plan Goal/Policy Number or Zoning Code Section		**Related To Capacity? (Y or N)**	**Notes**
	Land Use Policy 15.3	Y	Land Use Policy 15.5 is the only Land Use Element policy specifically directed at multifamily zones, it states: "Multi-family areas will continue to be low rise apartments and condos and duplex/triplex designs, and with the addition of the Commercial/Office (CO) zone, will be confined to those areas already designated as multi-family zones." This is related to capacity because it directs two things: (1) that MF zones should be primarily low-rise apartments, condos, and duplex/triplex designs, and (2) that multifamily should be limited to only those areas already designated multifamily. The second direction constrains multifamily capacity to existing areas, which in turn constrains multifamily capacity.
	Housing Goal 1	N	Housing Goal 1 states: "Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features."
	Housing Policy 1.1	N	Housing Policy 1.1 states: "Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character." Protecting residential areas from incompatible uses should be better defined in policy so as to avoid excluding building types that might help the City achieve its housing targets.
Regulations			

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Appendix D – Town Center Mixed-Use Development Since 2000

Table D.1. Town Center Mixed-Use Development Since 2000.

Building Nickname	Address	Building Permit	Year Finaled	Total Square Footage	Units	Average Unit Size	Methodology
Hadley	2615 76th Ave SE	1306-156	2017	148,293	209	709	Added up the listed area for residential units in the tables on sheets G0021 through G0023 of the (1)1306-156-APPR-GEN file (review dated 10-8-2014), then divided by the number of units.
Aviara	2441 76th Ave SE	0812-076	2013	141,323	166	851	The value for the total residential square footage was taken from sheet G0.03 of the permit set dated reviewed 1-20-2011. The total residential square footage was divided by the total number of units.
The Mercer I	7650 SE 27th St	0406-277	2010	145,930	159	918	The value for total square footage was taken from the Building Data table on sheet GEN-1 of the plan set review dated 7-20-2005. The total square footage was divided by the total number of units.
The Mercer II	2558 76th Ave SE	1111-126	2014	67,518	85	794	Measured the area of the building used for housing based on the plans from 7-12-2012 and divided by the number of units.
7800 Condos	7800 SE 27th St	0512-211	2011	39,199	24	1,633	Added up the area of each unit found on sheet A005 of the plan set (review dated 8-20-2007), then divided by the number of units.
77 Central	2630 77th Ave SE	0701-074	2009	164,507	171	962	The values for unit number and total residential area were taken from the tables on sheet G1.03 of the permit set dated reviewed 10-16-2007.
Aljoya	2430 76th Ave SE	0512-206	2008	131,284	112	1,172	The values for unit number and total residential area were taken from the tables on sheet A0.2 of the permit set dated received 6-28-2008 (dated 7-24-2006 in Onbase).
Island Square	2758 78th Ave SE	Multiple	2006	216,711	234	926	Added up the size of the units shown on sheets E2.10 through E2.23 on the plan set dated 12-6-2004 in Onbase. See the Island Market Square tab in this spreadsheet for more information.
Avellino	2836 78th Ave SE	0201-095	2005	41,169	23	1,790	The values for unit number and total residential area were taken from the table on sheet A0.1 on the permit set dated in Onbase 2-2-2005.
			Average	113,521	122	1,073	The median unit size is 944 square feet.
			Total	1,135,212	1,223	928.22	

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