COMMUNITY PLANNING & DEVELOPMENT

206.275.7605
www.mercerisland.gov/cpd

November 26, 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 notify the Department of Commerce (Commerce) that it adopted updates to its Comprehensive Plan on November 19, 2024, with Ordinance 24C-16. The City began conducting the periodic review of its Comprehensive Plan in 2022 and adopted the update prior to the December 31, 2024, deadline for cities in King County. The adopted update will become effective on December 31, 2024.

Commerce was notified that the City of Mercer Island intended to adopt amendments to its comprehensive plan on May 6, 2024. Commerce acknowledged receipt of the updated draft Mercer Island Comprehensive Plan in a letter dated May 6, 2024. This 60-day review submittal was assigned file number 2024-S-7050. Commerce provided comments on the proposed amendments in a letter dated July 25, 2024. Those comments were considered by the Mercer Island City Council and incorporated into the Comprehensive Plan adopted by Ordinance 24C-16.

Attached you will find Ordinance 24C-16 which repeals and replaces the Mercer Island Comprehensive Plan elements and appendices as follows:

- **Land Use –** amended to reflect the new planning horizon and maintain consistency with changes elsewhere in the Comprehensive Plan;
- **Housing –** the City drafted a new Housing Element to address 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;

- **Shoreline Master Program (SMP) –** There are no proposed amendments to the SMP element. This element is included in the adopting ordinance because the entire plan is being repealed and replaced.

- **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 updating Comprehensive Plan Elements, Ordinance 24C-16 adopts the following appendices to the updated Comprehensive Plan:

- **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);

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

- **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; and

- **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).

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 regarding the Mercer Island Comprehensive Plan periodic review.

Sincerely,

Adam Zack

Senior Planner

City of Mercer Island – Community Planning and Development

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ATTACHMENTS

1. Ordinance 24C-16
   - A. Findings
   - B. Repealed and Replaced Comprehensive Plan
     - B.1. Introduction
     - B.2. Land Use Element
     - B.3. Housing Element
     - B.4. Transportation Element
     - B.5. Utilities Element
     - B.6. Capital Facilities Element
     - B.7. Shoreline Master Program Element
     - B.8. Economic Development Element
     - B.9. Parks and Open Space Element
     - B.10. Housing Needs Assessment
     - B.11. Economic Analysis
     - B.12. Land Capacity Analysis Supplement
     - B.13. Racially Disparate Impacts Evaluation

CITY OF MERCER ISLAND
ORDINANCE NO. 24C-16

AN ORDINANCE OF THE CITY OF MERCER ISLAND AMENDING THE MERCER ISLAND COMPREHENSIVE PLAN BY REPEAL AND REPLACE; ADOPTING FINDINGS AND CONCLUSIONS IN SUPPORT OF THE AMENDMENTS; CONCLUDING A PERIODIC REIVEW AND UPDATE OF THE COMPREHENSIVE PLAN; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, in compliance with the Washington State Growth Management Act (GMA), Chapter 36.70A RCW, the City of Mercer Island adopted a Comprehensive Plan in 1994 and has amended the plan on several occasions since that time; and

WHEREAS, no later than December 31, 2024, cities in King County are required to periodically review and, if necessary, update their comprehensive plans (RCW 36.70A.130); and

WHEREAS, on November 1, 2022, the Comprehensive Plan was most recently amended by Ordinance 22-17; and

WHEREAS, on March 13, 2022, the City Council approved Resolution No. 1621 setting a public participation plan, scope of work, and master schedule for the Mercer Island Comprehensive Plan periodic review; and

WHEREAS, the public participation plan, scope of work, and master schedule focused on updating the existing Comprehensive Plan elements to maintain GMA compliance and adding new economic development and parks and open space elements; and

WHEREAS, on April 27, 2022, the Planning Commission began its work on the Comprehensive Plan periodic review; and

WHEREAS, on July 18, 2023, the City Council approved Resolution No. 1646, which approved an addendum to the adopted public participation plan, scope of work, and master schedule to add tasks related to the Housing Element update. These additional tasks were required to address recent statewide legislation and guidance from the WA Department of Commerce (Commerce); and

WHEREAS, over the course of 23 meetings held between April 2022 and June 2024, the Planning Commission reviewed the Comprehensive Plan; and

WHEREAS, on April 22, 2024, notice of a Planning Commission public hearing on May 29, 2024, was published in the Weekly Permit Bulletin; and

WHEREAS, on April 24, 2024, notice of a Planning Commission public hearing on May 29, 2024 was published in the Mercer Island Reporter; and

WHEREAS, the City of Mercer Island has met all applicable public notice requirements for amending the Comprehensive Plan consistent with chapter 19.15 MICC in effect at the time notice was given; and

WHEREAS, on May 3, 2024, the City notified Commerce of its intention to adopt amendments to the Comprehensive Plan; and

WHEREAS, on May 6, 2024, the City issued a State Environmental Policy Act (SEPA) Determination of Nonsignificance (DNS). This SEPA determination was published in the Weekly Permit Bulletin and on the WA Department of Ecology (Ecology) SEPA Register under file number 202401911; and

WHEREAS, between May 6 and 20, 2024, the City accepted comments on its SEPA determination; and

WHEREAS, on May 20, 2024, one comment on the SEPA determination was received from the Washington Department of Fish and Wildlife (WDFW). The WDFW comment provided suggested policy amendments but did not propose changes to the SEPA DNS. No other comments on the SEPA determination were received during the SEPA comment period; and

WHEREAS, publication of the DNS and completion of the 14-day comment period satisfies the City's SEPA procedures established in Chapter 19.21 MICC; and

WHEREAS, on May 29, 2024, the Planning Commission conducted a public hearing on the proposed amendments to the Comprehensive Plan; and

WHEREAS, between May 29 and June 12, 2024, the Planning Commission deliberated a recommendation to the City Council; and

WHEREAS, on June 12, 2024, the Planning Commission recommended approval of the Comprehensive Plan as amended; and

WHEREAS, the proposed Comprehensive Plan amendment meets the decision criteria established in MICC 19.15.230(F) because the amendment is consistent with the GMA, is consistent with the Comprehensive Plan, and addresses changing circumstances of the city as a whole given the recent amendments to the GMA enacted by the WA State Legislature; and

WHEREAS, on July 16, September 3, and September 17, 2024, the City Council considered the Planning Commission's recommendation; and

WHEREAS, on September 27, 2024, a public review draft of the Comprehensive Plan periodic review and update that would be adopted by this ordinance was made available for public comments for a period of 30 days;

WHEREAS, on November 4, 2024, the City Council considered public comments received regarding the Comprehensive Plan periodic review and update, and held its first reading of this ordinance; and

WHEREAS, on November 19, 2024, the City Council held its second reading of this ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. **Findings.** The “Whereas Clauses” set forth in the recital of this ordinance and the findings set forth in Exhibit A to this ordinance are hereby adopted as the findings and conclusions of the City Council.

Section 2: **Comprehensive Plan Repealed and Replaced.** Effective December 31, 2024, the Mercer Island Comprehensive Plan shall be repealed and replaced with the version set forth in Exhibit B to this ordinance.

Section 3: **Severability.** If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property, or circumstance, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance or its application to any other person, property, or circumstance.

Section 4: **Publication and Effective Date.** A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force on December 31, 2024, provided five days have passed since publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON NOVEMBER 19, 2024.

CITY OF MERCER ISLAND

_____

Salim Nice, Mayor

ATTEST:

_____

Andrea Larson, City Clerk

APPROVED AS TO FORM

_____

Bio Park, City Attorney

Date of publication:

EXHIBITS

A. Findings
B. Repealed and Replaced Comprehensive Plan
    - B.1 Introduction
    - B.2 Land Use Element
    - B.3 Housing
    - B.4 Transportation Element
    - B.5 Utilities Element
    - B.6 Capital Facilities Element
    - B.7 Shoreline Master Program Element
    - B.8 Economic Development Element
    - B.9 Parks and Open Space Element

    Comprehensive Plan Appendices
    - B.10 Housing Needs Assessment
    - B.11 Economic Analysis
    - B.12 Land Capacity Analysis Supplement
    - B.13 Racially Disparate Impacts Evaluation

ORDINANCE 24C-16
EXHIBIT A

I. PROCEDURAL REQUIREMENTS

A. The City of Mercer Island has established procedures for amending the Comprehensive Plan in Chapter 19.15 Mercer Island City Code (MICC).

B. MICC 19.15.020 - Legislative Actions requires an open record pre-decision public hearing before any comprehensive plan amendments.

The Planning Commission held an open record pre-decision public hearing on May 29, 2024.

C. The procedures for amending the Comprehensive Plan are established in MICC 19.15.230 – Comprehensive Plan Amendments and Docketing Procedures. This section establishes when and how to initiate an amendment of the Comprehensive Plan whereas MICC 19.15.260, discussed below, establishes how a proposed amendment must be reviewed. MICC 19.15.230(C)(1) allows the City to conduct a Comprehensive Plan periodic review as required by the Growth Management Act (GMA).

The City initiated the periodic review of its Comprehensive Plan when the City Council set the scope of work, public participation plan, and master schedule by approving Resolution No. 1621 on March 15, 2022.

D. The criteria for placing a Comprehensive Plan amendment on the docket are established in MICC 19.15.230(E). MICC 19.15.230(E)(1)(a) allows a Comprehensive Plan amendment to be docketed if required by state law, a decision of a court, or administrative agency has directed a change.

The GMA requires cities in King County to update their comprehensive plans on or before December 31, 2024 (RCW 36.70A.130). This comprehensive plan amendment was docketed because it is required by state law.

E. Comprehensive Plan amendments must be consistent with the decision criteria established in MICC 19.15.230(F). Those criteria are:

1. The amendment is consistent with the Growth Management Act, the countywide planning policies, and the other provisions of the comprehensive plan and city policies; and:

   The Comprehensive Plan amendments proposed were reviewed for consistency with the Growth Management Act (GMA) as detailed throughout this document.

a. There exists obvious technical error in the information contained in the comprehensive plan; or

This criterion does not apply to the Comprehensive Plan periodic review because there are no obvious technical errors in the adopted Comprehensive Plan.

b. The amendment addresses changing circumstances of the city as a whole.

The ten-year Comprehensive Plan periodic review process directly addresses changing circumstances by requiring and update of growth targets and the necessary technical analysis to demonstrate that the Comprehensive Plan can accommodate the projected growth.

F. The procedures for reviewing comprehensive plan amendments are established in MICC 19.15.260 – Review Procedures for Comprehensive Plan Amendments, Reclassification of Property, and Code Amendments. This section requires a notice be provided in the weekly Community Planning and Development (CPD) bulletin, a newspaper of general circulation, made available to the general public upon request, and, if the proposed amendment will affect a specific property or defined area of the city, mailed to all property owners within 300 feet of the affected property or defined area, and posted on the site in a location that is visible to the public right-of-way.

A notice of public hearing was published in the CPD Bulletin on April 22, 2024. The public hearing notice was published in *The Mercer Island Reporter* on April 24, 2024 (Attachment A). The proposed amendments are citywide and will not affect a specific property or defined area, so notice was not mailed to property owners within 300 feet or posted on a specific site.

G. MICC 19.15.260(A)(1) requires a public hearing notice to include the following:

1. The name of the party proposing the proposed amendment or change;

The public hearing notice identifies the proposed amendments as being part of the 2024-2044 Comprehensive Plan periodic review (Attachment A). The periodic review is a process required by statewide legislation and not initiated by a specific party.

2. The location and description of the project, if applicable;

Not applicable. The proposed amendment is citywide.

3. The requested actions and/or required studies;

The public hearing notice identified the requested action as an amendment of the Comprehensive Plan as part of the 2024-2044 periodic review (Attachment A).

4. The date, time, and place of the open record hearing;

The date, time, and place of the public hearing was listed in the notice (Attachment A).

5. Identification of environmental documents, if any;

No environmental documents were available at the time the public hearing notice was issued. A state environmental policy act (SEPA) determination was issued on May 6, 2024, and notice for that determination was provided in a manner consistent with the state and local requirements (See Findings I.I-L).

6. A statement of the public comment period which shall not be less than 30 days;

The formal public comment period from April 24, 2024, through the Planning Commission public hearing on May 29, 2024, was included in the public hearing notice (Attachment A). The City continued to accept public comment from May 29, 2024, through the second reading and adoption of Ordinance No. 24C-16 on November 19, 2024.

7. The city staff contact and contact information;

Deputy City Clerk, Deb Estrada was listed as the staff contact (Attachment A).

8. The identification of other reviews or permits that are associated with the review of the proposed comprehensive plan, zoning text, or zoning map amendment, to the extent known by the city;

No other reviews or permits are associated with the Comprehensive Plan periodic review.

9. A description of those development regulations used in determining consistency of the review with the city's comprehensive plan;

Not applicable. The development regulations in Title 19 MICC do not include standards for determining whether the Comprehensive Plan is consistent with itself. During review of the Comprehensive Plan update, the City conducted an internal consistency review to ensure the Comprehensive Plan is consistent with itself. That internal consistency review was entered into the record under file number PCB 24-12.

10. A link to a website where additional information about the project can be found.

    A link to the project website was included in the public hearing notice (Attachment A).

H. MICC 19.15.260(A)(2) requires that the notice of the public hearing must be provided at least thirty (30) days prior to the public hearing.

The public hearing notice was published in the CPD Bulletin on April 22, 2024, and in the *Mercer Island Reporter* on April 24, 2024. Both published dates were more than thirty (30) days before the public hearing on May 29, 2024.

I. MICC 19.15.260(B) requires three stages of review following the public hearing.

1. Following the completion of the open record public hearing, the Planning Commission shall consider the proposed amendment for conformance with the criteria as listed in the applicable section, the comprehensive plan and other applicable development standards.

   The Planning Commission considered the proposed amendments for conformance with the criteria as listed in the applicable section. This review took place over three meetings on May 29, 2024, June 5, 2024, and June 12, 2024.

2. The Planning Commission must make a written recommendation to the City Council.

   The Planning Commission passed a motion to recommend adoption of the updated Comprehensive Plan as amended to the City Council on June 12, 2024. The written recommendation was prepared by staff following the meeting and signed by the Planning Commission Chair Angela Battazzo on July 8, 2024.

3. The City Council must then consider the Planning Commission recommendation at a public meeting where it can adopt the amendments, reject the recommendations or remand the review back to the Planning Commission.

   The City Council considered the Planning Commission recommendation and made refining amendments on July 16, 2024, September 3, 2024, and September 17, 2024. The City Council completed a first reading of an ordinance to amend the Comprehensive Plan on November 4, 2024. The City Council completed a second reading and adopted an ordinance amending the Comprehensive Plan on November 19, 2024.

I. The City is required to conduct environmental review for non-project actions, including updating its Comprehensive Plan, under the State Environmental Policy Act (SEPA) established in Chapter 43.21C Revised Code of Washington (RCW).

J. The City has established SEPA procedures in Chapter 19.21 MICC.

K. MICC 19.21.120 – Threshold Determination requires the City to issue a SEPA threshold determination prior to the City acting on the Comprehensive Plan update.

The City issued a SEPA determination of nonsignificance (DNS) on May 6, 2024. Notice of the DNS was posted in the May 6, 2024, CPD bulletin (Attachment A). The DNS was also published on the WA Department of Ecology (Ecology) SEPA Register under file number 202401911.

L. MICC 19.21.040 – Adoption by Reference adopts selected subsections of Chapter 197-11 Washington Administrative Code (WAC) by reference. Requirements for making a DNS are established in WAC 197-11-340. Those requirements are as follows:

1. WAC 197-11-340(1) requires that the lead agency prepare and issue a DNS substantially in the form provided in WAC 197-11-970.

   The City issued a DNS substantially in the form provided in WAC 197-11-970 (Attachment B).

2. WAC 197-11-340(2)(a) requires that any GMA action for which a DNS is issued not be acted upon for fourteen (14) days following the issuance.

   The DNS was issued on May 6, 2024, with a 14-day comment period ending on May 20, 2024. The earliest date the Planning Commission could take action on the proposed amendment was more than fourteen (14) days following the issuance of the DNS on May 29, 2024.

3. WAC 197-11-340(2)(b) requires that the City send the environmental checklist and DNS to Ecology, affected tribes, and local agencies or political subdivisions whose public services would be changed as a result of implementation of the proposal.

   The threshold determination was sent to all recipients on the City's SEPA Distribution List to which it sends all threshold determinations (Attachment B).

4. WAC 197-11-340(2)(d) requires that the date of issue for the DNS is the date the DNS is sent to the department of ecology and agencies with jurisdiction and is made publicly available.

The DNS was issued, sent to Ecology, posted on the SEPA Register, distributed to agencies with jurisdiction, and made publicly available on May 6, 2024 (Attachment B).

M. The GMA requires the City notify the WA Department of Commerce (Commerce) at least sixty (60) days prior to the final adoption of any comprehensive plan amendment (RCW 36.70A.106).

The City notified Commerce of its intention to adopt amendments to the Comprehensive Plan on May 3, 2024 (Attachment B). Commerce acknowledged receipt of the notice of intent to adopt amendment in a letter dated May 6, 2024 (Attachment B). The notice of intent to adopt was assigned the submittal ID 2024-S-7050. The Commerce 60-day review period ended on July 2, 2024. Commerce provided comments on the proposed Comprehensive Plan periodic review in a letter dated July 31, 2024. The City Council considered the Commerce comments and made staff recommended amendments and findings in response on September 3, 2024 (Agenda Bill 6510).

N. The Puget Sound Regional Council (PSRC) is the regional transportation planning organization (RTPO) in King County as authorized by RCW 47.80.020. One of the duties assigned to RTPOs by RCW 47.80.023 is certify that locally adopted transportation elements are consistent with regional transportation plan, and, where appropriate, conform with the requirements of RCW 36.70A.070.

The PSRC was notified of the City's intent to adopt an updated Comprehensive Plan on May 3, 2024. The PSRC reviewed the proposed amendments and provided comments on June 18, 2024. The City Council considered the PSRC comments and made staff recommended amendments and findings in response on September 3, 2024 (Agenda Bill 6510).

II. GMA STATEWIDE PLANNING GOALS

A. The first statewide planning goal established in the GMA is, "Urban growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner (RCW 36.70A.020(1))."

The Comprehensive Plan encourages development within the Mercer Island Urban Growth Area (UGA) through its goals, policies, and maps in the Land Use and Housing elements. The goals and policies in the Transportation, Capital Facilities, and Utilities elements help ensure that public facilities are provided in an efficient manner to support development.

B. The second statewide planning goal is, "Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development (RCW 36.70A.020(2))."

The City of Mercer Island is entirely within the King County UGA and is bounded on all sides by Lake Washington. The City's Comprehensive Plan does not authorize low-density development outside of the UGA and will contain urban growth to only those areas designated by the King County Comprehensive Plan.

C. The third statewide planning goal is, "Transportation. Encourage efficient multimodal transportation systems that will reduce greenhouse gas emissions and per capita vehicle miles traveled, and are based on regional priorities and coordinated with county and city comprehensive plans (RCW 36.70A.020(3)."

The Mercer Island Comprehensive Plan includes a Transportation Element, which includes policies to encourage multimodal transportation systems and reduce greenhouse gas emissions and per capita vehicle miles traveled. Other plans such as the Pedestrian and Bicycle Facilities Plan and the Climate Action Plan, both of which are adopted by reference in the Comprehensive Plan, detail specific actions the City will take in pursuit of the third statewide planning goal.

D. The fourth statewide planning goal is, "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.020(4)."

The Housing and Land Use elements of the Mercer Island Comprehensive Plan include policies that seek to increase the supply of housing affordable to all economic segments of the population. In the Housing Needs Assessment, Land Capacity Analysis Supplement, and the King County Urban Growth Capacity Report the existing housing stock, future development capacity, and forecasted population growth were analyzed to determine whether the Comprehensive Plan can accommodate the forecasted population growth through 2044. This analysis found that the City needed to increase multifamily and mixed-use development capacity to accommodate the projected growth in households earning less than 120 percent of the Area Median Income (AMI). The necessary development code amendments to increase development capacity will be adopted prior to the effective date of the Comprehensive Plan periodic review adoption ordinance.

E. The fifth statewide planning goal is, "Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new

businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities (RCW 36.70A.020(5)).”

The Comprehensive Plan periodic review included the drafting of a new Economic Development Element. The Economic Development Element establishes policies to foster economic growth, promote opportunities for residents, support existing businesses, and attract new businesses. Because the Economic Development Element is consistent with the Transportation, Capital Facilities, and Utilities elements, this economic growth will occur within the capacity of Mercer Island’s public services and facilities.

F. The sixth statewide planning goal is, “Property rights. Private property shall not be taken for public use without just compensation having been made. The property rights of landowners shall be protected from arbitrary and discriminatory actions (RCW 36.70A.020(6)).”

The Comprehensive Plan updates adopted during this periodic review were reviewed to ensure that they do not constitute the taking of private property without just compensation.

G. The seventh statewide planning goal is, “Permits. Applications for both state and local government permits should be processed in a timely and fair manner to ensure predictability (RCW 36.70A.020(7)).”

The Comprehensive Plan includes goals that address permit processing with the express intent of increasing predictability and reducing review time. Specifically, policies in the Land Use, Housing, and Economic Development Element are directed at reviewing development regulations and permit processing procedures to find ways to reduce permit review times and simplify requirements for the entitlement process.

H. The eighth statewide planning goal is, “Natural resource industries. Maintain and enhance natural resource-based industries, including productive timber, agricultural, and fisheries industries. Encourage the conservation of productive forestlands and productive agricultural lands, and discourage incompatible uses (RCW 36.70A.020(8)).”

The City of Mercer Island is entirely within the King County UGA and is bounded on all sides by Lake Washington. The City’s Comprehensive Plan does not authorize development outside of the UGA or in or near natural resource lands designated by the King County Comprehensive Plan.

I. The ninth statewide planning goal is, “Open space and recreation. Retain open space and green space, enhance recreational opportunities, enhance fish and

wildlife habitat, increase access to natural resource lands and water, and develop parks and recreation facilities (RCW 36.70A.020(9)).”

The Comprehensive Plan includes goals and policies directed at maintaining open space and recreation. Policies in the Land Use, Capital Facilities, and Parks and Open Space elements specifically address the preservation of parks and recreation. Furthermore, the Parks, Recreation, and Open Space (PROS) Plan details actions the City will take to maintain and enhance its parks and open space. Policies in the Land Use Element address critical areas, including fish and wildlife habitat. The City has adopted a Stormwater Management Manual by reference in the Comprehensive Plan, detailing how the City will manage its stormwater runoff. The Shoreline Master Program (SMP) Element establishes the goals and policies directing, in part, how the City will increase access to shorelines and waters of the state. The City’s Comprehensive Plan does not authorize development outside of the UGA or in or near natural resource lands designated by the King County Comprehensive Plan.

J. The tenth statewide planning goal is, “Environment. Protect and enhance the environment and enhance the state's high quality of life, including air and water quality, and the availability of water (RCW 36.70A.020(10)).”

Policies in the Land Use Element address critical areas and the environment. The City has adopted a Stormwater Management Manual by reference in the Comprehensive Plan, detailing how the City will manage its stormwater runoff. The Shoreline Master Program (SMP) Element establishes the goals and policies directing how the City will protect the shorelines and waters of the state.

K. The eleventh statewide planning goal is, “Citizen participation and coordination. Encourage the involvement of citizens in the planning process, including the participation of vulnerable populations and overburdened communities, and ensure coordination between communities and jurisdictions to reconcile conflicts (RCW 36.70A.020(11)).”

The formal public comment period from April 24, 2024, through the Planning Commission public hearing on May 29, 2024, was included in the public hearing notice (Attachment A). The City continued to accept public comment from May 29, 2024, through the second reading and adoption of Ordinance No. 24C-16 on November 19, 2024.

The Comprehensive Plan includes goals and policies directed at involving the public in the planning process. The Housing Element includes specific goals and policies that require actions to increase participation of vulnerable populations and overburdened communities.

L. the twelfth statewide planning goal is, “Public facilities and services. Ensure that those public facilities and services necessary to support development shall

be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards (RCW 36.70A.020(12)).”

The Comprehensive Plan includes the Transportation, Capital Facilities, and Utilities elements, which establish goals and policies to ensure that facilities and services necessary to support development will be maintained and expanded as new development occurs. These policies taken together with development regulations requiring transportation and parks impact fees for some development and for transportation concurrency management (Chapters 19.18, 19.19, and 19.20 MICC) ensure that new development will not reduce levels of service below established standards.

M. The thirteenth statewide planning goal is, “Historic preservation. Identify and encourage the preservation of lands, sites, and structures, that have historical or archaeological significance (RCW 36.70A.020(13)).”

The City has established a process for identifying and encouraging the preservation of historical significance in Chapter 16.01 MICC.

N. The fourteenth statewide planning goal is, “Climate change and resiliency. Ensure that comprehensive plans, development regulations, and regional policies, plans, and strategies under RCW 36.70A.210 and chapter 47.80 RCW adapt to and mitigate the effects of a changing climate; support reductions in greenhouse gas emissions and per capita vehicle miles traveled; prepare for climate impact scenarios; foster resiliency to climate impacts and natural hazards; protect and enhance environmental, economic, and human health and safety; and advance environmental justice (RCW 36.70A.020(13)).”

The Comprehensive Plan includes goals and policies in nearly every element that establish how the City will adapt to and mitigate the effects of climate change. Policies in the Transportation Element specifically target reducing greenhouse gas emissions and per capita vehicle miles traveled. The City has also adopted a Climate Action Plan by reference in the Comprehensive Plan. The Climate Action Plan identifies actions the City will take to respond to climate change.

O. The fifteenth statewide planning goal is, “Shorelines of the state. For shorelines of the state, the goals and policies of the shoreline management act as set forth in RCW 90.58.020 shall be considered an element of the county's or city's comprehensive plan (RCW 36.70A.020(14)).”

The Shoreline Master Program (SMP) Element of the Comprehensive Plan and Chapter 19.13 MICC establish the City’s SMP as required by Chapter 90.58 RCW.

III. COMPREHENSIVE PLAN ELEMENTS

A. LAND USE ELEMENT

1. The Land Use Element is required to designate the proposed general distribution and location of land uses, including open spaces within an urban growth area (UGA), public utilities, and public facilities (RCW 36.70A.070(1)).

The Land Use Map included as Figure 1 of the Land Use Element designates the proposed general distribution and location of land uses including parks and open spaces, commercial uses, mixed-use areas, residential areas, and public facilities.

2. The Land Use Element is required to include population densities, building intensities, and estimates of population growth (RCW 36.70A.070(1)).

The Land Use Element Existing Conditions and Trends section outlines the general population density and building intensity in the City. The Growth Forecast section includes an estimate of population growth consistent with the WA Office of Financial Management (OFM) projections and the King County growth targets established in the Countywide Planning Policies (CPPs).

3. The Land Use Element must provide for protection of the quality and quantity of groundwater used for public water supplies (RCW 36.70A.070(1)).

Public water supplies on Mercer Island do not use groundwater from aquifers within the City's jurisdiction. Policies in the Utilities Element address water quality and quantity for public water supplies.

4. The Land Use Element must give special consideration to achieving environmental justice in its goals and policies, including efforts to avoid creating or worsening environmental health disparities (RCW 36.70A.070(1).

The Land Use Element includes goals and policies that address access to healthy environments. Additional policies in the Housing and Transportation elements are directed at achieving environmental justice by reducing environmental hazards, expanding environmental infrastructure, and increasing access to healthy environments.

5. The Land Use Element should consider utilizing urban planning approaches that promote physical activity and reduce per capita vehicle miles traveled within the jurisdiction, but without increasing greenhouse gas emissions elsewhere in the state (RCW 36.70.A.070(1)).

The Land Use Element includes Goal 13 and its policies, which are directed at reducing greenhouse gas emissions. More policies that address vehicle miles traveled are established in the Transportation Element.

6. Where applicable, the land use element shall review drainage, flooding, and stormwater runoff in the area and nearby jurisdictions and provide guidance for corrective actions to mitigate or cleanse those discharges that pollute waters of the state, including Puget Sound or waters entering Puget Sound (RCW 36.70A.070(1)).

The Land Use Element includes policies under Goal 10 that address stormwater runoff. Additional policies regarding stormwater runoff can be found in the Utilities Element. Furthermore, the City has adopted and maintains a Stormwater Management Program to reduce runoff pollution to Lake Washington, water from which eventually enters Puget Sound.

7. The land use element must reduce and mitigate the risk to lives and property posed by wildfires by using land use planning tools (RCW 36.70A.070(1)).

The Land Use Element includes goals and policies directed at vegetation management and maintaining emergency management plans. Land Use Policy 10.12 directly addresses mitigation of the risk to lives and property posed by wildfires.

8. King County has established CPPs that help coordinate planning among cities within its jurisdiction, including CPPs addressing the Land Use Element.

A matrix analyzing consistency between the Land Use Element policies and CPPs was entered into the record under file PCB 24-12. The draft Comprehensive Plan update was amended to resolve the gaps identified in that matrix by the Planning Commission on May 29, 2024.

B. HOUSING ELEMENT

1. The Housing Element must include an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth (RCW 36.70A.070(2)(a)).

An inventory and analysis of existing housing stock is provided in the Housing Needs Assessment (HNA). The HNA was prepared in a manner consistent with WAC 365-196-410(2)(b) and (c). The City Council was provided with the HNA with Agenda Bill 6107. Table 1 in the Housing Element shows the City's projected housing needs as assigned by King County in CPP H-1. Housing needs are expressed in the number of housing units per income segment necessary to manage projected growth. The City prepared a Land Capacity Analysis (LCA) Supplement to identify the land capacity needed to accommodate housing the City's housing needs. The LCA Supplement was completed based on the WA Department of

Commerce (Commerce) guidance and consistent with the guidelines in WAC 365-196-325. The City Council was provided with the LCA Supplement with Agenda Bill 6385. Both the HNA and LCA Supplement will be adopted as appendices to the Comprehensive Plan.

2. The inventory and analysis of housing needs must identify the number of units for moderate, low, very low, and extremely low-income households as provided by the Department of Commerce necessary to manage projected growth (RCW 36.70A.070(2)(a)(i)).

Table 1 in the Housing Element shows the City's projected housing needs as assigned by King County in CPP H-1. Housing needs are expressed in the number of housing units per income segment necessary to manage projected growth. King County allocated housing needs to cities within its jurisdiction based on the total countywide need provided by Commerce.

3. The inventory and analysis of housing needs must identify the number of units for emergency housing, emergency shelters, and permanent supportive housing as provided by the Department of Commerce necessary to manage projected growth (RCW 36.70A.070(2)(a)(ii)).

Table 1 in the Housing Element shows the total number of emergency housing and permanent supportive housing (PSH) units as assigned by King County in CPP H-1. Housing needs are expressed in the number of housing units per income segment necessary to manage projected growth. King County allocated housing needs to cities within its jurisdiction based on the total countywide need provided by Commerce.

4. The Housing Element must include a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences, and within an urban growth area boundary, moderate density housing options including, but not limited to, duplexes, triplexes, and townhomes (RCW 36.70A.070(2)(b)).

The Housing Element includes goals, policies, and objectives for the preservation, improvement, and development of housing. The City of Mercer island is entirely within a UGA. The Housing Element includes goals, policies, and objectives related to moderate density housing options. The development code, which implements the Housing Element, establishes mandatory provisions for housing development of all densities.

5. The Housing Element must identify 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 (RCW 36.70A.070(2)(c)).

The City conducted the LCA Supplement to identify the land capacity needed to accommodate housing the City's housing needs. The City Council was provided with the LCA Supplement with Agenda Bill 6385. The LCA Supplement was completed based on the WA Department of Commerce (Commerce) guidance and consistent with the guidelines in WAC 365-196-325. The LCA Supplement found that the City needed to increase development capacity for multifamily and mixed-use development to accommodate the housing needs for moderate to extremely low-income households. In response, the City is increasing residential development capacity in the Town Center and Commercial Office (C-O) zones. The development capacity increase will be effective on or before the effective date of the ordinance adopting Comprehensive Plan amendments. Residential development capacity after the increase is sufficient to accommodate the City's housing needs. Duplexes, triplexes, and townhomes are considered in the Housing Element policies.

6. The Housing Element must make adequate provisions for existing and projected needs of all economic segments of the community (RCW 36.70A.070(2)(d). This includes:

   a. Incorporating consideration for low, very low, extremely low, and moderate-income households;

      The Housing Element includes considerations for moderate, low, very low, and extremely low-income households throughout, with particular provisions in Goal 2 and its policies. The development code, which implements the Housing Element includes requirements and establishes incentives for the development of housing affordable to households earning below the AMI. The Housing Element includes policies throughout which direct additional actions to support development of housing for low-, very low-, extremely low-, and moderate-income households. Those policies will be implemented throughout the planning period of the Comprehensive Plan to address the needs of households earning below the area median income.

   b. Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

      Programs and actions needed to achieve housing availability are documented in Housing Element Table 2 and the HNA provided to the City Council on September 3, 2024 (Agenda Bill 6107).

   c. Consideration of housing locations in relation to employment location; and

Housing Element policies 1.4, 1.9, 1.11, 1.12, and 2.1 consider housing locations in relation to employment.

d. Consideration of the role of accessory dwelling units in meeting housing needs;

Housing Element policies 1.10, 5.3, 5.4 and 5.5 consider the role of accessory dwelling units in meeting housing needs.

7. The Housing Element must identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing (RCW 36.70A.070(2)(e)).

The City prepared the Racially Disparate Impacts (RDI) Evaluation based on the Commerce guidance to identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing. The RDI Evaluation was provided to the City Council on January 2, 2024 (Agenda Bill 6385).

8. The Housing Element must identify and implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions (RCW 36.70A.070(2)(f)).

The Housing Element identifies policies to address and begin to undo RDI, displacement, and inclusion. Specifically, policies 1.7, 1.8, 3.1, 3.2, 3.3, 3.4, 3.5, 4.1, 4.2, 4.3, and 4.4 address RDI, displacement, and inclusion in housing. Actions to implement these policies will be taken throughout the Comprehensive Plan planning period.

9. The Housing Element must identify areas that may be at higher risk of displacement from market forces that occur with changes to zoning, development regulations, and capital investments (RCW 36.70A.070(2)(g)).

The Housing Element introduction identifies areas that may be at a higher risk of displacement from market forces that occur with changes to zoning, development regulations, and capital investments.

10. The Housing Element must establish anti-displacement 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 (RCW 36.70A.070(2)(h)).

The Housing Element establishes anti-displacement policies under Goal 4. Policies throughout the Housing Element consider investments in

extremely low- to moderate-income housing, equitable development, inclusionary zoning, tenant protections, land disposition policies, and other planning requirements. Specifically, the following Housing Element policies address one or more of the considerations listed in RCW 36.70A.070(2)(h): 1.4, 1.7, 1.8, 1.9, 1.10, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 3.3, 3.4, 5.4, and 5.5.

11. In counties and cities subject to the review and evaluation requirements of RCW 36.70A.215, any revision to the housing element shall include consideration of prior review and evaluation reports and any reasonable measures identified. The housing element should link jurisdictional goals with overall county goals to ensure that the housing element goals are met (RCW 36.70A.070(2)(h)).

Cities in King County are subject to the review and evaluation requirements of RCW 36.70A.215. The City of Mercer Island will be submitting its housing Element which is part of the 2024 Comprehensive Plan periodic update to the King County Affordable Housing Committee upon final approval by the City Council. To date, the City of Mercer Island has not been required to take reasonable measures to align its locally adopted Comprehensive Plan with overall County planning goals.

12. King County has established CPPs that help coordinate planning among cities within its jurisdiction, including 29 CPPs addressing the Housing Element.

A matrix analyzing consistency between the Housing Element policies and CPPs was entered into the legislative record under City of Mercer Island file PCB24-12. The draft Comprehensive Plan update was amended to resolve the gaps identified in that matrix.

C. TRANSPORTATION ELEMENT

1. The Transportation Element must include land use assumptions used in estimating travel (RCW 36.70A.070(6)(a)(i)).

The land use assumptions used in estimating travel are listed beginning on page 2 of the Transportation Element.

2. The Transportation Element must include estimated multimodal level of service impacts to state-owned transportation facilities resulting from land use assumptions to assist in monitoring the performance of state facilities, to plan improvements for the facilities, and to assess the impact of land-use decisions on state-owned transportation facilities (RCW 36.70A.070(6)(a)(ii)).

The land use assumptions used in estimating travel are listed beginning on page 2 of the Transportation Element. The level of service analysis impacts expected from projected growth are included in Table 4 of the Transportation Element. In a comment letter dated July 25, 2024,

Commerce stated the City is not required to establish multimodal level of service (MMLOS) standards until the 5-year progress report (RCW 36.70A.130(9)(a)). The Transportation Element includes Policy 10.7, providing direction to work with partners to establish MMLOS standards. The Transportation Element also directs that MMLOS policies should detail actions the City will take to ensure transportation facilities and services meet those standards.

3. The Transportation Element must include facilities and service needs including:

   a. An inventory of transportation facilities and services including transit and state-owned facilities.

      Transportation facilities are inventoried in Section III Transportation System beginning on page 10 of the Transportation Element.

   b. Multimodal level of service standards for all transit routes and locally owned arterials.

      Level of service standards are established in the Transportation Element. The Transportation Element includes Policy 10.7 that establishes policy direction to work with partners to develop MMLOS standards.

   c. Multimodal level of service standards for state-owned transportation facilities as prescribed in chapters 47.06 and 47.80 RCW.

      Level of service standards are in the Transportation Element. The Transportation Element includes Policy 10.7 that establishes policy direction to work with partners to develop MMLOS standards.

   d. Specific actions and requirements for bringing into compliance transportation facilities or services that are below an established multimodal level of service standard.

      The Transportation Element includes Policy 10.7 that establishes policy direction to work with partners to develop MMLOS standards. The policies listed under Goal 10 of the Transportation Element, specifically, Policy 10.3 outlines the strategies the City will use to bring transportation facilities into compliance with level of service standards.

   e. Forecasts of multimodal transportation demand and needs for at least ten years based on the adopted land use plan.

      Future travel demand based on the land use plan is forecasted in the Transportation Element.

f. Identification of state and local system needs to equitably meet current and future demands.

Analysis of transportation system needs to meet current and future demands are analyzed in Section IV Transportation System – Future Needs section of the Transportation Element.

g. A transition plan for transportation as required in Title II of the Americans with disabilities act of 1990 (ADA) (RCW 36.70A.070(6)(a)(iii)).

The City has adopted an ADA Transition Plan. Projects from the ADA Transition Plan are included in Table 3. Recommended Project List 2022-2044 of the Transportation Element.

4. The Transportation Element must include funding analysis including:

a. An analysis of funding capability to judge needs against probably funding resources.

Financial analysis can be found in Transportation Element Section V Financial Analysis. Further financial analysis was provided to the City Council on September 3, 2024 (Agenda Bill 6519).

b. A multiyear financing plan based on the needs identified in the Transportation Element.

Financial implementation strategies can be found in Transportation Element Section VI Implementation Strategies.

c. A list of actions to be taken if probable funding falls short of meeting the identified needs of the transportation system, a discussion of how additional funding will be raised, or how land use assumptions will be reassessed to ensure that level of service standards will be met (RCW 36.70A.070(6)(a)(iv)).

A list of actions to be taken if funding falls short of meeting transportation needs is provided in Policy 10.3.

5. The Transportation Element must include intergovernmental coordination efforts including an assessment of the impacts of the transportation plan and land use assumption on the transportation system of adjacent jurisdictions ((RCW 36.70A.070(6)(a)(v)).

Intergovernmental coordination is addressed in the following Transportation Element Policies: 3.2, 4.1, 5.4, 7.9, 8.1, 8.2, 8.3, 8.4, and 9.4.

6. The Transportation Element must include transportation demand management strategies (RCW 36.70A.070(6)(a)(vi)).

Transportation Element Policy 5.3 and the City's Climate Action Plan detail transportation demand management strategies.

7. The Transportation Element must include an active transportation component that identifies and designates planned improvements for active transportation facilities (RCW 36.70A.070(6)(a)(vii)).

Transportation Element Policies 7.10, 7.11, and 12.5 address active transportation. The City has also adopted a Pedestrian and Bicycle Facilities Plan that identifies planned improvements for active transportation.

8. After adoption of the Comprehensive Plan, the City must adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a locally owned or locally or regionally operated transportation facility to decline below the standards adopted in the transportation element of the comprehensive plan, unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development (RCW 36.70A.070(6)(b)).

The City has adopted and enforces a transportation concurrency management system in established in Chapter 19.20 Mercer Island City Code (MICC).

9. The Transportation Element and the locally adopted six-year transportation improvement plan must be consistent with countywide, regional, and statewide transportation plans (RCW 36.70A.070(6)(c)).

The City has reviewed the Transportation Element and six-year transportation improvement plan to ensure that it is consistent with countywide, regional, and statewide transportation plans.

D. UTILITIES ELEMENT

1. The Utilities Element must consist of the general location, proposed location, and capacity of all existing and proposed utilities including, but not limited to, electrical, telecommunications, and natural gas systems (RCW 36.70A.070(4)(a)).

The Utilities Element provides the general location and capacity of existing and proposed utilities throughout the Element. The following utility types considered in the Utilities Element: water, sewer, stormwater, solid waste, electricity, natural gas, and telecommunications.

E. CAPITAL FACILITIES ELEMENT

1. The Capital Facilities Element must include an inventory of existing capital facilities owned by public entities showing the locations and capacities of the capital facilities (RCW 36.70A.070(3)(a)).

The Capital Facilities Element includes an inventory of existing public facilities and their capacities in Section II of the Element.

2. The Capital Facilities Element must include a forecast of future needs for capital facilities (RCW 36.70A.070(3)(b).

Future needs are forecast in Section III of the Element.

3. The Capital Facilities Element must show the proposed locations and capacities of expanded or new capital facilities (RCW 36.70A.070(3)(c)).

The proposed locations and capacities of expanded and new capital facilities are provided in sections III and IV of the Element.

4. The Capital Facilities Element must include a plan for financing capital improvements projected within the element (RCW 36.70A.070(3)(d)).

Financial planning for capital facility improvement and maintenance is addressed in Section IV of the Element.

5. The Capital Facilities Element must include a requirement to reassess the land use element if probable funding falls short of existing needs and the ensure these two elements are coordinated and consistent (RCW 36.70A.070(3)(e)).

Policy 1.4 requires the City to reassess the Land Use Element is projected funding will fall short of existing needs.

6. The Capital Facilities Element must include park and recreation facilities (RCW 36.70A.070(3)(e)).

Park and recreation facilities are included in the inventories and analysis of the Capital Facilities Element. Where appropriate, the Capital Facilities Element points to goals, objectives, and strategies in the Parks, Recreation, and Open Space (PROS) Plan.

7. King County has established CPPs that help coordinate planning among cities within its jurisdiction, including CPPs addressing public facilities.

A matrix analyzing consistency between the Capital Facilities Element policies and CPPs was entered into the record under City of Mercer Island file PCB 24-12. The draft Comprehensive Plan update was amended to resolve the gaps identified in that matrix.

F. SHORELINE MASTER PROGRAM ELEMENT

1. The GMA requires that goals and policies of the City's Shoreline Master Program (SMP) be considered an element of the Comprehensive Plan (RCW 36.70A.480(1)). The City has adopted the SMP Element as the seventh element of its Comprehensive Plan.

2. Though Ordinance 24C-16 proposes a repeal and replacement of the SMP Element, the substance of that element is not proposed to be amended by this ordinance. The repeal and replacement of the SMP Element is only enacted to ensure the formatting of the SMP Element will be consistent with the other elements of the Comprehensive Plan.

G. ECONOMIC DEVELOPMENT ELEMENT

1. The Economic Development Element must include goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life (RCW 36.70A.070(7)).

The proposed Economic Development Element includes goals and policies that address economic growth, vitality, and high quality of life.

H. PARK AND RECREATION ELEMENT

1. The Park and Recreation Element must implement and be consistent with the Capital Facilities Element as it relates to park and recreation facilities (RCW 36.70A.070(8)).

The proposed Parks and Open Space Element would adopt the Parks, Recreation and Open Space (PROS) Plan by reference. The PROS Plan implements the capital improvement plan established by the Capital Facilities Element (PROS Plan, Chapter 11).

2. The Park and Recreation Element must include estimates of park and recreation demand for at least 10 years, evaluate facility and service needs, evaluate tree canopy coverage, and evaluate intergovernmental coordination opportunities to address park and recreation needs (RCW 36.70A.070(8)(a) – (d)).

The PROS Plan adopted by reference in the Parks and Open Space Element includes estimates of park and recreation demand for at least 10 years, and evaluates facility needs, service needs, tree canopy coverage, and intergovernmental coordination opportunities to address park and recreation needs.

IV. PLANNING COMMISSION FINDINGS

The Planning Commission made the following findings on June 12, 2024.

A. Consider CPP T-6 when planning for any sub-area plans or surrounding infrastructure for the future Link Light Rail expansion.

B. When implementing residential anti-displacement policies, identify approaches that are more likely to:

1. Increase the number of lower-cost rental units;

2. Expand homeownership opportunities to renting households; and

3. Increase the variety of housing options.

C. Identify regulations that can reduce the following impacts when establishing regulations for moderate density:

1. More people parking on neighborhood streets;

2. Traffic and parked cars affecting pedestrian safety;

3. Reduced parking requirements in areas close to transit causing more residents to park on the street; and

4. Loss of mature trees and landscaping when new development occurs.

D. During implementation of the Comprehensive Plan, open space networks should be preserved and enhanced, particularly in and around higher density areas of the City.

E. Consider the following strategies for increasing affordable housing first when implementing the Housing Element:

1. Support Proximity to Transit Hubs: Foster the development and preservation of affordable housing within walking distance of the Link Light Rail;

2. Allow Multifamily in C-O zone: Permit mixed-use and multifamily development in areas of the city zoned Commercial-Office (C-O) if they incorporate affordable housing units within the development;

3. Town Center Focus: Concentrate the development of affordable housing units in Town Center zones by increasing the maximum allowable height

for multifamily or mixed-use developments inclusive of affordable housing.

4. Streamline Permit Processes: Reduce permit review times and fees for new development that include affordable housing units.

5. Mandatory Inclusion in New Development: Require the inclusion of affordable housing units in all new multifamily or mixed-use development.

F. Prioritize the following actions when implementing the Transportation Element:

1. Improve and expand safe pedestrian and bicycle routes, including safe routes to school;

2. Improvements to the "last mile" transportation options to the Town Center and transit station; and

3. Provide more public parking in the Town Center for patrons and commuters.

G. Prioritize the following investments when implementing the Comprehensive Plan:

1. Maintaining City services;

2. Quality infrastructure;

3. Increasing variety of businesses on Mercer Island; and

4. Protect natural resources.

H. Transportation Element Policy Goal 4.10 received six public comments asking that we note that off-street parking is important to families and those who are handicapped.

I. A number of public comments expressed opposition to state mandated or Planning Commission driven changes included in the new draft of the comprehensive plan. The Planning Commission took up several amendments to the draft in response to public comment but did not elect to make all changes recommended by the public. We encourage the City Council to review public comment during their consideration of the draft plan.

V. CITY COUNCIL FINDINGS

A. The City's employment growth target is 1,300 new jobs by 2044 per the growth targets established in the King County Countywide Planning Policies. The City has capacity for 961 jobs according to the King County Urban Growth Capacity Report. In its capacity calculations, the Urban Growth Capacity Report did not account for existing vacant commercial office buildings that could accommodate additional employment. Specifically, the vacant office building at 3003 77TH AVE SE in the Town Center was not considered part of the City's employment capacity. That building has capacity make up the 339-job difference between capacity and employment growth target. Factoring in that building, the City has capacity to accommodate its employment growth target.

B. The City analyzed emergency housing development capacity and found that there is adequate capacity to accommodate the City's emergency housing needs under the interim regulations established by Ordinance 21C-23. That analysis was provided to the City Council with Agenda Bill 6519, Exhibit 2. As part of the implementation of the Comprehensive Plan, the City will consider an ordinance to establish permanent regulations that allow a similar level of capacity for emergency housing.

Review of permanent regulations for emergency housing should include a detailed analysis of any spacing requirements to ensure that they allow adequate capacity to accommodate the City's emergency housing needs as established by King County.

C. The City evaluated barriers to housing development and included a summary of that analysis as Table 2 of the Housing Element. A more detailed evaluation of the barriers to housing development was provided to the City Council with Agenda Bill 6519, Exhibit 2.

D. Use the definition of "Emergency Housing" established in RCW 36.70A.030(14) when establishing permanent development regulations for shelter, transitional, emergency, and permanent supportive (STEP) housing.

E. The City conducted an analysis of future funding capability for transportation facilities and found that probable funding resources will meet the projected needs and allow the City to maintain adopted levels of service. That analysis was provided to the City Council on September 3, 2024 (Agenda Bill 6519, Exhibit 2).

Attachment A – Public Hearing Notices

Classified Proof

Client	91534 - City of Mercer Island- LEGALS	Phone	(206) 275-7600
Address	9611 SE 36th Street	E-Mail	deborah.estrada@mercerisland.gov
	Mercer Island, WA, 98040	Fax	(206) 275-7663

Order#	995025	Requested By	DEB ESTRADA	Order Price	$86.34
Classification	3030 - Legal Notices	PO #	NOPH COMP PLN	Tax 1	$0.00
Start Date	04/24/2024	Created By	0917	Tax 2	$0.00
End Date	04/24/2024	Creation Date	04/19/2024, 11:46:18 am	Total Net	$86.34
Run Dates	1			Payment	$0.00
Publication(s)	Mercer Island Reporter				

Sales Rep	9470 - Jennifer Tribbett	Phone	(360) 802-8212
		E-Mail	jtribbett@courierherald.com
		Fax	

Classified Proof

CITY OF MERCER ISLAND – NOTICE OF PUBLIC HEARING
Comprehensive Periodic Review – Public Hearing
May 29, 2024

Notice is hereby given that the Mercer Island Planning Commission will hold a public hearing at its Hybrid Meeting on Wednesday, May 29, 2024, at approximately 6pm, to receive comments on amendments to the Comprehensive Plan as part of the 2024-2044 Periodic Review.

For more information, read about the project on Let's Talk at https://letstalk.mercergov.org/comprehensive-plan-periodic-update

The public hearing will be held in person and using Zoom. The public will have the opportunity to comment during the public hearing by either attending in person, calling in, or logging onto the meeting via Zoom. Written comments may be submitted to the City of Mercer Island by e-mail to cityclerk@mercerisland.gov until such time that the public hearing is adjourned.

Detailed instructions on how to comment live during the public hearing will be available online on or before May 24, 2024, at: https://www.mercerisland.gov/bc-pc

Deborah Estrada, MMC
Deputy City Clerk

Americans with disabilities accommodations are available by calling (206) 275-7791.

Published in the Mercer Island Reporter: April 24, 2024

Weekly Permit Bulletin
9611 SE 36th Street | Mercer Island, WA 98040 | 206.275.7605

*****City Hall Closed – Learn More About Long-Range Facility Planning*****

April 22, 2024

Providing official notice of land use applications, meetings, decisions, recommendations, hearings, and appeals of land use decisions within the City of Mercer Island.

How to use this bulletin

To learn more about a project:

- Click the "Project Documents" link to view digital documentation. The project documents available through this link contain most, but may not contain all, publicly available information. For example, when a project is updated with a different project design, older designs may be removed from the public folder to avoid confusion. Each folder will be updated when there is a project revision.
- Call the project planner to arrange to review the project files. The planner's contact information is in the notice. You may also call the "Planner Helpline" for zoning related questions at 206-275-7729. Additional resources are available online:
    - http://www.mercerisland.gov: Staff directory, city regulations, and additional information about permits.
    - http://www.mybuildingpermit.com: Follow the status of a specific permit by address or permit number.
    - Mercer Island Map Portal: A tool to search for site-specific information.

To comment on a project:

If comments are provided within the specified comment period, they will be forwarded to the appropriate reviewer, and you will become a party of record. Written comments can specifically address how the proposed work does not meet one or more of the criteria listed in the Applicable Development Regulations.

- Send your comments in writing to the project planner identified in the notice. Be sure to include your name, address, and email if applicable.
- The City will accept public comments at any time prior to the closing of the record of an open record predecision hearing, if any, or if no open record predecision hearing is provided, prior to the decision on the project land use review.
- If you submit a written comment, staff will send you a copy of the notice of decision or recommendation.

Will there be a public hearing on this application?

Public Hearings are only required for Type 4 permits. For a list of Type 4 (IV) permits, please refer to Mercer Island City Code 19.15.030 Table A. The project will state under the Public Hearing section if a hearing is required.

What is SEPA?

State Environmental Policy Act (SEPA) is a review intended to act as a "safety net" in protecting the environment. Following SEPA review, the City must issue a determination of Significance, Non-Significance, or a Mitigated Determination of Non Significance. Applicants for a SEPA review must complete a SEPA checklist, and may need to prepare additional mitigation to avoid a "probable significant impact" to the environment.

When is a project SEPA exempt?

The state Department of Ecology establishes categorical exemptions to SEPA review, which are generally described here: WAC 197-11-800. For example, a shoreline dock may be SEPA exempt if the dock was legally established, and normal maintenance and repair is proposed. However, SEPA is required if the dock will expand or if a new dock is built.

Where can I find more information?

Please review the Washington State Department of Ecology SEPA website and the SEPA handbook. Another useful page is the SEPA form templates found here.

Receive the bulletin by email.

Email the Deputy City Clerk at deb.estrada@mercerisland.gov to receive or unsubscribe from the weekly bulletin distribution list.

How to reach us.

9611 SE 36th Street | Mercer Island, WA 98040 | (206) 275-7729 | The Community Planning & Development Department is located on the lobby floor of Mercer Island City Hall.

How to search permit records online.

Land use review actions that are not listed in this bulletin can be searched online at https://permitsearch.mybuildingpermit.com/. Searching online permit records requires the following steps:

1. Select "Mercer Island" from the jurisdiction dropdown menu.
2. In the blue "Search by" section, click the "Project Info" tab.
3. The "Project Name/Description" field is optional. It can be left blank unless searching for a specific project.
4. Select the permit type from the "Permit Type" dropdown menu.
5. Use the "Permit Status" field to narrow searches by status. This field is optional. "Permit Status" can be left blank unless searching for a specific project.
6. Use the "Date Type" to limit your search to permits either applied, issued, or finaled. Use the "Applied" option to search for permits that are still in review. Use the "Issued" option to see permits that have been issued; these permits were approved. The "Finaled" option will show permits that received a final inspection and approval (Note: not all permits are finaled, only those requiring a final inspection will be finaled).
7. Use the "From" and "To" fields to define the dates you want to search between.
8. After the search is conducted, results will display below the search fields. You have the option of downloading the records to an Excel spreadsheet.

Notice of OPEN HOUSE and Possible Quorum

Notice is hereby given that there may be a possible quorum of the Mercer Island Planning Commission at the **Comprehensive Plan Community Open House on May 1, from 6-8pm, at the Mercer Island Community & Event Center**. Residents are invited to attend the Open House and provide feedback on the draft Comprehensive Plan Periodic Update.

Learn more about the 2024 – 2044 Comprehensive Plan Periodic Review at https://letstalk.mercergov.org/comprehensive-plan-periodic-update.

Deborah Estrada, MMC, Deputy City Clerk
City of Mercer Island

Notice:

- Mercer Island Reporter – April 17, 2024
- Website Public Notice – April 17, 2024
- Weekly Permit Bulletin – April 15, 22, and 30, 2024
- Planning Commission Email Distribution List – April 11, 2024
- Planning Commission Calendar – April 1, 2024

Notices of Public Hearings

Comprehensive Periodic Review – Public Hearing May 29, 2024

Notice is hereby given that the Mercer Island Planning Commission will hold a public hearing at its Hybrid Meeting on Wednesday, May 29, 2024, at approximately 6pm, to receive comments on amendments to the Comprehensive Plan as part of the 2024-2044 Periodic Review.

For more information, read about the project on Let's Talk at https://letstalk.mercergov.org/comprehensive-plan-periodic-update

The public hearing will be held in person and using Zoom. The public will have the opportunity to comment during the public hearing by either attending in person, calling in, or logging onto the meeting via Zoom. Written comments may be submitted to the City of Mercer Island by e-mail to cityclerk@mercerisland.gov until such time that the public hearing is adjourned.

Detailed instructions on how to comment live during the public hearing will be available online on or before May 24, 2024, at: https://www.mercerisland.gov/bc-pc

Deborah Estrada, MMC
Deputy City Clerk

Americans with disabilities accommodations are available by calling (206) 275-7791.

Published in the Mercer Island Reporter: April 24, 2024

Attachment B – SEPA Determination and 60-Day Notice of Amendment

STATE OF WASHINGTON
DEPARTMENT OF COMMERCE
1011 Plum Street SE • *PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000*
www.commerce.wa.gov

05/06/2024

Mr. Adam Zack
Senior Planner
City of Mercer Island
9611 SE 36th Street
Mercer Island, WA 98040

Sent Via Electronic Mail

Re: City of Mercer Island--2024-S-7050--60-day Notice of Intent to Adopt Amendment

Dear Mr. Zack:

Thank you for sending the Washington State Department of Commerce (Commerce) the 60-day Notice of Intent to Adopt Amendment as required under RCW 36.70A.106. We received your submittal with the following description.

Proposed comprehensive plan amendment for the GMA periodic update.

We received your submittal on 05/03/2024 and processed it with the Submittal ID 2024-S-7050. Please keep this letter as documentation that you have met this procedural requirement. Your 60 -day notice period ends on 07/02/2024.

We have forwarded a copy of this notice to other state agencies for comment.

Please remember to submit the final adopted amendment to Commerce within ten days of adoption.

If you have any questions, please contact Growth Management Services at reviewteam@commerce.wa.gov, or call Catherine McCoy, (360) 280-3147.

Sincerely,

Review Team
Growth Management Services

COMMUNITY PLANNING & DEVELOPMENT
9611 SE 36TH STREET | MERCER ISLAND, WA 98040
PHONE: 206.275.7605 | www.mercerisland.gov/cpd

SEPA THRESHOLD DETERMINATION OF NON-SIGNIFICANCE (DNS)

NOTICE IS HEREBY GIVEN for the application described below:

Application No.: SEP24-005

Permit Type: Type III

Description of Request: This proposal is a non-project action to amend the City of Mercer Island Comprehensive Plan and adopt development regulations consistent with the requirements in RCW 36.70A.130. The planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs.

This Comprehensive Plan update will include the following:

- Extension of the City's planning horizon to 2044 with updated growth targets; policy and text amendments to:
  - Correspond with changes to state and regional guidance;
  - reflect evolving City policy;
  - Increase readability, clarify direction, remove redundancies and add new/updated information;
- Updates to the goals and policies of the Comprehensive Plan to comply with requirements in the Growth Management Act (GMA), Multi-County Planning Policies (MPPs) from PSRC's Vision 2050, and King County Countywide Planning Policies (CPPs);
- Amendments to the Land Use, Housing, Transportation, Capital Facilities, and Utilities Elements;
- Adoption of a new Economic Development Element and a Parks and Open Space Element;
- The City's Shoreline Master Program (SMP) Element will not be amended during this periodic review;
- Modification to the City of Mercer Island Land Use and Zoning maps as described below;
  - Recategorization of some properties on the Land Use Map to reflect that they are now City parkland or open space; and
  - Establishment of a new Open Space zone;
- Updates to sections of Title 19 Mercer Island City Code (MICC) – Unified Land Development Code to provide

consistency with policy changes and GMA requirements; and

- Amending the allowed uses in the Commercial/Office Zone to allow residential uses and adjusting the height limits in the Town Center subareas to handle future growth targets and accommodate Mercer Island's housing needs as established by the King County CPPs (Ordinance 19369) and the updated City of Mercer Island Comprehensive Plan.

The Determination of Nonsignificance (DNS) for this proposal was made after review of a State Environmental Policy Act (SEPA) checklist and the proposed amendments. Some of the primary reasons for making the DNS are:

- This is a non-project action and does not include any proposed development. No disturbances to resources will directly result from adoption of this Comprehensive Plan;
- Any future development authorized under the Mercer Island Comprehensive Plan will be evaluated separately from the proposed non-project action and in compliance with Chapter 19.21 MICC;
- Rezoning open spaces from the current zoning to a new open space zone that limits development intensity will significantly reduce impacts from allowed land uses. This is expected to have a positive impact on the environment; and
- The levels of service for City services, facilities, and infrastructure are expected to remain within City's adopted acceptable ranges.

Applicant:
City of Mercer Island
Community Planning & Development Department
c/o Alison Van Gorp, Deputy Director
9611 SE 36th Street
Mercer Island, WA 98040

Location of Proposal: Citywide

Lead Agency: City of Mercer Island, Department of Community Planning & Development

Project Documents: Copies of all studies and/or environmental documents are available through the following link:

https://mieplan.mercergov.org/public/SEP24-005

Application Process Information:

Date of Application:	April 24, 2024
Determined to be Complete:	April 24, 2024
Bulletin Notice:	May 6, 2024
Comment Period Ends:	5:00PM on May 20, 2024

Based on review of the proposal and applicable City code sections, the lead agency for this proposal has determined that the proposal does not have a probable significant adverse

impact on the environment that is not addressed by the aforementioned code sections. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist. This information is available to the public on request.

☐	There is no comment period for this DNS.
☐	This DNS is issued after using the optional DNS process in WAC 197-11-355. There is no further comment period on the DNS.
☒	This DNS is issued under WAC 197-11-340(2); the lead agency will not act on this proposal for 14 days from the date of this notice.

Responsible Official: Ryan Harriman, EMPA, AICP – Planning Manager
ryan.harriman@mercerisland.gov | (206) 275-7717

Issued Date: May 6, 2024 **Signature:** /s/ Ryan Harriman, EMPA, AICP – Planning Manager

APPEAL INFORMATION

This decision to issue a Determination of Non-significance (DNS) rather than to require an EIS may be appealed pursuant to Chapter 19.21 of the Mercer Island Unified Land Development Code, Environmental procedures.

There is no administrative agency appeal.

202401911 - Mercer Island City of

Lead Agency
Mercer Island City of

File #
SEP24-005

Website
https://mieplan.mercergov.org/public/SEP24-005

Contact
Ryan Harriman
(206) 275-7717
ryan.harriman@mercerisland.gov

County
KING

Region
Northwest

To Submit Comments

SEPA #	202401911
Document Type	DNS
Date Issued	05/06/2024
Comments Due	05/20/2024
Proposal Name	City of Mercer Island 2024 Comprehensive Plan Update
Proposal Description	This proposal is a non-project action to amend the City of Mercer Island Comprehensive Plan and adopt development regulations consistent with the requirements in RCW 36.70A.130. The planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs. This Comprehensive Plan update will include the following: • Extension of the City's planning horizon to 2044 with updated growth targets; policy and text amendments to: o Correspond with changes to state and regional guidance;

ryan.harriman@
mercerisland.gov

o reflect evolving City policy;
o Increase readability, clarify direction, remove redundancies and add new/updated information;
• Updates to the goals and policies of the Comprehensive Plan to comply with requirements in the Growth Management Act (GMA), Multi-County Planning Policies (MPPs) from PSRC's Vision 2050, and King County Countywide Planning Policies (CPPs);
• Amendments to the Land Use, Housing, Transportation, Capital Facilities, and Utilities Elements;
• Adoption of a new Economic Development Element and a Parks and Open Space Element;
• The City's Shoreline Master Program (SMP) Element will not be amended during this periodic review;
• Modification to the City of Mercer Island Land Use and Zoning maps as described below;
o Recategorization of some properties on the Land Use Map to reflect that they are now City parkland or open space; and
o Establishment of a new Open Space zone;
• Updates to sections of Title 19 Mercer Island City Code (MICC) – Unified Land Development Code to provide consistency with policy changes and GMA requirements; and
• Amending the allowed uses in the Commercial/Office Zone to allow residential uses and adjusting the height limits in the Town Center subareas to handle future growth targets and accommodate Mercer Island's housing needs as established by the King County CPPs (Ordinance 19369) and the updated City of Mercer Island Comprehensive Plan.
The Determination of Nonsignificance (DNS) for this proposal was made after review of a State Environmental Policy Act (SEPA) checklist and the proposed amendments. Some of the primary reasons for making the DNS are:
• This is a non-project action and does not include any proposed development. No disturbances to resources will directly result from adoption of this Comprehensive Plan;

	• Any future development authorized under the Mercer Island Comprehensive Plan will be evaluated separately from the proposed non-project action and in compliance with Chapter 19.21 MICC; • Rezoning open spaces from the current zoning to a new open space zone that limits development intensity will significantly reduce impacts from allowed land uses. This is expected to have a positive impact on the environment; and • The levels of service for City services, facilities, and infrastructure are expected to remain within City's adopted acceptable ranges.
Related Record	
Location	Other identifying information: Citywide
Applicant	Alison Van Gorp
Applicant Contact	City of Mercer Island Community Planning & Development Department c/o Alison Van Gorp, Deputy Director 9611 SE 36th Street Mercer Island, WA 98040
Documents	SEP24-005 2024 MI Comprehensive Plan SEPA DNS.pdf (144 KB) SEP24-005_SEPA_Checklist_Signed.pdf (372 KB)

Please email SEPA Help with any updates, problems, or questions about SEPA Register.

© 2024 Washington State Department of Ecology - Shorelands Environmental Assistance Program

Weekly Permit Bulletin
9611 SE 36th Street | Mercer Island, WA 98040 | 206.275.7605

*****City Hall Closed – Learn More About Long-Range Facility Planning*****

May 6, 2024

Providing official notice of land use applications, meetings, decisions, recommendations, hearings, and appeals of land use decisions within the City of Mercer Island.

How to use this bulletin

To learn more about a project:

- Click the "Project Documents" link to view digital documentation. The project documents available through this link contain most, but may not contain all, publicly available information. For example, when a project is updated with a different project design, older designs may be removed from the public folder to avoid confusion. Each folder will be updated when there is a project revision.
- Call the project planner to arrange to review the project files. The planner's contact information is in the notice. You may also call the "Planner Helpline" for zoning related questions at 206-275-7729. Additional resources are available online:
    - http://www.mercerisland.gov: Staff directory, city regulations, and additional information about permits.
    - http://www.mybuildingpermit.com: Follow the status of a specific permit by address or permit number.
    - Mercer Island Map Portal: A tool to search for site-specific information.

To comment on a project:

If comments are provided within the specified comment period, they will be forwarded to the appropriate reviewer, and you will become a party of record. Written comments can specifically address how the proposed work does not meet one or more of the criteria listed in the Applicable Development Regulations.

- Send your comments in writing to the project planner identified in the notice. Be sure to include your name, address, and email if applicable.
- The City will accept public comments at any time prior to the closing of the record of an open record predecision hearing, if any, or if no open record predecision hearing is provided, prior to the decision on the project land use review.
- If you submit a written comment, staff will send you a copy of the notice of decision or recommendation.

Will there be a public hearing on this application?

Public Hearings are only required for Type 4 permits. For a list of Type 4 (IV) permits, please refer to Mercer Island City Code 19.15.030 Table A. The project will state under the Public Hearing section if a hearing is required.

SEPA Threshold Determination on Non-Significance (DNS)

NOTICE IS HEREBY GIVEN for the application described below:

Application No.: SEP24-005

Permit Type: Type III

Description of Request: This proposal is a non-project action to amend the City of Mercer Island Comprehensive Plan and adopt development regulations consistent with the requirements in RCW 36.70A.130. The planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs.

This Comprehensive Plan update will include the following:

- Extension of the City's planning horizon to 2044 with updated growth targets; policy and text amendments to:
    - Correspond with changes to state and regional guidance;
    - reflect evolving City policy;
    - Increase readability, clarify direction, remove redundancies and add new/updated information;
- Updates to the goals and policies of the Comprehensive Plan to comply with requirements in the Growth Management Act (GMA), Multi-County Planning Policies (MPPs) from PSRC's Vision 2050, and King County Countywide Planning Policies (CPPs);
- Amendments to the Land Use, Housing, Transportation, Capital Facilities, and Utilities Elements;
- Adoption of a new Economic Development Element and a Parks and Open Space Element;
- The City's Shoreline Master Program (SMP) Element will not be amended during this periodic review;
- Modification to the City of Mercer Island Land Use and Zoning maps as described below;
    - Recategorization of some properties on the Land Use Map to reflect that they are now City parkland or open space; and
    - Establishment of a new Open Space zone;
- Updates to sections of Title 19 Mercer Island City Code (MICC) – Unified Land Development Code to provide consistency with policy changes and GMA requirements; and
- Amending the allowed uses in the Commercial/Office Zone to allow residential uses and adjusting the height limits in the Town Center subareas to handle future growth targets and accommodate Mercer Island's housing needs as established by the King County CPPs (Ordinance 19369) and the updated City of Mercer Island Comprehensive Plan.

The Determination of Nonsignificance (DNS) for this proposal was made after review of a State Environmental Policy Act (SEPA) checklist and the proposed amendments. Some of the primary reasons for making the DNS are:

- This is a non-project action and does not include any proposed development. No disturbances to resources will directly result from adoption of this Comprehensive Plan;
- Any future development authorized under the Mercer Island Comprehensive Plan will be evaluated separately from the proposed non-project action and in compliance with Chapter 19.21 MICC;
- Rezoning open spaces from the current zoning to a new open space zone that limits development intensity will significantly reduce impacts from allowed land uses. This is expected to have a positive impact on the environment; and

- The levels of service for City services, facilities, and infrastructure are expected to remain within City's adopted acceptable ranges.

Applicant:	City of Mercer Island Community Planning & Development Department c/o Alison Van Gorp, Deputy Director 9611 SE 36th Street Mercer Island, WA 98040
Location of Proposal:	Citywide
Lead Agency:	City of Mercer Island, Department of Community Planning & Development
Project Documents:	Copies of all studies and/or environmental documents are available through the following link: https://mieplan.mercergov.org/public/SEP24-005
Application Process Information:	Date of Application: April 24, 2024 Determined to be Complete: April 24, 2024 Bulletin Notice: May 6, 2024 Comment Period Ends: 5:00PM on May 20, 2024

Based on review of the proposal and applicable City code sections, the lead agency for this proposal has determined that the proposal does not have a probable significant adverse impact on the environment that is not addressed by the aforementioned code sections. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist. This information is available to the public on request.

☐	There is no comment period for this DNS.
☐	This DNS is issued after using the optional DNS process in WAC 197-11-355. There is no further comment period on the DNS.
☒	This DNS is issued under WAC 197-11-340(2); the lead agency will not act on this proposal for 14 days from the date of this notice.

Responsible Official: Ryan Harriman, EMPA, AICP – Planning Manager
ryan.harriman@mercerisland.gov | (206) 275-7717

Issued Date: May 6, 2024
Signature: /s/ Ryan Harriman, EMPA, AICP – Planning Manager

APPEAL INFORMATION

This decision to issue a Determination of Non-significance (DNS) rather than to require an EIS may be appealed pursuant to Chapter 19.21 of the Mercer Island Unified Land Development Code, Environmental procedures.

There is no administrative agency appeal.

SEPA[1] Environmental Checklist

Purpose of checklist

Governmental agencies use this checklist to help determine whether the environmental impacts of your proposal are significant. This information is also helpful to determine if available avoidance, minimization, or compensatory mitigation measures will address the probable significant impacts or if an environmental impact statement will be prepared to further analyze the proposal.

Instructions for applicants

This environmental checklist asks you to describe some basic information about your proposal. Please answer each question accurately and carefully, to the best of your knowledge. You may need to consult with an agency specialist or private consultant for some questions. **You may use "not applicable" or "does not apply" only when you can explain why it does not apply and not when the answer is unknown.** You may also attach or incorporate by reference additional studies reports. Complete and accurate answers to these questions often avoid delays with the SEPA process as well as later in the decision-making process.

The checklist questions apply to **all parts of your proposal**, even if you plan to do them over a period of time or on different parcels of land. Attach any additional information that will help describe your proposal or its environmental effects. The agency to which you submit this checklist may ask you to explain your answers or provide additional information reasonably related to determining if there may be significant adverse impact.

Instructions for lead agencies

Please adjust the format of this template as needed. Additional information may be necessary to evaluate the existing environment, all interrelated aspects of the proposal and an analysis of adverse impacts. The checklist is considered the first but not necessarily the only source of information needed to make an adequate threshold determination. Once a threshold determination is made, the lead agency is responsible for the completeness and accuracy of the checklist and other supporting documents.

Use of checklist for nonproject proposals

For nonproject proposals (such as ordinances, regulations, plans and programs), complete the applicable parts of sections A and B, plus the Supplemental Sheet for Nonproject Actions (Part D). Please completely answer all questions that apply and note that the words "project," "applicant," and "property or site" should be read as "proposal," "proponent," and "affected geographic area," respectively. The lead agency may exclude (for non-

[1] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/Checklist-guidance

projects) questions in “Part B: Environmental Elements” that do not contribute meaningfully to the analysis of the proposal.

A.Background

Find help answering background questions[2]

1. **Name of proposed project, if applicable:**

   City of Mercer Island 2024 Comprehensive Plan Update

2. **Name of applicant:**

   City of Mercer Island Planning & Community Development Department

3. **Address and phone number of applicant and contact person:**

   City of Mercer Island
   Planning & Community Development Department
   9611 SE 36th Street
   Mercer Island, WA 98040
   Contact: Alison Van Gorp, Deputy Director
   Phone: (206) 275-7733
   Email: alison.vangorp@mercerisland.gov

4. **Date checklist prepared:**

   April 24, 2024

5. **Agency requesting checklist:**

   City of Mercer Island

6. **Proposed timing of schedule (including phasing, if applicable):**

   Planning Commission review took place between summer 2022 and early 2024. The Planning Commission public hearing is currently scheduled for May 29, 2024, followed by City Council review and eventual adoption no later than December 31, 2024.

7. **Do you have any plans for future additions, expansion, or further activity related to or connected with this proposal? If yes, explain.**

   No, any additions to the Comprehensive Plan will be evaluated as a separate proposal.

8. **List any environmental information you know about that has been prepared, or will be prepared, directly related to this proposal.**

   The City is not aware of any environmental information that will be prepared as part of this proposal. However, the City of Mercer Island Comprehensive Plan includes goals and policies focused on protecting the environment as the City grows between 2024-2044. Those are being reviewed and updated as part of the update to implement Growth Management Act (GMA) and regional and countywide planning policy requirements.

[2] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-A-Background

In addition, the City has an adopted and compliant Critical Areas Ordinance, Shoreline Master Program, and stormwater regulations in compliance with National Pollutant Discharge Elimination System (NPDES) requirements. The City also has regulations and processes to address project impacts to utilities, public services, transportation, historic and cultural resource preservation, light and glare associated with project, parks and open space, design standards, housing and displacement, noise and other environmental health impacts.

9. Do you know whether applications are pending for governmental approvals of other proposals directly affecting the property covered by your proposal? If yes, explain.

None. This is a Non-project action. Future projects, including both project and non-project actions will be reviewed and evaluated separately for consistency with local, state, and federal regulations.

10. List any government approvals or permits that will be needed for your proposal, if known.

- Mercer Island City Council adoption.
- Plan certification through Puget Sound Regional Council.

11. Give brief, complete description of your proposal, including the proposed uses and the size of the project and site. There are several questions later in this checklist that ask you to describe certain aspects of your proposal. You do not need to repeat those answers on this page. (Lead agencies may modify this form to include additional specific information on project description.)

The proposal is a non-project action, to update Mercer Island's Comprehensive Plan and implementing development regulations consistent with the requirements in RCW 36.70A.130. This proposal will also include modification to the City of Mercer Island Land Use and Zoning maps as described below. The goals and policies of the Comprehensive Plan are being updated to conform to required updates to the Growth Management Act (GMA), Multi-County Planning Policies (MPPs) from PSRC's Vision 2050, and King County Countywide Planning Policies (CPPs). Development regulations will also be updated to provided consistency with GMA requirements and to provide consistency with policy changes.

The planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs.

The proposal also includes the creation of the following:

- The creation of a new zone for parks and/or open space. This non-project proposal, no specific development conditions are presented. By rezoning parks and recreation land from the current zoning to one that limits development intensity, future impacts from other development uses will be significantly reduced, thus having a positive impact on the environment.
- Adding residential use to the Commercial/Office Zone, adjusting the height limits to handle future growth as identified in the King County 2021 Urban Growth Capacity Report (Ordinance 19369) and City of Mercer Island 2024 Comprehensive Plan

Periodic Review Land Capacity Analysis Supplement, HB 1220 Implementation, and creating development regulations.

- Increasing the height in portions of the Town Center Zone to handle the capacity of future growth as identified in the King County 2021 Urban Growth Capacity Report (Ordinance 19369) and City of Mercer Island 2024 Comprehensive Plan Periodic Review Land Capacity Analysis Supplement, HB 1220 Implementation.

This is a non-project proposal and does not propose development of a specific site. No disturbances to resources will directly result from adoption of this Comprehensive Plan. Future development will be evaluated separately from this non-project proposal.

12. **Location of the proposal. Give sufficient information for a person to understand the precise location of your proposed project, including a street address, if any, and section, township, and range, if known. If a proposal would occur over a range of area, provide the range or boundaries of the site(s). Provide a legal description, site plan, vicinity map, and topographic map, if reasonably available. While you should submit any plans required by the agency, you are not required to duplicate maps or detailed plans submitted with any permit applications related to this checklist.**

    The proposal would amend the Comprehensive Plan for the City of Mercer Island, affecting the entire island. All proposed amendments are non-project in nature.

    The City of Mercer Island is located within King County in the southern half of Lake Washington. Mercer Island is closest to the City of Seattle and City of Bellevue. Interstate-90 (I-90) runs through the City. The City of Mercer Island's Zoning Map illustrates the island's municipal boundaries.

B.Environmental Elements

1. Earth

Find help answering earth questions[3]

a. General description of the site:

Circle or highlight one: Flat, rolling, hilly, steep slopes, mountainous, other:

The proposal is a non-project proposal and does not recommend project action on a specific site.

b. What is the steepest slope on the site (approximate percent slope)?

This is a non-project proposal and does not recommend project action on a specific site. The proposed updates address the entire island. A variety of slopes are found throughout the island. Steep slopes occur predominantly on the perimeter of the

[3] https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-earth

island, with many of the steep slopes found along the sidewalls of ravines. The steepest slope within the City of Mercer Island is approximately 60 percent.

c. What general types of soils are found on the site (for example, clay, sand, gravel, peat, muck)? If you know the classification of agricultural soils, specify them, and note any agricultural land of long-term commercial significance and whether the proposal results in removing any of these soils.

This is a non-project proposal. Although the proposal does not recommend project action on a specific site, future development under these updates could occur throughout the entire island. There are several soil series found on the island. The Alderwood Series is moderately to well drained. Alderwood soils on the island are located around the upper edge of the narrow plateau. Also along this edge is an area of combination of the Alderwood Series gravelly sandy loam and the Kitsap Series silt loam. Soils of Arents, Alderwood Series have properties similar to those of the Alderwood Series, but are not classified as Alderwood because the soils have been disturbed through urbanization. These soils are located on the plateau and in the area of First Hill in the northwest corner of the island. The Bellingham Series is characterized by poorly drained soils. This soil type is found in one small portion of the Town Center. The Everett-Alderwood Series is found at the southern end of the narrow plateau. The Kitsap Series consists of moderately well drained soils. These soils are found along the shoreline of the island in the valley that separates First Hill from the narrow plateau. The Puget Series is located north of Interstate 90 near the shoreline. The Seattle Series consists of very poorly drained organic soils and is found in one location along the shoreline just north of Interstate 90. The soil classification "Ur" stands for Urban Land. This soil type is located in the northeastern corner of the island.

d. Are there surface indications or history of unstable soils in the immediate vicinity? If so, describe.

This is a non-project proposal and does not recommend project action on a specific site. The proposed updates would affect future development in areas that include a wide variety of slopes, including steep slopes. Critical Lands regulations contained in Chapter 19.07 MICC provide additional restrictions and protections related to unstable soils to protect life, health, safety, property, and the environment. All project actions are required to meet the requirements of Mercer Island City Code.

e. Describe the purpose, type, total area, and approximate quantities and total affected area of any filling, excavation, and grading proposed. Indicate source of fill.

Filling and grading estimates are unknown. However, it is anticipated that most development in the city will be redevelopment within the Urban Center and therefore the need to fill, grade, and bring in fill will be limited. No filling or grading is expected as a direct result of this action. Development proposals emerging after the adoption of this update would be evaluated relative to federal, state, and local regulations and standards on an individual project-specific basis.

f. Could erosion occur because of clearing, construction, or use? If so, generally describe.

No erosion would result from the adoption of the proposal. Future development proposals will be evaluated and subject to the federal, state, and local regulations and standards, as well evaluated for consistency with the goals and policies of the 2024 Mercer Island Comprehensive Plan. Temporary erosion and sediment control is regulated under the City's existing stormwater regulations and adopted manual.

g. About what percent of the site will be covered with impervious surfaces after project construction (for example, asphalt or buildings)?

The proposal would affect the entire City of Mercer Island, the City does not have an estimate of total impervious surface expected in the City through the 20-year planning horizon. The proposal is to update the 2016 Comprehensive Plan and does not relate to a specific project. Future development proposals will be evaluated and subject to the adopted regulations and standards. In general, the development expected under the policies of the Comprehensive Plan will be infill redevelopment of sites with existing impervious surfaces with modest increases to impervious surfaces. The City has adopted and maintains a Stormwater Management Manual (SWMM) and requires stormwater management for all new developments.

h. Proposed measures to reduce or control erosion, or other impacts to the earth, if any.

This non-project proposal, no specific development conditions are presented. Future development will conform to City standards and regulations for land disturbance in compliance with NPDES requirements.

2. Air

Find help answering air questions[4]

a. What types of emissions to the air would result from the proposal during construction, operation, and maintenance when the project is completed? If any, generally describe and give approximate quantities if known.

Not applicable. This is a non-project proposal and does not propose development of a specific site. However, the planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs. It is likely that emissions will occur as part of the construction process from vehicle emission and dust created from project sites. However, all development related activities will be required to comply with City of Mercer Island requirements which will mitigate impacts.

New housing will result in more cars which will create emissions and people traveling to Mercer Island for jobs. However, it is anticipated that these increases will be offset by people utilizing the new Mercer Island Light Rail station which will provide access to both Seattle and Bellevue. In addition, impacts will be mitigated by focusing growth in the Town

[4] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-Air

Center where people can access jobs, shopping, and other amenities without having to utilize a vehicle.

b. Are there any off-site sources of emissions or odor that may affect your proposal? If so, generally describe.

There are no off-site sources of emissions or odors which will affect this proposal.

c. Proposed measures to reduce or control emissions or other impacts to air, if any:

While this is a non-project action, future developments will be reviewed for environmental impacts in compliance with City of Mercer Island Code and both state and federal requirements for emissions and impacts to the air. The proposed updates would not change how the concerns listed above are regulated so no additional mitigation measures have been developed to address this concern. Emissions are primarily regulated under state and federal law. Future project actions that may result in emissions would be reviewed under SEPA and as part of the permit process as established by RCW 36.70B. In addition, a climate change and resiliency element, consistent with the requirements in RCW 36.70A.070(9), that is designed to result in reductions in overall greenhouse gas emissions will be prepared by 2029 as required by the statute.

3. Water

Find help answering water questions[5]

a. Surface:

Find help answering surface water questions[6]

1. Is there any surface water body on or in the immediate vicinity of the site (including year-round and seasonal streams, saltwater, lakes, ponds, wetlands)? If yes, describe type and provide names. If appropriate, state what stream or river it flows into.

Not applicable. This is a non-project proposal and does not propose development of a specific site. Lake Washington and several unnamed streams.

2. Will the project require any work over, in, or adjacent to (within 200 feet) the described waters? If yes, please describe and attach available plans.

Not applicable. This is a non-project proposal and does not propose development of a specific site. Future development projects may or may not take place within critical areas, buffers, or within the shoreline environment. Those developments will be regulated by the Shoreline Master Program and Critical Area Ordinance.

[5] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water
[6] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water/Environmental-elements-Surface-water

3. **Estimate the amount of fill and dredge material that would be placed in or removed from surface water or wetlands and indicate the area of the site that would be affected. Indicate the source of fill material.**

   No fill or dredge material that would be placed in or removed from surface water or wetlands is proposed as part of the non-project proposal. Further, the City is not making any changes to adopted policies or regulations which would authorize this use beyond what current code and policy authorizes in compliance with local, state, and federal regulations.

4. **Will the proposal require surface water withdrawals or diversions? Give a general description, purpose, and approximate quantities if known.**

   This non-project action does not anticipate any surface water withdrawals or diversions.

5. **Does the proposal lie within a 100-year floodplain? If so, note location on the site plan.**

   Not applicable. The City of Mercer Island doesn't lie within the 100-year floodplain. This is a non-project proposal and does not propose development of a specific site.

6. **Does the proposal involve any discharges of waste materials to surface waters? If so, describe the type of waste and anticipated volume of discharge.**

b. This non-project action does not anticipate any discharges of waste materials to surface waters. **Ground:**
Find help answering ground water questions[7]

1. **Will groundwater be withdrawn from a well for drinking water or other purposes? If so, give a general description of the well, proposed uses and approximate quantities withdrawn from the well. Will water be discharged to groundwater? Give a general description, purpose, and approximate quantities if known.**

   Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposed update to the Comprehensive Plan is not expected to affect discharges to groundwater. Drinking water on Mercer Island comes from Seattle Public Utilities and is not drawn from groundwater on the island.

2. **Describe waste material that will be discharged into the ground from septic tanks or other sources, if any (domestic sewage; industrial, containing the following chemicals…; agricultural; etc.). Describe the general size of the system, the number of such systems, the number of houses to be served (if applicable), or the number of animals or humans the system(s) are expected to serve.**

   Not applicable. This is a non-project proposal and does not propose development of a specific site. Mercer Island is served by a sewage collection system operated by the City. All structures with facilities for the disposal of sewage must connect to the City

[7] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water/Environmental-elements-Groundwater

sewer system (MICC 15.06.060). No additional discharge to the ground from septic tanks is expected. Because new development must connect to the sewage collection system, any existing septic system is expected to be replace with a sewer connection during the planning horizon of the Comprehensive Plan.

c. Water Runoff (including stormwater):

1. **Describe the source of runoff (including storm water) and method of collection and disposal, if any (include quantities, if known). Where will this water flow? Will this water flow into other waters? If so, describe.**

   While this is a non-project proposal, source of runoff (including storm water) is typically a derivative of development within the City of Mercer Island. However, all development is regulated by MICC 15.09 in compliance with the Clean Water Act.

2. **Could waste materials enter ground or surface waters? If so, generally describe.**

   Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposal would update the City's Comprehensive Plan, which generally guides future development. The adoption of the proposed updates of the Comprehensive Plan are not expected to affect the potential flow of waste materials into ground or surface waters. New development is required to address ground and surface water in compliance with the City's SWMM and Chapter 15.09 MICC.

3. **Does the proposal alter or otherwise affect drainage patterns in the vicinity of the site? If so, describe.**

   It is not anticipated that growth planned for as part of the 2024-2044 Comprehensive Plan update will alter or otherwise affect drainage patterns in the City of Mercer Island.

d. Proposed measures to reduce or control surface, ground, and runoff water, and drainage pattern impacts, if any:

While this is a non-project action, any development which would occur as a result of this project will be required to meet all storm water requirement as authorized by Chapter 15.09 MICC.

4. Plants

Find help answering plants questions

a. Check the types of vegetation found on the site:

☒ **deciduous tree: alder, maple, aspen, other**

☒ **evergreen tree: fir, cedar, pine, other**

☒ **shrubs**

☒ **grass**

☐ **pasture**

☐ **crop or grain**

☐ **orchards, vineyards, or other permanent crops.**

☒ **wet soil plants: cattail, buttercup, bullrush, skunk cabbage, other**

☐ **water plants: water lily, eelgrass, milfoil, other**

☐ **other types of vegetation**

b. What kind and amount of vegetation will be removed or altered?

Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposal would update the City's Comprehensive Plan, which generally guides future development. The adoption of the proposed updates of the Comprehensive Plan are not expected to remove or alter vegetation. New developments that might occur under the Comprehensive Plan are required to manage vegetation in compliance with Title 19 MICC, including Chapter 19.10 MICC. This includes requirements to retain trees, landscape areas, and preserve buffers around critical area such as wetlands and watercourses.

c. List threatened and endangered species known to be on or near the site.

Not applicable. This is a non-project proposal and does not propose development of a specific site. Future project level SEPA review for development under these regulations may require species database searches from U.S. Fish and Wildlife Service and the Washington State Department of Natural Resources' Natural Heritage Program to identify any threatened or endangered species on or near each specific project site. All development in Mercer Island must comply with MICC 19.07.170 - Fish and wildlife habitat conservation areas. MICC 19.07.170 establishes specific protections for habitat of state- and federally-listed endangered, threatened, or sensitive species. These protections include the preparation of a wildlife habitat assessment that includes protection measures for the species that may be affected.

d. Proposed landscaping, use of native plants, or other measures to preserve or enhance vegetation on the site, if any.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposal would update the City's Comprehensive Plan, which generally guides future development. The adoption of the proposed updates of the Comprehensive Plan are not expected to result in new landscaping or require additional vegetation management. New developments that might occur under the Comprehensive Plan are required to manage vegetation in compliance with Title 19 MICC, including Chapter 19.10 MICC. This includes requirements to retain trees, landscape areas, and preserve buffers around critical area such as wetlands and watercourses.

e. List all noxious weeds and invasive species known to be on or near the site.

Not applicable. This is a non-project proposal and does not propose development of a specific site. On its website, King County maintains a list of noxious weeds found in the County (LINK).

5. Animals

Find help answering animal questions[8]

a. List any birds and other animals that have been observed on or near the site or are known to be on or near the site.

Examples include:

- **Birds: hawk, heron, eagle, songbirds, other:**
- **Mammals: deer, bear, elk, beaver, other:**
- **Fish: bass, salmon, trout, herring, shellfish, other:**

Not applicable. This is a non-project proposal and does not propose development of a specific site.

b. List any threatened and endangered species known to be on or near the site.

Not applicable. This is a non-project proposal and does not propose development of a specific site. Future project level SEPA review for development under these regulations may require species database searches from U.S. Fish and Wildlife Service and the Washington State Department of Natural Resources' Natural Heritage Program to identify any threatened or endangered species on or near each specific project site. All development in Mercer Island must comply with MICC 19.07.170 - Fish and wildlife habitat conservation areas. MICC 19.07.170 establishes specific protections for habitat of state- and federally-listed endangered, threatened, or sensitive species. These protections include the preparation of a wildlife habitat assessment that includes protection measures for the species that may be affected.

c. Is the site part of a migration route? If so, explain.

Not applicable. This is a non-project proposal and does not propose development of a specific site. Mercer Island is within the bird migration path referred to as the Pacific Flyway.

d. Proposed measures to preserve or enhance wildlife, if any.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposed updates to the Comprehensive Plan are consistent with current regulations that emphasize the retention of existing native vegetation, including mature trees, retention of native vegetation outside of building footprints and support development that reflects the wooded natural character of the island. All development in Mercer Island must comply with MICC 19.07.170 - Fish and wildlife habitat conservation areas. MICC 19.07.170 establishes specific protections for habitat of state- and federally-listed endangered, threatened, or sensitive species. These protections include the preparation of a wildlife habitat assessment that includes protection measures for the species that may be affected.

[8] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-5-Animals

e. List any invasive animal species known to be on or near the site.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The following invasive species are known in King County: European starling, house sparrow, eastern gray squirrel, fox squirrel, and feral cats.

6. Energy and natural resources

Find help answering energy and natural resource questions[9]

a. What kinds of energy (electric, natural gas, oil, wood stove, solar) will be used to meet the completed project's energy needs? Describe whether it will be used for heating, manufacturing, etc.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The update of the Comprehensive Plan is not expected to require energy to complete the project beyond the normal energy consumption associated with City operations.

Would your project affect the potential use of solar energy by adjacent properties? If so, generally describe.

No. This non-project is not proposing new policies or regulations which would affect the potential use of solar energy by adjacent properties.

What kinds of energy conservation features are included in the plans of this proposal? List other proposed measures to reduce or control energy impacts, if any.

This is a non-project proposal. However, future development will be reviewed for impacts to energy and natural resources, including compliance with applicable building codes and energy code requirements.

7. Environmental health

Health Find help with answering environmental health questions[10]

a. Are there any environmental health hazards, including exposure to toxic chemicals, risk of fire and explosion, spill, or hazardous waste, that could occur because of this proposal? If so, describe.

This is a non-project proposal. However, increased development during the 20-year planning period could increase possibilities of exposure to toxic chemicals, risk of fire and explosion, spill, or hazardous waste. However, uses are controlled through Mercer Island City Code and building codes limit risk of building fires. All uses will be required to meet local, state, and federal regulations.

1. Describe any known or possible contamination at the site from present or past uses.

[9] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-6-Energy-natural-resou
[10] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-7-Environmental-health

Although this is a non-project proposal and does not propose development of a specific site, redevelopment authorized as part of the project could result in redevelopment of buildings which contain chemicals such as lead paint or asbestos. Demolition of any buildings is required to be permitted and meet all City of Mercer Island, state, and federal requirements.

2. **Describe existing hazardous chemicals/conditions that might affect project development and design. This includes underground hazardous liquid and gas transmission pipelines located within the project area and in the vicinity.**

Although this is a non-project proposal and does not propose development of a specific site, future development is not anticipated to have hazardous chemicals/conditions that might affect project development and design, including underground hazardous liquid and gas transmission pipelines located within the project area and in the vicinity. If there are liquid and gas transmission pipelines, this would be addressed and mitigated as part of the project review process.

3. **Describe any toxic or hazardous chemicals that might be stored, used, or produced during the project's development or construction, or at any time during the operating life of the project.**

Although this is a non-project proposal and does not propose development of a specific site, there are hazardous chemicals that might be stored, used, or produced during a development or construction, or during the operating life of the project. All hazardous chemicals must be stored RCW 49.17. and WAC 296-155. In addition, any use that would include hazardous material storage would be evaluated for compliance with Mercer Island City Code .

4. **Describe special emergency services that might be required.**

While this is a non-project proposal and does not propose development of a specific site, emergency services would include the City of Mercer Island Police Department and Eastside Fire and Rescue.

5. **Proposed measures to reduce or control environmental health hazards, if any.**

While is a non-project proposal and does not propose development of a specific site, future development will be required reduce or mitigate environmental health hazards as authorized by City of Mercer Island Code and state and federal regulations. Actual measures would depend on the specific proposal

b. Noise

1. **What types of noise exist in the area which may affect your project (for example: traffic, equipment, operation, other)?**

There are no known noises which would impact the ability for development associated with the comprehensive plan update. All noise impacts would be mitigated through RCW 70A.20 and WAC 173-60 as further modified in the noise regulations adopted in Chapter 8.24 MICC.

What types and levels of noise would be created by or associated with the project on a short-term or a long-term basis (for example: traffic, construction, operation, other)? Indicate what hours noise would come from the site)?

Any project level noise is regulated in the City of Mercer Island by Chapter 8.24 MICC. Noise would typically be associated with construction which will occur during the 2024-2044 planning period in order to accommodate housing and employment targets.

2. **Proposed measures to reduce or control noise impacts, if any:**

   All noise impacts would be mitigated through RCW 70A.20 and WAC 173-60 as further modified in the noise regulations adopted in Chapter 8.24 MICC.

8. Land and shoreline use

Find help answering land and shoreline use questions[11]

a. **What is the current use of the site and adjacent properties? Will the proposal affect current land uses on nearby or adjacent properties? If so, describe.**

   Not applicable. This is a non-project proposal and does not propose development of a specific site. There are a mix of residential, commercial, institutional, and recreational land uses throughout the City. The Comprehensive Plan update will include some minor changes to land use designations on the future land use map and policies directing amendments of the allowed land uses in the Commercial Office zone. The minor land use designation changes will be to redesignate existing open space land to be shown as open space on the future land use map. Policies directing changes to the allowed land uses in the C-O zone will be implemented with changes to the zoning code that will be accompanied by development standards to reduce, mitigate, and avoid potential conflicts with neighboring commercial land uses.

b. **Has the project site been used as working farmlands or working forest lands? If so, describe. How much agricultural or forest land of long-term commercial significance will be converted to other uses because of the proposal, if any? If resource lands have not been designated, how many acres in farmland or forest land tax status will be converted to nonfarm or nonforest use?**

   This Comprehensive Plan update will not result in the conversion of agricultural or forest lands of long-term significance. There are no working farmlands or forest lands of significance on Mercer Island.

   1. **Will the proposal affect or be affected by surrounding working farm or forest land normal business operations, such as oversize equipment access, the application of pesticides, tilling, and harvesting? If so, how?**

      No.

c. **Describe any structures on the site.**

[11] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-8-Land-shoreline-use

There are a mixture of residential, industrial/business, and commercial buildings within the City of Mercer Island.

d. Will any structures be demolished? If so, what?

While this is a non-project proposal, the planning period for this update is 2024-2044 and will include providing capacity for 1,239 new housing units during the planning period along with 1,300 new jobs. Redevelopment will be the primary method of accommodating new jobs and housing.

e. What is the current zoning classification of the site?

The current zoning in the City includes:

B: Business, C-O Commercial Offices, PBZ Planned Business Zone, R-8.4 Residential 8,400 sq. ft. lot, R-9.6 Residential 9,600 sq. ft. lot, R-12 Residential 12,000 sq. ft. lot, R-15 Residential 15,000 sq. ft. lot, MF-2 Multi-Family Maximum density 38 units/acre MF-2L, Multi-Family Maximum density 26 units/acre, MF-3 Multi-Family Maximum density 26 units/acre, TC Town Center, and PI Public Institution.

f. What is the current comprehensive plan designation of the site?

g. The Land Use Element establishes seven land use designations throughout the City: Commercial Office, Linear Park (I-90), Multi-Family, Neighborhood Business, Open Space, Park, Public Facility, Single Family, and Town Center. **If applicable, what is the current shoreline master program designation of the site?**

Within the City of Mercer Island, there are two shoreline designations. They are Urban Park environment and Urban Residential environment.

h. Has any part of the site been classified as a critical area by the city or county? If so, specify.

Yes. The City of Mercer Island has designated critical areas regulations in compliance with GMA requirements.

i. Approximately how many people would reside or work in the completed project?

Not applicable. This is a non-project proposal and does not propose development of a specific site. According to the U.S. Census Bureau, 6,926 people were employed and worked on Mercer Island in 2020 (Source: U.S. Census Bureau On the Map, 2020). The Comprehensive Plan can accommodate an employment growth target of 1,300 jobs by the year 2044. If the target is achieved, there would be approximately 8,226 jobs in the City. The WA Office of Financial Management (OFM) estimated the 2023 population of Mercer Island was 25,800. The Comprehensive Plan can accommodate a housing growth target of at least 1,239 housing units. At the current rate of 2.59 people per household estimated by the U.S. Census Bureau, 3,209 people would occupy the planned 1,239 housing units. If the City achieves its housing growth targets, the Mercer Island population would be roughly 29,000 by the year 2044.

j. Approximately how many people would the completed project displace?

Not applicable. This is a non-project proposal and does not propose development of a specific site. The updated Comprehensive Plan contemplates the future growth of the City over a 20-year period. It is unclear how many people might be displaced during that time. Displacement impacts would need to be evaluated at the time a site is redeveloped.

k. Proposed measures to avoid or reduce displacement impacts, if any.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposed Housing Element includes policies to address displacement risks, including:

- Creating and inventory of naturally occurring affordable housing;
- Implementing tenant protections;
- Evaluating potential displacement risks associated with zoning amendments; and
- Addressing displacement risk any time development capacity is increased.

l. Proposed measures to ensure the proposal is compatible with existing and projected land uses and plans, if any.

This non-project is an update to the land use plan. The update itself will provide consistency with state, regional, and countywide laws and policies.

m. Proposed measures to reduce or control impacts to agricultural and forest lands of long-term commercial significance, if any:

Not applicable. There are not agricultural or forest lands in the City of Mercer Island.

9. Housing

Find help answering housing questions[12]

a. Approximately how many units would be provided, if any? Indicate whether high, middle, or low-income housing.

King County housing targets allocate an additional 1,239 housing units are needed in Mercer Island by 2044 to accommodate population growth. That housing growth target is further disaggregated into housing need at the range of household income levels. The City plans to accommodate the housing needs for lower-income households in higher-density housing types. The Mercer Island growth target and housing needs by household income level are shown in the table below.

Mercer Island Housing Growth Target and Housing Needs.

Growth Target	0-30% AMI			>30% to ≤50% AMI	>50% to ≤80% AMI	>80% to ≤100% AMI	>100% to ≤120% AMI	>120% AMI	Emergency Housing[2]
	PSH[1]	Non-PSH	≤30% AMI						

[12] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-9-Housing

1,239	339	178	517	202	488	4	5	23	237

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)

b. Approximately how many units, if any, would be eliminated? Indicate whether high, middle, or low-income housing.

No housing units will be eliminated as a direct result of this non-project action. The proposed Housing Element includes policies to address displacement risks, including:

- Creating and inventory of naturally occurring affordable housing;
- Implementing tenant protections;
- Evaluating potential displacement risks associated with zoning amendments; and
- Addressing displacement risk any time development capacity is increased.

c. Proposed measures to reduce or control housing impacts, if any:

The updated Comprehensive Plan contains goals and policies to address potential displacement impacts and encourage a variety of housing types affordable for a range of incomes. Implementation of these policies will include establishing development regulations which will help mitigate potential impacts to housing. The development regulations will include measures to specifically address displacement as required by RCW 36.70A.070(2)(h); offsetting impacts that might result from changes adopted during the Comprehensive Plan periodic review.

10. Aesthetics

Find help answering aesthetics questions[13]

a. What is the tallest height of any proposed structure(s), not including antennas; what is the principal exterior building material(s) proposed?

Not applicable. This is a non-project proposal. The Comprehensive Plan periodic review will not result in the construction of any structure. The development code limits the height of structures in the City, with the 63 feet being the tallest structure allowed (MICC 19.11.030(A)(1)).

b. What views in the immediate vicinity would be altered or obstructed?

Not applicable. This is a non-project proposal. The Comprehensive Plan periodic review will not result in the construction of any structure.

[13] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-10-Aesthetics

c. Proposed measures to reduce or control aesthetic impacts, if any:

Not applicable. This is a non-project proposal. Future development will be reviewed for aesthetic impacts. Aesthetic impacts are controlled by the design standards in Chapters 19.11 and 19.12 MICC.

11. Light and glare

Find help answering light and glare questions[14]

a. What type of light or glare will the proposal produce? What time of day would it mainly occur?

Not applicable. This is a non-project proposal and does not propose development of a specific site. The Comprehensive Plan periodic review will not result in the construction of any structure and is not expected to create or modify the existing light and glare.

b. Could light or glare from the finished project be a safety hazard or interfere with views?

Not applicable. This is a non-project proposal and does not propose development of a specific site.

c. What existing off-site sources of light or glare may affect your proposal?

Not applicable. This is a non-project proposal and does not propose development of a specific site.

d. Proposed measures to reduce or control light and glare impacts, if any:

e. None. This is a non-project proposal. Future development will be reviewed for aesthetic impacts.

12. Recreation

Find help answering recreation questions

a. What designated and informal recreational opportunities are in the immediate vicinity?

Not applicable. This is a non-project proposal and does not propose development of a specific site. The City has a system of parks and open space within its boundaries. This system includes 27 City parks and 15 City-managed open spaces. In addition to City-owned and -managed parks and open space. There are private organizations such as homeowners' associations and membership organizations that own and operate recreational lands and facilities throughout the Island.

b. Would the proposed project displace any existing recreational uses? If so, describe.

Not applicable. This is a non-project proposal and does not propose development of a specific site. The proposed Comprehensive Plan update includes a Parks and Open Space

[14] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-11-Light-glare

Element and open space zoning that will protect and preserve recreational land as the City grows in the next twenty years.

c. Proposed measures to reduce or control impacts on recreation, including recreation opportunities to be provided by the project or applicant, if any:

Goals and policies will be adopted in the Comprehensive Plan to adopt the Parks, Recreation, and Open Space (PROS) Plan by reference. Linking the PROS Plan with other Comprehensive Plan policies will increase recreational opportunities throughout the City.

13. Historic and cultural preservation

Find help answering historic and cultural preservation questions[15]

a. Are there any buildings, structures, or sites, located on or near the site that are over 45 years old listed in or eligible for listing in national, state, or local preservation registers? If so, specifically describe.

One landmark is designated as historic by the City of Mercer Island: the VFW Hall located at 1836 72nd Ave SE.

b. Are there any landmarks, features, or other evidence of Indian or historic use or occupation? This may include human burials or old cemeteries. Are there any material evidence, artifacts, or areas of cultural importance on or near the site? Please list any professional studies conducted at the site to identify such resources.

Not Applicable. This is a non-project proposal and does not propose development of a specific site. The proposal involves a City-wide non-project legislative action. There are landmarks, features, and evidence of Indian or historic use or occupation on Mercer Island. This is evaluated by the City of Mercer Island when a project is submitted it is evaluated through the Washington State DAHP database/WISAARD map viewer. There are also processes in place when inadvertent discovery occurs.

c. Describe the methods used to assess the potential impacts to cultural and historic resources on or near the project site. Examples include consultation with tribes and the department of archeology and historic preservation, archaeological surveys, historic maps, GIS data, etc.

Review of Washington State DAHP database/WISAARD map viewer. The Comprehensive Plan is not expected to affect cultural or historical resources directly. Future changes or developments will be evaluated separately.

d. Proposed measures to avoid, minimize, or compensate for loss, changes to, and disturbance to resources. Please include plans for the above and any permits that may be required.

Not applicable. This is a non-project proposal and does not propose development of a specific site. No disturbances to resources will directly result from adoption of this

[15] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-13-Historic-cultural-p

Comprehensive Plan. Future development will be evaluated separately from this non-project proposal. There are landmarks, features, and evidence of Indian or historic use or occupation on Mercer Island. This is evaluated by the City of Mercer Island when a project is submitted it is evaluated through the Washington State DAHP database/WISAARD map viewer. There are also processes in place when inadvertent discovery occurs.

14. Transportation

Find help with answering transportation questions[16]

a. Identify public streets and highways serving the site or affected geographic area and describe proposed access to the existing street system. Show on site plans, if any.

Interstate-90 (I-90) runs through the northern portion of Mercer Island.

b. Is the site or affected geographic area currently served by public transit? If so, generally describe. If not, what is the approximate distance to the nearest transit stop?

Metro and Sound Transit provide transit service to the City of Mercer Island and the Puget Sound region. Sound Transit operates routes to Seattle and Bellevue, serving passengers at the Mercer Island Park and Ride adjacent to I-90. Metro Transit provides local service in addition to service to locations off-Island. The Sound Transit Link Light Rail Station is under construction and will provide additional transit options for Mercer Island and neighboring jurisdictions.

c. Will the proposal require any new or improvements to existing roads, streets, pedestrian, bicycle, or state transportation facilities, not including driveways? If so, generally describe (indicate whether public or private).

Transportation improvement projects are outlined in the Comprehensive Plan and will be evaluated separately as they are completed.

d. Will the project or proposal use (or occur in the immediate vicinity of) water, rail, or air transportation? If so, generally describe.

While this is a non-project proposal and does not propose development of a specific site, future development and people living in Mercer Island will utilize light rail when it opens in 2025. Transportation via water and air is limited to private boats and planes.

How many vehicular trips per day would be generated by the completed project or proposal? If known, indicate when peak volumes would occur and what percentage of the volume would be trucks (such as commercial and nonpassenger vehicles). What data or transportation models were used to make these estimates?

Not applicable. This is a non-project proposal and does not propose development of a specific site. Car trips per day generated by individual projects will be evaluated on a per-application basis.

[16] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-14-Transportation

To prepare the updated Transportation Element of the Comprehensive Plan, the future traffic volumes were forecast for the year 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 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.

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 2024 and 2044, an annual growth rate of 1.54 percent. For areas outside the Town Center, traffic growth is expected to be lower with approximately ten percent growth between 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.

e. Will the proposal interfere with, affect, or be affected by the movement of agricultural and forest products on roads or streets in the area? If so, generally describe.

No.

Proposed measures to reduce or control transportation impacts, if any:

The Comprehensive Plan outlines policies to guide transportation improvements for a 20-year period. The City will address transportation impacts through site-specific SEPA review and through implementation of the Transportation Improvement Program and Capital Improvement Program.

15. Public services

Find help answering public service questions[17]

a. Would the project result in an increased need for public services (for example: fire protection, police protection, public transit, health care, schools, other)? If so, generally describe.

Indirectly, the Update to the City's Comprehensive Plan, as amended will continue to allow for additional growth, which will result in the increased need for all public services. Development allowed in this proposal will increase demand for public services based on the City's adopted level of service guidelines.

b. Proposed measures to reduce or control direct impacts on public services, if any.

The Comprehensive plan includes goals and policies to guide public service and facility improvements for a 20-year planning period. Any future developments related to the proposed comprehensive plan amendment will be analyzed for potential impacts on public services as part of the review process. Through proportional mitigation and measures such as parks, school, and road impact fees, projects will mitigate impacts on public services.

[17] https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-15-public-services

16. Utilities

Find help answering utilities questions[18]

a. **Circle utilities currently available at the site: electricity, natural gas, water, refuse service, telephone, sanitary sewer, septic system, other:**

   All of the above-listed utilities serve the City.

b. **Describe the utilities that are proposed for the project, the utility providing the service, and the general construction activities on the site or in the immediate vicinity which might be needed.**

   All services will be available per the policies and plans specified in the Utilities Element and the Capital Facilities Element of the Comprehensive Plan Update. The proposal to update the existing Comprehensive Plan is a non-project proposal and, as such, does not affect a specific site.

C.Signature

Find help about who should sign[19]

The above answers are true and complete to the best of my knowledge. I understand that the lead agency is relying on them to make its decision.

X Alison Van Gorp

Type name of signee: Alison Van Gorp

Position and agency/organization: Deputy Director, City of Mercer Island

Date submitted: April 24, 2024.

D.Supplemental sheet for nonproject actions

Find help for the nonproject actions worksheet[20]

Do not use this section for project actions.

[18] https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-16-utilities

[19] https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-C-Signature

[20] https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-d-non-project-actions

Because these questions are very general, it may be helpful to read them in conjunction with the list of the elements of the environment.

When answering these questions, be aware of the extent the proposal, or the types of activities likely to result from the proposal, would affect the item at a greater intensity or at a faster rate than if the proposal were not implemented. Respond briefly and in general terms.

1. **How would the proposal be likely to increase discharge to water; emissions to air; production, storage, or release of toxic or hazardous substances; or production of noise?**

   King County housing targets allocate an additional 1,239 housing units are needed in Mercer Island by 2044 to accommodate population growth. Future growth resulting from this Comprehensive Plan may lead to increases in environmental impacts, but future development will be evaluated separately.

   - **Proposed measures to avoid or reduce such increases are:**

     Many goals and policies throughout the Comprehensive Plan, if implemented effectively, will be sufficient to mitigate potential adverse impacts. Those goals are: Land Use Goals 18.1, 18.2, 18.4, 18.6, 18.10, 19.11, 19.12, 26.1, 26.2, 26.4, 26.5; Transportation Element Policies 2.7, 3.4, 9.3, 12.2.

2. **How would the proposal be likely to affect plants, animals, fish, or marine life?**

   The Comprehensive Plan is unlikely to have an adverse impact on plants, animals, fish, or marine life. Any future changes or development will be evaluated separately for site-specific impacts to wildlife. Adopted development standards, such as those protecting critical areas and shorelines, will protect plants, animals, and fish habitats from future development.

   - **Proposed measures to protect or conserve plants, animals, fish, or marine life are:**

     This Comprehensive Plan includes goals and policies to increase the protection of fish and wildlife species and their habitats, such as Land Use Element Goals 16.6, 18.1, and all Goals contained within Goal 19.

3. **How would the proposal be likely to deplete energy or natural resources?**

   The adoption of this Comprehensive Plan is unlikely to have adverse impacts or deplete energy or natural resources. Energy is provided through Puget Sound Energy, including natural gas and electricity. Throughout the development of this plan, the increased demand for additional energy and natural resources was reviewed. Though future growth will likely not deplete resources, existing facilities will need to continue to be maintained to accommodate future demand and growth.

   - **Proposed measures to protect or conserve energy and natural resources are:**

     Goals and policies in this Comprehensive Plan that support the transition to alternative energy sources and promote energy and natural resource conservation include Land Use Goals: 13, 19.7, 26.6, and 26.6.2.

4. **How would the proposal be likely to use or affect environmentally sensitive areas or areas designated (or eligible or under study) for governmental protection, such as parks, wilderness, wild and scenic rivers, threatened or endangered species habitat, historic or cultural sites, wetlands, floodplains, or prime farmlands?**

   The Comprehensive Plan was written to ensure compliance with existing and new regulations on protected and environmentally sensitive resources and is unlikely to result in significant adverse impacts.

   - **Proposed measures to protect such resources or to avoid or reduce impacts are:**

     Goals and policies in this Comprehensive Plan that protect environmentally sensitive areas and historic or cultural sites include Land Use Goal: 18.1, 19.1, 19.2, 19.3, 19.6, 19.10, 19.15, 19.16, 20.1, 20.2, 20.3, 20.6, 20.7, 20.9, and 20.10.

5. **How would the proposal be likely to affect land and shoreline use, including whether it would allow or encourage land or shoreline uses incompatible with existing plans?**

   The Comprehensive Plan update does not propose changes to existing land use designations or development patterns. Any future changes or development will be evaluated separately.

   - **Proposed measures to avoid or reduce shoreline and land use impacts are:**

     Existing land use and zoning regulations are sufficient to mitigate impacts on land use. Please see Land Use Goals 18.1, 19.6, and 19.10.

6. **How would the proposal be likely to increase demands on transportation or public services and utilities?**

   Increased transportation demand from projected population growth assumed in the Comprehensive Plan has been factored into the Transportation Element of the Comprehensive Plan and 6-Year Transportation Improvement Plan. Projected population growth is unlikely to lead to significant negative impacts on transportation or public services and utilities.

   - **Proposed measures to reduce or respond to such demand(s) are:**

     Policies related to transportation, capital facilities, and utilities can be found in the corresponding elements of the Comprehensive Plan, as well as the Transportation Improvement Plan in the Capital Facilities and Transportation element that includes efforts to improve paths for pedestrians and bicycle lanes for cyclists, sidewalks, and roadways throughout the City.

7. **Identify, if possible, whether the proposal may conflict with local, state, or federal laws or requirements for the protection of the environment.**

   The Comprehensive Plan update for the City of Mercer Island was written to comply with local, state, or federal laws and regulations to protect the environment and critical areas within the City. No conflicts are anticipated with local, state, or federal laws or requirements for the protection of the environment.

Element 1 – Introduction

I. INTRODUCTION

BACKGROUND

In 1960, the newly created City of Mercer Island adopted the City's Comprehensive Plan. At that time the issues facing the community reflected those of a City in its infancy:

- To encourage the most appropriate use of land;
- To develop a transportation system that will provide safety and convenience;
- To install public facilities adequate to meet the demands of the population; and
- To preserve the unique physical setting of the island.

Since 1960, the City has evolved into a mature community within the rapidly growing Puget Sound region. The 1990 Growth Management Act provided an opportunity for the community to update its original Comprehensive Plan. By 1994, the issues facing the community were different from those in 1960.

The 1994 Comprehensive Plan identified the essential issues facing the City while re-enforcing the community values in relationship to the region. The Plan focused on how to revitalize the City's Town Center, comply with regional requirements for clean water and transportation, meet local needs for affordable housing, and maintain reliability in public facilities and utilities.

The 2004 Comprehensive Plan update built upon the efforts begun in the previous decade. Some change has occurred. Improvements to Town Center streets and the adoption of new design regulations have helped spawn new mixed-use and commercial development in the Town Center. However, most of the key issues and the overall vision identified in 1994 Comprehensive Plan continue to be relevant for the Mercer Island community.

Currently, the island is almost fully developed, consistent with the long-term goals of maintaining a single-family residential community within a unique physical setting. The City is served with an adequate and convenient transportation system. Parks, open space, public facilities, and utilities are available, consistent with the needs of the community. The City and private parties have made a considerable investment in the redevelopment of the Town Center with new buildings, a more vibrant streetscape, and pedestrian-friendly environment.

The City's efforts to focus growth and revitalize the Town Center through targeted capital improvements and design standards to foster high quality development are now bearing fruit. Between 2004 and 2014, eight mixed use projects were constructed in the Town Center, consisting of approximately 850 housing units.

In 2015, the City convened a 42-member stakeholder group that made recommendations, which were picked up by the joint Planning and Design Commissions. These commissions then made

recommendations to the Council, resulting in a rewrite of the Town Center code. The new code includes trading additional building height for affordable housing requirements, pedestrian-friendly street-level facades, greater setbacks, and mid-block connectors. It also implements daylight plane and façade modulation to reduce the canyon effect caused by developments from 2004 and 2014.

The Vision Statement, following this Introduction, details how the community's values will be manifested in future years. The issues addressed in this Comprehensive Plan concern how best to revitalize the City's Town Center, comply with regional requirements for clean water and transportation, meet local needs for affordable housing, and maintain reliability in public facilities and utilities.

The challenge in this process will continue to be in translating the requirements of the Growth Management Act and policies of related planning documents, including the Puget Sound Regional Council's (PSRC) Vision 2040 and Transportation 2040 and the King County Countywide Planning Policies into a meaningful planning process for Mercer Island. Every effort has been made to concentrate first on the most pressing issues of the community, while still complying with the other requirements of the Growth Management Act.

OVERVIEW

The Comprehensive Plan is organized into eight elements: Land Use, Housing, Transportation, Utilities, Capital Facilities, Shoreline Master Program Policies, Economic Development, and Parks and Open Space. Each of the elements contains the following:

- Information on existing conditions;
- Explanation of how the element integrates with other plans and programs including the requirements of the Growth Management Act;
- A statement of policy direction; and
- An action plan.

Technical and background information is contained in a separately bound appendix document.

IMPLEMENTATION

Adoption of the Comprehensive Plan is the first step toward achieving the City's goals for the future of the community. The Comprehensive Plan will only be affected when implemented through a number of actions including the adoption of new City Code provisions, revised zoning and design guidelines, city participation and representation in regional forums, and re-investment in capital facilities.

The Plan should be viewed as a dynamic document and subject to change as community values, conditions and needs change. To this end, the City will perform periodic reviews of the Plan and amendments as changing conditions require and community involvement dictates. The Growth Management Act requires that the Plan be comprehensively reviewed and updated every seven years. Periodic updates may not occur more than once a year, except as allowed under RCW 36.70A.130.

II. VISION STATEMENT

INTRODUCTION

The Growth Management Act, Vision 2020, Destination 2030, and related policies have ushered in a wide range of new planning options, challenges, and opportunities. Like other jurisdictions throughout the region, Mercer Island must periodically engage in a comprehensive review of its policies and their relationship to state and regional planning mandates. This process provides the opportunity to identify and reaffirm the community's long- held values. It also offers a forum for policies to be updated and assimilated to function as a whole.

A Vision Statement is an essential ingredient in successful comprehensive community policy planning. Essentially, the statement should reaffirm time-tested policies or values generally held as positive "community trademarks" and identify others deemed relevant. Moreover, a Vision Statement should reflect community aspirations. Through periodic review and refinement, it is intended to set parameters for future community activities.

The following Vision Statement is essentially the compilation of several long-standing policies embodied in several existing planning documents including the Land Use Plan, Town Center Plan, Park and Open Space Plan, and the Arts and Culture Plan. Reexamining these policies implies reexamining the City's overall policy base.

This Vision Statement should satisfy (at least) the following three purposes: 1) City Boards, Commissions and Staff will use the Council's explicit guidance in determining the priority and degree of evaluation of existing elements in the City's Growth Management Act Policy & Planning Work Plan; 2) City employees will be guided in the provision of quality municipal services; and, most importantly, 3) the City Council, its advisory bodies and the community-as-a-whole will proceed with a common understanding of the quality of life values or themes that will shape our community for years to come.

Mercer Island: A thriving, predominantly single-family residential community that balances growth with tradition. We preserve our unique character and natural beauty while striving to maintain excellent municipal services with fiscal responsibility. We support local businesses and ensure outstanding educational and recreational opportunities, managing our limited resources wisely for future generations.

COMMUNITY VALUES

Mercer Island is not an island unto itself. The community is part of a regional complex that affords housing, human services, jobs, transportation, utilities, and cultural and recreational opportunities. As a partner in the ever-changing world of environment, economics and politics, Mercer Island has and will continue to be an active player in regional issues. However, within this framework, Mercer Island will continue to strive to maintain local control of all significant policy issues. Likewise, active community participation and leadership are fundamental for protecting and enhancing the values and characteristics that have shaped Mercer Island’s quality of life and livability.

In relative terms, Mercer Island is a young community. However, the City adheres to a collection of intrinsic values and desires to shape its own future and be an effective regional partner. While values can change over time, they do provide the basic foundation for a host of community actions and generally reflect the "heart and soul" of the community. The values listed below are among the community's most important and therefore deserve special attention.

Residential Community	Mercer Island is principally a single-family residential community, supported by healthy schools, religious institutions, and recreational clubs.
Quality Municipal Services	Mercer Islanders need and expect safety, efficiency, and continuously improving municipal services.
Fiscal responsibility	Mercer Islanders expect fiscal responsibility from their municipal services in light of limited resources and heightened competition for revenues.
Education is the Key	The community and its public and private institutions are committed to providing excellence in education.
Livability is Paramount	Our community's values are reflected by safety and freedom from fear, physical and environmental attributes, and the cultural and recreational opportunities of our Island. This translates into the feeling that Mercer Island is "the nicest of places for everyone to live."
Cherish The Environment	Island residents see themselves as "stewards" of the island environment. In considering community decisions, protection and enhancement of trees, open spaces, clean water and air, neighborhood quiet, and environmentally sensitive lands will be given high priority.
Sustainable Community	Mercer Island strives to be a sustainable community: meeting the needs of the present while preserving the ability of future generations to meet their own needs. We consider the relationship between the decisions we make as a community and their long-term impacts before committing to them. We understand that our strength is dependent on an open and transparent decision-making process that takes into account the economic, environmental, and social well-being of our community.
Stronger Together	Mercer Islanders recognize the benefits of an environment where everyone can survive and thrive. Through a variety of social programs and public services we strive to meet the needs of all Islanders.
Welcoming and Inclusive	Mercer Island is a place of acceptance where all are welcome, irrespective of race, ethnicity, national origin, religion, gender, sexual orientation, disability status, financial resources, or age. We believe that a diverse community is a healthier community. We respect and appreciate the benefits of diversity.

HOW THE VALUES ARE MANIFESTED

Values often are characterized by specific actions or combinations of actions. Over time these actions become local community trademarks that have a profound influence in shaping a wide range of private and public decisions. Specific actions that will continue to exemplify Mercer Island's values include:

Regional Role	
Quality Services **Livability** **Stewardship**	• The community clearly links its interests in regional matters through involvement in transportation, education, human services, domestic water, air traffic noise, marine patrol, public health and safety, and pollution abatement. Participation will continue through individual citizens, interest groups and elected officials.
Community Leadership	
Representative Government **Strong Leadership** **Citizen Involvement**	• Mercer Island is committed to representing its community members through its elected and appointed officials. A longtime producer of resourceful and professional leaders, Mercer Islanders will continue to exert strong and active leadership in local and regional affairs. • Active participation by the Island's community members in civic events and issues is essential to representative self-government. As one of its "trademarks," the community continues to place a high value on the opportunity to participate at all levels of decision-making.
Environment	
Leadership **Stewardship** **"Green Equity"** **Destiny Control** **Citizen Involvement**	• The City is committed to implementing policies aimed at preserving and enhancing the Island's physical characteristics. Regulatory tools such as the Zoning Code, Subdivision Ordinance, Critical Lands Regulations, Shoreline Master Program, Tree Ordinance, and Design Standards continue to serve as the underpinning for protection of environmental values. • The preservation of open space (trees and green spaces) continues to be a primary means to attain the community's quality-of-life vision. The implementation of low impact development techniques also preserves the natural environment. City leaders will continue to search for effective new methods and standards to protect and enhance the environment.
Town Center	
Community Scale **Bounded** **Residential** **Quality Service**	• The Town Center will continue to be located within its current boundaries and will be bordered by residential uses. Mixed-use development that includes residential units shall be encouraged within this zone. Businesses should continue to develop at a scale compatible with other community values and should provide a range

	of retail, office, and residential opportunities. The community-scaled business district will primarily cater to the needs and desires of Island residents and employees. • Ongoing attention to urban design principles, pedestrian needs, traffic considerations and green spaces is essential.
Community Services	
Pride & Spirit **Excellence in Education** **Recreational & Cultural Opportunities**	• Mercer Island will continue to provide a wide range of education, cultural and municipal services for the community's varied population. Balanced and flexible programs will be necessary to meet the community's evolving needs in education, recreation, and cultural enjoyment. The community will maintain its broad range of quality basic services, including public safety, human services, physical development and utilities. At the same time, community leaders recognize that delivery of these services will take place in an arena of limited resources and heightened competition for tax revenues.

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Residential Land Use	
Residential **Environmental** **Stewardship** **Leadership** **Citizen Involvement** **Neighborhood Pride**	• Mercer Island is principally a low density, single-family residential community. The community will continue to seek ways to enhance its image as one of Puget Sound's "most livable residential communities." Supporting these efforts, City leaders will maintain the integrity of existing approved land use policies. • The community, through its ongoing consideration of public and private projects, will continue to seek ways of enhancing the Island's quality of life through open space preservation, pedestrian trails and well-designed and functional public and semi-public facilities. • As a single-family residential community with a high percentage of developed land, it is not necessarily appropriate that the community provide all types of lands uses. Certain activities will be viewed as incompatible with prevalent land uses and environmental values. • Civic, recreation, education, and religious organizations are important and integral elements of the community character and fabric. Their contribution and importance to the established community character should be reflected and respected in land use permit processes.
Housing	
Residential **Pride & Spirit** **Responsive** **Housing Opportunities**	• The single-family character of the community will continue to generate the need for a variety of housing. A mix of residential housing opportunities in and around the Town Center and other existing multi-family areas will be an important element in maintaining the diversity of the Island's population. • To understand and preserve the quality and diversity of the Island's housing stock, periodic reviews of housing policies will be undertaken. With that end in mind, methods will be sought to encourage diversity and reinvestment in existing neighborhoods and homes.
Transportation	
Regionally **Linked** **Livability** **Safety** **Leadership**	• The geography, employment and lifestyle characteristics of Mercer Island demands good permanent access to and from Interstate 90. This will require continued participation in regional transportation matters. • Local land use policies will be coordinated with transportation plans in order to provide safe, functional surfaces for vehicles, bikes and pedestrians while avoiding local "gridlock." Local transportation planning will continue to emphasize a semi-rural setting for various arterial and collector streets. Pedestrian walks linking activities will continue to be a high community priority.

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Population	
Pride & Spirit **Excellence in Youth** **Housing Opportunities** **Recreational & Cultural Services**	• As with virtually all facets of the community fabric, population changes will occur. Mercer Islanders can expect to see their population grow from 26,036 in 2025 to an estimated (PSRC, approximate) 27,916 persons by 2044. • Within that population base, the Island will see changes in age profiles, along with their respective needs and expectations for municipal services. The provision of human services and facilities must be updated from time to time to address changes in the community's racial, age, income, and lifestyle make-up. This diversification will continue to be encouraged. The standard for providing excellent services for the Island's youth will be applied to all public services and across all ages.

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III. COMMUNITY PARTICIPATION

COMMITMENT TO PUBLIC INVOLVEMENT

Mercer Island City government is committed to good public process. That commitment is reflected in efforts to enhance and optimize the way in which City decisions are made to include the broadest possible range of Island residents. The City's mission and values are understood by the Council and serve as the unifying principles that guide its decisions.

As the City undertakes its initiative to enhance its overall public participation framework, the following specific objectives have been defined:

- Increased openness and responsiveness of City government to its constituents.
- Better City decisions considering expert opinion as well as a full range of community member perspectives and information.
- Informed consent of various stakeholder groups in decision-making processes, recognizing that conflicts may exist despite efforts to resolve them.
- Streamlined decision making with broadened public input and participation, visible public acceptance and support for Council decisions.

PUBLIC PARTICIPATION PRINCIPLES

- Public participation should be driven by the specific goals and objectives of the program, in consideration of the specific groups of potentially affected interests or stakeholders, NOT by a random collection of public participation techniques.
- Public participation should take place as early as possible in a decision process, preferably at the scoping or option identification stage. It should include specific activities as well as informal, "keeping an ear to the ground" efforts, and should focus on opportunities for two-way communication and responsiveness by the public.
- The decision-making entity should commit in advance to the planned level of public involvement and how it will use the public input that is received to make its decision. People must be brought to realize that the City is always listening to their concerns, even though it may not always agree with what it hears or implements.
- Appropriate techniques range from simply informing citizens to involving them through opportunities for direct participation in decision making. The guiding principle is to select the fewest number of the simplest techniques that will meet the objectives.
- Public input must be fully integrated and sequenced with technical work and the decision process in order to be useful in raising and resolving emerging issues.
- Providing feedback to public participants is critical to confirming their input, demonstrating that it is valued and in maintaining their interest in participating in City processes.

AMENDING THE COMPREHENSIVE PLAN

The Comprehensive Plan is a dynamic document based on community values and an understanding of existing and projected conditions and needs, all of which continually change. The City plans for change through the established, formal procedures for regularly monitoring, reviewing, and amending the Comprehensive Plan.

The Comprehensive Plan also represents an integrated statement of policies consistent with regional plans and based on a broad perspective developed over many months of widespread public involvement. Amendments to the Plan should be made carefully to maintain its internal consistency and integrity of the document.

The process for amending the Mercer Island Comprehensive Plan is established in chapter 19.15 of the Mercer Island City Code (MICC). Before making formal recommendations to the City Council for any amendments to the Comprehensive Plan, the Planning Commission will conduct meetings, public hearings, and workshops to obtain further public input on the proposed changes. Providing another avenue for public input, environmental review of the draft plan's impacts is integrated into the Planning Commission's hearing and review process. The City Council considers the Planning Commission's recommendation at a public meeting and can adopt the amendment by ordinance, take no action on the proposal, or remand the proposed amendment to the Planning Commission. Comprehensive Plan amendments cannot be considered more frequently than once a year except in an emergency, and all proposed amendments in any year must be considered concurrently so that the cumulative effect of the changes can be considered.

Element 2 - Land Use

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 is developed with single- family homes. The Island is served by a small Town Center and two other commercial zones that 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 land 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. Four elementary schools, one middle school, and a high school are owned and operated by the Mercer Island School District. In addition, there are several private schools at elementary and secondary education levels.

The community strongly values environmental protection. As a result, local development regulations have sought to safeguard land, water, and the natural environment, while balancing 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 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 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 significant 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 primary 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 maximum; 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 Mercer Island 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 the 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 space were constructed in the Town Center. Between 2007 and August 2014, 360 new housing units and 218,015 square feet of new commercial space were constructed.

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 a new direction for the quality design of non-residential structures in residential zones and other multi-family, commercial, office, and public zones outside the Town Center.

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

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 landfills 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. 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. One of them is 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 the island and to advocate for county and state-level climate measures. It has also helped organize and publicize solarized 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 the 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. In 2018, it provided the City with 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 to manage 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 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 to develop a climate action plan for the City and community. The resulting plan called for tracking emissions and forming a City/community partnership 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 City has been very active in addressing climate change and has received national recognition for its efforts. In 2013, EPA recognized the City as a Green Power Community of the Year for its very successful Green Power sign-up campaign for residents and 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 the removal of obstacles to solar development, including streamlined permitting. As of January 2018, there were 184 known solar installations in the City, which is 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 wind farm 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 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. 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.

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 referencing the STAR Community Framework to assess 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.

In 2023, the City Council adopted a Climate Action Plan. The 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 in moving 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 amendments to the policies under goals 26, 27, and 28.

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 commercial land uses; many belong 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 the 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 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.

Table 1. Town Center Land Uses & Facts Snapshot

Total Land Area	76.5 acres
Total Net Land Area (excludes public right-of-way)	61.1 acres
Total Floor Area (includes all uses)	2,957,000 square feet (approximately 15% office, 10% retail, 35% residential, and 40% other non-residential)
Total Floor Area - Ratio	1.09
Total Housing Units	1,391
Total Net Residential Density	22 units/acre
Total Employment	2,327

Source: PSRC UrbanSim and Land Use Vision – Implemented Targets (LUV-IT).

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 in Commercial Office zones, 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 Fire Station 91 are in the Public Institution and Town Center zones. 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

Zone	Acreage
Business - B	2.2.98
Commercial Office - CO	17.53
Multifamily - MF-2	41.83
Multifamily - MF-2L	7.69
Multifamily - MF-3	61.41
Open Space - OS	234.21
Public Institution - PI	294.48
Planned Business - PBZ	13.89
Single Family - R-8.4	767.46
Single Family - R-9.6	1,218.64
Single Family - R-12	80.21
Single Family - R-15	1,217.71
Town Center - TC	77.83

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

Over the last 30 years, many public facilities have been re-constructed or have planned additions. 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. [Refer to the Capital Facilities Element for a more in-depth discussion of public facilities.

Residential zones in the City are primarily zoned for single-family residential development. Single-family zones have four minimum lot sizes, ranging from 15,000 square feet, 12,000 square feet, 9,600 square feet, and 8,400 square feet. Existing single-family development mostly comprises established neighborhoods constructed in the latter half of the 20th Century. Most lots in the single-family zones are already subdivided, and few are undeveloped. New development in the single-family zones is typically the 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 the 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 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.

One Commercial/Office (CO) zone is 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 planning purposes, Mercer Island is now designated as High-Capacity Transit Community (HCTC) in the Puget Sound Regional Council's Vision 2050 plan. The new destination recognizes Mercer Island's importance as a locality with high-capacity transit service, making it an ideal place to focus new development within walking distance of the high-capacity transit, walkable jobs, and in adherence with HB 1220 affordability and density guidelines. This is due to its excellent access to employment centers, educational institutions, and other opportunities. As such, Mercer Island 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 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.

III. GROWTH FORECAST

RESIDENTIAL AND EMPLOYMENT 20-YEAR GROWTH TARGETS

The King County Countywide Planning Policies (CPPs) establish growth targets for all the jurisdictions within King County. The CPPs were initially adopted in 1992 and have been amended several times. 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. 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 dwelling units), 2024 – 2044	1,239
Employment growth target (in jobs), 2024 – 2044	1,300

EMPLOYMENT AND COMMERCIAL CAPACITY

According to the Puget Sound Regional Council, as of March 2020 there are approximately 7,325 jobs on Mercer Island. The City's development capacity is analyzed in the 2021 Urban Growth Capacity Report. That report shows that Mercer Island has sufficient development capacity to accommodate the 2044 employment and housing growth targets.

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 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 2021 Urban Growth Capacity Report, the City of Mercer Island has a 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 (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) 2044 housing target of 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 and 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

The third type of housing figure contained in the Comprehensive Plan is a local housing forecast. Table 6 contains a housing unit and population forecast for 2024 through 2044. The total number of housing units is expected to increase by 1,239 from 2024 to 2044. This would be a growth rate of approximately 62 dwelling units per year. During that same period, the PSRC projects that the population will increase by 1,880 people; 94 people per year.

Table 6. 2024-2044 Housing Unit and Population Forecast

Year	Overall Household Size	SFR Units	Multi-family Units	Total Increase in units per decade	Total Housing Units	Population
Current	2.59[A]	6,914[A]	3,600[A]	N/A	10,514	26,036[B]

Forecasted (2044)	2.38[B]	N/A[1]	N/A[1]	620	11,753[2]	27,916[B]

Sources:

A. U.S. Census Bureau 2020 Decennial Census and 2022 American Community Survey. Tables DP1 and B25024.
B. PSRC Land Use Vision Implementation Targets (LUV-IT) Land Use Projections.

Notes:

1. 20-year forecast of single-family and multifamily units unavailable for 2044.
2. Total housing units forecasted to match the 20-year growth target (1,239 units) set by King County and assumed throughout this plan.

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 zoned for commercial retail, service, mixed, and office uses. The Town Center is the largest mixed-use zone in the City and an important economic hub. Older commercial developments in the Town Center consist of many one-story strip centers surrounded by parking lots. 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, resulting 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 cars and walk between shopping areas.
3. The Town Center is poorly identified. The primary 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 Island's existing single- family residential character, while planning for population and housing growth.
2. Accessory 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 community's overall residential character.
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 limited public resources, open space and parkland 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 everyday 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.

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

1.2 Street-level retail, office, and service uses should reinforce the pedestrian-oriented circulation system with amenities, tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around.

Land Use and Development

GOAL 2:

Create a policy and regulatory structure that will result in diverse uses that meet Islanders' daily needs and help 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 Maintain a minimum commercial square footage in the Town Center to preserve the quantity of commercial space in recent developments as new development occurs, with a specific focus on maintaining the current number of large grocery stores to ensure adequate access to food for residents.

2.3 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.

GOAL 3:

Have a mixture of building types, styles, and ages that reflect 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 from the lowest point on that side of a building.

3.4 Mitigate the "canyon" effect of straight building facades along streets through the 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 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, building setbacks, on-street entrances, landscaping, and articulated walls should be encouraged.

GOAL 4:

Allow a variety of housing forms for all life stages, including townhomes, apartments, and live-work units that are attractive to families, singles, and seniors at a range of price points consistent with the goals and policies in the Housing Element.

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

4.2 Allow development of low-rise multi-family housing in the Town Center Multi-family (TCMF) subareas of the Town Center.

4.3 Allow the development of affordable housing within the Town Center.

4.4 Allow the development of accessible and visitable housing within the Town Center.

4.5 Allow options for ownership housing within the Town Center.

Public Realm

GOAL 5:

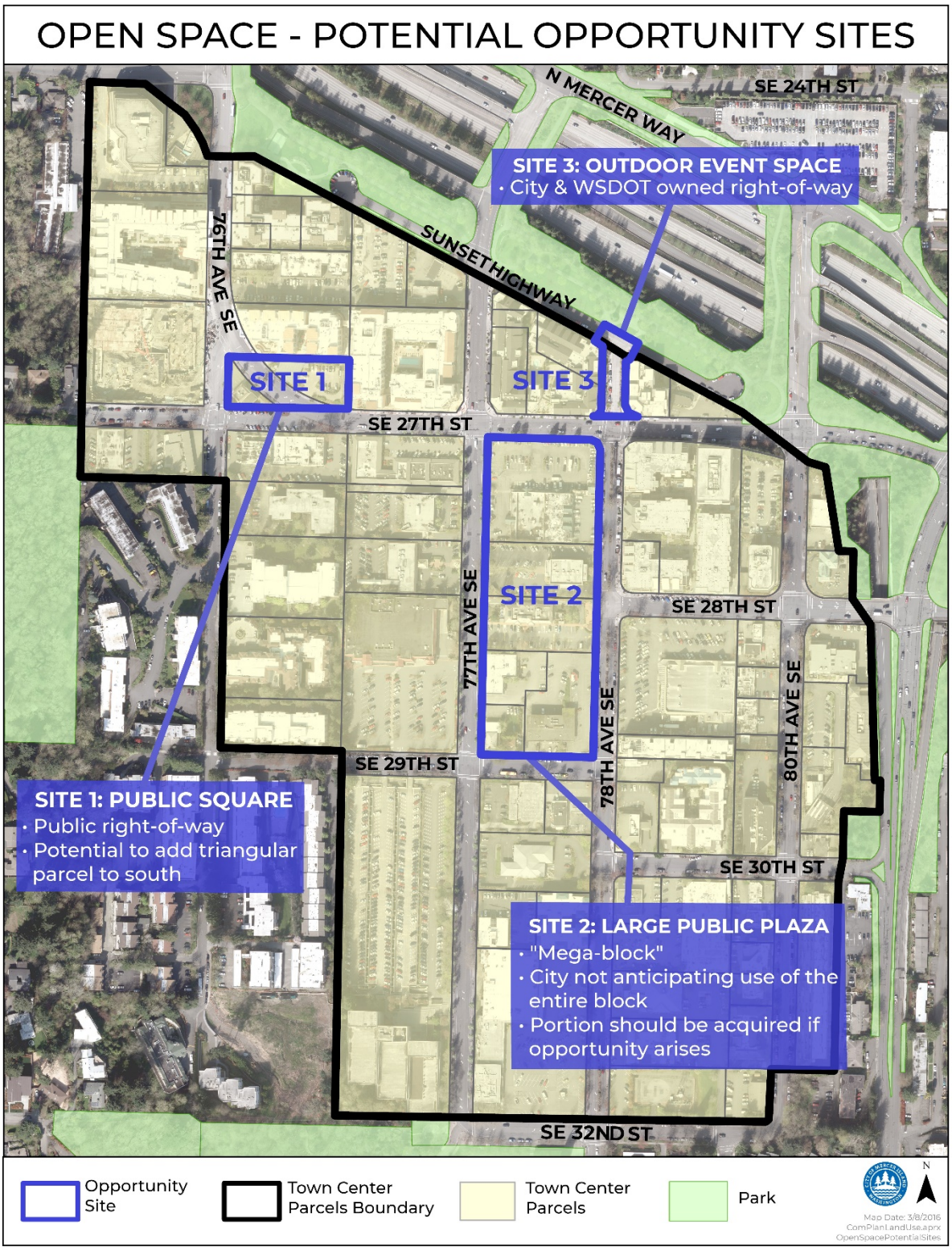
Have inviting, accessible outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.

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

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

5.3 Investigate potential locations and funding sources for the development (and acquisition if needed) of one or more significant public open space(s) that can anchor 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



Economic Development

GOAL 6:

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

6.1 Establish economic development policies in an Economic Development Element.

6.2 Maintain a diversity of Town Center land uses.

6.3 Support economic growth that accommodates Mercer Island's share of the regional employment growth target of 1,300 new jobs from 2024—2040 by maintaining adequate zoning capacity, infrastructure, and supportive economic development policies.

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

OUTSIDE THE TOWN CENTER

GOAL 7:

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

7.1 Preserve the neighborhood character in residential zones. For the purpose of implementing this element, neighborhood character only refers to the form, bulk, scale, and intensity of the built environment.

7.2 Provide for housing types in residential zones, such as accessory dwelling units and additional middle housing types at slightly higher densities, as outlined in the Housing Element.

7.3 Encourage multifamily and mixed-use housing within the existing boundaries of the Town Center and multifamily zones to accommodate moderate- to extremely low-income households.

7.4 Social and recreation clubs, schools, and religious institutions are predominantly located in single-family residential areas of the Island. The City may consider measures within the land use code to address the maintenance, updating, and renovation of these facilities, while ensuring compatibility with surrounding neighborhoods. Such facilities contribute to the mental, physical, and spiritual well-being of Mercer Island residents. Land use decisions should balance the retention of these facilities with overall community planning and zoning regulations.

7.5 Encourage compatible uses such as education, recreation, open spaces, government, social services, and religious activities.

7.6 Manage impacts that could result from new development in residential zones by establishing standards to:

7.6.1 Regulate on- and off-street parking;

7.6.2 Encourage the retention of landscaped areas and the retention and planting of trees;

7.6.3 Establish incentives and anti-displacement measures consistent with the Housing Element; and

7.6.4 Control new development to be compatible in scale, form, and character with surrounding neighborhoods.

GOAL 8:

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

8.1 Encourage using existing homes to meet changing population needs and help people age in place.

8.2 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.

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

8.4 Promote accessory dwelling units in all zones where single-family homes are allowed subject to specific development standards.

8.5 Encourage the development of middle housing outside of critical areas where mandated by state law and ensure that it is compatible with the surrounding neighborhoods, with preference given to areas near high-capacity transit.

8.6 Encourage the preservation and maintenance of naturally occurring affordable housing.

GOAL 9:

The allowed uses in commercial and mixed-use zones balance the City's economic development and housing needs.

9.1 The Planned Business Zone (PBZ) 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.

9.2 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 Commercial Office zone are subject to design review, and supplemental design guidelines may be adopted.

NATURAL ENVIRONMENT POLICIES

GOAL 10:

Protecting 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.

10.1 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.

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

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

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

10.5 The City shall utilize the best available science during the development and implementation of critical area regulations. Regulations will be updated periodically to incorporate new information as required by the Growth Management Act.

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

10.7 Services and programs provided by the City regarding land use should encourage residents to minimize their carbon footprint, especially concerning energy consumption and waste reduction.

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

10.9 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.

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

10.11 Ensure all residents of Mercer Island have a clean and healthy environment, regardless of race, social, or economic status.

10.12 Establish development standards to reduce the risk to life and property posed by wildfires through community wildfire preparedness and fire adaptation measures. These should include measures to separate human development from wildfire -prone landscapes and protect existing residential development and infrastructure.

GOAL 11:

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

11.1 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 the 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.

11.2 Encourage inventorying 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.

11.3 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.

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

11.5 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 right-of-way. New plantings in road rights-of-way should be native plants selected to benefit wildlife and community environmental values.

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

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

11.8 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.

11.9 Consider a community effort to establish new wetlands to recognize the historical loss of wetlands.

11.10 When considering the purchase of land to add to community open space, prioritize the purchase and preservation of wetlands, stream headwaters, and areas that will enhance open space networks.

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

11.12 Promote 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.

11.13 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.

11.14 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.

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

11.16 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.

11.17 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.

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

11.19 Promote wildlife watering.

DISASTER PLANNING AND RECOVERY

GOAL 12:

Maintain and enhance current community emergency preparedness and planning efforts and provide for long-term recovery and renewal.

12.1 Periodically review and update the City's emergency management plans. Adopt the following emergency management- related plans and their successors by reference:

- 12.1.1 Comprehensive Emergency; Management Plan;
- 12.1.2 Hazard Mitigation Plan;
- 12.1.3 Continuity of Operations Plan
- 12.1.4 Pandemic Plan;
- 12.1.5 Terrorism Response Plan and Threat and Hazard Identification and Risk Assessment;
- 12.1.6 Debris Management Plan;
- 12.1.7 Volunteer Operations Plan; and
- 12.1.8 Shelter Plan.

12.2 Coordinate with, incorporate, and support the emergency management preparedness and planning efforts of local, regional, state, and national agencies and organizations, focusing on impacts on vulnerable populations.

12.3 Maintain current local community emergency preparedness programs, including volunteer coordination, City staff drills, and community outreach and education programs, with attention to impacts on vulnerable populations.

Climate Change

GOAL 13:

Continue to develop and refine City policies and implementation strategies to address climate change.

13.1 Adopt a Climate Element or equivalent components in this plan, as directed by state law, to plan to reduce greenhouse gas emissions and vehicle miles traveled and improve community resilience by planning for climate preparedness, response, and recovery efforts.

13.2 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. It shall be updated periodically to reflect changing community needs.

13.3 Town Center buildings should meet a high standard of energy efficiency and sustainable construction practices and include other innovative green features. Maintain requirements for major new construction in the Town Center to incorporate green building techniques.

VI. ACTION PLAN

GOAL 14:

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

14.1 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.

14.2 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, the build- out of the City is approaching and could occur before 2035 or shortly thereafter. In the future, the City will advocate for growth allocations from the GMPC that 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.

14.3 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 the City Council at any time thereafter and should detail the following:

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

14.3.2 Any funding, including grants allocated to support the completion of these actions;

14.3.3 Any staff resources allocated to support the completion of these actions;

14.3.4 A schedule detailing the key actions and milestones for the completion of each action and

14.3.5 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.

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

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

14.5.1 Alternate funding sources;

14.5.2 Public-private partnerships;

14.5.3 Reducing project or program scope to align with current biennial budget constraints and

14.5.4 Amending the policies of the Land Use Element to reflect the City's capacity to implement the element.

14.6 Prioritize services and access to opportunity for people of color, people with low incomes, and historically underserved communities to ensure all people can attain the resources and opportunities to improve their quality of life and address past inequities.

14.7 Coordinate with tribes to identify and mitigate potential impacts when implementing this element.

14.8 Create opportunities for multi-modal transportation.

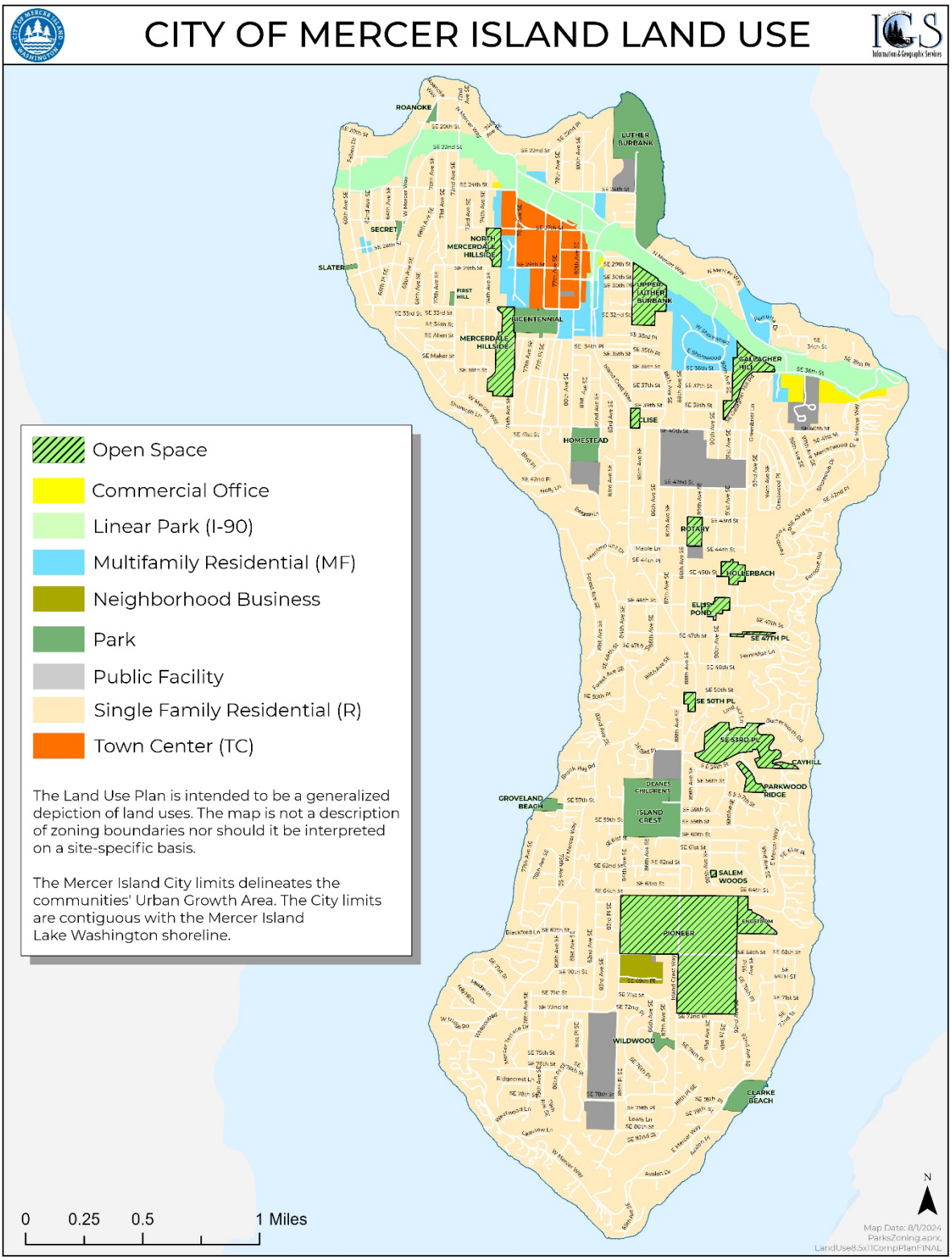
VII. LAND USE DESIGNATIONS

Land Use Designation	Implementing Zoning Designations	Description
Park	PI R-8.4 R-9.6 R-12 R-15 OS	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 OS	The linear park (I-90) land use designation primarily contains the Interstate 90 right-of-way. The land use designation is also improved 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 OS	The open space use designation represents land within the City that should remain as predominantly unimproved open space consistent with the adopted Parks, Recreation and Open Space 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 OS	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.

1

Figure 1. Land Use Map



Element 3 - Housing

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 2021, 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 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

Total Housing Growth Target		Housing Needs By Income Level								
		0-≤30% AMI[3]			>30-≤50% AMI	>50-≤80% AMI	>80-≤100% AMI	>100-≤120% AMI	>120% AMI	Emergency Housing[2]
		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 a 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 counties and cities to comply with updated housing requirements in the WA Growth Management Act (GMA), That guidance recommended a process by which cities should evaluate development capacity to

accommodate housing needs disaggregated by income level. Based on the Commerce guidance, the City prepared the Land Capacity Analysis Supplement (Appendix G).

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 its development capacity. The City increased the maximum building height in selected Town Center subareas. The increase in height was analyzed in the Land Capacity Analysis Supplement and was found to generate adequate capacity to accommodate the City's housing needs.

The City prepared a Housing Needs Assessment during the Comprehensive Plan periodic review (Appendix E). This assessment included an inventory and analysis of the existing housing stock, which , combined with the Land Capacity Analysis 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 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. Permanent supportive housing is intended to house people who need support services, whereas non-permanent supportive housing, extremely low-income housing, is meant for people at the lowest income level who do not necessarily need additional services. For reference, permanent supportive housing is defined in RCW 36.70A.030(31).

In addition to planning for permanent supportive housing, 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, Its intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families (RCW 36.70A.030(14)). Emergency housing differs from housing for extremely low-income households and permanent supportive housing in that it is intended to be shorter-term accommodations. Emergency housing can include shelter space.

The Land Capacity Analysis Supplement evaluated capacity for permanent supportive housing and emergency housing. The Supplement found that the Comprehensive Plan allows adequate capacity to accommodate its permanent supportive housing 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:

> "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.

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.

RACIALLY DISPARATE IMPACTS AND DISPLACEMENT RISK

In 2021, the GMA was amended to require jurisdictions to identify potential racially disparate impacts, 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 evaluation to identify policies that may have resulted in racially disparate impacts and identify areas at higher risk of displacement (Appendix H).

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



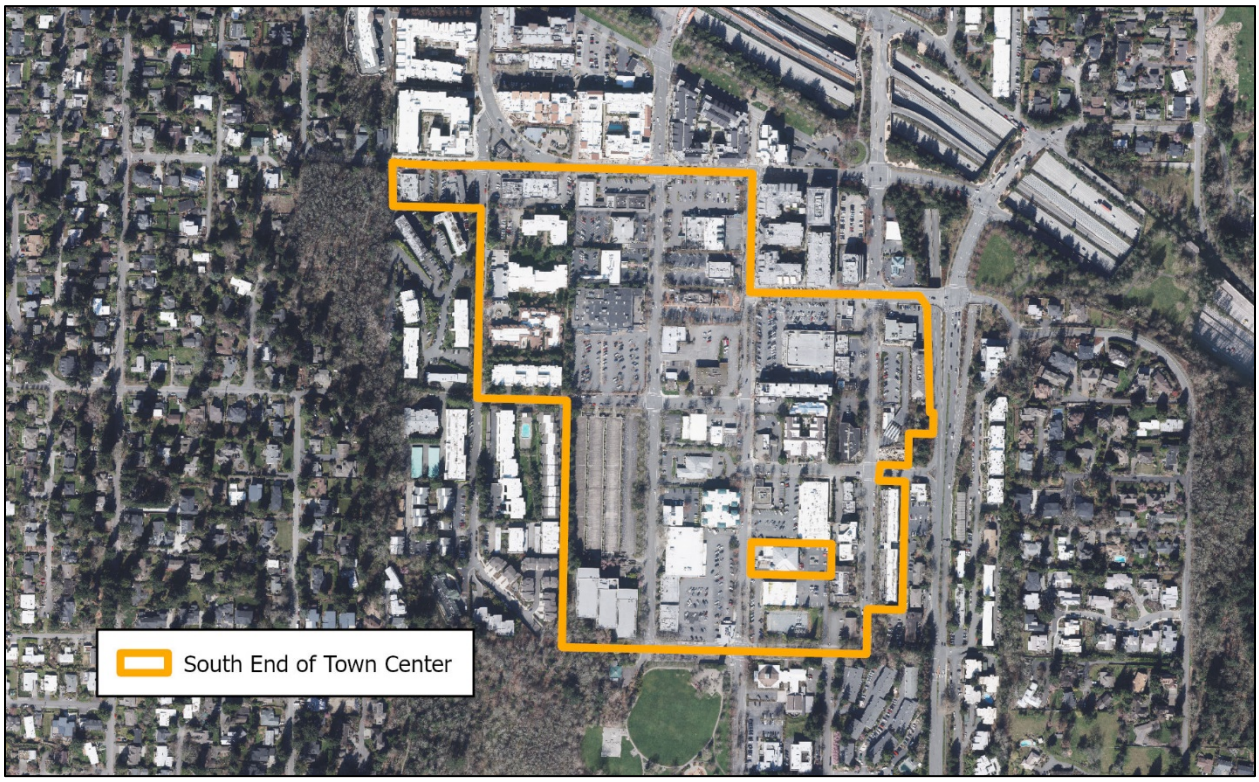
Source: Puget Sound Regional Council (PSRC) Displacement Risk Mapping. https://www.psrc.org/our-work/displacement-risk-mapping.

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.

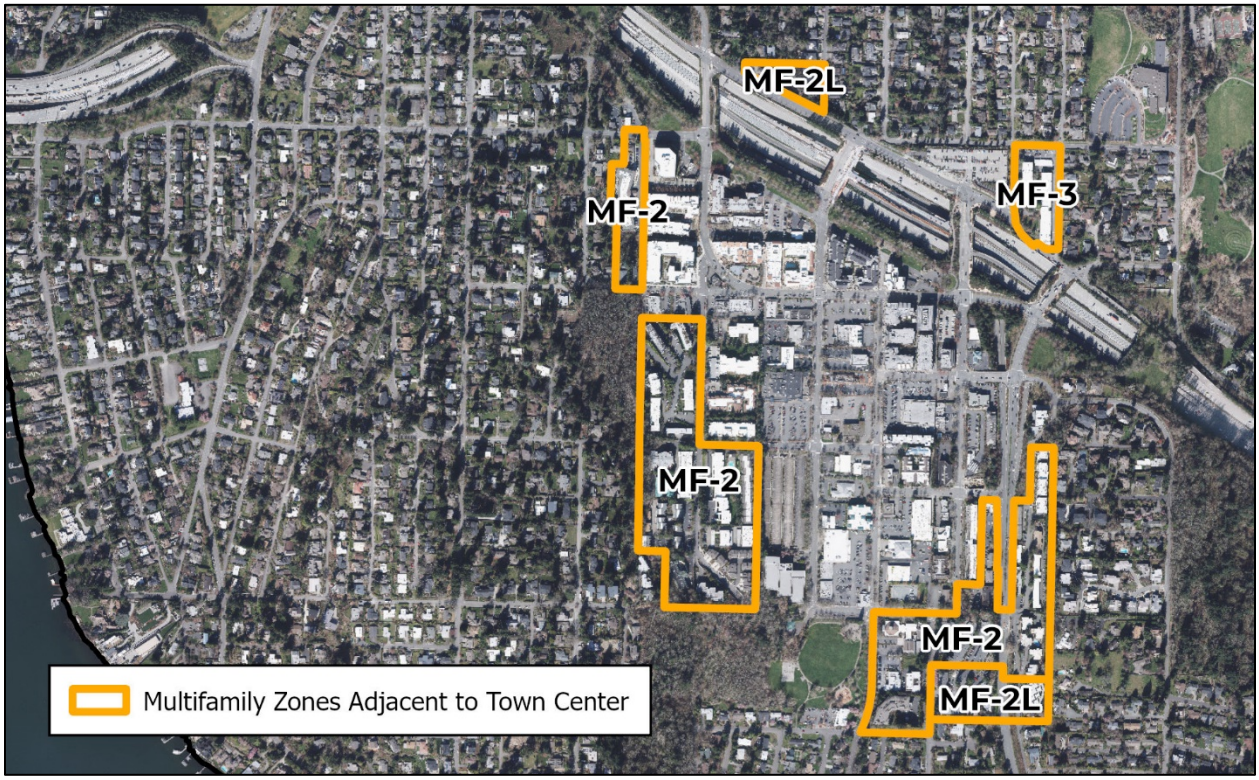
Figures 2, 3, and 4 show maps of the three areas that may be at higher risk of displacement.

Figure 2. South End of Town Center



Source: RDI Evaluation dated December 15, 2023.

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.

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

Mercer Island provides affordable housing 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:

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

1.1.2 Adopting policies that will increase the supply of income-restricted and naturally occurring affordable housing;

1.1.3 Addressing racially disparate impacts;

1.1.4 Reducing or mitigating displacement risk and

1.1.5 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:

1.2.1 High income is a household income that exceeds 120 percent of the AMI;

1.2.2 Moderate income is a household income at or below 120 percent and above 80 percent of the AMI;

1.2.3 Low income is household income at or below 80 percent and above 50 percent of the AMI;

1.2.4 Very low income is household income at or below 50 percent and above 30 percent of the AMI, and

1.2.5 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:

1.3.1 High Income – Continue to allow market rate single-family, moderate density, and condominium housing;

1.3.2 Moderate, Low-, and Very Low-Income –

1.3.2.1 Implement strategies to preserve existing units;

1.3.2.2 Implement strategies to increase the supply of new income restricted units and

1.3.2.3 Reduce barriers to new moderate density, multifamily, and mixed-use construction.

1.3.3 Extremely Low-Income and Permanent Supportive Housing (PSH) –

1.3.3.1 Implement strategies to increase the supply of new income- restricted units for extremely low-income households and PSH and

1.3.3.2 Coordinate efforts among providers, developers, and government agencies and

1.3.3.3 Organize resources in support of new income restricted development.

1.3.4 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:

1.4.1 Parks and open space;

1.4.2 Recreation opportunities and programs;

1.4.3 Safe pedestrian and bicycle routes;

1.4.4 Clean air, soil, and water;

1.4.5 Shelter from extreme heat events;

1.4.6 Fresh and healthy foods;

1.4.7 High-quality education from early learning through kindergarten through twelfth grade;

1.4.8 Public safety;

1.4.9 Artistic, musical, and cultural resources

1.4.10 Affordable and high-quality transit options and living wage jobs;

1.4.11 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

1.4.12 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 fairly 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 multi-family 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 zones before analyzing alternatives for increasing multi-family capacity elsewhere.

GOAL 2 – AFFORDABLE HOUSING

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

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:

2.2.1 Periodic review of development standards, staffing levels, and permit processes to reduce permit review times and costs;

2.2.2 Periodic review of residential densities in high-density zones to adjust multifamily and mixed-use capacity as needed to accommodate housing needs;

2.2.3 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:

2.5.1 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.

2.5.2 Height bonuses concurrent with any increase in development capacity to address Mercer Island's affordable housing needs;

2.5.3 Incentives for the development of housing units affordable to extremely low-, very low-, low-, and moderate-income households;

2.5.4 A Multi-family Tax Exemption (MFTE) linked to substantial additional affordability requirements.

2.5.5 Reduced design review processes and simplified standards for developments with affordable units.

2.5.6 Reduced or waived permit fees for developments with affordable units.

2.5.7 Reduced parking requirements for income-restricted units.

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

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 needs for low-, very low-, and extremely low-income households.

2.11 Evaluate increasing the contribution to the ARCH Housing Trust Fund (HTF) 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 affordable housing 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

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:

3.1.1 Increase the supply of affordable rental housing;

3.1.2 Expand tenant protections;

3.1.3 Add incentives for the construction of affordable housing;

3.1.4 Increase capacity for multifamily and mixed-use housing and

3.1.5 Include intentional public outreach during the implementation of the Comprehensive Plan.

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

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:

4.2.1 Required advance notice of rent increases;

4.2.2 Relocation assistance and

4.2.3 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:

4.3.1 Be paid for by an applicant requesting a rezone and conducted on behalf of the City;

4.3.2 Consider economic, physical, and cultural displacement as defined by the WA Department of Commerce;

4.3.3 Recommend strategies to reduce or mitigate identified displacement risks and

4.3.4 Be presented to City decision- makers before 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 accompanied by findings that displacement risk has been adequately reduced and mitigated.

GOAL 5 – RESIDENTIAL REGULATIONS

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

POLICIES:

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

5.1.1 Reduce permit review times and costs;

5.1.2 Simplify requirements,

5.1.3 Limit the design review process to administrative design review and ensure that all design standards are objective and measurable;

5.1.4 Ensure parking requirements are right-sized to adequately balance the need for parking with the per-unit cost of parking and consistent with state law.

5.1.5 Increase affordable housing incentives and

5.1.6 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 consistent with state law and this comprehensive plan.

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

5.4 Consider amending ADU development standards to add flexibility and expand options for developing 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

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 the City Council at any time thereafter and should detail the following:

- 6.1.1 Actions from this element to be added to department work plans for the next biennial budget cycle;
- 6.1.2 Any funding, including grants allocated to support the completion of these actions;
- 6.1.3 Any staff resources allocated to support the completion of these actions;
- 6.1.4 A schedule detailing the key actions and milestones for the completion of each action; and
- 6.1.5 A list of 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 the implementation of the Housing Element. The report will be provided to the City Council prior to the 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:

- 6.4.1 Alternate funding sources;
- 6.4.2 Public-private partnerships;
- 6.4.3 Reducing project or program scope to align with current biennial budget constraints and
- 6.4.4 Amending the policies of the Housing Element to reflect the City's capacity to implement the element.

Element 4 - Transportation

I. INTRODUCTION

The Transportation Element 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 City's actions, as well as the decisions related to individual developments.

The Transportation Element provides an inventory of Mercer Island's existing transportation system and includes auto, truck, bicycle, transit, and pedestrian.

OBJECTIVES OF THE TRANSPORTATION ELEMENT

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

- Develop multimodal goals, policies, programs, and projects which support the 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 multimodal transportation planning.

Washington State's Growth Management Act (GMA) outlines specific requirements for the Transportation Element of the city's 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 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 focusing solely on widening the road to carry more single-occupant vehicles.

Other legislative requirements addressed by the Transportation Element include the King County 2023 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 traffic volumes. Island Crest Way, a north-south arterial that 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 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. The regional Mountains-to-Sound Greenway Trail runs along the I-90 corridor, providing a convenient connection to Seattle and Bellevue for pedestrians and bicyclists.

The Sound Transit East Link light rail line 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, is scheduled to provide 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 was frequently at or near capacity prior to the pandemic, and parking demand will likely increase when the new light rail station opens. As part of the mitigation agreement with Sound Transit, additional parking for the light rail station will be added in the Town Center. 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.

LAND USE ASSUMPTIONS — THE COMPREHENSIVE PLAN

Mercer Island's Comprehensive Plan, of which the Transportation Element is a component, 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’s 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 1,239 new housing units and 1,300 new jobs to be generated on the Island by 2044.

The Land Use Element defines Mercer Island's strategy for managing future growth and physical land development over the 20-year planning period. The Transportation Element identifies transportation and multimodal goals and policies consistent with the vision of the Land Use Element.

TOWN CENTER PLAN

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

The Sound Transit Link Light Rail station located on the I-90 corridor between 77th Avenue SE and 80th Avenue SE will continue to focus on 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 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: through traffic 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 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 to retain and attract businesses and workers to Mercer Island.

2.3 Encourage partnerships with nonprofit providers and the private sector in the provision and operation 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 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 adverse health and environmental impacts related to water quality, noise, light, stormwater, and 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, implement ramp metering, and provide transit services and facilities.

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

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:

4.1.1 Maintain convenient transit connections to regional activity centers, including the Seattle CBD, Bellevue, University of Washington, and other centers;

4.1.2 Provide convenient transit service for travel on Mercer Island and enhance connections to regional transit stations, including the future Link light rail station and

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

4.1.4 Explore the possibility of on-demand intra-Island shared EV shuttle services to connect neighborhoods to Town Center and Link Light rail.

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

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

4.3.1 Providing small park and ride facilities throughout the Island; and

4.3.2 Improving pedestrian access to transit with on and off-road pedestrian improvements.

4.4 Investigate opportunities for operating, constructing and 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 multimodal linkages to transit in the Town Center District.

4.8 Promote the mobility of people and goods through a multimodal transportation system consistent with the Pedestrian and Bicycle Facilities Plan.

4.9 Development of programs to address the needs of people who do not drive (e.g., elderly, minors, low-income, and persons with disabilities).

4.10 Provide adequate facilities for secure bicycle storage in City parks and at customer-facing City buildings.

4.11 Prioritize “complete street” concepts in all material roadway construction or expansion.

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 Ensure that all transportation improvements are consistent with the adopted Americans with Disabilities Act (ADA) Transition Plan. The 2022 Americans with Disabilities Act (ADA) Transition Plan and its successors is adopted by reference.

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

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

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:

6.1.1 potential impacts of transportation on adjacent land use;

6.1.2 potential impacts of land development and activities on transportation facilities and services; and

6.1.3 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,

6.3.1 congestion and level of service;

6.3.2 connectivity of transportation facilities and services from a system perspective;

6.3.3 transit needs for travelers and transit operators; and

6.3.4 non-motorized facilities and needs.

6.4 Ensure that transportation improvements, strategies, and actions needed to serve new developments are in place at the time new development occurs or are 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 the cumulative impacts of SEPA-exempt projects through the implementation of the Transportation Improvement Program.

6.6 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:

6.8.1 locating structures on the site in order to facilitate transit and non-motorized travel modes;

6.8.2 placing and managing on-site parking to encourage travel by modes other than single- occupant vehicles;

6.8.3 provision of convenient and attractive facilities for pedestrians and bicyclists; and

6.8.4 provision of public easements for access and linkages to pedestrian, bicycle, and transit facilities.

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

GOAL 7:

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

7.1 Include safety accommodations for all travelers in the City's roadway design standards.

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

7.3 Seek to reduce the number of deaths and serious injuries caused by vehicle collisions on Mercer Island.

7.4 Emphasize transportation network connectivity to minimize travel distances and emergency response times by avoiding permanent street closures for 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 identify locations where improvements may become necessary.

7.6 Monitor traffic collisions, community input/complaints, traffic violations, and traffic volumes to identify and prioritize locations for safety improvements.

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

7.8 Verify the policies, criteria, and 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.

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

7.10 Strive to create a complete, connected, active transportation system allowing direct and safe access for active transportation modes.

7.11 Consider requiring that new or materially remodeled public 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 transit service levels 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 to keep individual neighborhood characteristics.

9.4 Work with King County Metro to provide public transit vehicles and services that are more in scale with the transportation needs of the City's neighborhoods and the capacity of 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.

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 is 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.

10.7 Work with partners to establish multimodal level of service (MMLOS) standards. MMLOS policies should detail the City's actions to ensure transportation facilities and services meet those standards.

GOAL 11:

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

11.1 Continue implementing 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 as adopted in City code or as required by GMA.

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.

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

11.5 Reduce the Town Center land area devoted to parking by encouraging structured and underground parking. Parking should be convenient and safe.

11.6 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.

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

11.8 On and off-street parking in Town Center should be well lit, convenient, and well-signed so that drivers can easily find and use it.

11.9 Develop long-range plans to meet the commuter parking needs of Mercer Island residents.

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

11.11 Adopt the 2023 Town Center Parking Plan and its successors by reference.

GOAL 12:

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

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

12.2 Adopt the Pedestrian and Bicycle Facilities Plan and its successors by reference. Implement the 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 Standardize treatments for pedestrian crossings within the City.

12.4 Study opportunities for 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, bike-share hubs, etc.).

12.6 Prioritize areas near schools and commercial areas to provide higher level of service for pedestrians, bicycles, and transit.

12.7 Coordinate with Mercer Island School District to plan for safe routes to schools.

GOAL 13:

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

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

13.2 Town Center streets should be pedestrian-friendly and provide for safe and convenient multi-modal access to existing and future development in the Town Center.

13.3 Design streets using universal design principles to allow older adults and individuals with disabilities to "stroll or roll," and cross streets safely. Pedestrian routes should be designed to break up larger City blocks.

13.4 78th Avenue SE and SE 27th Street should be the primary pedestrian corridors in the Town Center, with ample sidewalks, landscaping, and amenities.

13.5 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.

III. TRANSPORTATION SYSTEM—EXISTING CONDITIONS

This section describes and inventories the current transportation system serving Mercer Island. Major modes of transportation serving Mercer Island include automobiles, non-motorized modes such as walking and biking, and public and school transit.

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.

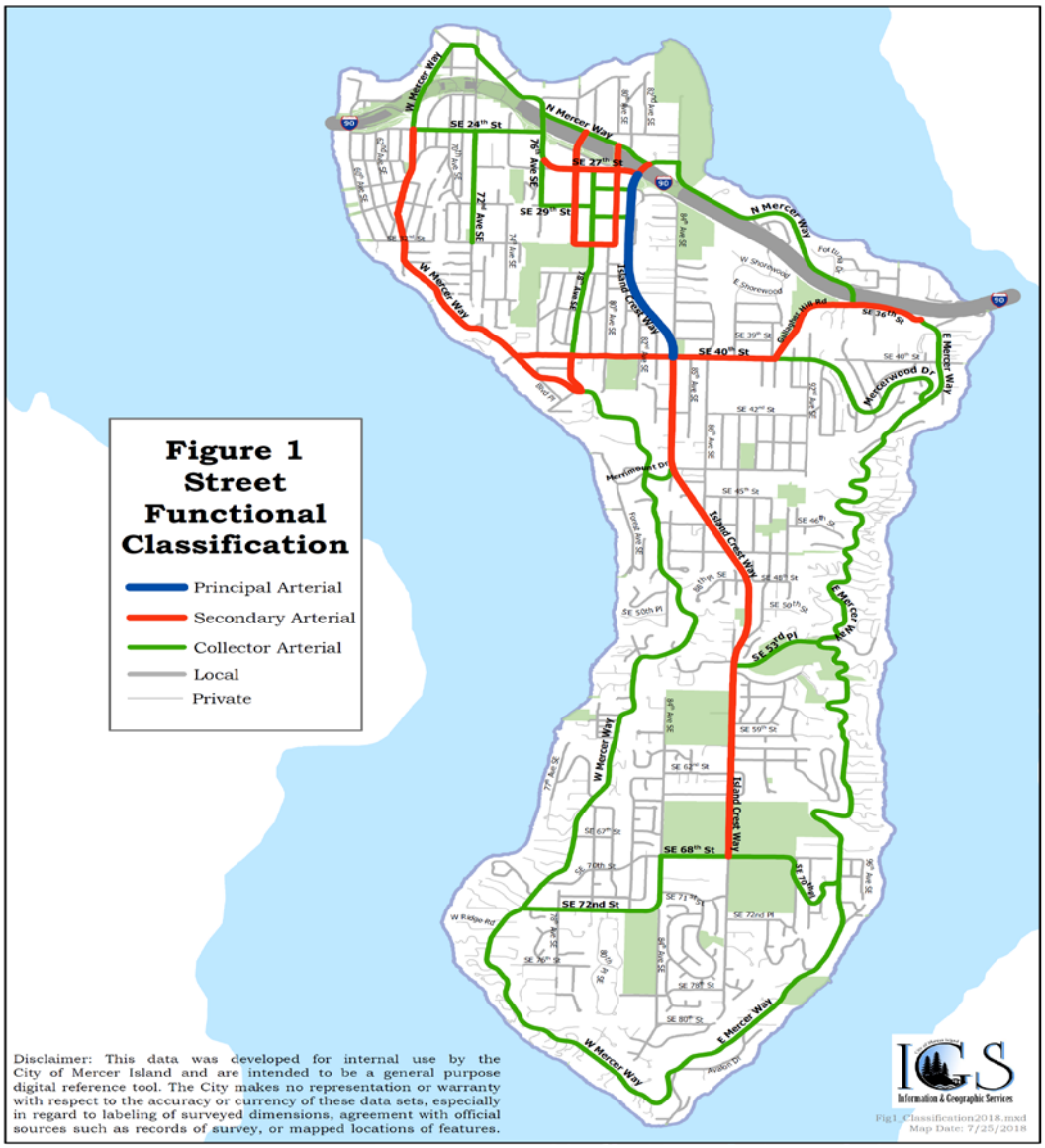
Most of the road network comprises two-lane local streets serving the Island's residential areas. Arterial roadways comprise approximately 25 miles, or one-third, of the system. In addition to public roads, numerous private roads are serving individual neighborhoods and developments on the Island.

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

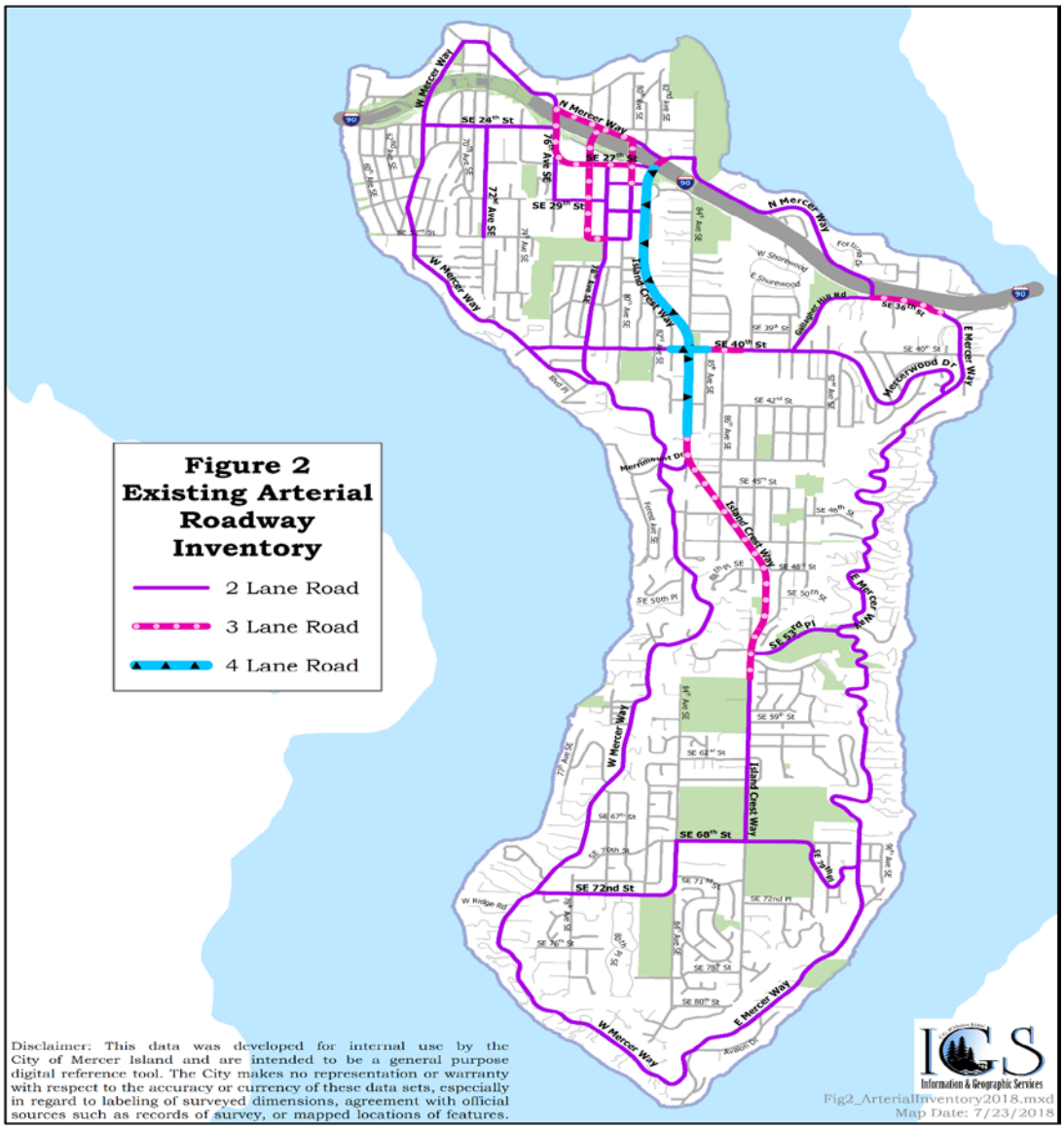
- **Principal arterials** carry the highest volumes of traffic and provide the best mobility in the roadway network. These roads generally have higher speed limits, higher traffic volumes, and limited access to adjacent land uses.
- **Secondary arterials** connect with and augment principal arterials 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; they typically have low traffic volumes and carry little through traffic.
- **Local streets** provide direct access to abutting properties and carry low traffic volumes 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.

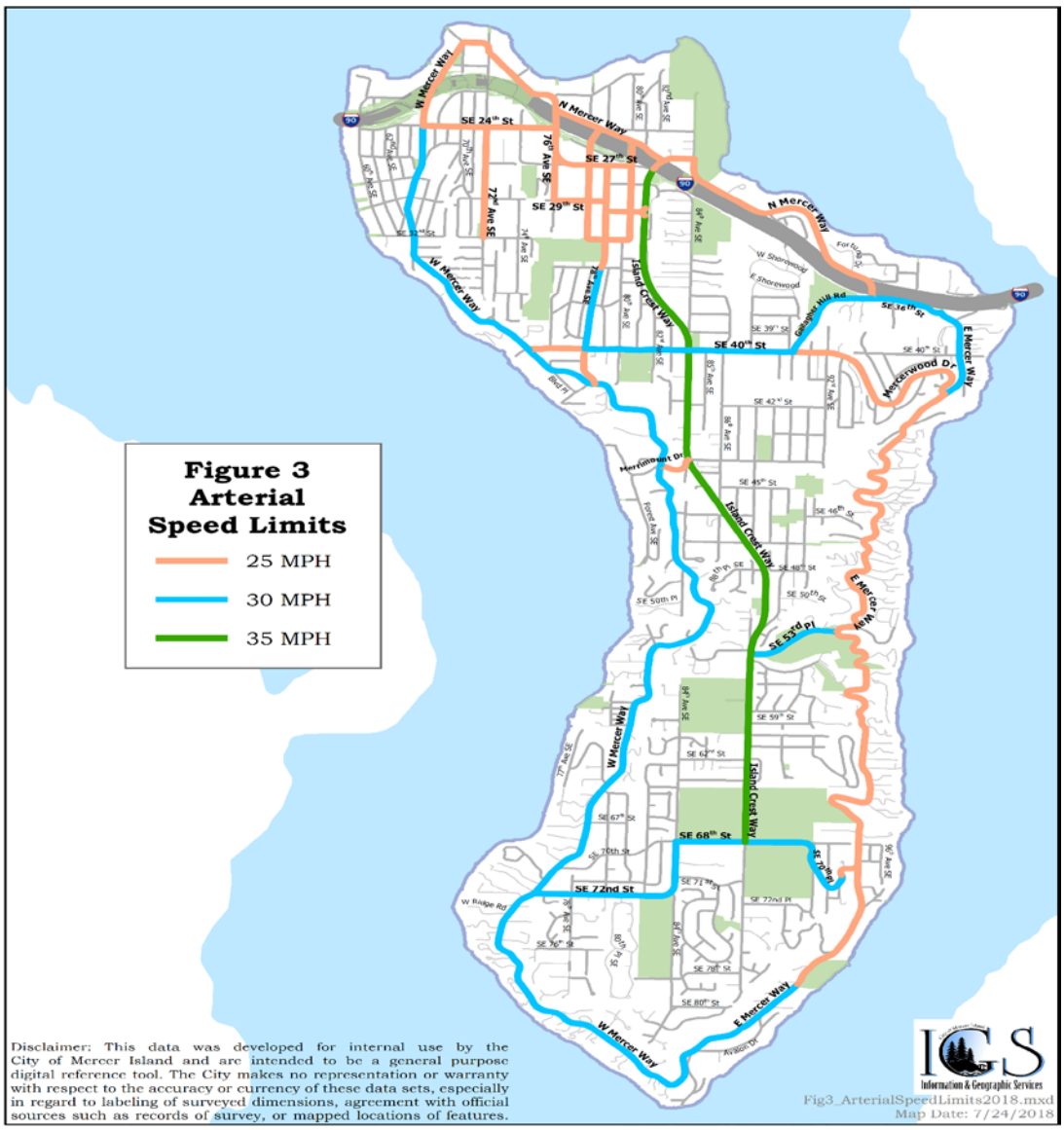
Figure 1 shows the street functional classifications. Figure 2 shows the number of travel lanes, and Figure 3 shows the posted speed limits of arterial roadways.


Figure 1
Street
Functional
Classification
Principal Arterial
Secondary Arterial
Collector Arterial
Local
Private
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
SE 36th St
E Mercer Way
SE 45th St
SE 48th St
SE 50th St
SE 53rd Pl
SE 59th St
SE 62nd St
SE 68th St
SE 72nd St
SE 72nd Pl
SE 78th St
SE 80th St
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

1


Figure 2
Existing Arterial Roadway Inventory
2 Lane Road
3 Lane Road
4 Lane Road
W Mercer Way
N Mercer Way
SE 24th St
76th Ave SE
SE 27th St
SE 29th St
72nd Ave SE
Island Crest Way
SE 40th St
E Mercer Way
Merrimount Dr
SE 68th St
SE 72nd St
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

1



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 (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 understand transportation system during the morning commute, which typically peaks between 7:30 AM and 8:30 AM.

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 hours, all intersections operate at LOS D or better for existing conditions, except the intersection of SE 53rd Place/Island Crest Way, which operates at LOS F during the morning and afternoon peak hours.

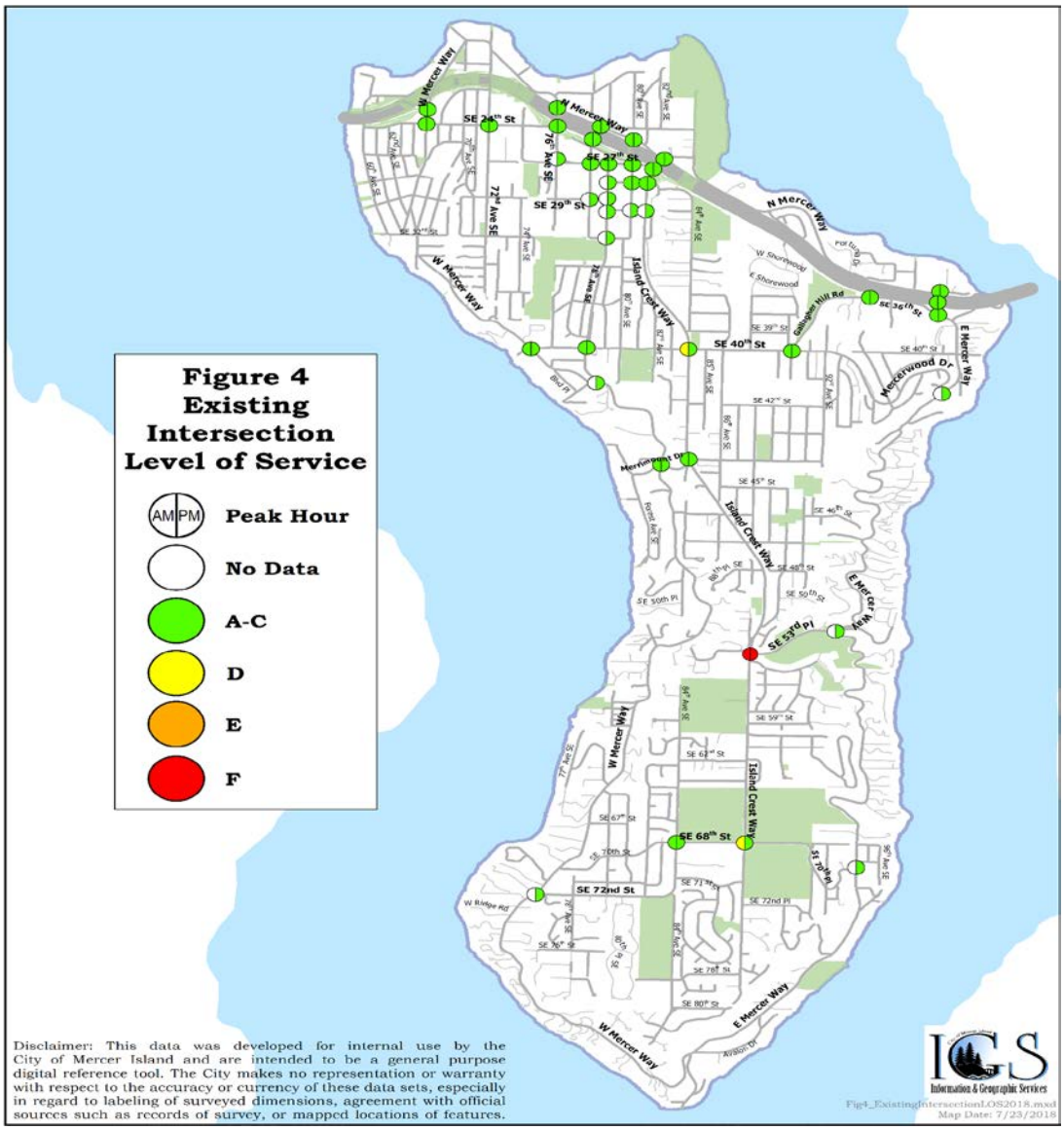
Within and adjacent to the Town Center, where the LOS C standard applies, all intersections operate within this standard during the morning and afternoon peak hours.

Table 1. Existing Intersection Operations

Intersection	AM Peak Hour	PM Peak Hour
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
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 on-street spaces in select areas of the Town Center.

BICYCLE AND PEDESTRIAN FACILITIES

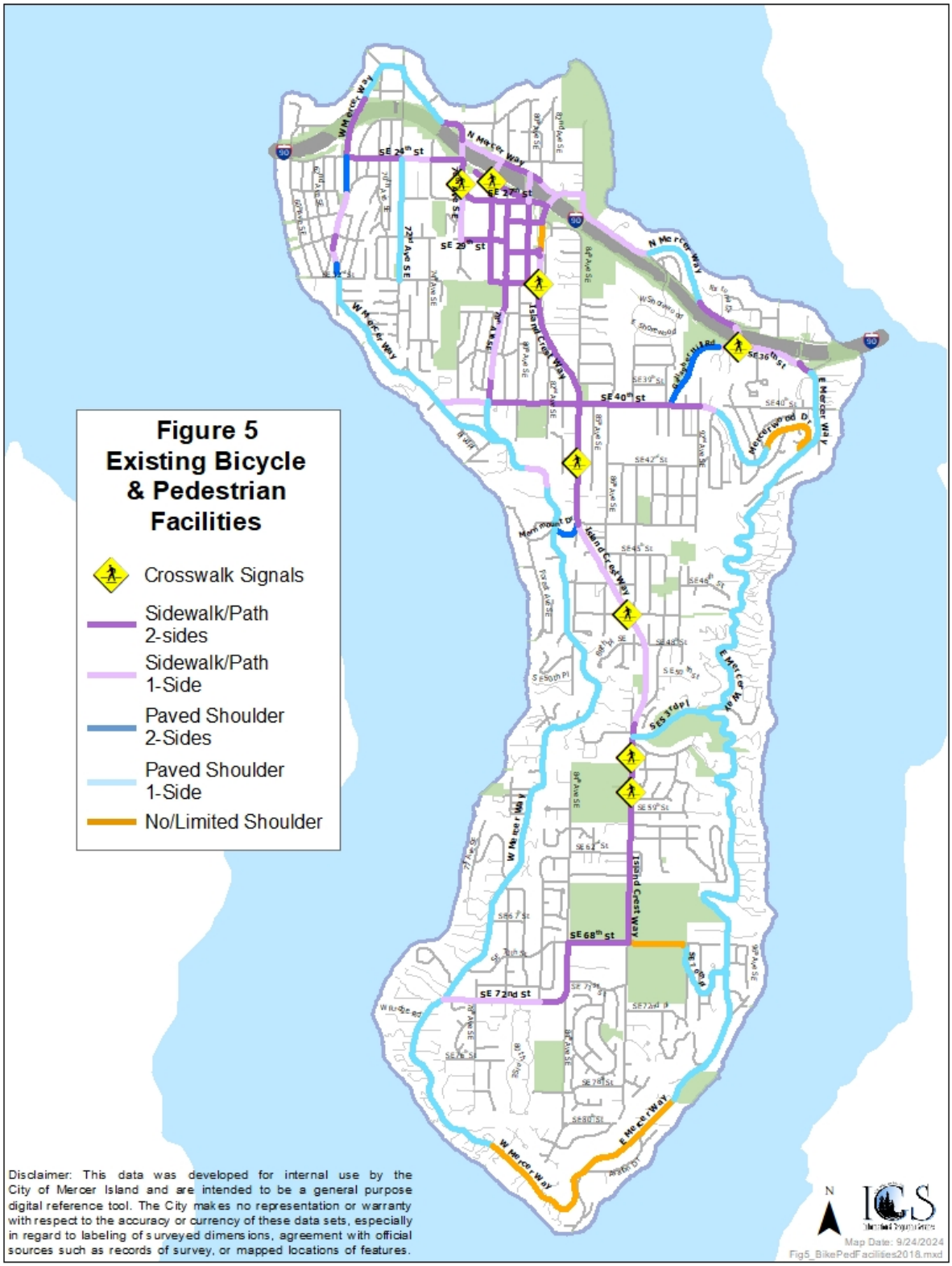
Bicycle and pedestrian facilities are a valuable asset for the residents of Mercer Island. These facilities are used for basic transportation, recreation, and going to and from schools, and contribute to our community's quality of life. In 1996, the City developed a Pedestrian and Bicycle Facilities 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 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 have 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 consists 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.


Figure 5
Existing Bicycle & Pedestrian Facilities
Crosswalk Signals
Sidewalk/Path 2-sides
Sidewalk/Path 1-Side
Paved Shoulder 2-Sides
Paved Shoulder 1-Side
No/Limited Shoulder
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Map Date: 9/24/2024
Fig5_BikePedFacilities2018.mxd

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PUBLIC TRANSPORTATION

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

When it opens, link light rail will run 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 will provide frequent connections to Seattle, Bellevue, and other regional destinations.

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

Regional express transit 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 transit service west and east along I-90 into Seattle and Bellevue.

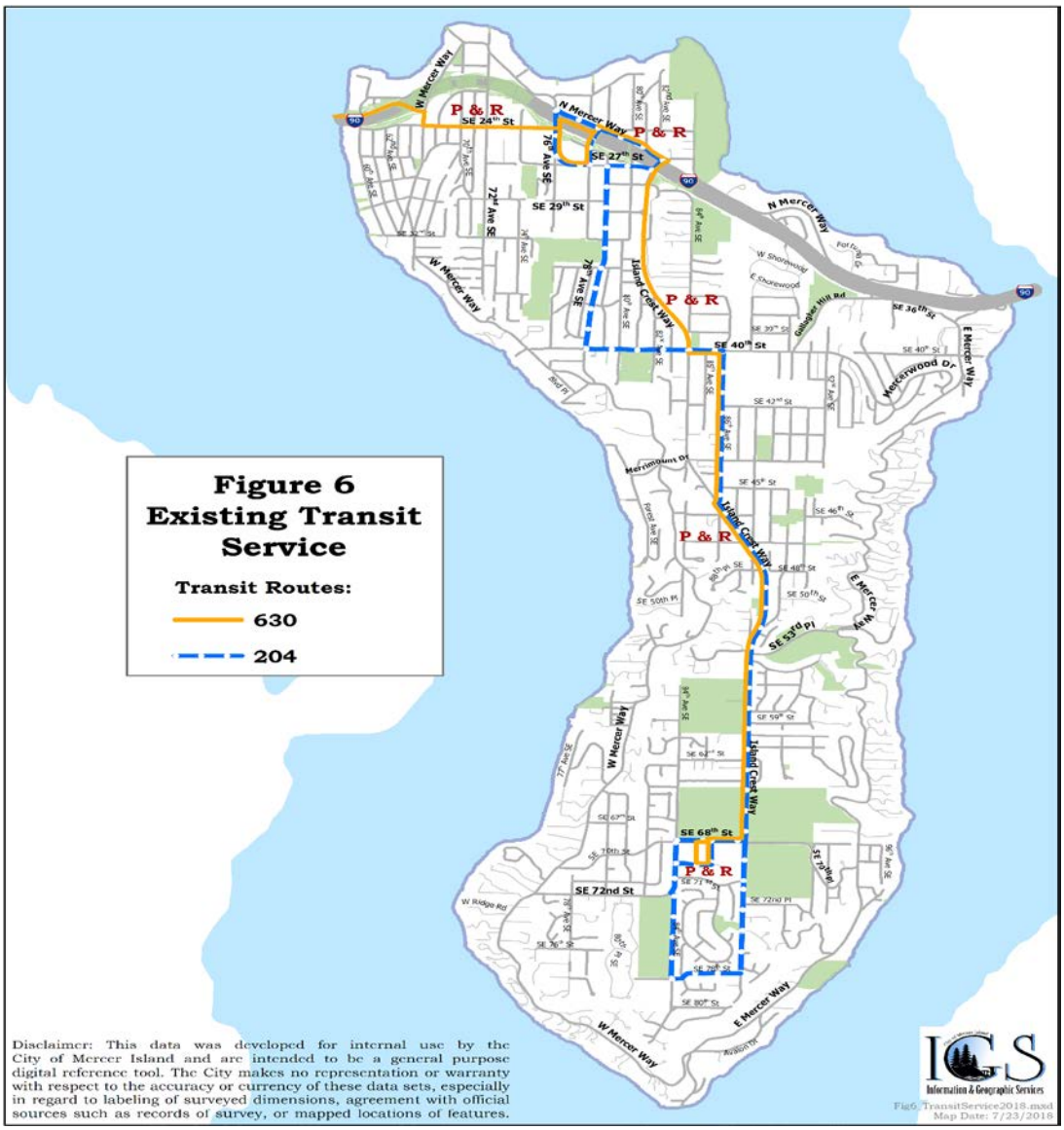
Custom bus service includes specially designed routes to serve specific travel markets, such as major employers, private schools, or other special destinations. These services are typically provided during peak commute hours and operate on fixed routes with limited stops. Custom bus service is provided between the Mercer Island Park- and- Ride, 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. It 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.

Route 204 provides service between the Mercer Island Park- and -Ride lot and the Mercer Village Center. It travels on 78th Avenue SE, SE 40th Street, 86th Avenue SE, Island Crest Way, and SE 68th Street to the Mercer Village Center.

Route 630 is a community shuttle that provides service between downtown Seattle and the Mercer Village Center.



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. It has 447 spaces and is served by Metro and Sound Transit buses.

According to the Fourth Quarter 2017 Park and Ride Utilization Report prepared by King County, the Mercer Island lot was typically fully occupied during weekdays. Full occupancy of the Park and Ride was consistently observed prior to the pandemic. The 2023 Town Center Parking plan reports a single point in time weekday utilization at 67%, a consistent pattern post-pandemic. The City is continuing to take quarterly counts at the Park and Ride to measure use ahead of the opening of the new light rail station.

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 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 early education (starting at age 3) through adult transition students (up to age 21) on Mercer Island; this includes primary education from kindergarten through 12th grade. The MISD operates approximately 40 scheduled bus routes during the morning and afternoon.

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, Spokane, and Vancouver B.C.

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, Payne Field in Everett, King County International Airport in south Seattle, and via float plane from Lake Union.

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 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.

FUTURE TRAVEL DEMAND

Future traffic volumes were forecast for 2044 based on the City's land use and zoning, as well as the housing and employment growth targets identified in the 2021 King County 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.

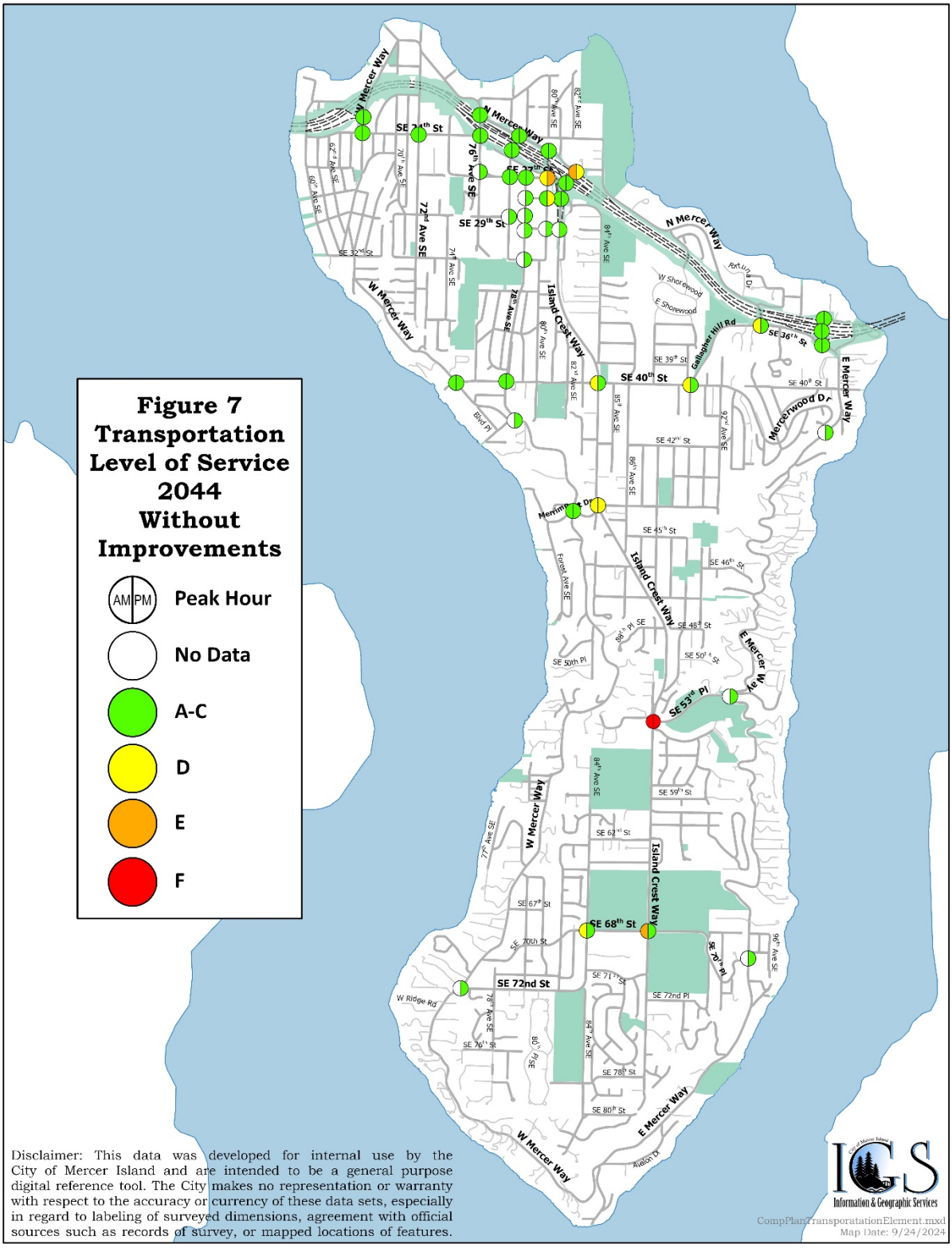
The analysis assumes that opening the East Link light rail line in 2025 will provide an additional travel option between the Town Center and regional destinations.

Town Center traffic growth reflects the higher potential for pedestrian and transit trips. Overall, the traffic growth in the Town Center is forecasted to increase by 28 percent between 2024 and 2044, an annual growth rate of 1.4 percent. For areas outside the Town Center, traffic growth is expected to be lower, with approximately ten percent growth between 2024 and 2044, with 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 2044 traffic analysis uses the forecasted growth in traffic and planned changes to the regional transportation system. Figure 7 shows the future traffic operations at the study intersections without any changes to roadway capacity on Mercer Island.

Results of the 2044 traffic operations analysis show that five intersections would operate below the LOS standards by 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 the AM or PM peak hours, without improvements. Outside 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 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 the 2044 AM peak hour. The City will work with the WSDOT to explore improvements at this intersection.


Figure 7
Transportation
Level of Service
2044
Without
Improvements
AM PM
Peak Hour
No Data
A-C
D
E
F
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RECOMMENDED IMPROVEMENTS

In addition to the projects identified in the City's Six-Year 2023 – 2028 Transportation Improvement Program (TIP_7), a future transportation needs analysis recommended additional projects based on the long-range mobility and safety needs through 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 map identification, describes the location and details of each of the projects, and estimates project costs. The table is divided into two main categories of project types:

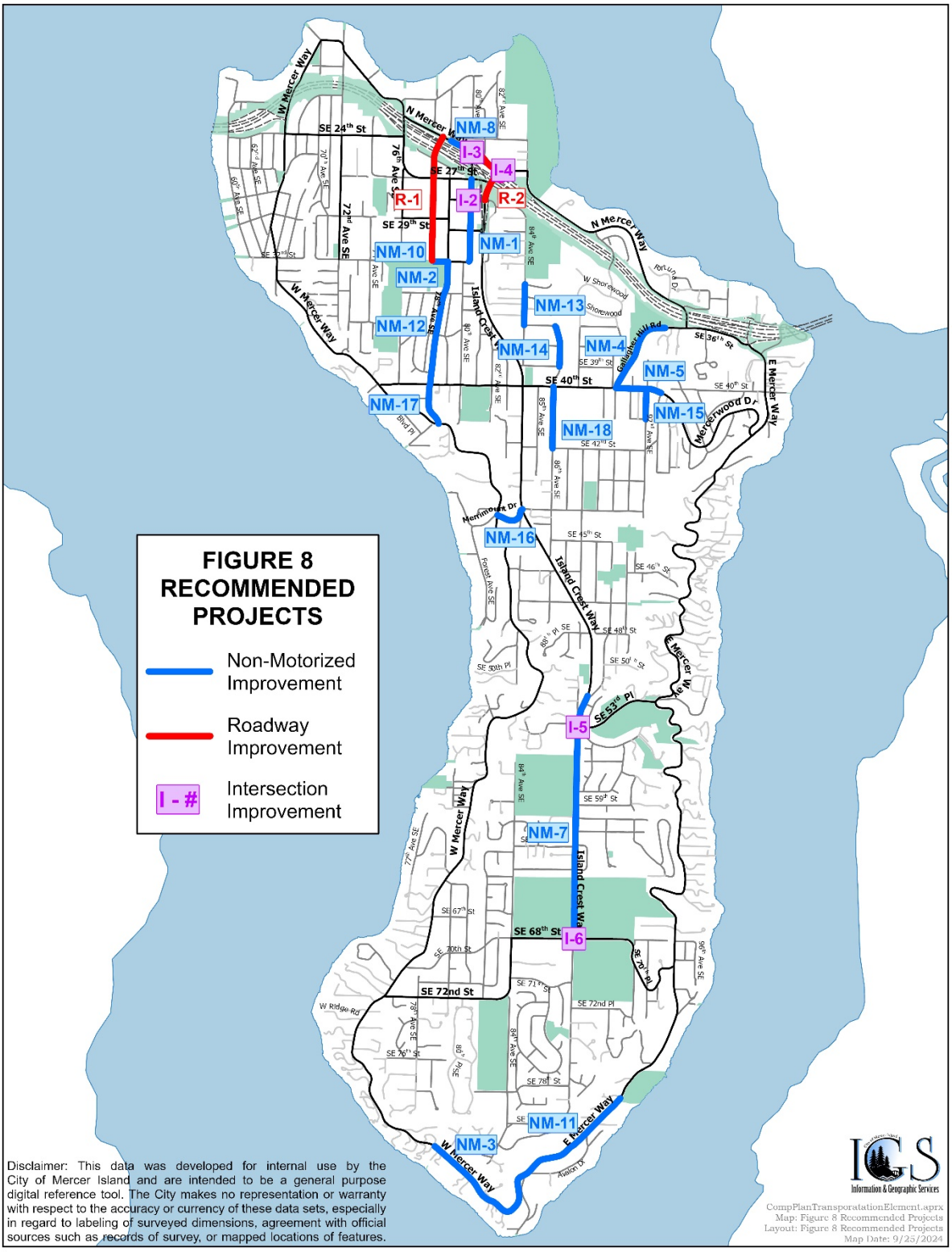
Non-Motorized Projects — The listed projects include new crosswalk improvements and pedestrian and bicycle facilities. They include projects from the City's Pedestrian and Bicycle Facilities Plan that connect residential areas to schools, parks, regional transit, and other destinations.

Intersection/Road Projects — These projects increase the capacity and safety of an intersection or roadway segment. They include the maintenance of existing roadway segments to ensure that the City's current street system is maintained.

The recommended improvements identify approximately $60 million in transportation improvements over the next 20 years. About 50 percent ($30 million) of the total is for street preservation and resurfacing projects to maintain the existing street system. Another 37 percent ($22 million) is for non-motorized system improvements. About 13 percent ($8 million) is for intersection and roadway improvements.

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 2044 intersection study locations without and with the recommended improvements for each AM and PM study location.


FIGURE 8
RECOMMENDED
PROJECTS
Non-Motorized Improvement
Roadway Improvement
I - # Intersection Improvement
NM-8
I-3
I-4
R-1
I-2
R-2
NM-1
NM-10
NM-2
NM-13
NM-12
NM-14
NM-4
NM-5
NM-17
NM-18
NM-15
NM-16
I-5
NM-7
I-6
NM-11
NM-3
N Mercer Way
W Mercer Way
E Mercer Way
SE 24th St
SE 27th St
SE 29th St
SE 40th St
SE 42nd St
SE 68th St
SE 72nd St
72nd Ave SE
76th Ave SE
Island Crest Way
Shorewood
Gallagher Hill Rd
Merrimount Dr
Forest Ave SE
Avalon Dr
W Ridge Rd
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.
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Map: Figure 8 Recommended Projects
Layout: Figure 8 Recommended Projects
Map Date: 9/25/2024

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Table 3. Recommended Project List 2022 — 2044

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 - Mercer Way)	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 the 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 the sidewalk and trees adjacent to Mercerdale Park due to tree damage.	2023-2028 TIP (SP147)	324,719
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 the 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 the 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 the west side of street.	2022 Transportation Impact Fee (#10)	2,666,000
Intersection Projects (I)/Road Projects (R)				
I-1	Minor Capital - Traffic Operations Improvements	Minor improvements to address traffic operation and safety issues.	2023-2028 TIP (SP143)	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
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 (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
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

Intersection	2044 AM Peak Hour		2044 PM Peak Hour	
	Without Improvements	With Recommended Improvements	Without Improvements	With Recommended Improvements
WSDOT Intersections (LOS D Standard) Cont.				
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
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, street signs, and pedestrian and bicycle facilities.

In 2022, the City's primary funding sources for local transportation projects included gas tax revenues ($429,000), real estate excise tax ($2,253,000), Transportation Benefit District vehicle fees ($375,000), and transportation impact fees ($75,000). In total, the City received approximately $3.1 million 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.

VI. IMPLEMENTATION STRATEGIES

The following actions by the City of Mercer Island and other jurisdictions will be necessary to implement the programs and policies of this transportation element effectively:

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 update to the Pedestrian and Bicycle Facilities Plan and incorporate into the next update of the Comprehensive Plan.
- Address parking impacts in the public right-of-way from schools, businesses, parks, and multi-family housing.
- Ensure transportation projects comply with the Americans with Disabilities Act (ADA) and the adopted ADA Transition Plan.
- Continue to involve the public in transportation planning and decisions.
- 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 Transportation Improvement Program.
- Actively pursue outside funding sources to pay for adopted transportation improvements and programs.

TRANSIT PLANNING

- Work with Metro to improve transit services and explore alternative service methods, such as developing a demand- responsive service.
- Work with Sound Transit on the operation of 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 local comprehensive plans be consistent with adjacent jurisdictions and regional, state, and federal plans. Further, several other major statutory requirements with which Mercer Island transportation plans must comply exist. This section briefly discusses the relationship between this Transportation Element and other plans and requirements.

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 consistent with the Land Use Element.

King County and Multi-county Planning Policies — Mercer Island's proposed transportation policies are consistent with PSRC's multi-county and King County's countywide planning policies.

Vision 2050 — Vision 2050 is the region's Metropolitan Transportation Plan. It builds upon Vision 2020, 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 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.

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. 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. Mercer Island's Transportation Element conforms to all 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 the 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,

meaning the area has met federal standards but is required to develop a maintenance plan to reduce mobile sources of pollution.

Element 5 – Utilities

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 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 significantly impact 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 and fees for all City-operated utilities 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 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 on private property, and reduce the cost of utility delivery.

1.3 Encourage economically feasible diversity among the energy sources available on Mercer Island to avoid over-reliance on any single energy source.

1.4 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 Maintain effective working relationships with all utility providers to ensure the best possible provision of services.

II. WATER UTILITY

Mercer Island obtains its water from Seattle Public Utilities (SPU). The City of Mercer Island purchases and distributes most of the water consumed on the Island under a long-term contract with SPU that guarantees an adequate supply through 2062. In 1997, the City assumed the Mercer Crest Water Association, which 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 in 1998 and 1999. One small independent water association, Shorewood, remains a direct service customer of SPU. The City is one of 19 wholesale customers (Cascade Water Alliance and 18 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 24-inch supply line. Mercer Island is also periodically served through the South Fork of the Tolt River supply system.

The City distributes water through 113 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 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 planning efforts and the City's capital improvement program. The City completed an Emergency Supply Line project in 1999. 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 Federal Emergency Management Agency hazard mitigation grant.

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 by 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 the spring of 2010. The well 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, the City's total number of water customers was 7,537.

In 2021, the City met the requirements of the 2018 America’s Water Infrastructure Act by completing a Risk and Resilience Assessment (RRA) and updating 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 strengthened the water supply system and improved 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 the growth projected for Mercer Island. As anticipated by the Land Use Element of this Plan, new growth will increase the City's total number of dwelling units by 1,239 and employment will increase by 1,300 new jobs by 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 a 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.

Although aquifer protection is not a factor for future non-emergency 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

2.1 Obtain a cost-effective and reliable water supply that meets Mercer Island’s needs, including domestic and commercial use, fire-flow protection, emergencies, and all future development consistent with the Land Use Element of this Plan.

2.2 Upgrade and maintain the water distribution and storage system as necessary to maximize its useful life and maintainability. All system improvements shall be carried out in accordance with the City's Comprehensive Water System Plan and Capital Improvement Program.

2.3 Work cooperatively with the Seattle Public Utilities and its other purveyors on all issues of mutual concern.

2.4 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 Island's potable water quality.

2.5 Comply with all water quality testing required of the operators of water distribution systems under the Safe Drinking Water Act.

2.6 Adopt an action plan to ensure Mercer Island's full participation in regional efforts to recover and restore Puget Sound Chinook salmon.

2.7 Aggressively promote and support water conservation on Mercer Island and shall participate in regional water conservation activities.

2.8 Explore options for water system supply redundancy, such as (a) creating a backup supply line or (b) installing necessary systems to make the emergency well water potable.

2.9 Adopt the Water System Plan and its successors by reference.

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 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. These 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, a total of 7,403 residential and commercial customers were connected 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-connected to the sewer system has increased slowly and is expected to continue according to housing unit projections outlined in the 2021 King County Urban Growth Capacity Report.

Future sewer system needs are determined in the City of Mercer Island General Sewer Plan (2018 General Sewer Plan).

The General Sewer Plan was developed in February 2003 and updated in 2018. The 2018 General Sewer Plan identified a 20-year Capital Improvement Plan (CIP) that details the capacity improvements necessary for the system to accommodate planned future growth. These include projects in four categories – general, pipeline, pump stations, and lake line.

A Sewer Lakeline Replacement feasibility study was completed in September 2002 and recommended the 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 project in 2028 to perform a high-level evaluation of the condition of the entire sewer lake line and identify segments for further assessment to guide future lake line rehabilitation and replacement projects. 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 pilot project on Mercer Island lined 16,000 feet of sewer in the East Seattle neighborhood (Basin 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 on 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 its sewer pipeline across North Mercer Island and North Mercer Pump Station due to age and long-term capacity needs. This three-year project will be completed in 2025.

A Capital Improvements Plan, developed in conjunction with the updated General Sewer Plan and/or CIP budget, will address all future improvements to the sewer system.

SEWER UTILITY POLICIES

3.1 Require that all new developments be connected to the sewer system.

3.2 Allow existing single-family homes with septic systems to continue using these systems so long as there are no health or environmental problems. If health or environmental problems occur with these systems, the homeowners shall be required to connect to the sewer system.

3.3 Any septic system serving a site being re-developed must be decommissioned according to county and state regulations, and the site must be connected to the sewer system.

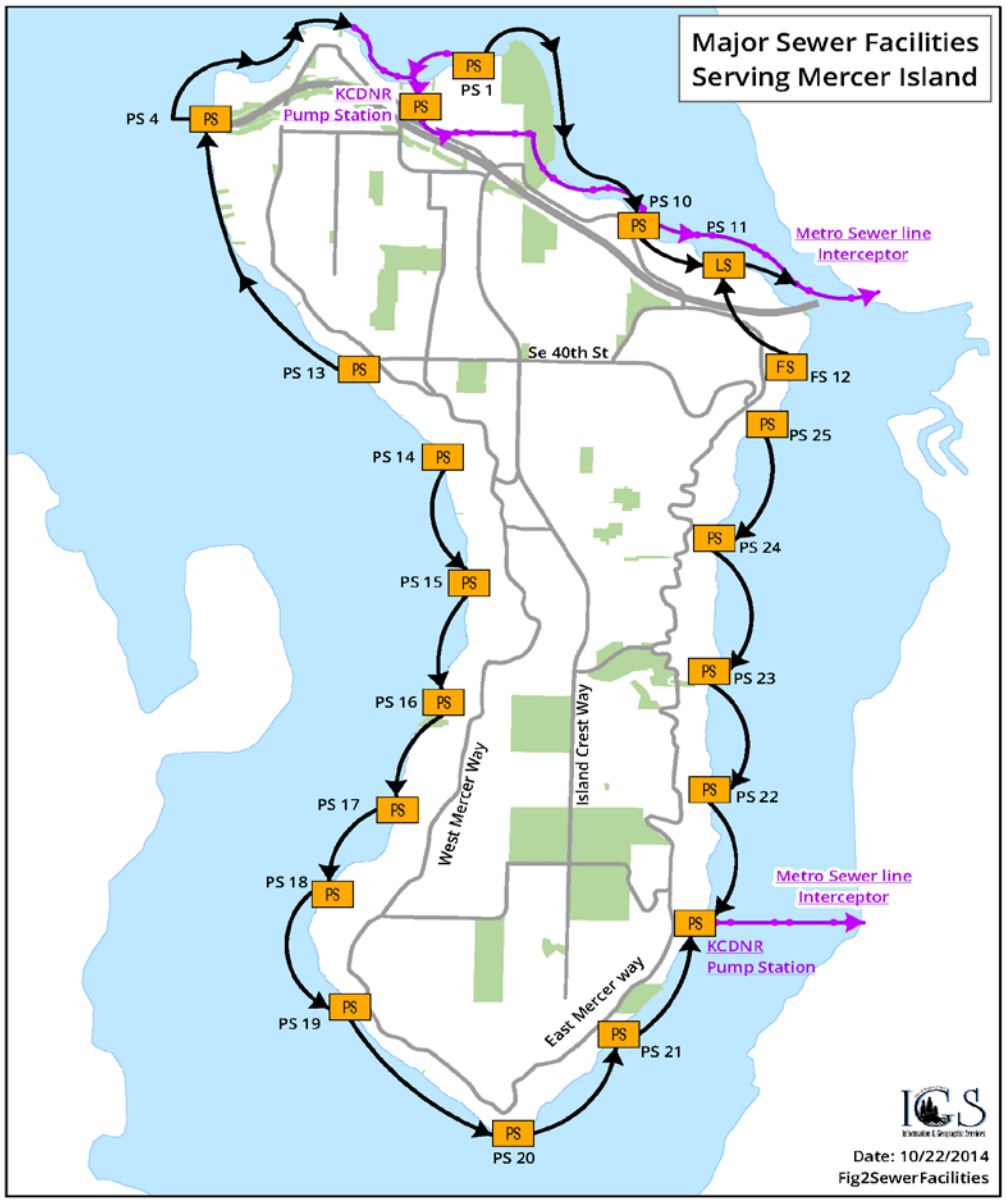
3.4 Actively work with regional and adjoining local jurisdictions to manage, regulate, and maintain the regional sewer system.

3.5 Prevent overflows by taking whatever steps are economically feasible.

3.6 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.

3.7 Adopt the General Sewer Plan and its successors by reference.

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. Over15 miles of ravine watercourses carry stormwater, and 26 miles of open drainage ditches. 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 catch basins.

The public portion of the system is maintained by the City's Public Works Department as part of the Stormwater Utility, which generates funding 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 managing stormwater on Mercer Island. New regional, state, and federal requirements triggered this effort.

During the second half of 1993, two of Mercer Island's drainage basins were studied in detail, and interested basin residents were actively involved in the process. The studies were designed to gauge public perception of drainage and related water-quality problems, and 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 complies with all applicable federal and state stormwater requirements, according to the 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, 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 Implement programs and projects designed to meet the goals and requirements of the Action Agenda for Puget Sound.

4.2 Actively promote and support education efforts focusing on all facets of stormwater management.

4.3 The City should collaborate with King County to support the implementation of regional water quality planning strategies, such as the Clean Water, Healthy Habitat strategic plan.

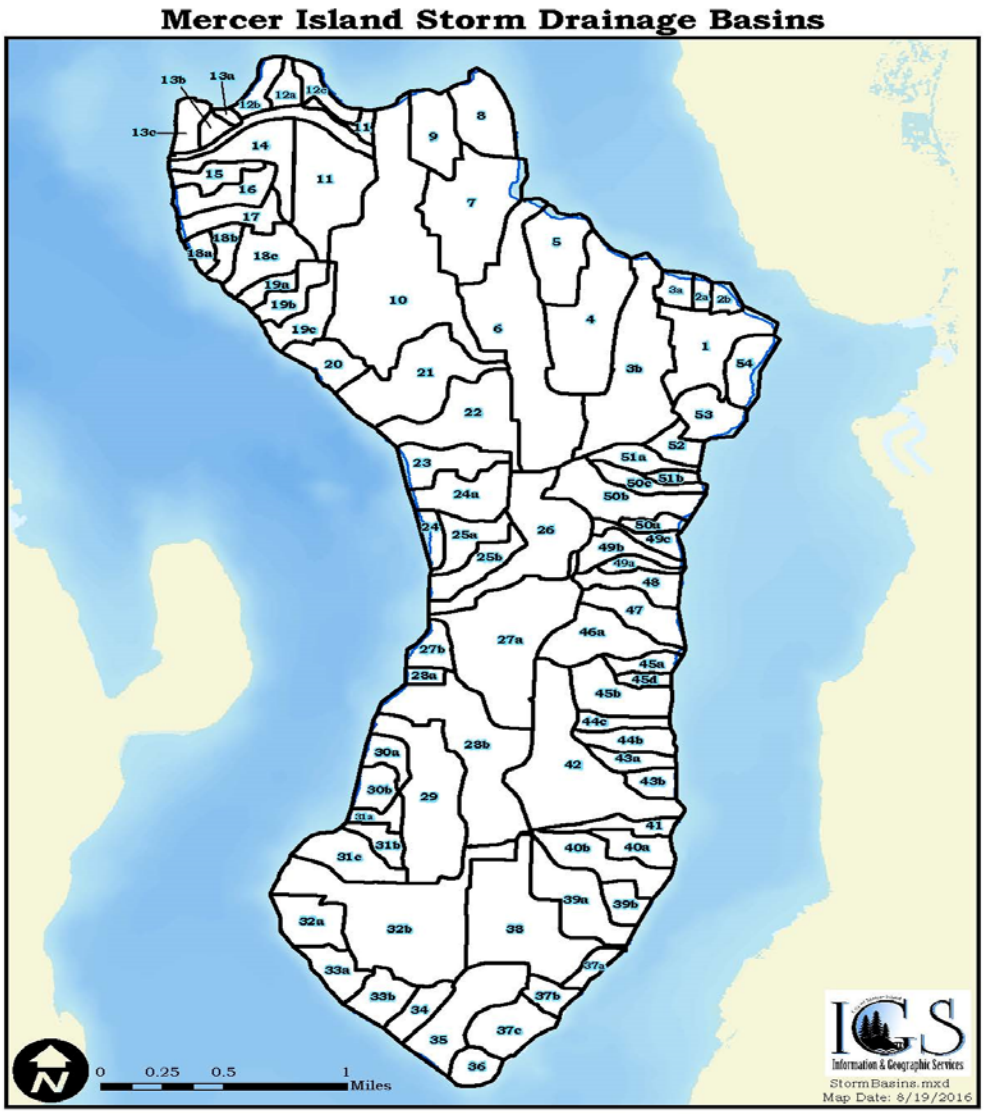
4.4 Maintain and enforce land use plans and ordinances requiring stormwater controls for new development and re-development. The ordinances shall be based on requirements contained in the City’s NPDES permit. They shall be consistent with the policies in the Land

Use Element of this Plan and the goals and policies of the City's Community Planning and Development Department.

4.5 Consider incorporating low- impact development standards, and any future innovations or technologies that meet or exceed current low- impact development standards, into new development and re-development where feasible. Examples may include native vegetation, minimizing stormwater runoff, bioretention, rain gardens, and permeable pavements.

4.6 Encourage and promote development that creates the least disruption of the natural water cycle. Return 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.

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; currently, this is Recology. Recology collects residential and commercial/multi-family garbage, as well as residential recyclables and residential yard/food waste. Businesses that recycle or compost select their own haulers. As of 2022, Recology was serving a total of 6,950 residential customers, and 215 commercial or multi-family locations on Mercer Island.

A new contract for the collection of solid waste was approved by the City Council for ten years starting in October 2019. This contract replaces the former license agreement dating back to 2009 with Republic Services. Rates are adjusted yearly 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.

Recology 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 processing facility in Seattle, and yard/food waste is transported to Cedar Grove Composting or Lenz Composting.

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.

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 the Comprehensive Solid Waste Management Plan update. 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 by 50 percent in 1995 and 65 percent by 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 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. The City's existing solid waste program, which offers 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 all new construction, with the exception of single-family homes, to provide adequate space for on-site storage and collection of recyclables pursuant to City regulations.

5.2 Actively promote and support recycling, composting, and waste reduction techniques among the single-family, multi-family, and commercial sectors to meet or exceed King County diversion goals.

5.3 Provide convenient opportunities for residents to recycle appliances, tires, bulky yard debris, and other hard-to-recycle materials whenever practical.

5.4 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 all hazardous waste generated by City departments and facilities in accordance with applicable county, state, regional, and federal regulations.

5.7 Actively enforce 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, to promote uniform regional approaches to solid waste management.

5.9 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 and assist residents with concerns about these services when possible.

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. The agreement was approved in early 1994 and remains valid until a new agreement is reached. PSE's rates are set by the Washington Utilities and Transportation Commission (WUTC).

In 2021 PSE served 9,995 residential and 703 commercial electric customers.

PSE builds, operates, and maintains the electrical system that serves Mercer Island. The system includes 6.2 miles of transmission lines (115 kV), three substations, and two submarine cable termination stations.

As of 2024, approximately 274 known solar installations on homes Mercer Island, generating around 2,643 kilowatts of electricity.

FUTURE NEEDS

The demand for electricity on Mercer Island has not grown significantly during the past 20 years, despite 17% population growth (2000-2020), due to a range of new energy efficiency measures. While the Island's total electricity consumption was 164,713,778 KWH in 1998 and 174,352,420 KWH 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 constructability requirements established by PSE. These five solutions include two 230 kV transmission sources and three transformer sites, outside of Mercer Island.

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 underground projects. The unresolved recurring issue of system unreliability needs to be addressed.

ELECTRICITY POLICIES

6.1 Encourage 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 Annually evaluate the reliability of electric service provided to Mercer Island. Reliability measures shall include the total number of outages experienced, the duration of each outage, and the number of customers affected.

6.3 Install all new electric transmission and distribution facilities in accordance with this Plan, the City's zoning code, the Washington State Department of Labor and Industries electrical code,-other applicable laws, 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 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 Encourage undergrounding 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 clearing vegetation from power lines in rights-of-way shall balance the aesthetic standards of the community while enhancing improved system reliability.

6.7 Support conservation programs undertaken by the electricity provider and encourage the provider to inform residents about these programs.

VII. NATURAL GAS

Puget Sound Energy (PSE) provides natural gas to Mercer Island under a franchise agreement with the City. The current 15-year agreement expires in 2028, with the City having the right to grant a five-year extension. The Federal Energy Regulation Commission, the National Office of Pipeline Safety, and the Washington Utilities and Transportation Commission (WUTC) regulates the delivery of natural gas. 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 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 essential to urban development, it is an alternative energy source 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, to reduce GHG emissions, the State's Building Code Council 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.

NATURAL GAS POLICIES

7.1 Promote and support conservation and emergency preparedness programs undertaken by PSE, or the current provider, and 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 become a key component of a high quality of life by facilitating the exchange of information, remote work, and community involvement. More people work from home and an increasing share of commerce takes place online in the wake of the 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.

Wireless service on Mercer Island is an important utility, allowing residents and visitors to remain connected throughout Mercer 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."

FUTURE NEEDS

Demand for reliable high-speed telecommunications serving new development is expected to be high throughout the planning period as communications technology is increasingly woven into daily life. As a telecommunications utility, Lumen Technologies is required to provide services on demand where facilities exist and to those applicants reasonably entitled thereto. Comcast has sufficient capacity to provide cable communications services to any new development on Mercer Island. Where possible, the City will plan to support stronger, faster, and more reliable telecommunications connections throughout the Island.

TELECOMMUNICATIONS POLICIES

8.1 Encourage the consolidation and shared use of utility and communication facilities where feasible. Examples of shared facilities include towers, poles, antennas, substation sites, cables, trenches, and easements.

8.2 Encourage undergrounding all existing and new communication lines where feasible and not a health or safety threat.

8.3 Periodically review and revise development regulations for telecom facilities to ensure a balance exists between the public benefit derived from the facilities and their compatibility with the surrounding environment.

8.4 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 Continues to participate in a consortium of Eastside jurisdictions to collectively analyze rate adjustments proposed by the cable communications provider.

8.6 Encourage wireless communications facilities providers to optimize cell sites to maintain service during inclement weather and natural disasters.

8.7 Consider updating and maintaining wireless communications facilities consistent with FCC regulations to minimize noise and visual impacts.

8.8 Work with service providers to plan for the provisions of telecommunication infrastructure to provide access to residents and businesses in all communities, especially underserved areas.

Element 6 – Capital Facilities

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 60 years. As a result, the community largely has sufficient capacity in water and sewer systems, parks, schools, local streets and arterials, and public buildings (library, fire stations, public safety buildings, public works building, and community center) to handle projected growth. However, additional investments will be needed to replace City Hall and the Public Works Building, as well as for water, sewer, and park improvements in addition to open space acquisition and trail development. Improvements will also be needed to maintain adopted transportation Level of Service (LOS) standards and existing infrastructure. The City will face significant challenges in the next few years as it searches for options to replace the asbestos-contaminated City Hall and deteriorating and overcrowded Public Works Building.

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 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 the development of the City Capital Improvement Plan (CIP) and capital investments.

SUSTAINABILITY

The City of Mercer Island has a long history of sustainability programs and community involvement in general environmental measures. Sustainability is defined as the process of ensuring the wise use and stewardship of all resources within a framework in which environmental, social, cultural, and economic well-being are integrated and balanced. It means meeting today’s needs without adversely impacting the ability of future generations to also meet their needs.

In 2006, a grassroots effort of Island citizens led the City to modify the vision statement in the Comprehensive Plan to include language embracing general sustainability. InMay 2007, the 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 (the 2050 target was later tightened to 95%).

The 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 expanded into much larger initiatives such as energy-efficiency retrofits and fleet vehicle upgrades. More recently, the City has installed its own on-site solar photovoltaic (PV) project at the Community

and Event Center and now has a number of electric and hybrid vehicles in the fleet or scheduled for replacement. The City has also increased 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 wind farm in Western Washington that the City helped fund. A 20-year contract to purchase carbon-free wind power directly from Puget Sound Energy replaced the City's prior electricity mix, over half of which was still based on coal and natural gas. The City tracks several 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 of 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 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 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.

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, adopted in April 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.

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 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 east-west across the northern end of Mercer Island, providing the only road and transit connections 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 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 details are provided in the 2010 Pedestrian and Bicycle Facilities Plan.

PARKS & OPEN SPACE

Mercer Island has 481 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 18.5 acres of publicly-owned park and open space lands per 1,000 population. In addition to City park lands, approximately two-thirds of the Mercer Island School District grounds are available to Island residents. An 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.

PUBLIC BUILDINGS

Seven City-owned public buildings serve Mercer Island, the Mary Wayte Pool owned by the Mercer Island School District and operated by Olympic Cascade Aquatics, one Post Office and one King County Library System (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 was completed in 2015.

Table 1. Facility uses, locations and sizes

Facility	Use	Location	Approx. Size
City Hall[1]	Police, Dispatch, General Administration, Municipal Court, Facility Maintenance & Permitting Services	North MI 9611 SE 36th St.[1]	32,000 sq ft
Public Works Shop	Parks, Water, Sewer, Right-of-Way, Stormwater, Fleet, & Engineering	North MI 9601 SE 36th St.	15,000 sq ft
Community and Events Center	Community meeting space, Recreation programs, Gymnasium, and Fitness	North MI 8236 SE 24th St.	42,500 sq ft
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
Fire Station 91	Fire & Emergency Response, Administration	Central Business District 3030 78th Ave. SE	16,600 sq ft
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
KCLS Branch Library	Public Library	Mid-Island 4400 88th Ave SE	14,600 sq ft
Fire Station 92	Fire & Emergency Response	South End Shopping Center 8473 SE 68th St.	7,940 sq ft

Notes:

1. City Hall was permanently closed on October 3, 2023, when the City Council approved Resolution No. 1650.

City Hall – Permanently Closed October 2023

In April 2023, City Hall was temporarily closed after asbestos was detected in several locations in the building, including in the ventilation system, with the highest concentration numbering over thirteen million asbestos structures per square centimeter (13,000,000 s/cm²), found inside the Air Handling Unit located in the attic. Asbestos was also detected in 11 settled dust samples from 10 locations inside the ducts, and in two HVAC system filters. The source of the asbestos in the ventilation system is unknown.

During the evaluation of the HVAC system, environmental consultants also tested the rest of City Hall for asbestos. Additional asbestos-containing materials were identified in 13 samples, including three types of flooring (covering an additional 20,000 sq ft), flooring adhesive, window putty, and 31 interior fire doors.

City staff and outside experts worked extensively to identify solutions to address the asbestos contamination in the ventilation system and evaluate the best path forward for City Hall. Two scenarios for re-occupying the City Hall building, either fully or partially, were evaluated for timeline, preliminary costs, and impact onCity operations. Unfortunately, due to the age and condition of the building, the cost of both scenarios exceeded the benefits.

City Hall was built in 1957 and has been repaired and renovated over the years, with the last major renovation occurring in the late 1980s. Prior to the asbestos situation, the City Council recognized the need for a replacement strategy for aging city facilities. In early 2023, the City began working on a Facilities Conditions Assessment to guide long-term decisions. The initial assessment work highlighted the many other matters of concern related to the long-term use of City Hall. The building suffers from structural and seismic deficiencies. Almost all of the interior walls have been identified as lacking lateral bracing and, unless reinforced, are at risk of failure in the event of seismic activity, potentially rendering the building inoperable. Additionally, the building does not conform with current energy or building code requirements, and multiple building systems are failing or need to be substantially replaced.

Given this additional information and the anticipated investment needed to re-occupy City Hall and bring it up to current standards, the City Council approved Resolution No. 1650 on October 2, 2023, ceasing City operations at City Hall and permanently closed the building.

Following the initial closure of City Hall in April 2023, the services provided at City Hall were relocated to other City facilities. Utility billing moved into the Public Works Building. Information and Geographic Services (IGS) staff and Police Department staff moved first to the Mercer Island Community and Event Center (MICEC) and then to the Luther Burbank Administration Building located in Luther Burbank Park. The City Council transitioned public meetings to the Zoom platform while staff worked to identify an alternative location for in-person meetings. Municipal Court proceedings were suspended while staff worked to identify a location for court services. Meanwhile, court staff worked from the Conference Room at Fire Station 91. The remainder of City employees transitioned to remote work.

Following the initial closure, temporary arrangements have been made to house City services at existing facilities while a permanent solution to replace City Hall is identified. Current facilities and the City services they house are further described below.

Public Works Building

The Public Works Building is 15,350 square feet. Located south of the now-closed City Hall, this building was constructed primarily as a workshop and mechanic facility in 1981. Since then, it's been repurposed several times to meet the changing needs of City operations. There are 64 permanent employees and 15 to 20 seasonal employees operating out of this facility. Those employees make up the following operational and administrative teams:

- Right-of-Way;
- Stormwater;
- Water Utility;
- Sewer Utility;
- Utility Billing (temporary);
- Parks Maintenance;
- Support Services;
- Public Works Engineering; and
- Public Works Administration.

Given the age and condition of the Public Works Building, the City prepared a Facilities Conditions Assessment (FCA) for this building in 2024. The FCA identified the following preliminary findings about the building's condition:

- Roofing is at the end of its projected useful life, and leaks are prevalent throughout the building.
- The current 150kVA electrical service is insufficient to support the current needs of the facility.
- The electrical distribution system is aged, with some critical components at the end of life.
- The original HVAC system is mostly obsolete throughout the building, delivering poor performance, high energy consumption, and marginal air quality.
- Plumbing is inadequate to meet the staffing levels for the building, requiring the use of portable toilets to meet sanitation requirements.

Based on the findings from the FCA and known operational deficiencies of the Public Works Building, the City Council directed the City Manager to commence the design of a new Public Safety and Maintenance Building in March 2024.

Luther Burbank Administration Building

The Luther Burbank Administration Building is a 5,000-square-foot building constructed in 1928 and located at 2040 84th Ave SE inside Luther Burbank Park. This building traditionally houses Youth and Family Services staff and Recreation, Capital Project, and Natural Resources team members. Due to the closure of City Hall in 2023, the Luther Burbank Building also now hosts IT and GIS staff and the Police Department.

A Facilities Conditions Assessment is currently underway for the Luther Burbank Building, and early findings indicate that renovations will be needed in the coming years to support its ongoing operation. Improvements related to HVAC and electrical upgrades, energy efficiency, seismic retrofits, and safety and ADA improvements will be needed. The building at Luther Burbank will continue to serve as an essential facility for the delivery of city services.

Temporary City Council Chambers

After the City Hall closure in 2023, City Council Chambers were moved to the Slater Room at the Mercer Island Community and Event Center (MICEC). This large classroom was repurposed for City Council meetings and now includes audio/visual technology capabilities for hybrid in-person/online public meetings. The conversion of this room at the MICEC eliminated a large recreation programming space previously used for programs, classes, and community meetings. Additionally, the City upgraded the audio/visual technology capabilities of Room 104 in MICEC to support City Council Executive Sessions, partially removing this room from public availability.

Temporary Municipal Court

The Mercer Island City Hall housed the City’s Municipal Court. After the building was permanently closed, the Municipal Court was moved temporarily to the City of Kirkland Justice Center while other accommodations could be made. Beginning in 2024, the City leased space in the Newcastle Professional Center, which houses the Newcastle City Hall. The interlocal agreement between Mercer Island and Newcastle includes the use of Newcastle City Council chambers for court proceedings and the use of office space for court administration. The interlocal agreement will expire in 2026 unless the cities renew it.

Temporary Police Department

The Mercer Island City Hall included headquarters and support facilities for Police Department operations. When City Hall was permanently closed, the Police Department moved to MICEC and then the Luther Burbank Building, while alternatives were evaluated.

At the end of 2024, the Police Department is housed in three separate modular buildings on the City Hall campus. The modular buildings provide office space, locker rooms and showers, and processing facilities.

Remote Work

In 2024, approximately sixty employees are without a dedicated workspace. These employees are working from home and using available "touch down" spaces at the City's various buildings for meetings and in-person office needs. Most affected employees are from Administrative Services, Community Planning and Development, Finance, the City Attorney's Office, and the City Manager's Office.

Public Safety and Maintenance Building

During the March 1, 2024, City Council meeting, the Council directed the City Manager to commence planning for a new Public Safety and Maintenance Building (PSM) on the current City Hall campus. This new facility will replace the existing Public Works Building and provide a new combined home for the City's Public Works teams, the Police Department, the Emergency Operations Center, and the IT & GIS team.

The PSM building focuses on replacing critical City operational and emergency response facilities displaced by the closure of City Hall and the functional obsolescence of the Public Works Building. The facility will also include new covered vehicle and equipment storage and re-design and optimization of the public works yard. In addition to providing secured parking for police vehicles, the PSM building must store and maintain over 100 pieces of equipment and City vehicles, many of which are the largest and most expensive vehicles owned and operated by the City.

As a centralized emergency response and management facility, the PSM building should be constructed to risk category IV "essential public facility" building standards, the highest risk category designation possible. Risk Category IV includes buildings that are essential in that their continuous use is needed, particularly in response to disasters. Police stations and emergency vehicle garages, Emergency Operations Centers, public works staff areas, and equipment necessary for emergency response must remain operational during and after major disaster- type events. The new building is a lifeline to the community in the most extreme circumstances, and continuity of operations for the work groups housed at this facility is essential during critical events.

PUBLIC SCHOOLS

The Mercer Island School District owns and operates one high school, one middle school, and four elementary schools. Northwood, the fourth elementary school, 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 2021-2022 school population of 4,069 students. The District estimates it has a 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 renovation cost, including 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.

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;
- 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, birth rates, and female population patterns. The District's Six-Year Capital Facilities Plan, adopted in 2020, estimates that enrollment will decline by four percent between 2020 and 2026.

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 miles of water mains and transmission lines that serve over 7,530 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.

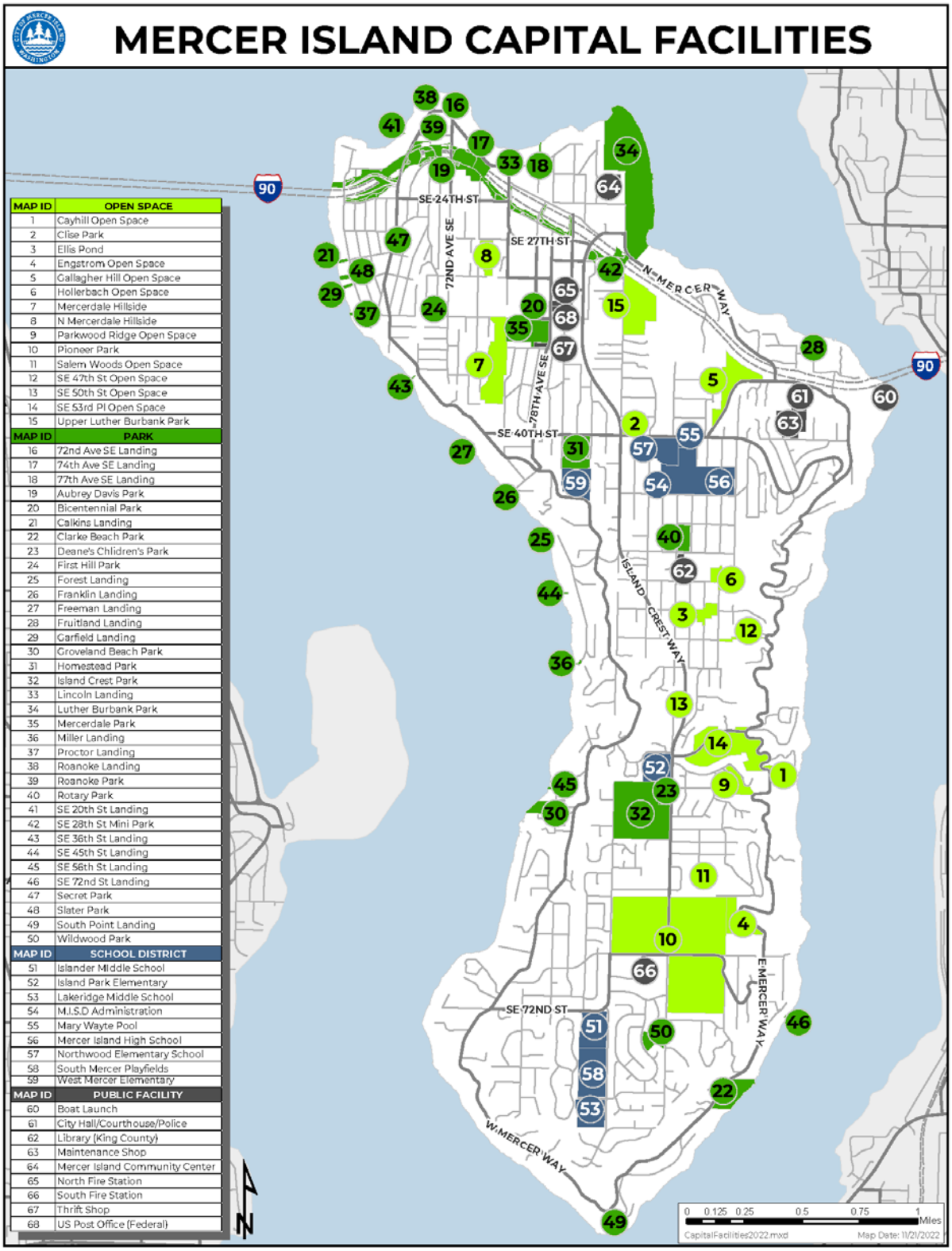
SEWER SYSTEM

The Mercer Island sewer utility serves over 7,403 customers. The collection system includes 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.

STORMWATER SYSTEM

The Island's stormwater system comprises 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 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 5,502 City- owned catch basins; and over 3,300 non City- owned catch basins.



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

III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

In analyzing capital financing over 20 years, the City must make estimates in two areas: The Cost of New Facilities and the Cost of Maintaining 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 Table 2. In establishing a LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

Listed in Table 2 below is a summary of the 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 consider 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[3]
Streets				
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
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
Parking Facilities[4]	To be assessed	To be assessed	To be assessed	To be assessed
Parks & Open Space	See Parks, Recreation & Open Space (PROS) Plan	Dock infrastructure, restrooms, playgrounds, open space, trails, and athletic fields	$4.3 million	$1.3 million Parks & Open Space CIP
Recreational Facilities	See PROS Plan	None	None	None
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

General Government: City Facilities	To be assessed[5]	New public safety and maintenance building, rehouse other services displaced by the City Hall closure, and maintenance of existing facilities	To be assessed[6]	To be assessed
Water System				
Supply	6.7 m gal/day	None	None	
Storage	8.0 m gal	None	$2,750,000	$6.5 million
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	WA DOE Stormwater Manual	Multiple	$850,000	$1.2 million
Ravine Basins	WA DOE Stormwater Manual	Multiple	$365,000	

* 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, 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.
4. An analysis is in progress, capital needs and costs to be evaluated pending completion of studies, after completion of light rail.
5. Improvement, maintenance, and replacement of City operational and administrative facilities are assessed per facility with the completion of a facility condition assessment.
6. The City is in the process of evaluating the cost to address facility needs in light of the unexpected closure of City Hall in October 2023.

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, stormwater facilities, and City facilities (to address the 2023 City Hall closure and failing Public Works Building) will be needed over the 20-year planning period. Funding for open space acquisition and park 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 the 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. Below is a description of the major capital funding sources used by the City.

General Fund Revenues — Revenues from property, sales and utility taxes, 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 the 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 — Utility fee for the purchase of a City-provided service or commodity (e.g., water, storm, and sanitary sewage collection/treatment). Fees are usually based on the 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 it. 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. It is a six-year program that sets forth each of the proposed maintenance projects, their 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’s emphasis in a reinvestment plan is the 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 that will preserve and maintain the City's existing infrastructure. Maintaining and enhancing taxpayer's investment in fixed assets remains the City's best defense against the enormous cost of replacing 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 the general type of improvement 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 stormwater systems.

CRP projects are typically "pay as you go," which means they are funded from the current operations of the City Street Fund, CIP Funds, and the utility funds.

Capital Facilities Plan (CFP)

The CFP is a six-year plan to outline proposed new capital projects. It 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 stormwater 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 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 outside the City’s available cash resources.

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

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					
PA0115	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

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	-	-	-	-	-	-	-	-	-	-

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 Stablization	CRP	Q4 2024	18,341	61,642					79,983							79,983									
SW0110	Sub basin 39a.2 Watercourse Stablization	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											
WU0128	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

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 goals 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 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 CIP. From time to time, emergencies or special opportunities may be considered that may require rescheduling projects in the CIP.

1.3 The CIP shall be developed in accordance with the requirements of the Growth Management Act and consistent with the Capital Facilities Element of the City's Comprehensive Plan.

1.4 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 Within the context of a biennial budget, the City shall update the six-year CIP every two years. The CIP, as amended biennially, is adopted by reference as Appendix B of this Comprehensive Plan.

1.6 The City's two-year capital budget shall be based on the six-year CIP.

1.7 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 CIP.

1.8 The City shall coordinate the 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 The City shall seek to maintain its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs.

1.10 The highest priority for funding capital projects should be improvements that protect public health and safety.

1.11 The City will adopt a Hazard Mitigation Plan. This Plan will be updated periodically and shall guide City efforts to maintain the reliability of key infrastructure and address vulnerabilities and potential impacts associated with natural hazards.

1.12 Maintenance of and reinvestment in existing facilities should be financed on a "pay as you go" basis using ongoing revenues.

1.13 Acquisition or construction of new capital assets should be financed with new revenues (such as voter- approved taxes or external grants).

1.14 Water, sanitary sewer, and stormwater capital investments of less than $2,000,000 in value should be financed through utility user fees.

1.15 Coordinate with other entities that provide public services within the City to encourage the consistent provision of adequate public services.

1.16 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 In accordance with the Growth Management Act, impact fees shall only be imposed for system improvements that 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 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 Adopt the Mercer Island School District's capital facilities plan and its successors by reference for the purpose of providing a policy basis for the collection of school impact fees.

1.20 To the extent possible, where reasonable and consistent with fiscal sustainability, City operations should be optimized to minimize carbon footprint impacts, especially with respect to energy consumption, onsite generation, 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 with the lowest feasible carbon footprint and greatest carbon sequestration potential. The City’s commitment to adopting GHG emission reduction targets as part of its membership in the K4C should be considered.

1.21 City procurement should include consideration of total lifecycle costs, recycled content, and other common measures of product sustainability.

1.22 Operate 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 required by City Code for all multi-family and commercial construction in Town Center.

1.23 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 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, minimized use of chemicals, and reductions in energy and fuel use.

1.24 Implement proposed projects in the City's Pedestrian and Bicycle Facilities Plan (PBF), emphasizing quick and affordable early fixes that demonstrate the City's progress in providing safe alternative transportation modes to the public.

1.25 Establish goals, policies, and strategies for parks and open space facilities in the Parks, Recreation, and Open Space (PROS) Plan.

1.26 Coordinate with the Mercer Island School District to the extent it is practical to seek economies of scale available through shared facilities.

1.27 Adopt the Americans with Disabilities Act (ADA) Transition Plan and its successors by reference.

1.28 Adopt the Comprehensive Basin Review and its successors by reference.

GOAL 2:

Aging or obsolete public buildings are renovated, retrofitted, and replaced on Mercer Island, ensuring continuity of essential City Services.

2.1 Complete the design and secure funding for developing the new Public Safety and Maintenance building.

2.2 Provide modern, safe, energy- efficient, and high-quality facilities for the delivery of city services.

2.3 Centralize customer service functions to ensure easy and convenient community access to all City services.

2.4 Provide Level IV facilities for public safety and maintenance teams that ensure continuity of services during an emergency response. Co-locate work groups who often respond and operate together during an emergency.

2.5 Protect the City’s fleet by providing covered and secure parking. Provide on-site mechanical facilities to maintain 24/7 response.

2.6 Design new facilities so common spaces can be shared, avoiding the costly duplication of identical spaces at other locations on the Island.

2.7 Incorporate sustainable practices in designing, renovating, repairing, and replacing City facilities. Plan for the electrification of the City’s fleet.

2.8 Complete facility conditions assessments for all City facilities, establishing long-term asset repair and replacement schedules. Facility conditions assessments should be reviewed and updated every 7 to 10 years.

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.

Figure 2 Capital Facilities Forecast

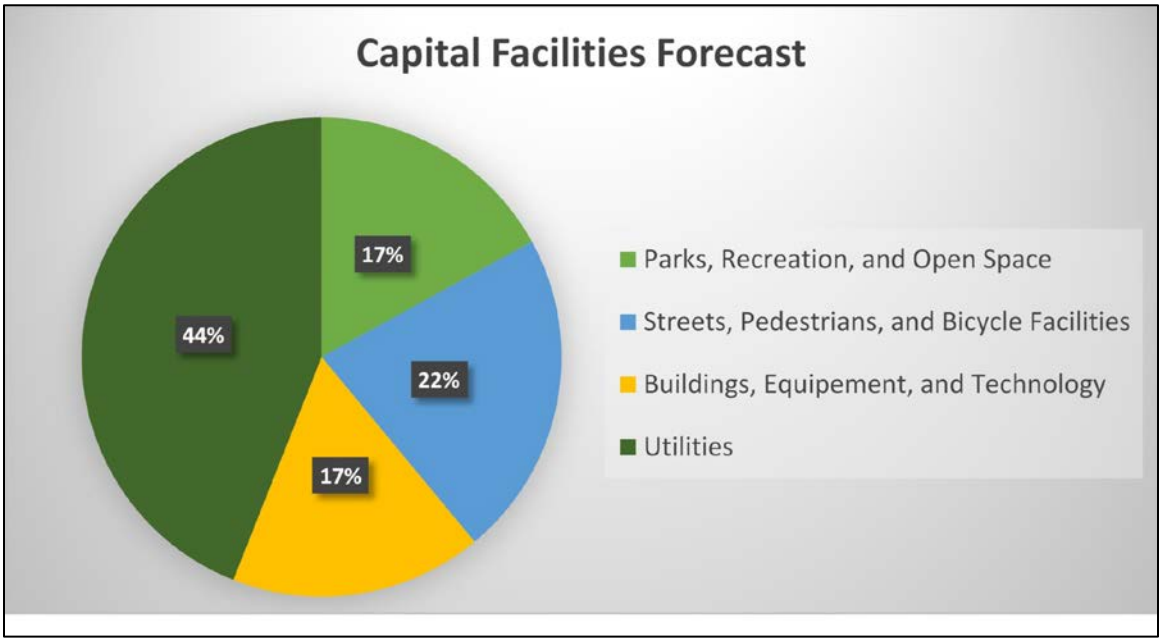


Table 3 Capital Facilities Forecast*

		Streets and Trails (PBF)	Parks & Open Space	Public Buildings	Water	Sewer	Storm Drainage	Total
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	298,900,402
REVENUE SOURCES	REET 1		28,564,570	14,644,728				43,209,298
	REET 2	43,209,298						43,209,298
	Grants	1,000,000	3,292,500	3,292,500			150,000	7,735,000
	Fuel Taxes	7,081,833						7,081,833
	Water Rates				247,137,290			247,137,290
	Sewer Rates					216,381,050		216,381,050
	Storm Rates						50,135,809	50,135,809
	Levy		458,000					458,000
	Debt			1,560,000				1,560,000
	TBD	7,000,000						7,000,000
	Other	2,009,469	14,410,753	2,835,015				19,255,237
Estimated Total Revenue		60,300,600	46,725,823	22,332,243	247,137,290	216,381,050	50,285,809	643,162,815
Difference (Revenue minus estimated expenditures)		-	3,112,352	3,292,500	125,543,809	190,100,415	22,213,337	344,262,413

*Note: the City is currently evaluating the estimated cost and projected revenue source(s) to replace the City Hall and Public Works buildings.

VII. PROCESS FOR SITING PUBLIC FACILITIES

BACKGROUND STATE & COUNTY

The Growth Management Act requires jurisdictions planning under its authority to develop and adopt a process for identifying and siting essential public facilities, including those 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; wastewater 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 statewide nature. The facilities shall be sited to support countywide land use patterns, support economic activities, mitigate environmental impacts, provide amenities or incentives, and minimize public costs. Public facilities development projects must also 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 Building), 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 or 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 planning and siting public facilities, including 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 (over 95 percent) has been developed for residential uses, it becomes problematic to site most public facilities that are generally regarded as not compatible with residential land uses.

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 facility 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.

The most effective facilities siting approaches, in large part, include early community notification and ongoing community involvement concerning both the facilities and the services provided at the site. These strategies create 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.

3.1 Essential public facilities should be sited consistent with the King County Countywide Planning Policies.

3.2 Siting proposed new or expansions to existing essential public facilities shall consist of the following:

3.2.1 An inventory of similar existing essential public facilities, including their locations and capacities;

3.2.2 A forecast and demonstration of the future need for the essential public facility;

3.2.3 An analysis of the potential social and economic impacts and benefits to jurisdictions receiving or surrounding the facilities;

3.2.4 An analysis of the proposal's consistency with County and City policies;

3.2.5 An analysis of alternatives to the facility, including decentralization, conservation, demand management, and other strategies;

3.2.6 An analysis of alternative sites based on siting criteria developed through an inter-jurisdictional process;

3.2.7 An analysis of environmental, climate change, and health impacts and mitigation; and

3.2.8 Extensive public involvement consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

3.3 Local public facility siting decisions shall be consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

3.4 Local public facility siting decisions shall be based on clear criteria that address (at least) issues of service delivery and neighborhood impacts.

3.5 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.

3.6 City departments shall develop a community notification and involvement plan for any proposed capital improvement project involving new development or major reconstruction of an existing facility, which has been approved and funded in the biennial Capital Improvement Program budget.

Element 7 - Shoreline Master Program Policies

I. INTRODUCTION

The purpose of this document is four-fold:

(1) To fulfill the requirements of the Shoreline Management Act (SMA) of 1971, Chapter 286, Laws of 1971, RCW chapter 90.58 and chapter 173-26 WAC by developing a Master Program to guide the future use and development of Mercer Island's shoreline.

(2) To recognize the Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Chinook Salmon Conservation Plan.

(3) To provide guidelines for revising local ordinances and zoning codes.

(4) To provide a basis for evaluating applications for shoreline permits on Mercer Island.

The State of Washington Shoreline Management Act of 1971 recognizes that the shorelines of the state are among our most valuable and fragile natural resources and directs all local governments to develop a Master Program for the management of these shorelines. The Law specifies that all lakes over 1,000 acres in surface area are Shorelines of Statewide Significance. Lake Washington is such a shoreline and in our planning we must, as the Shoreline Management Act specifies, provide for uses in the following order of preference: those which

(1) Recognize and protect the state-wide interest over local interest;

(2) Preserve the natural character of the shoreline;

(3) Result in long term over short term benefit;

(4) Protect the resources and ecology of the shoreline;

(5) Increase public access to publicly owned areas of the shoreline;

(6) Increase recreational opportunities for the public in the shoreline;

(7) Provide for any other element deemed appropriate or necessary.

PROLOGUE

Mercer Island was originally utilized as a source of timber, and although proposed as a "regional park" in its entirety at one time, it became a recreational and, later, a prime residential area. Until 1940, boat and ferry travel were the primary means of reaching the Island from Seattle. In 1940 the Lake Washington floating bridge was completed. At this time the population of the Island and, subsequently, the complexion of development changed rapidly. Developers took advantage of the relatively easy access and relatively close proximity to Seattle's employment centers, and land quickly changed from forest to subdivision.

Planning during this time and up until the early 1960s was conducted by King County. Since accepting the County zoning upon incorporation of the City in 1960, few changes affecting shoreline uses have occurred, with single-family residential and recreation constituting the primary shoreline uses.

The City developed its first Shoreline Master Program in 1974. Key considerations within this Plan included conservation, public access to the shoreline, residential development, and the guidance for

recreational uses along the Mercer Island shoreline. These initial policy objectives are reflected in today's protection of the City's shoreline, which includes approximately 6,000 lineal feet of publicly owned shoreline, developed as waterfront recreation areas. Included in these publicly owned lands are nineteen street ends; Groveland Beach Park; Clarke Beach Park; and Luther Burbank Park, which was transferred in 2003 from King County to the City of Mercer Island via an Intergovernmental Land Transfer Agreement.

During the 35 years since the City adopted its first SMP, the Mercer Island has matured to the point where it is largely developed with the priority uses planned for in the first SMP. For example, an inventory of the shoreline prepared as part of this SMP update identified only 30 shoreline properties that are currently undeveloped.

Since 1990, when the state enacted the Growth Management Act, state policy has promoted greater density in urban areas, such as the City of Mercer Island and the other cities that surround Lake Washington. In addition, the increased land values on the Island have created pressures for more intense use of lands during redevelopment.

The City's and region's development during this time has impacted the shoreline. Docks and bulkheads, impervious surfaces in shoreline area and in adjacent areas have impacted the shoreline environment, including salmonid habitat. In 1999, Chinook salmon and bull trout were listed as "Threatened" under the Federal Endangered Species Act. New scientific data and research has improved our understanding of shoreline ecological functions and their value in terms of fish and wildlife, water quality, and human health. Scientific information, however, remains incomplete and sometimes inconsistent in some areas important to Mercer Island's development pattern.

INTENT

To address changes in the shoreline environment, comply with the mandates of the Shoreline Management Act, and enable the City to plan for emerging issues, the City has initiated an extensive update of its Shoreline Master Program. The new program is intended to respond to current conditions and the community's vision for the future.

The largely built out character of the shoreline, as well as the increasing protections under state and federal law for shoreline habitat are two factors that have strongly influenced the update's direction. In updating the program, the city's primary objectives are to:

- Enable current and future generations to enjoy an attractive, healthy and safe waterfront.
- Protect the quality of water and shoreline natural resources to preserve fish and wildlife.
- Protect the City's investments, as well as those of property owners along and near the shoreline.
- Produce an updated Shoreline Master Program (SMP) that is supported by Mercer Island's elected and appointed officials, citizens, property owners, the State of Washington, and other key groups with an interest in the shoreline.
- Fairly allocate the responsibilities for increased shoreline protection among new development and redevelopment.
- Assure that regulatory or administrative actions do not unconstitutionally infringe upon private property rights.

The City of Mercer Island, through adoption of the Shoreline Master Program, intends to implement the Washington State Shoreline Management Act (RCW chapter 90.58) and its policies, including protecting the state's shorelines and their associated natural resources, planning for and fostering all reasonable and appropriate uses, and providing opportunities for the general public to have access to and enjoy shorelines.

The City of Mercer Island's Shoreline Master Program represents the City's participation in a coordinated planning effort to protect the public interest associated with the shorelines of the State while, at the same time, recognizing and protecting private property rights consistent with the public interest. The program preserves the public's opportunity to enjoy the physical and aesthetic qualities of shorelines of the state and protects the functions of shorelines so that, at a minimum, the City achieves a 'no net loss' of ecological functions, as evaluated under the Final Shoreline Analysis Report issued in July 2009. The program also promotes restoration of ecological functions where such functions are found to have been impaired, enabling functions to improve over time.

The goals and policies of the SMA constitute one of the goals for growth management as set forth in RCW 36.70A.020 and, as a result, the goals and policies of this SMP serve as an element of Mercer Island's Comprehensive Plan and should be consistent with other elements of the Comprehensive Plan. In addition, other portions of the SMP adopted under RCW chapter 90.58, including use regulations, are considered a part of the City's development regulations.

II. DESIGNATED ENVIRONMENTS

WAC 173-26-211 states, "Master programs shall contain a system to classify shoreline areas into specific environment designations. This classification system shall be based on the existing use pattern, the biological and physical character of the shoreline, and the goals and aspirations of the community as expressed through comprehensive plans as well as the criteria in this section. Each master program's classification system shall be consistent with that described in WAC 173-26-211 (4) and (5) unless the alternative proposed provides equal or better implementation of the act."

WAC 173-26-211(4)(c) allows for local governments to establish a designation system, provided it is consistent with the purposes and policies of WAC 173-26-211 and WAC 173-26-211(5).

Mercer Island contains two distinct shoreline designations, pursuant to WAC 173-26-211(4)(c): Urban residential, and urban park.

This system is designed to encourage uses in each environment which enhance the character of that environment. The basic intent of this system is to utilize performance standards which regulate use activities in accordance with goals and objectives defined locally. Thus, the particular uses or type of developments placed in each environment should be designed and located so that there are no effects detrimental to achieving the objectives of the environment designations and local development criteria. This approach provides an 'umbrella' environment class over local planning and zoning on the shorelines. Since every area is endowed with different resources, has different intensity of development and attaches different social values to these physical and economic characteristics, the enforcement designations should not be regarded as a substitute for local planning and land-use regulations.

URBAN RESIDENTIAL

The purpose of the urban residential environment is to accommodate residential development and appurtenant structures that are consistent with this chapter. An additional purpose is to provide appropriate public access and recreational uses.

Designation Criteria:

Areas that are predominantly single-family or multifamily residential development or are planned and platted for residential development.

Management Policies:

(1) Standards for density or minimum frontage width, setbacks, lot coverage limitations, buffers, shoreline stabilization, vegetation conservation, critical area protection, and water quality should be set to assure no net loss of shoreline ecological functions, taking into account the environmental limitations and sensitivity of the shoreline area, the level of infrastructure and services available, and other comprehensive planning considerations.

(2) Development of multifamily, recreational and residential subdivisions of five or more lots should provide public access and joint use for community recreational facilities, except when there are constitutional or other legal constraints.

(3) Access, utilities, and public services should be available and adequate to serve existing needs and/or planned future development.

(4) Non-commercial recreational areas should be allowed.

URBAN PARK ENVIRONMENT

The purpose of the urban park environment is to protect and restore ecological functions in urban and developed settings, while allowing public access and a variety of park and recreation uses.

Designation Criteria:

An urban park environment designation will be assigned to publicly owned shorelands, including all parks, street ends and public access points.

Management Policies:

(1) Uses that preserve the natural character of the area or promote preservation of open space, or sensitive lands either directly or over the long term should be the primary allowed uses. Uses that result in restoration of ecological functions should be allowed if the use is otherwise compatible with the purpose of the environment and the setting.

(2) Standards should be established for shoreline stabilization measures, vegetation conservation, water quality, and shoreline modifications within the urban park designation. These standards should ensure that new development does not result in a net loss of shoreline ecological functions.

(3) Public access and public recreation objectives should be implemented whenever feasible and significant ecological impacts can be mitigated.

(4) Water-oriented uses should be given priority over nonwater-oriented uses. Water-dependent uses should be given highest priority.

III. GENERAL GOALS AND POLICIES

PUBLIC ACCESS

The following goal and policies address the ability of the public to reach, touch, view, and travel on Lake Washington and to view the water and the shoreline from public places.

GOAL:

Increase and enhance public access to and along the Mercer Island Shoreline where appropriate and consistent with public interest, provided public safety, private property rights, and unique or fragile areas are not adversely affected.

POLICIES:

1. Public access to and along the water's edge should be consistent with the public safety, private property rights, and conservation of unique or fragile areas.
2. Public access to and along the water's edge should be available in publicly owned shoreline areas.
3. When substantial modifications or additions are proposed to substantial developments, the developer should be encouraged to provide for public access to and along the water's edge if physically feasible provided that no private property be taken involuntarily without due compensation.
4. In new developments on the shoreline, the water's edge should be kept free of buildings.
5. Where publicly owned shoreline areas are available for public pedestrian pathways, these should be developed as close to the water's edge as reasonable.
6. Views of the shoreline and water from shoreline and upland areas should be preserved and enhanced. Enhancement of views should not be construed to mean excessive removal of vegetation.
7. Rights-of-way on the shoreline should be made available for public access where appropriate.
8. Access onto shoreline public street ends should be enhanced.
9. Consideration should be given to the handicapped, disabled, and elderly when developing public access to shoreline areas.

CONSERVATION AND WATER QUALITY

The following goal and policies address the protection of the resources of the shoreline.

GOAL:

The resources and amenities of Lake Washington are to be protected and preserved for use and enjoyment by present and future generations.

POLICIES:

1. Existing natural resources should be conserved, consistent with private property rights.

1.1 Aquatic habitats, particularly spawning grounds, should be protected, improved and, if feasible, increased.

1.2 Wildlife habitats should be protected, improved and, if feasible, increased.

1.3 Critical areas have been mapped. Access and use should be restricted if necessary for the conservation of these areas. The type and degree of development to be allowed should be based upon such factors as: slope, soils, vegetation, geology and hydrology.

1.4 Water quality should be maintained at a level to permit recreational use (specifically swimming), provide a suitable habitat for desirable forms of aquatic life and satisfy other required human needs.

2. Existing and future activities on Lake Washington and its shoreline should be designed to minimize adverse effects on the natural systems.

3. Uses or activities within all drainage basins related to Lake Washington should be considered as an integral part of shoreline planning.

3.1 Developers should be required to bear the cost of providing safeguards to prevent storm drainage damage resulting from their development.

3.2 Excessive soil erosion and sedimentation and other polluting elements should be prevented from entering and adversely affecting the Lake and its constituent watercourses.

3.3 Restoration of natural systems adversely affected by sedimentation and pollution should be encouraged.

3.4 The destruction of watercourses feeding into Lake Washington should be discouraged.

3.5 The planning and control of surface drainage water from Mercer Island into Lake Washington should be based on such factors as the quality and quantity of water, rate of flow and containment, etc. The latest applicable data should be used in the implementation of a storm drainage system.

4. Shoreline areas having historical, archaeological, cultural, educational or scientific value should be protected and restored.

4.1 Public and private cooperation should be encouraged in site preservation and protection.

4.2 Suspected or newly discovered archaeological sites should be kept free from intrusion until their value is determined.

5. Festivals and temporary uses involving public interest and not substantially or permanently impairing water quality or unique and fragile areas should be permitted.

6. Protect, conserve and establish vegetation along the shoreline edge, especially native vegetation.

7. Critical areas should be protected at a level at least equal to that provided by the City's critical area regulations adopted pursuant to the Growth Management Act.

IV. SHORELINE MODIFICATIONS

SHORELINE STABILIZATION

The following policy addresses shoreline stabilization.

POLICY

Non-structural stabilization measures are preferred over "soft" structural measures. Soft structural measures are preferred over hard structural measures.

PIERS AND MOORAGES

The following policies address piers and moorages.

POLICIES:

1. New piers and docks should be allowed only for water-dependent uses or public access. Piers and docks associated with single family residences are considered a water-dependent use.
2. New piers and docks should be designed and constructed to avoid or, if that is not possible, to minimize and mitigate the impacts to ecological functions.
3. The repair, renovation, and replacement of existing piers and docks should be allowed.
4. Property owners who repair, renovate or replace existing piers and docks should be provided information on the best materials and methods for environmental enhancement.

LANDFILL AND DREDGING

Landfill is usually contemplated in locations where the water is shallow and where rooted vegetation often occurs. In their natural condition these same areas provide suitable habitat for fish and wildlife feeding, breeding and shelter. Biologically the shallow vegetation areas tend to be highly productive portions of the Lake. For these reasons governmental agencies and scientific experts have generally taken a stand against landfill.

In most cases when dredging is done it also occurs in shallow areas and may disturb the environment in the following ways: 1) temporary reduction of water clarity from suspended sediments, 2) losses in aquatic plants and animals by direct removal or from the sedimentation of suspended materials, 3) alteration in the nutrient and oxygen levels of the water column, and 4) suspension of toxic materials from the sediments into the water column.

POLICIES:

1. Fills should be located, designed, and constructed to protect shoreline ecological functions and ecosystem-wide processes, including channel migration.
2. Fills waterward of the ordinary high-water mark should be allowed only when necessary to support: water-dependent use, public access, cleanup and disposal of contaminated sediments as part of an interagency environmental clean-up plan, disposal of dredged material considered suitable under, and conducted in accordance with the Dredged Material Management Program of the Department of Natural Resources, expansion or alteration of transportation facilities of statewide significance currently located on the shoreline and then

only upon a demonstration that alternatives to fill are not feasible, mitigation action, environmental restoration, beach nourishment or enhancement project. Fills waterward of the ordinary high-water mark for any use except ecological restoration should require a conditional use permit.

3. Dredging and dredge material disposal should be done in a manner which avoids or minimizes significant ecological impacts and impacts which cannot be avoided should be mitigated in a manner that assures no net loss of shoreline ecological functions.

4. New development should be sited and designed to avoid or, if that is not possible, to minimize the need for new and maintenance dredging. Dredging for the purpose of establishing, expanding, or relocating or reconfiguring navigation channels and basins should be allowed where necessary for assuring safe and efficient accommodation of existing navigational uses and then only when significant ecological impacts are minimized and when mitigation is provided. Maintenance dredging of established navigation channels and basins should be restricted to maintaining previously dredged and/or existing authorized location, depth, and width.

5. Dredging waterward of the ordinary high-water mark for the primary purpose of obtaining fill material should not be allowed, except when the material is necessary for the restoration of ecological functions. When allowed, the site where the fill is to be placed must be located waterward of the ordinary high-water mark. The project must be either associated with a MTCA or CERCLA habitat restoration project or, if approved through a shoreline conditional use permit, any other significant habitat enhancement project.

BREAKWATERS AND SIMILAR FEATURES

POLICY

The use of new breakwaters and other similar structures should be limited.

SHORELINE HABITAT AND NATURAL SYSTEMS ENHANCEMENT PROJECTS

POLICY

Foster habitat and natural system enhancement projects that are consistent with the City's Shoreline Restoration Plan and whose primary purpose is restoration of the natural character and ecological functions of the shoreline.

V. SPECIFIC SHORELINE USES AND ACTIVITIES

The following goal and policy address the general distribution, location, and extent of all uses within shoreline jurisdiction.

GOAL:

Ensure that the land use patterns within shoreline areas are compatible with shoreline environment designations and will be sensitive to and not degrade habitat, ecological systems, and other shoreline resources.

POLICY

All activities, development and redevelopment within the City's shoreline jurisdiction should be designed to ensure no net loss of shoreline ecological functions.

BOATING FACILITIES

The following policies address boating facilities.

POLICY

New boating facilities should be designed to meet health, safety, and welfare requirements; mitigate aesthetic impacts; minimize impacts to neighboring uses; provide public access; assure no net loss of ecological functions and prevent other significant adverse impacts; and protect the rights of navigation and access to recreational areas.

RECREATIONAL DEVELOPMENT

Mercer Island has approximately 15 miles of shoreline most of which is devoted to low density single family residences. It could be said that almost 100 percent of the developed shoreline of Mercer Island is devoted to water-dependent recreation, assuming that the waterfront residents find both active and passive enjoyment from their shoreline location. The remainder of the shoreline is set aside for public or semi-public water-related recreation except for a fraction which is utilized for bridge crossings and utilities. The latter, in some cases, is also available for public access to the water.

The City presently owns approximately 6,000 feet of shoreline which is developed as waterfront parks with facilities for swimming, fishing and car-top boat launching. Beaches at Luther Burbank Park and Groveland Beach Park are staffed with lifeguards during the summer season. Unguarded designated swimming areas also exist at Calkins Landing and Clarke Beach Park. Dock facilities that serve fishing and other activities are located at Luther Burbank Park and Proctor Landing, and seasonally at Clarke and Groveland Beaches. The City manages several summer camps for youth and adult with instruction on sailing and kayaking based at Luther Burbank Park.

Nineteen street ends of widths varying from 30 feet to 75 feet add an additional 600 lineal feet of shoreline to the public domain and provide the potential for considerable access to the water's edge in all segments of the Island. Development of some street ends has been undertaken as a cooperative effort between the City and the adjacent neighborhoods. Some provide swimming access, others offer car-top launching access, others provide minimal access solely for passive enjoyment because of the limitation of size or topography, and lack of neighborhood interest and availability of funds. Three street ends were re-developed in 2003, which included eliminating bulkheads and enhancing near shore habitat.

There are two private waterfront clubs owning a combined 1,194 feet of frontage. They provide swimming, moorage, and boat launching facilities to a significant portion of the Island's families.

Covenant Shores, a continuing care retirement community, owns approximately 650 feet of shoreline which serves as open space, swimming, picnicking, and moorage for its residential units. Numerous private neighborhood waterfront "parks," with shared access for neighboring residences, exist along the shoreline.

Regarding waterfront recreation, The City of Mercer Island Parks and Recreation Plan, adopted in 2007, calls for Capital improvements at two waterfront facilities to enhance recreation opportunities.

Shoreline restoration, swim beach enhancements and dock area improvements are anticipated at Luther Burbank Park, and improved boat launching and retrieval is anticipated with planned improvements at the Mercer Island Boat Launch. Future development of Luther Burbank Park is also subject to the Luther Burbank Master Plan.

GOAL

Water-dependent recreational activities available to the public are to be encouraged and increased on the shoreline of Mercer Island where appropriate and consistent with the public interest.

POLICIES:

1. Provide additional public water-oriented recreation opportunities.
2. Locate public recreational uses in shoreline areas that can support those uses without risks to human health, safety, and/or security, while minimizing effects on shoreline functions, private property rights, and/or neighboring uses.
3. Priority should be given to recreational development for access to and use of the water.

RESIDENTIAL DEVELOPMENT

Present residential zoning on Mercer Island's shoreline is for single family residential uses, and conditional uses that are complementary to the single-family environment, such as public parks, private recreational areas, retirement homes located on properties used primarily for a place of worship, and noncommercial recreational areas. It should be noted that some of the shoreline is not yet developed as intensely as it could be under existing zoning. Several large shoreline properties now used by one family could be subdivided to allow from one to three additional residences.

GOAL

Existing residential uses are to be recognized, and new residential construction will be subject to certain limitations where applicable.

POLICIES:

1. Existing single-family residential uses will be protected. New construction or modifications should be allowed within the framework of the policies in this document and City ordinance.
2. In single-family developments within the shoreline, the water's edge should be kept free of buildings.
3. Public access does not include the right to enter upon private residential property without the permission of the owner.
4. New overwater residential dwellings should not be permitted.
5. Single family residences should be identified as a priority use.

TRANSPORTATION FACILITIES

A. Circulation.

Principal transportation routes on Mercer Island include Interstate 90, a highway that crosses Lake Washington via Mercer Island and two connecting bridges, and a series of arterial roads that follow the shoreline around the Island a short distance inland.

Thus, shoreline-related roads form an important element of principal transportation routes on the Island. In addition, numerous lateral roads connect the shoreline following arterials with properties along the water's edge, and frequently provide public access to the lake through developed and undeveloped street ends as well as visual access to the lake.

A rudimentary system of pedestrian and bicycle ways has gradually developed along portions of the shoreline following arterials; more definitive development of such ways is planned via the City's Pedestrian and Bicycle Facility Plan. Buses provide important modes of on-Island transportation as well as access to neighboring municipalities and employment centers.

GOAL

A balanced transportation system for moving people and goods is to be encouraged within existing corridors.

POLICIES:

1. Develop efficient circulation systems in a manner that assures the safe movement of people and goods while minimizing adverse effects on shoreline use, developments and shoreline ecological functions.
2. Provide and/or enhance physical and visual public access to shorelines along public roads in accordance with the public access goals.
3. Encourage shoreline circulation systems that provide alternative routes and modes of travel. Within the I-90 corridor, allow movement of people by means of transit.

B. Parking.

The following policies address parking.

POLICIES:

1. Parking facilities for motor vehicles or boat trailers should be minimized in the shoreline area.
   - 1.1 Parking facilities should not be permitted along the water's edge.
   - 1.2 Upland parking facilities for shoreline activities should provide adequate pedestrian access to the shoreline.
   - 1.3 Upland parking facilities should be designed and landscaped to minimize adverse impacts on the shoreline and adjacent lands.
   - 1.4 Parking facilities should be planned, located and designed where they will have the least possible adverse effect on unique or fragile shoreline features, and will not result in a net loss of shoreline ecological functions or adversely impact existing or planned water-dependent uses.
   - 1.5 Parking facilities in shorelines should minimize the environmental and visual impacts.

UTILITIES

The following policies address utilities.

POLICIES:

1. Utility facilities should be designed and located to assure no net loss of shoreline ecological functions, preserve the natural landscape, and minimize conflicts with present and planned land and shoreline uses while meeting the needs of future populations.
2. Utilities should be located in existing rights-of-way and corridors whenever possible.

Element 8 – Economic Development

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 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. Mercer Island is poised to grow its economy significantly during the planning period. The resident workforce 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, management, 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, health care and social assistance (16 percent), retail trade (13 percent), finance and insurance, real estate and rental and leasing (12 percent). In 2021, the median earnings for these three sectors range 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.

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 for growing its economy by attracting off-island customers and capital from the surrounding area. King County's median household income is the highest in 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 was 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 developments and newer mid-rise mixed-use buildings. A commercial area in the northeast of the island near City Hall 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 with a 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 recent developments have been mixed-use

developments combining first floor commercial space and parking with residential uses on the upper floors. Older development in Town Center is a 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 are 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. At roughly 14 acres, this is the smallest commercial area on Mercer Island. 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 of 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 business 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.

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 Element

Housing indirectly impacts the local economy because it affects the local business customer base and labor force. Housing on Mercer Island primarily consists of detached single-family homes, which 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 of 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 locally 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, making it easier for customers from outside the City to patronize local businesses and enable local businesses to draw from the regional labor force.

Utilities Element

The provision of utilities is vital to local businesses, all of which need reliable sewer, water, solid waste, 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 Element

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 on 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 appropriate water- dependent commercial uses in the shoreline.

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 draws 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. Arts and culture infrastructure and events 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 for 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, open space, trails, and recreational facilities.
- **Climate Action Plan –** Establishes the strategies the City will use to reduce greenhouse gas emissions and address the impacts of climate change.
- **Capital Improvement Program –** 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 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 2044.

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.

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 help 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.

High-Income Residents

Another key strength is the relatively high income of Mercer Island residents. During the public input process, 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 the percent gap between King County and Mercer Island household income has been closing over the last few years.

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.

Figure 1. Median Household Income by Year, Mercer Island, 2010 to 2020



Source: Economic Analysis, Appendix F.

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 a 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 where 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 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 drafting this element indicated that business climate and culture on Mercer Island is 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 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. The opening of the light rail station, anticipated in 2025, may also be a factor in growing the off-island customer base.

Affordability and Availability of Commercial Space

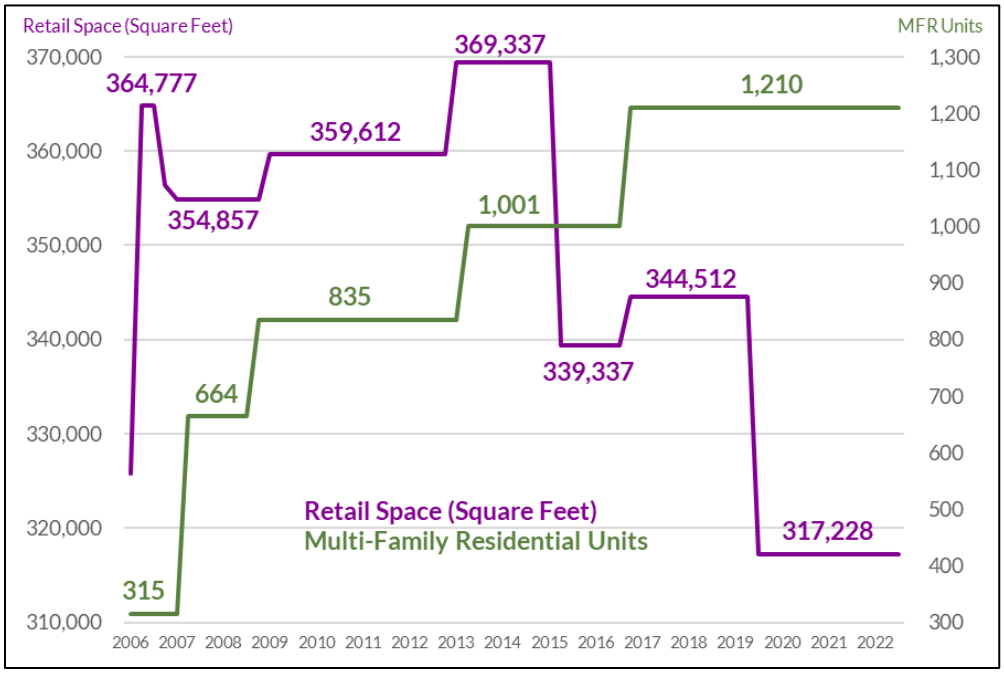
The lack of commercial space in the City and its cost can be a challenge for new business formulation and expansion of existing businesses. Under the current zoning, commercial activities are largely limited to three areas in the City. The largest of these areas, Town Center, is a mixed-use area where 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 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 the 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 by 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 ensuring 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 the Town Center between 2006 and 2022. The retail space referred to in the figure is commercial storefronts that could be retail or restaurant space. From 2006 to 2022, the multifamily 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 has increased by nearly 75%.

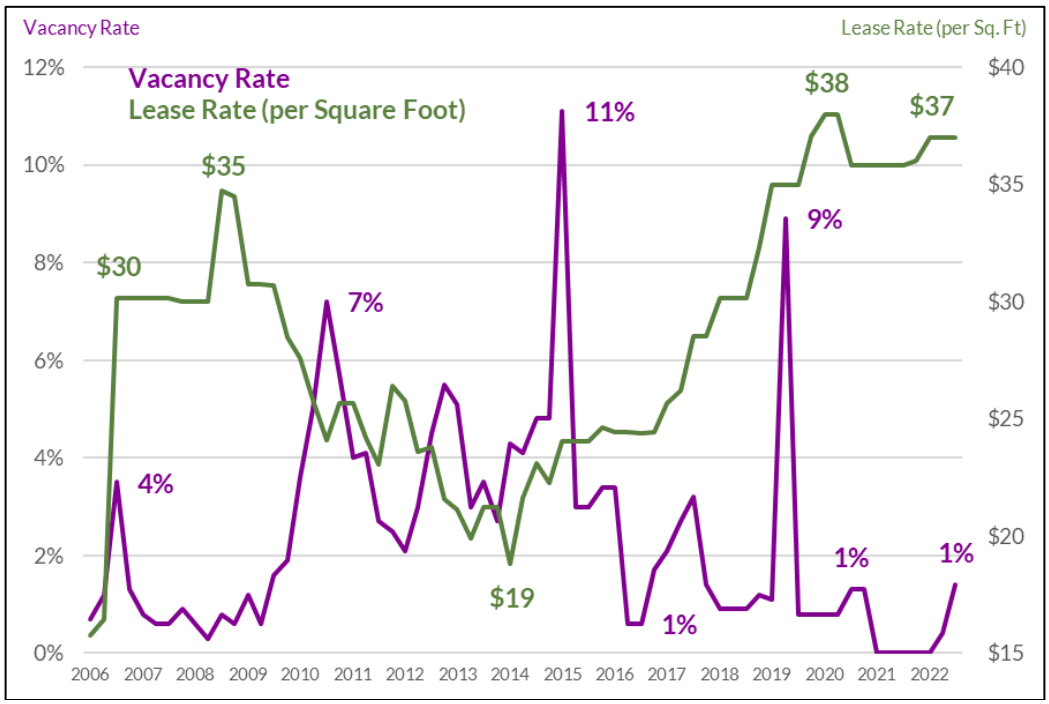
Figure 2. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: Economic Analysis, Appendix F.

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 held 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 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, about 30,000 square feet of retail space 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: Economic Analysis, Appendix F.

In 2022, the City Council enacted regulations in the 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 are complicated by the 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 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 this opportunity is maximized and impacts adequately addressed. The City can help connect transit riders with local businesses to take advantage of the arrival of light rail.

Arrival of a Large Employer in Town Center

Riot Games acquired an office building in the Town Center in 2022. Their use of this office space is expected to add a couple hundred jobs to Town Center eventually. 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 encourage commuters to spend more time in the Town Center and shop locally.

More Islanders Working From Home

One of the changes prompted by the 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 Middle Housing

Recent state legislation requires encouraging more middle housing, most of it in and near the Town Center. Residents of this housing will be located near the commercial area 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 on preparing for possible challenges and building resilience in the local economy.

Economic Uncertainty

There is a high degree of uncertainty about the future of 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 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 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 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.

Affordability in the Region

The affordability of commercial spaces and housing has the potential to slow economic growth in the coming years. Rising commercial real estate costs negatively impact 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 a 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. 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 the 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.

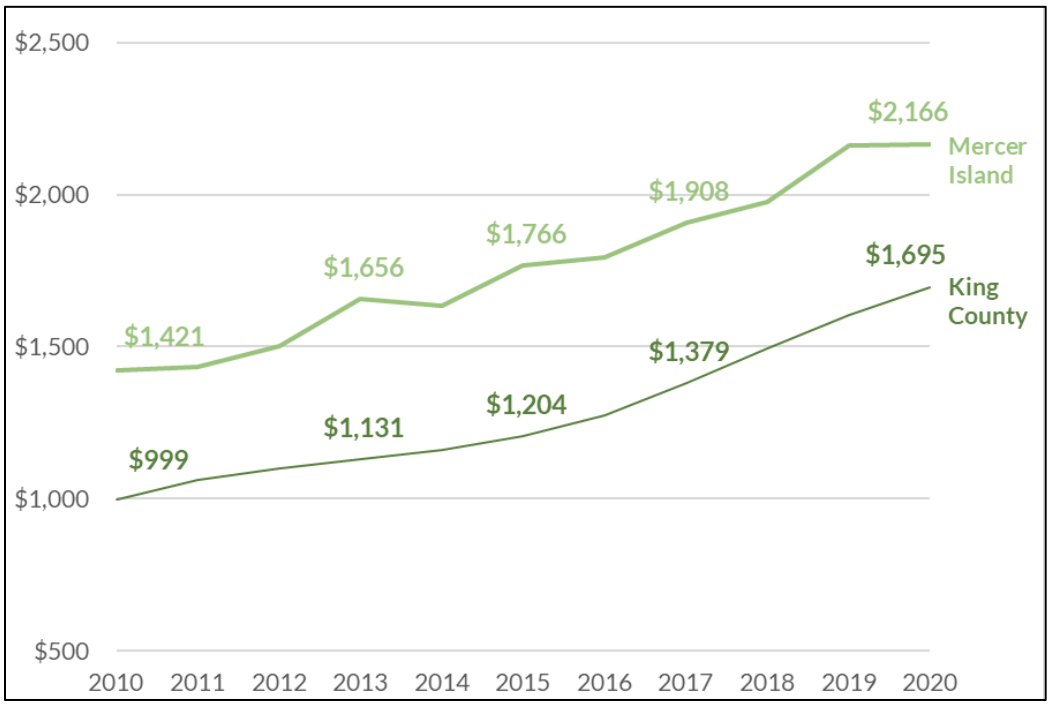
Table 6. Mercer Island Jobs by Earnings, 2019

	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 not exceed 30 percent of a household's income, this would require a monthly income of roughly $7,220 or $86,640 annually to be affordable. Expanding to the county level, the 2020 median rent in King County was $1,695. The King County median rent would require a monthly income of about $5,650 or $67,800 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: Economic Analysis, Appendix F.

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 increasing the displacement risk for local businesses.

Climate Change

Climate change has the potential to have negative effects on 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 on the climate and where their employees may be more comfortable. Shoppers may seek to shop in ways and for products that reduce climate impact, which may include increased prioritization of shopping locally.

I. GOALS AND POLICIES

GOAL 1 - PARTNERSHIPS:

The City establishes and maintains a healthy ecosystem of partnerships with businesses, local organizations, and other public agencies.

POLICIES:

1.1 Partner with the Chamber of Commerce, local, regional, state, and federal economic development agencies, and the Mercer Island School District (MISD) to provide abundant resources for business owners, entrepreneurs, and job seekers, such as:

1.1.1 A mentorship program pairing experienced business owners and retirees with people interested in starting a new business;

1.1.2 Shop and dine local marketing campaigns;

1.1.3 A wayfinding kiosk on the light rail station platform informing commuters of shops available on the Island and

1.1.4 Publicize employment opportunities on Mercer Island.

1.1.5 Networking and social events to attract more young professionals to Town Center, activating the area.

1.2 Partner with the Chamber of Commerce, Mercer Island Visual Arts League (MIVAL), Mercer Island Farmer's Market, and other community non-profit organizations to develop and expand a year-round program of arts, cultural, and activation events that draw the community to our commercial areas.

GOAL 2 - MARKETING MERCER ISLAND:

The Town Center commercial area has a cohesive brand established by marketing efforts informed by public input and the policies of this element.

POLICIES:

2.1 Develop and promote a theme and vision to create a unique and appealing identity for the Town Center directed at drawing more residents and visitors to Mercer Island.

2.2 Develop and implement a cohesive visual brand that reflects the island's natural beauty and upscale yet welcoming character, including a logo, color scheme, and typography.

GOAL 3 – BUSINESS ATTRACTION:

Mercer Island's Town Center is a Vibrant Destination attracting new businesses and supporting the growth of existing businesses.

POLICIES:

3.1 Attract more commercial office employers to the City.

3.2 Develop strategies to increase the percentage of workers living and working on Mercer Island.

3.3 Attract a diverse mix of businesses that complement existing offerings and fill market gaps, focusing on unique, locally owned establishments.

3.4 Create a comprehensive "best practices" section on the City website detailing steps for business setup at city, state, and county levels.

3.5 Streamline and simplify the process for new business setup, making it more intuitive and user-friendly.

GOAL 4 – PRIORITIZED BUSINESS TYPES:

Prioritized business types are supported and encouraged by the City's economic development efforts.

4.1 Prioritize the following types of businesses:

4.1.1 Locally owned independent restaurants, tasting rooms, pubs, or cafes;

4.1.2 Specialty retail;

4.1.3 Commercial office employers; and

4.1.4 High-wage employers.

4.2 Periodically review the list of prioritized business types.

4.3 Develop incentives that attract prioritized business types, such as:

4.3.1 Public and private partnerships to foster affordable commercial space solutions and

4.3.2 Permit fee waiver or reduction.

4.4 Establish an expedited permit review process for prioritized business types.

4.5 Act as a liaison between commercial landlords and prioritized business types, mainly focusing on bringing wineries and complementary businesses.

GOAL 5 – PREMIER WINE DESTINATION:

Consider establishing Mercer Island as a Premier Wine Destination.

POLICIES:

5.1 Explore capitalizing on Mercer Island's efforts, brand, and location as a premier wine destination by considering the following strategies:

5.1.1 Expand and promote the "Art Uncorked" event as a flagship attraction, leveraging its popularity to draw visitors year-round.

5.1.2 Actively recruit wineries to establish tasting rooms on Mercer Island, positioning the Island as a premier, easily accessible wine destination. Emphasize Mercer Island's unique advantages, including its proximity to Seattle and Bellevue, excellent public transportation links, and picturesque island setting, to differentiate it from other regional wine experiences.

5.1.3 Facilitate partnerships between commercial landlords and wineries to encourage the establishment of tasting rooms in strategic locations.

5.1.4 Develop a comprehensive marketing strategy to position Mercer Island as a unique wine destination, distinguishing it from Seattle and Bellevue.

5.1.5 Encourage the development of complementary businesses such as artisanal food shops, wine-focused restaurants, and boutique hotels to support the wine destination concept.

5.1.6 Emphasize farm-to-table and outdoor dining experiences where possible.

5.1.7 Encourage the development of restaurants, cafes, and food-related businesses that align with the wine destination theme.

5.1.8 Conduct regular reassessments of the economic development strategy, allowing for adjustments based on market response, community feedback, and the success of the wine destination concept.

5.1.9 Plan for increased parking needs as the wine destination concept develops, including considerations for ride-sharing and public transportation options.

GOAL 6 – BUSINESS ENHANCEMENT AND DIVERSIFICATION:

Business Offerings are diversified and enhanced by the City's economic development efforts.

POLICIES:

6.1 Seek out new restauranteurs who bring novel and diverse dining options to Mercer Island.

6.2 Support the growth of specialty retail shops catering to residents and visitors, emphasizing quality and uniqueness over specific business types.

6.3 Promote pop-up shops and rotating vendor markets to add variety and attract shoppers.

6.4 Explore the creation of a "Restaurant Row" designation with additional tax benefits.

6.5 Consider impacts to existing businesses when evaluating proposed zoning changes.

6.6 Encourage the development of public-private partnerships to foster affordable commercial space solutions.

6.7 Conduct comprehensive outreach to surrounding businesses before initiating capital projects in commercial zones.

6.8 Identify and adopt measures to reduce the displacement of existing businesses as new development occurs.

GOAL 7A – PUBLIC SPACE AND COMMERCIAL AREAS:

Public Spaces and commercial areas are activated by City improvements and economic development efforts.

GOAL 7B – CUSTOMER ATTRACTION:

Commercial areas are attractive and inviting to the Mercer Island community and visitors.

POLICIES:

7.1 Commercial areas have safe multimodal circulation and parking for residents, visitors, and employees.

7.2 Leverage the opening of Sound Transit's East Link Light Rail Line 2 to attract residents, commuters, and visitors to the Town Center.

7.3 Emphasize spaces that are human-scaled, safe, and comfortable for walkers and bikers.

7.4 Maintain the existing City program to beautify the Town Center with landscaping, street trees, and flower baskets.

7.5 Create branded wayfinding signage, street furniture, and public art to reinforce the Town Center identity.

7.5.1 Prioritize improvements in key locations such as the Mercer Island Farmers Market site.

7.5.2 Dedicate permanent signage for established community events like the Mercer Island Farmers Market.

7.6 Activate Mercer Island's commercial areas and public spaces by encouraging:

7.6.1 Programming that enables residents and visitors to gather, socialize, and celebrate in the city safely;

7.6.2 Flexible-use outdoor spaces for dining, markets, events, and temporary commercial uses; and

7.5.3 Utilizing public art and furniture design in outdoor spaces.

7.7 Implement and promote a pilot seasonal parklet program allowing businesses to convert parking spaces to outdoor seating.

GOAL 8 – SUSTAINABILITY AND ENVIRONMENT:

The City's economic development efforts are sustainable and environmentally friendly.

POLICY

8.1 Consider Climate Action Plan strategies during economic development decision-making.

GOAL 10 – REGULATIONS AND PERMITTING:

Permit review and inspections are delivered predictably, efficiently, and on time to support Mercer Island businesses as the start, grow, and thrive.

POLICIES:

10.1 Continue the longstanding practice of providing next- business-day construction inspections under ordinary circumstances.

10.2 Advocate for Mercer Island businesses to receive timely services from outside agencies.

10.3 Review the development code permitting processes to identify additional code amendments to support businesses, improve effectiveness, and make efficient use of City resources. The following goals should be considered when identifying code amendments:

10.3.1 Minimizing delay and reducing uncertainty in the entitlement process;

10.3.2 Improving conflict resolution in the entitlement process;

10.3.3 Mitigating the risk of business displacement as new development occurs;

10.3.4 Beneficial impacts to parking and greenhouse gas emissions; and

10.3.5 Lowering compliance costs for business owners.

10.4 Evaluate permit fees, including impact fees, imposed on development to ensure they are consistent with the City approved cost recovery targets and established programs.

10.5 Update home business regulations to support a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses.

10.6 Establish a dedicated service [e.g. concierge] to guide businesses through permitting.

10.7 Prepare a guide to doing business on the Island emphasizing the permitting process and the pre-application process.

10.8 Periodically review the City's commercial sign code.

10.9 Consider eliminating traffic study requirements for small businesses outside of new development.

GOAL 11 – IMPLEMENTATION:

The City implements the Economic Development Element to support and grow the local economy.

POLICY

11.1 Establish and periodically update a prioritized and time-based economic development implementation plan following the adoption of this Comprehensive Plan and subject.

11.2 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. Consider other funding opportunities, including grants and partnerships, to support implementation of the goals and policies identified in this plan.

Element 9 – Parks and Open Space

I. 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.

Comprehensive Arts and Culture Plan

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 adopted the Comprehensive Arts and Culture plan, which sets forth policies and goals to advance the enrichment and unification of the whole community through the arts.

II. PARKS AND OPEN SPACE 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.

1.3 Prioritize access to and conservation of parks and open spaces in areas of the City with higher racial and social inequities.

GOAL 2:

Support and nurture the arts on Mercer Island and preserve Mercer Island's Heritage.

POLICIES:

2.1 The most recent version of the Comprehensive Arts and Culture Plan is hereby adopted by reference, establishing the goals and policies that provide the framework for the delivery of diverse cultural and arts experiences and opportunities for the Mercer Island community.

City of Mercer Island
Housing Needs Assessment

November 2022

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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.

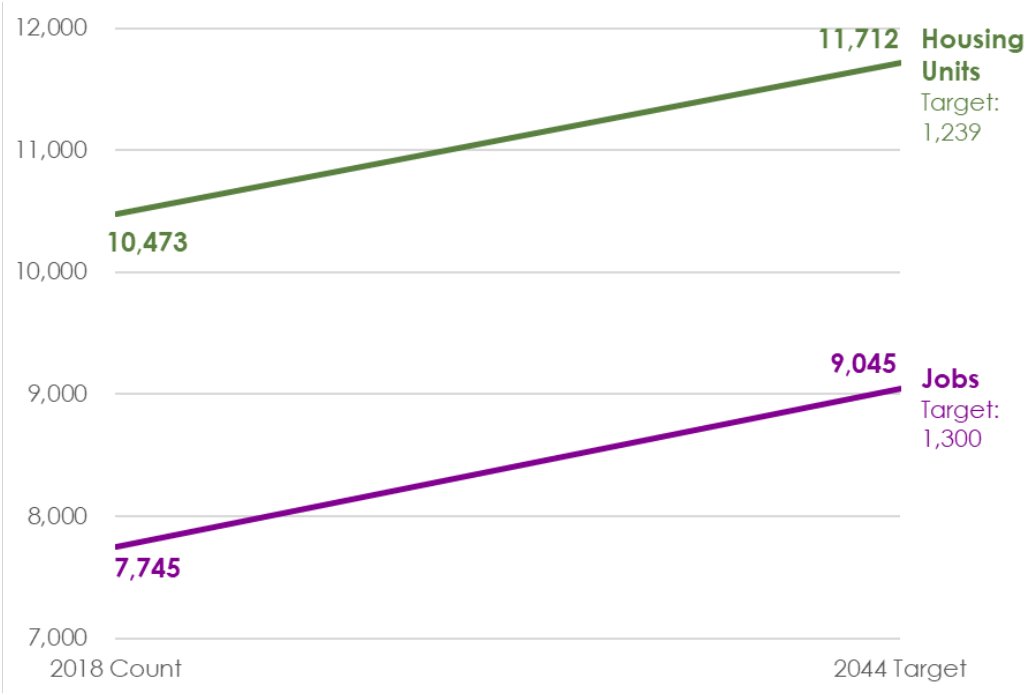
King County Countywide Planning Policies

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



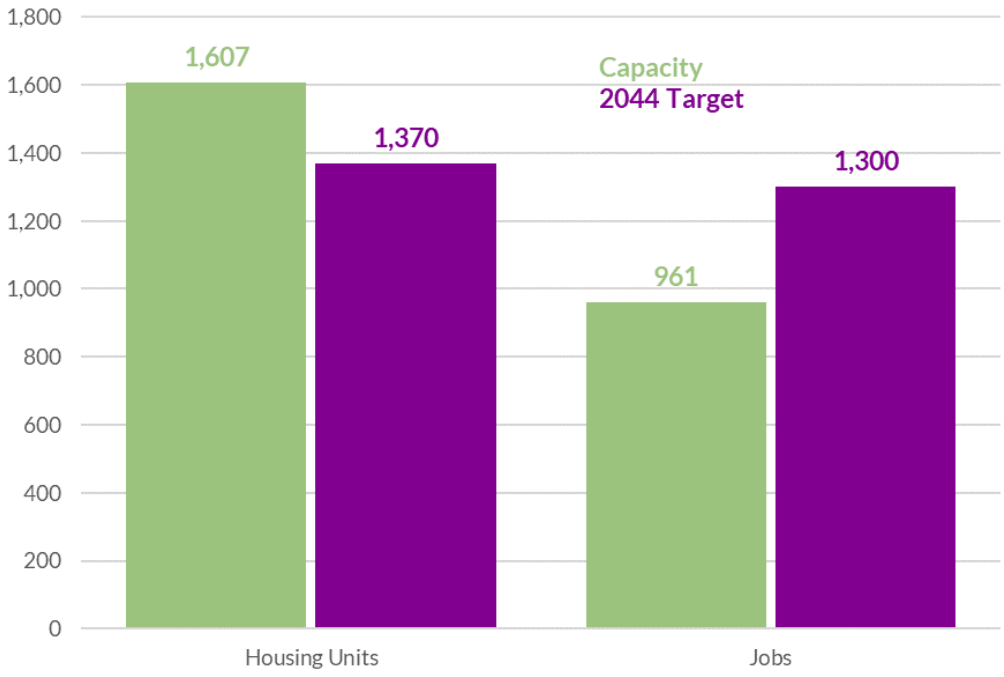
Source: King County Countywide Planning Policies, 2021; CAI, 2022.

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.

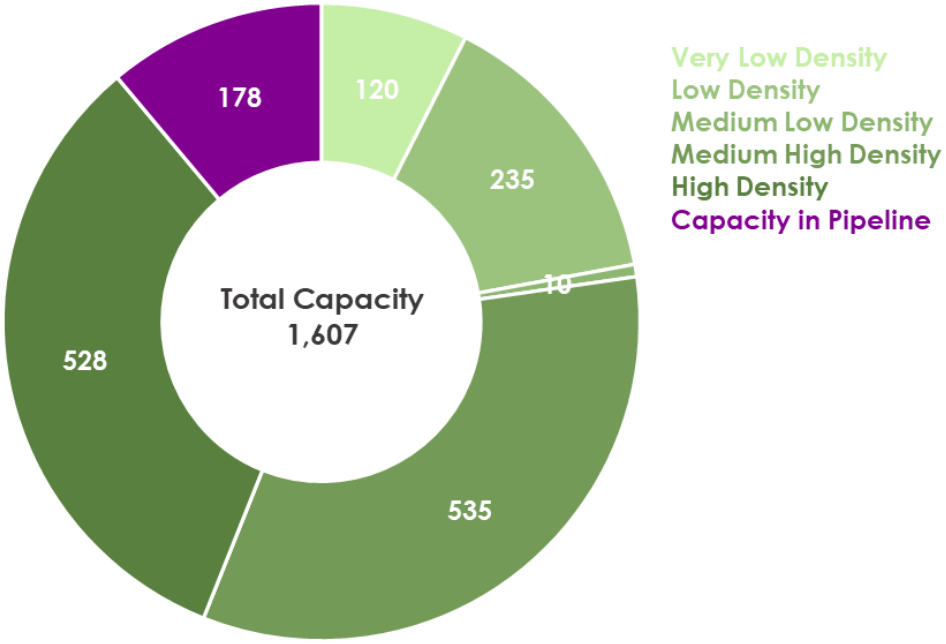
Exhibit 3. Projected Growth Targets and Capacity, 2018



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.

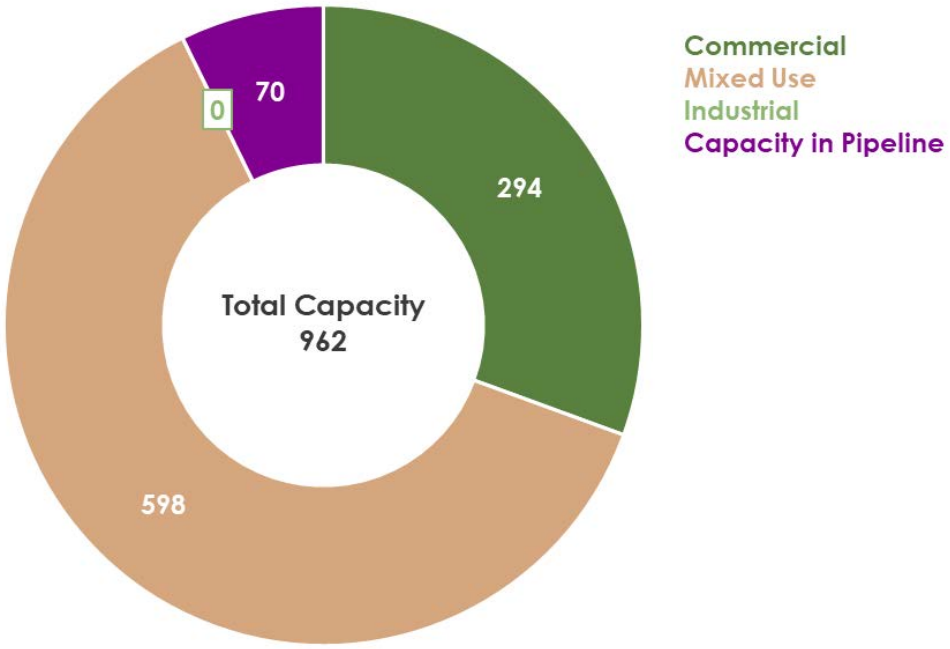
Exhibit 4. Housing Capacity by Density Level, 2018



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.

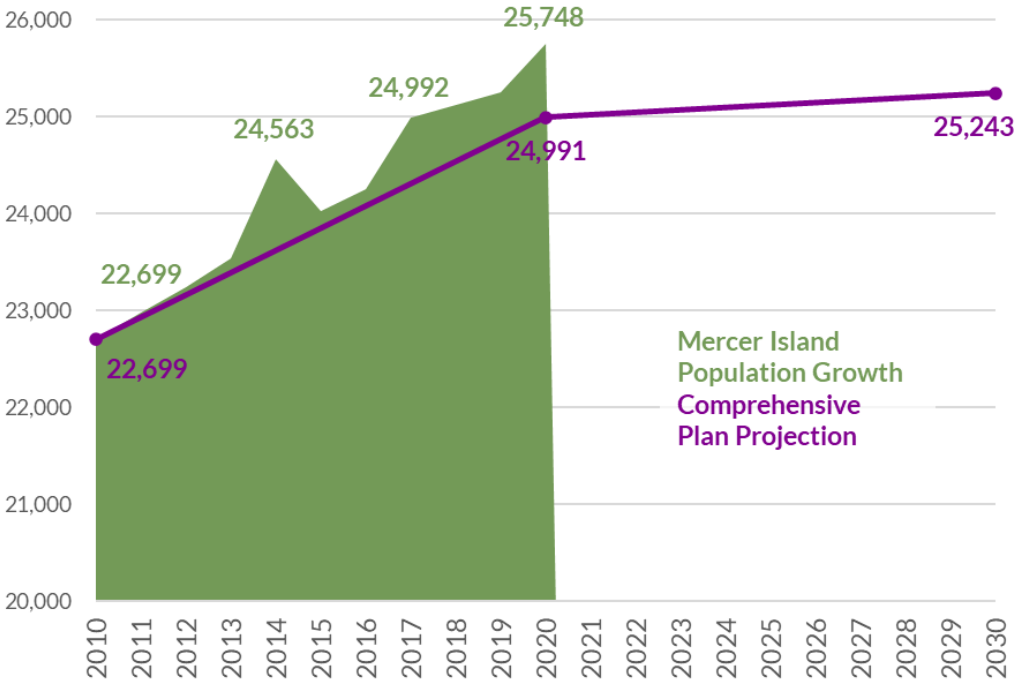
Population and Demographics

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

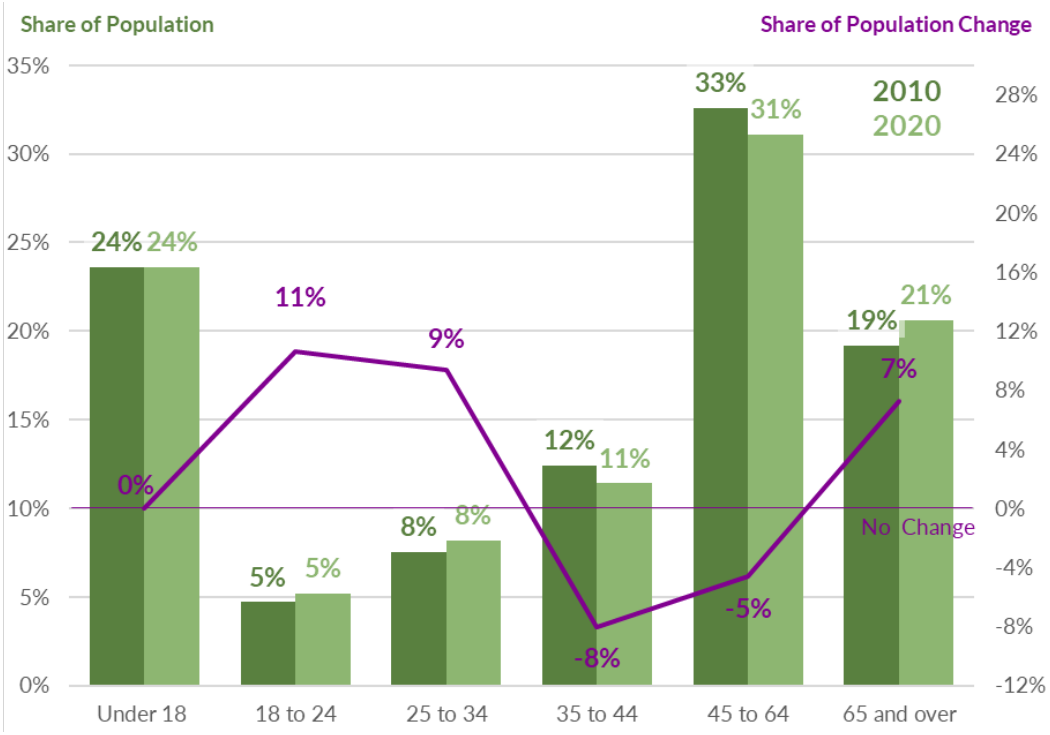
The median age of those living in Mercer Island was 46 in 2020, unchanged from a decade ago and higher than King County's median age of 37.[10] As shown in **Exhibit 5**, this correlates to a higher share of residents aged 45 and older in Mercer Island than in King County as a whole.

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]

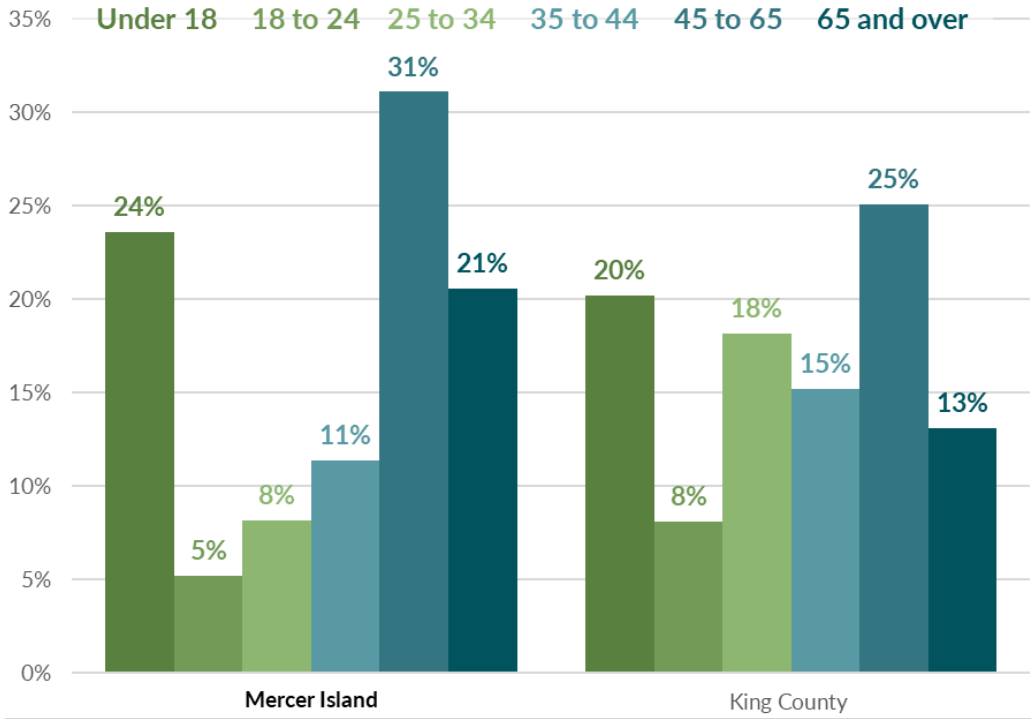
[10] United States Census Bureau American Community Survey, 2020 and 2010 5-Year Estimates.
[11] "Guidance for Developing a Housing Action Plan – Public Review Draft," Washington State Department of Commerce, June 2020.
[12] Ibid.

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



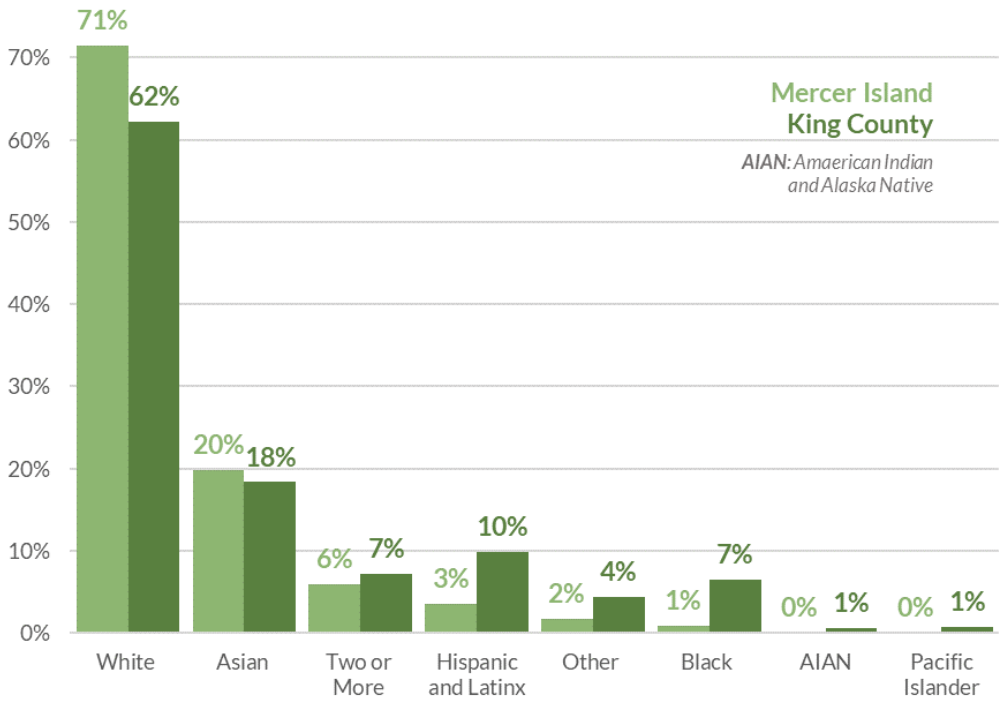
Source: American Community Survey, 2010, 2020; CAI, 2022.

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).

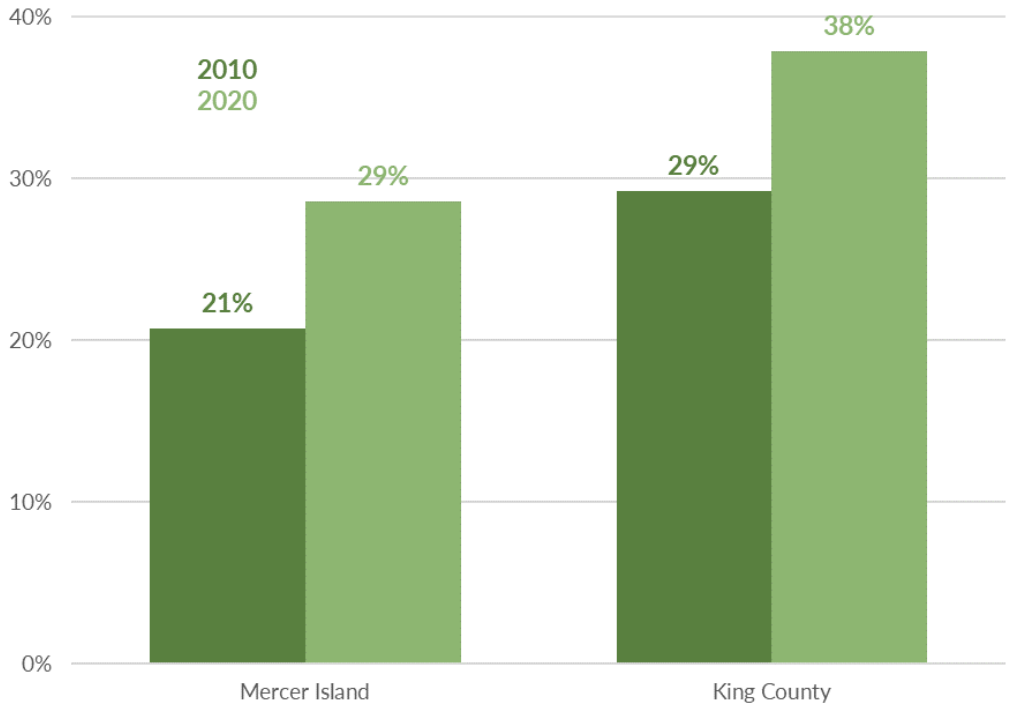
The number of residents who identify as Black, Indigenous, and people of color (BIPOC) has increased in both Mercer Island and King County. In 2010, 21% of Mercer Island residents identified as BIPOC, which increased to 29% – about one-third – in 2020 (Exhibit 11). Nearly 4 in 10 King County residents 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.

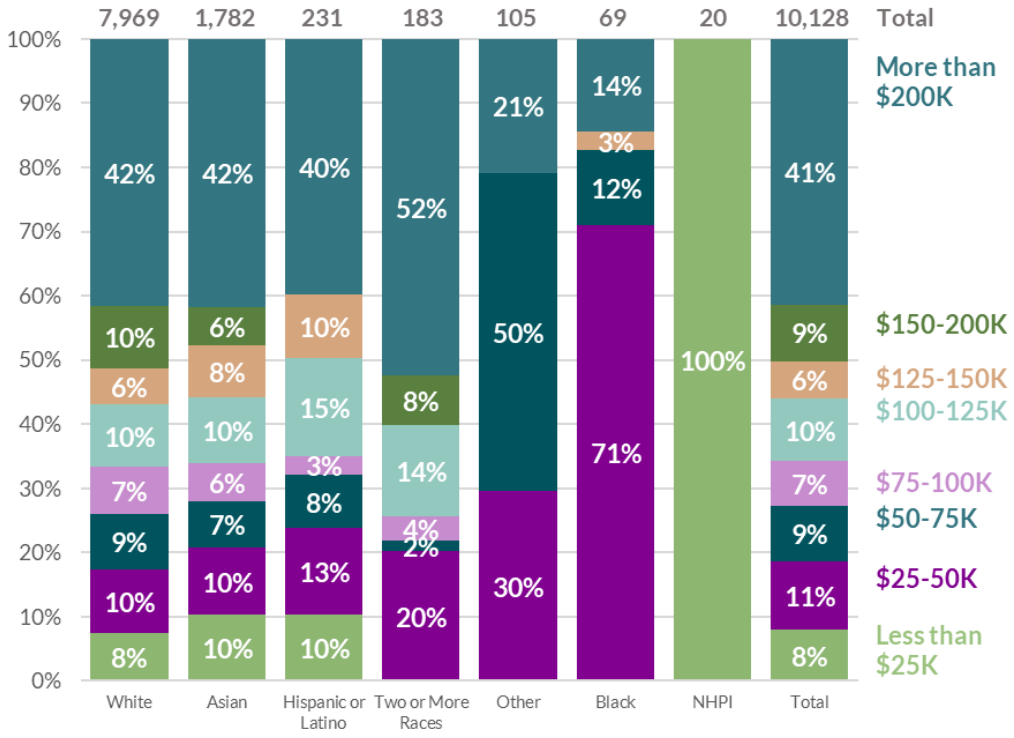
Household Characteristics

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



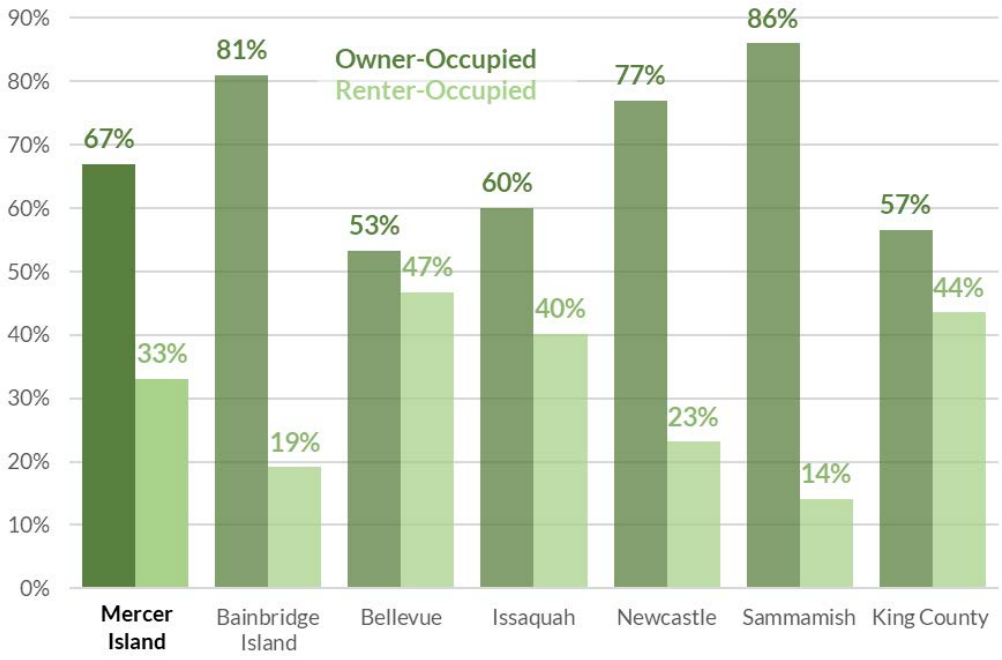
Source: King County Regional Homelessness Authority, 2022; CAI, 2022.

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.

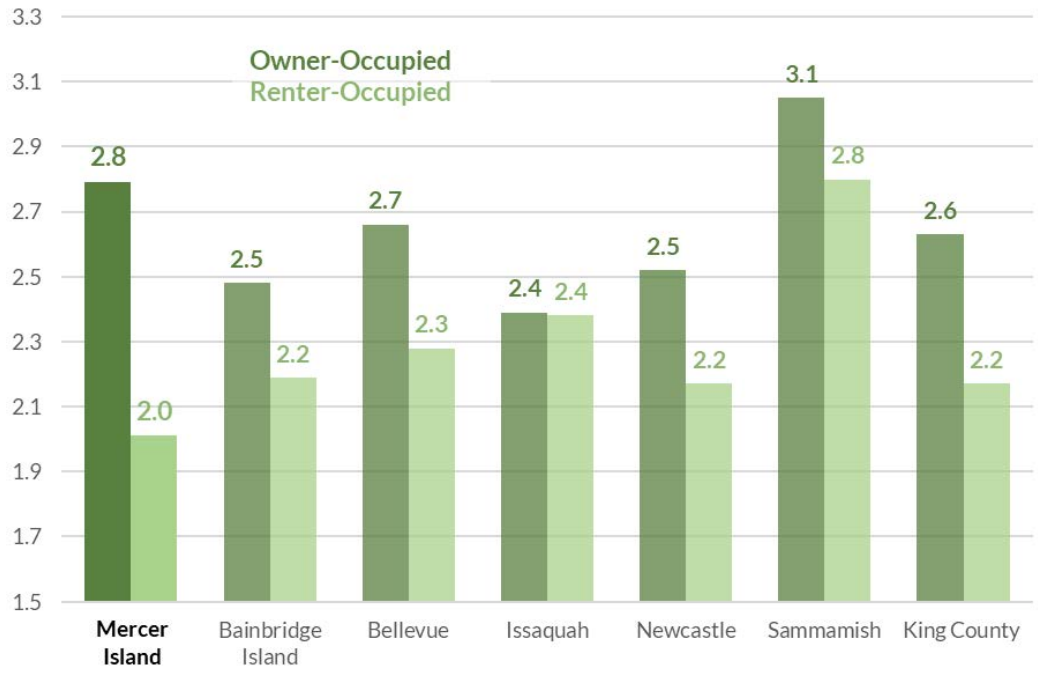
Mercer Island's household size increased slightly in the past decade

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



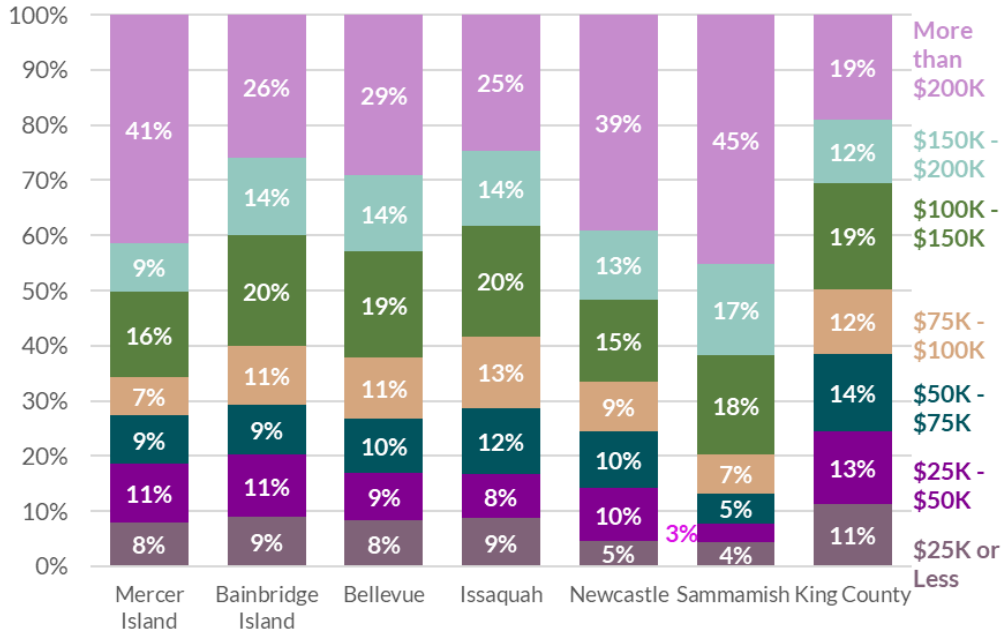
Source: American Community Survey, 2010, 2020; CAI, 2022.

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.

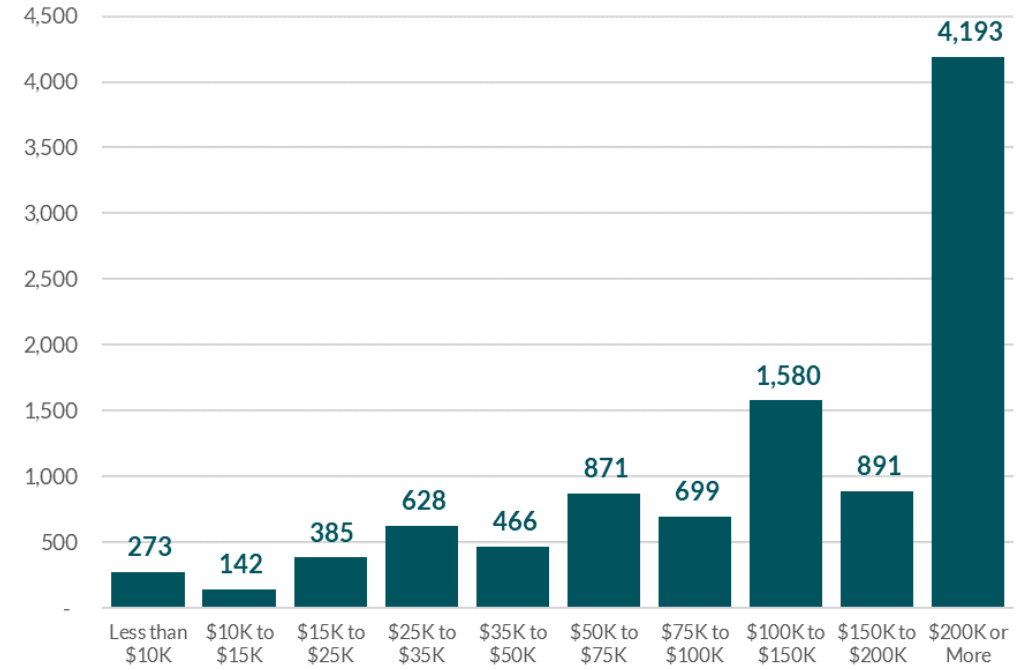
Mercer Island's median household income has increased by roughly 24% in the past decade, from $120,994 in 2010. The 2020 median income for Mercer Island is above King County's median income of $99,158. Mercer Island is a high-income community relative to the region. In comparison to neighboring cities 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.

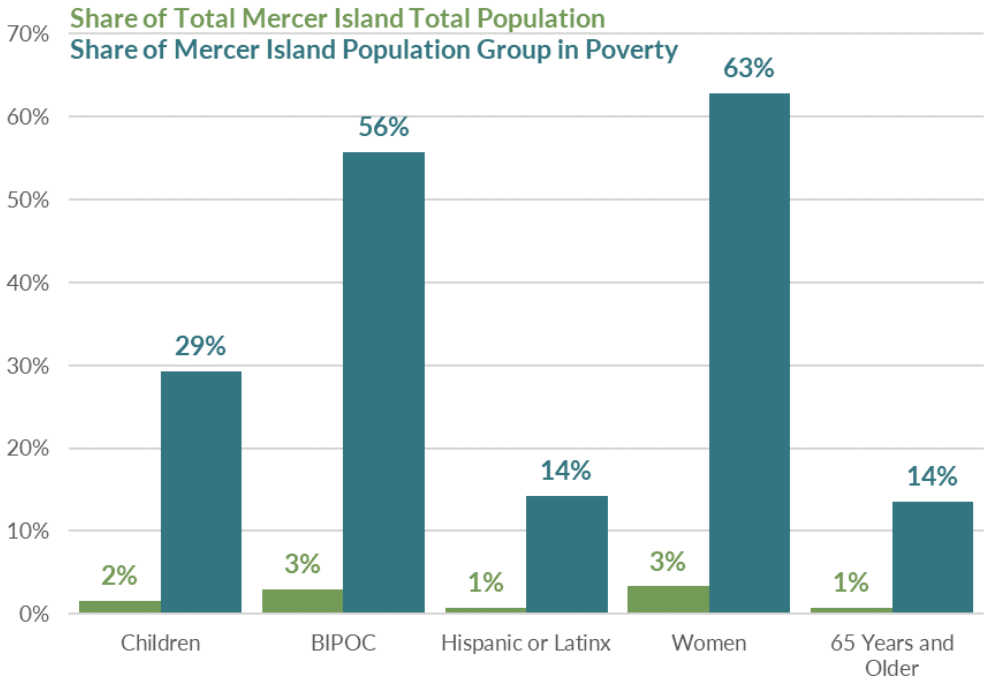
Exhibit 18. Number of Households by Income Level, Mercer Island, 2020



Source: American Community Survey, 2020; CAI, 2022.

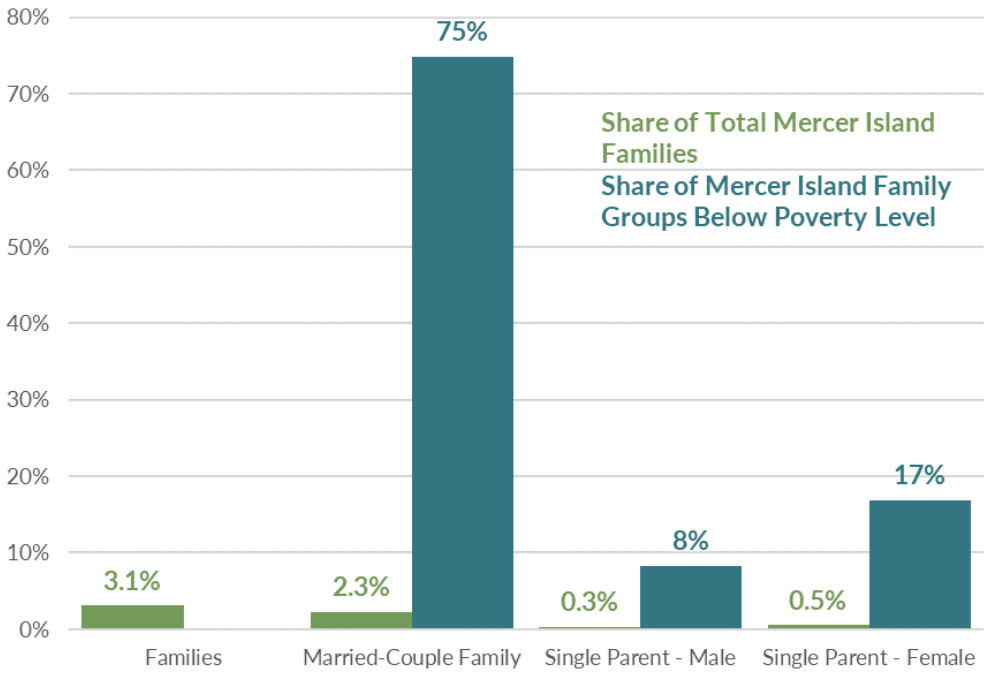
The number and demographics of Mercer Island's residents living at or below poverty level can be a useful indicator of potential household cost burden, access to jobs, and need for city services. Exhibits 19 and 20 show two data points for certain groups of peoples and family types. One data point (green 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.

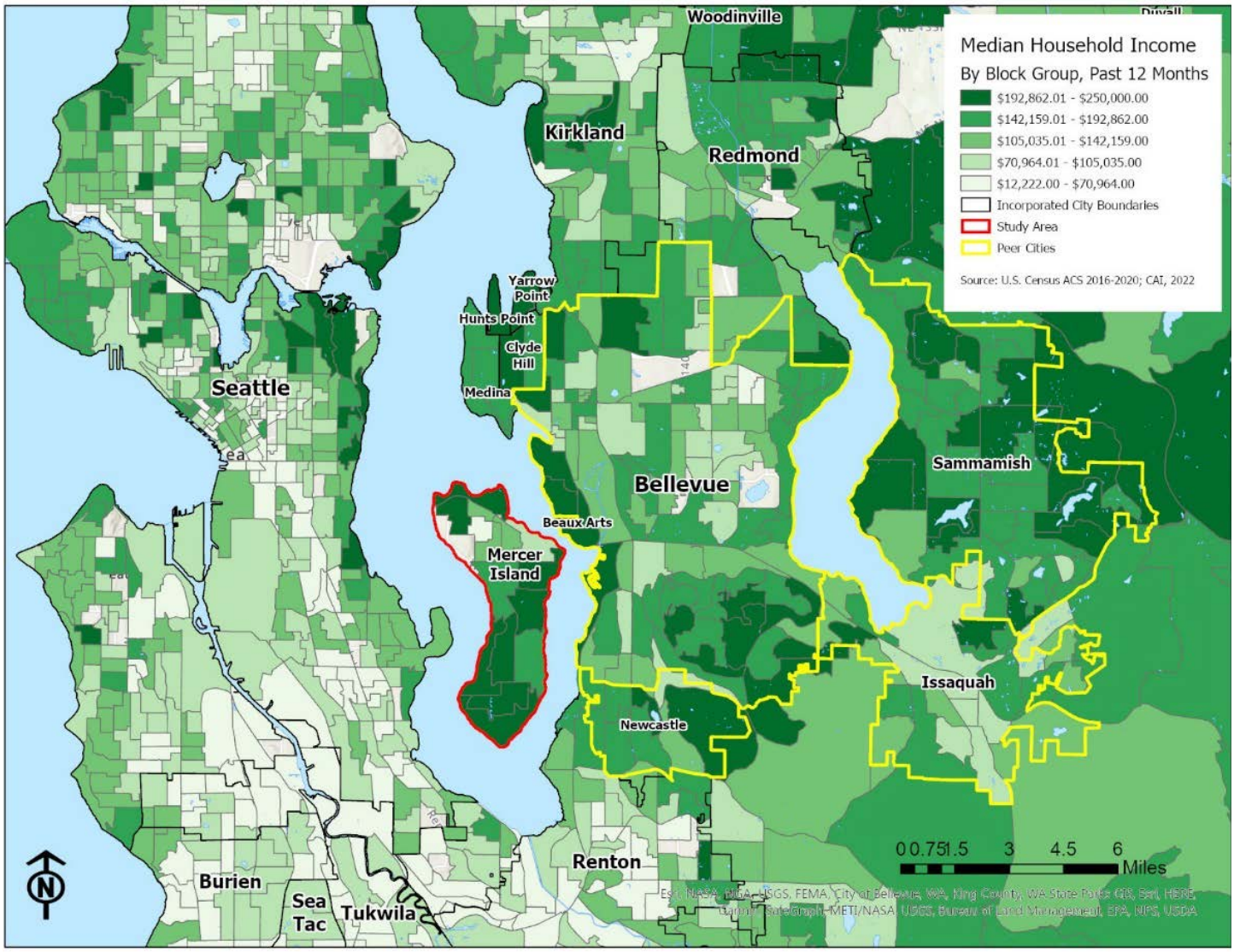
Exhibit 20. Families Living Below Poverty Level in Last 12 Months, Mercer Island, 2020



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

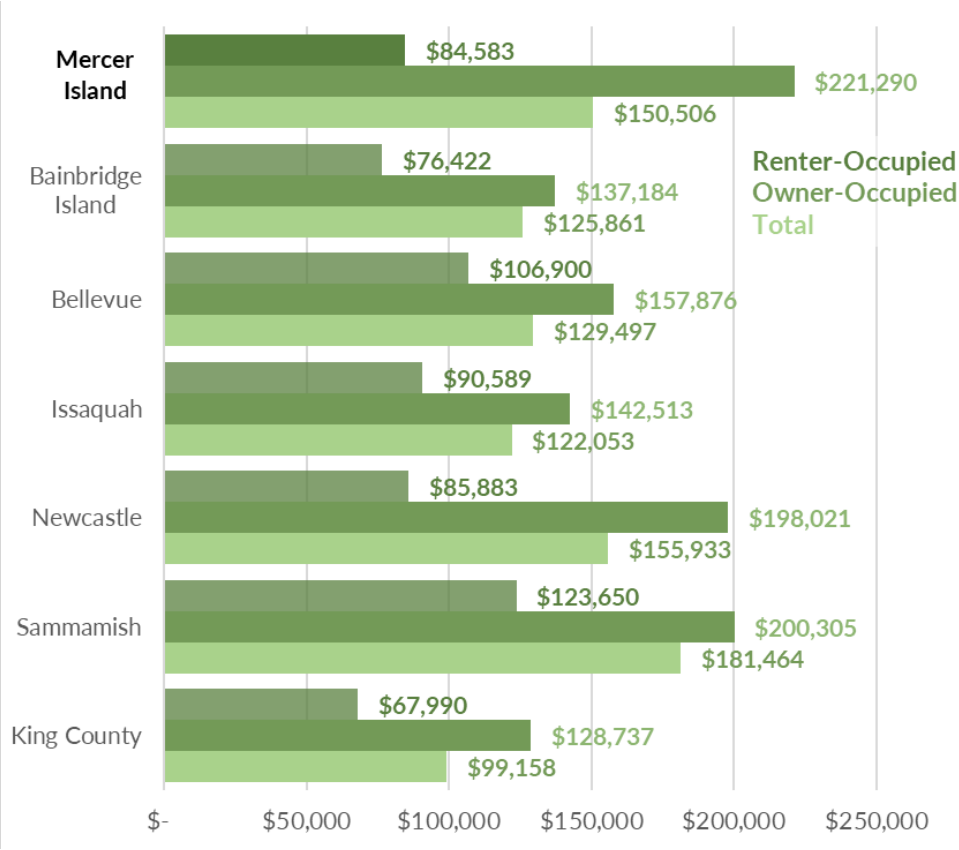


Source: U.S. Census ACS, 2016-2020; Community Attributes, 2022.

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.

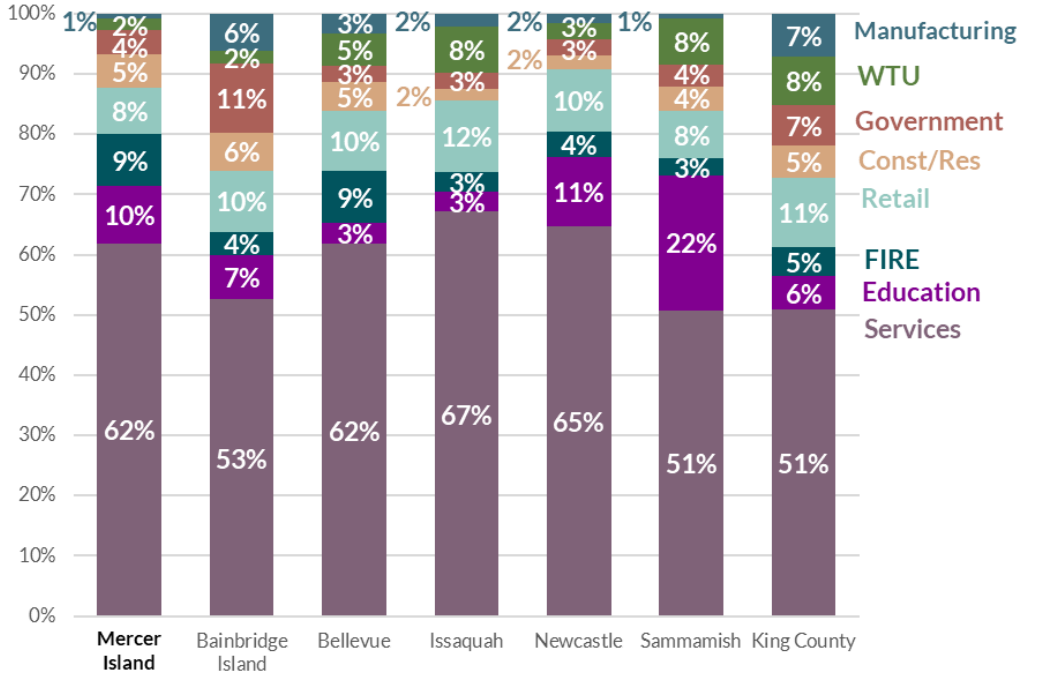
Services account for a large share of all employment in Mercer Island

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.

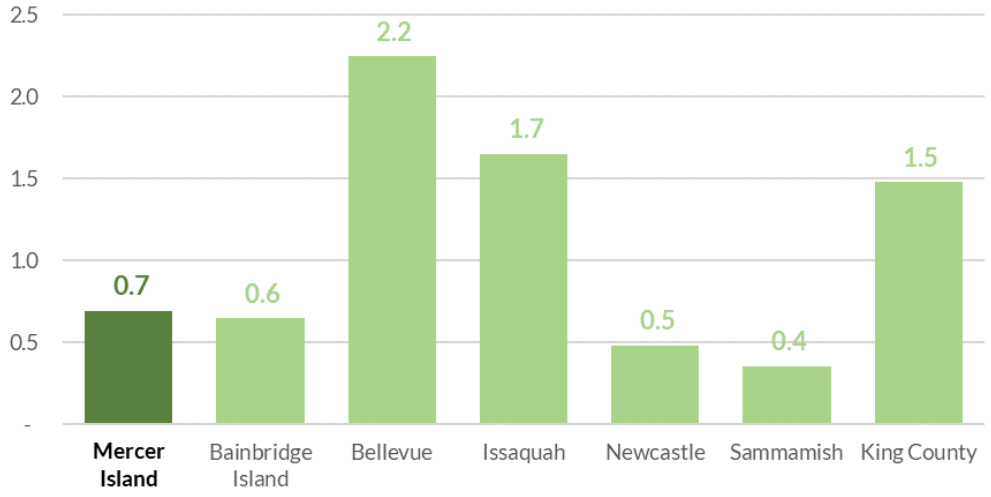
[16] Puget Sound Regional Council, City Employment 2010 and 2020.

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



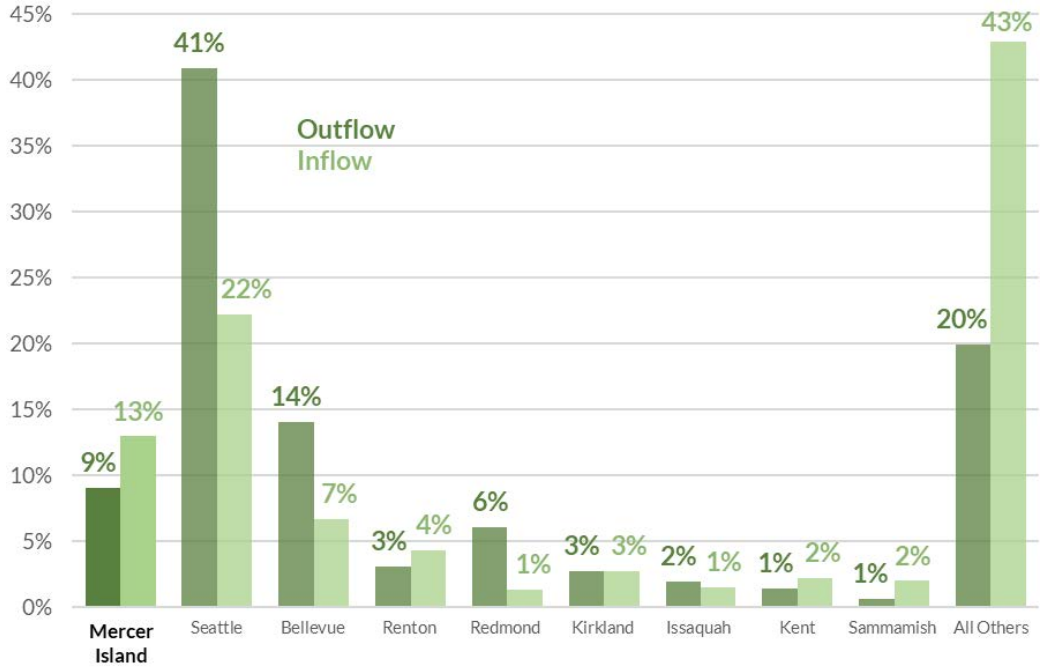
Source: Puget Sound Regional Council, 2020; Washington Office of Financial Management, 2020; CAI, 2022.

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.

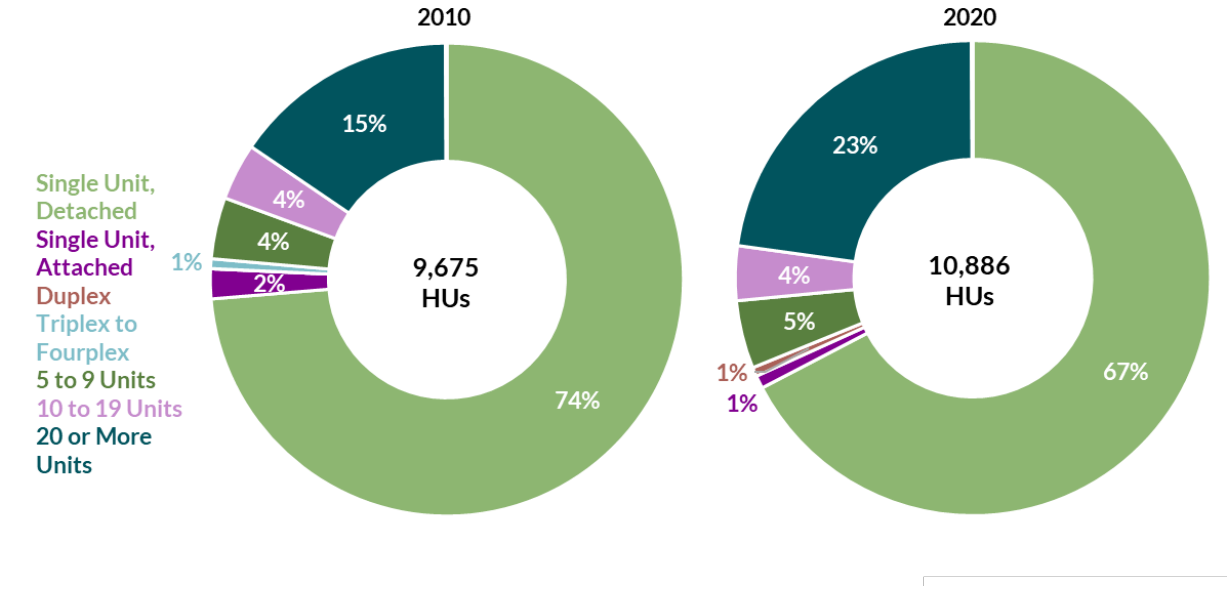
Housing Stock

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.

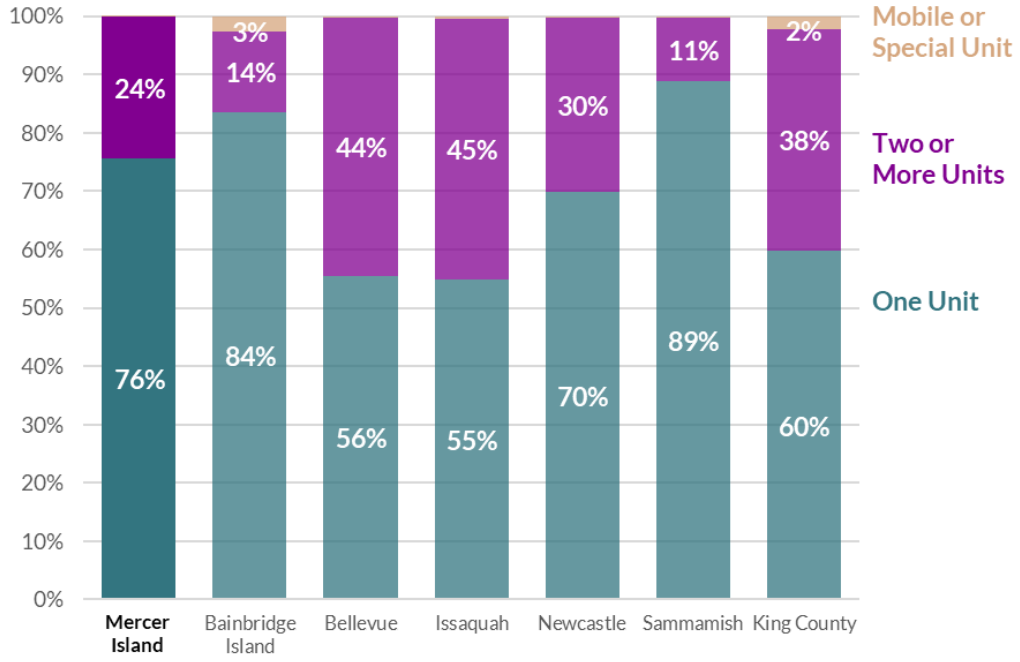
Compared to King County and its neighbors, Mercer Island has a high share of single-family housing units than multifamily units (Exhibit 27). 76% of Mercer Island homes include one unit, compared to 60% of King County. This distribution is comparable to Bainbridge Island and Sammamish, while the cities 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.

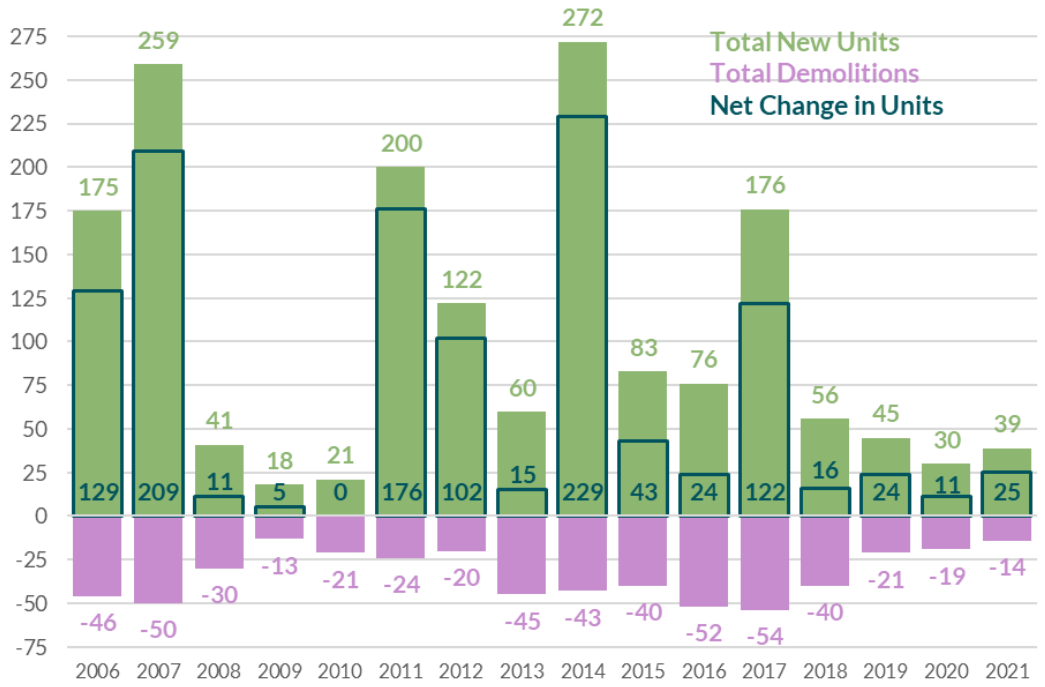
Exhibit 27. Share of Housing Unit Typology, Mercer Island and Peers, 2020



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.

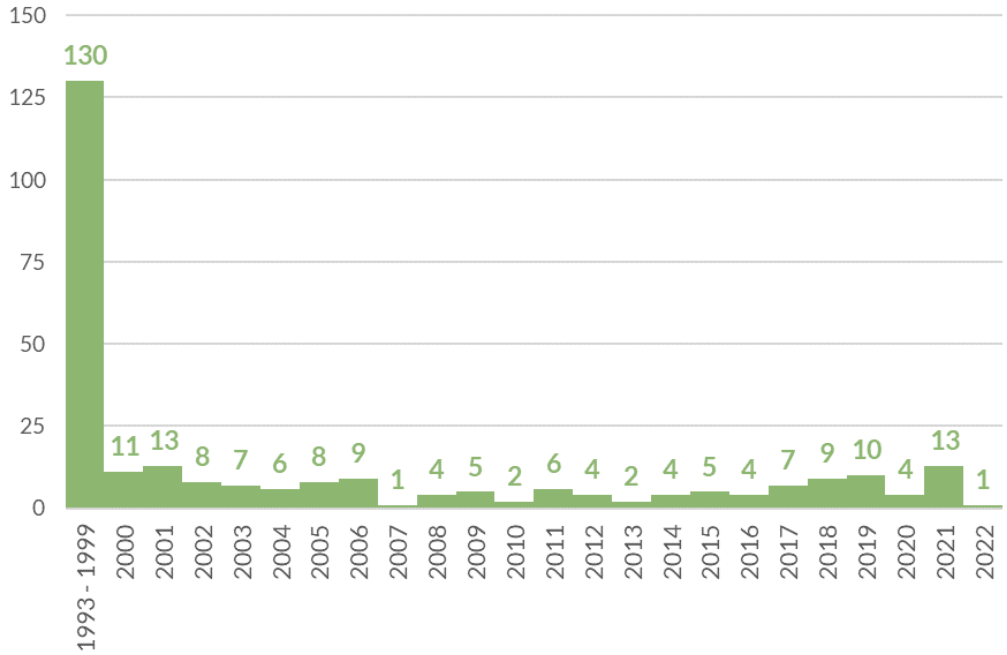
Exhibit 28. Net New Units, Mercer Island, 2006 to 2021



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

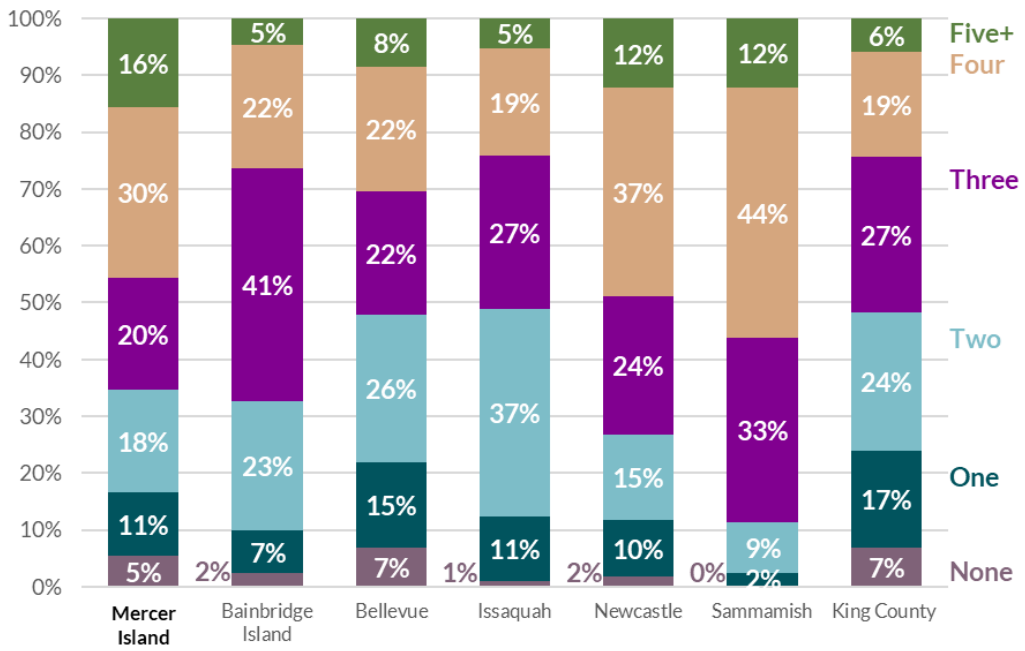


Source: Mercer Island Comprehensive Plan, 2012; My Building Permit, 2022; CAI, 2022.

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



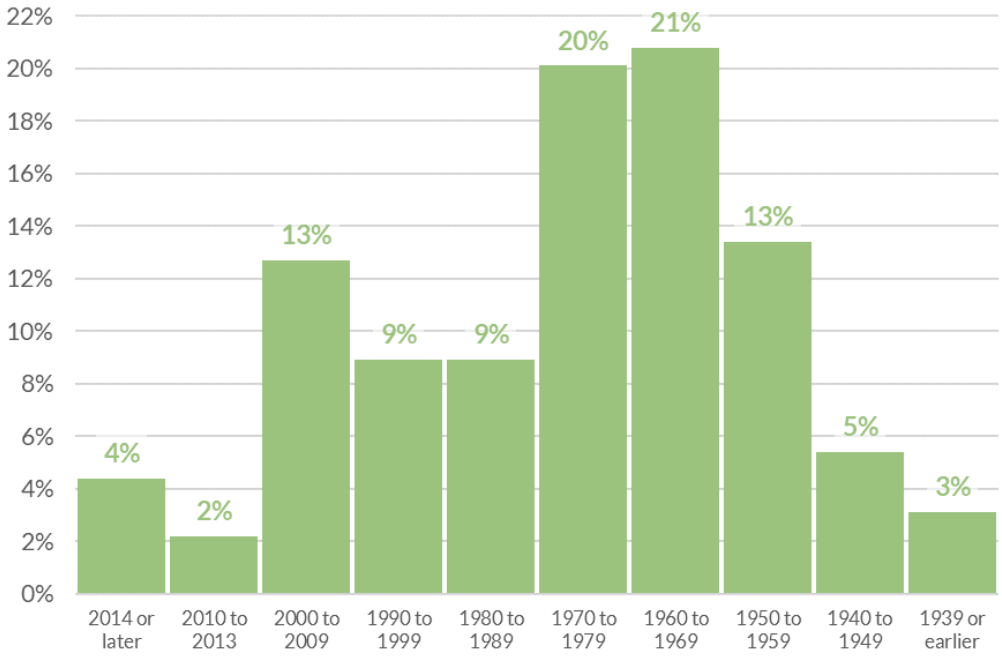
Source: American Community Survey, 2010, 2020; CAI, 2022.

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.

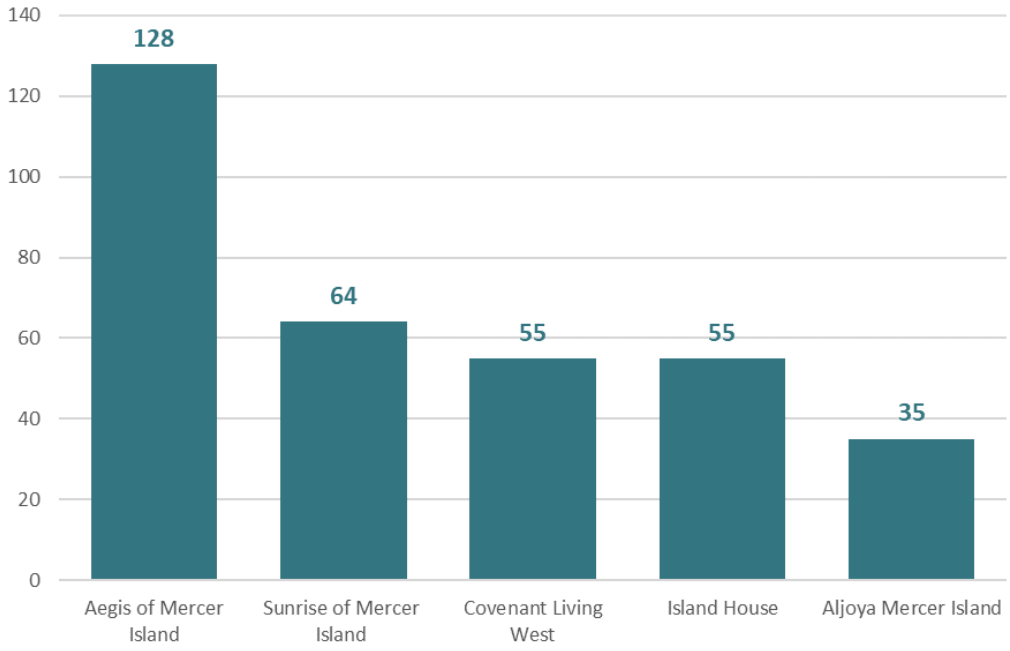
A number of Mercer Island facilities that provide housing to seniors, including retirement, assisted, independent, and medical living models, are registered with the Washington State Department of Social and Health Services. At least 337 beds are available at five facilities, shown in Exhibit 32. Note 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.

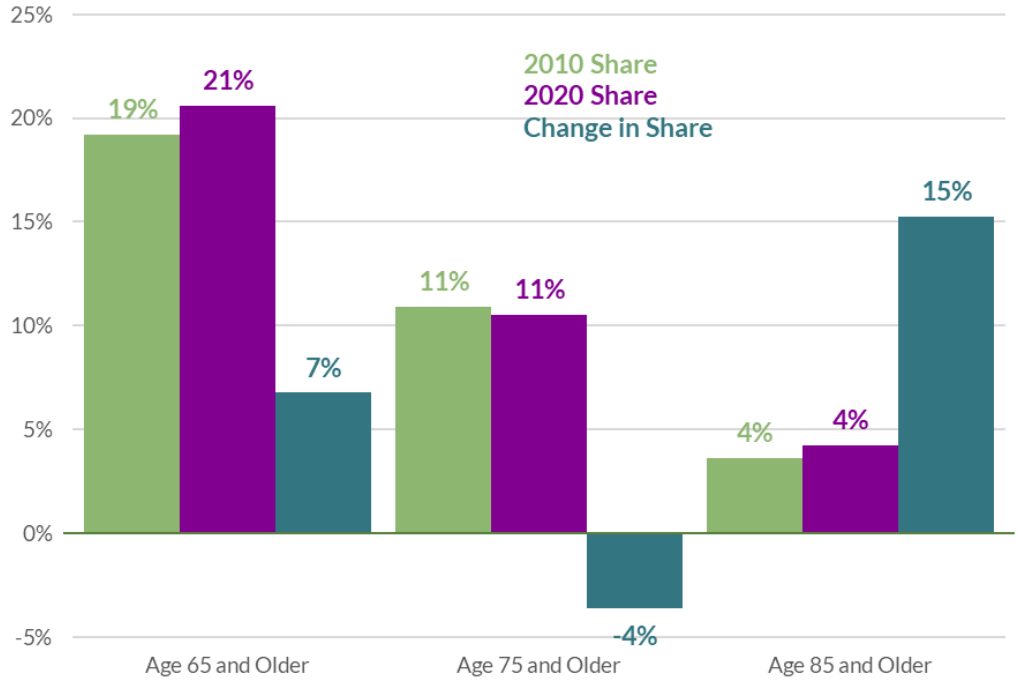
assisted living services, these numbers are much higher than the 337 available beds on Mercer Island.

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

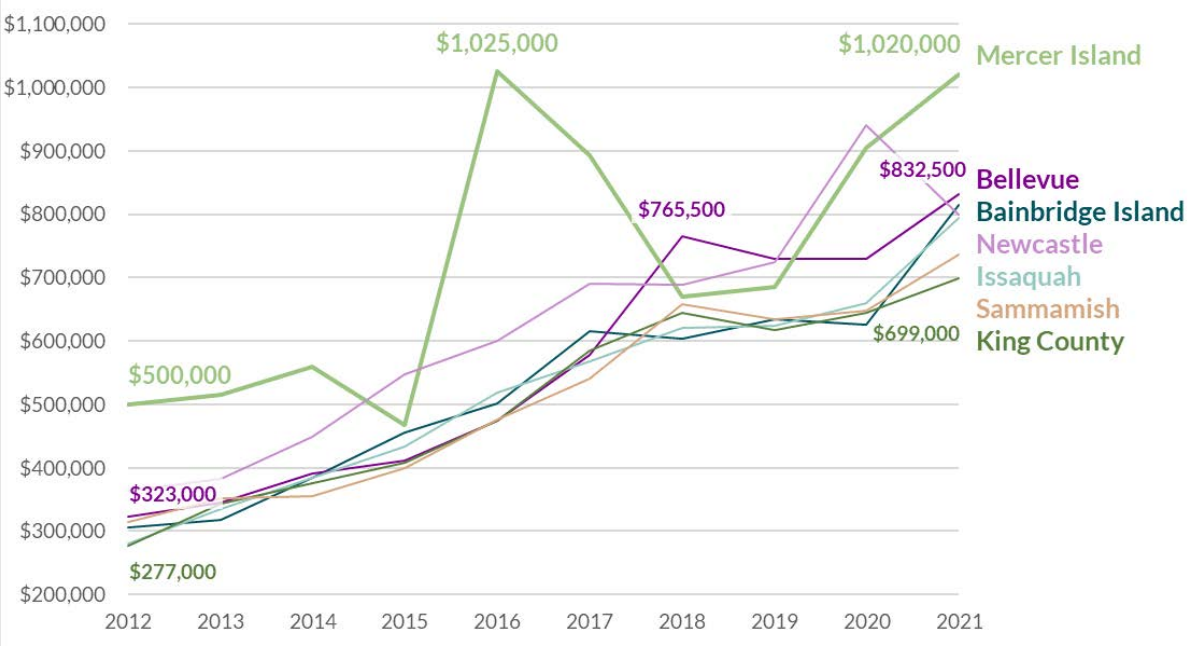
Mercer Island's median home price more than doubled from 2012 to 2021 and is currently more than $1 million, the most expensive of selected peer cities (Exhibit 34). This growth is comparable to other cities in the county. Newcastle's median sale price nearly tripled and Bellevue's more than doubled. 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

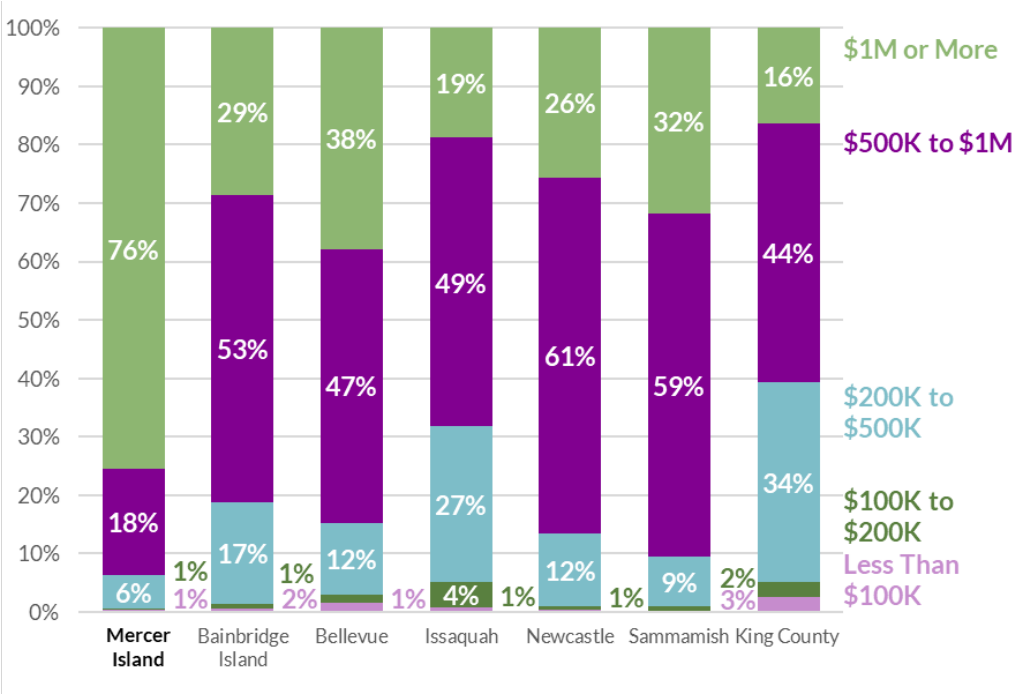


Source: Redfin, 2022; CAI, 2022.

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

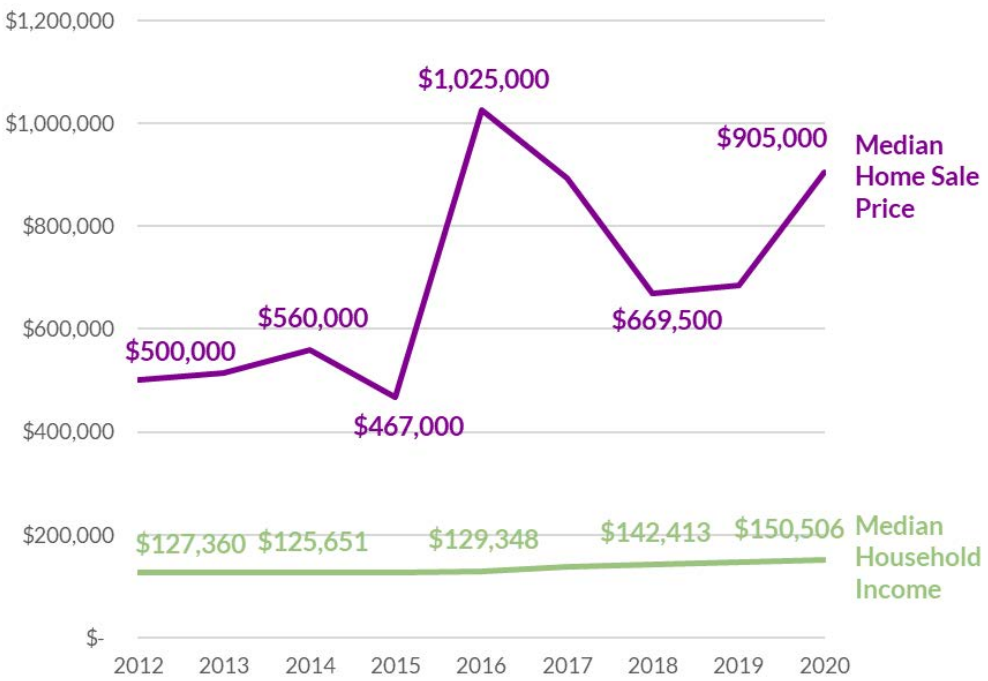


Source: American Community Survey, 2010, 2020; CAI, 2022.

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

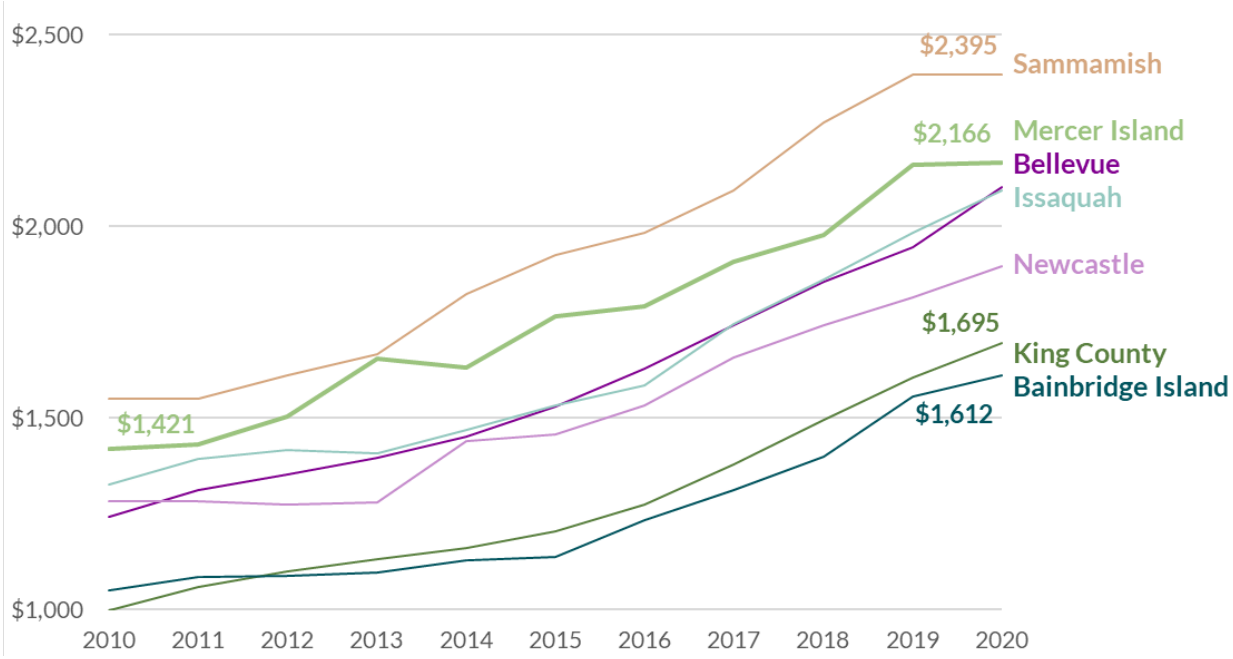


Source: Redfin, 2022; ACS, 2020; CAI, 2022.

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.

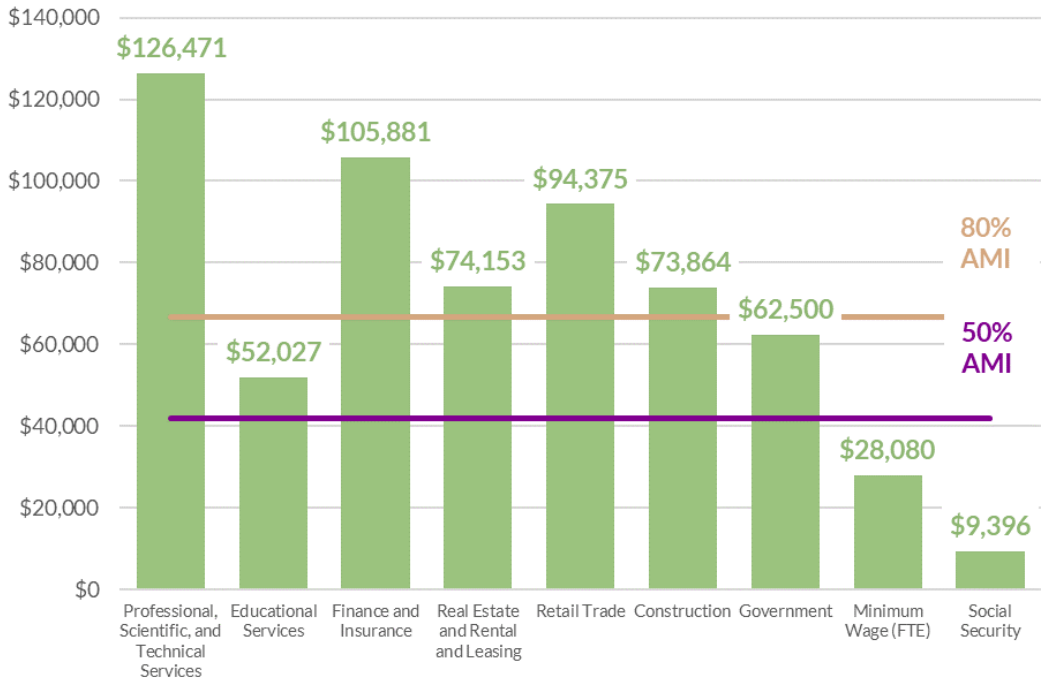
Exhibit 39. HUD Household Income Limits, Seattle-Bellevue HUD Metro FMR Area, 2021

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

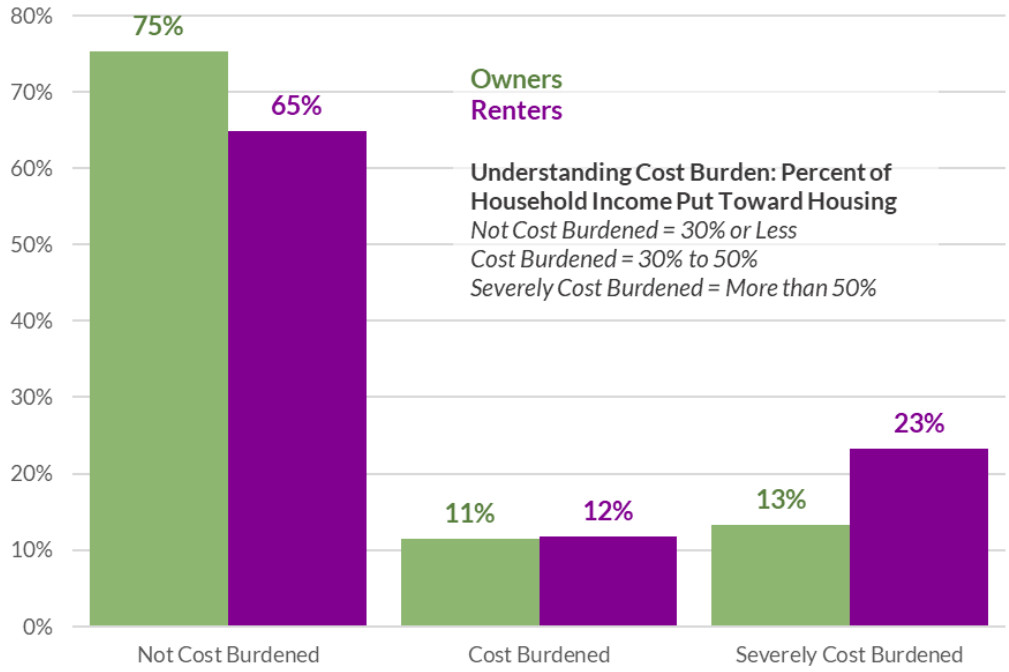


Sources: HUD, 2020; US Census Bureau 5-year Estimates ACS, 2016-2020; Social Security Administration, 2020; Washington State Department of Labor & Industries, 2020; Community Attributes Inc., 2022.

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.

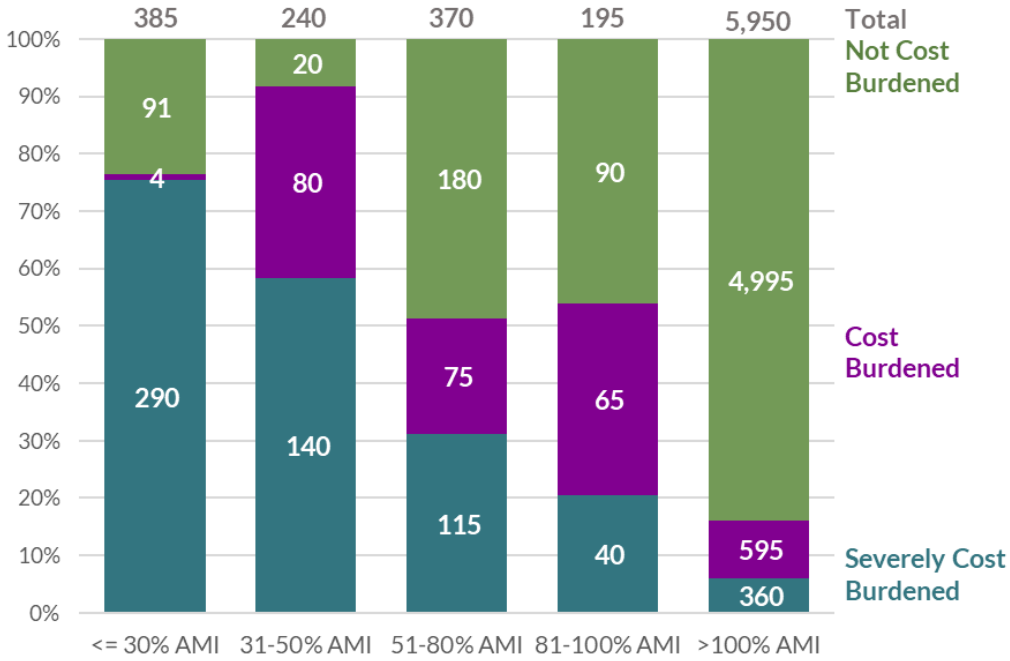
Severe cost burden is borne by both very low- and very high-income homeowners. Most low-income renters are severely cost burdened.

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.

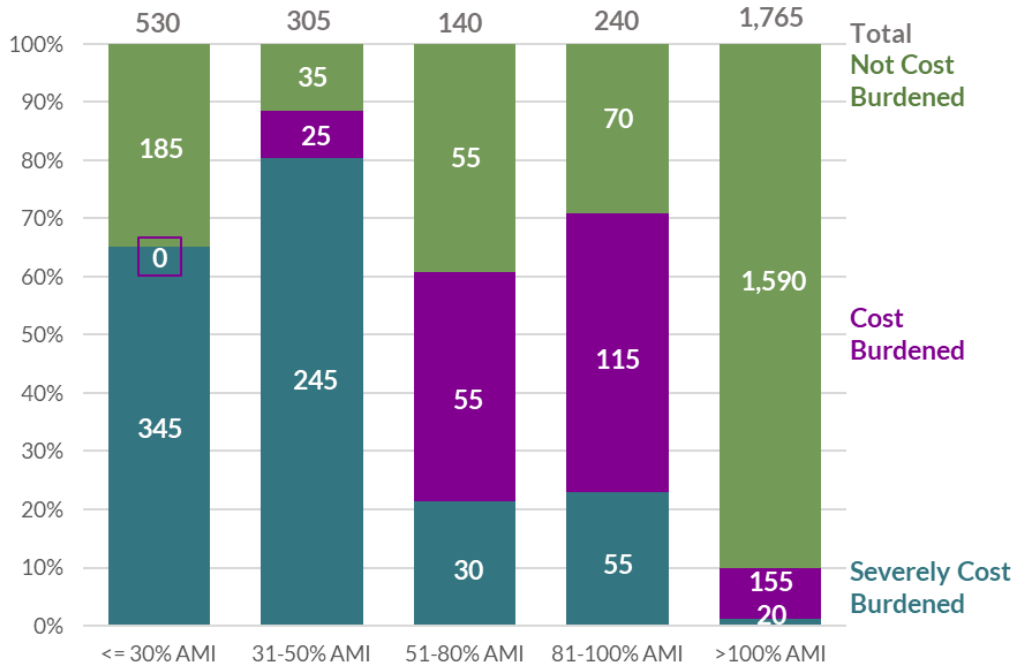
A majority of the City's low-income renting households are severely cost burdened (Exhibit 43). A small fraction of the city's high-income renters are cost burdened. Severe cost burden is most prevalent in rental households earning less than or equal to 50% of area median income and tapers off significantly 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

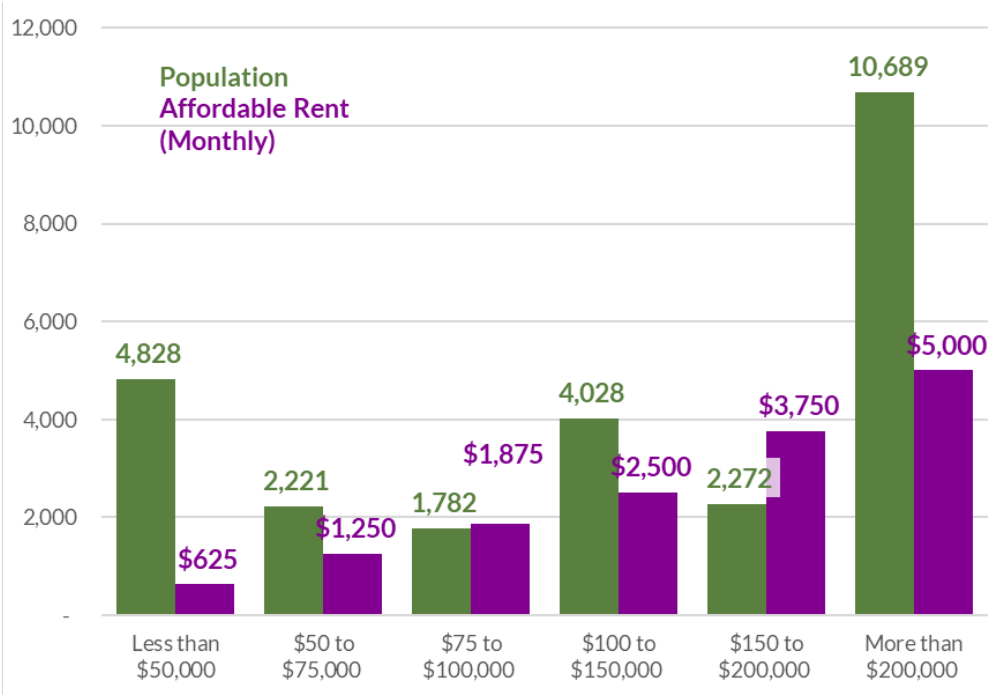


Sources: HUD CHAS, 2014 – 2018; Community Attributes Inc., 2022.

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:

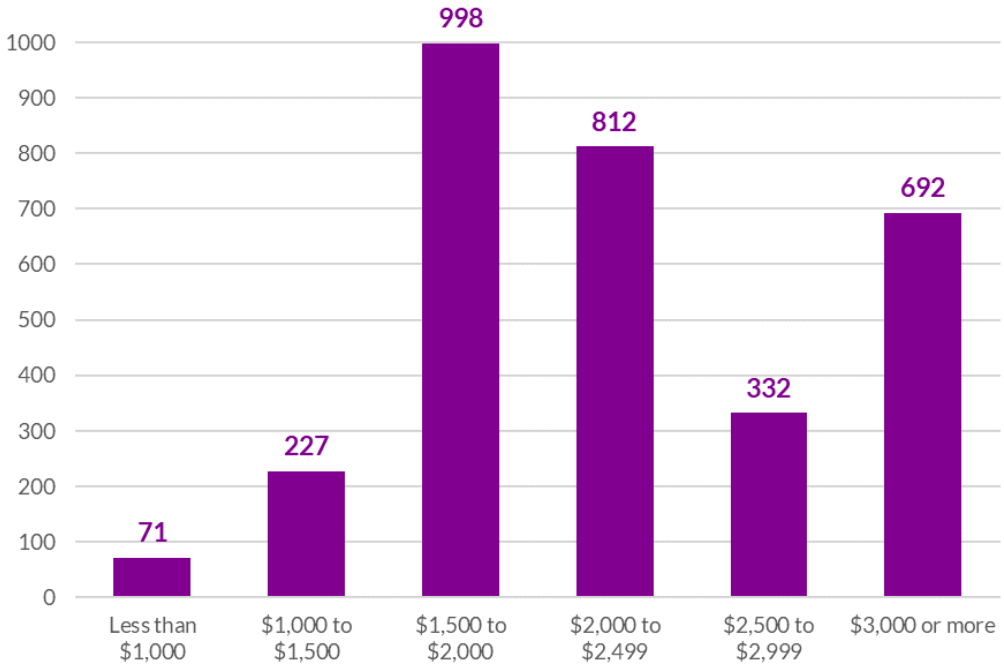
- **Grace Place** (formerly Ellsworth House) offers 59 units to people aged 62 and older earning less than 50% AMI.
- **Hadley Apartments** offers 13 units to those earning less than 70% AMI.
- **Island Crest Apartments** offers 30 units to low income families, seniors, and persons experiencing a disability.[20]

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

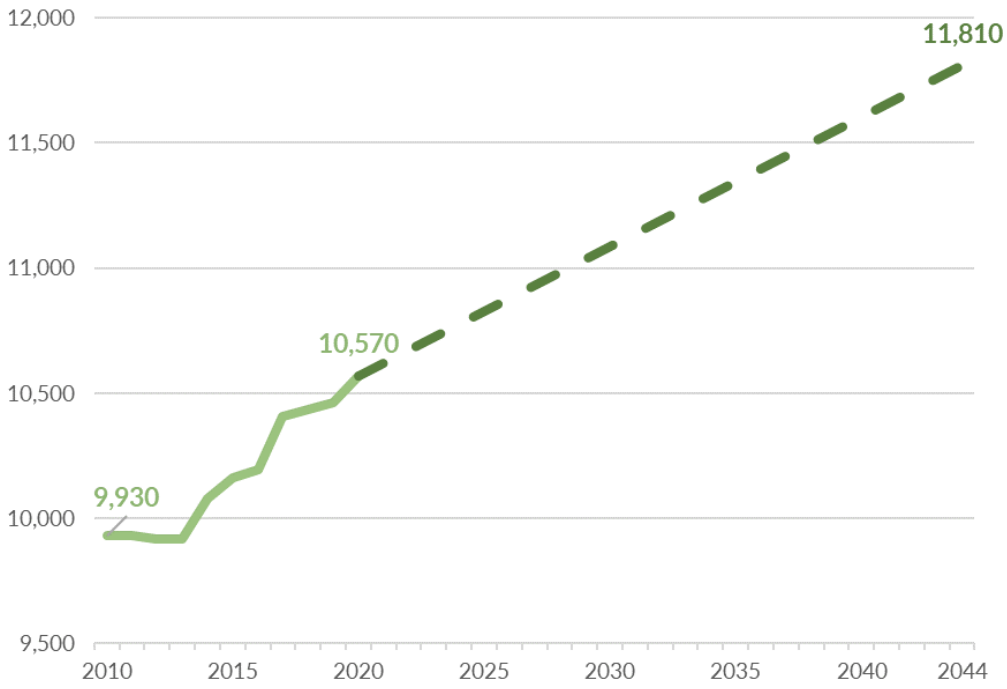
In 2021, the Washington State Legislature passed House Bill 1220 (HB 1220) and amended the Growth Management Act. This amendment, signed into law in May, instructs local governments to "plan and accommodate" for housing affordable to all income levels.[22] The requirements of HB 1220 spurred new guidance 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

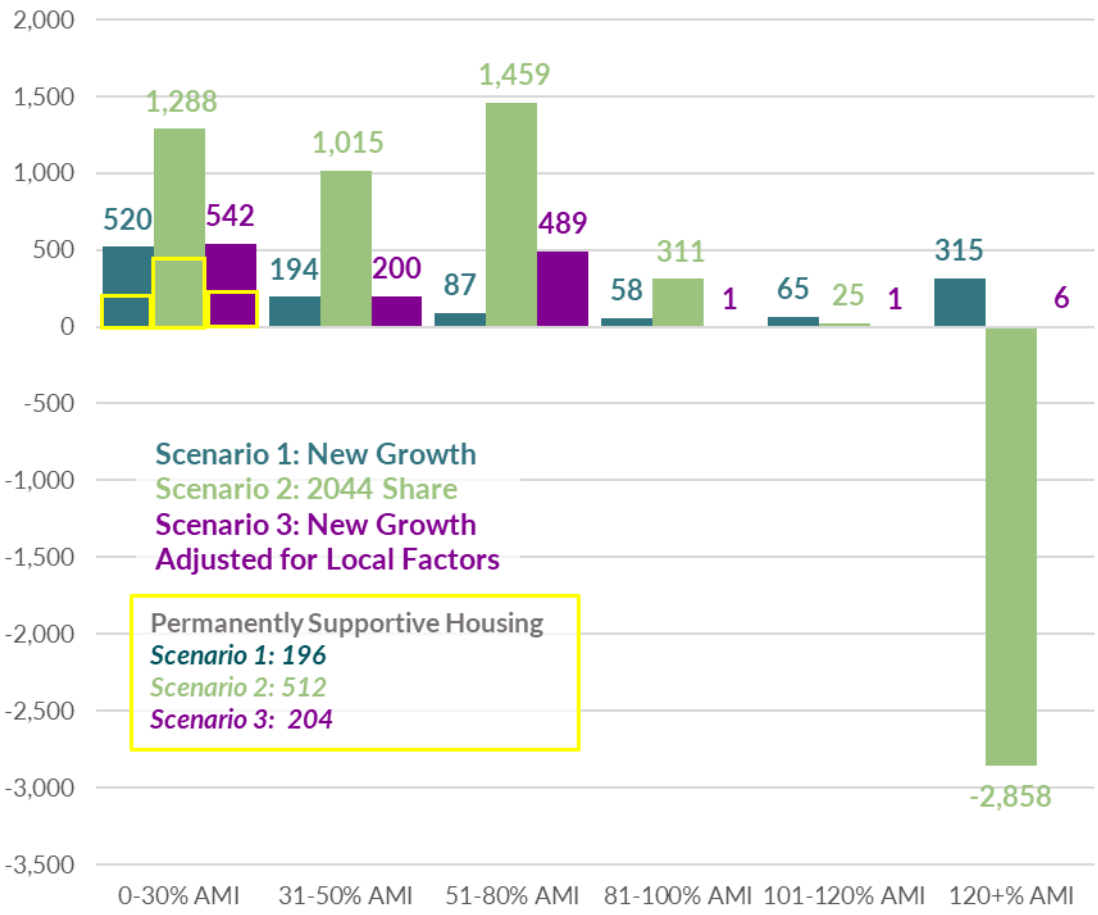
Scenarios 1, 2, and 3 were produced by the King County Department of Community and Human Services, using a version of the Department of Commerce's Housing Needs Allocation Tool. Exhibit 47 shows the distribution of affordability of housing units based on scenarios 1-3 using the GMA's 2044 new housing 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.

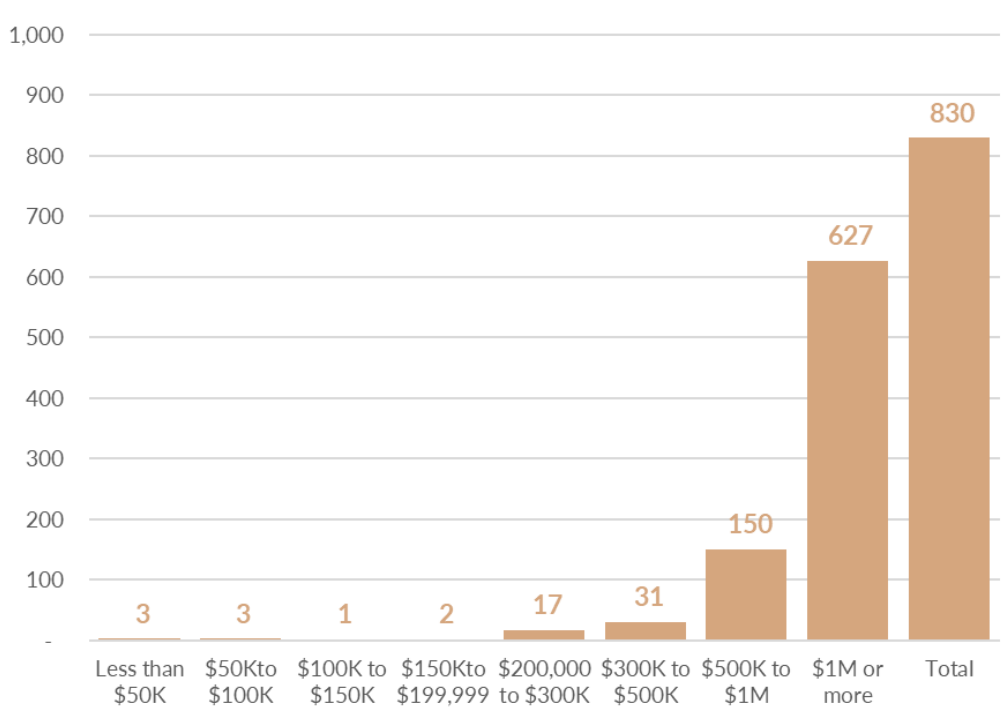
Scenario 4: Status quo distributes new housing units by housing unit price. As there is variability in housing costs and price depending on the tenure of the householder, Exhibit 48 and Exhibit 49 further distinguish housing unit price by owner- and renter-occupied units.

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.

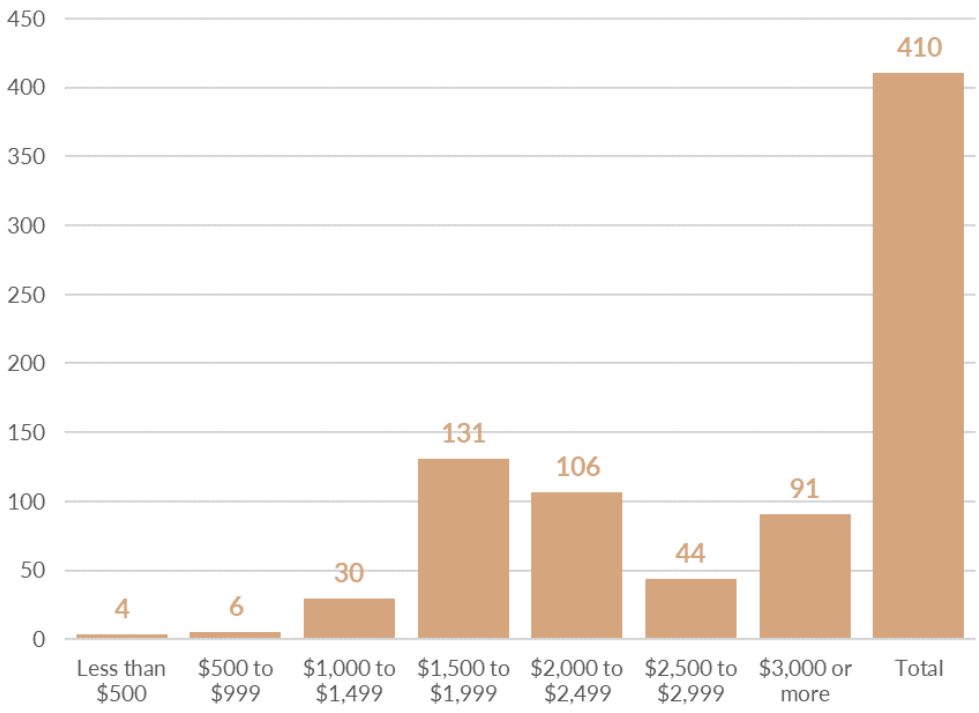
Exhibit 49 shows the distribution of renter-occupied households based on the current share of rental value. 410 of the 1,240 projected new units will be occupied by renters. Of those 410, nearly 60% will rent for between $1,500 and $2,500 per months. 91 units will cost more than $3,000 per months. Less 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.

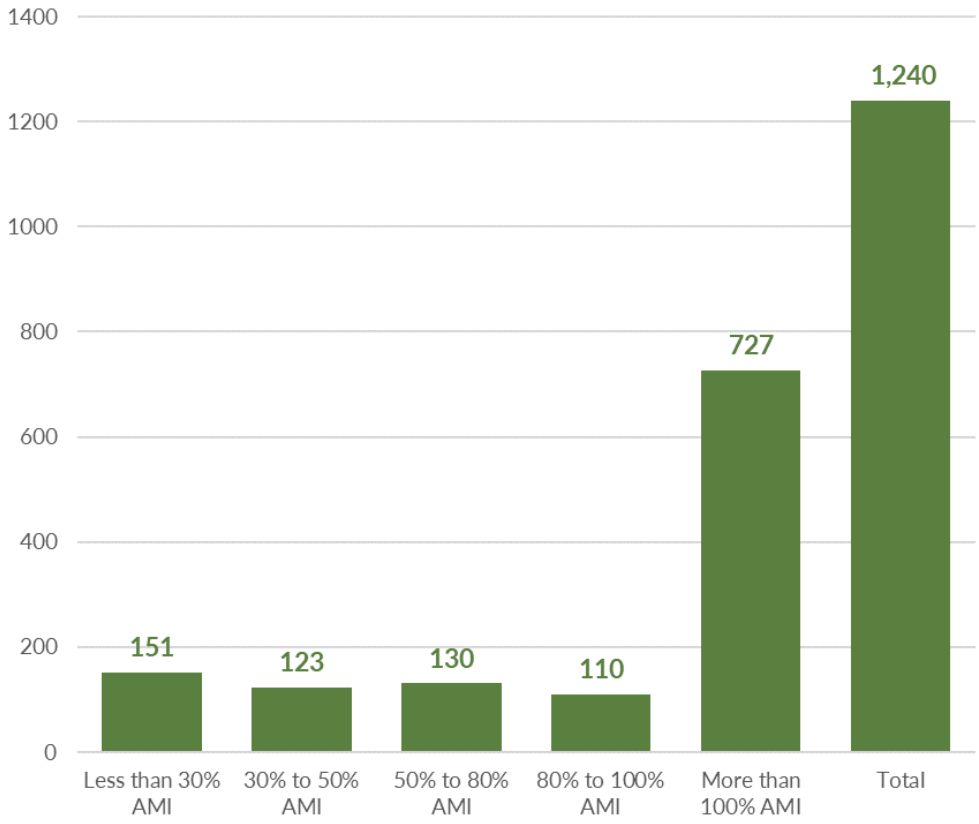
Exhibit 49. Future Housing Need Scenario 4 (Renter-Occupied Units), Mercer Island, 2044



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.

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.

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.

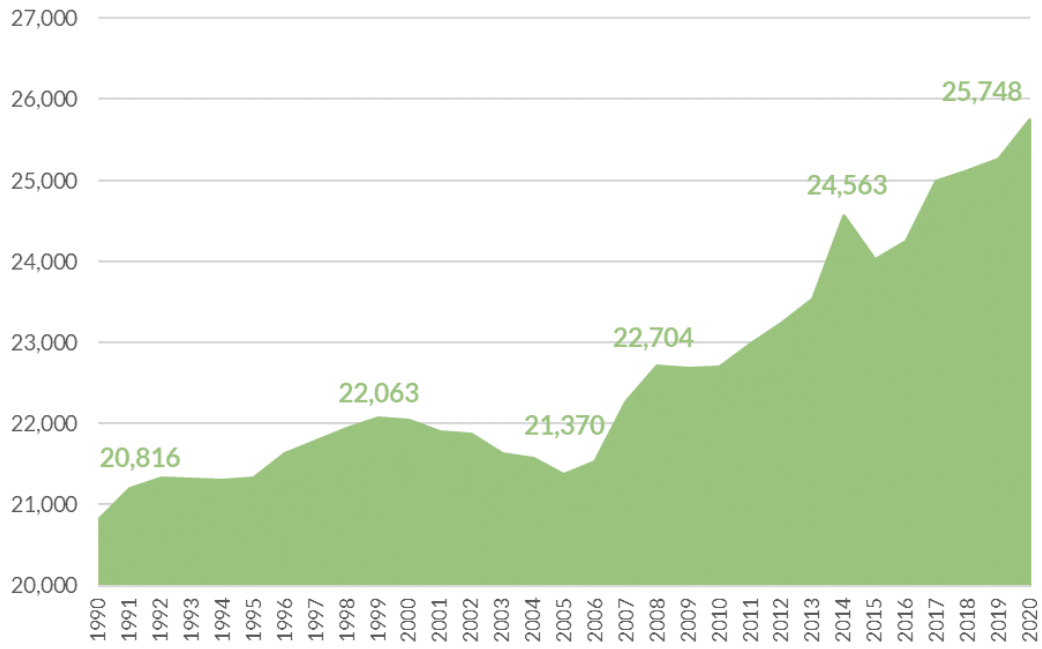
- **Mercer Island's economy is anchored by professional, technical, and scientific services**. These are some of the highest paid professions. According to the Washington State Employment Security Division, these jobs are typically more resilient in recessions or other times of economic duress, like 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.

EXISTING CONDITIONS AND TRENDS

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



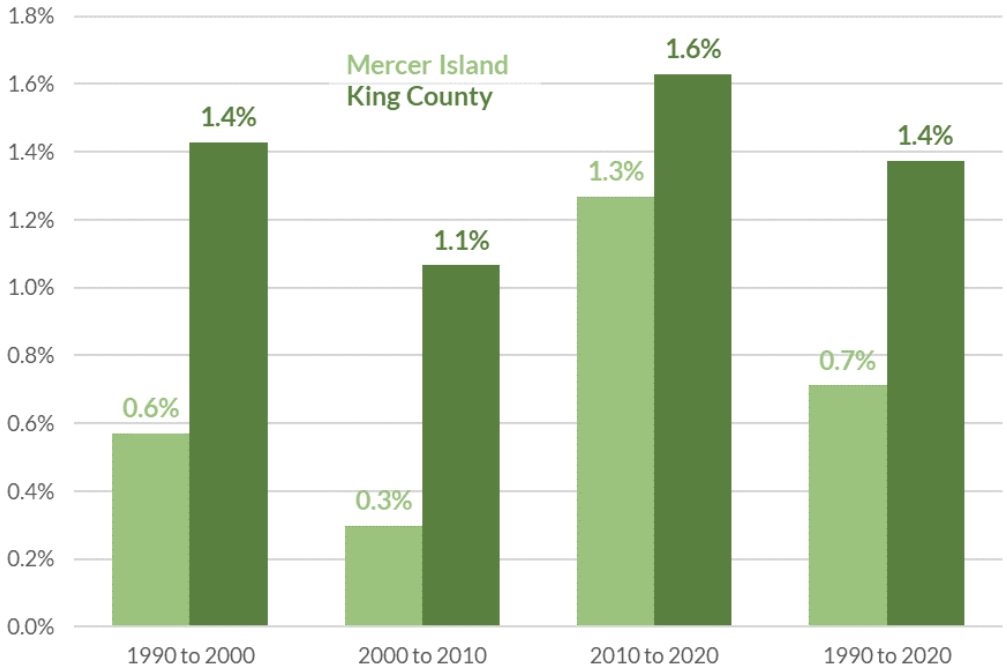
Source: Washington Office of Financial Management, 2020; CAI, 2022.

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



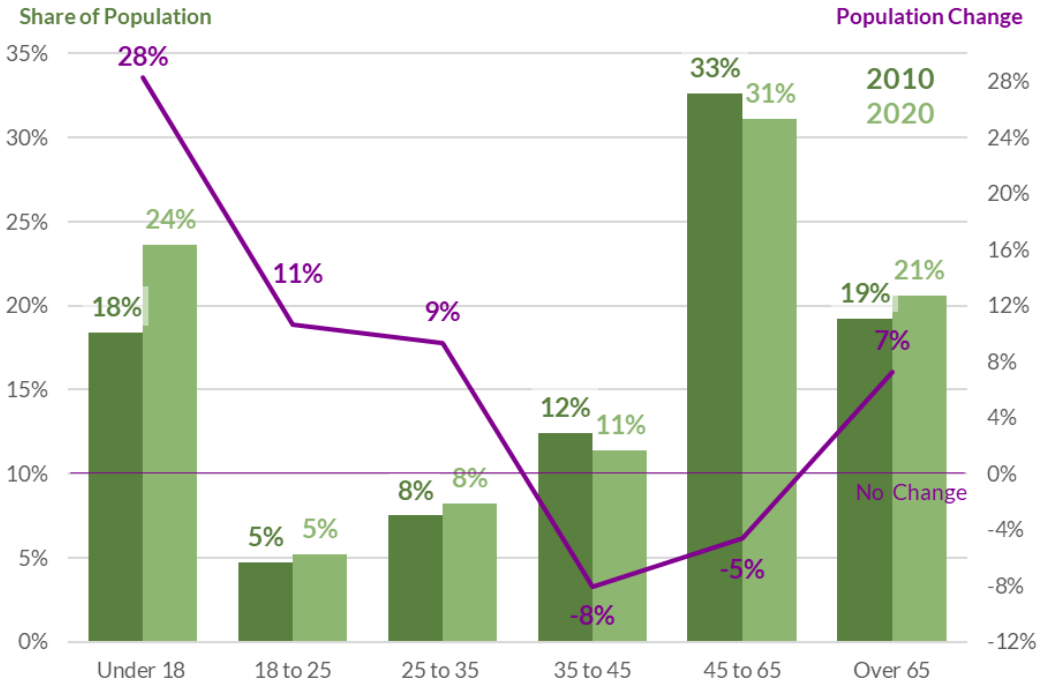
Source: Washington Office of Financial Management, 2020; CAI, 2022.

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.

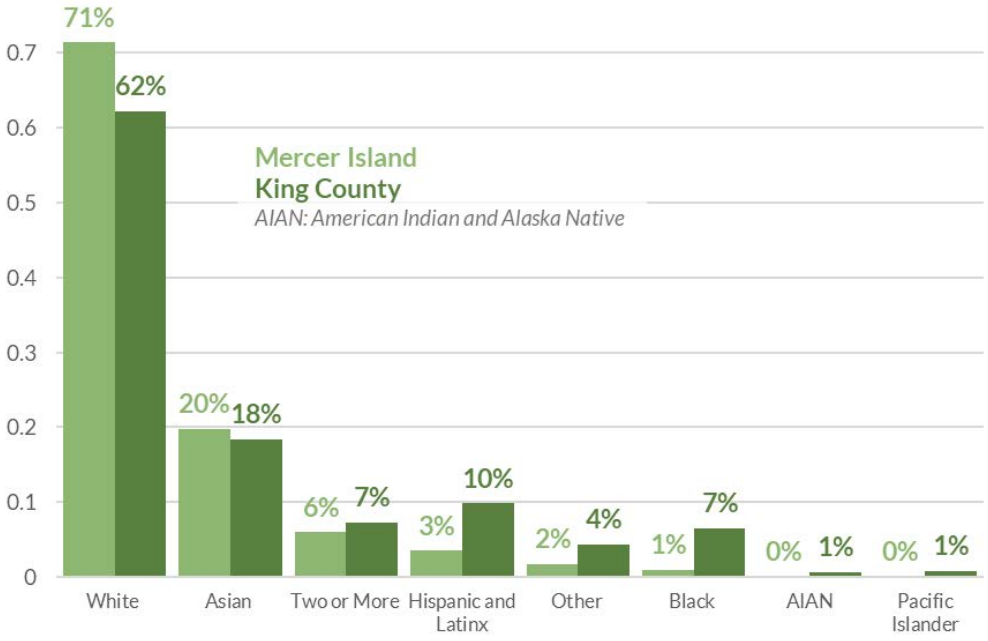
Exhibit 3. Age Change, Mercer Island, 2010 and 2020



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

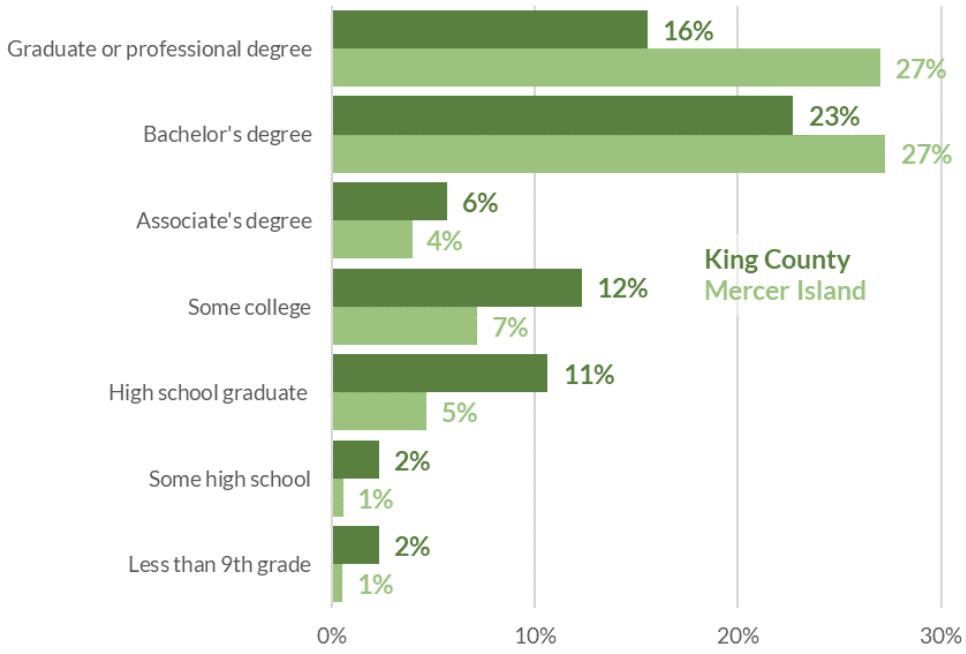


Source: American Community Survey, 2010, 2020; CAI, 2022.

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.

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.

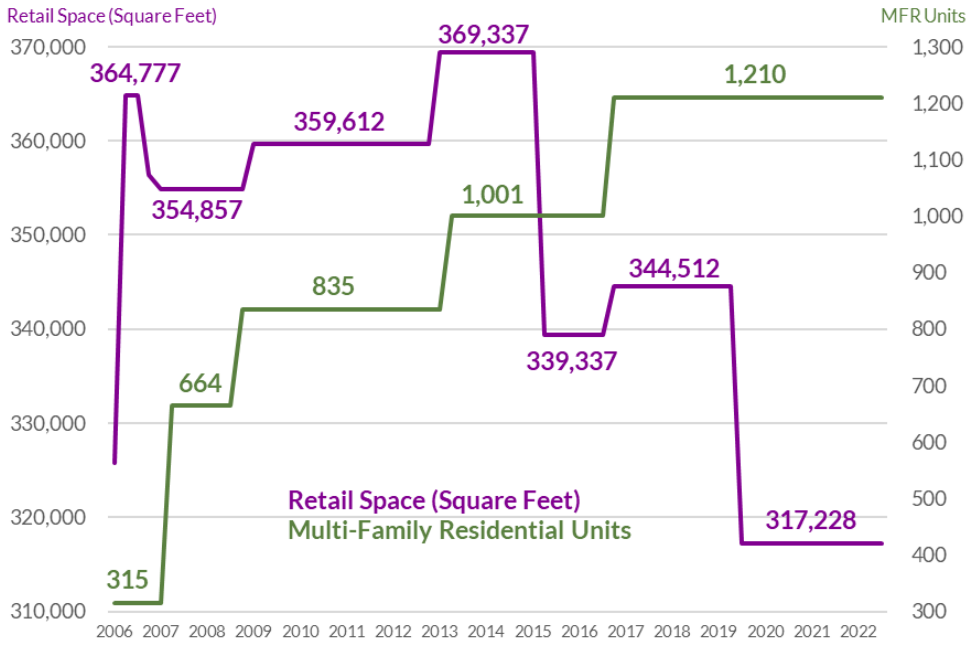
Town Center

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.

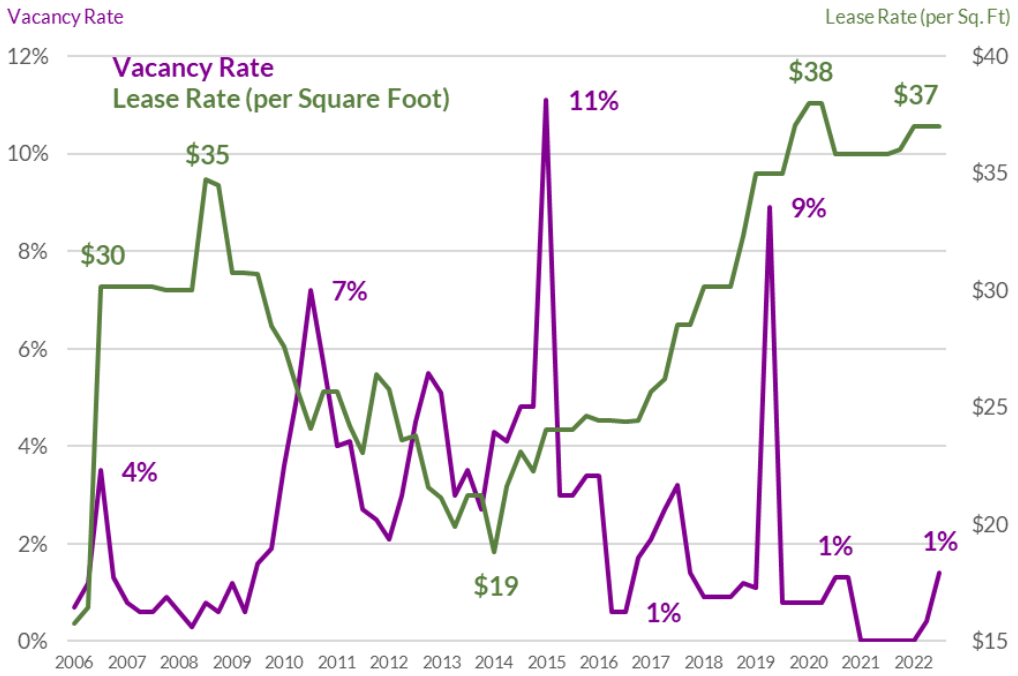
Exhibit 7. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



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.

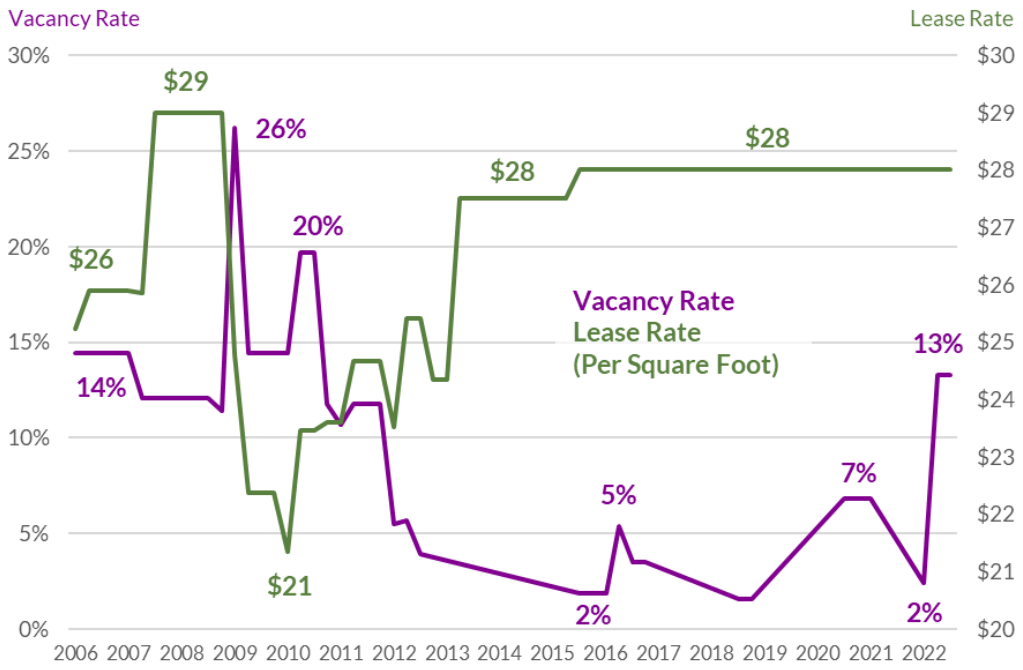
This area is zoned as Commercial and does not permit residential units. In 2006 this area increased its retail space by 15,000 square feet and has remained constant at 73,453 square feet of retail space since then.[4]

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.

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.

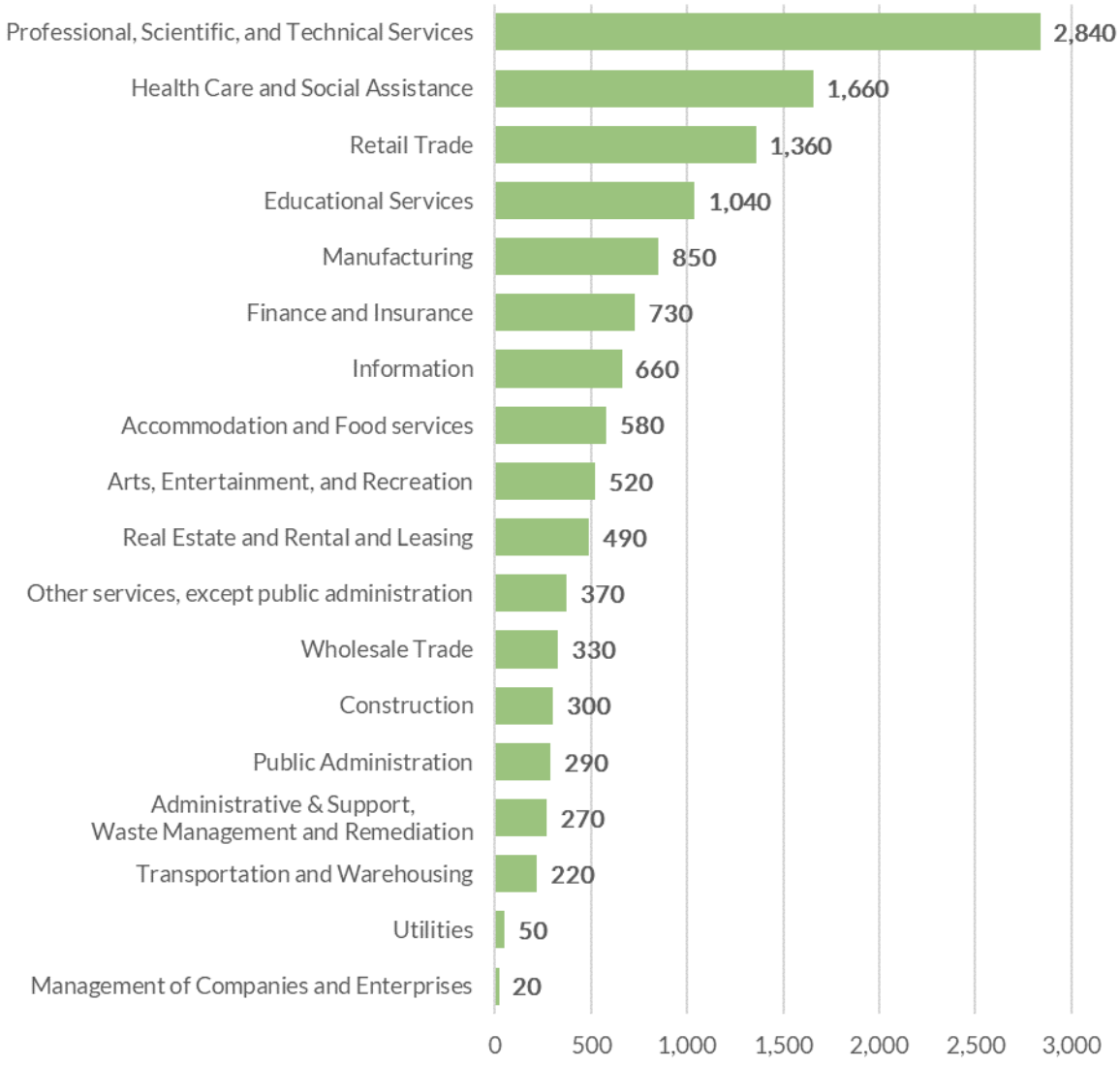
Workforce Profile

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.

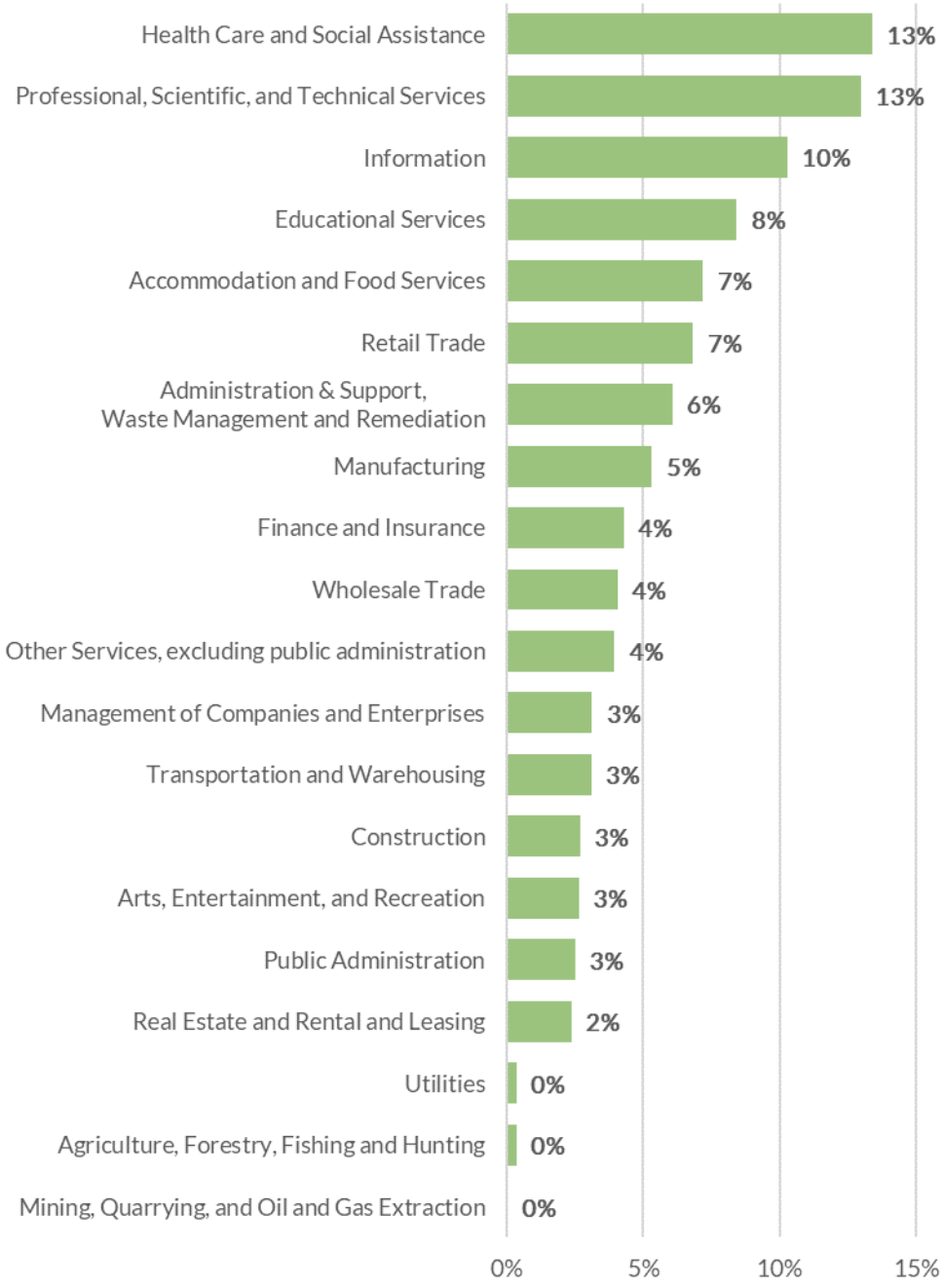
Exhibit 13 presents the share of total Mercer Island employment by industry. This captures all jobs located on Mercer Island, whether they are held by Mercer Island residents or residents from the surrounding region. The two most prominent industries are healthcare and social assistance and professional, 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.

Exhibit 12. Employment by Industry, Mercer Island Jobs, 2019



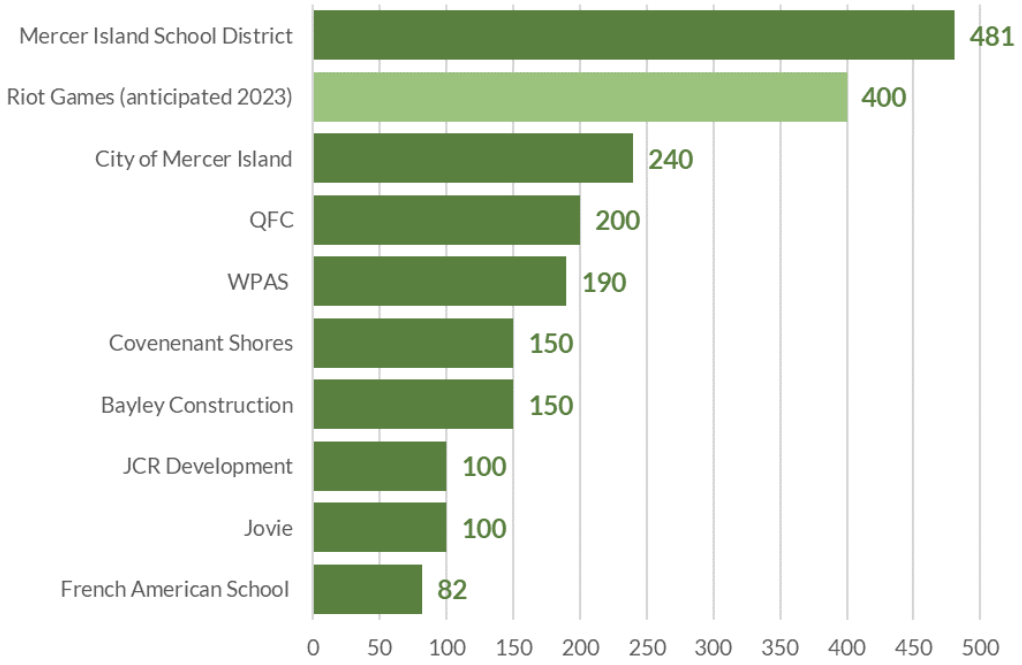
Sources: LEHD, 2019; Community Attributes Inc., 2022.

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

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



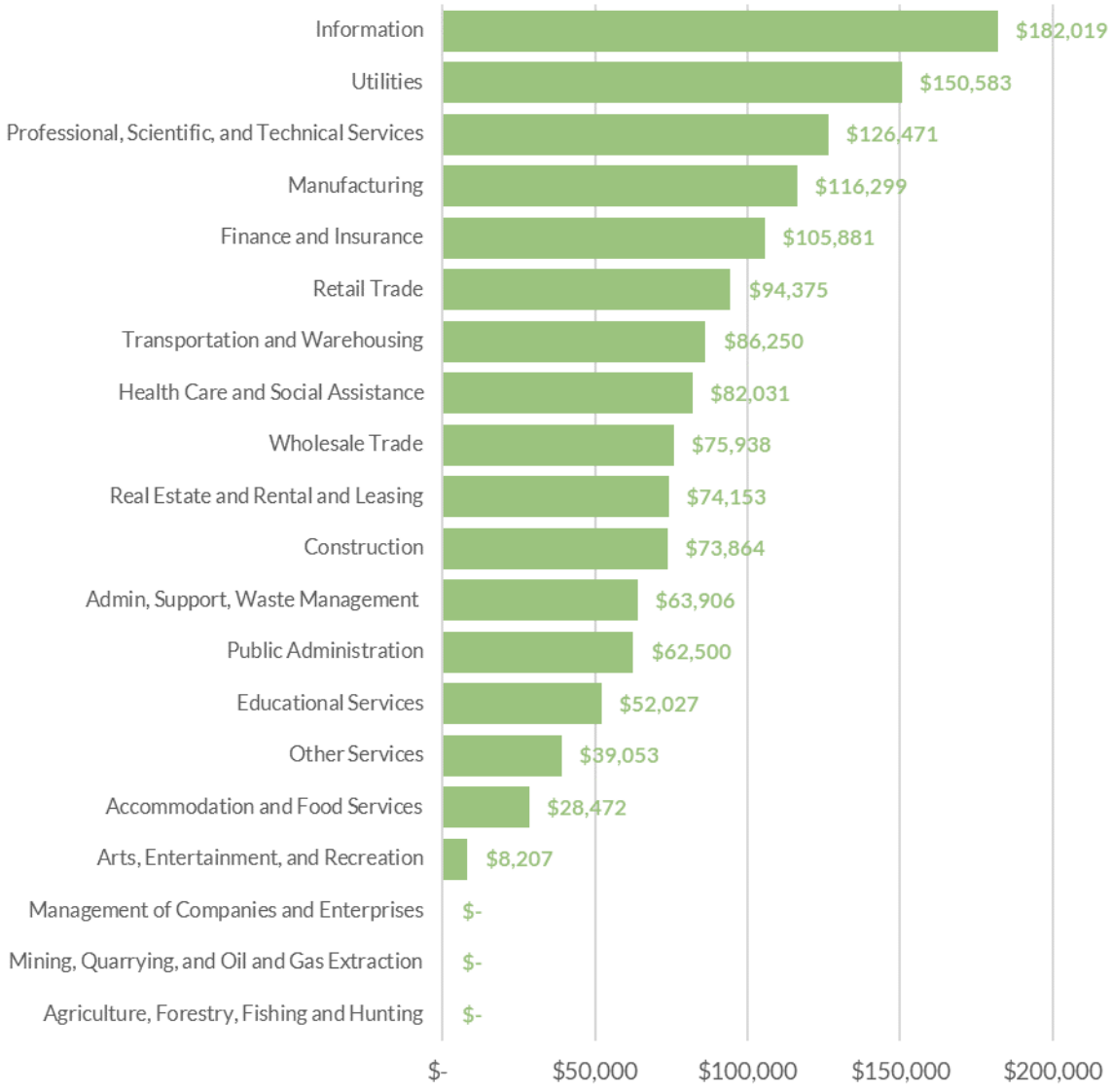
Source: ESRI, 2022; Riot, 2022; CAI, 2022.

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.

Exhibit 14. Median Income by Industry, Mercer Island, 2020



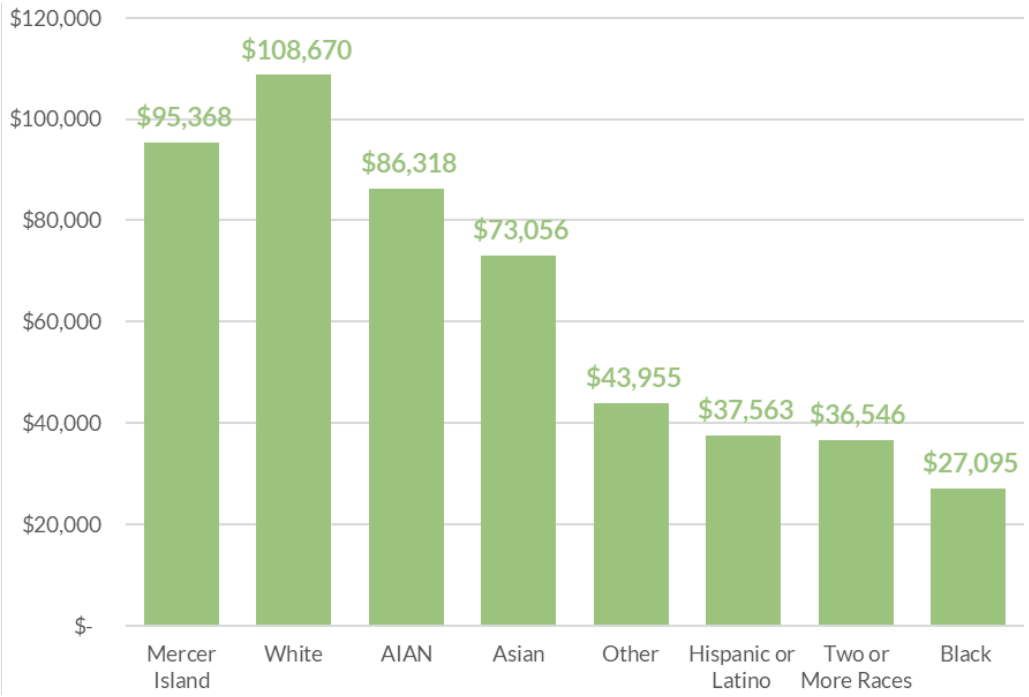
Source: American Community Survey, 2020; CAI, 2022.

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.

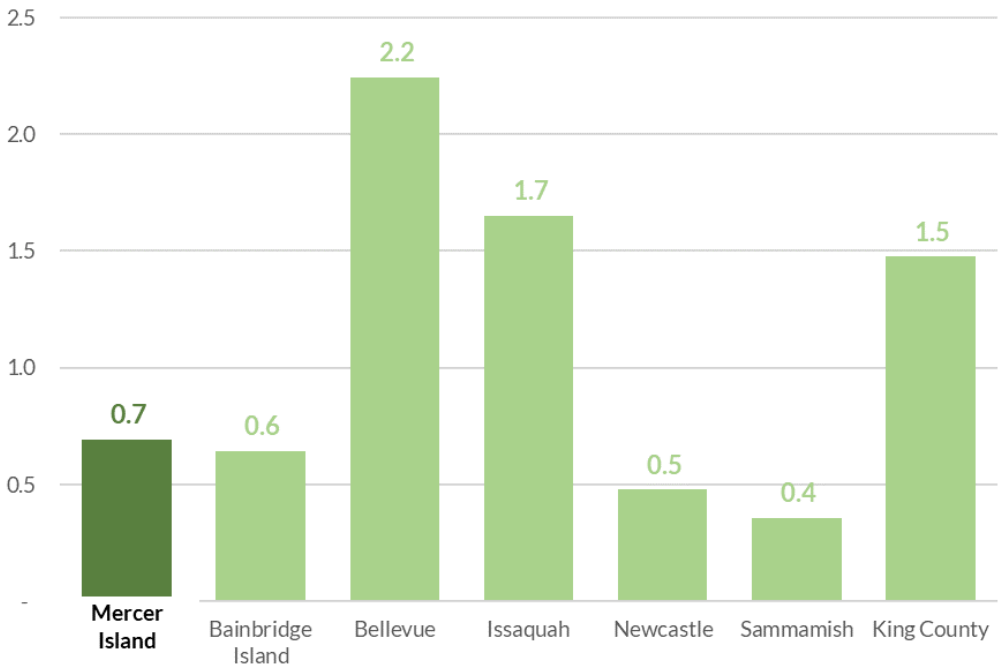
Exhibit 15. Average Income by Race and Ethnicity, Mercer Island, 2020



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

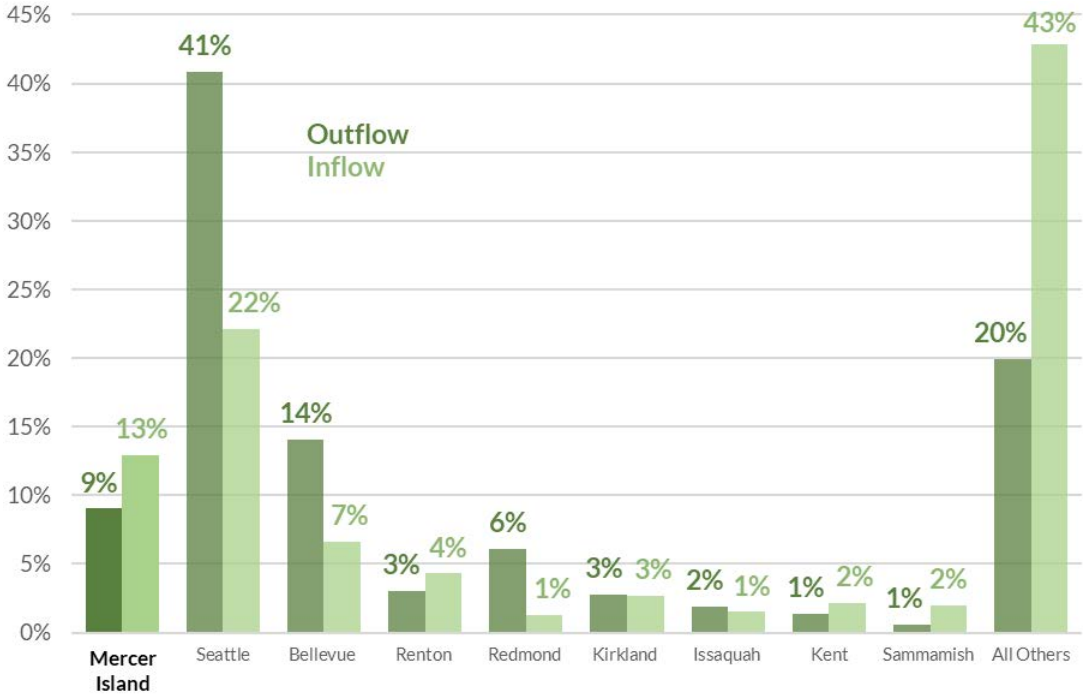


Source: Puget Sound Regional Council, 2020; Washington Office of Financial Management, 2020; CAI, 2022.

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.

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.

Exhibit 18. Change in Housing Units and Type, Mercer Island, 2010 to 2020

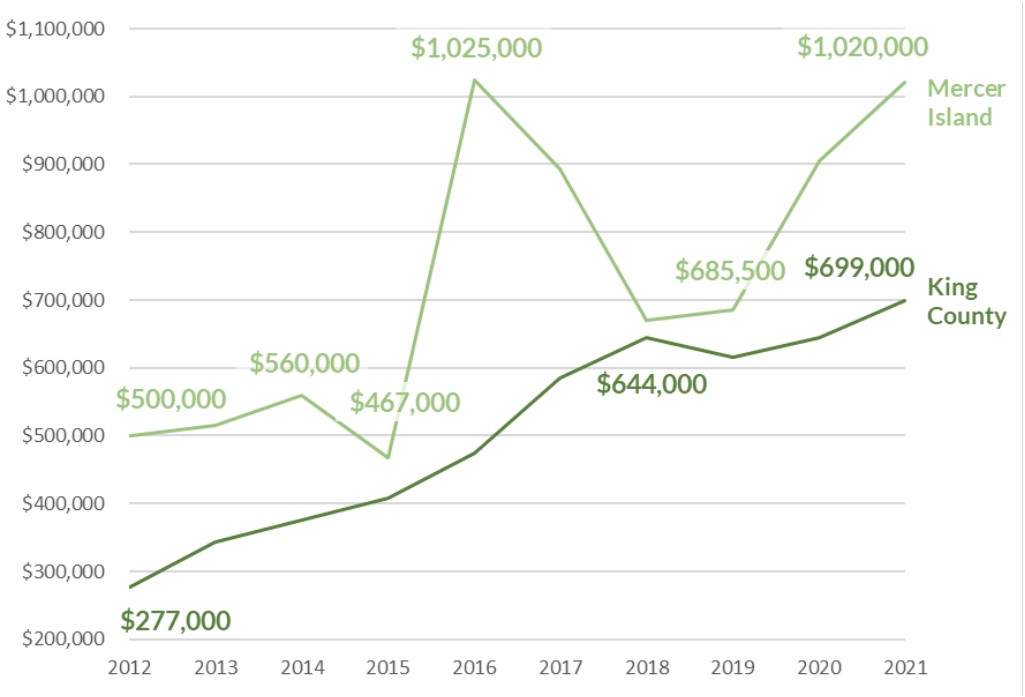
	2010		2020		2010 to 2020 Change	
	Count	*Share*	*Count*	*Share*	*Net*	*Percent*
1-unit, detached	7,130	74%	7,306	67%	176	2%
1-unit, attached	197	2%	95	1%	-102	-52%
2 units	1	0%	67	1%	66	6600%
3 or 4 units	65	1%	39	0%	-26	-40%
5 to 9 units	406	4%	502	5%	96	24%
10 to 19 units	376	4%	403	4%	27	7%
20 or 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.

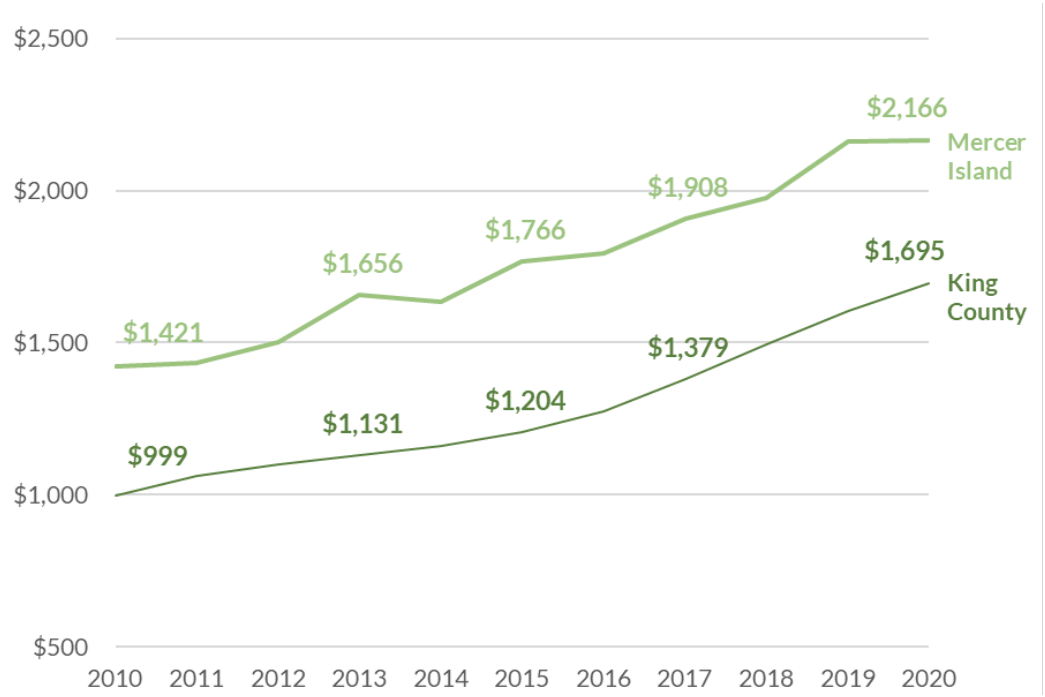
Exhibit 19. Median Home Sale Price, Mercer Island and King County, 2012 to 2021



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

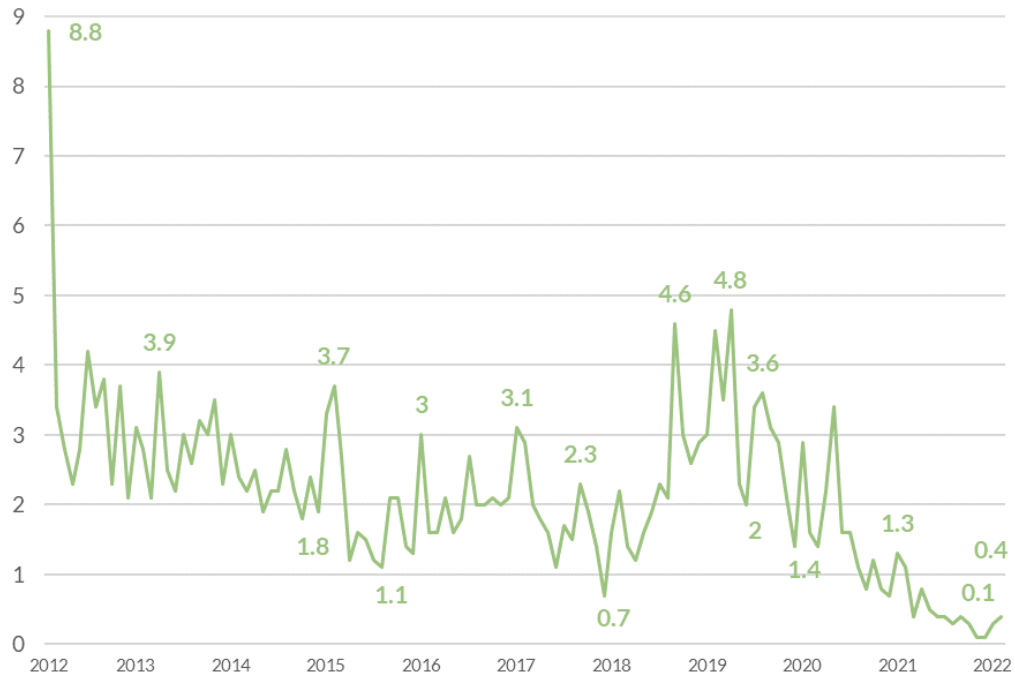


Source: American Community Survey, 2020; CAI, 2022.

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

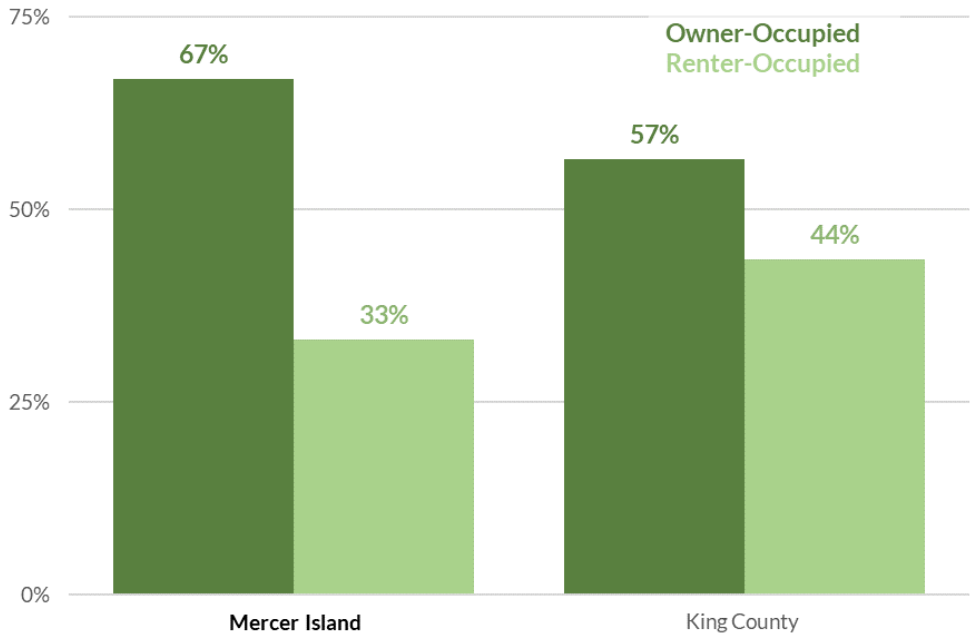


Source: Redfin, 2022; CAI, 2022.

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

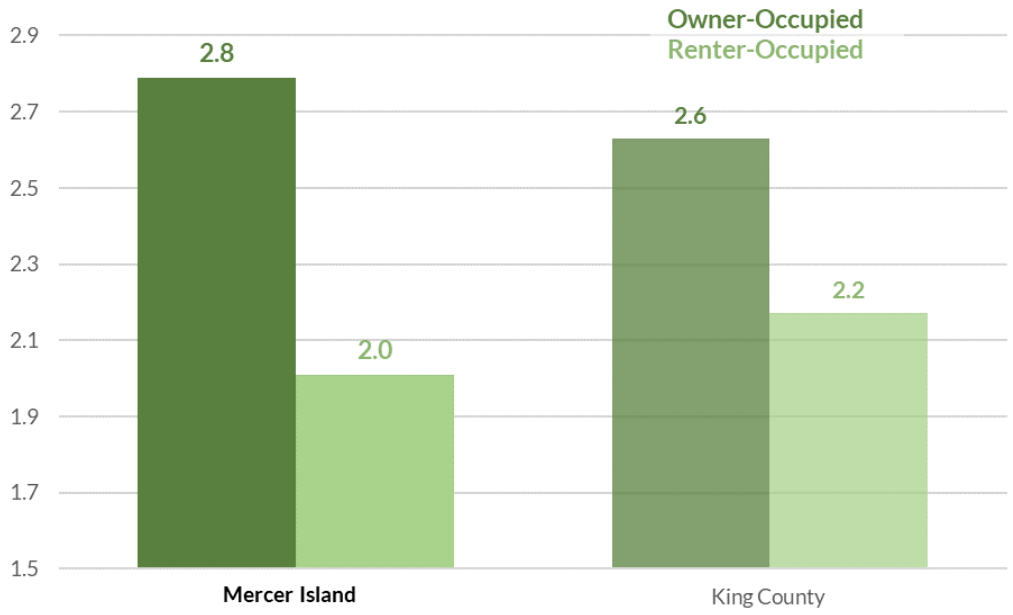


Source: American Community Survey, 2010, 2020; CAI, 2022 .

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



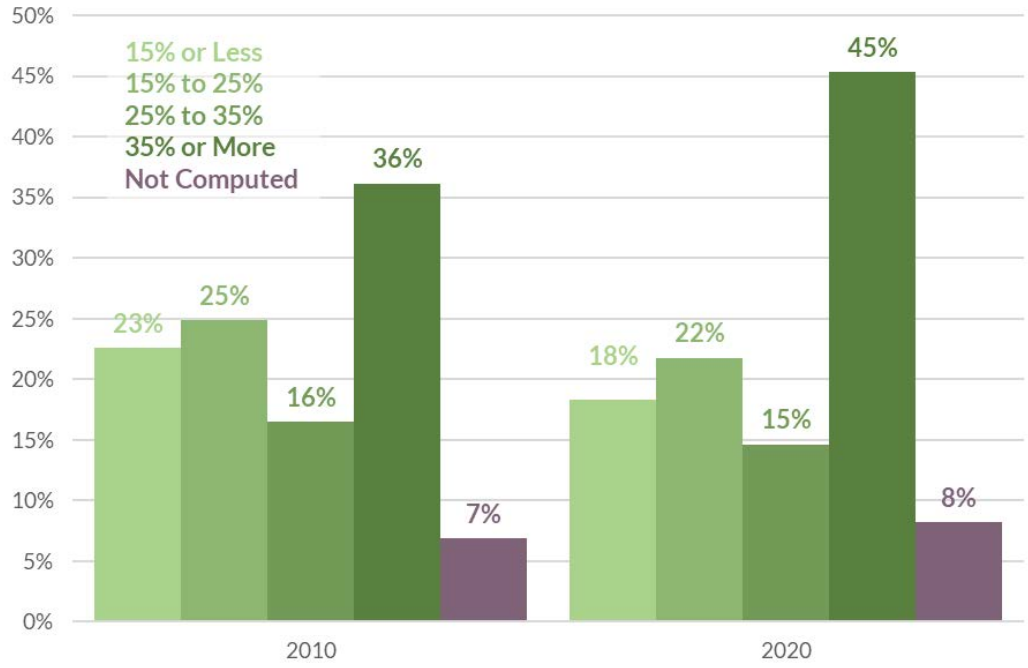
Source: American Community Survey, 2010, 2020; CAI, 2022.

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

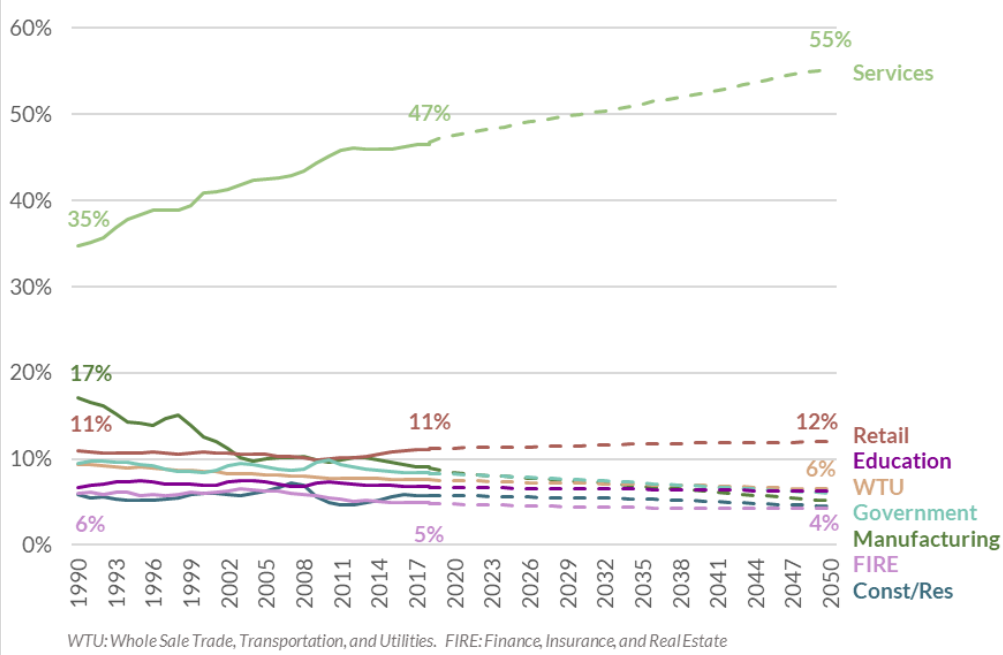
The Puget Sound economy as a whole is anchored by jobs that fall in the Services industry classification, which includes information, professional and technical services, and management (**Exhibit 26**). These industries make up nearly half of all jobs in the region and are projected to increase to about 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.

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.

Exhibit 26. Projected Industry Change, Puget Sound Region, 2017 to 2050

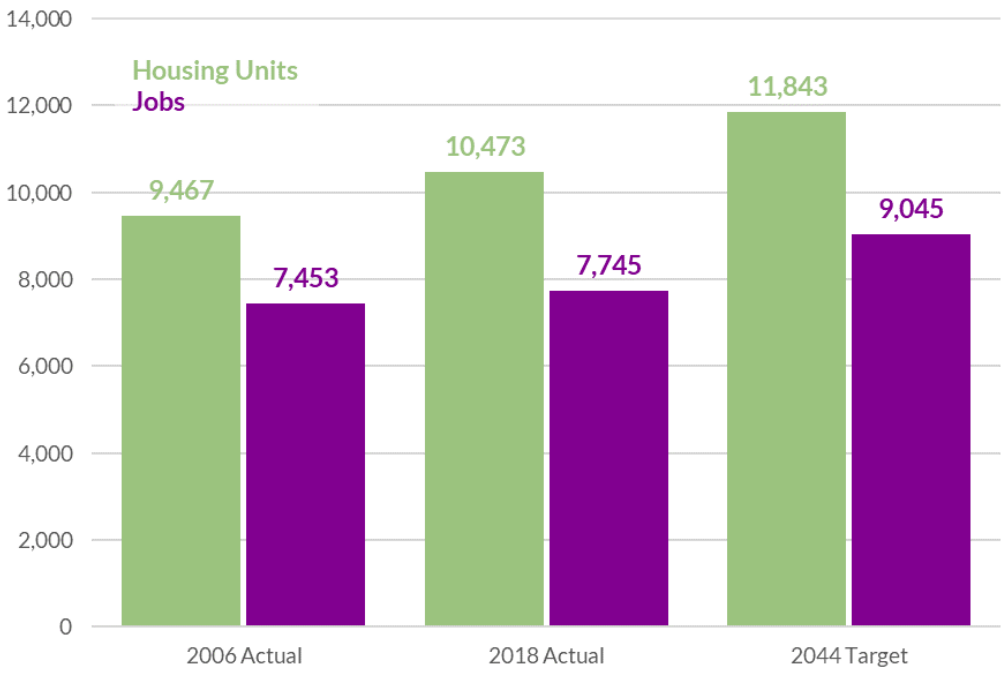
	2017 Total	2050 Forecast	Net Change	Percent Change
Const/Res	120,473	142,093	21,620	18%
FIRE	101,328	136,567	35,239	35%
Manufacturing	189,016	163,186	(25,830)	-14%
Retail	229,365	378,918	149,553	65%
Services	968,387	1,750,802	782,415	81%
WTU	156,937	204,945	48,008	31%
Government	175,257	189,876	14,619	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.

Exhibit 27. King County Countywide Planning Revised Growth Targets, Mercer Island, 2021

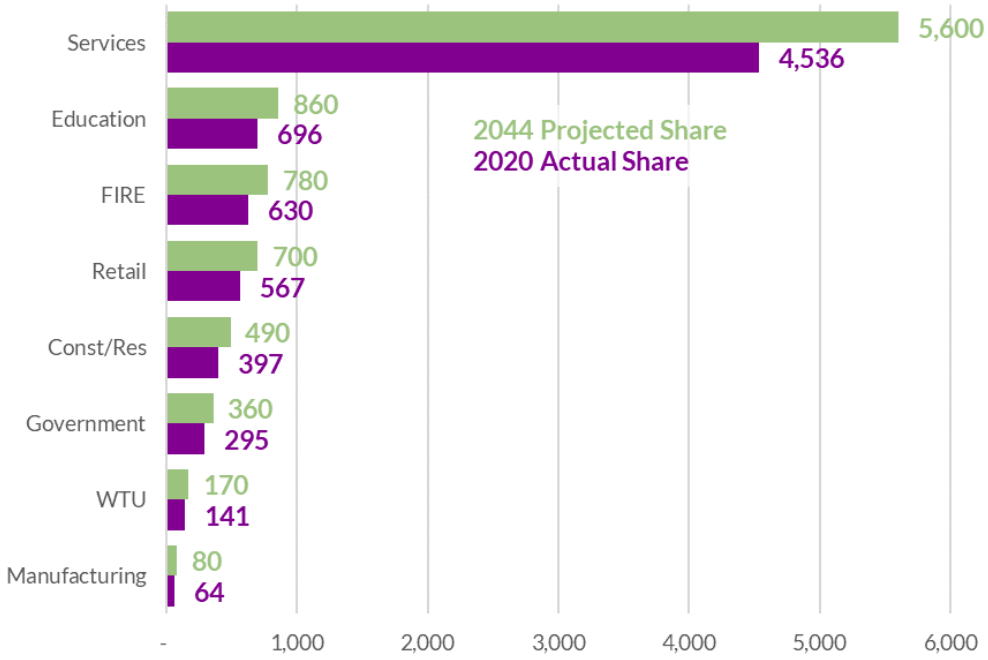


Source: King County Urban Growth Capacity Report, 2021; CAI, 2022.

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**).

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

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.

- **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.

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.

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.

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.

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

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.

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.

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.

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

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

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.

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.

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)

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

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;

- 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.

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.

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.

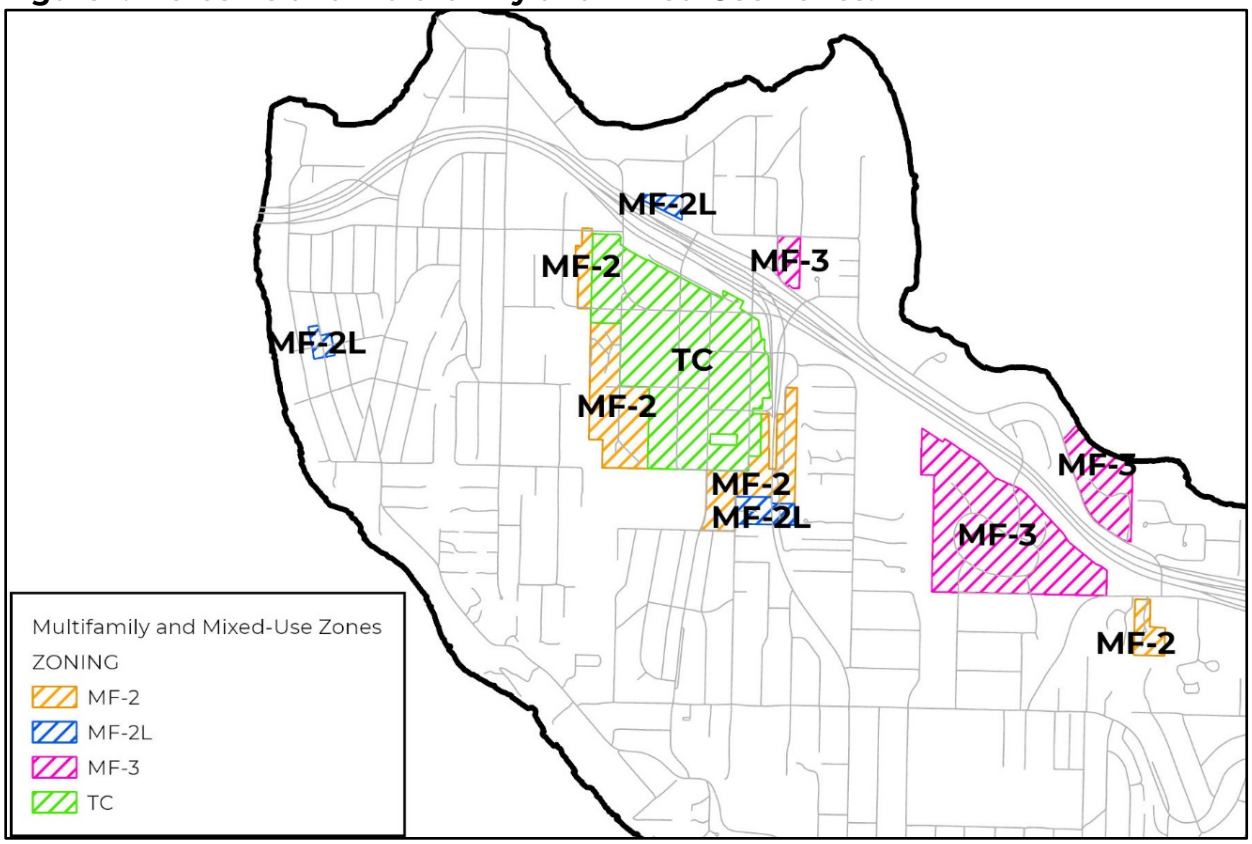
3. Emergency Housing

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.

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

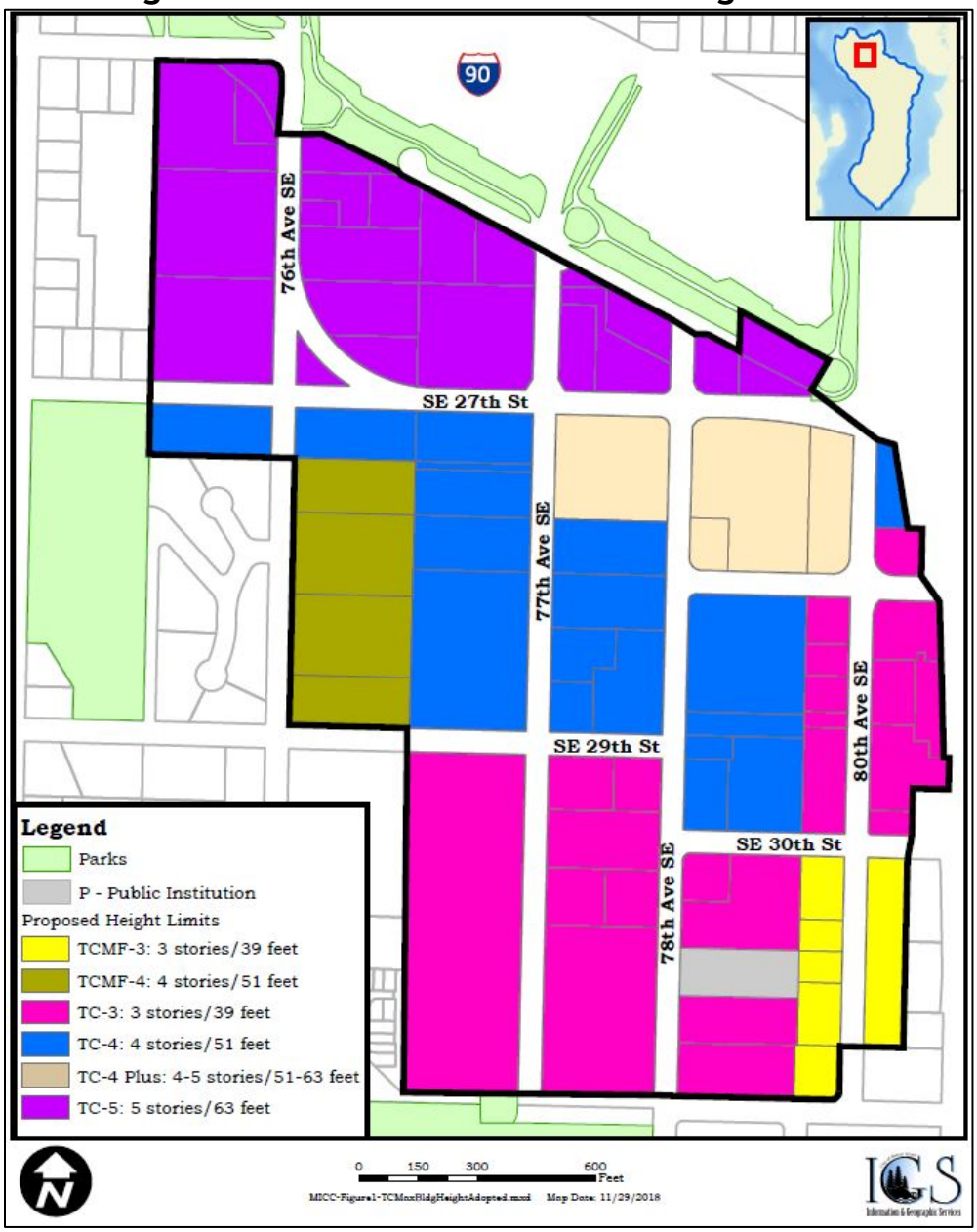
The capacity shortfall identified in Table 9 can be addressed in many ways. Three options for addressing the capacity shortfall are analyzed in this report:

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.

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

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.

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.

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.

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

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**.

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).

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

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.

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.

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.

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

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.

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

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.

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

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

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.

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.

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?

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.

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.

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.

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.

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

the other hand, zone categories with a deficit will require policy interventions to expand capacity to accommodate the projected need.

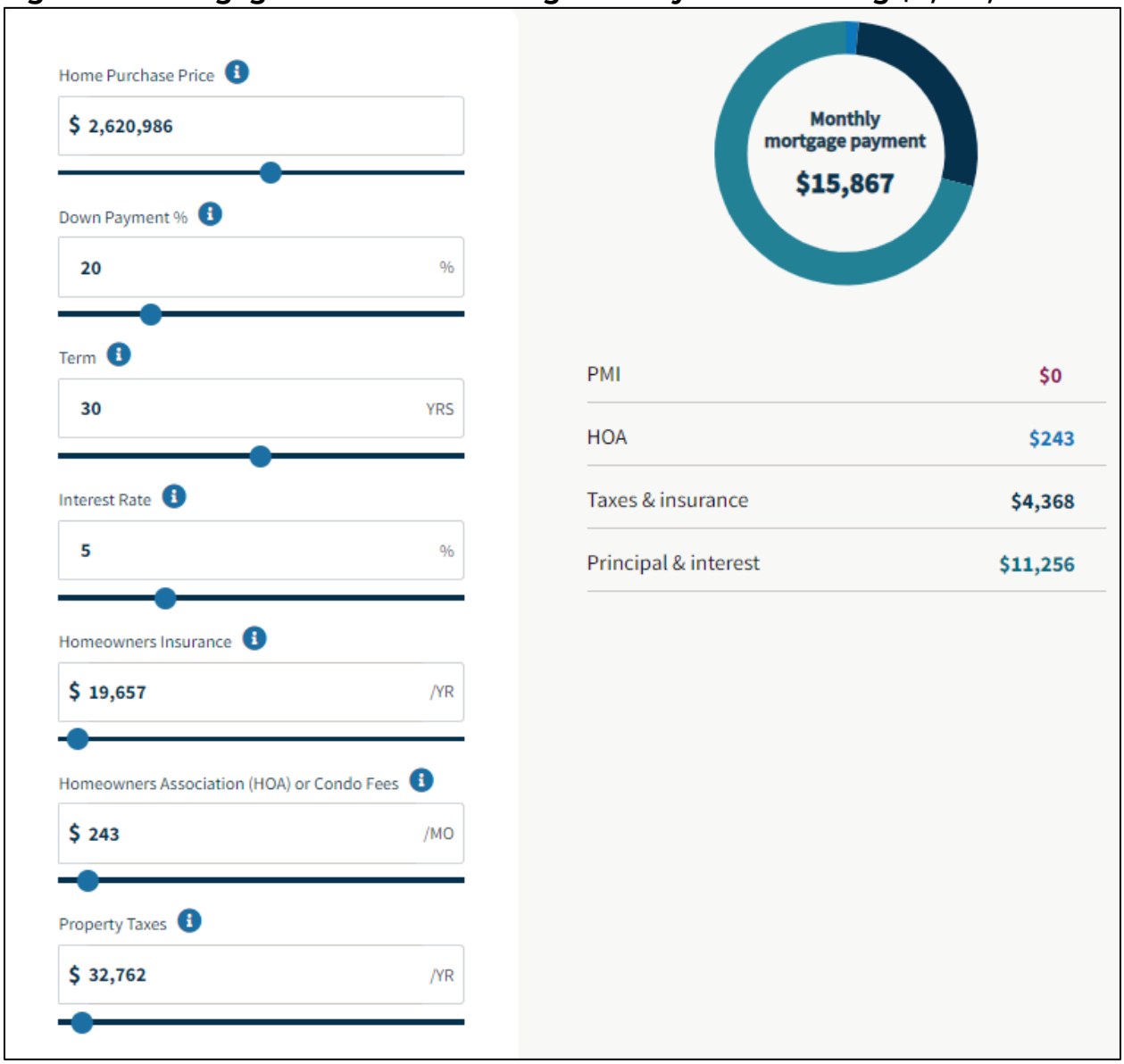
Emergency Housing – temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants 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)).

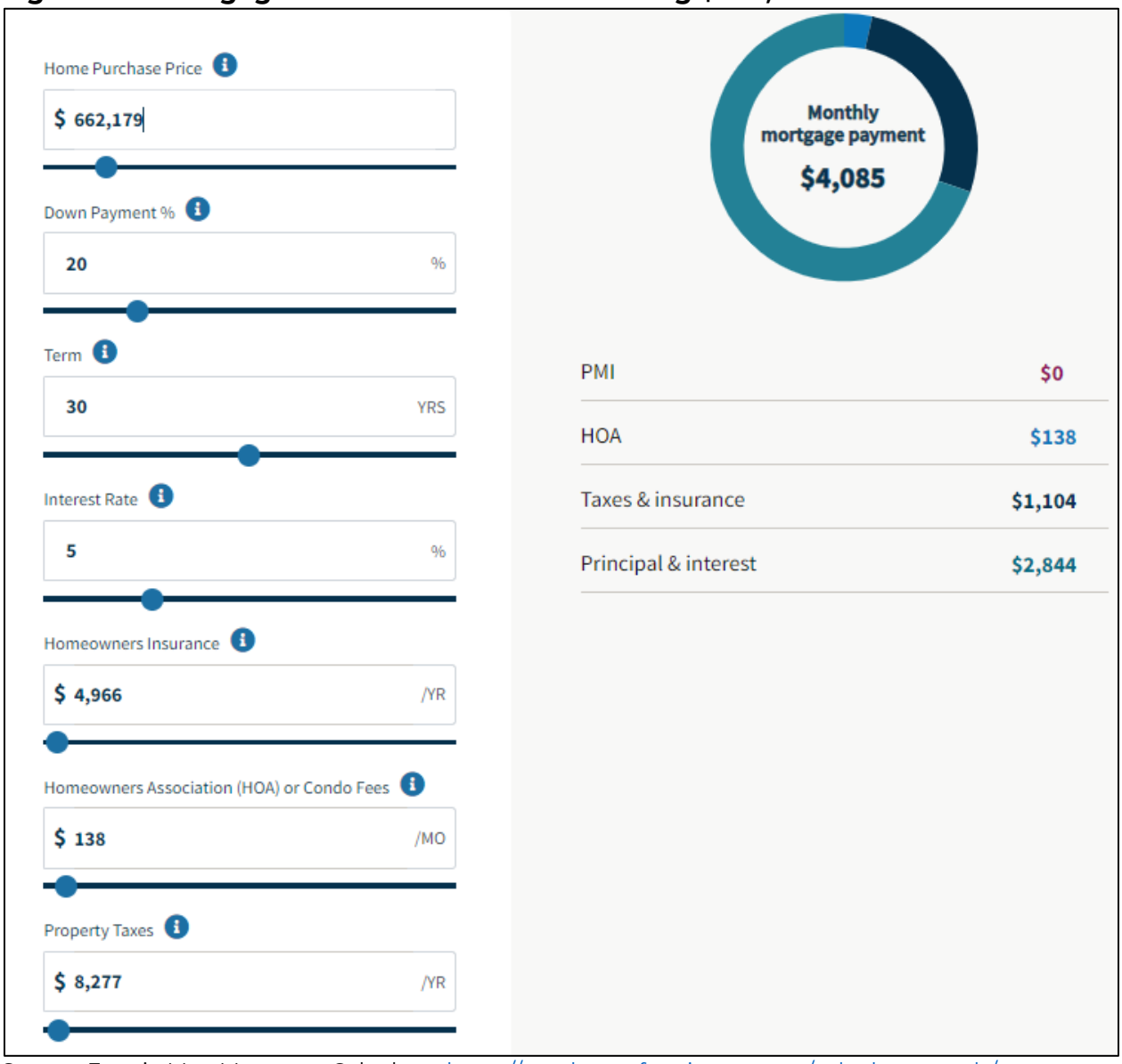
Appendix B – Mortgage Calculator Detail

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."

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.

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."

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."

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.

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			

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	

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

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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).

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. […]

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:

> 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.

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.

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)

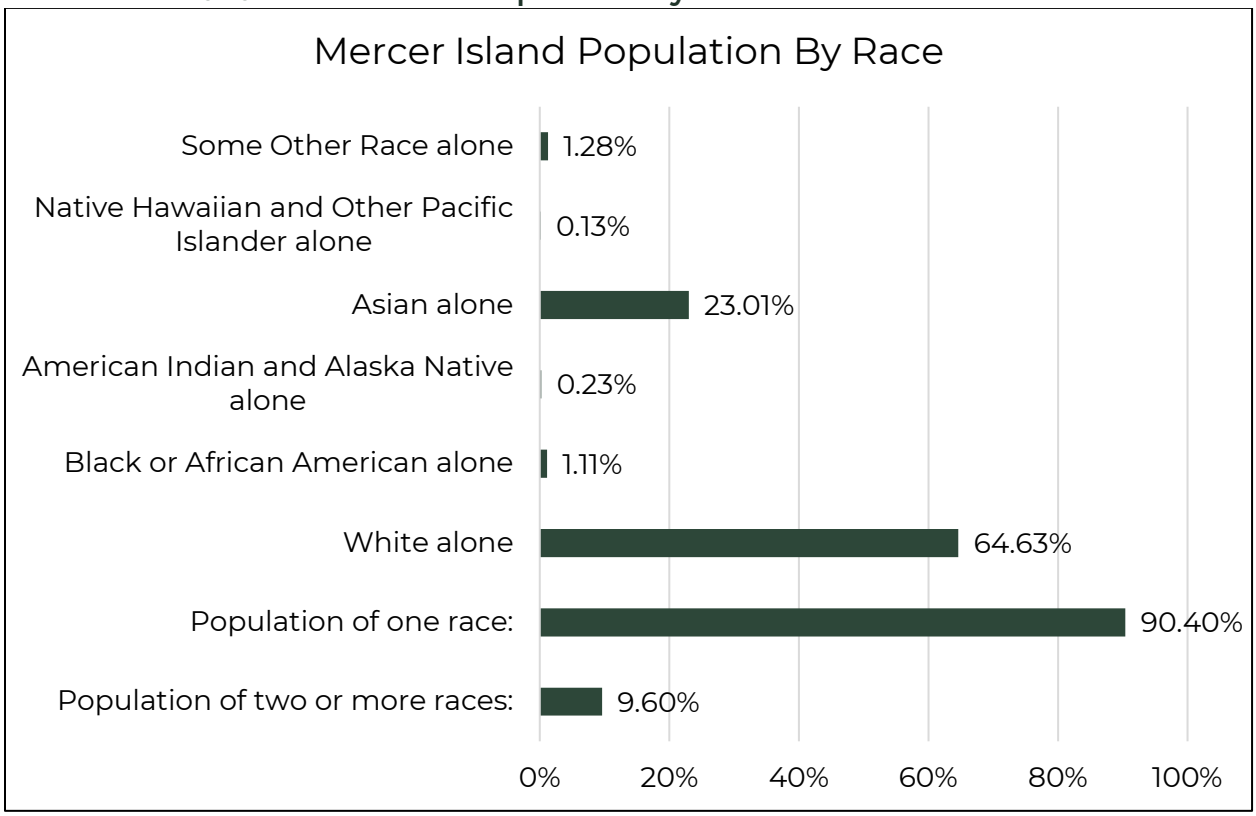
According to the 2020 Decennial Census, roughly 35 percent of the Mercer Island population are black, indigenous, and people of color (BIPOC) whereas about 65 percent of the population is white. Asian people are the second largest racial group in the City, accounting for approximately 23 percent of the 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.

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

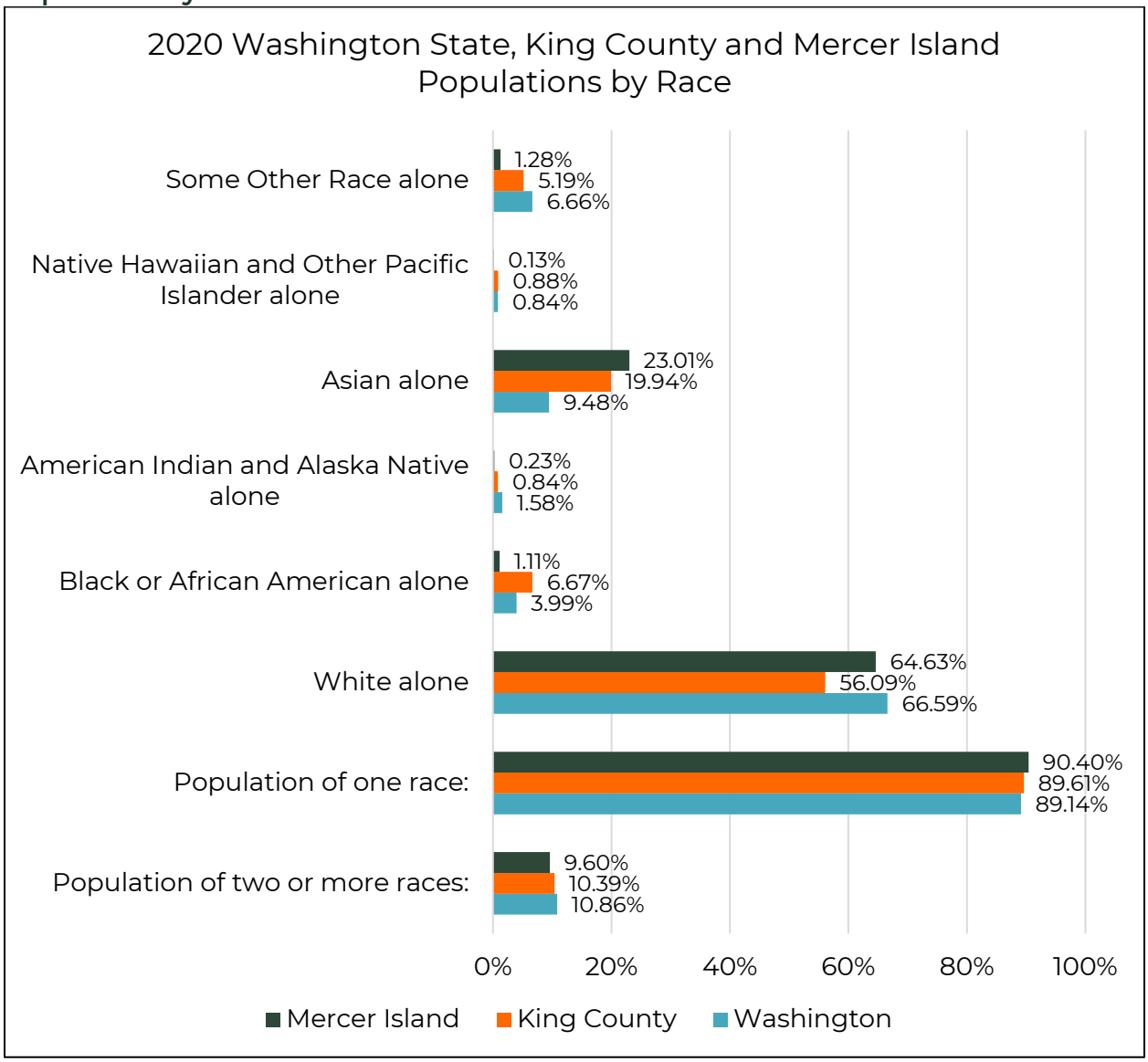
Exhibit 2.B. 2020 Mercer Island Population by Race.



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

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

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.

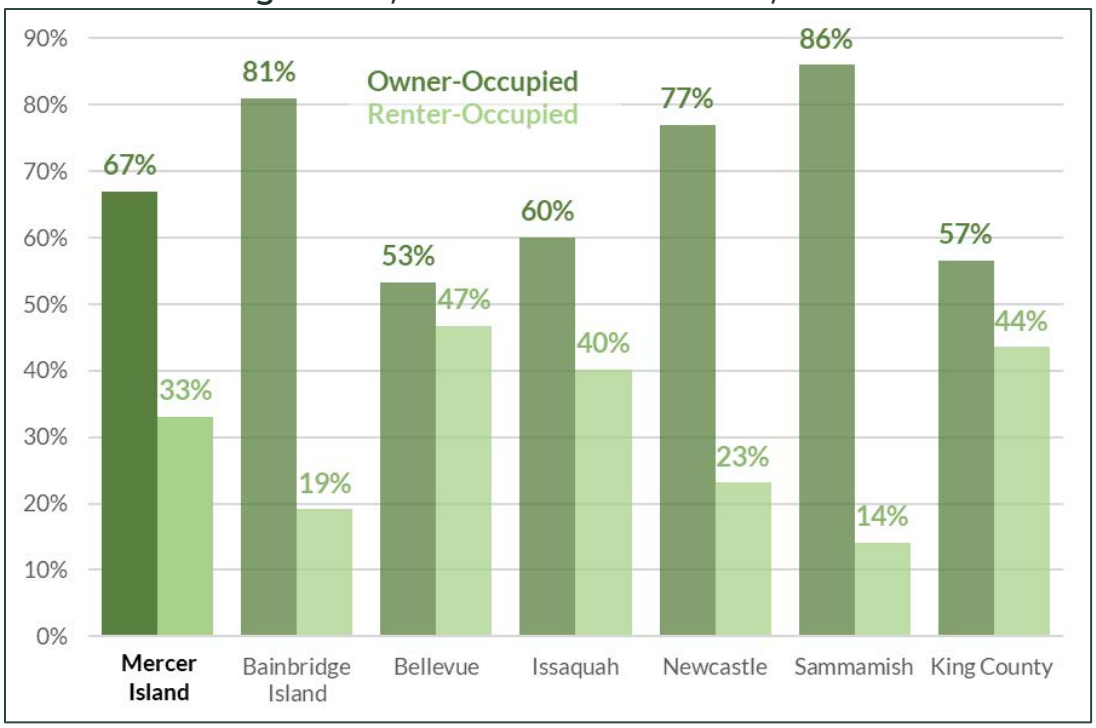
Household Characteristics	Mercer Island		King County
	2010	2020	2020
Households with Children	31%	35%	27%
One Person Household	26%	23%	30%
Persons Over 65	14%	14%	9%
Persons Living with a Disability*	8%	11%	10%

*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.

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.

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).

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

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

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

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

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.

Exhibit 14. Mercer Island Demographic Change 2010 to 2020.

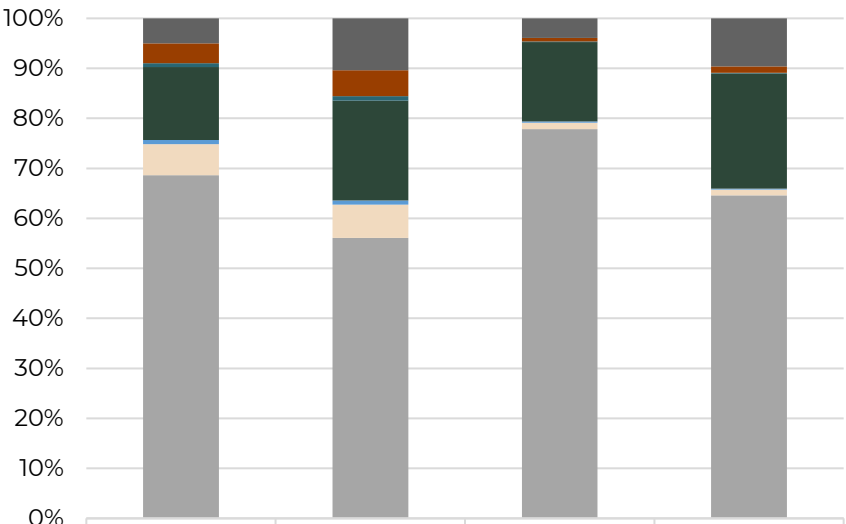
Label	2020 Pop.	% of 2020 Total	2010 Pop.	% of 2010 Total	Net Change	% Change in Total	% Point Change in Share
Total:	25,748	100.00%	22,699	100.00%	3,049	13.43%	0.00
Population of one race:	23,275	90.40%	21,813	96.10%	1,462	6.70%	-5.70
White alone	16,642	64.63%	17,677	77.88%	-1,035	-5.86%	-13.24
Black 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.

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

  - 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);

- 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:

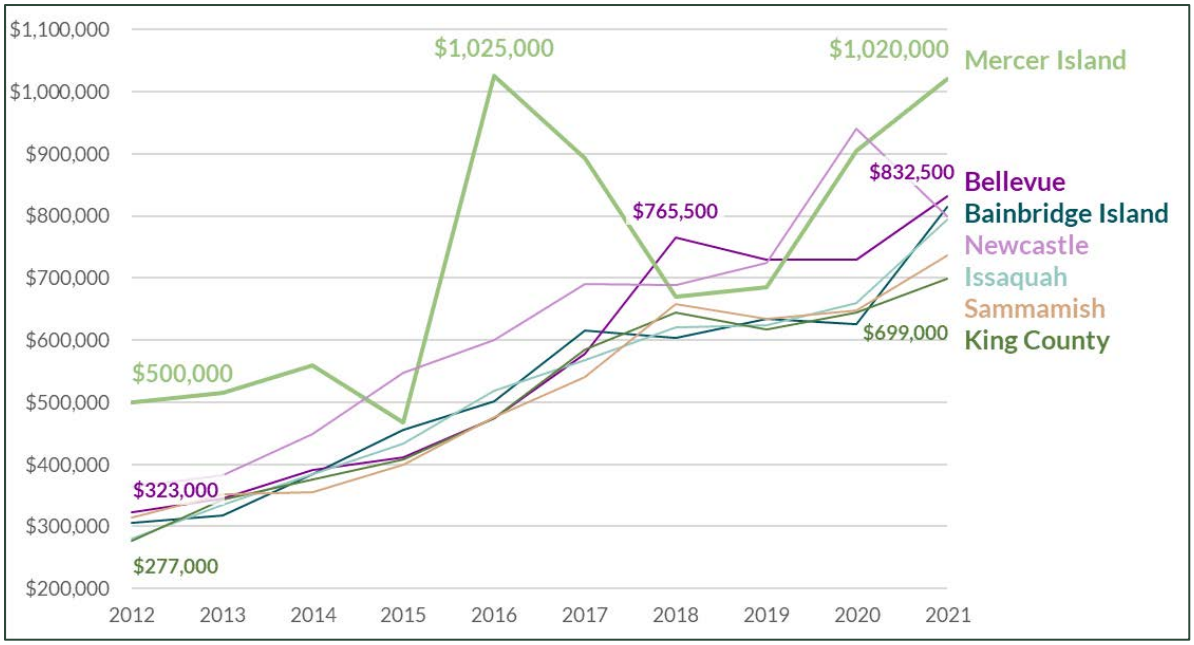
- **Economic**: Displacement due to inability to afford rising rents or costs of homeownership like property taxes;
- **Physical**: Displacement resulting from eviction, acquisition, rehabilitation or demolition of property, or the expiration of covenants on rent-or income-restricted housing; and
- **Cultural**: 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.

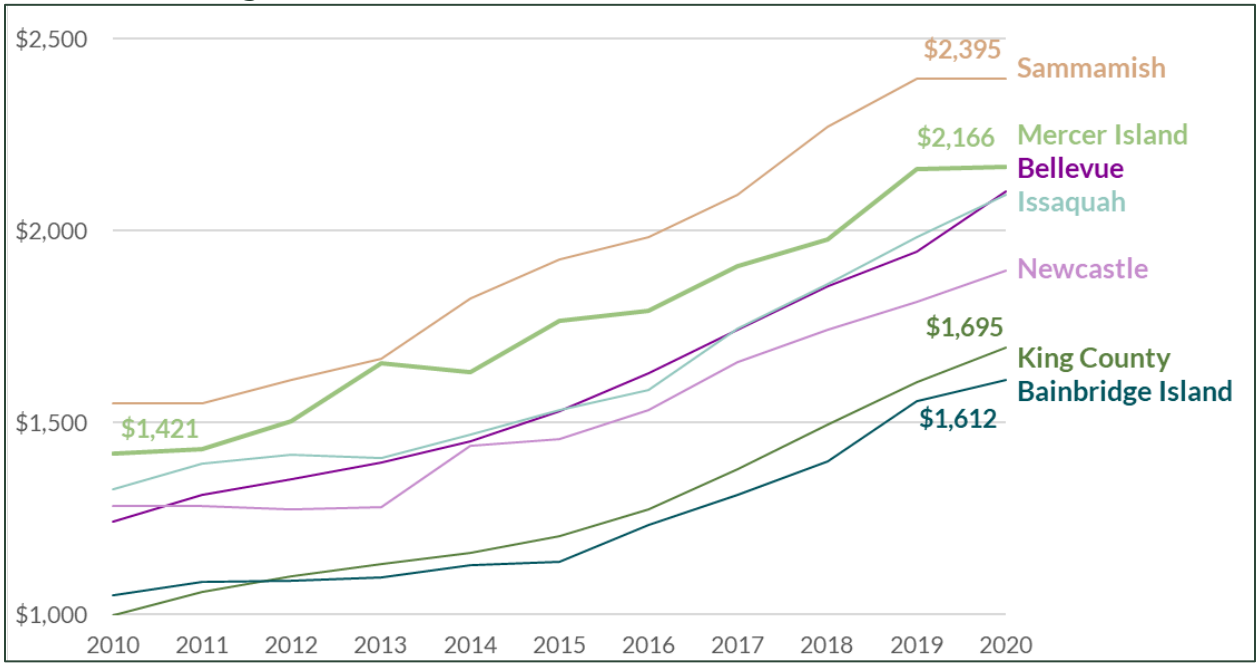
Exhibit 16. Median Home Sale Price, Mercer Island and Peer Cities, 2012 to 2021.



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.

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.

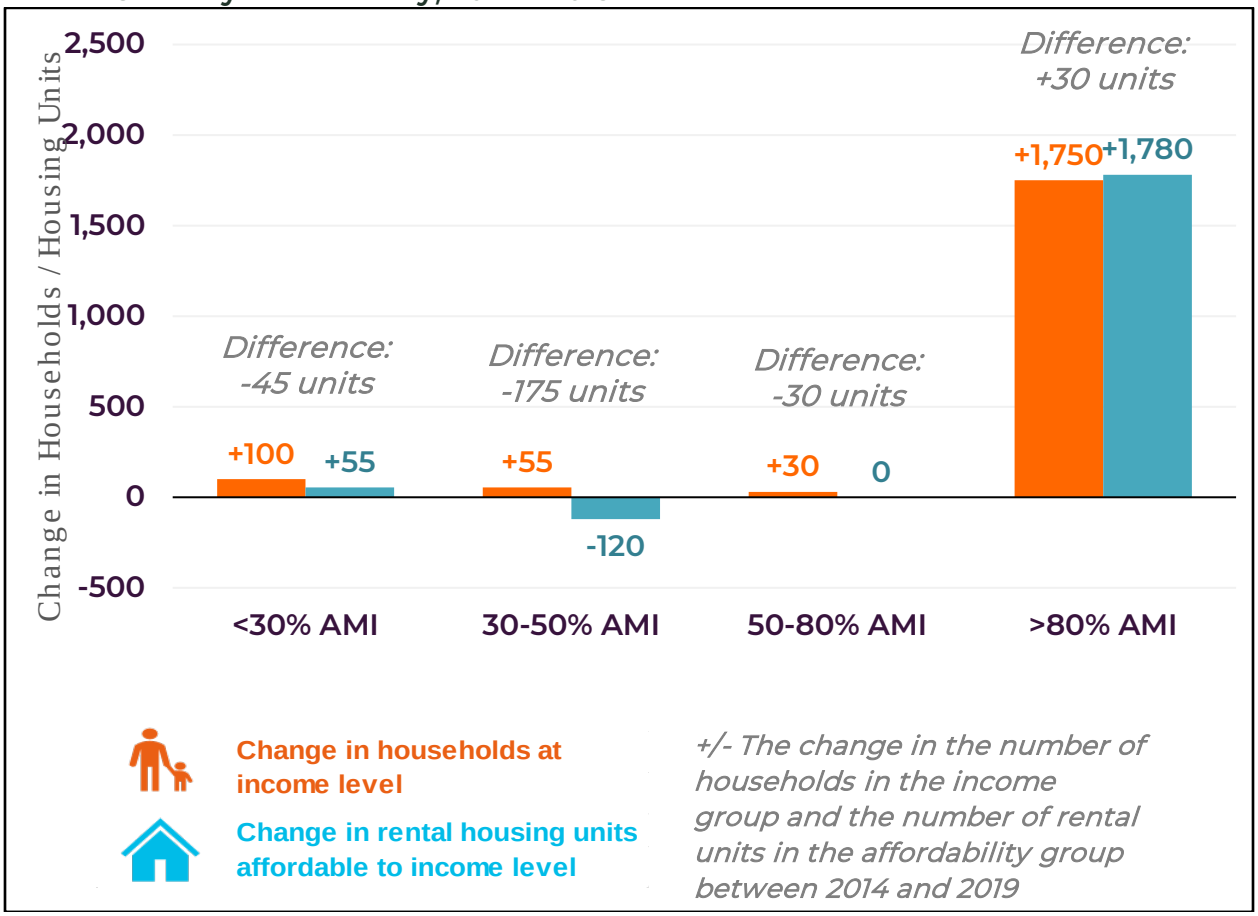
Monthly Housing Costs	Occupied housing units	Percent occupied housing units	Owner-occupied housing units	Percent owner-occupied housing units	Renter-occupied housing units	Percent renter-occupied housing units
All	9,758	100%	6,607	100%	3,151	100%
Less than $300	62	0.6%	62	0.9%	0	0.0%
$300 to $499	15	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).

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.

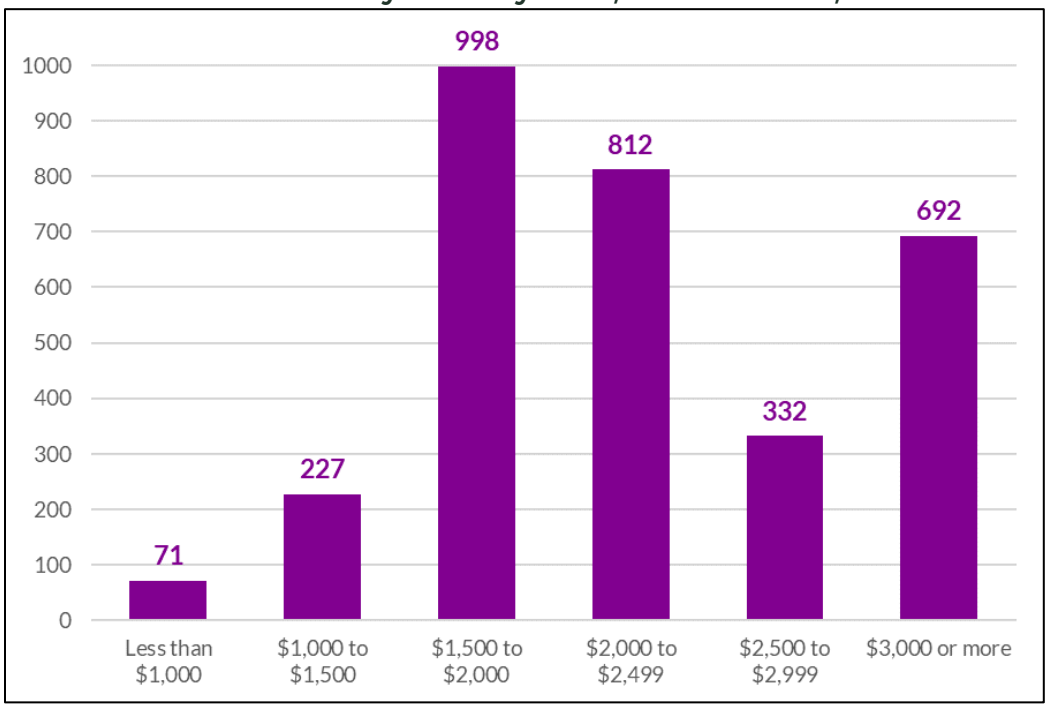
Exhibit 19. Mercer Island Five Year Change In Renter Households By Income and Rental Units By Affordability, 2014 – 2019.



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).

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,

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.

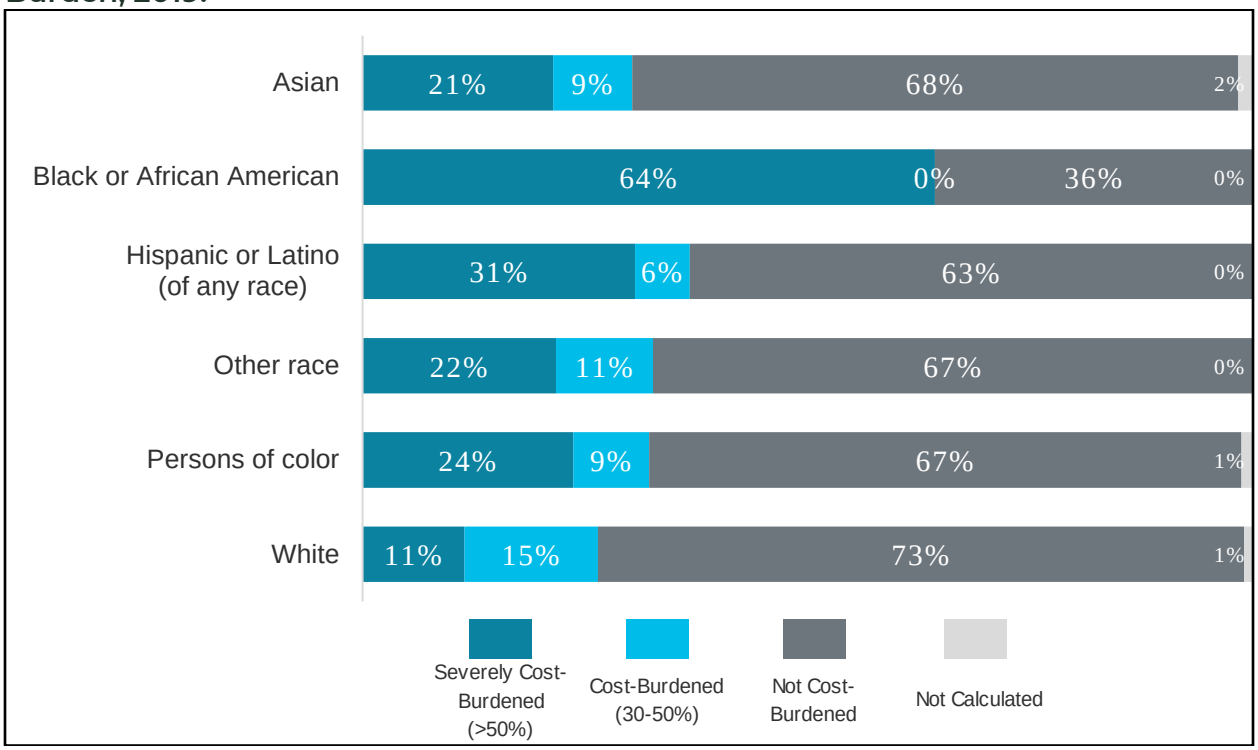
Exhibit 22 shows the housing cost-burden rate for households by race and housing tenure. This data on cost burden comes from the U.S. Department of Housing and

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.

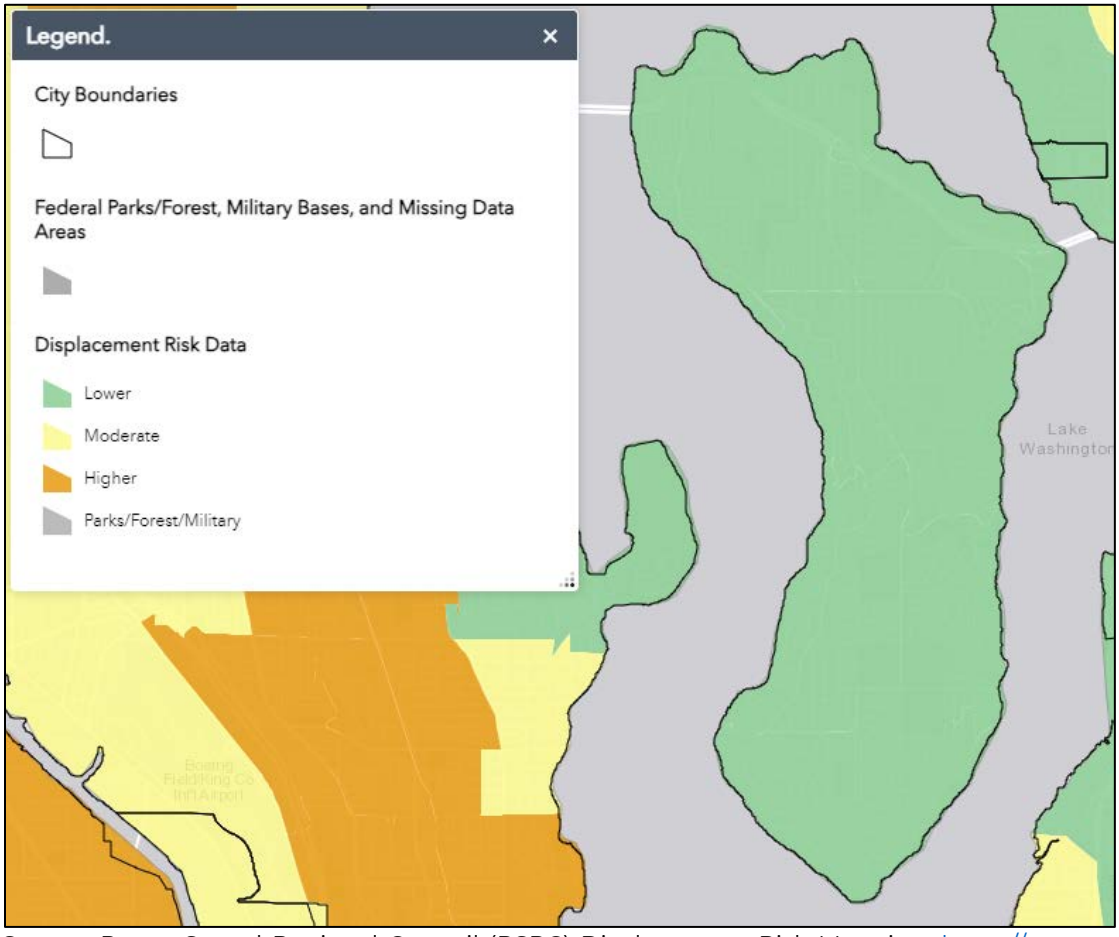
Displacement Risk Mapping Tool

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.

Housing Choice Vouchers

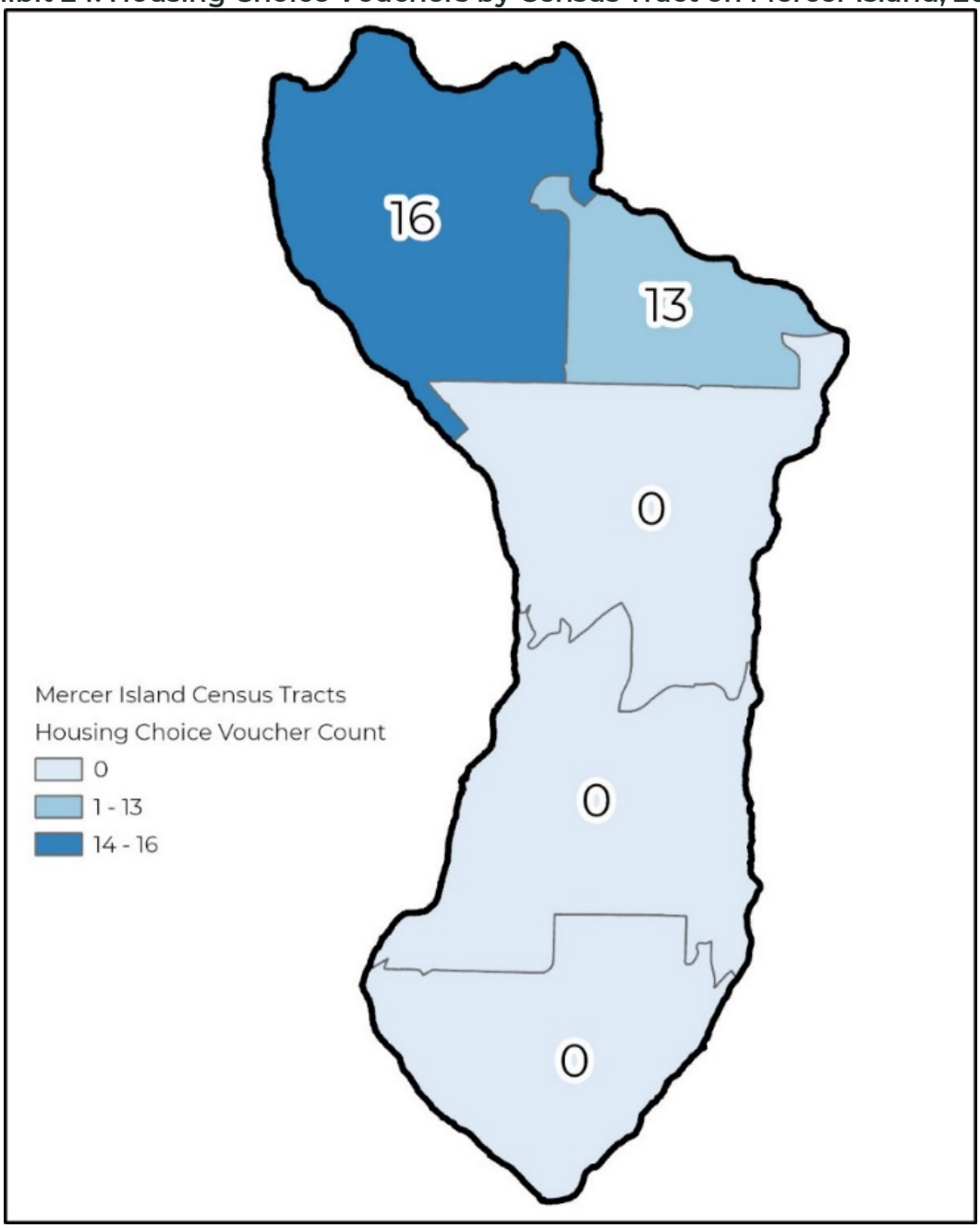
The U.S. Department of Housing and Urban Development (HUD) operates the Housing Choice Voucher program. The housing choice voucher program is sometimes referred to as 'Section 8' housing. The HUD website describes the housing choice voucher program as follows.

> 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.

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.

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.

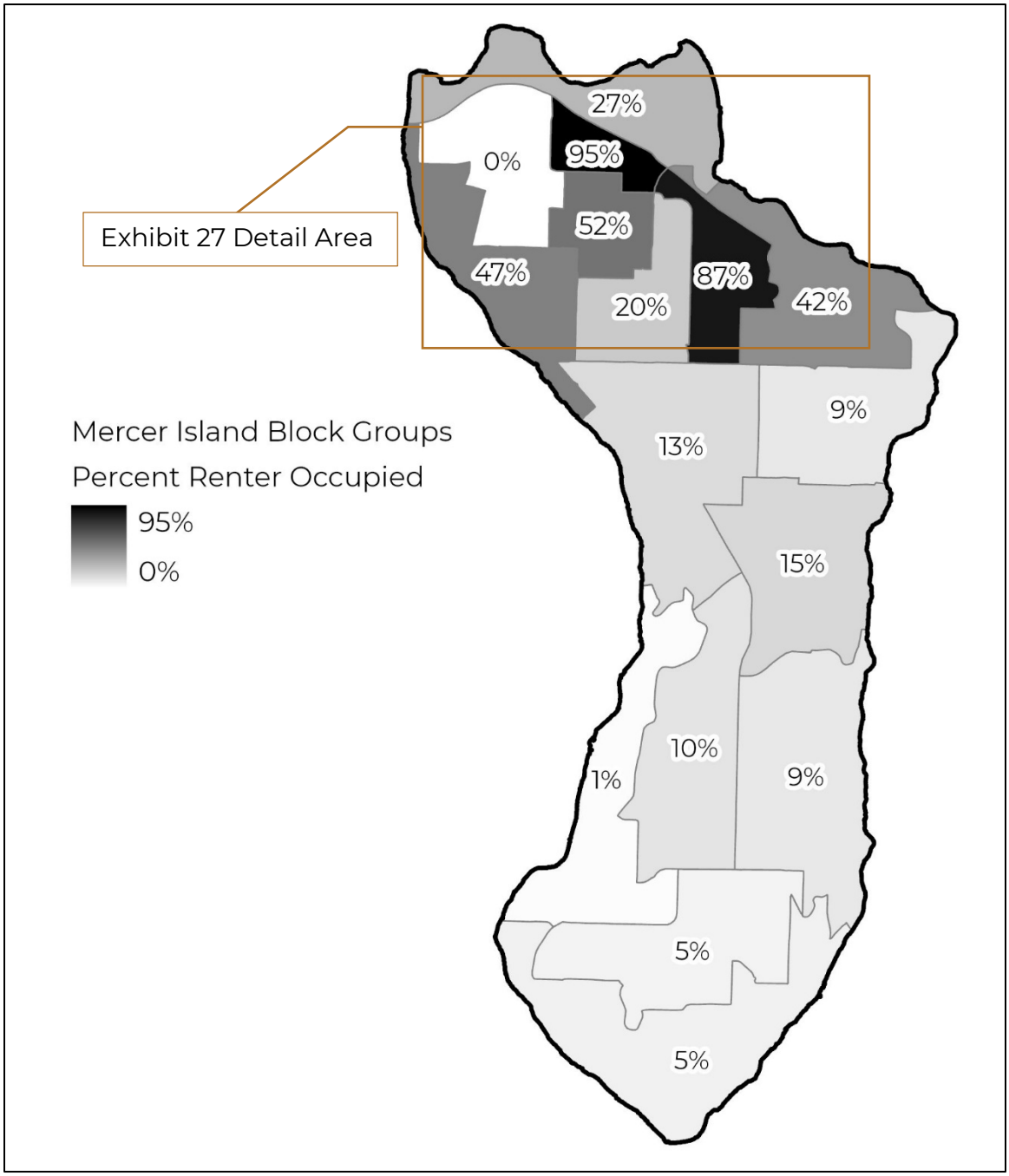
Multifamily residential zones are those that allow for denser development, including mid- and low-rise apartment buildings. All multifamily residential zones are located at the north end of the Island on the outskirts of mixed-use and commercial zones. Low- and mid-rise apartment buildings characterize 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

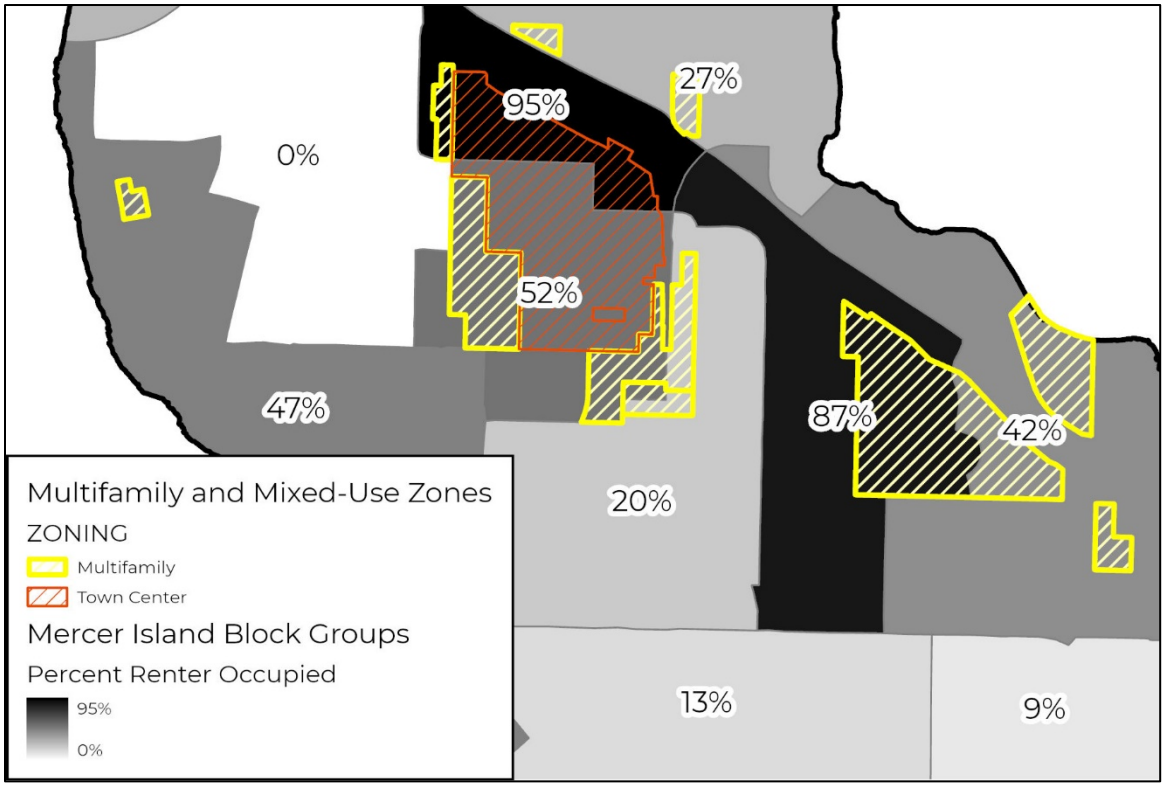
Exhibits 26 and 27 Mercer Island census block groups by housing tenure. Exhibit 27 includes an overlay showing where the multifamily and mixed-use zones are in the City. It should be noted that renter-occupied housing in this instance is not limited to apartments, it includes detached single-family homes 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.

Exhibit 26. Mercer Island Housing Tenure by Census Block Group.



Source: U.S. Census Bureau, 2021 ACS, Table B25003.

Exhibit 27. Mercer island Housing Tenure by Census Block Group.



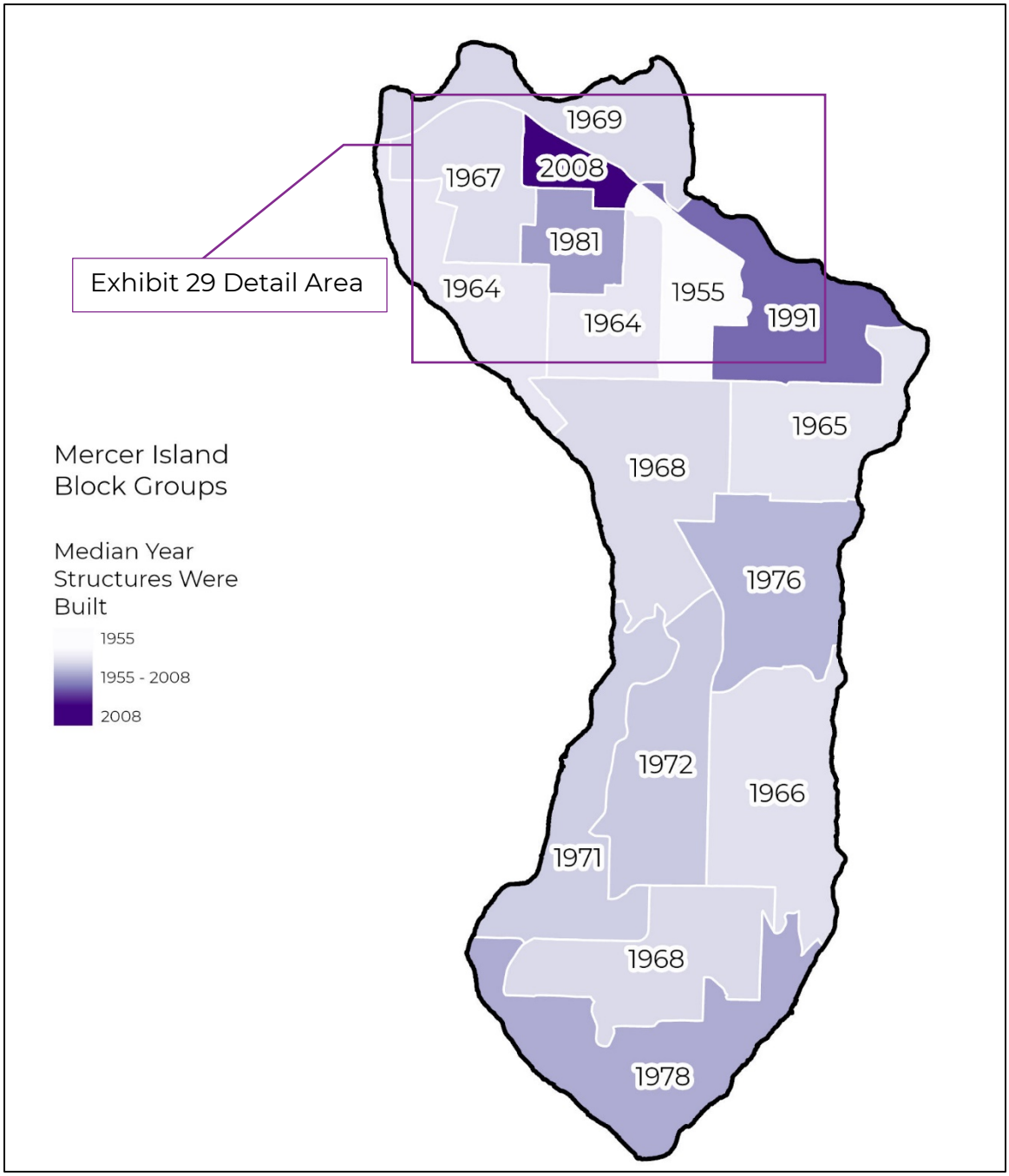
Source: U.S. Census Bureau, 2021 ACS, Table B25003 and Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

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.

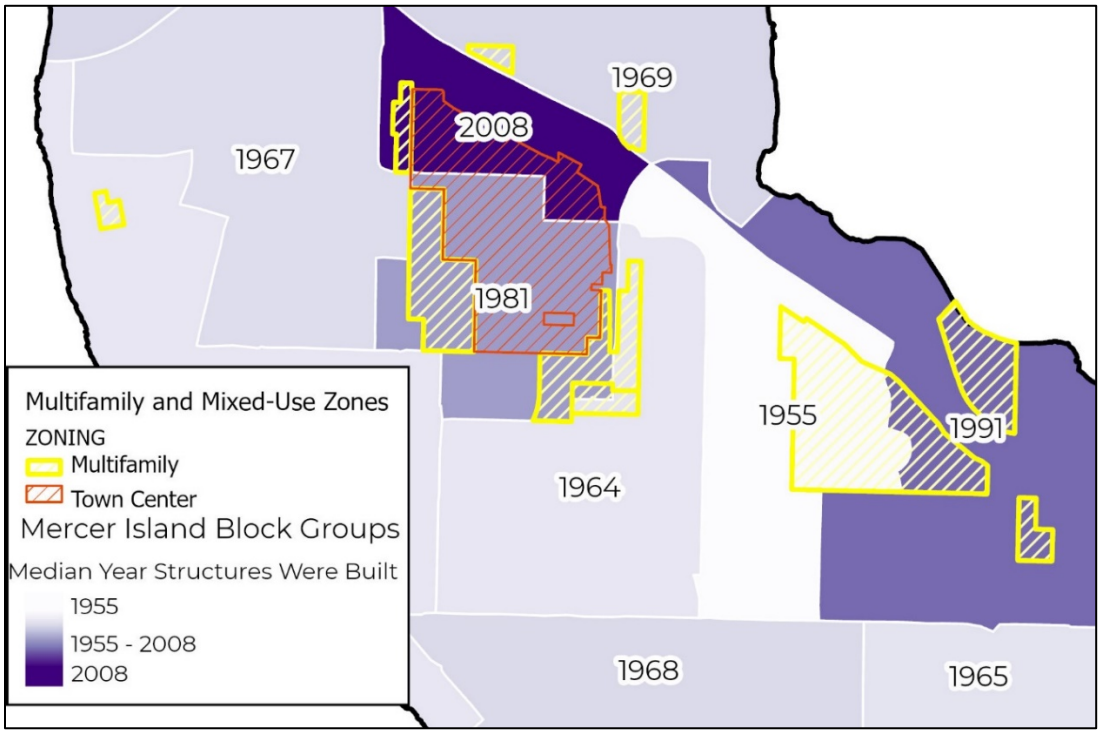
Exhibit 28 shows the median year structures were built in each census block group island wide. Exhibit 29 shows the median year structures were built in each census block group with multifamily and mixed-use zones overlaid. Note that Exhibit 29 shows the same data as Exhibit 28 but is zoomed to the multifamily areas in the north of the island.

Exhibit 28. Median Year Structures Built by Block Group.



Source: U.S. Census Bureau, 2021 American Community Survey, Table B25037.

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.

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);

- 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.

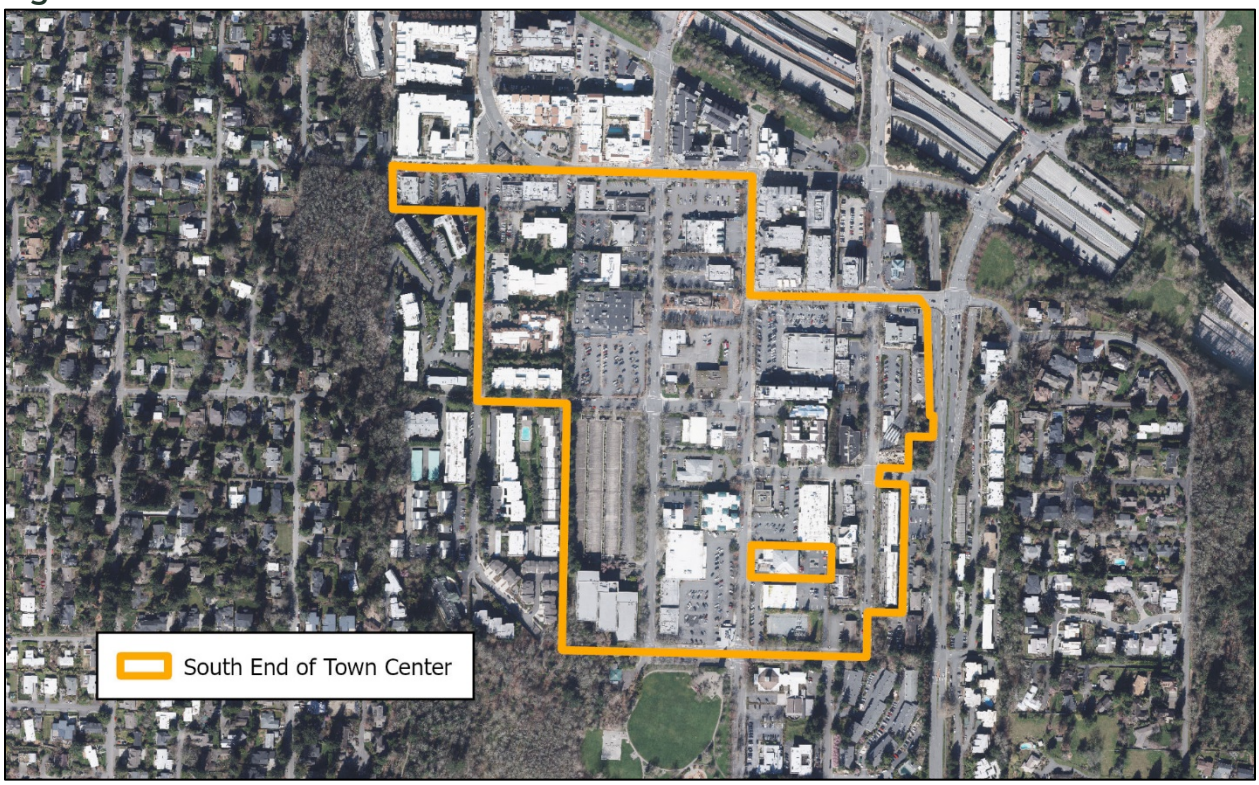
The following areas might be at a higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments:

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

Area 1: South End of Town Center

Figure 1 shows Area 1.

Figure 1. South End of Town Center.



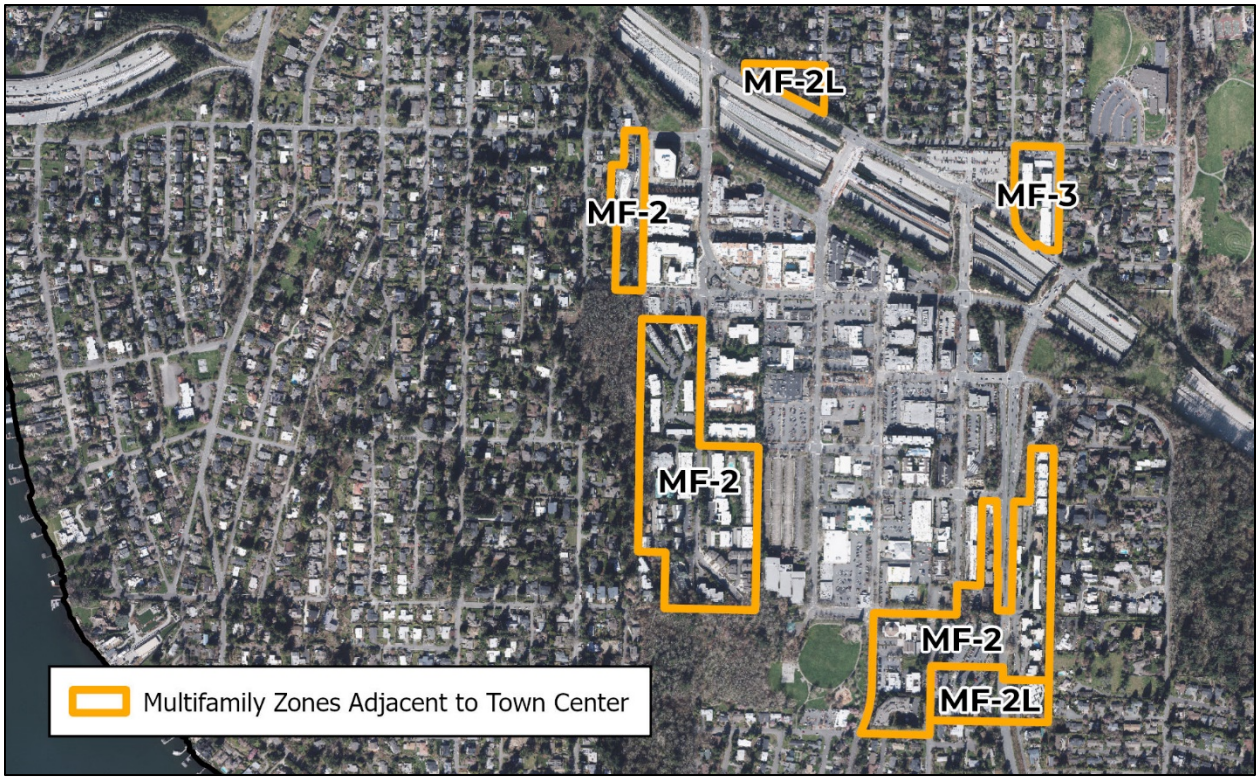
The south end of Town Center has the following characteristics:

- 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.

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.

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

- 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

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.

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.

Resources

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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.

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.

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

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	

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	

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	

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	

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	

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	

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.

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.

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	

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	

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

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.