

3 HOUSING ELEMENT

I. INTRODUCTION

The Housing Element highlights the goals and needs of Mercer Island housing in four areas. Neighborhood quality discusses the need to balance the vitality of existing housing stock and neighborhood character with the changing housing needs of Island residents. The Housing Supply section covers changing demographic needs and both existing housing stock and projected goals for providing future housing. The section on Housing Options addresses housing needs for people of all economic segments as well as those with special housing needs. Implementation and Tracking outlines strategies for accomplishing all the City's housing goals.

GROWTH MANAGEMENT ACT

The Growth Management Act (GMA) requires the City to create a 20-year planning document. This Plan must include a Housing Element that makes provisions for existing and projected housing needs. The State's GMA housing goal is to:

"Encourage the availability of affordable housing 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 order to accomplish this goal, Mercer Island must promote secure and well maintained residential single family and multi-family areas, while capitalizing on opportunities to increase the supply and diversity of housing. The Mercer Island Municipal Code allows for accessory dwelling units to be integrated into single-family neighborhoods, increasing the housing supply and diversity of housing types while maintaining neighborhood character. In parts of the Town Center, development can be four or five stories tall, provided significant amenities or major site features are integral to the site design. These two policies are examples of how Mercer Island's policies support the state's housing goal.

COUNTYWIDE PLANNING POLICIES

The King County Growth Management Planning Council (GMPC) has also established housing policies that affect the City. In addition to establishing projected growth targets (see Land Use Assumptions section) the King County Countywide Planning Policies (CPPs) provide a framework to plan for and promote a range of housing choices.

Overarching Goal: The housing needs of all economic and demographic groups are met within all jurisdictions.

The countywide need for housing by percentage of area median income is shown in Table 1, located in Section IV. Housing Supply: Housing Affordability & Availability.

Mercer Island has a very limited supply of undeveloped, buildable residential land. That fact and high land values make it more difficult to provide affordable housing on the Island. The Housing Affordability and Availability section of this element describes Mercer Island's strategies and progress in addressing the need for housing affordable to households at all income levels.

In support of affordable housing development and preservation on a regional level, the City is a member of A Regional Coalition for Housing (ARCH), an intergovernmental agency that works to preserve and increase the supply of housing for low- and moderate-income Eastside households.

II. ACCOMMODATING GROWTH

LAND USE ASSUMPTIONS

Mercer Island has historically served as a residential community, and the majority of the Island's land use is single family dwellings on relatively large lots. Mercer Island residents strongly value their community for its quality family neighborhoods and accessible local services. The Island is served by Mercer Island's Town Center, which allows for diverse commercial and non-commercial land uses, and two smaller commercial areas. These commercial areas focus on the needs of the local population.

There are three general types of residential areas in Mercer Island: Single family residential neighborhoods, which is the Island's predominate land use; Town Center multifamily residential and mixed use development; and multifamily areas surrounding the Town Center.

The Housing Element is coordinated with the Land Use Element and land use map, recognizing the City's original growth target of 2,000 new housing units (2006—2031) set by the Growth Management Planning Council. Because the Growth Management Act requires jurisdictions to plan for 20 years of growth, the planning horizon and the growth target was extended to 2035 with the units to accommodate increasing to 2,320.

Planning to accommodate the City's growth target of 2,320 units by 2035 through growth in the community's housing stock is consistent with regional land use and transportation plans.

Between 2006 and 2012, 698 new housing units were constructed, counting against the growth target of 2,320 and resulting in 1,622 units that the City must plan to accommodate through 2035.

The 2014 Buildable Lands Report identifies capacity for 2,004 new housing units on Mercer Island, which is sufficient to meet the City's household growth target. Current zoning will accommodate 614 single family units (30.6 percent of total capacity), 143 multifamily units (7.1 percent of total capacity), and 1,247 units (62.3 percent of total capacity) in mixed-use and multifamily developments in the Town Center.

TARGETED HOUSING GROWTH

One strategy of this Housing Element is to focus a significant percentage of the Island's projected growth into the Town Center. This strategy puts less growth pressure on existing single family neighborhoods; provides opportunities to address some of the community's changing demographics (e.g., smaller households, aging population); and multifamily development can help meet the City's housing affordability goals.

If as predicted, a significant portion of future housing permits are for multifamily housing, it would not significantly impact Mercer Island's existing nature of being a predominantly single family community. For example, if 70 percent of the City's 20-year growth target was achieved with multifamily units as predicted in the 2014 Buildable Lands Report, the overall proportion of single family housing would only decrease from about 72 percent to 65 percent of the City's total housing supply. The change in single family to multifamily proportion is minimal because projected growth will only be a relatively small part of the predominantly single family housing supply.

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This Housing Element plans for projected growth in ways that will mirror the City's existing residential character of single-family residential, multifamily residential in multifamily zones, and multifamily and mixed-use in the Town Center.

HOUSING CHARACTERISTICS

Of the 9,930 housing units reported by the 2010 Census, 73.9 percent are single family and 26.1 percent are multifamily units. Between 2006 and 2012, 74 percent of new permits issued in Mercer Island were for multifamily housing, consistent with the housing strategy since 2005 of focusing much of the housing growth in the Town Center and multifamily zones.

Mercer Island has consistently met its overall housing growth targets, and since 1992 almost 60 percent of that growth came from multi-family homes, or about the same percentage as King County overall. This corresponds to the development of mixed-use multi-family housing in the Town Center. Consequently, single-family detached homes have declined as a share of the City's total housing stock, but are still greater than in most east King County cities.

The bulk of Mercer Island's housing was built during the 1950s and 1970s. Prior to 1959, 2,783 units existed. In the next two decades (1960—1979), 3,966 units were added. Another 1,655 housing units were added between 1980 and March 2000. By 1990, housing development had slowed and shifted from large subdivisions to infilling of already built neighborhoods. After Town Center regulations underwent a significant update in 2006 and the post-recession economic pickup in the late 2000s, several buildings were constructed in the Town Center. Between 2006 and 2012, 472 new multifamily units were constructed in the Town Center, primarily in mixed-use buildings.

Generally, the oldest housing areas have a regular street grid pattern, and homes are on lots of 8,400 to 9,600 square feet. They are located on the most level terrain, including East Seattle and First Hill, north and south of I-90, and along Island Crest Way. The newer housing and the largest lot sizes (15,000 square feet and up) are along the east and west sides of the Island on narrow, curving roads, many of which are private. These neighborhoods often contain steep slopes, deep, narrow ravines and small watercourses. Due to the environmentally sensitive nature of these areas, careful development and engineering requirements make this land difficult and expensive to develop.

Most multifamily housing is located in and around the Town Center. In addition, two large complexes straddle I-90 and abut single family neighborhoods.

III. NEIGHBORHOOD QUALITY

Mercer Island is characterized by high quality neighborhoods that are well maintained and have a strong sense of pride.

There are three general types of residential neighborhoods in Mercer Island. First are single family neighborhoods which comprise the majority of the City's developed land area, and consist primarily of owner occupied housing. Second, is the Town Center and third the surrounding multifamily zones which consist of a mix of rental and ownership multifamily housing.

The single family neighborhoods are predominantly residential with scattered uses such as schools and religious buildings. Single family neighborhoods typically serve the needs only of its residents, and because of their lower density residents rely predominantly on automobiles.

The Town Center multifamily areas are intermixed with other commercial and office uses. The mix of residential and commercial uses in the downtown results in creating a neighborhood that serves the needs of downtown area residents and residents from the broader community. The compactness of this area allows more opportunity for pedestrian access and transit use by residents.

Multifamily residential outside the Town Center tend to be more auto-dependent, with on-site or adjacent amenities such as open-space that primarily serves these neighborhoods. Residents in mixed use neighborhoods and multifamily residential areas often look for more amenities within walking distance of their housing and rely more on shared open spaces. When considering strategies and policies to address neighborhood character and quality, strategies can vary depending upon the type of neighborhood.

Some level of investment, and thus change, in existing neighborhoods is natural and an indication of a healthy, stable environment. Typical investments may include new additions and improvements on existing houses, as well as new houses that are built either on vacant lots or after a house is torn down. One of the City's roles in promoting neighborhood quality is to facilitate healthy change within neighborhoods by providing for development that is compatible in quality, design, character and scale with existing land uses, traffic patterns, public facilities and sensitive environmental features. All neighborhoods in Mercer Island, but single family neighborhoods in particular, are largely dependent on automobiles as the primary transportation to jobs, transit stations, and commercial goods and services. Current and future provision and maintenance of roads, utilities and other public services are necessary to maintain residential access to all amenities.

Mercer Island single family neighborhoods pride themselves on their narrow, quiet streets and dense plantings. The City protects these neighborhoods through development regulations and other City codes which restrict the bulk and scale of buildings, control noise and nuisances, minimize the impact of non-residential uses and help preserve the natural environment. Parks, open spaces and trails also contribute to the neighborhood quality.

Through citizen boards, commissions and special task forces, the City encourages neighborhood participation in protecting and enhancing neighborhood quality. A matching grant program from the Beautification Fund encourages landscape plantings and other amenities.

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.

- 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.
- 1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.
- 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.
- 1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.
- 1.5 Foster public notification and participation in decisions affecting neighborhoods.
- 1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas.

IV. HOUSING SUPPLY

DEMOGRAPHIC CHANGES

Mercer Island's population changed very little (just three percent) from 2000 to 2010, but the number of households grew by 15 percent. This implies smaller households, which is reflected in the City's household types. A majority of Mercer Island households (61 percent) consist of only one or two persons. This compares to 58 percent in 2000 and 49 percent in 1980, and is consistent with overall smaller households in most parts of the County.

What differentiates Mercer Island from other East King County (EKC) cities (aside from the Point Cities) is the relatively high percentage of married couples without children—35 percent of all households. As in other "maturing suburbs" (typically incorporated before 1990, little or no annexation), the City has many empty nesters who continue to live where they raised their families. And unlike most of the rest of East King County, Mercer Island experienced an actual small decline in married couples with children.

Mercer Island has a larger proportion of school-age children and senior adults and lower percentages of younger (age 20 to 44) adults. Note that, according to the Mercer Island School District, more than 100 students now live in the Town Center, a demographic believed to be rising. In addition, the 34-to-44 age group fell in proportion, while the 55-to-64 age group rose.

Simply stated, Mercer Island households were older and smaller in 2010 than they were 30 years before, and that trend is not expected to change. Mercer Island's challenge is to provide a variety of housing opportunities in a community that has limited capacity for new development and does not anticipate or desire any significant changes to its existing residential areas.

Several policies are outlined in subsequent sections of the Housing Element to address these changing needs. These include encouraging the continued use of accessory dwelling units, providing opportunities for senior housing, and enabling innovative forms of single family housing. These forms of housing, both rental and ownership, may provide some alternatives for smaller households, including households looking to downsize from single family homes. An accessory unit built into an existing home can provide a separate living unit that provides additional income to the home owner as well as more affordable living or variety in lifestyle choice for renters.

HOUSING AFFORDABILITY & AVAILABILITY

Table 1.

Household Income Type	Percent of County Median Income	2010 King Co. Income Range (4-person HH)	Percent of County Population	Percent of Mercer Island Population
Very Low	Below 30%	Below \$25,680	12%	5%
Low	30% to 50%	\$25,680 to \$42,800	12%	5%
Moderate	50% to 80%	\$42,800 to \$68,480	16%	8%

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Middle	80% to 120%	\$68,480 to \$102,720	19%	7%
Above Middle	Above 120%	Above \$102,720	41%	75%

Source: 2010 HUD Family Income Limits and 2010 American Community Survey 5-year Estimates.

Mercer Island has the challenge of supplying housing affordable to all economic segments of the population. "Housing affordability" is relative to household income. It is an accepted standard that total housing costs should not exceed 30 percent of total gross household income. Typically, the lower the household income, the greater percentage of income paid to housing costs.

Average rents on the Island rose 53 percent since 2000, taking Mercer Island from one of the more affordable places to rent in EKC to one of the most expensive. Virtually none of the City's multi-family housing built since 1994 was affordable to moderate-income households. Sixteen percent of the City's rental housing is still affordable to low-income households—slightly higher than the EKC average—but 62 percent are too expensive for moderate-income households, compared to 41 percent in EKC.

While this pattern of low-income households overpaying for housing is typical throughout the region — the problem is exacerbated in Mercer Island because of the limited number of multifamily units and the high values of owner occupied homes. Many owner occupied units are currently affordable to low and moderate income owners because mortgage payments are low or homes are owned outright. However, there are many homeowners in Mercer Island who would not be able to afford to buy their homes today with their current incomes.

Outside the Point Cities, only Sammamish had a higher median household income or proportion of incomes greater than 120 percent of median in 2011. Nevertheless, "housing cost-burden" is more common (40 percent) among Mercer Island renters than the rest of EKC (37 percent). The same holds true at the higher level of "severe cost burden." Cost burden is lower among homeowners, but as in most cities, that rate increased significantly during the recent recession. As in other East King County cities, cost-burdened households are primarily lower-income and relatively young (under 25 years of age) or relatively old (65 or over).

In Mercer Island, as in most communities in East King County, the vast majority of housing affordable to low and moderate income families is rental housing.

Over the past decade price increases for both rental and ownership housing on Mercer Island have outpaced income increases. Between 2000 and 2010 average rents have increased over 53 percent, and average house values have increased 108 percent, while King County median income has increased only 30 percent. More notable is that over this period, average rents went from being toward the low end of rents in cities located in East King County, to one of the highest average rents.

Average prices of homes that sold in Mercer Island dropped more than 60 percent from 2008 to 2012, but had gained almost 40 percent in 2012 (compared to a 21 percent decline, and nine percent recovery, across all East King County cities). Ninety-seven percent (97 percent) of owner-occupied housing had a value greater than what is affordable for a median-income family. This compares to 90 percent for East King County.

Mercer Island has made significant contributions toward its affordable housing targets by providing regulatory incentives to achieve moderate-income housing, e.g., Mercer Island's Accessory Dwelling Unit (ADUs) program. The Mercer Island ADU program permitted 214 dwelling units between 1993 and 2012, considerable more than any other East King County city.

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Including the affordable housing that the City has helped fund outside of Mercer Island, the City has met 23 percent of its 2012 low-income affordable housing target, and 120 percent of its moderate-income target. (A majority of the latter are accessory dwelling units (ADUs) in Mercer Island.) Overall, five percent of the City's housing units are affordable for low-income families (compared to seven percent across EKC and 15 percent countywide) and an additional six percent for moderate-income families (compared to 17 percent in EKC and 20 percent countywide). Future strategies for achieving affordability and more diverse housing types may include preservation and direct assistance of existing affordable housing, and the addition of new mixed-use and multifamily residential projects in the CO and PBZ zoning districts.

Mercer Island has adopted Town Center Development and Design Standards, which implement the Land Use and Housing vision of increased multifamily development in the Town Center. However, relatively high land costs and high construction costs in the Town Center make it more difficult to build housing affordable to households earning less than median income. Mercer Island may need to promote development of affordable housing by providing additional incentives or direct assistance.

The Town Center goals include a vision of new multifamily developments and mixed uses. Providing housing in commercial areas is essential to meet new housing unit goals. Mixed neighborhoods of residential/commercial will enhance the vitality of these areas and provide a pedestrian orientation and support for transit. The Town Center Development and Design standards seek to implement the policies established in the Land Use Element of this Comprehensive Plan.

A major challenge presented by the Growth Management Act and the Countywide Planning Policies is for Mercer Island to continue to provide housing for all economic segments of the population. Given the trend of land and housing values rising faster than income, some segments of the population are finding it harder to remain in the community. These include young adults, seniors, single parents, and people with special needs.

While it is not likely that density or zoning will change in the single family neighborhoods, housing opportunities can be established there through the addition of accessory dwelling units. Another way to create new housing opportunities is to enable development of innovative housing and smaller single family housing types on vacant or underutilized property, as a demonstration project. The City considered a cottage housing project on a City-owned surplus lot on First Hill in 2008 but decided to sell the property to a home developer instead, who built conventional single family homes on the site. Nevertheless, the possibility of a demonstration project should be considered as a way to create new housing opportunities serving smaller households on the Island.

JOBS/HOUSING BALANCE REGIONAL CONTEXT

Until recently the Eastside cities primarily acted as bedroom communities — providing housing for people who traveled to Seattle and elsewhere in the region for work. This trend has changed dramatically as the Eastside has attracted large and small businesses and significantly increased its employment base. An increased job sector brings economic vitality and demand for housing. More and more, Eastside jurisdictions are faced with balancing the need for jobs with the need for appropriate housing for the persons filling those jobs. The balance is referred to as a jobs/housing balance.

Chart 5 of the Needs Analysis Supplement shows that East King County's jobs-housing ratio has increased from well below 1.0 in 1970 to 1.3 in 2006. While Mercer Island's ratio has also increased during this period, it remains below 1.0, indicating that the supply of housing on the Island exceeds demand generated by employment. Anticipated growth in Mercer Island through the year 2031 would slightly reduce its jobs-housing ratio, while the East King County ratio would continue to increase.

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JOBS/HOUSING BALANCE REGIONAL CONTEXT

Certain employment-related information about Mercer Island's work force could have housing implications. The community's employment mix is somewhat unusual compared to other cities its size in King County. In 2012, 20 percent of its workforce works in finance, insurance, or real estate (FIRE), the highest concentration of any EKC city. Nevertheless, the average private-sector wage in Mercer Island in 2010 was 67 percent of that across all East King County cities, mainly because nearly half of the community's occupations are lower-paying, service-sector jobs. A household at the average services wage on the Island (\$39,722.00) would be able to afford housing costs of \$993.00 per month.

Although Mercer Island will continue to act as a bedroom community, it is important to recognize that the City will be impacted by the housing to jobs demand created by other Eastside cities and Seattle. The greatest issue facing Mercer Island may be providing housing opportunities affordable to local employees and responding to some of the housing demand created by regional trends.

GOAL 2:

Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.

- 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.
- 2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.
- 2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.
- 2.4 Encourage residential development in mixed use zones through regulatory tools, infrastructure improvements and incentives. Track residential development over time to ensure policies are effective.
- 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.
- 2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.
- 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.
- 2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.
- 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.

V. HOUSING OPTIONS

HOUSING OPTIONS

Mercer Island's population is expected to increase about eight percent through 2031 depending on market factors and other conditions; perhaps more important are demographic and economic changes occurring in our community. The population of adults age 65 and over, accounting for over 19 percent of Mercer Island's 2010 population will age and may have increased mobility limitations or health care needs. In 2010, eight percent of the Island's population, including nearly 27 percent of the senior population, were reported as disabled.

Mercer Island can increase the opportunity for more diverse housing options by providing on-going housing services funding or other resources for developing housing. In addition, the City can continue to evaluate its land use regulations to assure that housing can be constructed which responds to the demographic changes and special housing needs within Mercer Island.

It is imperative that the community avoid displacing its current residents because of a lack of appropriate housing types. Young adults have little "starter housing" in which to build equity. Many residents are finding it difficult to move from their large home to a smaller home and remain in the community due to the local condo market being mostly "high-end." Single parent families have difficulty maintaining the family residence, and must leave the Island to find affordable housing. A substantial amount of the Island workforce cannot afford housing in this community.

Two currently underserved housing markets include: a) existing Mercer Island homeowners who wish to move to a smaller home while remaining in the community: and, b) young adults wishing to begin home ownership in the community where they grew up. The City should provide a mechanism to allow for a "turnover" of existing single family homeowners to new, and perhaps, younger, homeowners and ways to increase the variety of ownership opportunities for young families.

The Island has a need for more diverse housing types. These can be encouraged by several means. Density bonuses, flexible parking and development standards, or reduced development regulations or fees, might be allowed in exchange for the provisions of affordability or other public benefit. Identified Comprehensive Plan alternatives to provide greater housing options and affordability should be further examined in the City's Housing Strategy and Work Plan, and updates to the City's land use code. This Comprehensive Plan is a 20-year planning document, and these alternatives should be included in future review.

The private market is providing rental housing for those at greater than 80 percent of median income and ownership housing for those at greater than median income. It is not providing units at the low and low/moderate income levels. Special needs housing units are not being provided either.

The planning and provision of housing for all economic segments of a community is a complex issue requiring the cooperation of a wide range of governments, organizations, and institutions. In order to best serve the needs of its residents, the City should explore all possible means for cooperating at a regional level to address its housing needs. Adequate housing, for all economic segments of the population, is a basic need of King County's residents and an issue of countywide concern. Increasingly, city government is seen as a key player in addressing the housing needs of the community, especially in terms of low and moderate income families. The Growth Management Act requires communities to plan for housing for all economic segments of the community. Two key tools in this effort are local land use regulations and the local regulatory process.

Though there is increased local responsibility, housing needs and solutions cross between neighboring cities. If all communities do not work together to address housing needs, then the region as a whole, and therefore all communities, will fail to meet their housing needs. In order to best serve the needs of its residents and local

employees, the City should actively look for ways to participate in regional efforts, be it planning or leveraging regional and national housing resources. Also, by participating in regional discussions, the City may learn of programs and policies that could help meet the needs of its residents.

In evaluating its proper role in providing housing, the City should maximize the use of existing organizations. There are many capable organizations (both not-for-profit and for-profit) that are willing and capable of assisting, especially in the area of development and management of housing. In addition, there are support organizations and other government agencies that can assist the City (e.g., ARCH, Washington State Dept. of Commerce).

LOCAL RESOURCES FOR HOUSING

Local resources can be a critical part of developing or preserving affordable housing. This is especially true in housing for individuals and families who cannot afford housing created through the private market. Local resources are often required as a match for other public (county, state, federal) and private funding sources, and therefore work to leverage a significant amount of funding into Mercer Island and the region that would otherwise not be available. Local resources go beyond just granted or loaned funds — credit enhancements, City bonding, and donated land are all creative ways to support low cost housing developments. Surplus public land is often cited as one of the key resources local government can use to encourage affordable housing.

SPECIAL NEEDS HOUSING/FAIR HOUSING

Some members in a community may have special housing needs due to physical or mental disabilities, health, or other circumstances. Special needs housing can be provided in a variety of structures — single family homes, multifamily dwellings, and/or institutional settings. Supportive services are typically provided on site by government or non-profit agencies or the private sector.

The provision of housing and services for the neediest residents is a regional problem whose solution typically transcends the boundaries of individual jurisdictions.

GOAL 3:

Support the adequate preservation, improvement, and development of housing for the diverse economic and social segments of the Mercer Island community.

Affordable Housing Policies

- 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.
- 3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.
- 3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.
- 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.

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- 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.
 - 3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.
 - 3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.

Local Resources Policies

- 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.
- 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.
- 3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.
- 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.
- 3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and City bonding to support development of affordable housing.
- 3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.
- 3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.
- 3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.
- 3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.
- 3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.
- 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.
- 3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.

Special Needs/Fair Housing Policies

- 3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning 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).

- 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.
- 3.22 Support and plan for special needs housing using federal or state aid and private resources.
- 3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.
- 3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.
- 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.

VI. IMPLEMENTATION TRACKING

HOUSING STRATEGIES

The City acknowledges that goals alone will not increase the production of housing. The City must use its regulatory powers and resources to encourage future development of housing that meets all of the community's needs, programs and services. An organized strategic plan and work program, adopted by the City Council, provides the direction needed to determine which strategies will work most effectively in Mercer Island. A strategy plan provides Mercer Island with more adequate time to evaluate each strategy, thereby, increasing the likelihood of adopting policies and regulations that will be effective in Mercer Island.

It is important to evaluate and track the progress made by individual City actions.

A wide array of information could be potentially collected for a data base, with key information presented in a periodic report to the Council. Information that could be relevant for the data base includes:

- Number and types of residential building/demolition permits;
- Number and types of housing units assisted through public assistance;
- Surveys on market rents and home prices;
- Vacancy rates;
- Conversion of apartments to condominiums;
- Tracking projects that will have expiring federal subsidies.

It may also be useful to try to develop some indicators that can help measure the success of the City to meet its housing needs. Examples might include vacancy rates; changes in rents/housing prices relative to changes in income; increase in housing relative to increases in employment; level of demand for homeless shelters.

The housing data base prepared by staff should be done in cooperation with efforts to monitor housing development throughout the County as called for in the Housing Technical Appendix of the King County Countywide Planning Policies. This includes both defining what information should be collected countywide, and providing the requested information on an annual basis. The City's periodic Housing Strategy and Work Plan should include the information requested by the County. Coordinating this work is currently included in ARCH's work program, and should continue to be part of its work program in the future.

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.

IMPLEMENTATION POLICIES

- 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.
- 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.
- 4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.
- 4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.
- 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.