



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, July 07, 2026 at 5:00 PM

MERCER ISLAND CITY COUNCIL:

Mayor David Rosenbaum, Deputy Mayor Daniel Becker,
Councilmembers: Lisa Anderl, Julie Hsieh,
Craig Reynolds, Wendy Weiker, and Ted Weinberg

LOCATION & CONTACT:

MICEC – Slater Room Council Chambers and via Zoom
8236 SE 24th Street | Mercer Island, WA 98040
206.275.7793 | www.mercerisland.gov

We strive to create an inclusive and accessible experience. Those requiring accommodation for meetings should notify the City Clerk's Office three days prior to the meeting at 206.275.7793 or by emailing cityclerk@mercerisland.gov.

The hybrid meeting will be live streamed on the City Council's [YouTube Channel](#).

Individuals wishing to speak live during Appearances (public comment period) must register with the City Clerk at 206.275.7793 or cityclerk@mercerisland.gov before 4 PM on the day of the Council meeting. Each speaker will be allowed to speak for three (3) minutes. A timer will be visible to online to speakers, City Council, and meeting participants.

Written comments may be sent to the City Council at council@mercerisland.gov.

Join the meeting at 5:00 PM (Appearances or the Public Hearings will start sometime after 5:00 PM) by:

- **Telephone:** Call 253.215.8782 and enter Webinar ID 881 4562 6430 and Password 730224
- **Zoom:** Click this [link](#) (Webinar ID 881 4562 6430; Password 730224)
- **In Person:** Mercer Island Community & Event Center – Slater Room Council Chambers (8236 SE 24th Street, Mercer Island, WA 98040)

MEETING AGENDA

CALL TO ORDER & ROLL CALL, 5:00 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

CITY MANAGER REPORT

APPEARANCES

(This is the opportunity for anyone to speak to the City Council on any item, except items before the City Council requiring a public hearing, any quasi-judicial matters, or campaign-related matters)

CONSENT AGENDA

1. AB 6955: June 25, 2026 Payroll Certification

Recommended Action: Approve the June 25, 2026 Payroll Certification in the amount of \$1,017,893.95 and authorize the Mayor to sign the certification on behalf of the entire City Council.

2. AB 6956: Certification for Claims Paid May 31, 2026 through June 15, 2026

Recommended Action: Approve the May 31, 2026 through June 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,597,854.59 and authorize the Mayor to sign the certification on behalf of the entire City Council.

3. City Council Regular Hybrid Meeting Minutes of June 16, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of June 16, 2026.

4. AB 6957: Parks and Recreation Month, Proclamation No. 392

Recommended Action: Approve Proclamation No. 392 proclaiming July 2026 as Parks and Recreation Month on Mercer Island.

5. AB 6958: Resolution authorizing a grant application to be submitted for the Washington Wildlife and Recreation Program for the Deane’s Children’s Park Phase I Improvements (Resolution No. 1697)

Recommended Action:

1. Adopt Resolution No. 1697 authorizing the application for grant funds in the amount of \$500,000 from the Washington State Wildlife and Recreation Program, subject to conditions described in Resolution No. 1697 for the Deane’s Children’s Park Phase I Improvements project.

2. Authorize the City Manager to execute all necessary documents to apply for the grant and accept the grant and conditions of the grant, if awarded.

6. AB 6959: Sound Cities Association 2027 Solid Waste Rate Response Letter

Recommended Action: Direct the City Council liaison to the Sound Cities Association Public Issues Committee, Councilmember Weiker, to support the SCA Solid Waste Rates Response Letter (Exhibit 1) and take action on behalf of the City Council on any proposed amendments.

7. AB 6962: Fee Schedule Amendment – Establishing an Affordable Housing Fee in Lieu Rate

Recommended Action: Approve Resolution No. 1698 amending the Fee Schedule to add an Affordable Housing Fee in Lieu rate.

EXECUTIVE SESSION – Approximately 30 Minutes

8. Pending or Potential Litigation

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i)

Real Estate Acquisition

Executive Session to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b)

REGULAR BUSINESS

9. AB 6960: GMA Compliance – Comprehensive Plan Amendments (First Reading, Ord. No. 26-09)

Recommended Action: Schedule Ordinance No. 26-09 for second reading on July 21, 2026.

10. AB 6961: GMA Compliance – Title 19 MICC Amendments (First Reading, Ord. No. 26C-10)

Recommended Action:

1. Direct staff to amend the development code to group transitional and permanent supportive housing together to address the comments provided by the Department of Commerce in the June 23, 2026, letter to the City of Mercer Island.

2. Schedule Ordinance No. 26C-10 for second reading on July 21, 2026.

OTHER BUSINESS

11. Planning Schedule

12. Councilmember Absences & Reports

ADJOURNMENT



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6955
July 7, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6955: June 25, 2026 Payroll Certification	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the June 25, 2026 Payroll Certification in the amount of \$1,017,893.95.	

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Human Resources Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. June 25, 2026 Payroll Certification 2. FTE/LTE Counts
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

This agenda bill is to approve the City of Mercer Island payroll certification for the period from June 1, 2026 through June 15, 2026 in the amount of \$1,017,893.95. (see Exhibit 1).

BACKGROUND

[RCW 42.24.080](#) requires that all claims presented against the City by performing labor must be certified by the appropriate official to ensure that the labor was performed as described, and that the claims are just, due, and unpaid obligations against the City, before payment can be made. [RCW 42.24.180](#) allows the payment of claims to occur prior to City Council approval to expedite processing of the payment of claims, provided, however, that review and approval of the claims' documentation occur at the next regularly scheduled public meeting. The Payroll Certification details the total payment to employees for labor performed and benefits payments made for each payroll. The City is on a semi-monthly payroll schedule with payments on the 10th and 25th of each month.

ISSUE/DISCUSSION

Each payroll varies depending on several factors (i.e., number of employees, pay changes, leave cash outs, overtime, etc.). In addition to regular pay for employees, this payroll has variations that are outlined below.

Additional payments:

Description	Amount
Leave cash outs for current employees	\$1,318.80
Leave cash outs for terminated employees	\$0.00
Service and recognition awards	\$2,350.00
Overtime earnings (see chart for overtime hours by department).	\$50,850.05
Total	\$54,518.85

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	1.00
Municipal Court	
Police	394.00
Public Works	113.00
Thrift Shop	2.00
Youth & Family Services	
Total Overtime Hours	510.00

NEXT STEPS

FTE/LTE COUNTS

The table in Exhibit 2 shows the budgeted versus actual counts for Full Time Equivalents (FTEs) and Limited Term Equivalents (LTEs) for the current payroll. Casual labor employees (temporary and seasonal) are not included in the counts.

Casual Labor

In addition to FTE and LTE employees, the City utilizes casual labor to address workload needs that exceed the capacity or expertise of the City's regular staff and that are time limited or seasonal. Casual labor is used primarily to address seasonal workload needs and short-term workload issues created by special projects or position vacancies. Compared to an LTE position, a casual labor position has limited benefits and is filled for a shorter period (1-3 months, 6 months, or 9 months). The departments/divisions that utilize casual labor the most are Parks Maintenance, Recreation, Public Works, and the Thrift Shop.

RECOMMENDED ACTION

Approve the June 25, 2026 Payroll Certification in the amount of \$1,017,893.95 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION


Item 1.

PAYROLL PERIOD ENDING **06.15.2026**
PAYROLL DATED **06.25.2026**

Net Cash	\$	674,142.64
Net Voids/Manuals		
Net Total	\$	674,142.64
Federal Tax Deposit	\$	118,754.58
Social Security and Medicare Taxes	\$	76,453.64
State Tax (California & Oregon)	\$	696.18
State Tax (California)	\$	0.27
Family/Medical Leave Tax (California & Oregon)	\$	59.17
Public Employees Retirement System 1 (PERS 1)	\$	-
Public Employees' Retirement System (PERS Plan 2)	\$	32,000.28
Public Employees' Retirement System (PERS Plan 3)	\$	10,212.72
Public Employees' Retirement System (PERSJM)	\$	760.25
Public Safety Employees' Retirement System (PSERS)	\$	-
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	21,033.84
Regence, Kaiser & LEOFF Trust Medical & Dental Insurance Deductions	\$	15,761.06
Domestic Partner Medical Insurance Deductions	\$	4,383.55
Health Care - Flexible Spending Account Contributions	\$	3,746.54
Dependent Care - Flexible Spending Account Contributions	\$	1,500.83
MS Roth IRA Contributions	\$	1,199.78
MS 457 Deferred Compensation Contributions	\$	43,406.98
ICMA 401K Deferred Compensation Contributions	\$	-
Garnishments (Chapter 13)	\$	1,216.03
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	992.50
Mercer Island Employee Association Dues	\$	255.00
AFSCME Union Dues	\$	3,662.30
Police Union Dues	\$	3,467.89
Standard - Supplemental Life Insurance	\$	214.64
Unum - Long Term Care Insurance	\$	176.90
AFLAC - Supplemental Insurance Plans	\$	193.37
Nationwide - Pet Insurance	\$	184.76
Transportation - Flexible Spending Account Contributions	\$	106.50
Miscellaneous	\$	107.51
Oregon Transit Tax and Oregon Benefit Tax	\$	8.71
Washington Long Term Care	\$	3,195.53
Tax & Benefit Obligations Total	\$	343,751.31

TOTAL GROSS PAYROLL	\$ 1,017,893.95
----------------------------	------------------------

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



 Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Ma 5 _____ Date

FTE AND LTE COUNTS AS OF 6/15/2026		
Full Time Equivalents (FTEs)	2026 Budgeted	2026 Actual
Administrative Services	14.50	14.00
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	17.00	16.00
Finance	9.00	8.00
Municipal Court	3.10	3.10
Parks, Recreation & Facilities	27.25	26.25
Police	37.50	36.00
Public Works	47.00	45.00
Youth & Family Services	11.93	11.93
Thrift Shop	3.00	3.00
Total FTEs	175.28	168.28
Limited Term Equivalents (LTEs)	2026 Budgeted	2026 Actual
Administrative Services	1.00	0.00
City Manager's Office	1.00	1.00
Community Planning & Development	2.00	2.00
Parks, Recreation & Facilities	2.75	2.75
Public Works	3.00	4.00
Youth & Family Services	2.83	1.83
Thrift Shop	6.50	6.20
Total LTEs	19.08	17.78
Total FTEs & LTEs	194.36	186.07

- FTE Vacancies:**
- 0.5 Customer Service Representative
 - 1.0 Deputy Public Works Director
 - 1.0 Interim Water Utility Crew Lead
 - 1.0 Planning Manager
 - 1.0 Police Officer
 - 0.5 Records Specialist
 - 1.0 Recreation Facility Supervisor
 - 1.0 Utility Billing Admin Assistant



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6956
June 30, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6956: Certification for Claims Paid May 31, 2026 through June 15, 2026	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the Accounts Payable Certification for Claims paid May 31, 2026 through June 15, 2026 in the amount of \$2,597,854.59.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Certification for Claims Paid May 31 - June 15, 2026
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to approve the May 31, 2026 through June 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,597,854.59 (see Exhibit 1).

BACKGROUND

Claims refer to all external payments that are made to satisfy the obligations of the City, regardless of how payments are processed (e.g., through warrants, checks, electronic funds transfers, etc.). [RCW 42.24.080](#) requires that all claims presented against the City must be certified by the appropriate official to ensure that the claims are just, true, and unpaid obligations against the City, before payment can be made.

[RCW 42.24.180](#) allows the payment of claims to occur prior to City Council approval to expedite processing of the payment of claims, provided, however, that review and approval of the claims' documentation occurs at the next regularly scheduled public meeting.

ISSUE/DISCUSSION

The Accounts Payable Certification of Claims (see Exhibit 1) includes a table that summarizes the claims paid May 31, 2026 through June 15, 2026:

The table combines printed checks and electronic payments. The disbursement method is identified by the Method code in the first column of the table:

- **Check Register** includes printed accounts payable checks.
- **Direct Disbursement** includes wire transfers. Note that “check” numbers are two digits to easily identify them as distinct from printed checks.
- **Electronic Funds Transfer** includes EFT/ACH payments. “Check” numbers started at 5000 for this payment type.

RECOMMENDED ACTION

Approve the May 31, 2026 through June 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,597,854.59 and authorize the Mayor to sign the certification on behalf of the entire City Council.



City of Mercer Island Certification of Claims

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.

Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

Date	Method	Checks	Warrant	Total Amount
05/31/26	Direct Disbursement	275 - 288	WT 05-26	\$981,491.10
06/04/26	Check Register	5282 - 5292	060426	\$581,731.07
06/04/26	Electronic Funds Transfer	227358-227443	EFT 0604	\$105,806.34
06/11/26	Check Register	227444-227510	061126	\$743,079.21
06/11/26	Electronic Funds Transfer	5293 - 5303	EFT 0611	\$185,216.87
06/12/26	Electronic Funds Transfer	5304	EFT 0612	\$530.00
GRAND TOTAL:				\$2,597,854.59



CITY COUNCIL MINUTES REGULAR HYBRID MEETING JUNE 16, 2026

Item 3.

CALL TO ORDER & ROLL CALL

Mayor Dave Rosenbaum called the Regular Hybrid Meeting to order at 5:00 pm in the Slater Room Council Chambers at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, Washington.

Mayor Dave Rosenbaum, Deputy Mayor Daniel Becker, and Councilmembers Julie Hsieh, Craig Reynolds, and Ted Weinberg attended in person. Councilmembers Lisa Anderl and Wendy Weiker (arrived 5:02 pm) attended via Zoom.

PLEDGE OF ALLEGIANCE

Mayor Rosenbaum led the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Weinberg; seconded by Reynolds to:

Approve the agenda as presented.

PASSED: 6-0

FOR: 6 (Andrel, Becker, Hsieh, Reynolds, Rosenbaum, and Weinberg)

ABSENT: 1 (Weiker)

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:**
 - City Council Meeting on Tuesday, July 7 at 5:00 pm
 - Parks & Recreation Commission Meeting on Thursday, July 2 at 5:00 pm
- **City Updates:**
 - FIFA World Cup Updates – The City’s Emergency Operations Center has been activated to a Level 3 – Enhanced Monitoring status for the World Cup matches, with staff participating in regional coordination meetings with partnership agencies, and tracking traffic and transit conditions.
 - 2025 Residential Street Overlays – Work continues on the annual program to repair and resurface residential streets. The City’s contractor returned to complete paving work that could not be completed last year before winter, due to inclement weather. Final utility grading and restoration will be completed by the end of July.
 - YFS Supports MIHS Students at Summit – YFS Staff attended the King County Youth Leadership Summit last month to support Youth Matters members who presented at the event.
- **Upcoming Events:**
 - Senior Social Seminars – AARP Washington’s Decluttering Workshop – Tuesday, June 30, 10:00 am – 11:00 am at MICEC.
 - Summer Celebration – Saturday July 11 – Mercerdale Park and Luther Burbank Park
- **News:**
 - Pathways Program Graduates – Through the City’s partnership with the Mercer Island School District, for the last year the MICEC Team has welcomed students from the MISD Pathways program that helps prepare students for adulthood through vocational training, life skills development, and community-based experiences. Last Wednesday was student Eric and William’s last day working at MICEC as they graduated on Thursday!

APPEARANCES

There were no public appearances.

CONSENT AGENDA

City Council Regular Hybrid Meeting Minutes of June 2, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of June 2, 2026.

AB 6940: June 10, 2026 Payroll Certification

Recommended Actions: Approve the June 10, 2026 Payroll Certification in the amount of \$982,166.10 and authorize the Mayor to sign the certification on behalf of the entire City Council.

AB 6942: America's 250th Anniversary (Proclamation No. 390)

Recommended Action: Approve Proclamation No. 390 proclaiming 2026 as the America 250 Commemoration Year.

AB 6953: Juneteenth, Proclamation No. 391

Recommended Action: Approve Proclamation No. 391 proclaiming June 19, 2026 as Juneteenth on Mercer Island.

AB 6943: Renewal of Interim Development Regulations Related to Middle Housing and Accessory Dwelling Units (Ordinance No. 26-05 Second Reading)

Recommended Action: Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.

AB 6944: Renewal of Interim Regulations Related to Unit Lot Subdivisions (SB 5258) in Title 19 MICC (Ordinance No. 26-06 Second Reading)

Recommended Action: Adopt Ordinance No. 26-06 renewing Ordinance No. 25C-06 establishing interim regulations related to unit lot subdivisions.

AB 6945: GMA Compliance – MICC Title 5 Amendments Anti-Displacement Measures (Ordinance No. 26C-07 Second Reading)

Recommended Action: Adopt Ordinance No. 26C-27 for MICC Title 5 Amendments establishing anti-displacement measures.

AB 6946: 2026 Residential Street Overlays Bid Award

Recommended Action: Award Schedules A and B of the 2026 Residential Street Overlays project to Lakeside Industries Inc. and authorize the City Manager to execute a contract with Lakeside Industries in an amount not to exceed \$545,982 and set the total project budget at \$744,104.

AB 6951: Renew the 2024-2026 Interlocal Cooperation Agreement with King County Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program Consortia for the years 2027-2029

Recommended Action: Authorize the automatic renewal of the 2024-2026 Interlocal Cooperation Agreement with King County for the Community Development Block Grant Consortium and the HOME Investment Partnerships Program Consortium for the years 2027-2029

AB 6952: 2026-2028 AFSCME Collective Bargaining Agreement

Recommended Action: Authorize the City Manager to sign the AFSCME Collective Bargaining Agreement for the period of January 1, 2026 through December 31, 2028.

It was moved by Reynolds; seconded by Becker to:

Approve the Consent Agenda and the recommendations contained therein.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weiker and Weinberg)

The City Council was in recess from 5:11 pm to 5:16 pm.

EXECUTIVE SESSION

At 5:16 pm, Mayor Rosenbaum convened an Executive Session in Room 104 at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, WA and via Microsoft Teams for approximately 60 minutes until 6:16 pm.

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i) and to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b)

Mayor David Rosenbaum, Deputy Mayor Daniel Becker, and Councilmembers Julie Hsieh, Craig Reynolds, and Ted Weinberg participated in person. Councilmembers Lisa Anderl and Wendy Weiker participated via MS Teams.

At 6:16 pm, Mayor Rosenbaum extended the Executive Session for 10 minutes to 6:26 pm.

At 6:26 pm, Mayor Rosenbaum extended the Executive Session for 5 minutes to 6:31 pm.

At 6:31 pm, Mayor Rosenbaum extended the Executive Session for 5 minutes to 6:36 pm.

Mayor Rosenbaum adjourned the Executive Session at 6:35 pm.

The City Council was in recess from 6:35 pm to 6:40 pm.

REGULAR BUSINESS

AB 6947: GMA Compliance – Presentation of Planning Commission Recommendations

CPD Director Jeff Thomas, CPD Deputy Director Alison Van Gorp, and Principal Planner Adam Zack presented background information on the Growth Management Hearings Board (GMHB) appeal of the updated Comprehensive Plan that was adopted in 2024. He spoke about the four issues addressed in the GMHB Order including land capacity, adequate provisions, the station subarea plan, and anti-displacement measures and the compliance deadline of July 31, 2026. Principal Planner Zack spoke about the Planning Commission process and recommendation and updates to the Comprehensive Plan and zoning and development code amendments for compliance with the GMHB Order.

City Council thanked the Planning Commission for their work on this item.

AB 6948: First Quarter 2026 Financial Status Update

Finance Director Matt Mornick presented the Q1 2026 budget versus actuals for the General Fund, Youth & Family Service Fund, Development Services Fund, and Utility Funds for both revenues and expenditures. He discussed Real Estate Excise Tax for Q1 and the 2027-2028 Biennial Budget schedule through the fall.

OTHER BUSINESS

Planning Schedule

City Manager Jessi Bon reminded the Council that a motion needs to be made at the July 21 meeting to cancel

both City Council meetings in August.

Councilmember Absences and Reports

Councilmember Anderl will be absent on July 7.

Councilmember Weiker noted she attended the Sound Cities Association PIC meeting.
Councilmember Weinberg noted his next monthly open lunch is on June 20 at HAP'S at 12pm.
Councilmember Reynolds noted he attended the Parks & Recreation Commission meeting.
Councilmember Hsieh noted the Juneteenth proclamation was approved at the meeting.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 7:09 pm.

Dave Rosenbaum, Mayor

Attest:

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6957
July 7, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6957: Parks and Recreation Month, Proclamation No. 392	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 392 proclaiming July 2026 as Parks and Recreation Month on Mercer Island.	

DEPARTMENT:	Public Works
STAFF:	Mayor David Rosenbaum Ryan Daly, Interim Parks, Recreation & Facilities Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 392
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to recognize the importance of parks and recreation programming and opportunities in the Mercer Island community and to proclaim July 2026 as Parks and Recreation Month on Mercer Island (Exhibit 1).

BACKGROUND

National Parks and Recreation Month was originally celebrated in the month of June through the National Recreation and Park Association (NRPA). In July of 1985, the NRPA wanted to engage and accommodate more children with differing school schedules. With the support and endorsement of then Vice-President George H.W. Bush and NFL Hall of Fame running back Walter Payton, the NRPA formally recognized the month of July as National Parks and Recreation Month. In 2009, with bipartisan support, the U.S. House of Representatives passed H.Res.288 designating July as National Parks and Recreation Month while acknowledging the societal value of parks and recreation and honoring the vital contributions of employees and volunteers within parks and recreation.

PARKS & RECREATION ON MERCER ISLAND

The Parks, Recreation, Natural Resources, and Facilities divisions, supported by many other City departments, play a central role in fostering community and enhancing the quality of life for Mercer Island residents by

providing recreation, social, and cultural opportunities for people of all ages. Fundamental to this mission is ensuring affordable, accessible parks, facilities, programs, events, and other community amenities. The City operates and maintains the 42,000-square-foot Mercer Island Community & Event Center (MICEC), more than 475 acres of parks and open space, and over 30 miles of trails. Partnerships with community organizations, businesses, and other stakeholders further expand and enrich these offerings, helping ensure residents have broad access to high-quality parks and recreation opportunities.

ISSUE/DISCUSSION

CELEBRATE PARKS AND RECREATION MONTH

July 2026 is packed with recreational opportunities across the Mercer Island community. Indoor and outdoor summer camps are expected to serve more than 1,500 participants, while the Mercer Island Community & Event Center (MICEC) continues to host a wide range of events, celebrations, sports, and fitness activities. Athletic programs are in full swing on the community's sports fields, and the newly renovated playgrounds at Roanoke and First Hill parks are seeing heavy use. Trails and open space areas are welcoming visitors of all ages throughout the summer. Signature events, including the *Mostly Music in the Park* concert series at Mercerdale Park and *Shakespeare in the Park* at Luther Burbank Park, will bring the community together, while partnerships with local organizations continue to expand opportunities for programs and special events throughout the parks system.

Summer Celebration will be hosted on Saturday, July 11, the event will include music, food, entertainment, art vendors, the community parade, and fireworks. This event and all the other parks and recreation related services, partnerships, and opportunities highlight the importance that parks and recreation plays on Mercer Island and demonstrates the appreciation the Mercer Island community has for its parks and recreation sponsors, supporters, volunteers, and staff alike.

RECOMMENDED ACTION

Approve Proclamation No. 392 proclaiming July 2026 as Parks and Recreation Month on Mercer Island.



City of Mercer Island, Washington *Proclamation*

WHEREAS, in 2009, with bipartisan support, the U.S. House of Representatives passed H.Res.288 annually designating July as National Parks and Recreation Month while acknowledging the societal value of parks and recreation and honoring the vital contributions of employees and volunteers within parks and recreation.

The City of Mercer Island recognizes parks and recreation programs are vitally important to establishing and maintaining the quality of life in our community, ensuring the health of all residents, and contributing to the economic and environmental well-being of our community and region.

Mercer Island Parks and Recreation programs and facilities build healthy, active communities that aid in the prevention of chronic disease and improve the mental and emotional health of all residents. These services increase the community's economic prosperity through increased property values, expansion of the local tax base, increased tourism, the attraction and retention of businesses, and crime reduction.

The City of Mercer Island operates a 42,000 square foot Community and Event Center, over 475 acres of parks and open space, and over 30 miles of trails, and offers diverse programs and events for all ages and demographics. Partnerships with community agencies, businesses, and other community groups are actively solicited to enhance and support diverse offerings.

NOW, THEREFORE, I, Dave Rosenbaum, Mayor of the City of Mercer Island, do hereby proclaim July 2026 as

PARKS AND RECREATION MONTH

on Mercer Island, and I encourage all residents to join me on July 11 at Summer Celebration and to continue to support and participate in the many recreation activities, events, programs, and facilities provided by our various public and private agencies.

APPROVED, this 7th day of July 2026.

Mayor Dave Rosenbaum

Proclamation No. 392



NRPA'S PARK AND RECREATION MONTH



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6958
July 7, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6958: Resolution authorizing a grant application to be submitted for the Washington Wildlife and Recreation Program for the Deane’s Children’s Park Phase I Improvements (Resolution No. 1697)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Resolution No. 1697.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director Shelby Perrault, Interim Capital Division Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Resolution No. 1697 2. Deane’s Children’s Park Location Map 3. Phase I Improvements Overview
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to authorize staff to submit a grant application to the Washington Wildlife and Recreation Program (WWRP) via the state Recreation and Conservation Office (RCO) for the Deane’s Children’s Park Phase I Improvements project.

- RCO requires a City Council resolution (Exhibit 1) authorizing staff to submit grant applications for the Deane’s Children’s Park Phase I Improvements project. Upon authorization, staff will finalize the grant application and submit it by the July 15, 2026, deadline.
- On March 18, 2025, the City Council authorized staff to proceed with developing a Site Plan for Deane’s Children’s Park ([AB 6641](#)). Deane’s Children’s Park is located next to Island Crest Park (see Exhibit 2).
- The decision to pursue a Site Plan (which is similar to a Park Master Plan) was made to comprehensively plan for replacement of aging equipment, meet ADA accessibility requirements, and to improve circulation and overall park functionality ([AB 6902](#)).
- The Site Plan provides a long-term vision to address improvements at the park over the next 10 to 20 years. The Site Plan includes a new layout, inclusive play area design, a recommended phasing

schedule, preliminary cost estimates, and a targeted funding strategy. It prioritizes ADA accessibility through inclusive design and focuses on serving all ages and abilities.

- The City Council allocated \$1,500,000 in the 2025-2026 Biennial Budget and Capital Improvement Program for the planning, design, and construction of these improvements, including the development of the Site Plan. A portion of this funding is from the voter-approved 2022 Parks Levy dedicated to playground equipment replacement.
- On April 7, 2026, the City Council adopted the Deane’s Children’s Park Site Plan ([AB 6902](#), see [Resolution No. 1692](#)).
- The Deane’s Children’s Park Phase I Improvements project addresses foundational accessibility, safety, and infrastructure improvements and advances the long-term vision for an inclusive play environment (see Exhibit 3). The preliminary scope of work includes:
 - Constructing an ADA-compliant pathway connecting the parking lot to Island Park Elementary.
 - Installing an ages 5-12+ play area, a swing set combination, and a ground-level spinner.
 - Providing ADA-accessible routes to play equipment.
 - Installing new water, sanitary sewer, and electrical utility infrastructure to support a future restroom connection.
 - Removing invasive plants and restoring areas with native plantings.
 - Replacing the south perimeter fencing.
 - Expanding ADA parking stalls.
 - Installing new site furnishings.

BACKGROUND

PARK FORMATION

In 1962, the Mercer Island Preschool Association (MIPA) proposed a children’s park at Island Crest Park, which was owned and operated by King County. After the plan was approved, MIPA solicited support from local organizations to purchase equipment and enlisted community volunteers to build the children’s play area. In 1968, the City acquired Island Crest Park and renamed the play area Deane’s Children’s Park later in 1985, in honor of Lola and Phil Deane, Mercer Island residents who were instrumental in the park’s creation. MIPA has continued to partner with the City to improve Deane’s, including park upgrades in 2005.

SITE PLAN OVERVIEW

In 2025, the City initiated development of a Site Plan for Deane’s Children’s Park to establish a long-term vision and strategic planning framework for park improvements over the next 10 to 20-years. Informed by existing site conditions and community input, the Site Plan identifies desired park amenities, the general layout, and the spatial relationships between features. It is intended to guide phased implementation, capital investment decisions, and future grant funding strategies.

The Site Plan was developed through a public engagement process and was adopted by the City Council on April 7, 2026 ([AB 6902](#), see [Resolution No. 1692](#)). As a planning-level document, it serves as the guiding framework for future project development, sequencing, and financial planning.

ISSUE/DISCUSSION

PRELIMINARY SCOPE OF WORK

The Deane’s Children’s Park Phase I Improvements project represents the first phase of implementation of the Deane’s Children’s Park Site Plan adopted by City Council on April 7, 2026. As illustrated in Exhibit 3, Phase I focuses on foundational ADA accessibility, safety, utility infrastructure, and playground improvements that establish the infrastructure necessary to support future phases of park development. The preliminary scope of work includes the following key elements:

- Improve accessibility by constructing an ADA-compliant pathway connecting the parking lot to Island Park Elementary, as well as to the play areas.
- Construct the ages 5-12+ play area, including a climbing structure.
- Construct a portion of the central play zone, including a swing set combination and ground-level spinner.
- Install water, sanitary sewer, and electrical service lines to support a future restroom facility.
- Remove invasive vegetation and restore disturbed areas with native plantings.
- Enhance user safety by replacing the south perimeter fencing and installing self-latching gates at both park entrances.
- Reconstruct surfacing to provide additional ADA-compliant parking stalls within the existing parking lot footprint.
- Install site furnishings, including benches and bike racks, to support park users and improve site functionality.

Staff completed the preliminary grant application. Once the resolution is approved, staff will submit the final application prior to the July 15, 2026, deadline.

OVERVIEW OF GRANT

The Deane’s Children’s Park Phase I Improvements project qualifies for funding through the Washington State Recreation and Conservation Office (RCO). Among the grant programs currently accepting applications, the Washington Wildlife and Recreation Program (WWRP) – Local Parks category is the appropriate funding opportunity for this project. The RCO grant cycle generally occurs every two years, making the current application period an important opportunity to pursue state funding for the project. While this project qualifies for other grant programs administered by RCO, those programs are not currently open for applications in 2026.

If selected for funding, the City will be required to certify the availability of matching funds by May 2027. A total of \$960,000 from the 2022 Parks Levy is tentatively committed in the 2027-2028 proposed capital budget, scheduled for City Council review later this fall. Grant awards are anticipated in June or July 2027.

The WWRP provides state funding for a broad range of conservation and outdoor recreation projects, including local and state parks, trails, water access facilities, and the conservation and restoration of state land. The program was established to help acquire and protect valuable recreation and habitat lands while supporting the development of recreation facilities for Washington’s growing population.

The table on the next page summarizes key information related to the grant opportunity.

Grant Program	Source of Funds	Grant Limit	Estimated Request	Match
Wildlife and Recreation Program (WWRP)	State	\$500,000	\$500,000	50%*

** To meet the 50% match requirement, several options are available, including city labor, equipment, materials, budget appropriations, 2022 Parks Levy funds, donations, and other public or private grants.*

COMPETITION

The WWRP grant program is highly competitive. Following the preliminary application deadline for the 2026 grant cycle, RCO received a total of 227 applications in the recreation category, including 60 applications in the local parks category. These applications comprise the full applicant pool for the 2026 grant cycle. Applicants requested approximately \$223M in funding overall, with nearly \$30M requested within the local parks category. Based on current estimates, approximately \$54M in grant funding is anticipated to be available through the WWRP program, with roughly 30% of those funds typically allocated to local park projects; however, final funding levels are subject to legislative appropriations and program priorities. Despite the competitive nature of the program, the City’s grant application is well positioned for funding consideration due to its strong emphasis on accessibility and inclusive playground design opportunities.

GRANT PROGRAM TENURE REQUIREMENTS

Property developed with WWRP funds must be kept and maintained for public outdoor recreation for at least fifty years. Long-term obligations for structures or facilities for outdoor recreation will be tied to a reasonable, agreed upon service life for the structure or facility. Over the past decade, the City has successfully administered a variety of RCO-funded projects and is familiar with the agency’s long-term stewardship and compliance requirements, including through RCO-funded improvements at Island Crest Park and Luther Burbank Park. Deane’s Children’s Park has served as a public park for more than 60 years and is planned to continue operating as a public park into the future. Accordingly, the City does not anticipate any challenges in meeting the program requirements.

BUDGET

The total preliminary planning level cost estimate for the Deane’s Children’s Park Phase I Improvements project is \$2,925,000. This is a conceptual level estimate, based on the adopted Site Plan. Costs may vary as the project details are further defined. The estimate includes construction of Phase I Improvements, as well as design, engineering, and permitting for Phase I Improvements.

While the Phase I Improvements are presented as a single project for planning and design purposes to ensure a cohesive implementation strategy, they can be constructed over time as funding becomes available. During design development, opportunities to further break Phase I into smaller, implementable construction phases will be identified to support efficient project delivery and align with available funding.

Advancing design beyond the initial construction scope will establish a coordinated approach to implementing the Site Plan, inform site-wide considerations such as grading, stormwater, accessibility, and circulation, and ensure that future improvements can be implemented efficiently without requiring significant redesign of completed work. Completing this work will also position the City to respond quickly to future grant and private funding opportunities as they become available.

If awarded the grant, the City could receive up to \$500,000, although the actual award amount may be lower. This grant can be used to reimburse project costs. The table below outlines the conceptual level cost estimate for the overall project costs associated with the development of Phase I Improvements.

Description	Planning Level Cost Estimate
Site Studies, Design and Engineering, Project Administration, and Permitting	\$600,000
General Site Preparation (Demolition, Mobilization, Surveying, Traffic Control)	\$120,000
Pedestrian Circulation	\$180,000
Play Equipment and Safety Surfacing	\$1,650,000
Utilities (Water, Sanitary Sewer, Stormwater, Electrical)	\$250,000
Parking Lot Improvements	\$40,000
Landscaping and Restoration	\$50,000
Fencing and Site Furnishings	\$35,000
Total	\$2,925,000

This project is included in the draft 2027-2032 Parks Capital Improvement Program. Phase I Improvements were prioritized based on community input, construction sequencing, and anticipated funding; however, available funding is not sufficient to deliver all Phase I elements at one time. As a result, Phase I will be further refined during design development and broken into smaller, implementable construction phases to align project scope with available resources and to identify the most effective sequencing.

The City anticipates pursuing multiple grant opportunities over the next two to three years, in addition to other outside funding sources, to support implementation of Phase I. If the grant is not awarded, staff will continue to pursue alternative funding opportunities, including additional grants and philanthropic contributions, and will evaluate adjustments to project phasing, scope, and schedule as needed to align with available funding.

The City is also working in partnership with Friends of Dragon Park to support community engagement and fundraising efforts. Friends of Dragon Park is assisting with outreach and supporting the City’s efforts to pursue private donations. Additionally, they are helping to gather letters of support for the WWRP grant application.

RESOLUTION

RCO requires City Council authorization by resolution (Exhibit 1) to accompany the grant application. The language in the body of the resolution is verbatim as requested by RCO and includes the following provisions:

- Authorize City staff to serve in specific roles on behalf of the City for this grant application.
- Acknowledge the conditions included in a future grant agreement between the City of Mercer Island and RCO.
- Acknowledge the timing for certifying the availability of matching funds.

NEXT STEPS

The total amount of grant funds requested from the Washington State Wildlife and Recreation Program is \$500,000. If awarded, the grants require a 50% percent local match, which is contingent on future City Council budget approval.

The grant application deadline is July 15, 2026. The application materials will be submitted after receiving City Council approval for this resolution. Project rankings for the grant programs will be made public in October 2026. If awarded, funding will be available in July 2027.

RECOMMENDED ACTION

1. Adopt Resolution No. 1697 authorizing the application for grant funds in the amount of \$500,000 from the Washington State Wildlife and Recreation Program, subject to conditions described in Resolution No. 1697 for the Deane's Children's Park Phase I Improvements project.
2. Authorize the City Manager to execute all necessary documents to apply for the grant and accept the grant and conditions of the grant, if awarded.

**CITY OF MERCER ISLAND, WASHINGTON
RESOLUTION NO. 1697**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, AUTHORIZING
APPLICATION TO THE WASHINGTON STATE RECREATION AND
CONSERVATION OFFICE FOR THE DEANE’S CHILDREN’S PARK
INCLUSIVE PLAYGROUND PROJECT**

GRANT PROJECT # 26-1383D

WHEREAS, the City of Mercer Island seeks grant funding from the Washington State Recreation and Conservation Office for the Deane’s Children’s Park Inclusive Playground Project (90.25.0015), Grant Project #26-1383D (the ‘Project’); and

WHEREAS, this resolution/authorization authorizes the person(s) identified below (in Section 2) to act as the authorized representative/agent on behalf of our organization and to legally bind our organization with respect to the above Project(s) for which we seek grant funding assistance managed through the Recreation and Conservation Office (Office); and

WHEREAS, grant assistance is requested by our organization to aid in financing the cost of the Project(s) referenced above;

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

1. Our organization has applied for or intends to apply for funding assistance managed by the Office for the above “Project(s).”
2. Our organization authorizes the following persons or persons holding specified titles/positions (and subsequent holders of those titles/positions) to execute the following documents binding our organization on the above projects:

Grant Document	Name of Signatory or Title of Person Authorized to Sign
Grant application (submission thereof)	Chief of Operations
Project contact (day-to-day administering of the grant and communicating with the RCO)	CIP Project Manager / Capital Division Manager
RCO Grant Agreement (Agreement)	City Manager
Agreement amendments	City Manager

Authorizing property and real estate documents (Notice of Grant, Deed of Right or Assignment of Rights if applicable). These are items that are typically recorded on the property with the county.	City Manager (upon approval of documents by City Council)
---	---

The above persons are considered an “authorized representative(s)/agent(s)” for purposes of the documents indicated. Our organization shall comply with a request from the RCO to provide documentation of persons who may be authorized to execute documents related to the grant.

3. Our organization has reviewed the sample RCO Grant Agreement on the Recreation and Conservation Office’s WEB SITE at: <https://rco.wa.gov/wp-content/uploads/2019/06/SampleProjAgreement.pdf>. We understand and acknowledge that if offered an agreement to sign in the future, it will contain an indemnification and legal venue stipulation and other terms and conditions substantially in the form contained in the sample Agreement and that such terms and conditions of any signed Agreement shall be legally binding on the sponsor if our representative/agent enters into an Agreement on our behalf. The Office reserves the right to revise the Agreement prior to execution.
4. Our organization acknowledges and warrants, after conferring with its legal counsel, that its authorized representative(s)/agent(s) have full legal authority to act and sign on behalf of the organization for their assigned role/document.
5. Grant assistance is contingent on a signed Agreement. Entering into any Agreement with the Office is purely voluntary on our part.
6. Our organization understands that grant policies and requirements vary depending on the grant program applied to, the grant program and source of funding in the Agreement, the characteristics of the project, and the characteristics of our organization.
7. Our organization further understands that prior to our authorized representative(s)/agent(s) executing any of the documents listed above, the RCO may make revisions to its sample Agreement and that such revisions could include the indemnification and the legal venue stipulation. Our organization accepts the legal obligation that we shall, prior to execution of the Agreement(s), confer with our authorized representative(s)/agent(s) as to any revisions to the project Agreement from that of the sample Agreement. We also acknowledge and accept that if our authorized representative(s)/agent(s) executes the Agreement(s) with any such revisions, all terms and conditions of the executed Agreement shall be conclusively deemed to be executed with our authorization.
8. Any grant assistance received will be used for only direct eligible and allowable costs that are reasonable and necessary to implement the project(s) referenced above.

9. [for Recreation and Conservation Funding Board Grant Programs Only] If match is required for the grant, we understand our organization must certify the availability of match at least one month before funding approval. In addition, our organization understands it is responsible for supporting all non-cash matching share commitments to this project should they not materialize.
10. Our organization acknowledges that if it receives grant funds managed by the Office, the Office will pay us on only a reimbursement basis. We understand reimbursement basis means that we will only request payment from the Office after we incur grant eligible and allowable costs and pay them. The Office may also determine an amount of retainage and hold that amount until all project deliverables, grant reports, or other responsibilities are complete.
11. **[for Acquisition Projects Only]** Our organization acknowledges that any property acquired with grant assistance must be dedicated for the purposes of the grant in perpetuity unless otherwise agreed to in writing by our organization and the Office. We agree to dedicate the property in a signed “Deed of Right” for fee acquisitions, or an “Assignment of Rights” for other than fee acquisitions (which documents will be based upon the Office’s standard versions of those documents), to be recorded on the title of the property with the county auditor. Our organization acknowledges that any property acquired in fee title must be immediately made available to the public unless otherwise provided for in policy, the Agreement, or authorized in writing by the Office Director.
12. **[for Development, Renovation, Enhancement, and Restoration Projects Only–If our organization owns the project property]** Our organization acknowledges that any property owned by our organization that is developed, renovated, enhanced, or restored with grant assistance must be dedicated for the purpose of the grant in perpetuity unless otherwise allowed by grant program policy, or Office in writing and per the Agreement or an amendment thereto.
13. **[for Development, Renovation, Enhancement, and Restoration Projects Only–If your organization DOES NOT own the property]** Our organization acknowledges that any property not owned by our organization that is developed, renovated, enhanced, or restored with grant assistance must be dedicated for the purpose of the grant as required by grant program policies unless otherwise provided for per the Agreement or an amendment thereto.
14. **[Only for Projects located in Water Resources Inventory Areas 1-19 that are applying for funds from the Critical Habitat, Natural Areas, State Lands Restoration and Enhancement, Riparian Protection, or Urban Wildlife Habitat grant categories; Aquatic Lands Enhancement Account; or the Puget Sound Acquisition and Restoration program, or a Salmon Recovery Funding Board approved grant]** Our organization certifies the following: the Project does not conflict with the Puget Sound Action Agenda developed by the Puget Sound Partnership under RCW 90.71.310.
15. This resolution/authorization is deemed to be part of the formal grant application to the Office.

16. Our organization warrants and certifies that this resolution/authorization was properly and lawfully adopted following the requirements of our organization and applicable laws and policies and that our organization has full legal authority to commit our organization to the warranties, certifications, promises and obligations set forth herein.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON JULY 7, 2026.

CITY OF MERCER ISLAND

David Rosenbaum, Mayor

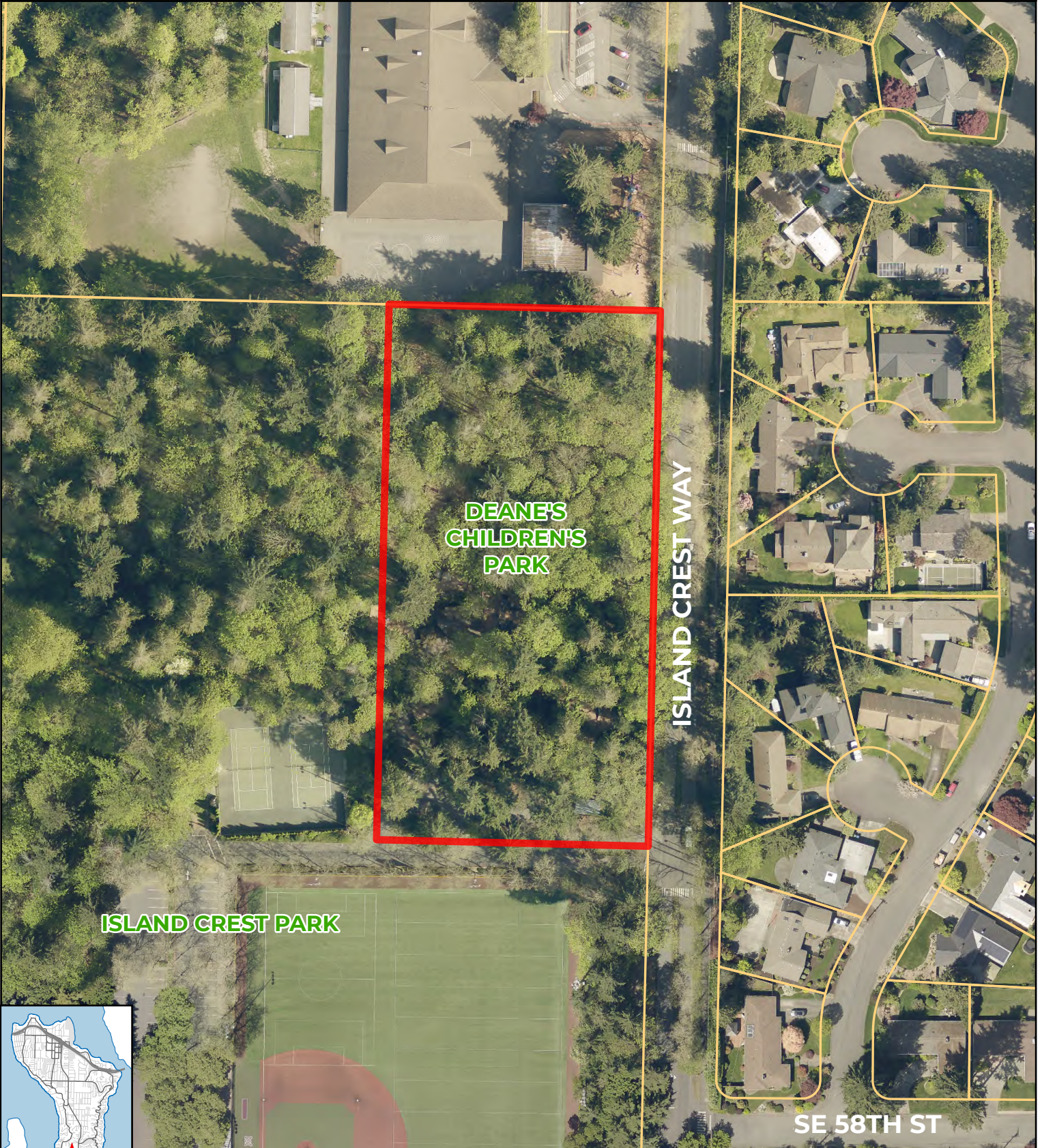
ATTEST:

Andrea Larson, City Clerk



DEANE'S CHILDREN'S PARK

Item 5.



 Deane's Children's Park Boundary

 Property Line



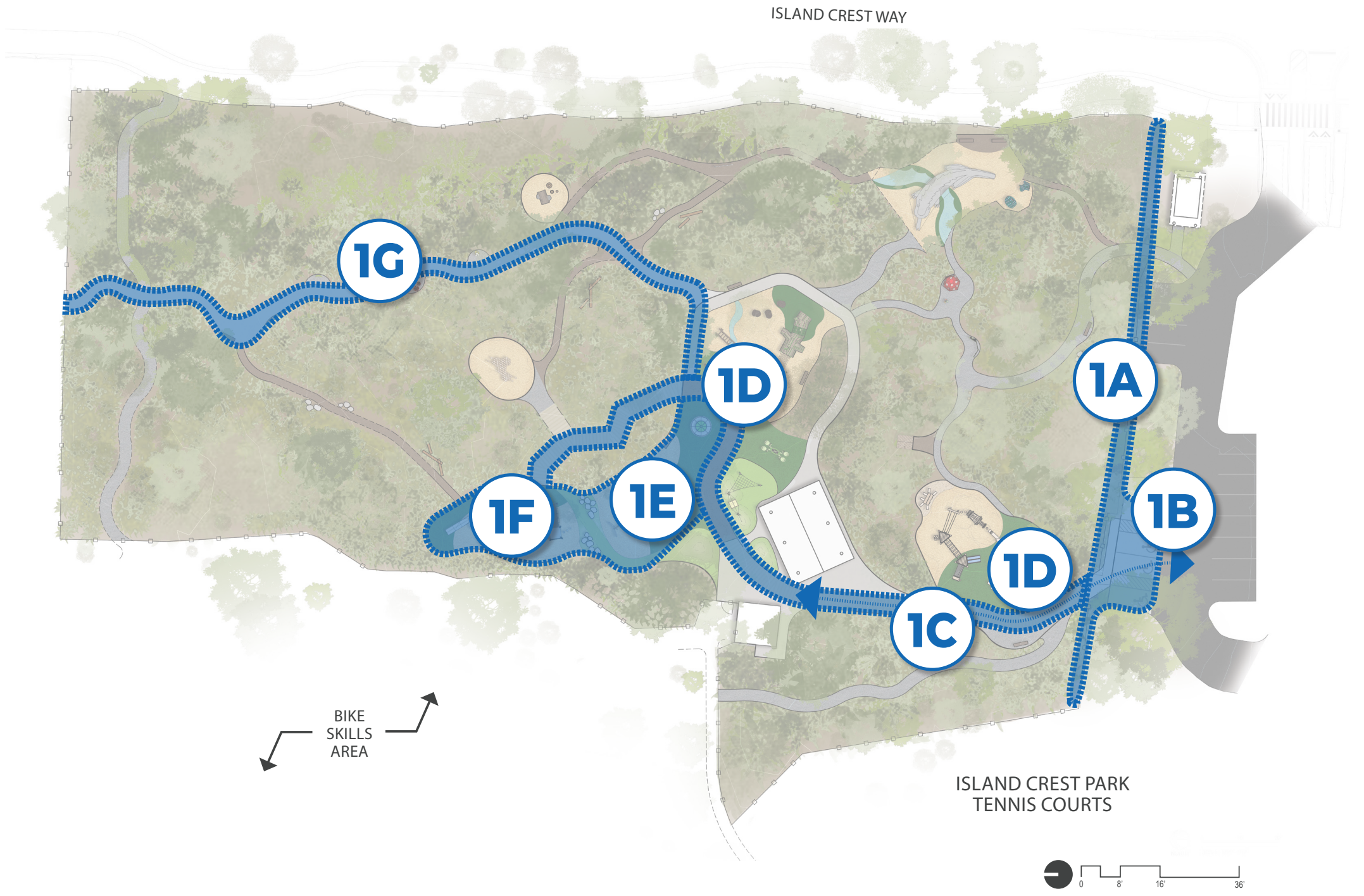
Map Date: 3/1/2025
Island Crest Park
CIPProjectMaps2024_3.3.aprx

Disclaimer: No warranties of any sort including accuracy, fitness or merchantability accompany this map. Aerial Photo: May 2023

DEANE'S CHILDREN'S PARK - Revised Phase 1

Phase 1 Overview

- 1A** Park boundary fencing upgrade with self latching gates at entries
- 1B** Existing ADA parking upgrade
- 1C** Foundational utility improvements
- 1D** 'Forest Path' accessible pathway grading, paving, and boardwalk improvements
- 1E** Swing combination and no-transfer spinner
- 1F** 5-12+ climbing structure
- 1G** Improved accessible connection to Island Crest Elementary School





**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6959
July 7, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6959: Sound Cities Association 2027 Solid Waste Rate Response Letter	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Direct the City Council liaison to the Sound Cities Association Public Issues Committee, Councilmember Weiker, to support the SCA Solid Waste Rates Response Letter (Exhibit 1) and take action on behalf of the City Council on any proposed amendments.	

DEPARTMENT:	City Manager
STAFF:	Jason Kintner, Chief of Operations Robbie Cunningham Adams, Senior Management Analyst
COUNCIL LIAISON:	Wendy Weiker
EXHIBITS:	1. Draft SCA 2027 Solid Waste Rate Response Letter 2. SCA Background Memo on Proposed 2027 King County Solid Waste Rate
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to seek City Council support for the Solid Waste Rate Response Letter (Exhibit 1) drafted by the Sound Cities Association to the King County Council, that is being reviewed by the Public Issues Committee.

- The [Sound Cities Association](#) (SCA) was founded in the 1970’s to help the current 37 member cities in King County act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support and networking.
- The Public Issues Committee (PIC) is a committee of SCA comprised of a representative of each city in SCA for the purpose of making recommendations on policies and committee appointments to the Board.
- Councilmember Wendy Weiker serves as the representative to the PIC on behalf of the Mercer Island City Council, and Councilmember Julie Hsieh serves as the alternate.
- SCA is engaging with the King County Council on the proposed 2027 Solid Waste Rate Proposal.
- SCA is seeking approval and feedback from the PIC on a proposed SCA Solid Waste Rate Response Letter thanking the King County Solid Waste Division for their work to control costs throughout this

rate-setting process and to establish a stable projected rate path. The letter also supports the call by the Solid Waste Advisory Committee and Metropolitan Solid Waste Advisory Committee for continued cost-saving efforts and a return to multi-year rates (Exhibit 1). The letter will be considered by the PIC at their July 8, 2026 meeting.

- Additional information on the proposed solid waste rate proposal can be found in the memo provided by SCA staff at the June 10, 2026 PIC meeting (Exhibit 2).

BACKGROUND

Sound Cities Association

The Sound Cities Association (SCA) was founded in the 1970's to help the current 37 member cities in King County act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support, and networking. It's members include nearly every City in King County except for Seattle and Bothell. SCA's primary focus is on advocating for shared policy goals of member cities at the County level.

The SCA Public Issues Committee (PIC) was established by SCA in 1995 as a standing board committee. Per SCA Bylaws, the PIC "shall review and evaluate policy positions and recommend to the Board what, if any, action should be taken on such policy positions". The PIC includes a representative of each city in SCA. Each SCA member has a seat and equal vote at the PIC. It is the body responsible for making recommendations on policies and committee appointments to the Board. The PIC is SCA's vehicle for bringing policies to member cities, and for member cities to bring policies to SCA. The PIC not only evaluates and recommends policy positions, but it also recommends regional committee and board appointments to the SCA Board of Directors.

Proposed 2027 King County Solid Waste Rate and SCA Response Letter

The King County Solid Waste Division (Solid Waste Division) has been preparing the 2027 Solid Waste Rate Proposal, which has been presented to the Solid Waste Advisory Committee and the Metropolitan Solid Waste Advisory Committee. For 2027, the Solid Waste Division has proposed an 8.5% increase across fee types, which is anticipated to have an average monthly curbside impact of \$0.73 per household. Currently, the Solid Waste Division projects 8.5% increases each year from 2028-2032, which would result in approximately a 63% increase in rates over this period. The Solid Waste Division calculates the rates by calculating their revenue requirement, allocating that to customer classes, and estimating future tonnage.

The Solid Waste Division has cited inflation, regulation, tonnage, labor costs, capital expenditure needs, and operating expenditures as the primary rate drivers. Additional information on the proposed solid waste rate proposal can be found in the memo provided by SCA staff at the June 10, 2026 PIC meeting (Exhibit 2)

SCA and Mercer Island City staff have consistently expressed concern about the compounding impact of sharp increases across utilities, which ultimately spurred the recommendation by SCA to send a response letter on behalf of the member cities.

ISSUE/DISCUSSION

SCA is seeking approval and feedback from the PIC on a proposed SCA Solid Waste Rates Response Letter to the King County Council thanking the Solid Waste Division for their work to control costs throughout this rate-setting process and to establish a stable projected rate path. Previous rate projections were over 10% for 2027 and the Solid Waste Division ultimately recommended a rate below that at 8.5%. The letter also

supports the call by the Solid Waste Advisory Committee and Metropolitan Solid Waste Advisory Committee for continued cost-saving efforts and a return to multi-year rates (Exhibit 1).

Staff and Councilmember Weiker, the Council appointed voting representative on the PIC, recommend a motion to direct Councilmember Weiker to support the SCA response letter as drafted. While staff and Councilmember Weiker have no recommended text changes to propose, staff recommend a motion to allow Councilmember Weiker to vote on the City's behalf on any proposed amendments, as the full City Council will not have an opportunity to review all of the proposed amendments ahead of the July 8, 2026 PIC meeting.

NEXT STEPS

The SCA Board of Directors will review the recommendation provided by the PIC and is expected to take final action on the letter at their July 15, 2026 board meeting.

RECOMMENDED ACTION

Direct the City Council liaison to the Sound Cities Association Public Issues Committee, Councilmember Weiker, to support the SCA Solid Waste Rates Response Letter (Exhibit 1) and take action on behalf of the City Council on any proposed amendments.

Dear Chair Sarah Perry and King County Councilmembers,

On behalf of the Sound Cities Association (SCA), we are writing regarding Proposed Ordinance [X] 2027 Proposed Solid Waste Fees. Given current rate proposals and forecasts of multiple years of sharply rising rates across multiple utilities, SCA is concerned about how the proposed solid waste rates contribute to this unsustainable trend.

The proposed rate increase is 8.5%, which is estimated to be an increase of \$0.73 per month for a residential customer with a 32-gallon garbage can. Rates are projected to increase by 8.5% annually through 2032, with the increases compounding each year. Though solid waste rates are not projected to rise as dramatically as other utility rates, these increases contribute to the cumulative burden borne by ratepayers and add to our region's overall affordability crisis.

We thank the Solid Waste Division (SWD) for their work to control costs throughout this rate-setting process and to establish a stable projected rate path. These efforts are critical in ensuring that infrastructure needs are met while mitigating ratepayer burden. For example, previous rate projections were over 10% for 2027 and SWD ultimately recommended a rate below that at 8.5%.

We support the call by the Solid Waste Advisory Committee (SWAC) and Metropolitan Solid Waste Advisory Committee (MSWAC) for continued cost-saving efforts and a return to multi-year rates. Specifically, we support:

- The continuation of cost-saving efforts that balance rate increases with ratepayers' ability to pay;
- A return to a multi-year rate to provide stability and predictability for ratepayers;
- A comprehensive rate approach that factors in local increases and increases to other utilities' rates, especially those operated by the County, to understand overall ratepayer impacts; and
- Convening a second Regional Utility Rate Summit to holistically address the aforementioned concerns.

We are committed to maintaining a safe and effective system to protect public and environmental health. While we recognize that an adequate revenue stream is needed to achieve these goals, we must collaboratively identify measures to mitigate future utility rate increases, especially as investments for long-term disposal anticipated in the next solid waste comprehensive plan will be significant.

Thank you for your responsiveness during the last rate setting cycle and for your collaboration throughout this year's process. We look forward to continuing to collaborate on follow-up work following last year's Regional Utility Rate Summit and on ratepayer affordability given the growing affordability crisis.

Sincerely,
[SCA Board of Directors]

Cc: Girmay Zahilay, King County Executive
Mo McBroom, Interim Director, Department of Natural Resources and Parks
Rebecca Singer, Director, Solid Waste Division
Ali Blum, Government Relations, Solid Waste Division
Solid Waste Advisory Committee Members

Item 7:

2027 Proposed Solid Waste Rate Response Letter

DISCUSSION/POTENTIAL ACTION

SCA Staff Contact

Laura Belmont, SCA Policy Analyst, laura@soundcities.org , (206) 849-7864

SCA Solid Waste Advisory Committee Members

Councilmember Amy Lam, Sammamish; Councilmember Laura Mork, Shoreline

Discussion/Potential Action

The King County Solid Waste Division (SWD) has been preparing the 2027 solid waste rate proposal, which has been presented to the Solid Waste Advisory Committee (SWAC) and the Metropolitan Solid Waste Advisory Committee (MSWAC). For 2027, SWD has proposed an 8.5% increase across fee types, which is anticipated to have an average monthly curbside impact of \$0.73. Currently, SWD projects 8.5% increases each year from 2028-2032, which would result in approximately a 63% increase in rates over the period. SCA members have consistently expressed concern about the compounding impact of sharp increases across utilities on ratepayer affordability, which ultimately spurred the creation of a Regional Utilities Rate Summit and the recommendation of a sewer rate response letter.

At the June PIC meeting, **members will review the first draft of a letter to the King County Council and vote on whether this is an issue on which PIC wants to consider adopting a position.** This represents the first touch on the draft letter, which will return to PIC in July for final approval if PIC votes in favor of taking a position this month. A timeline is included in this memorandum outlining the process.

Background Information

The Solid Waste Division (SWD) has proposed a rate increase of 8.5% across fee types for 2027. SWD calculates the rates by calculating their revenue requirement, allocating that to customer classes, and estimating future tonnage. They then set rates such that the allocation matches the rate of future tonnage. SWD has cited inflation, regulation, tonnage, labor costs, capital expenditure needs, and operating expenditures as the primary rate drivers.

During the 2026 rate setting process, the 2027 rate was separated into its own proposal to allow for additional engagement among partners and for SWD to review its capital investment program and strategy. To control rate growth, SWD reprioritized and re-assessed capital needs to delay costs where possible, limited operational adds, explored operational options to control

costs, and is opening new revenue streams. Projects that were prioritized included those necessary to provide services at current levels, such as finishing the South County Recycling and Transfer Station, and projects required to remain in compliance with regulations and keeping customers and staff safe, such as leachate line repairs. Projects that did not fall into one of those two categories were delayed for future implementation. Through these efforts, SWD was able to recommend a rate of 8.5% for 2027, lower than previous projections of over 10%.

SWD states that their rate proposal supports commitments made in the 2019 Comprehensive Solid Waste Management Plan, particularly in the areas of crucial system infrastructure, climate and the environment, accessibility and equity, and customer service and regulatory requirements. SWD will also provide service disruption rates, which are a reduced commercial fee schedule for unanticipated closures of two or more transfer stations lasting longer than 24 hours; service disruption rates are still being developed. A table with proposed rates, 2026 adopted rates, and prior 2027 modeling is shown below:

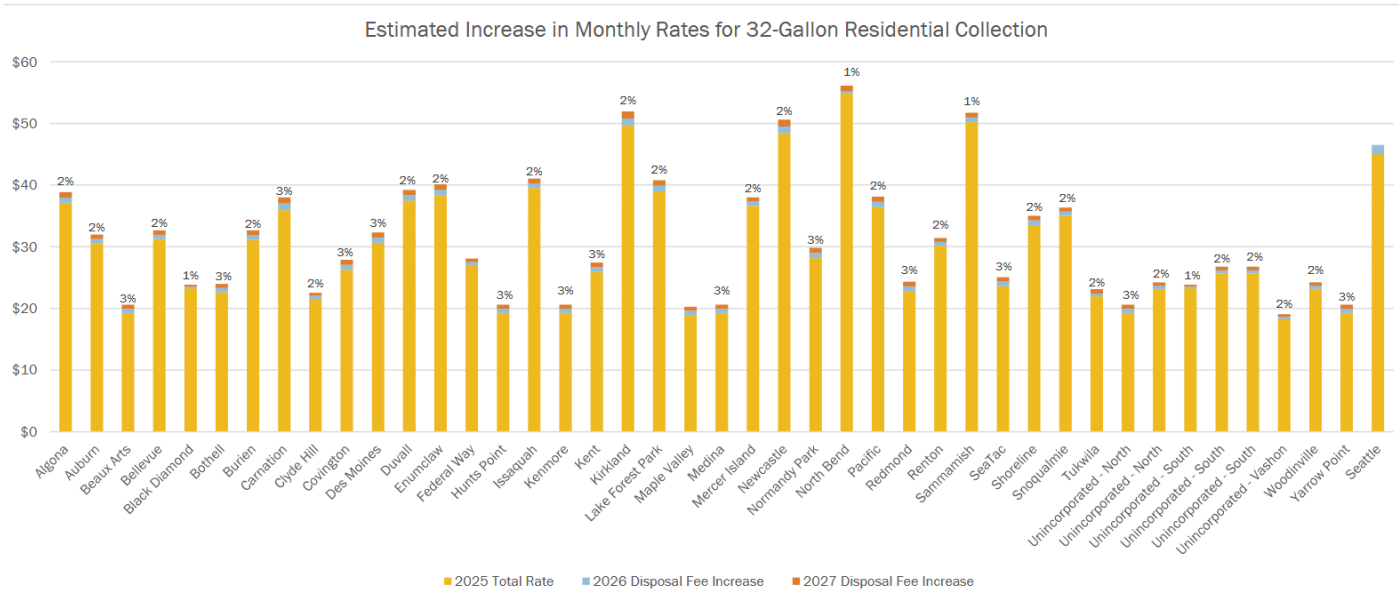
Proposed Rates, 2026 Adopted Rates, and Prior 2027 Modeling

Fee Type	UOM Type	2026 Rate Adopted	2027 Prior Model	% Increase	2027 Agency Proposed
Commercial (Tipping Fee)	Per Ton	\$ 179.18	\$ 194.00	8.27%	\$ 194.41
Self -Haul	Per Ton	\$ 229.08	\$ 258.00	12.62%	\$ 248.55
Regional Direct	Per Ton	\$ 194.89	\$ 219.30	12.52%	\$ 211.46
Yard Waste	Per Ton	\$ 129.38	\$ 145.55	12.50%	\$ 140.38
Special Waste	Per Ton	\$ 275.14	\$ 310.00	12.67%	\$ 298.53
Self Haul Minimum ¹	Transaction	\$ 36.62	\$ 41.28	12.73%	\$ 39.76
Appliances	Transaction	\$ 30.00	\$ 30.00	0.00%	\$ 33.00
Mattresses	Transaction	\$ 30.00	\$ 30.00	0.00%	\$ 33.00
Cleanup Lift	Transaction	\$ 20.00	\$ 20.00	0.00%	\$ 22.00
Fixed Annual Charge		\$ 26,838,510	\$ 30,864,287	15.00%	\$ 29,119,783

Table as provided in Solid Waste Advisory Committee meeting materials for May 2026.

SWD’s current planning assumptions reflect 8.5% annual rate increases each year from 2028-2032. For 2027, this 8.5% increase is estimated to, on average, result in a \$0.73 increase per month for a residential customer with a 32-gallon garbage can. The exact monthly bill increase varies by city or geographical area, as shown in the graph below.

Estimated Increase in Monthly Rates by City or Geographical Area



Graph as provided in Solid Waste Advisory Committee meeting materials for May 2026.

The variation observed by city or geographic area is because King County SWD does not directly provide service to cities; cities instead contract with hauling companies. Contracts between cities and haulers are set for longer periods of time, and where a city is within the lifecycle of its contract with a hauler, as well as the overall terms negotiated in the contract, impact the rates charged to ratepayers. Further, different ratepayers may receive different services based on what the jurisdiction has contracted for.

Advisory Committees

The Solid Waste Advisory Committee (SWAC) and the Metropolitan Solid Waste Advisory Committee (MSWAC) each advise the County Executive and County Council on solid waste management issues and decisions affecting county residents and the services they receive. SWAC is comprised of members across King County that represent people who receive solid waste services, labor unions’ representatives, local elected officials, manufacturers, public interest groups, the recycling industry, and the waste management industry. MSWAC is comprised of elected officials and city staff, with each city appointing its own members. Membership rosters can be found [here](#) and [here](#) for SWAC and MSWAC, respectively.

Solid Waste Rate Proposal Timeline

SWD began presenting rate scenarios to members of SWAC and MSWAC in February. Rate conversations have been ongoing in the two bodies; both MSWAC and SWAC are currently refining their response letters. The King County Executive is expected to transmit his 2027 Rate Proposal later this month, which will then be considered by the King County Council. The rate must be adopted by September 30. The full timeline for the process is below.

Detailed Solid Waste Rate Proposal Timeline

Timing	Process Milestone
February	Early rate outlook (MSWAC/SWAC)
By 2/27/26	Rate model and forecast development complete
By 3/31/26	Rate decision making complete
By 3/31/26	Preliminary rate briefings complete
By 4/30/26	Final rate agency proposal complete
By 5/13/26	Draft support letter shared at SWAC/MSWAC meetings (5/8 and 5/13)
By 6/12/26	Final support letter approved at SWAC/MSWAC meetings (6/10 and 6/12)
By 6/15/26	Executive proposed legislation transmitted; Council deliberations begin
By 8/31/26	Fixed Annual Cost allocation transmittal complete
By 9/30/26	Council rate adoption

Rate timeline adapted from Solid Waste Advisory Committee meeting materials for March 2026.

SCA SWAC Caucus Discussions and Rate Summit

The SCA SWAC Caucus raised significant concerns throughout the 2026 solid waste rate setting process about rapidly rising rates and affordability, particularly as sharp rate increases were forecasted across multiple utilities. This culminated in the SCA SWAC Caucus declaring support for and participating in the Regional Utility Rate Summit in November 2025. At the Summit, local elected officials heard from major regional utilities and discussed the combined impact of rate increases and the drivers of rising rates. SCA members have continued to express concern around the growing rate affordability crisis and included utility rate affordability as a priority area on SCA’s County Priorities document.

While concerns about solid waste rates have been softened following SWD’s steps to reprioritize projects for the 2027 rate process, the SCA SWAC Caucus has remained vigilant regarding ratepayer affordability concerns. The Caucus has recommended that SCA consider sending a rate response letter to continue the discussion regarding the issue of utility rate affordability.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6962
July 7, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6962: Fee Schedule Amendment – Establishing an Affordable Housing Fee in Lieu Rate	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Resolution No. 1698 amending the Fee Schedule to add an Affordable Housing Fee in Lieu rate	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Director Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Resolution No. 1698 2. Affordable Housing Nexus Study 3. Technical Memorandum
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to amend the City’s Fee Schedule to establish a rate for the Affordable Housing Fee in Lieu program created by amendments to the development code related to the City’s Growth Management Act (GMA) compliance efforts.

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 ([AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the Washington State Growth Management Act (GMA).
- The City Council has provided directions for addressing compliance with the four issues in the GMHB Order at the following meetings:
 - [January 16, 2026 – AB 6838](#)
 - [February 17, 2026 – AB 6865, AB 6866, and AB 6871](#)
 - [March 17, 2026 – AB 6888 and AB 6894](#)
 - [April 21, 2026 – AB 6909 and AB 6911](#)

- The City is required to update its Comprehensive Plan and adopt a Station Subarea Plan in order to comply with the GMHB Order.
- Development regulation amendments to implement the Comprehensive Plan and Station Subarea Plan need to be made concurrently with the Comprehensive Plan update.
- Ordinance No. 26-09 would concurrently adopt the Planning Commission recommended update to the Comprehensive Plan, including the new Station Subarea Plan.
- Ordinance No. 26C-10 would make amendments to Title 19 MICC to implement the updated Comprehensive Plan and Station Subarea Plan.
- The Fee Schedule must be amended to implement the Affordable Housing Fee in Lieu program included in the proposed amendments to Title 19 MICC
- Resolution No. 1698 would amend the Fee Schedule to establish an Affordable Housing Fee in Lieu Rate (Exhibit 1)
- The recommended fee in lieu rate was based on analysis conducted by Community Attributes, Inc. and summarized in the Affordable Housing Nexus Study (Exhibit 2) and Technical Memo (Exhibit 3).

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

Cities and counties in Washington State are required to adopt a comprehensive plan under the GMA. The comprehensive plan is a statement of goals and policies that detail how a county or city will manage and accommodate future growth. The goals and policies of the comprehensive plan are implemented through capital investments, development regulations, and programs. The GMA requires cities and counties to periodically review and update their comprehensive plans on a ten-year cycle. Mercer Island most recently completed a periodic review and update of its Comprehensive Plan in 2024 (see [AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply with the timeline established by the GMHB Order (RCW 36.70A.300(3)(b)). The compliance timeline is one year from when the GMHB issued its decision; work must be completed by July 31, 2026. Failure to comply with the GMHB Order can result in sanctions against the City (RCW 36.70A.340).

The GMHB Order requires the City to address four issues:

1. Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
2. Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
3. Station Area Subarea Plan: Adopt a subarea plan for the area around the transit station.
4. Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

The amendments in Ordinance No. 26-09 would update the Comprehensive Plan to address the four issues required by the GMHB Order.

Land Capacity

The updated Comprehensive Plan in Ordinance No. 26-09 includes an updated Land Capacity Analysis as Appendix I. The updated Land Capacity Analysis evaluated the land capacity provided by the updated Comprehensive Plan and disaggregated the capacity by affordability level. The analysis also prompted the zoning changes proposed in Ordinance No. 26C-10, which would increase development capacity in the Town Center and adjacent multifamily zones to accommodate the City's affordable housing needs. The combination of updated land capacity analysis and zoning changes to increase development capacity address GMHB Order Issue 1.

Adequate Provisions

Adequate provisions are incentives, mandatory provisions, and programs that can help to increase the supply of affordable housing. To help identify adequate provisions, the updated Comprehensive Plan in Ordinance No. 26-09 includes a Barriers Analysis as Appendix J. The Barriers Analysis is a study of potential barriers to affordable housing production that included recommended actions to address identified barriers. The Land Capacity Analysis in Appendix I also identified some adequate provisions that can be included in the Comprehensive Plan. The adequate provisions identified in the Barriers Analysis and Land Capacity Analysis have been incorporated into the Comprehensive Plan amendments that would be adopted by Ordinance No. 26-09. The City will address GMHB Order Issue 2 by adopting the adequate provisions included in the Comprehensive Plan. The adequate provisions include:

- Inclusionary zoning in the Station Subarea Plan Phase 1 – New development in the Town Center zone must include at least 10% of units affordable at 50% of the area median income (AMI) for rental units and 80% AMI for ownership units.
- Fee in lieu – A fee in lieu of constructing the units required by the inclusionary requirement that can help fund the affordable housing units needed below 50% of the AMI.
- Opportunity sites – surplus public property within the station area is identified as opportunity sites in the Station Subarea Plan.

Station Subarea Plan

A new station subarea plan is included in the amendments to the Comprehensive Plan that would be adopted by Ordinance No. 26-09. The Station Subarea Plan would establish area-specific goals and policies for the station area, a modified half-mile walkshed from the light rail station. It is required to be adopted concurrently with the Comprehensive Plan update, but the City has local control over most of its contents. There are two phases of the Station Subarea Plan:

- **Phase 1** – Implementation will occur concurrently with adoption of the Station Subarea Plan. Phase 1 will include adoption of changes to zoning and development regulations to allow 8- and 6-story building height in the Town Center and adjacent multifamily zones.
- **Phase 2** – Implementation will follow adoption of the Station Subarea Plan, with work to be completed by 2029. Phase 2 will include compliance with the transit-oriented development requirements from the GMA.

Anti-Displacement Measures

The “anti-displacement measures” requirement from the GMHB FDO was addressed by Ordinance No. 26C-07, which was adopted on June 16, 2026. This ordinance implemented anti-displacement policies in the Comprehensive Plan Housing Element, with the following actions:

- Assessing displacement risk that may result from zoning changes to increase housing capacity;
- Require advance notice of rent increases for low-income households; and
- Require relocation assistance for low-income renting households in the event of a displacement event.

IMPLEMENTING DEVELOPMENT REGULATIONS

Many of the goals and policies in the Comprehensive Plan and Station Subarea Plan must be implemented with concurrent amendments to Title 19 of the Mercer Island City Code (MICC). Ordinance No. 26C-10 would make the necessary implementing amendments, which includes:

- Increasing midrise multifamily and mixed-use development capacity by amending the zoning in Town Center and the adjacent multifamily zones;
- Establishing inclusionary zoning in the Station Subarea Plan Phase 1 area;
- Establishing a fee-in-lieu program;
- Establishing flexible parking options for multifamily development;
- Amending standards for emergency and permanent supportive housing to reduce barriers; and
- Other amendments that are necessary to maintain the internal consistency of the development code.

ISSUE/DISCUSSION

ESTABLISHING A FEE IN LIEU PROGRAM

The amendments proposed for Title 19 MICC as part of the GMA compliance effort will establish a fee in lieu option for meeting the new affordable housing requirements. This option enables a permit applicant to pay a fee rather than construct the required affordable housing units in their development project. The funds generated from this fee will be placed in a Housing Fund that the City will utilize to support creation of affordable housing units that serve households earning less than 50% of the area median income (AMI). To implement the fee in lieu program, the City must also amend the Fee Schedule to establish the Affordable Housing Fee in Lieu rate.

NEXUS STUDY AND FEASIBILITY ANALYSIS

The City contracted with Community Attributes to conduct an Affordable Housing Nexus Study to establish the basis for the fee in lieu rate. The Nexus Study (Exhibit 2) examines the induced demand for affordable housing from market rate housing development and calculates the maximum fee that can be charged. The Nexus Study found that the maximum supportable fee is in the range of \$30.90-\$37.62, depending on prototype.

Community Attributes also analyzed the impact of various fee rates on development feasibility; this analysis is summarized in a Technical Memorandum (Exhibit 3). Fee rates ranging from \$20 to \$35 per square foot were analyzed, with lower rates showing a modest improvement in potential returns. The memorandum concludes that a fee rate “between \$25 and \$30 per square foot falls below the maximum supportable fee, is comparable with other programs, and creates an in-lieu fee program that may generate a dedicated stream of revenue to support the construction of housing units at deeper levels of affordability.”

RESOLUTION NO. 1698

Adoption of Resolution No. 1698 (Exhibit 1) would amend the City's Fee Schedule to establish a new Affordable Housing Fee in Lieu rate of \$25 per square foot of gross floor area in Residential or Live/Work use (see page 19 of the Fee Schedule). This Fee in Lieu rate will be used to calculate the applicable fee when a permit applicant opts to pay a fee in lieu rather than construct some or all of the affordable units required by the code under new provisions proposed in Chapter 19.06 MICC.

The fee will be calculated by multiplying the fee in lieu rate by the total gross floor area in Residential and/or Live/Work uses, excluding parking and mechanical areas. The gross floor area will include areas that serve the residential or live/work uses, including but not limited to hallways, lobbies, common areas, fitness rooms and other amenities. In mixed-use buildings the areas in non-Residential and non-Live/Work uses may be excluded.

NEXT STEPS

July 7, 2026 – City Council first reading of ordinances to accomplish the following:

1. Adopt changes to the Comprehensive Plan and establish a Station Subarea Plan, and
2. Amend the development code to implement the updated Comprehensive Plan and Station Subarea Plan.

July 21, 2026 – City Council second reading and adoption of the ordinances listed above.

July 31, 2026 – Compliance deadline for the GMHB Order

BACKGROUND MATERIALS AND REFERENCES

Background materials are provided on the [City's Let's Talk page](#). A summary of previous agenda materials is outlined below:

January 16, 2026

- [AB 6838](#): Compliance with [Growth Management Hearings Board Final Decision and Order](#) related to the City of Mercer Island Periodic Update to the Comprehensive Plan Overview of City Council Planning Session.

February 17, 2026

- [AB 6865](#): Compliance with Growth Management Hearings Board Final Decision and Order Related to the City of Mercer Island Periodic Update to the Comprehensive Plan
- [AB 6866](#): GMA Compliance Public Engagement Plan
- [AB 6871](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 First Reading)

March 3, 2026

- [AB 6893](#): Compliance with Growth Management Hearings Board Order – Follow-Up Discussion on Financing Affordable Housing
- [AB 6890](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 Second Reading)

March 17, 2026

- [AB 6888](#): Final Approval of the Modified Station Subarea Boundary
- [AB 6894](#): Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan

March 25, 2026

- [PCB26-01](#): Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance

April 21, 2026

- [AB 6909](#): GMA Compliance – Policy Direction on Development Code Amendments
- [AB 6911](#): GMA Compliance – Legislative Review Process

April 28, 2026

- [PCB26-02](#): Planning Commission Legislative Review Process
- [PCB26-03](#): Briefing on Station Subarea Plan Goals and Policies

May 6, 2026

- [PCB 26-04](#): Briefing on Comprehensive Plan Elements and Station Subarea Plan

May 13, 2026

- [PCB 26-05](#): Briefing on Development Code Amendments: land capacity: zoning map, Town Center boundary and subareas, height increases, permitted uses, design standards, and consistency

May 27, 2026

- [PCB 26-06](#): Briefing Comprehensive Plan Consistency Amendments – Transportation, Utilities, Capital Facilities Elements

June 2, 2026

- [AB 6938](#): Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

June 3, 2026

- [PCB 26-07](#): Public Hearing: Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 10, 2026

- [PCB 26-08](#): Public Hearing (Continued): Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 16, 2026

- [AB 6947](#): GMA Compliance – Planning Commission Recommendation

RECOMMENDED ACTION

Approve Resolution No. 1698 amending the Fee Schedule to add an Affordable Housing Fee in Lieu rate.

**CITY OF MERCER ISLAND, WASHINGTON
RESOLUTION NO. 1698**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON
REVISING THE CITY’S FEE SCHEDULE EFFECTIVE AUGUST 1, 2026, AND
ADDING RATE FOR AFFORDABLE HOUSING FEE IN LIEU.**

WHEREAS, fees are charged for services provided by departments of the City of Mercer Island and for the construction of infrastructure that supports operation of the city; and

WHEREAS, City staff have collected various fees and centralized the location of the City’s public fees in a Fee Schedule; and

WHEREAS, Title 19 of the Mercer Island City Code is proposed to be amended with new requirements for affordable housing, including the option to pay a fee in lieu; and

WHEREAS, to implement the affordable housing fee in lieu program, an affordable housing fee in lieu rate must be established in the Fee Schedule; and

WHEREAS, adding an affordable housing fee in lieu program may generate revenue that the City can use to support creation of housing that is affordable to households earning below 50% of the area median income.

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

Effective on and after August 1, 2026, Exhibit A of this Resolution entitled “Second Revised 2026 Fee Schedule” is adopted as the fee schedule for the City of Mercer Island. All previously adopted rates, fees, and charges, including but not limited to those in the “2026 Fee Schedule” and “Revised 2026 Fee Schedule,” are replaced by the rates, fees, and charges in the “Second Revised 2026 Fee Schedule” on the aforementioned effective date. The “Second Revised 2026 Fee Schedule” shall continue to be effective until a new fee schedule for the City is adopted and becomes effective. Nothing contained in this Resolution shall affect the amount of collection of rates, fees, and charges established prior to August 1, 2026.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON JULY 7, 2026.

CITY OF MERCER ISLAND

David Rosenbaum, Mayor

ATTEST:

Andrea Larson, City Clerk



2ND REVISED 2026 FEE SCHEDULE

EFFECTIVE AUGUST 1, 2026

TABLE OF CONTENTS

1. ANIMAL LICENSES 3

2. BUSINESS LICENSES 4

3. COPY FEES..... 5

 A. PUBLIC RECORDS FEES 5

 B. PRE-MADE MAPS, CUSTOM MAPS, AND GIS DATASET QUERIES 5

4. PARKING FEES 7

5. COURT FEES 8

6. POLICE FEES 9

7. PARKS AND RECREATION FEES..... 10

 A. MERCER ISLAND COMMUNITY & EVENT CENTER (MICEC) RENTAL FEES AND CHARGES..... 10

 B. RECREATION PROGRAMS & EVENT FEES AND CHARGES 11

 C. OUTDOOR FACILITY RENTAL FEES AND CHARGES..... 11

 D. SPECIAL EVENT PERMITS..... 12

 E. SPECIAL USE PERMITS 14

 F. SPECIAL EVENTS IN PIONEER PARK AND ENGSTROM OPEN SPACE 14

8. DEVELOPMENT AND CONSTRUCTION PERMIT FEES..... 17

 A. MEETINGS 17

 B. LAND USE AND PLANNING FEES..... 17

 C. AFFORDABLE HOUSING 19

 D. IMPACT FEES..... 20

 E. BUILDING PERMIT FEES..... 21

 F. ADDITIONAL BUILDING PERMIT FEES..... 21

 G. DEMOLITION PERMITS..... 23

 H. ENGINEERING 23

 I. FIRE PERMITS..... 24

 J. GRADING PERMITS 25

 K. RIGHT OF WAY USE PERMITS..... 26

 L. TREE PERMITS..... 26

 M. ELECTRICAL, MECHANICAL, AND PLUMBING PERMITS 26

9. TAXES 32

 A. BUSINESS & OCCUPATION (B&O) TAX..... 32

 B. UTILITY TAXES..... 32

10. UTILITY RATES 33

 A. WATER USAGE AND FIRE SERVICE..... 33

 B. SEWER SERVICES 37

 C. STORM AND SURFACE WATER SERVICES..... 39

 D. EMERGENCY MEDICAL AND AMBULANCE SERVICES (EMS)..... 40

11. MISCELLANEOUS FEES 41

APPENDIX A 2026 MERCER ISLAND BUILDING VALUATION DATA TABLE 42

1. ANIMAL LICENSES

[\(MICC 7.04.040\)](#)

Mercer Island is a member of Regional Animal Services of King County (RASKC); the following fees represent services offered by RASKC to City of Mercer Island residents.

PET LICENSE, ANNUAL	
Unaltered (Not Spayed/Neutered)	\$60.00
Altered (Spayed/Neutered)	\$30.00
Service or Assistive Animal	No Charge
K-9 Police Dog	No Charge
JUVENILE PET LICENSE, SIX MONTHS	\$15.00
Under six months of age, license expires after 6 months	
DISCOUNTED PET LICENSE, ANNUAL	\$15.00
Proof required that owner is 65 or older. Proof required that pet is spayed or neutered	
PET LICENSE REPLACEMENT TAG	\$5.00
For lost, unexpired tag	
DANGEROUS DOG REGISTRATION FEE	\$250.00
[MICC 7.04.130 (c)]	

LATE FEES

The following late fees apply to license renewal applications and must be paid in addition to any applicable license fees and penalties

PET LICENSE, (45 – 90 days past expiration)	\$15.00
PET LICENSE, (91 – 135 days past expiration)	\$20.00
PET LICENSE, (136 – 364 days past expiration)	\$30.00
PET LICENSE, (365+ days past expiration)	\$30 + prior year’s license fee

2. BUSINESS LICENSES

([MICC Title 5](#))

BUSINESS LICENSE – MERCER ISLAND \$30.00

See [the Department of Revenue website](#) for additional processing fees

BUSINESS LICENSE – ANNUAL RENEWAL \$30.00

See [the Department of Revenue website](#) for additional processing fees

SOLICITOR LICENSE \$30.00

ADULT CABARET AND ADULT ENTERTAINMENT

([MICC 5.30.050](#))

ENTERTAINER'S LICENSE \$100.00

LICENSE FEE (ANNUAL) \$700.00

MANAGER'S LICENSE \$100.00

ADULT AND REGULATED TEEN DANCES

([MICC 5.18.100](#))

LICENSE FEE \$25.00

AMUSEMENT CENTERS AND AMUSEMENT DEVICES

([Chapter 5.02 MICC](#))

DEVICE (EACH) \$50.00

LICENSE (ANNUAL) \$300.00

OPERATOR'S LICENSE \$200.00

MASSAGE PARLORS AND BATHHOUSES

([MICC 5.08.050](#))

LICENSE FEE \$500.00

PERMIT FEE \$25.00

PRIVATE SECURITY AGENCIES

([Chapter 5.12 MICC](#))

EMPLOYEE REGISTRATION FEE \$25.00

LICENSE FEE \$250.00

TOW TRUCKS

([MICC 5.20.060](#))

LICENSE FEE (ANNUAL) \$25.00

3. COPY FEES

[\(MICC 2.14.070\)](#)

A. PUBLIC RECORDS FEES

INSPECTION OF RECORDS Inspection of records on the City’s website or by appointment at the City.	No Fee
PHOTOCOPIES (11” x 17” or smaller, double-sided, or single-sided)	\$0.15 per page
PRINTED COPIES OF ELECTRONIC RECORDS	\$0.15 per page
SCANNING PAPER RECORDS	\$0.10 per page
E-FILES OR ATTACHMENTS FOR ELECTRONIC DELIVERY (PER 4 FILES)	\$0.05
TRANSMISSION OF RECORDS IN E-FORMAT (PER GB)	\$0.10
DIGITAL STORAGE MEDIA OR DEVICE PROVIDED BY AGENCY	Actual Cost
MAILING PHYSICAL RECORDS OR STORAGE DEVICES Of postage and container/envelope	Actual cost
CLERK CERTIFICATION	\$1.00 per document

For large requests, the City may take one or more of the following actions: require a deposit of 10 percent of the estimated copying costs before making copies; provide copies in installments; or require payment before providing further installments.

B. PRE-MADE MAPS, CUSTOM MAPS, AND GIS DATASET QUERIES

The prices listed below include applicable taxes and are subject to change. Any custom mapping, ordering of pre-made maps, or data for later pickup MUST be pre-paid.

Commonly requested maps are available for download in a PDF format from the City website. Other pre-made maps are also available in PDF format. There is no charge for electronic copies (unless it is a custom map request, then the rate will be charged according to the custom map pricing).

PAPER SIZE	REGULAR BOND PAPER	WATERPROOF PAPER
8.5" x 11" (ANSI A)	NO CHARGE	NOT AVAILABLE
11" x 17" (ANSI B)	NO CHARGE	NOT AVAILABLE
17" x 22" (ANSI C)	\$5.00	\$10.00
18" x 24" (ARCH C)	\$7.00	\$14.00
24" x 36" (ARCH D)	\$14.00	\$28.00
28" x 40"	\$18.00	\$36.00
36" x 48" (ARCH E)	\$28.00	\$56.00
36" x 60"	\$35.00	\$70.00

CUSTOM MAPS:

Custom maps will only be created using existing City GIS data. The City will not create custom maps that require data from outside organizations or require the creation of new data. The price for custom maps is **\$50.00/hour with a 15-minute minimum.**

0 to 15 minutes:	\$12.50
16 to 30 minutes:	\$25.00
Up to 45 minutes:	\$37.50
60 minutes:	\$50.00

CUSTOM DATA SET QUERIES:

Custom data request is defined as any existing City GIS Data. The City will not compile data from outside organizations or create new data. The price for custom data requests is **\$50.00/hour with a 1-hour minimum.** If a map is also requested at the same time and all work can be completed within one hour, only \$50.00 will be charged.

MAP AND DATA DELIVERY:

- Electronic maps- delivered via email or through the City’s FTP site
- Printed maps- customer pick-up at Mercer Island City Hall. The City will not be shipping any printed maps.
- Custom data- delivered via email or through the City’s FTP site.

To request pre-made maps, custom maps, and GIS dataset queries, send an inquiry to GISAdmin@mercerisland.gov.

4. PARKING FEES

[\[MICC 10.74.020\(D\)\]](#)

Parking Penalties

PARKING IN PERMIT-RESTRICTED AREA WITHOUT A VALID PERMIT	\$54.00 Penalty
TRANSFER/UNAUTHORIZED USE OF NORTH MERCER RESTRICTED PARKING DISTRICT PERMIT	\$250.00 Penalty
UNAUTHORIZED HANDICAPPED ZONE PARKING	\$450.00 Penalty

Restricted Parking District

This permit is for a Mercer Island resident whose home address is within the boundaries of the North Mercer Restricted Parking District. Please see [MICC 10.74.030\(A\)](#) for the full text code regarding the RPD restrictions. The following permit fees are per vehicle per year.

RESTRICTED PARKING DISTRICT PERMIT	\$5.00 per vehicle
RESTRICTED PARKING DISTRICT PERMIT (GUEST)	\$10.00 per vehicle
TEMPORARY CONTRACTOR PARKING PERMIT	\$10.00 per vehicle

Town Center Parking Area (East End of Sunset Highway/Former Tully’s Site)

A vehicle will receive two consecutive hours of free parking per day at the Town Center Parking Area upon registration with a parking payment device.

PARKING BEYOND FIRST TWO FREE HOURS (except during special events)	\$2.50 per hour
MAXIMUM DAILY RATE FOR PARKING (except during special events)	\$12.50 per day
SPECIAL EVENT* PARKING	up to \$100 per day

**Special events and associated parking fees are determined by the City Manager or designee*

5. COURT FEES

COURT RECORDS REQUESTS

NON-CERTIFIED DOCUMENTS	\$1.00 for each 5 pages
CERTIFIED DOCUMENTS	\$5.00
AUDIO CD	\$10.00

COURT FEES

MUNICIPAL COURT MARRIAGE CEREMONY	\$150.00 - \$250.00
MARRIAGE CEREMONY, COURT-PROVIDED WITNESS A minimum of 2 witnesses are required	\$25.00 per witness
CONTESTED HEARING FEES	Varies, see form
MITIGATION FEES	Varies, see form
PROOF OF INSURANCE* When insured but not carrying proof of insurance at time of traffic stop	Penalty reduced to \$25

*Within 15 days of the violation, the ticket will be dismissed with a \$25.00 administrative fee if proof of insurance at the time of the incident is shown to the court. If there is an additional violation on the ticket, you are responsible for the penalty amount associated with that violation.

6. POLICE FEES

CONCEALED PISTOL LICENSE (ORIGINAL)	\$49.25
CONCEALED PISTOL LICENSE (RENEWAL)	\$32.00
CONCEALED PISTOL LICENSE (LATE)	\$42.00
CONCEALED PISTOL LICENSE (REPLACEMENT)	\$10.00
FINGERPRINTING	Service currently unavailable
MANDATORY BOATER EDUCATION FEES	Varies, see website

Anyone 12 years old and older may operate a motorboat of 15 horsepower and greater with a Washington Boater Education Card. Without a card, the person must be supervised by someone at least 16 years old, who is carrying a Boater Education Card. Anyone born before January 1, 1955 is exempt from needing to carry a Boater Education Card. Click [here](#) to access qualifying courses.

FALSE ALARMS

([MICC 8.10.050](#))

FALSE ALARM DISPATCH (FIRST)	Warning Letter Only
FALSE ALARM DISPATCH (SECOND)	\$75.00
FALSE ALARM DISPATCH (THIRD)	\$100.00
FALSE ALARM DISPATCH (FOURTH)	\$125.00
FALSE ALARM DISPATCH (FIFTH +)	\$150.00

IMPOUNDING

([MICC 10.22.063](#))

ADMINISTRATIVE FEE	\$100.00
--------------------	----------

7. PARKS AND RECREATION FEES

Promotional and seasonal fee reductions may be implemented as determined by the Department Director. Additional information can be found at:

www.mercerisland.gov/parksrec

A. MERCER ISLAND COMMUNITY & EVENT CENTER (MICEC) RENTAL FEES AND CHARGES

Meeting Room Rentals

Hourly rental fee	\$60
Security deposit	\$60
Staff setup/breakdown/clean-up	\$75

Mercer Room Rentals (Monday-Thursday)

Security deposit (2 and 3 sections)	\$500
Security deposit (1 section)	\$75
Full room (3 sections) hourly; 3-hr. minimum	\$180
Partial room (2 sections) hourly; 3-hr. minimum	\$150
Partial room (1 section) hourly	\$75
Staff setup/breakdown/clean-up (per section rented)	\$100
Food/beverage/alcohol	\$200

Mercer Room Rental Packages

Security deposit	\$500
Saturday (Peak Season: June – September; includes 12 hours)	\$4,500
Weekend (Friday – Sunday; includes 12 hours)	\$3,800
Weekday (Monday – Thursday; includes 8 hours)	\$2,000
Extended Package Hourly Rate	\$100

Additional Room Rentals

Catering Kitchen hourly (food/beverage/alcohol included)	\$100
Outdoor Terrace hourly	\$100
Landing hourly	\$100
Lobby hourly	\$100
Food Truck per truck (food/beverage/alcohol included)	\$200
Outdoor Lawn hourly	\$60
Game Room hourly	\$100

Gymnasium and Dance Room Rentals

Multi-Purpose/Dance Room hourly	\$75
Multi-Purpose/Dance Room security deposit (non-athletic)	\$75
Staff setup/breakdown/clean-up	\$100
Half Gym hourly	\$75
Full Gym hourly	\$130
Gym (non-athletic full gym; 10 hours)	\$6,000
Gym Deposit (non-athletic)	\$1,000
Gym Carpet Squares (half gym)	\$400

Gym Carpet Squares (full gym) \$800

Full Facility Rental

Private Rental (12 hours) \$12,500
 Main Level Rental hourly (minimum of 5 hours) \$1,000
 Security Deposit \$1,500

Extended Building Hours

Hourly in addition to rental fee \$60

Parking

	<u>per day rate</u>
Special Event* Parking Fee (per space)	up to \$100
Parking Lot Fees (for non-community center events)	
Spot Rental Tier 1 (70 spots)	\$350
Spot Rental Tier 2 (66 spots)	\$330
Spot Rental Tier 3 (50 spots)	\$250
Spot Rental Tier 4 (5 spots)	\$125
Full Parking Lot Rental (Tiers 1, 2, 3, & 4 – 211 spots)	\$1,500

**Special events and associated parking fees are determined by the City Manager or designee*

B. RECREATION PROGRAMS & EVENT FEES AND CHARGES

Recreation Programs & Events: visit www.mercerisland.gov/parksrec

Boat Launch Parking

Daily pass	\$17
Monthly pass	\$55
Annual pass	\$125

MICEC Fitness Room and Drop-In Activities

Daily drop-in	
Resident	\$5
Non-Resident	\$8
10-Punch Pass (10% discount)	
Resident	\$45
Non-Resident	\$72
20-Punch Pass (20% discount)	
Resident	\$80
Non-Resident	\$128
30-Punch Pass (30% discount)	
Resident	\$105
Non-Resident	\$168

C. OUTDOOR FACILITY RENTAL FEES AND CHARGES

Picnic Area Reservations

Full day	\$175
----------	-------

P-Patch Garden Fees

Large Plot	\$100
Small Plot	\$75

Athletic Fields

Grass/Dirt fields hourly	\$30
Synthetic Turf Infields hourly	\$40
Full Synthetic Turf hourly	\$70
IMS Track/Field hourly	\$70

Additional Athletic Field Fees

Light Activation (per rental)	\$25
Baseball/Softball game prep	\$45
Batting Cage hourly	\$25
Concession Stand daily	\$100
Athletic Field Storage (per usage)	\$150

Sport Court Fees

Court hourly (per court)	\$25
Pickleball - Full Facility (per day)	\$1,400
Tennis - Full Facility (per day)	\$700

Fitness Classes/Outdoor Personal

Monthly fee	\$185
-------------	-------

Mercerdale Sign Board

Weekly fee	\$50
------------	------

D. SPECIAL EVENT PERMITS

Applications for Special Event Permits require City-wide staff review and are subject to additional insurance requirements. Please allow a minimum of 45 days for review. See [Special Events Guide for more information.](#)

Level 1 Event

\$175

- Attendance at any one time estimated between 50-100 people;
- Held within existing venue/use area typically used for group gatherings, etc.; and
- Does not impact or interfere with standard, ordinary, and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and
- Does not require changes to safety or maintenance operations beyond normal levels; and
- No attendance or participation fees are charged; and
- Does not occur at Calkins Point or the Greta Hackett Sculpture Park; and
- No other permits are required.
- Administration Coordination shall be Division Review only.

Level 2 Event

\$450

- Attendance at any one time estimated between 50-250 people;
- Held within existing venue/use area typically used for group gatherings, etc.; and/or
- May impact or interfere with standard, ordinary and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and/or
- Does not require changes to safety or maintenance operations beyond normal levels.
- Mercedale Park can only be used for Level 2 events; that do not involve food trucks, and that do not require any additional permits.
- Does not occur at Calkins Point or the Greta Hackett Sculpture Park.
- Administration Coordination shall be either Division Review or Low-impact Committee Review.

Level 3 Event

\$1,250

- Single-faceted events open to the public, which does not include athletic competition; OR
- Attendance at any one time estimated between 251-600 people; and/or
- Held within existing venue/use area, but may include street, parking, or additional facility impacts; and/or
- May require operational changes to safety or maintenance - additional restrooms, deliveries, vehicle access, exclusive use of park space; and/or
- Calkins Point can only be used for a Level 3 event if attendance is fewer than 200 people.
- Administration Coordination shall be either Low-impact or High-impact Committee Review.

Level 4 Event

\$1,650

- Parades, timed competitions, in-water events, festival-style events open to the public, or event of any type that involves use of multiple City parks or public spaces; OR
- Attendance at any one time estimated at 601+people over a single day or multiple occurrences; and/or
- Has moderate to major impacts to surrounding areas (streets, neighborhoods, business district, other park amenities, etc.) and/or cannot be held within existing venue; and/or
- May impact or interfere with standard, ordinary and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and/or
- Has moderate to major impacts to safety or maintenance operations, including temporary or long-term road closures, offsite parking impacts, traffic and security control, additional restrooms, deliveries, vehicle access, and exclusive use of park space; and/or
- Administration Coordination shall be High-impact Committee Review.

E. SPECIAL USE PERMITS

Parking space or lot use (Excluding MICEC)	Please call
Photography (personal use) per session/per year	\$25/300
Commercial photography or videography per session/per year	\$175/500
Advertising or for-profit photography or filming	Please call
*Additional fees may apply. See special events guide .	

Staffing Rates

MICEC Custodial/ Recreation Staff Member hourly	Varies
Parks Maintenance staff member hourly	Varies
Mercer Island Police Officer (off duty) hourly (3 hour minimum)	Varies
Eastside Fire & Rescue Aid Car Unit	Varies

Miscellaneous Park Fees

Park Asset Donation Fee	Dependent on asset donated
-------------------------	----------------------------

F. SPECIAL EVENTS IN PIONEER PARK AND ENGSTROM OPEN SPACE

Open Space Conservancy Trust owns Pioneer Park and Engstrom Open Space for the purpose of preserving and protecting them as natural ecosystems. Special events in Pioneer Park and Engstrom Open Space may cause long-term or cumulative damage to the ecosystem when heavy trail use or off-trail use occurs, either as part of the event or incidental to the event. The goal of this policy is to prevent damage to the ecological resources contained within these properties.

At the same time, the Trust seeks to encourage the use of its properties by the citizens of Mercer Island. The City of Mercer Island Parks and Recreation Department acts on behalf of the Trust. The purpose of this policy is to provide policy direction to the Parks and Recreation Department when special events in Trust properties are being proposed. This policy provides Parks and Recreation staff guidance to allow the public reasonable access to the Trust properties for special events while regulating special event activities to prevent damage. This policy is supplemental to the Parks and Recreation Special Events Policy for events that occur in Pioneer Park and Engstrom Open Space only. Please note that the off-trail use of Pioneer Park is prohibited except for approved educational, scientific or forest health activities.

The following are criteria that are used to determine what conditions or restrictions may be placed on special events in Pioneer Park and Engstrom Open Space.

1. If any of the following are expected, then the event requires a Special Event application, review, and permit:
 - a. The group size is more than 50 people
 - b. The event is timed or competitive

- c. The event involves trail use other than walking
 - d. The group will occupy a fixed portion of the park for more than 10 minutes
 - e. The group will block any trail or inhibit the safe passage of park users
 - f. Off trail use (limited to educational and scientific work)
2. Special Event applications that are located in Pioneer Park and/or Engstrom Open Space may be subject to the following reviews:
 - a. Review by the Parks Operations Manager, Natural Resources Project Manager, or designee.
 - b. Supplemental information, including maps and details showing environmental protection measures the applicant is proposing. Examples of such submittals can be provided by Parks and Recreation staff.
 - c. A presentation to the Open Space Conservancy Trust at one of its regular bimonthly meetings.
 3. The City of Mercer Island Parks and Recreation Department reserves the right to deny a special event application if it determines that an event will negatively impact Pioneer Park and/or Engstrom Open Space. This includes poor performance or unpaid damage claims on previous special events. The applicant may request that the Open Space Conservancy Trust review the determination of Parks and Recreation staff.
 4. Special events may be subject to the following conditions:
 - a. Temporary environmental protection features, such as fencing, plywood, ground covering, erosion control fabric, etc.
 - b. Site monitors at areas expected to be impacted to prevent off-trail use. The applicant may propose to provide site monitors, but Parks and Recreation reserve the right to require its own staff or paid independent staff to provide monitoring. Parks and Recreation staff cost \$55-75/hour with a 3-hour minimum.
 - c. Damage deposit proportional to the size of the group and the duration of activity, as follows:

Event Length	Number of participants			
	50-99	100-149	150-199	200-249
1 hour	\$500	\$1,000	\$1,500	\$2,000
2 hours	\$600	\$1,200	\$1,800	\$2,400
3 hours	\$700	\$1,400	\$2,100	\$2,800
4 hours	\$800	\$1,600	\$2,400	\$3,200

Any numbers or times in excess of what is listed will be calculated proportionally. the fee schedule may be adjusted to keep pace with inflation and cost increases.

- d. Any damage that occurs that is not covered by the damage deposit will be charged to the event organizer.

- e. Restoration plan – a schematic repair plan for anticipated impacts, including trail damage, vegetation damage, soil erosion and soil compaction.
5. Areas of concern:
- a. **The ravine in the northeast quadrant.** This terrain is steep and erodible. The trails are single track for the most part. Passing is difficult without going off-trail. Going off trail is likely to cause erosion and plant damage. Large and competitive events are expected to have high impact. Monitoring is typically required for events in this area.
 - b. **The southeast quadrant.** These trails are shared by horseback riders. Passing equestrians is difficult without going off trail. Coordination with the Saddle Club is required.
 - c. **Secondary trails, all quadrants.** Secondary trails are single track trails for the most part. Passing is difficult without going off-trail. Some trails are poorly drained, and users tend to walk on the edges, which causes widening. Best used in the dry season for large group events. Monitoring may be required.
 - d. **Picnic area across from shopping center.** This is a popular entry point to the park and can get consistent traffic from park users throughout the course of an event. Timed or competitive events may need monitoring and/or signage to alert park users to the event. Blocking access to this area is not permitted.

8. DEVELOPMENT AND CONSTRUCTION PERMIT FEES

(Resolution No. 1698, Effective August 1, 2026)

Consistent with the authority set forth in titles 17 and 19 of the Mercer Island City Code for the establishment and collection of development and construction fees, the following Development and Construction Permit Fee Schedule, including the Building Permit Calculation Table, (and otherwise established by Resolution No. 1686), are here by amended for 2026.

2026 Hourly Staff Rate for All Review Disciplines: \$182.00

Fee Name	Minimum Hours	Additional Fees	2026
A. MEETINGS			
Planner Meeting/Meeting with Staff (1/2 Hour)	N/A	N/A	\$182
Pre-application Meeting Type 1 (Up to 2 reviewers)	6	Hourly Staff Rate If Min. Exceeded	\$1,092
Pre-application Meeting Type 2 (More than 2 reviewers)	12		\$2,184
B. LAND USE AND PLANNING FEES			
Land Use and Planning Fees listed below are the minimum application fee, based on a minimum number of staff hours required by application type. If staff time exceeds the minimum hours, additional fees will be requested at the hourly rate in place at the time of accrual. The minimum application fee is non-refundable.			
Appeals (Fee Refunded If Appeal Is Granted)			
Appeal - includes Building, Land Use, Right of Way, Code Compliance, Code Interpretation	10	Hourly Staff Rate If Min. Exceeded, Plus Actual Costs of File Preparation & Transcripts	\$1,820
Critical Areas			
Critical Area Review Type 1	8	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$1,456
Critical Area Review Type 2	20		\$3,640
Design Review			
Design Review - Signs - Code Official	5	Hourly Staff Rate If Min. Exceeded	\$910
Design Review - Code Official	25		\$4,550
Design Commission Study Session	40		\$7,280
Design Commission Review - Exterior Alteration	95		\$17,290
Design Commission Review - Major New Construction	155		\$28,210

Fee Name	Minimum Hours	Additional Fees	2026
Deviations			
Deviation to Antenna Standards - Code Official	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Deviation to Antenna Standards - Design Commission	25		\$4,550
Public Agency Exception - 115-hour minimum	115	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$20,930
Reasonable Use Exception - 115-hour minimum	115		\$20,930
Variance	65	Hourly Staff Rate If Min. Exceeded	\$11,830
Wet Season Construction Approval	N/A	N/A	\$1,638
Environmental Review (SEPA)			
SEPA Review	8	Hourly Staff Rate If Min. Exceeded	\$1,456
Environmental Impact Statement	120		\$21,840
Comprehensive Plan and Development Code Docket Requests			
Docket Application	15	Hourly Staff Rate If Min. Exceeded	\$2,730
Legislative Review (If Docketed)			
Comprehensive Plan Amendment	150	Hourly Staff Rate If Min. Exceeded	\$27,300
Code Amendment	150	Hourly Staff Rate If Min. Exceeded	\$27,300
Rezone	105	Hourly Staff Rate If Min. Exceeded	\$19,110
Other Land Use			
Accessory Dwelling Unit (ADU)	4	Hourly Staff Rate If Min. Exceeded	\$728
Code Interpretation Request	20		\$3,640
Conditional Use Permit (CUP)	105		\$19,110
Hearing Examiner Services	N/A	Plus Actual Additional Cost	\$3,640
Noise Exception Type I - IV	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Other Permit / Services Not Listed	1		\$182
Public Notice Sign Fee (per sign)	N/A	N/A	\$66
Transportation Concurrency	1	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$182

Fee Name	Minimum Hours	Additional Fees	2026
Shoreline Management			
Shoreline Exemption	6	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$1,092
Shoreline Substantial Development Permit	60		\$10,920
Shoreline Variance	80		\$14,560
Shoreline Conditional Use Permit	80		\$14,560
Shoreline Permit Revision	6		\$1,092
Subdivision			
Long Plat- Preliminary	200	Hourly Staff Rate If Min. Exceeded	\$36,400
Long Plat - Final	80		\$14,560
Long Plat - Alteration	200		\$36,400
Subdivision (continued)			
Lot Line Revision	8	Hourly Staff Rate If Min. Exceeded	\$1,456
Short Plat - Preliminary	100		\$18,200
Short Plat - Alteration	10		\$1,820
Short Plat - Final Plat	40		\$7,280
Wireless Communication Facilities			
New Wireless Communication Facility	50	Hourly Staff Rate If Min. Exceeded	\$9,100
New Wireless Communication Facility - 6409 Exempt	8		\$1,456
New Small Cell Deployment	2		\$364
Height Variance	65		\$11,830
Fire Review Fees Associated with Land Use Applications			
Fire Review of Land Use Applications	1.25	Hourly Staff Rate If Min. Exceeded	\$228
c. AFFORDABLE HOUSING			
Annual Fee for Monitoring Affordable Housing Units (per unit)			\$56
Affordable Housing Fee in Lieu (per square foot*)			\$25
* The Affordable Housing Fee in Lieu is calculated based on the above listed rate multiplied by the Gross Floor Area in Residential and/or Live/Work uses, excluding parking and mechanical areas. Areas serving the Residential or Live/Work uses, including but not limited to hallways, lobbies, common areas, fitness rooms and other amenities, are to be included in the Gross Floor Area. In mixed-use buildings, the non-Residential and non-Live/Work uses may be excluded.			

D. IMPACT FEES		
Type	Basis of Fee	Fee
School Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	School impact fees reduced to zero by MISD 8/2020	\$0
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$0
Accessory Dwelling Unit, per dwelling unit		\$0
Transportation Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	2022 Transportation Impact Fee Rate Study (Fehr and Peers)	\$4,318.02
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$1,929.74
Accessory dwelling unit, per dwelling unit		\$1,929.74
Senior Housing, per dwelling unit		\$1,286.15
Care Facility, per dwelling		\$964.87
Lodging, per guest room		\$2,710.59
Commercial Services, per square foot of gross floor area		\$8.09
Auto Service Center, per square foot of gross floor area		\$9.47
Bank, per square foot of gross floor area		\$62.73
School, per student		\$643.60
Daycare, per square foot of gross floor area		\$5.11
Institutional, per square foot of gross floor area		\$3.12
Light Industry/Industrial Park per square foot of gross floor area		\$2.30
Warehousing/Storage, per square foot of gross floor area		\$0.84
Restaurant, per square foot of gross floor area*		\$20.06
Quick Restaurant/Coffee Shop, per square foot of gross floor area*		\$72.00
General Retail, per square foot of gross floor area*		\$24.90
Supermarket, per square foot of gross floor area*		\$31.24
Gas Station, per pump		\$37,229.75
Administrative Office, per square foot of gross floor area		\$6.61
Medical/ Dental Office, per square foot of gross floor area	\$18.05	
Recreation, per square foot of gross floor area	\$0.21	
*These retail and restaurant uses are exempt from paying impact fees; City pays Transportation Impact Fee Fund.		
Park Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	2022 Parks Impact Fee Rate Study (BERK)	\$6,314.30
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$3,932.27
Accessory Dwelling Unit, per dwelling unit		\$3,157.14

E. BUILDING PERMIT FEES

Construction Permit Fee Calculation Table

- The Building Permit Fee is based on the Project Valuation as set forth in the table below. Final fee calculations rounded to the nearest cent.
- The Plan Check Fee is equal to 70% of the Building Permit Fee. This fee is in addition to the Building Permit fee. Additional fee will be charged at the hourly rate if more than 3 rounds of plan review are required.
- The “Combination Permit” Fee for Mechanical, Electrical and Plumbing Inspection is equal to 31% of the Building Permit Fee. This fee is in addition to the Building Permit fee. If separate permits - 10% Mechanical, 11% Electrical, 10% Plumbing
- Consistent with the authority set forth in titles 17 and 19 of the Mercer Island City Code for the establishment and collection of development and construction fees, Appendix A to this Fee Schedule amends the Building Valuation Data Table otherwise established by Resolution No. 1615.

Project Valuation	Building Permit Fee Calculation	Building Permit Fee Range
\$1 - \$500.99	\$40.06	\$40.06
\$501 - \$2000.99	\$41.73 for the first \$500.99 plus \$4.90 for each additional \$100	\$41.73 – \$115.23
\$2,001 - \$25,000.99	\$118.83 for the first \$2,000 plus \$23.24 for each additional \$1,000	\$118.83 - \$653.37
\$25,001 - \$50,000.99	\$671.95 for the first \$25,000 plus \$16.87 for each additional \$1,000	\$671.95 – \$1093.72
\$50,001 - \$100,000.99	\$1091.17 for the first \$50,000 plus \$11.67 for each additional \$1,000	\$1091.17 - \$1674.68
\$100,001 - \$500,000.99	\$1704.76 for the first \$100,000 plus \$9.36 for each additional \$1,000	\$1704.76– \$5448.77
\$500,001 - \$1,000,000.99	\$5547.09 for the first \$500,000 plus \$7.81 for each additional \$1,000	\$5547.09- \$9452.10
\$1,000,001 - \$999,999,999.99	\$9621.68 for the first \$1,000,000 plus \$6.10 for each additional \$1,000	\$9621.68 - \$6,103,521.68

This chart is used only to calculate the Building Permit, Plan Check, and Combination Permit portions of the overall fees required to issue a permit. Additional plan review and permit fees may apply.

Additional Review Fees	Minimum Hours	Additional Fees	2026
------------------------	---------------	-----------------	------

F. ADDITIONAL BUILDING PERMIT FEES

Arborist			
Arborist review of Construction Permit	N/A	N/A	\$427
Building			
Building Plan Revisions	2	Hourly Staff Rate If Min. Exceeded	\$360
Plan Review (not otherwise specified, hourly)	1		\$182
Inspections (not otherwise specified, hourly)	1		\$182
Inspections Outside Normal Business Hours	2		\$540
Re-Inspection (Assessed Under Provisions of Section 305.8)	1		\$182
Partial Inspections	N/A	N/A	\$91

Additional Review Fees	Minimum Hours	Additional Fees	
Energy Compliance			
State Energy Compliance - Residential New	N/A	N/A	\$518
State Energy Compliance - Residential Alteration			\$261
State Energy Compliance - Non-Residential New			\$1,923
State Energy Compliance - Non-Residential Alteration			\$261
Engineering			
Engineering Review of Construction permit (hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Protection Review - Building Permits			
Residential Remodels & Substantial Alt Review	N/A	N/A	\$182
New Single Family Review < 10,000 SF			\$182
New Single Family Review > 10,000 SF			\$874
Non Single Family Review < 3,000 SF			\$182
Non Single Family Review < 5,000 SF			\$349
Non Single Family Review 5,000 - 50,000 SF			\$3,496
Non Single Family Review 50,000 SF +			\$6,990
Non Single Family Tenant Improvement			\$182
Additional Fire Protection Plan Review (hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Code Alternate	N/A	N/A	\$697
WUI Fire Review and Inspection (hourly)	0.5	Hourly Staff Rate If Min. Exceeded	\$90
Geotechnical			
Single Family	N/A	Plus Actual Cost of Peer Review	\$691
Multi-Family / Commercial	N/A	Plus Actual Cost of Peer Review	\$1,379
Intake Screening			
Intake Screening	N/A	N/A	\$903
Impact Fee Administration			
Impact Fee Deferral Review (School, Park, Transportation)	N/A	N/A	\$87
Re-roofing Single Family Residential			
Re-Roofing of Single Family Residences (except with same roofing system or masonry tile**)	N/A	N/A	\$214

Additional Review Fees	Minimum Hours	Additional Fees	2026
Special Foundations / Shoring			
Single Family	N/A	N/A	\$1,034
Multi-family/Commercial			\$1,552
Stop Work Fee			
Stop Work Fee	Double the applicable permit fee		Varies
Temporary Certificate of Occupancy			
Single Family	N/A	N/A	\$691
Multi-family/Commercial			\$6,202
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Wildland Urban Interface			
WUI CPD Review and Inspection (hourly)	1.5	Hourly Staff Rate If Min. Exceeded	\$270
G. DEMOLITION PERMITS			
Demolition			
Demolition - Single Family	N/A	N/A	\$430
Demolition - Non Single Family			\$751
Demolition - Soft/ Partial			\$214
Plan Review and Inspections (not otherwise specified)	1	Hourly Staff Rate If Min. Exceeded	\$182
H. ENGINEERING			
Engineering Review and Inspection			
Engineering Review	1	Hourly Staff Rate If Min. Exceeded	\$182
Storm Drainage Review and Inspection (hourly rate)	2		\$364
Plat Improvement/Site Development Permit Review and Inspection (hourly rate)	10		\$1,820
Street Vacation Review (hourly rate)	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Easement Extinguishment Review (hourly rate)	5		\$910

Additional Review Fees	Minimum Hours	Additional Fees	2026
Side Sewer			
Side Sewer Revision/Modification/Repair	N/A	N/A	\$342
Side Sewer Disconnect			\$342
Side Sewer Connection			\$342
Side Sewer Stub Out to Property Line Only			\$342
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Water Service			
Water Service Order (Permit Processing Fee Only). Water Connection charges and Water Service Installation charges are not included.	N/A	N/A	\$1,572
Water Meter Setter / Service Line Only			\$1,572
Water Service Abandonment			\$525
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
I. FIRE PERMITS			
Mobile Food Truck and Outdoor Cooking			
Annual Permit Fee w/ Regional Inspection	N/A	N/A	\$55
Annual Permit w/o Current Regional Inspection (Inspection to be Completed)			\$144
Operational Permits			
Operational Permits (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Protection Permits			
Access Gate (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$399
Commercial Solar Photovoltaic Power Systems 105.7.13			\$581
Emergency Responder Radio Coverage 105.7.5			\$763
Fire Alarm Commercial: NFPA 72 Low Voltage System (combo permit - includes one hour of electrical inspection)			\$1,946
Fire Alarm Communicator - AES Radio Transmitter (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$399
Fire Alarm Residential: NFPA 72 Low Voltage System (combo permit -includes low voltage electrical inspection fee)			\$581
Fire Alarm Tenant Improvement Residential or Commercial, less than 5 devices: Low Voltage Fire Alarm System (combo permit - includes low voltage electrical inspection fee)			\$490

Additional Review Fees	Minimum Hours	Additional Fees	2026
Fire Protection Permits (continued)			
Fire Alarm Tenant Improvement: Low Voltage Fire Alarm System (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$1036
Fire Code Alternate			\$697
Fire Hydrant			\$819
Fire Pump (combo permit - includes low voltage electrical inspection fee)			\$1,127
Fire Sprinkler Commercial: NFPA 13 - Per Riser			\$2,034
Fire Sprinkler System 13D Tank and Pump			\$1,127
Fire Sprinkler Residential (includes backflow inspection fee)			\$1,033
Fire Sprinkler TI OTC- Under 25 Heads			\$455
Fire Sprinkler TI - Commercial and Residential Over 25 heads			\$819
Fuel Cell Power Systems 105.7.10			Hourly Rate
Fuel Tanks - UST Residential Fuel Oil Removal			\$21
Hazardous Materials 105.7.9			\$455
Industrial Ovens 105.7.10			\$490
Kitchen Hood - Extinguishing System (combo permit - includes low voltage electrical inspection fee)			\$672
LP Gas Construction Permit			\$455
Smoke Control Systems 105.7.14			\$819
Special Fire Extinguishing System (combo permit - includes low voltage electrical inspection fee)			\$1,036
Standpipe Commercial			\$1,911
Underground Fire Main - NFPA 24 Sprinkler Supply Line			\$1,729
Wood/Pellet Stove			Hourly Rate
Fire Protection Plan Review and Inspection	1	Hourly Staff Rate If Min. Exceeded	\$182
J. GRADING PERMITS			
Grading and Land Clearing Permits			
Land Clearing	N/A	N/A	\$214
Grading: 50-100 cubic yards			\$285
Grading: 101-1,000 cubic yards			\$405
Grading: 1,001-5,000 cubic yards			\$530
Grading: 5,001-10,000 cubic yards			\$700
Grading: 10,000+ cubic yards			\$863
Additional Review / Inspections	1	Hourly Staff Rate If Min. Exceeded	\$182

Additional Review Fees	Minimum Hours	Additional Fees	2026
K. RIGHT OF WAY USE PERMITS			
Right of Way Use Permits			
Right of Way Encroachment Agreement (requires separate ROW Use Permit and Inspection)	N/A	N/A	\$769
Miscellaneous ROW Use			\$257
Type A - Underground Improvements in Unpaved Area			\$342
Type B - Surface Improvements			\$513
Type C - Underground Improvements in Paved Area			\$769
Plan Review and Inspections (not otherwise specified, hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
L. TREE PERMITS			
Single Family Tree Removal: 1 - 3 trees	N/A	Plus Actual Cost of Peer Review and Geotechnical Review, if Required	\$214
Single Family Tree Removal: 4 - 10 trees			\$536
Single Family Tree Removal: More than 10 trees			\$1,497
Non Single Family Tree Removal			\$1,497
Non-Development Tree Removal outside a Critical Area			\$175
Non-Development Tree Removal within a Critical Area 1 - 3 Trees			\$525
Non-Development Tree Removal within a Critical Area 4 - 10 Trees			\$700
Non-Development Tree Removal within a Critical Area More than 10 Trees			\$700
Right of Way Tree Pruning			\$262
Tree Protection Only			\$214
Fee in Lieu of Planting Replacement Trees (per tree)			\$1,106
Additional Review / Inspections			1
M. ELECTRICAL, MECHANICAL, AND PLUMBING PERMITS			
Combination permits are issued for electrical, mechanical, or plumbing work associated with a building permit unless the work is deemed minor in nature. (See "Combination Permit Fee" on the Construction Permit Fee Calculation Table). Unit fees listed below apply when there is no associated building permit. The following minimum fees will apply, unless the issuance, plan review and unit fees exceed the minimum fee. When the minimum fee is exceeded, the permit will be charged based on the sum of the applicable issuance, plan review and unit fees.			
Minimum Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214

Additional Review Fees	Minimum Hours	Additional Fees	2026
Minimum Permit Fee Exceptions			
Temporary Power Service	N/A	N/A	\$120
Water Heater Exchange (no new gas piping)			\$120
Water Supply Piping			\$120
Repair of existing plumbing, water service, gas piping			\$120
Forced Air Exchange - same type			\$120
Decommission Backflow Device			\$120
Inspection Fees			
Inspections (not otherwise specified, hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Inspections Outside Normal Business Hours	2		\$525
Re-Inspection (Assessed Under Provisions of Section 305.8)	1		\$182
Partial Inspections	N/A	N/A	\$91
Electrical Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214
Permit Issuance Fee			\$46
Supplemental Permit Issuance Fee			\$33
Electrical Plan Review (hourly)			\$182
Electrical Unit Fees - As Listed Below			
Busways			
For trolley and plug-in type busways	N/A	N/A	\$14
Carnivals and Circuses			
For electrical generators and electrically driven motors	N/A	N/A	\$45
For mechanical driven rides and walk-through attractions			\$14
For a system of area and booth lighting			\$14
Lighting Fixtures			
First 20 fixtures, each	N/A	N/A	\$2
Additional fixtures, each			\$1
For pole or platform-mounted lighting fixtures			\$2
For theatrical-type lighting fixtures			\$2
Miscellaneous Apparatus, Conduits and Conductors			
For electrical apparatus, conduits, and conductors for which a permit is required but for which no fee is herein set forth	N/A	N/A	\$35
Non-Residential Appliances			
For non-residential appliances and self-contained factory-wired non-residential appliances	N/A	N/A	\$9

Additional Review Fees	Minimum Hours	Additional Fees	2026
-------------------------------	----------------------	------------------------	-------------

Power Apparatus			
Up to and including 1	N/A	N/A	\$9
Over 1 and not over 10, each			\$24
Over 10 and not over 50, each			\$46
Over 50 and not over 100, each			\$95
Over 100....			\$143
Private Swimming Pools			
New private, in-ground swimming pools	N/A	N/A	\$95
Receptacle, Switch and Light Outlets			
First 20 fixtures, each	N/A	N/A	\$2
Additional fixtures, each			\$1
Residential Appliances			
For fixed residential appliances	N/A	N/A	\$9
Services			
For services of 600 volts and not over 200 amperes	N/A	N/A	\$59
For services of 600 volts and over 200 amperes to 1,000 amperes			\$120
For services over 600 volts or over 1,000 amperes in rating			\$239
Upgrade Panel 50 400 amp or less (per panel)			\$215
Low Voltage Electric (per type) includes 2 inspections, hourly inspection rate applies thereafter			\$35
Signs, Outline Lighting and Marquees			
Supplied from one branch circuit	N/A	N/A	\$46
For additional branch circuits, each			\$9
Temporary Power Service			
Temporary Power Service	N/A	N/A	\$44
Mechanical Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214
Permit Issuance Fee			\$46
Supplemental Permit Issuance Fee			\$33
Mechanical Plan Review	1	Hourly Staff Rate If Min. Exceeded	\$182
Mechanical Unit Fees - As Listed Below			
Air Handlers			
For each air-handling unit to and including 10,000 cubic feet per minute (cfm), including ducts attached thereto	N/A	N/A	\$20
For each air-handling unit over 10,000 cfm			\$35

Additional Review Fees	Minimum Hours	Additional Fees	2026
Appliance Vents			
For installation, relocation or replacement of each appliance vent installed and not included in appliance permit	N/A	N/A	\$13
Boilers, Compressors and Absorption Systems			
For the installation or relocation of each boiler or compressor to and including 3 horsepower, or each absorption system to and including 100,000 Btu/h	N/A	N/A	\$29
For the installation or relocation of each boiler or compressor over 3 horsepower to and including 15 horsepower, or each absorption system over 100,000 Btu/h to and including 500,000 Btu/h			\$52
For the installation or relocation of each boiler or compressor over 15 horsepower to and including 30 horsepower, or each absorption system to over 500,000 Btu/h to and including 1,000,000 Btu/h			\$73
For the installation or relocation of each boiler or compressor over 30 horsepower to and including 50 horsepower, or each absorption system to over 1,000,000 Btu/h to and including 1,750,000 Btu/h			\$106
For the installation or relocation of each boiler or compressor over 15 horsepower to and including 50 horsepower, or each absorption system to over 1,750,000.			\$178
Evaporation Coolers			
For each evaporative cooler other than portable type	N/A	N/A	\$20
Furnaces			
For installation or relocation of each forced-air or gravity type furnace or burner, including ducts and vents attached to such appliance up to and including 100,000 Btu/h	N/A	N/A	\$29
For installation or relocation of each forced-air or gravity type furnace or burner, including ducts and vents attached to such appliance over 100,000 Btu/h			\$35
For installation or location of each floor furnace, including vent			\$29
For installation or relocation of each suspended heater, recessed wall heater or floor-mounted unit heater			\$29

Additional Review Fees	Minimum Hours	Additional Fees	2026
Miscellaneous			
For each appliance or piece of equipment regulated by the International Mechanical Code but not classed in other appliance categories, or for which no other fee is listed in the table	N/A	N/A	\$20
Exchange of Existing HVAC System for Single Family Residences (includes thermostat)			\$120
Repairs or Additions			
For the repair of, alteration of, or addition to each heating appliance, refrigeration unit, cooling unit, absorption unit, or each heating, cooling, absorption, or evaporative cooling system.	N/A	N/A	\$24
Ventilation and Exhaust			
For each ventilation fan connected to a single duct			\$46
For each ventilation system which is not a portion of any heating or air-conditioning system authorized by a permit	N/A	N/A	\$46
For the installation of each hood which is served by mechanical exhaust, including the ducts for such hood			\$46
Plumbing Permits			
Minimum Permit Fee			\$214
For issuing each permit			\$46
For issuing each supplemental permit	N/A	N/A	\$33
Plumbing Plan Review (hourly)			\$182
Plumbing Unit Fees - as Listed Below			
Fixtures & Vents			
Each plumbing fixture or trap or set of fixtures			\$19
For repair or alteration of drainage or vent piping, each fixture	N/A	N/A	\$9
Gas Piping			
For each gas piping system			\$12
For each additional outlet over five	N/A	N/A	\$2
Lawn Sprinklers, Vacuum Breakers & Backflow			
Backflow Prevention Inspection (Fire and Irrigation)			\$214
For each lawn sprinkler system			\$29
For atmospheric-type vacuum breakers or backflow protection devices 1 - 5			\$24
Over 5 devices	N/A	N/A	\$4
For each backflow protection device other than atmospheric type vacuum breakers, 2 inches and smaller			\$24
Over 2 inches			\$45

Additional Review Fees	Minimum Hours	Additional Fees	2026
Miscellaneous			
For each appliance or piece of equipment not regulated by the Uniform Plumbing Code not listed in this table	N/A	N/A	\$19
Sewers, Disposal Systems, Interceptors			
For each building sewer	N/A	N/A	\$44
For each cesspool			\$73
For each private sewage disposal system			\$143
For each industrial waste pretreatment interceptor			\$39
Rainwater systems - per drain			\$19
Swimming Pools			
Public pool, each	N/A	N/A	\$176
Public spa, each			\$117
Private pool, each			\$117
Private spa, each			\$58
Water Piping and Water Heaters			
For installation, alteration or repair of water piping or water treating equipment	N/A	N/A	\$9
For each water heater			\$24

9. TAXES

A. BUSINESS & OCCUPATION (B&O) TAX

[\(MICC Chapter 4.10\)](#)

Returns are due annually each April 15 following the tax year. Per RCW 35.21.710 the rate is not to exceed two-tenths of one percent (.2%) on the gross income of persons doing business within the city. **The current City rate is one-tenth of one percent (.1%); on gross revenue generated on Mercer Island exceeding \$150,000.00 (the gross revenue threshold is \$37,500.00 for quarterly filers); a minimum payment of \$20.00 is required if the net taxable revenue is greater than zero.**

B. UTILITY TAXES

[\(MICC Chapter 4.12\)](#)

Utility taxes are levied on the gross operating revenues earned by private utilities from operations within the City of Mercer Island boundaries or on the City's own utilities (water, sewer, and stormwater). Private utilities that the City taxes include electric, natural gas, solid waste, telephone, and cable television.

State law limits the rate of utility tax on telephone, cellular telephone, pager services, and natural gas to 6% unless voters approve a higher rate. Cable TV must not be taxed at a rate substantially different than other utilities. There are no restrictions on the tax rate for water, sewer, stormwater, or solid waste. Utility taxes are levied on the gross operating revenues of the utility provider.

Utility Tax Rate on Gross Revenue (Effective January 1, 2020)	
Cable	7%
Telephone	6%
Cellular Phone	6%
Natural Gas	6%
Electric	6%
Solid Waste	7%
Stormwater	5.3%
Water	5.3%
Sewer	5.3%

10. UTILITY RATES

A. WATER USAGE AND FIRE SERVICE

(Resolution No. 1698, Effective August 1, 2026)

1. CLASSIFICATIONS OF WATER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City water system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter. Provided, that where prior to December 1, 1980, more than one single family dwelling was served through a single common water meter, such service shall be allowed to continue under the "Single Family" classification until such time as the property or properties are subdivided into separate parcels, or when a higher demand for water service, as determined by the City, is required by a change in use or zoning.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.
- f. Irrigation. "Irrigation" shall mean all meters used for the purpose of watering shrubbery, lawns, flower beds, gardens, ornamentals and the like.

2. WATER SERVICE RATES AND CHARGES

The bi-monthly rates for metered water supplied by the City of Mercer Island for each one hundred (100) cubic feet of water consumed are set forth below:

Residential Bimonthly Water Rates					
	Fixed Charge	Volume Charge			
Class	Per Meter Equivalent*	Block 1 (0–10 ccf)	Block 2 (11–20 ccf)	Block 3 (21–30 ccf)	Block 4 (31+ ccf)
Single Family Residential	\$55.55	\$6.60	\$11.17	\$13.40	\$18.03
Low-Income Residential	\$55.55	\$1.65	\$2.79	\$3.35	\$4.51
Conservation Surcharge**				\$0.10	\$0.30
	Fixed Charge	Volume Charge			
Class	Per Meter Equivalent*	All Use (0–99+ ccf)			
Multi-Family Residential	\$55.55	\$9.78			

* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

** A surcharge of \$0.10 per ccf for single family residential bimonthly usage between and including 21 and 30 ccf, and \$0.30 per ccf for bimonthly usage in excess of 30 ccf, shall be included in the rates as an incentive to conserve and may be used to fund conservation education. This surcharge shall apply on consumption of water from June 1 through September 30.

Non-Residential Bimonthly Water Rates			
	Fixed Charge	Volume Charge	
Class	Per Meter Equivalent*	Winter** (All Usage)	Summer** (All Usage)
Commercial/Public	\$55.55	\$6.08	\$15.10
Irrigation	\$55.55	\$9.08	\$19.09

* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

** Seasons: Summer is June 1 through September 30; October 1 through May 31 is winter.

Table of Meter Equivalents and Fixed Charges		
Meter Size	Meter Equivalent	Fixed Charge
3/4 inch or Smaller	1.0	\$55.55
1 inch	2.5	\$138.88
1 - 1/2 inch	5.0	\$277.75
2 inch	8.0	\$444.40
3 inch	16.0	\$888.80
4 inch	25.0	\$1,388.75
6 inch	50.0	\$2,777.50

3. FIRE SERVICE RATES

There is hereby established a schedule of rates for fire service which are the minimum monthly service charges for fire protection purposes exclusively for any two months, or fractional part thereof, as follows:

Service Connection	Rate
2 inch	\$52.15
3 inch	\$52.15
4 inch	\$65.85
5 inch	\$65.85
8 inch	\$93.36

4. RATES FOR UNAUTHORIZED USE

Water taken through unauthorized connections to the City water system shall be charged at double the rates set forth above based on the applicable "Classification of User" from the date of the commencement of such unauthorized use.

5. SPECIAL SERVICE CHARGES

There is hereby established a schedule of service charges to recover operating costs incurred in establishing new accounts, changes in occupancy, special service requests by customers, delinquent account collections and processing of NSF checks as follows:

Service Charge	Fee
New water set-up fee (meter reading)	\$40.00
Water shut-off, requested by user, during normal working hours	\$30.00
Water shut-off, requested by user, after hours	\$170.00
Non-payment door hanger notification (each occurrence)	\$25.00
Non-payment water turn on/turn off, normal working hours	\$80.00
Non-payment water turn on/turn off, after hours	\$195.00
Locked water meter due to theft	\$250.00
Non-sufficient funds (check handling fee)	\$40.00

6. METER INSTALLATION CHARGES

There is hereby established a schedule of meter installation charges for connection of new meters to the City water system, and for changes to water service where the previous type of use has been changed or increased as follows: for meters of all sizes, the charge will be based on the actual cost of installation. A deposit is required, based on the estimated cost, and is collected at the time of permitting the work.

7. CONNECTION CHARGES

There is hereby established a schedule of connection charges for the installation of water service to property not previously served or for the installation of water service for an additional type of use and/or increase in meter size as follows:

Meter Size	Meter Equivalent	Connection Charge
3/4 inch or smaller	1.0	\$3,310
1 inch	2.5	\$8,275
1 – 1/2 inch	5.0	\$16,550
2 inch	8.0	\$26,480
3 inch	16.0	\$52,960
4 inch	25.0	\$82,750
6 inch	50.0	\$165,500

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bellevue.

For meter upsizes, the difference in the connection charge between the new meter size and the old meter size will be charged.

The provisions of this section shall not be construed to apply to additional water service for fire protection purposes.

B. SEWER SERVICES

(Resolution No. 1698, Effective August 1, 2026)

1. CLASSIFICATIONS OF SEWER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City sewer system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.

2. SEWERAGE DISPOSAL SERVICES RATES

The bi-monthly rates and charges for sewerage disposal services are set forth below:

Single Family Bimonthly Sewer Rates				
Class	King County Fixed Charge	City Sewer Line Maintenance		
	King County Sewage Treatment	Fixed Charges		Volume Charge
		Billing Cost	Base Charge (for first 600 cf of AVERAGE Winter Water Use)	Per 100 cf of AVERAGE Winter Water Use beyond first 600 cf
Single Family Residential	\$125.32	\$12.14	\$62.22	\$10.37
Low-Income Residential	\$125.32	\$12.14	\$15.58	\$2.59

Average winter water usage is based on the most current 4 months of winter water usage data available in the billing system. Calculation of the winter water average is based on usage as shown on the January and March bills or February and April bills depending on the billing/reading cycle. Calculation of sewer charges using the winter average is in effect for the following 12 months, until the next winter’s water consumption data is available.

In the case of single family property, where there is no method of accurately calculating the average winter water usage because no water was used during the winter months, or any part thereof, or because the property is not connected to the sanitary sewer system, or for any other reason approved by the Deputy Finance Director or the Finance Director, the sewer volume charge herein will be the Island-wide bi-monthly average winter water use.

Newly constructed single family properties shall be charged a sewer volume charge based on the per unit Island-wide average water usage for single family properties. Newly constructed multi-family and commercial properties shall be charged a sewer volume charge based on their actual water usage.

The King County rate for multi-family and commercial is derived by dividing King County’s monthly rate (\$62.66) by King County’s residential customer equivalency usage value of 750 cubic feet. The bi-monthly rates and charges for multi-family and commercial sewerage disposal services are set forth below:

Multi-Family and Commercial Bimonthly Sewer Rates			
	King County	City Sewer Line Maintenance	
Class	Sewage Treatment (Per 100 cf of ACTUAL Water Use)	Billing Cost	Volume Charge Per 100 cf of ACTUAL Water Use
Multi-Family Residential	\$8.35	\$12.14	\$10.37
Commercial / Public	\$8.35	\$12.14	\$10.37

3. SEWER CONNECTION CHARGES

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bellevue.

All connection charges shall be due and payable at the time the connection service is requested and shall be delinquent if unpaid at the time the connection service is actually made. In the event of delinquency, the connection charges shall be double the amount set forth above.

Connection Charges	
All Classifications of Users	\$2,902 per King County residential customer equivalent (RCE)

C. STORM AND SURFACE WATER SERVICES

(Resolution No. 1698, Effective August 1, 2026)

1. CLASSIFICATIONS OF STORM AND SURFACE WATER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City storm and surface water system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.

2. STORM AND SURFACE WATER SERVICES RATES

The bi-monthly rates (per equivalent service unit) for storm and surface water services are set forth below:

Bi-monthly Storm and Surface Water Rates	
Classification of User	Rate
Single Family Residential	\$53.15
Low Income Residential	\$13.29
Multi-Family Residential*	\$53.15
Commercial/Public*	\$53.15

* For Multi-Family Residential, Commercial or Public property in the City, the number of equivalent service units is determined by dividing the total square feet of impervious surface for each account (which includes roof tops, pavement, and trafficked gravel) by the average square footage of impervious surface for single family residential accounts (3,471 square feet is the average).

D. EMERGENCY MEDICAL AND AMBULANCE SERVICES (EMS)

(Resolution No. 1698, Effective August 1, 2026)

1. CLASSIFICATIONS OF EMERGENCY MEDICAL AND AMBULANCE SERVICES USERS

The following classifications of users are hereby adopted by the City for emergency medical and ambulance services effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.
- f. Residential Board & Care and 24-Hour Care. "Residential Board & Care" or "24-Hour Care" users are based on the fire property classification.

2. EMS RATES

The bi-monthly services fees per equivalent service unit (ESU) for emergency medical and ambulance services are set forth below:

Customer Class	ESU	Bi-Monthly
Single Family Residential	1	\$12.26
Multi-Family Residential	Per # of Equivalent Living Units (# of Apartment or Condos)	\$12.26
Commercial	1	\$12.26
Public	1	\$12.26
Residential Board & Care	Per # of Equivalent Living Units (# of available beds)	\$12.26
24-Hour Nursing	Per # of Equivalent Living Units (# of available beds)	\$12.26

11. MISCELLANEOUS FEES

AMBULANCE TRANSPORT (Resolution No. 1666)	\$1,323.00 + \$24.46/mile
CABLE TV FRANCHISE FEE (Ordinance No. 05-07 [Section 7.01])	5% of Gross Revenue
CABLE TV FRANCHISE FEE – PENALTY (Ordinance No. 05-07 [Section 7.01])	12% Interest Rate per Annum
DISHONORED (NSF) CHECK CHARGE (MICC 4.10.120(F))	\$40.00
TRANSPORTATION BENEFIT DISTRICT VEHICLE LICENSE FEE (MICC 3.26.050 & MITBD Ord No. 1)	\$20.00

APPENDIX A 2026 MERCER ISLAND BUILDING VALUATION DATA TABLE

The unit costs below are intended to provide guidance in determining project valuations as set forth in Mercer Island City Code Chapter 17.14.010, Section 109.4 and shall include architectural, structural, electrical, plumbing, and mechanical work, except as specifically listed below. The unit costs also include the contractor’s profit, which should not be omitted.

Project valuations provided by the permit applicant will be validated against this table. To use this table to calculate the valuation for residential construction, multiply the cost per square foot for dwellings (Item 8) by the floor area; include private garages (Item 18) and porches (Item 7). If air conditioning or fire sprinkler systems (Equipment) will be installed, include the valuation for these systems.

Occupancy & Type / Building Valuation per Square Foot

1. APARTMENT HOUSES	
Type I or II F.R.*	\$163.17
(Good)	\$200.99
Type V—Masonry (or Type III)	\$133.09
(Good)	\$163.17
Type V—Wood Frame	\$117.33
(Good)	\$150.85
Type I—Basement Garage	\$68.91
2. AUDITORIUMS	
Type I or II F.R.	\$192.82
Type II—1-Hour	\$139.68
Type II—N	\$132.08
Type III—1-Hour	\$146.69
Type III—N	\$139.39
Type V—1-Hour	\$140.25
Type V—N	\$131.08
3. BANKS	
Type I or II F.R.*	\$272.47
Type II—1-Hour	\$200.85
Type II—N	\$194.26
Type III—1-Hour	\$221.62
Type III—N	\$213.60
Type V—1-Hour	\$200.85
Type V—N	\$192.25

4. BOWLING ALLEYS	
Type II—1-Hour	\$93.98
Type II—N	\$87.53
Type III—1-Hour	\$102.14
Type III—N	\$95.41
Type V—1-Hour	\$68.91
5. CHURCHES	
Type I or II F.R.	\$182.51
Type II—1-Hour	\$137.10
Type II—N	\$130.22
Type III—1-Hour	\$149.13
Type III—N	\$142.40
Type V—1-Hour	\$139.39
Type V—N	\$131.08
6. CONVALESCENT HOSPITALS	
Type I or II F.R.*	\$256.14
Type II—1-Hour	\$177.64
Type III—1-Hour	\$182.08
Type V—1-Hour	\$171.76
7. DECKS AND PORCHES	
Decks and Porches	\$44.70

8. DWELLINGS	
Type V—Masonry	
(Good)	\$213.27
(Very Good)	\$272.51
(Very Good - Custom)	\$331.75
(Luxury)	\$450.23
Type V—Wood Frame	
(Good)	\$213.27
(Very Good)	\$272.51
(Very Good - Custom)	\$331.75
(Luxury)	\$450.23
Semi-Finished	
(Average)	\$36.96
(Good)	\$42.69
Basements— Unfinished	
(Average)	\$26.79
(Good)	\$32.66
9. FIRE STATIONS	
Type I or II F.R.	\$210.44
Type II—1-Hour	\$138.39
Type II—N	\$130.65
Type III—1-Hour	\$151.57
Type III—N	\$145.12
Type V—1-Hour	\$142.25
Type V—N	\$134.80
10. HOMES FOR THE ELDERLY	
Type I or II F.R.	\$190.82
Type II—1-Hour	\$154.86
Type II—N	\$148.27
Type III—1-Hour	\$161.31
Type III—N	\$154.72
Type V—1-Hour	\$155.72
Type V—N	\$150.42
11. HOSPITALS	
Type I or II F.R.*	\$300.27
Type III—1-Hour	\$248.41
Type V—1-Hour	\$237.09

12. HOTELS AND MOTELS	
Type I or II F.R.*	\$185.80
Type III—1-Hour	\$160.88
Type III—N	\$153.43
Type V—1-Hour	\$140.10
Type V—N	\$137.38
INDUSTRIAL PLANTS	
Type I or II F.R.	\$104.72
Type II—1-Hour	\$72.92
Type II—N	\$66.90
Type III—1-Hour	\$80.22
Type III—N	\$75.64
Tilt-up	\$55.15
Type V—1-Hour	\$75.64
Type V—N	\$69.19
13. JAILS	
Type I or II F.R.	\$292.67
Type III—1-Hour	\$267.60
Type V—1-Hour	\$200.85
14. LIBRARIES	
Type I or II F.R.	\$214.17
Type II—1-Hour	\$156.72
Type II—N	\$149.13
Type III—1-Hour	\$165.46
Type III—N	\$157.15
Type V—1-Hour	\$155.43
Type V—N	\$149.13
15. MEDICAL OFFICES	
Type I or II F.R.*	\$219.90
Type II—1-Hour	\$169.47
Type II—N	\$161.16
Type III—1-Hour	\$183.94
Type III—N	\$171.19
Type V—1-Hour	\$165.89
Type V—N	\$160.16

16. OFFICES**	
Type I or II F.R.*	\$196.55
Type II—1-Hour	\$131.51
Type II—N	\$125.21
Type III—1-Hour	\$141.82
Type III—N	\$135.81
Type V—1-Hour	\$132.94
Type V—N	\$125.21
17. PRIVATE GARAGES	
Wood Frame	\$44.70
Masonry	\$50.28
Open Carports	\$30.51
18. PUBLIC BUILDINGS	
Type I or II F.R.*	\$227.06
Type II—1-Hour	\$183.94
Type II—N	\$175.92
Type III—1-Hour	\$190.96
Type III—N	\$184.37
Type V—1-Hour	\$174.63
Type V—N	\$168.61
19. PUBLIC GARAGES	
Type I or II F.R.*	\$89.97
Type I or II Open Parking*	\$67.47
Type II—N	\$51.43
Type III—1-Hour	\$67.90
Type III—N	\$60.60
Type V—1-Hour	\$62.03
20. RESTAURANTS	
Type III—1-Hour	\$179.07
Type III—N	\$173.20
Type V—1-Hour	\$164.03
Type V—N	\$157.73
21. SCHOOLS	
Type I or II F.R.	\$204.57
Type II—1-Hour	\$139.68
Type III—1-Hour	\$149.42
Type III—N	\$143.69
Type V—1-Hour	\$139.96
Type V—N	\$133.52

22. SERVICE STATIONS	
Type II—N	\$123.63
Type III—1-Hour	\$128.93
Type V—1-Hour	\$109.88
Canopies	\$51.43
23. STORES	
Type I or II F.R.*	\$151.57
Type II—1-Hour	\$92.69
Type II—N	\$90.82
Type III—1-Hour	\$112.60
Type III—N	\$105.72
Type V—1-Hour	\$94.98
Type V—N	\$87.67
24. THEATERS	
Type I or II F.R.	\$201.99
Type III—1-Hour	\$147.12
Type III—N	\$140.10
Type V—1-Hour	\$138.39
Type V—N	\$131.08
25. WAREHOUSES***	
Type I or II F.R.	\$90.97
Type II or V—1-Hour	\$53.86
Type II or V—N	\$50.43
Type III—1-Hour	\$61.03
Type III—N	\$58.16
26. EQUIPMENT	
AIR CONDITIONING:	
Commercial	\$7.74
Residential	\$6.59
SPRINKLER SYSTEMS	\$4.73

*Add 0.5% to total cost for each story over three.

**Deduct 20 % for shell-only buildings.

***Deduct 11% for mini warehouses

This building valuation information is intended for informational use only and cannot be used as a substitute for the Mercer Island City Code.

City of Mercer Island Affordable Housing Nexus Study

DISCUSSION DRAFT

May 1, 2026

Prepared For:



Prepared by:





*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

President and CEO:
Chris Mefford

Project Manager:
Michaela Jellicoe

Analysts:
Michaela Jellicoe
Martin Arpin
Jo Baldwin

Community Attributes Inc.
119 Pine Street, Suite 400
Seattle, Washington 98101

www.communityattributes.com

SUMMARY

Background and Purpose

The City of Mercer Island is exploring options for alternatives to current zoning regulations regarding affordable housing to support both the development of affordable housing and feasibility for market rate housing development. The City of Mercer Island commissioned Community Attributes Inc. (CAI) to prepare an affordable housing nexus study to calculate the maximum supportable fee in-lieu requirements and performance requirements in support of these efforts.

The purpose of a nexus study is to demonstrate the extent to which new development generates need for affordable housing and the proportionate impact of different types of new development on that need for affordable housing. This study provides the maximum allowable in-lieu fees and on-site affordable housing performance requirements for the range of development types anticipated within Mercer Island's Town Center zones.

Methodology

Three rental prototypes were defined with feedback from the City of Mercer Island that reflect the current development of multifamily buildings within the Town Center zoning area. Details defining these prototypes are presented in **Exhibit 3**.

Calculation of the maximum supportable in-lieu fee and on-site performance requirements includes the following key steps. Detailed descriptions of the calculations and presentation of data are included in the remainder of the report.

- Estimate the average affordability gap, or the difference between expected rent value and the cost to construct and operate an affordable unit, at each income level.
- Estimate the total household income and total disposable income for each prototype.
- Estimate the number of jobs (full-time equivalents) supported by the spending of disposable income.
- Estimate the number of households at each income level supported by each prototype.
- Multiply the number of estimated new households at each income level by the affordability gap at each income level to estimate the total affordability gap generated by worker households for each prototype.

The maximum supportable in-lieu fee is equal to the affordability gap divided by the total square feet of each prototype. The maximum supportable on-site

performance requirement is equal to the number of worker households or demand for affordable units divided by the total units for each prototype.

Maximum Supportable In-Lieu Fee and On-Site Performance Requirements

Exhibit 1 and **Exhibit 2** present the maximum supportable in-lieu fees and on-site affordable housing performance for all prototypes. The results are shown at each AMI level and combined for below 80% and below 100% AMI levels.

Exhibit 1. Maximum Supportable In-Lieu Fees by Prototype, City of Mercer Island

AMI Level	Prototype 1 - Prototype 2 - Prototype 3 -		
	TC-7	TC-5	TCMF-4
0-30% AMI	\$3.63	\$4.41	\$4.06
30-50% AMI	\$18.49	\$22.37	\$20.56
50%-60% AMI	\$5.25	\$6.47	\$5.94
60%-80% AMI	\$2.97	\$3.68	\$3.38
Below 80% AMI	\$30.34	\$36.93	\$33.94
80%-100% AMI	\$0.56	\$0.70	\$0.64
Below 100% AMI	\$30.90	\$37.62	\$34.58

Sources: City of Mercer Island, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development; King County Assessor, 2025; Community Attributes Inc., 2025.

Exhibit 2. Maximum Supportable Onsite Affordable Housing Performance Requirements by Prototype, City of Mercer Island

AMI Level	Prototype 1 - Prototype 2 - Prototype 3 -		
	TC-7	TC-5	TCMF-4
0-30% AMI	0.9%	0.9%	1.1%
30-50% AMI	6.3%	6.0%	7.5%
50%-60% AMI	2.2%	2.2%	2.7%
60%-80% AMI	2.5%	2.4%	3.0%
Below 80% AMI	11.9%	11.4%	14.3%
80%-100% AMI	1.7%	1.6%	2.1%
Below 100% AMI	13.6%	13.1%	16.4%

Sources: City of Mercer Island, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development; King County Assessor, 2025; Community Attributes Inc., 2025.

CONTENTS

Introduction..... 1
Prototype Details..... 2
Affordability Gap Analysis 3
Calculation of Nexus Fees 8
Summary Maximum Supportable In-Lieu Fee and Performance Requirements..... 18
Appendix..... 20

INTRODUCTION

Background and Purpose

The City of Mercer Island is exploring options for alternatives to current zoning regulations regarding affordable housing to support both the development of affordable housing and feasibility for market rate housing development. The City of Mercer Island commissioned Community Attributes Inc. (CAI) to prepare an affordable housing nexus study to calculate the maximum supportable fee in-lieu requirements and performance requirements in support of these efforts.

The purpose of a nexus study is to demonstrate the extent to which new development generates need for affordable housing and the proportionate impact of different types of new development on that need for affordable housing. This study provides the maximum allowable in-lieu fees and on-site affordable housing performance requirements for the range of development types anticipated within Mercer Island's Town Center zones.

Methods and Approach

Data used in this report draws from several sources, including American Community Survey (ACS) and American Housing Survey (AHS) demographic data published by the U.S. Census Bureau, national real estate listing sites such as Zillow and Redfin, statewide and regional housing and population data provided by the Office of Financial Management (OFM), Puget Sound Regional Council, and the U.S. Bureau of Labor Statistics (BLS). Jobs supported by new development, including direct, indirect, and induced jobs by prototype were generated by using IMPLAN (Impact Analysis for Planning), a software provider that calculates projected economic impacts and multipliers by employment industry.

This report uses a similar methodology to the Seattle Affordable Housing Nexus Study and Economic Impact Analysis completed in 2015 for the City of Seattle. Similar studies have been used in other states, including California, Colorado, Massachusetts, Minnesota, and Wyoming.

Organization of Report

The remainder of this report is organized as follows:

- **Prototype Details** describes the three residential prototypes selected by the City of Mercer Island.
- **Affordability Gap Analysis** summarizes the calculation of the affordability gap and documents inputs and assumptions used throughout the analysis.

- **Calculation of Nexus Fees** presents a detailed summary of the calculations for the maximum supportable in-lieu fee and on-site performance requirement.
- **Summary Maximum Supportable In-Lieu Fee and Onsite Performance Requirements** includes a summary of the key findings.
- **Appendix** includes supporting exhibits and findings for nexus calculations.

PROTOTYPE DETAILS

This study presents analysis for three residential rental prototypes that most closely represent the anticipated development types that could be constructed within the Town Center zone. The building types include three distinct multifamily buildings, located across unique sub zones within the Town Center. Each prototype reflects the maximum allowable story height for its respective zone after meeting the necessary bonus height requirements, however, for the purpose of the nexus study the buildings are assumed to be fully market rate units. The prototypes were created based on market data of current and future multifamily developments in the City of Mercer Island or within areas that are served by A Regional Coalition for Housing (ARCH). **Exhibit 3** outlines the key prototype characteristics, including total unit count, number of stories, net floor area, and unit mix by prototype.

The prototypes, as designed, are aligned with the proposed rezoning in Town Center for 8-story and 6-story development. While some development projects may exceed the seven and five stories represented in the prototypes, other development regulations, market factors, and construction cost structures are likely to lead to certain projects building at intensities lower than the maximum allowed by zoning. The prototypes represent balance within this range of outcomes.

Exhibit 3. Prototype Details

Prototype	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Stories	7	5	4
Net Floor Area	332,006	148,293	141,303
Number of Units			
Studio	78	120	24
1-Bedroom	174	46	88
2-Bedroom	93	43	31
3-Bedroom	23	0	3
Total Units	368	209	146
Square Feet per Unit			
Studio	527	564	586
1-Bedroom	839	684	933
2-Bedroom	1,173	1,143	1,305
3-Bedroom	1,556	-	1,564

Sources: City of Mercer Island, 2025; Community Attributes Inc., 2025

The following prototype descriptions are intended to provide a description of the types of buildings that could fit each prototype and are based on the current zoning and design standards outlined in the City code. These prototypes do not reflect actual properties under construction, but provide context on the potential for each subzone.

Prototype 1, located in the **TC-7 subarea**, is seven stories tall and could include a mix of residential units and commercial spaces. The ground floor allows for retail shops and restaurants with large windows facing the street to encourage pedestrian activity. The building is designed with setbacks on the upper stories to reduce its visual impact and allow more light and air at street level. It includes a public plaza and a pedestrian pathway that cuts through the block, connecting different parts of the Town Center. Parking is located underground, and the building meets LEED Gold or Built Green 4-Star standards.

Prototype 2, located in the **TC-5 subarea**, is five stories tall and serves as a transition between the taller buildings in TC-7 and the lower-density areas nearby. The ground floor allows for small retail spaces and services, while the upper four floors are residential. The building is designed with architectural features like balconies, varied materials, and setbacks to comply with daylight plane requirements. It includes a landscaped courtyard for residents and structured parking that is screened from public view. The building also meets Built Green 4-Star standards.

Prototype 3, in the **TC-MF4 subarea** is four stories tall and primarily residential. It may include live/work units or small retail spaces on the ground floor, but the focus is on housing. The building features street-

oriented units with porches or stoops, landscaped setbacks, and a design that fits the residential character of the area. It provides private outdoor space for residents, such as a courtyard or garden. Parking is located behind the building and screened with landscaping. The building meets Built Green 4-Star standards and includes greenery throughout the site.

AFFORDABILITY GAP ANALYSIS

Calculating the per unit affordability gap, or the difference between expected rent or sales value and the cost to construct and operate an affordable unit, is the first step in the nexus analysis. The affordability gap is used with an estimate of affordable unit demand to estimate the maximum supportable affordable housing in-lieu fee. The affordability gap is calculated at each level of area median income (AMI) by unit size based on number of bedrooms, summarized to the average affordability gap by AMI level.

The following data points and inputs are used in the calculation of affordability gap by AMI level:

- Income limits by AMI level and household size, published by ARCH
- Renter utility allowances published by ARCH
- Development assumptions sourced from market analysis and feedback from ARCH
- Operating cost per unit and development cost per net square foot provided by ARCH

Additional assumptions used in the affordability gap calculation include vacancy rates, mortgage interest rates, mortgage amortization, and affordable housing expense as a percentage of income. **Exhibit 4** through **Exhibit 6** outline the key inputs, assumptions, and market data that inform the affordability gap calculation.

Exhibit 4. Affordable Housing Income Limits by AMI and Household Size

Household Size	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
One Person	\$32,991	\$54,985	\$65,982	\$87,976	\$109,970
Two Persons	\$37,704	\$62,840	\$75,408	\$100,544	\$125,680
Three Persons	\$42,417	\$70,695	\$84,834	\$113,112	\$141,390
Four Persons	\$47,130	\$78,550	\$94,260	\$125,680	\$157,100
Five Persons	\$50,900	\$84,834	\$101,801	\$135,734	\$169,668
Six Persons	\$54,671	\$91,118	\$109,342	\$145,789	\$182,236

Sources: ARCH, 2025; Community Attributes Inc., 2025.

Exhibit 5. Affordability Gap Analysis Assumptions, City of Mercer Island

Assumptions	
Vacancy rate	5%
Operating cost per unit per year	\$8,000
Development cost per NSF	\$450

Sources: ARCH, 2025; Community Attributes Inc., 2025.
 Notes: Net Square Feet is abbreviated as NSF.

Exhibit 6. Household Size Assumptions, Renter Utility Allowance and Development Cost by Size of Unit, City of Mercer Island

Assumption	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Household Size	1	1.5	3	4.5
Renter Utility Allowance - Tenant Pays All Utilities	177	210	258	317
Average Unit Size	500	681	1,035	1,418
Average Development Cost per Unit	\$225,000	\$306,225	\$465,943	\$638,100

Sources: ARCH, 2025; U.S. Census Bureau, 2025; Community Attributes Inc, 2025.

Income limits by AMI level are available based on the number of persons per household. They are converted to unit based on an assumed number of people per unit, ranging between one person per studio unit to 4.5 persons per 3-bedroom unit. Renter utility allowances are based on the bedroom count of the unit as published by ARCH. Average development cost per unit is calculated based on the average unit size for affordable housing units based on market data of existing affordable housing properties located in areas served by ARCH multiplied by the development cost per square foot, provided by ARCH (**Exhibit 6**).

The first step in calculating the affordability gap is estimating annual gross rental income. Using the annual income limit by unit size and AMI level, the affordable monthly housing expense is estimated assuming that renters will spend 30% of their gross income on rent. Affordable monthly housing expense is reduced by utility allowance, resulting in estimated affordable monthly rent and annual gross rental income per unit for each AMI level.

Annual gross rental income is reduced by an assumed vacancy rate of 5% and annual operating costs of \$8,000 per unit, resulting in net operating income (NOI) per unit. Operating costs were provided by ARCH, based on actual cost of standard affordable properties. NOI is then converted to an estimated supportable mortgage per unit to compare the calculated NOI to development costs.

The affordability gap per unit is calculated by subtracting the supportable mortgage from the estimated development cost for each prototype. For units where NOI and the calculated supportable mortgage are negative, the affordability gap is equal to the development cost.

Exhibit 7 through **Exhibit 11** outline the resulting average affordability gap at 30% through 100% AMI units.

Exhibit 7. Affordability Gap for 30% AMI Units, City of Mercer Island

Affordability Gap for 30% AMI Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Annual Income Limit	\$32,991	\$35,348	\$42,417	\$49,015
Affordable Monthly Housing Expense	\$825	\$884	\$1,060	\$1,225
Less: Monthly Utility Allowance	(\$177)	(\$210)	(\$258)	(\$317)
Affordable Monthly Rent	\$648	\$674	\$802	\$908
Annual Gross Rental Income Per Unit	\$7,773	\$8,084	\$9,629	\$10,901
Less: Vacancy	(\$389)	(\$404)	(\$481)	(\$545)
Less: Annual Operating Costs	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
Net Operating Income Per Unit	(\$615)	(\$320)	\$1,148	\$2,356
Supportable Mortgage Per Unit	(\$8,791)	(\$4,571)	\$16,395	\$33,650
Per Unit Affordability Gap	\$225,000	\$306,225	\$449,548	\$604,450
Average Affordability Gap	\$365,904			

Sources: ARCH, 2025; U.S. Department of Housing and Urban Development, 2025; Community Attributes Inc, 2025.

Exhibit 8. Affordability Gap for 50% AMI Units, City of Mercer Island

Affordability Gap for 50% AMI Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Annual Income Limit	\$54,985	\$58,913	\$70,695	\$81,692
Affordable Monthly Housing Expense	\$1,375	\$1,473	\$1,767	\$2,042
Less: Monthly Utility Allowance	(\$177)	(\$210)	(\$258)	(\$317)
Affordable Monthly Rent	\$1,198	\$1,263	\$1,509	\$1,725
Annual Gross Rental Income Per Unit	\$14,372	\$15,154	\$18,113	\$20,704
Less: Vacancy	(\$719)	(\$758)	(\$906)	(\$1,035)
Less: Annual Operating Costs	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
Net Operating Income Per Unit	\$5,653	\$6,396	\$9,207	\$11,668
Supportable Mortgage Per Unit	\$80,756	\$91,372	\$131,527	\$166,692
Per Unit Affordability Gap	\$144,244	\$214,853	\$334,416	\$471,408
Average Affordability Gap	\$264,703			

Sources: ARCH, 2025; U.S. Department of Housing and Urban Development, 2025; Community Attributes Inc, 2025.

Exhibit 9. Affordability Gap for 60% AMI Units, City of Mercer Island

Affordability Gap for 60% AMI Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Annual Income Limit	\$65,982	\$70,695	\$84,834	\$98,030
Affordable Monthly Housing Expense	\$1,650	\$1,767	\$2,121	\$2,451
Less: Monthly Utility Allowance	(\$177)	(\$210)	(\$258)	(\$317)
Affordable Monthly Rent	\$1,473	\$1,557	\$1,863	\$2,134
Annual Gross Rental Income Per Unit	\$17,671	\$18,689	\$22,354	\$25,605
Less: Vacancy	(\$884)	(\$934)	(\$1,118)	(\$1,280)
Less: Annual Operating Costs	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
Net Operating Income Per Unit	\$8,787	\$9,754	\$13,236	\$16,325
Supportable Mortgage Per Unit	\$125,530	\$139,344	\$189,093	\$233,212
Per Unit Affordability Gap	\$99,470	\$166,881	\$276,850	\$404,888
Average Affordability Gap	\$212,318			

Sources: ARCH, 2025; U.S. Department of Housing and Urban Development, 2025; Community Attributes Inc., 2025.

Exhibit 10. Affordability Gap for 80% AMI Units, City of Mercer Island

Affordability Gap for 80% AMI Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Annual Income Limit	\$87,976	\$94,260	\$113,112	\$130,707
Affordable Monthly Housing Expense	\$2,199	\$2,357	\$2,828	\$3,268
Less: Monthly Utility Allowance	(\$177)	(\$210)	(\$258)	(\$317)
Affordable Monthly Rent	\$2,022	\$2,147	\$2,570	\$2,951
Annual Gross Rental Income Per Unit	\$24,269	\$25,758	\$30,838	\$35,408
Less: Vacancy	(\$1,213)	(\$1,288)	(\$1,542)	(\$1,770)
Less: Annual Operating Costs	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
Net Operating Income Per Unit	\$15,055	\$16,470	\$21,296	\$25,638
Supportable Mortgage Per Unit	\$215,077	\$235,287	\$304,225	\$366,254
Per Unit Affordability Gap	\$9,923	\$70,938	\$161,718	\$271,846
Average Affordability Gap	\$107,548			

Sources: ARCH, 2025; U.S. Department of Housing and Urban Development, 2025; Community Attributes Inc, 2025.

Exhibit 11. Affordability Gap for 100% AMI Units, City of Mercer Island

Affordability Gap for 100% AMI Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Annual Income Limit	\$109,970	\$117,825	\$141,390	\$163,384
Affordable Monthly Housing Expense	\$2,749	\$2,946	\$3,535	\$4,085
Less: Monthly Utility Allowance	(\$177)	(\$210)	(\$258)	(\$317)
Affordable Monthly Rent	\$2,572	\$2,736	\$3,277	\$3,768
Annual Gross Rental Income Per Unit	\$30,867	\$32,828	\$39,321	\$45,211
Less: Vacancy	(\$1,543)	(\$1,641)	(\$1,966)	(\$2,261)
Less: Annual Operating Costs	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
Net Operating Income Per Unit	\$21,324	\$23,186	\$29,355	\$34,951
Supportable Mortgage Per Unit	\$304,624	\$331,230	\$419,356	\$499,295
Per Unit Affordability Gap	\$0	\$0	\$46,586	\$138,805
Average Affordability Gap	\$30,186			

Sources: ARCH, 2025; U.S. Department of Housing and Urban Development, 2025; Community Attributes Inc, 2025.

CALCULATION OF NEXUS FEES

Residential Calculations

Residential nexus fee calculations include the following steps, explained in more detail in subsequent sections.

1. Estimate total household disposable income by prototype
2. Estimate jobs (full-time equivalent) supported by household disposable income
3. Estimate demand for affordable housing supported by jobs

Disposable Income

Estimating the total household disposable income by prototype is the first step in the residential affordable housing nexus calculations. This process starts by collecting market rate rent data for existing units within developments that are comparable with each prototype.

Exhibit 12 outlines the calculation for disposable household income for rental prototypes. The average monthly rent is estimated based on comparable market analysis of current rental listings throughout the study area. Average monthly rent is assumed to be 30% of total household income, the remaining household income is then used as an estimate of disposable household income.

Exhibit 12. Estimate Household Income and Disposal Income Distributions, Rental Prototypes, Mercer Island

Calculation	Prototype 1 -	Prototype 2 -	Prototype 3 -
	TC-7	TC-5	TCMF-4
Average Rent per Unit	\$3,772	\$2,848	\$3,570
Estimated Average Annual Income	\$150,866	\$113,904	\$142,816
Annual HH Income to Rent	3.33	3.33	3.33
Disposable Income per Unit	\$105,606	\$79,733	\$99,971
Units in Prototype	368	209	146
Total Disposable HH Income	\$38,863,174	\$16,664,223	\$14,595,791

Sources: American Housing Survey, U.S. Census Bureau, 2025; Redfin, 2025; Zillow, 2025; Community Attributes Inc., 2025.

Full Time Equivalents Supported by Disposable Income

Total disposable household income per prototype is inputted into IMPLAN to estimate the total number of full-time equivalents (FTE) supported by new residential market rate housing. **Exhibit 13** shows the disposable income value input into IMPLAN for each prototype, and the average annual income range for each. IMPLAN analysis yields the estimated jobs by industry in King County for each prototype. **Exhibit 23** in the Appendix shows the FTEs supported by the disposable income generated by each prototype summarized by industry, as well as the total FTEs generated by each prototype.

Exhibit 13. IMPLAN Income Band by Prototype, City of Mercer Island

Prototype	Specification	Total Disposable Income
Prototype 1 - TC-7	Households Earning Between \$100k-\$150k	\$38,863,174
Prototype 2 - TC-5	Households Earning Between \$70k-\$100k	\$16,664,223
Prototype 3 - TCMF-4	Households Earning Between \$70k-\$100k	\$14,595,791

Sources: City of Mercer Island, 2025; IMPLAN, 2025; Community Attributes Inc., 2025.

Affordable Housing Demand

FTEs supported by the disposable household income of new residential development are converted to households by AMI level to provide an estimate of demand for affordable housing generated by new market rate residential development. This analysis involves a series of steps.

First, the number of FTEs by industry generated by each prototype is converted to the estimated number of households, assuming 1.65 workers per

worker household. The worker per household estimate is sourced from the 2023 ACS 5-Year Estimates for the City of Mercer Island. The number of worker households is then multiplied by the percentage of households by industry level within each AMI bracket, resulting in the estimated number of new households by AMI level, including those that qualify for affordable housing (**Exhibit 14**).

The percentage of households by industry and AMI level incorporates two data sources: wages by occupation for the Seattle MSA from the Bureau of Labor Statistics and the industry occupation matrix for King County from the Washington State Employment Security Department. Wage data for each occupation is outlined by percentile, shown in **Exhibit 24** in the Appendix. The percentile wage data is applied to the income limits by AMI level to estimate the distribution of jobs by AMI level within each occupation, shown in **Exhibit 25** in the Appendix. This distribution by occupation is then applied to the percentage of each occupation within each industry to estimate the distribution of jobs by AMI level for each industry.

Exhibit 15 through **Exhibit 19** outline the estimated number of households by industry, prototype, and AMI level.

Estimated Maximum Supportable Nexus Fee

The number of new households at each AMI level is multiplied by the affordability gap at each AMI level, resulting in the total affordable housing gap cost. The maximum supportable fee at each AMI level is calculated by dividing the total affordable housing gap cost by either the number of units for each prototype or the total square feet per prototype. The maximum supportable on-site performance requirement is calculated by dividing the number of new households at each AMI level by the total number of units for each prototype.

The maximum supportable fee by AMI level is additive, for example, the maximum supportable fee for affordable housing units below 50% AMI is the sum of the fees at below 30% AMI and between 30%-50% AMI. **Exhibit 20** outlines the calculations for the maximum supportable nexus fee for each prototype.

Exhibit 14. Distribution of Household Earnings by Economic Sector and AMI Level, King County, 2023

Economic Sector	NAICS	Below 30%	30%-50%	50%-60%	60%-80%	80%-100%	Greater
		AMI	AMI	AMI	AMI	AMI	than 100%
Agriculture, Forestry, Fishing and Hunting	11	7%	55%	14%	13%	4%	8%
Mining, Quarrying, and Oil and Gas Extraction	21	6%	35%	16%	21%	8%	13%
Utilities	22	3%	21%	14%	19%	13%	30%
Construction	23	3%	15%	14%	25%	16%	27%
Manufacturing	31-33	4%	29%	13%	17%	12%	25%
Wholesale Trade	42	5%	33%	13%	17%	8%	23%
Retail Trade	44-45	7%	43%	12%	15%	8%	15%
Transportation and Warehousing	48-49	6%	39%	17%	19%	5%	14%
Information	51	2%	12%	6%	12%	12%	57%
Finance and Insurance	52	4%	24%	12%	17%	12%	32%
Real Estate Rental and Leasing	53	5%	30%	14%	18%	11%	22%
Professional, Scientific, and Technical Services	54	2%	11%	7%	14%	15%	51%
Management of Companies and Enterprises	55	2%	13%	9%	14%	13%	49%
Administrative and Support Services	56	5%	36%	14%	14%	9%	22%
Educational Services	61	5%	23%	15%	17%	14%	26%
Health Care and Social Assistance	62	4%	31%	13%	14%	12%	26%
Arts, Entertainment and Recreation	71	7%	44%	15%	14%	7%	14%
Accommodation and Food Service	72	8%	66%	11%	5%	4%	5%
Other Services	81	5%	35%	14%	16%	9%	21%
Government	99	4%	22%	12%	18%	14%	30%

Sources: ARCH, 2025; Bureau of Labor Statistics, 2025; Community Attributes Inc., 2025

Exhibit 15. Estimated Number of Households Earning Below 30% AMI by Rental Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.00	0.00	0.00
Mining, Quarrying, and Oil and Gas Extraction	21	0.00	0.00	0.00
Utilities	22	0.00	0.00	0.00
Construction	23	0.02	0.01	0.01
Manufacturing	31-33	0.02	0.01	0.01
Wholesale Trade	42	0.08	0.04	0.04
Retail Trade	44-45	0.47	0.25	0.22
Transportation and Warehousing	48-49	0.18	0.09	0.08
Information	51	0.02	0.01	0.01
Finance and Insurance	52	0.15	0.07	0.06
Real Estate Rental and Leasing	53	0.12	0.09	0.08
Professional, Scientific, and Technical Services	54	0.04	0.02	0.02
Management of Companies and Enterprises	55	0.02	0.01	0.01
Administrative and Support Services	56	0.12	0.06	0.06
Educational Services	61	0.10	0.06	0.05
Health Care and Social Assistance	62	0.66	0.39	0.34
Arts, Entertainment and Recreation	71	0.16	0.07	0.06
Accommodation and Food Service	72	0.69	0.34	0.30
Other Services	81	0.39	0.21	0.18
Government	99	0.04	0.02	0.02
Total		3.30	1.79	1.57

Sources: Bureau of Labor Statistics, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

Exhibit 16. Estimated Number of Households Earning Between 31% and 50% AMI by Rental Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.03	0.01	0.01
Mining, Quarrying, and Oil and Gas Extraction	21	0.00	0.00	0.00
Utilities	22	0.02	0.01	0.01
Construction	23	0.10	0.05	0.04
Manufacturing	31-33	0.11	0.06	0.05
Wholesale Trade	42	0.51	0.27	0.24
Retail Trade	44-45	2.90	1.57	1.38
Transportation and Warehousing	48-49	1.18	0.63	0.55
Information	51	0.17	0.09	0.08
Finance and Insurance	52	0.97	0.48	0.42
Real Estate Rental and Leasing	53	0.71	0.54	0.47
Professional, Scientific, and Technical Services	54	0.29	0.15	0.13
Management of Companies and Enterprises	55	0.15	0.08	0.07
Administrative and Support Services	56	0.81	0.44	0.38
Educational Services	61	0.51	0.31	0.27
Health Care and Social Assistance	62	5.12	3.03	2.66
Arts, Entertainment and Recreation	71	1.04	0.48	0.42
Accommodation and Food Service	72	5.74	2.84	2.49
Other Services	81	2.61	1.37	1.20
Government	99	0.23	0.11	0.10
Total		23.19	12.53	10.98

Sources: Bureau of Labor Statistics, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

Exhibit 17. Estimated Number of Households Earning Between 51% and 60% AMI by Rental Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.01	0.00	0.00
Mining, Quarrying, and Oil and Gas Extraction	21	0.00	0.00	0.00
Utilities	22	0.01	0.01	0.01
Construction	23	0.09	0.05	0.04
Manufacturing	31-33	0.05	0.03	0.02
Wholesale Trade	42	0.20	0.11	0.10
Retail Trade	44-45	0.81	0.44	0.39
Transportation and Warehousing	48-49	0.51	0.27	0.24
Information	51	0.09	0.05	0.04
Finance and Insurance	52	0.47	0.23	0.21
Real Estate Rental and Leasing	53	0.32	0.24	0.21
Professional, Scientific, and Technical Services	54	0.17	0.09	0.08
Management of Companies and Enterprises	55	0.10	0.05	0.05
Administrative and Support Services	56	0.30	0.17	0.14
Educational Services	61	0.34	0.20	0.18
Health Care and Social Assistance	62	2.23	1.32	1.16
Arts, Entertainment and Recreation	71	0.35	0.16	0.14
Accommodation and Food Service	72	0.96	0.48	0.42
Other Services	81	1.06	0.56	0.49
Government	99	0.13	0.06	0.06
Total		8.21	4.52	3.96

Sources: Bureau of Labor Statistics, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

Exhibit 18. Estimated Number of Households Earning Between 61% and 80% AMI by Rental Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.01	0.00	0.00
Mining, Quarrying, and Oil and Gas Extraction	21	0.00	0.00	0.00
Utilities	22	0.02	0.01	0.01
Construction	23	0.17	0.08	0.07
Manufacturing	31-33	0.06	0.04	0.03
Wholesale Trade	42	0.26	0.14	0.12
Retail Trade	44-45	1.03	0.56	0.49
Transportation and Warehousing	48-49	0.57	0.30	0.26
Information	51	0.17	0.09	0.08
Finance and Insurance	52	0.68	0.34	0.30
Real Estate Rental and Leasing	53	0.43	0.33	0.29
Professional, Scientific, and Technical Services	54	0.35	0.18	0.16
Management of Companies and Enterprises	55	0.16	0.09	0.08
Administrative and Support Services	56	0.32	0.17	0.15
Educational Services	61	0.38	0.23	0.20
Health Care and Social Assistance	62	2.38	1.41	1.24
Arts, Entertainment and Recreation	71	0.33	0.15	0.13
Accommodation and Food Service	72	0.45	0.22	0.20
Other Services	81	1.21	0.64	0.56
Government	99	0.18	0.09	0.08
Total		9.17	5.08	4.45

Sources: Bureau of Labor Statistics, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

Exhibit 19. Estimated Number of Households Earning Between 81% and 100% AMI by Rental Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.00	0.00	0.00
Mining, Quarrying, and Oil and Gas Extraction	21	0.00	0.00	0.00
Utilities	22	0.01	0.01	0.01
Construction	23	0.11	0.05	0.05
Manufacturing	31-33	0.04	0.02	0.02
Wholesale Trade	42	0.13	0.07	0.06
Retail Trade	44-45	0.51	0.27	0.24
Transportation and Warehousing	48-49	0.15	0.08	0.07
Information	51	0.17	0.09	0.08
Finance and Insurance	52	0.47	0.23	0.21
Real Estate Rental and Leasing	53	0.26	0.19	0.17
Professional, Scientific, and Technical Services	54	0.37	0.19	0.17
Management of Companies and Enterprises	55	0.14	0.08	0.07
Administrative and Support Services	56	0.20	0.11	0.10
Educational Services	61	0.30	0.18	0.16
Health Care and Social Assistance	62	1.93	1.15	1.00
Arts, Entertainment and Recreation	71	0.16	0.08	0.07
Accommodation and Food Service	72	0.35	0.17	0.15
Other Services	81	0.69	0.36	0.32
Government	99	0.14	0.07	0.06
Total		6.15	3.42	2.99

Sources: Bureau of Labor Statistics, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

Exhibit 20. Maximum Supportable Residential Nexus Fee Calculations, Rental Prototypes, City of Mercer Island

Prototype	Below 30% AMI	30%-50% AMI	50-60% AMI	60%-80% AMI	80%-100% AMI	Below 80% AMI	Below 100% AMI
Prototype 1 - TC-7							
Number of New Households	3.30	23.19	8.21	9.17	6.15	43.86	50.01
Affordable Housing Gap	\$365,904	\$264,703	\$212,318	\$107,548	\$30,186	\$229,644	\$205,118
Total Affordable Housing Gap Cost	\$1,206,005	\$6,137,666	\$1,742,570	\$986,410	\$185,630	\$10,072,651	\$10,258,281
Number of Units	368	368	368	368	368	368	368
Average Square Feet per Unit	902	902	902	902	902	902	902
Supportable Nexus Fee per Unit (Gap per Unit)	\$3,277	\$16,678	\$4,735	\$2,680	\$504	\$27,371	\$27,876
Supportable Nexus Fee per SF (Gap per SF)	\$3.63	\$18.49	\$5.25	\$2.97	\$0.56	\$30.34	\$30.90
Supportable Performance Requirement	1%	6%	2%	2%	2%	12%	14%
Prototype 2 - TC-5							
Number of New Households	1.79	12.53	4.52	5.08	3.42	23.91	27.33
Affordable Housing Gap	\$365,904	\$264,703	\$212,318	\$107,548	\$30,186	\$229,019	\$204,156
Total Affordable Housing Gap Cost	\$654,304	\$3,316,980	\$959,066	\$545,842	\$103,154	\$5,476,192	\$5,579,346
Number of Units	209	209	209	209	209	209	209
Average Square Feet per Unit	710	710	710	710	710	710	710
Supportable Nexus Fee per Unit (Gap per Unit)	\$3,131	\$15,871	\$4,589	\$2,612	\$494	\$26,202	\$26,695
Supportable Nexus Fee per SF (Gap per SF)	\$4.41	\$22.37	\$6.47	\$3.68	\$0.70	\$36.93	\$37.62
Supportable Performance Requirement	1%	6%	2%	2%	2%	11%	13%
Prototype 3 - TCMF-4							
Number of New Households	1.57	10.98	3.96	4.45	2.99	20.94	23.94
Affordable Housing Gap	\$365,904	\$264,703	\$212,318	\$107,548	\$30,186	\$229,019	\$204,156
Total Affordable Housing Gap Cost	\$573,090	\$2,905,263	\$840,023	\$478,089	\$90,350	\$4,796,465	\$4,886,815
Number of Units	146	146	146	146	146	146	146
Average Square Feet per Unit	968	968	968	968	968	968	968
Supportable Nexus Fee per Unit (Gap per Unit)	\$3,925	\$19,899	\$5,754	\$3,275	\$619	\$32,852	\$33,471
Supportable Nexus Fee per SF (Gap per SF)	\$4.06	\$20.56	\$5.94	\$3.38	\$0.64	\$33.94	\$34.58
Supportable Performance Requirement	1%	8%	3%	3%	2%	14%	16%

Sources: City of Mercer Island, 2025; ARCH, 2025; U.S. Census Bureau, 2025; Bureau of Labor Statistics, 2025; Community Attributes Inc., 2025.

SUMMARY MAXIMUM SUPPORTABLE IN-LIEU FEE AND PERFORMANCE REQUIREMENTS

Exhibit 21 presents the maximum supportable in-lieu fee for all prototypes. **Exhibit 22** presents the maximum supportable on-site affordable housing performance requirement for all prototypes. The results are shown at each AMI level and combined for below 80% AMI and below 100% AMI.

Exhibit 21. Maximum Supportable In-Lieu Fees by Prototype, City of Mercer Island

AMI Level	Prototype 1 - Prototype 2 - Prototype 3 -		
	TC-7	TC-5	TCMF-4
0-30% AMI	\$3.63	\$4.41	\$4.06
30-50% AMI	\$18.49	\$22.37	\$20.56
50%-60% AMI	\$5.25	\$6.47	\$5.94
60%-80% AMI	\$2.97	\$3.68	\$3.38
Below 80% AMI	\$30.34	\$36.93	\$33.94
80%-100% AMI	\$0.56	\$0.70	\$0.64
Below 100% AMI	\$30.90	\$37.62	\$34.58

Sources: City of Mercer Island, ARCH, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development, 2025; King County Assessor, 2025; Community Attributes Inc., 2025.

Exhibit 22. Maximum Supportable Onsite Affordable Housing Performance Requirements by Prototype, City of Mercer Island

AMI Level	Prototype 1 - Prototype 2 - Prototype 3 -		
	TC-7	TC-5	TCMF-4
0-30% AMI	0.9%	0.9%	1.1%
30-50% AMI	6.3%	6.0%	7.5%
50%-60% AMI	2.2%	2.2%	2.7%
60%-80% AMI	2.5%	2.4%	3.0%
Below 80% AMI	11.9%	11.4%	14.3%
80%-100% AMI	1.7%	1.6%	2.1%
Below 100% AMI	13.6%	13.1%	16.4%

Sources: City of Mercer Island, ARCH, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development, 2025; King County Assessor, 2025; Community Attributes Inc., 2025.

This nexus study establishes the relationship between new development and the increased demand for affordable housing in Mercer Island’s Town Center. The purpose of the study is to quantify this impact and provide a framework for setting maximum allowable fees to mitigate it. These fees are cumulative and reflect the maximum allowable in-lieu fee associated with addressing the affordable housing needs created by new development.

The selected prototypes are matched to the specific zoning context of the Town Center, ensuring that the fee structure aligns with various local planning regulations. The prototypes for the proposed rezoning in Town Center for 8-story and 6-story development reflect the likelihood that some developers will choose to build below the maximum allowable intensities based on other development regulations, market factors, or the structure of development costs as building heights increase.

The City may set in-lieu fees at any level below the cumulative maximum rate. The City may choose to adopt fees based on the combined rates below 100% AMI, or any reduction to the rate to serve a more focused AMI level. Alternatively, the City may choose to apply an overall reduction to the rate. This flexibility supports targeted affordability goals, whether for moderate-income households or deeper affordability. In setting the final rate, the City must weigh the public benefit of cost recovery for the affordable housing demand generated by new development against continuing to preserve economic viability of housing development. The City of Mercer Island can also explore a combination of fee-based and performance-based options, allowing developers to either pay the associated fee in-lieu, provide affordable units directly, or a combination of the two.

REGIONAL INCLUSIONARY ZONING PROGRAM COMPARISONS

Inclusionary zoning programs typically offer two options for compliance, onsite performance and fee in lieu. Across the region, these requirements generally fall between 5% and 15% of units, with affordability targets ranging from 50% to 80% of AMI varying by unit size, tenure, or zoning intensity. For example, Seattle requires approximately 5%-11% depending on location and building characteristics. Alternatively, Kirkland applies 10%-15% with different AMI targets for rental versus ownership units and higher requirements in zones allowing for greater height limits. Both Redmond and Sammamish generally apply a 10% standard tied to 80% AMI (with Sammamish allowing units restricted at deeper affordability levels to count for more of the required on-site units).

In-lieu fee programs provide an alternative compliance pathway, allowing developers to meet requirements through a monetary contribution rather than on-site units. Regional approaches vary: Seattle uses geographically and zone-based rates (approximately \$8–\$50 per square foot), Sammamish applies a flat per-square-foot fee (approximately \$34.45), and Bellevue, Kirkland, and Redmond demonstrate variations including per-unit fees, limited applicability, and pricing tied to the cost of on-site delivery. These examples show that in-lieu fees can function either as a broadly available alternative or as a more limited option intended to reinforce a preference for on-site performance.

APPENDIX

Exhibit 23. New Full Time Equivalentents (FTEs) Generated by Prototype, City of Mercer Island

Economic Sector	NAICS	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
Agriculture, Forestry, Fishing and Hunting	11	0.08	0.04	0.04
Mining, Quarrying, and Oil and Gas Extraction	21	0.02	0.01	0.01
Utilities	22	0.17	0.10	0.09
Construction	23	1.10	0.55	0.48
Manufacturing	31-33	0.63	0.34	0.30
Wholesale Trade	42	2.54	1.37	1.20
Retail Trade	44-45	11.16	6.05	5.30
Transportation and Warehousing	48-49	5.00	2.64	2.32
Information	51	2.39	1.22	1.07
Finance and Insurance	52	6.67	3.31	2.90
Real Estate Rental and Leasing	53	3.91	2.97	2.60
Professional, Scientific, and Technical Services	54	4.14	2.17	1.90
Management of Companies and Enterprises	55	1.85	1.00	0.88
Administrative and Support Services	56	3.69	2.01	1.76
Educational Services	61	3.61	2.18	1.91
Health Care and Social Assistance	62	27.60	16.35	14.32
Arts, Entertainment and Recreation	71	3.92	1.80	1.58
Accommodation and Food Service	72	14.30	7.08	6.20
Other Services	81	12.44	6.53	5.72
Government	99	1.71	0.85	0.74
Total		106.93	58.59	51.31

Sources: IMPLAN, 2025; Community Attributes Inc., 2025.

Exhibit 24. Wages by Occupational Grouping, Seattle MSA, 2024

SOC	Title	2024 Employment Estimate	Wage Floor (50% 10th Percentile)	10th Percentile Annual Wage	25th Percentile Annual Wage	50th Percentile Annual Wage	75th Percentile Annual Wage	90th Percentile Annual Wage	Wage Ceiling (200% 90th Percentile)
11-0000	Management Occupations	124,460	\$45,165	\$90,330	\$125,320	\$166,830	\$216,570	\$241,440	\$482,880
13-0000	Business and Financial Operations Occupations	205,160	\$30,770	\$61,540	\$78,090	\$101,570	\$132,160	\$169,380	\$338,760
15-0000	Computer and Mathematical Occupations	161,820	\$38,120	\$76,240	\$103,580	\$147,300	\$179,350	\$224,690	\$449,380
17-0000	Architecture and Engineering Occupations	51,640	\$36,335	\$72,670	\$92,830	\$115,160	\$143,010	\$178,410	\$356,820
19-0000	Life, Physical, and Social Science Occupations	26,290	\$27,055	\$54,110	\$67,060	\$91,660	\$120,410	\$147,880	\$295,760
21-0000	Community and Social Service Occupations	34,150	\$23,585	\$47,170	\$54,840	\$67,760	\$86,150	\$105,430	\$210,860
23-0000	Legal Occupations	18,280	\$31,050	\$62,100	\$82,320	\$110,930	\$166,930	\$235,650	\$471,300
25-0000	Educational Instruction and Library Occupations	103,040	\$20,880	\$41,760	\$49,950	\$67,430	\$99,960	\$123,950	\$247,900
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	37,010	\$20,715	\$41,430	\$51,240	\$76,960	\$105,460	\$149,990	\$299,980
29-0000	Healthcare Practitioners and Technical Occupations	108,020	\$28,610	\$57,220	\$80,490	\$110,570	\$141,020	\$214,060	\$428,120
31-0000	Healthcare Support Occupations	97,410	\$20,710	\$41,420	\$45,940	\$48,320	\$56,560	\$69,030	\$138,060
33-0000	Protective Service Occupations	41,550	\$19,760	\$39,520	\$46,480	\$60,690	\$99,230	\$124,640	\$249,280
35-0000	Food Preparation and Serving Related Occupations	167,660	\$17,855	\$35,710	\$37,720	\$44,690	\$50,630	\$63,820	\$127,640
37-0000	Building and Grounds Cleaning and Maintenance Occupations	53,710	\$18,540	\$37,080	\$39,490	\$45,940	\$53,020	\$62,900	\$125,800
39-0000	Personal Care and Service Occupations	40,050	\$18,450	\$36,900	\$39,190	\$47,850	\$60,910	\$79,590	\$159,180
41-0000	Sales and Related Occupations	179,240	\$18,465	\$36,930	\$39,250	\$49,780	\$78,270	\$124,080	\$248,160
43-0000	Office and Administrative Support Occupations	223,390	\$20,795	\$41,590	\$47,360	\$57,470	\$68,930	\$82,660	\$165,320
45-0000	Farming, Fishing, and Forestry Occupations	1,820	\$19,515	\$39,030	\$42,530	\$45,310	\$61,050	\$79,250	\$158,500
47-0000	Construction and Extraction Occupations	91,300	\$24,480	\$48,960	\$60,320	\$77,870	\$104,500	\$132,920	\$265,840
49-0000	Installation, Maintenance, and Repair Occupations	72,630	\$23,110	\$46,220	\$55,480	\$71,650	\$92,940	\$111,400	\$222,800
51-0000	Production Occupations	84,750	\$19,945	\$39,890	\$45,900	\$55,650	\$74,030	\$101,530	\$203,060
53-0000	Transportation and Material Moving Occupations	159,240	\$19,435	\$38,870	\$43,750	\$51,340	\$68,860	\$88,710	\$177,420

Sources: Bureau of Labor Statistics, 2025; Community Attributes Inc., 2025.

Exhibit 25. Percentage of Income Limits Within Each AMI Bracket by Occupational Category, Seattle MSA, 2024

SOC	Title	Below 30% AMI	30%-50% AMI	50%-60% AMI	60%-80% AMI	80%-100% AMI
Income Limit		\$32,991	\$54,985	\$65,982	\$87,976	\$109,970
11-0000	Management Occupations	0.0%	2.2%	2.4%	4.9%	6.1%
13-0000	Business and Financial Operations Occupations	0.7%	7.1%	4.8%	19.9%	24.2%
15-0000	Computer and Mathematical Occupations	0.0%	4.4%	2.9%	7.0%	10.1%
17-0000	Architecture and Engineering Occupations	0.0%	5.1%	3.0%	9.4%	25.4%
19-0000	Life, Physical, and Social Science Occupations	2.2%	8.5%	8.5%	26.3%	20.4%
21-0000	Community and Social Service Occupations	4.0%	16.3%	25.5%	30.5%	14.0%
23-0000	Legal Occupations	0.6%	7.1%	4.2%	14.0%	23.1%
25-0000	Educational Instruction and Library Occupations	5.8%	22.8%	18.9%	18.3%	15.5%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	5.9%	18.4%	12.8%	22.5%	16.9%
29-0000	Healthcare Practitioners and Technical Occupations	1.5%	7.7%	4.5%	13.7%	21.9%
31-0000	Healthcare Support Occupations	5.9%	64.3%	16.1%	6.4%	3.2%
33-0000	Protective Service Occupations	6.7%	31.3%	15.5%	14.3%	13.6%
35-0000	Food Preparation and Serving Related Occupations	8.5%	71.5%	10.4%	3.4%	3.4%
37-0000	Building and Grounds Cleaning and Maintenance Occupations	7.8%	70.2%	12.5%	3.5%	3.5%
39-0000	Personal Care and Service Occupations	7.9%	55.8%	15.4%	12.0%	2.8%
41-0000	Sales and Related Occupations	7.9%	46.7%	9.6%	14.0%	7.2%
43-0000	Office and Administrative Support Occupations	5.9%	36.8%	25.9%	22.1%	2.7%
45-0000	Farming, Fishing, and Forestry Occupations	6.9%	58.5%	13.7%	12.0%	2.8%
47-0000	Construction and Extraction Occupations	3.5%	11.8%	14.4%	29.8%	18.4%
49-0000	Installation, Maintenance, and Repair Occupations	4.3%	15.2%	20.0%	29.7%	19.7%
51-0000	Production Occupations	6.5%	41.4%	16.1%	18.6%	8.2%
53-0000	Transportation and Material Moving Occupations	7.0%	48.2%	15.7%	18.6%	3.0%

Sources: Bureau of Labor Statistics, 2025; ARCH, 2025; Community Attributes Inc., 2025.



119 Pine Street, Suite 400
Seattle, Washington 98101
tel: 206.523.6683 fax: 866.726.5717

TECHNICAL MEMORANDUM

Date: May 29, 2026

To: Jeff Thomas, Alison Van Grop, Adam Zack, City of Mercer Island

From: Michaela Jellicoe, Elliot Weiss, Jo Baldwin, Community Attributes Inc.

Re: City of Mercer Island Affordable Housing In-Lieu Fee Supporting Analysis

INTRODUCTION

Background and Purpose

The Washington State Legislature passed House Bill 1220 (HB 1220) in 2021, introducing additional requirements for how cities plan for growth, specifically requiring that all cities and counties plan for and accommodate housing affordable to all economic segments of the population. The City of Mercer Island adopted its updated Comprehensive Plan in November of 2024, including required updates to the Housing Element. This effort included a Land Capacity Analysis (LCA) in 2023 to identify Mercer Island’s capacity for residential growth. However, in February 2025, land use nonprofit Futurewise and two Mercer Island residents filed an appeal of the City's adopted Comprehensive Plan with Washington State's Growth Management Hearings Board (GMHB). The GMHB found that Mercer Island’s Comprehensive Plan did not adequately plan to accommodate housing at all affordability levels. Mercer Island retained Community Attributes Inc. (CAI) to prepare an updated Land Capacity Analysis and accompanying policy analyses including an Affordable Housing Nexus Study.

As a part of this effort, the city is evaluating the adoption of an inclusionary zoning program, which would require new residential development to contribute to affordable housing through either on site performance or fee-in-lieu programs. The city is considering a baseline requirement of 10% of new multifamily units priced affordably for households earning 50% of the area median income (AMI). This analysis explores the feasibility of providing affordable units on site compared to paying a fee in-lieu. Findings are used to support policy decision-making to set a fee-in-lieu rate.

This memorandum includes a high-level assessment of the feasibility of ground-up multifamily development under a not-yet-adopted inclusionary zoning program, with an option for developers to pay a fee rather than providing required affordable housing units on-site. The study compares return metrics for a prototypical multifamily development across two scenarios: a scenario where the developer chooses to pay an in-lieu fee, and a scenario in which the developer provides the affordable housing units on-

site. Also included for context is a summary of the in-lieu fee rates and on-site affordable housing requirements among regional competitors.

Methods

Key findings are summarized from the Draft City of Mercer Island Affordable Housing Nexus Study, dated May 1, 2026. Pro forma financial modeling is used to evaluate the feasibility of a prototypical development project appropriate for zone districts within Mercer Island’s Town Center. The pro forma model estimates costs and revenues and uses two different return metrics to estimate project feasibility. Affordable housing in-lieu fee and on-site performance programs are summarized for a selection of other regional jurisdictions.

Organization of Report

The remainder of this report is organized as follows:

- **Key Findings** summarizes the overarching findings informing in-lieu fee rates for an inclusionary zoning program.
- **Nexus Study Findings** highlights the maximum allowable affordable housing fee rates established by the Mercer Island Affordable Housing Nexus Study.
- **Inclusionary Zoning Program Comparisons** documents the affordable housing requirements and in-lieu fee rates set in a selection of comparison cities within the region.
- **Feasibility Methodology** provides details on the pro forma analysis inputs and assumptions.
- **Feasibility Findings** summarizes key takeaways from the pro forma analysis.

KEY FINDINGS

- Cities throughout the region are evaluating new programs and policies to encourage or require the provision of affordable housing in multifamily developments. Some of these programs may also result in a dedicated funding stream for the construction of housing units at very low levels of affordability.
- One such program is called inclusionary zoning with fee-in-lieu. Inclusionary zoning requires that a developer building a multifamily project either provide a specified quantity of affordable housing units within the project, or pay a fee in-lieu of providing them on site, such that the city or its partners can leverage the fee dollars to build affordable units off-site.
- The City of Mercer Island Affordable Housing Nexus Study establishes a maximum supportable fee-in-lieu for an inclusionary zoning program ranging between \$30.90 and \$37.62 per square foot dependent on the zone and anticipated type of development. A fee in-lieu less than \$30 per square foot ensures the fee rate is below the maximum allowable, per the Nexus Study.
- In-lieu fee rates for affordable housing vary widely across nearby jurisdictions, reflecting different policy goals and market conditions. Regional benchmarks

range from about \$8 to \$50 per square foot (Seattle), \$13 per square foot in Bellevue multifamily zones, and up to \$34–\$35 per square foot in Sammamish, with some cities (Kirkland, Redmond) prioritizing on-site performance over fees.

- The maximum supportable on-site affordable housing requirement for an inclusionary zoning program ranges between 13.1% to 16.4% depending on project square footage. An on-site performance requirement recommended by the City of Mercer Island requiring 10% of units affordable to households at or below 50% of AMI falls below the maximum allowable on-site performance requirement.
- Across comparable jurisdictions, on-site performance requirements of approximately 10% of units are standard, with affordability targets typically ranging from 50% to 80% of AMI, sometimes with deeper affordability incentives or tiered structures. While cities like Seattle vary requirements by zoning and unit size (5%–11%), other peer cities, including Bellevue, Kirkland, Redmond, and Sammamish, cluster around a 10% requirement. Several jurisdictions also incentivize deeper affordability (Sammamish’s 2-for-1 credit at 50% AMI) or higher set-asides in denser zones (15% in Kirkland).
- Overall, project feasibility for mid-rise multifamily in the Central Puget Sound region is challenged by current economic conditions.
- This analysis indicates that for a multifamily prototype consistent with the vision for the City of Mercer Island’s Town Center, using assumptions informed by current or expected market conditions, project returns would be slightly higher for the developer that pays the fee-in-lieu than for the developer that chooses to “perform”, or to provide the affordable units on-site, assuming fee rates at or below \$35 per square foot compared to an onsite performance requirement of 10% of units at 50% of AMI.
- An in-lieu fee less than \$35 per square foot would incrementally make payment more financially attractive, and a higher fee would incrementally make performance more financially attractive.

NEXUS STUDY FINDINGS

The nexus study establishes the maximum feasible affordable housing requirements that development projects can support by linking new growth to the housing needs it generates.

It begins by estimating the affordability gap. This is the difference between what households at various income levels can afford to pay in rent and the actual cost to construct and operate an affordable unit. Next, the analysis evaluates the economic activity generated by each development prototype, including total household income and disposable income. This spending is then translated into the number of jobs supported, which in turn is used to estimate how many new worker households are associated with each project at different income levels. These estimates are combined by multiplying the number of households in each income group by the corresponding affordability gap, producing a total measure of the affordable housing need generated by each development.

From this, two policy metrics are derived:

- The maximum supportable in-lieu fee, calculated by spreading the total affordability gap across the project’s total square footage.
- The maximum on-site performance requirement, calculated as the share of affordable units needed relative to the total number of units in the project.

Together, these outputs define the upper bound of what a development can reasonably contribute toward addressing affordable housing needs, whether through fees or on-site unit provision.

Exhibit 1 and **Exhibit 2** present the maximum supportable in-lieu fees and on-site affordable housing performance from the City of Mercer Island Affordable Housing Nexus Study. The results are shown at each AMI level and combined for below 80% and below 100% AMI levels. Maximum allowable fee rates range between \$30.90 per square foot to \$37.62, depending on the prototype and zone. Maximum allowable onsite affordable housing requirements range from 13.1% to 16.4% depending on the prototype and zone.

Exhibit 1. Maximum Supportable In-Lieu Fees per Square Foot by Prototype, City of Mercer Island

AMI Level	City of Mercer Island		
	Prototype 1 - TC-7	Prototype 2 - TC-5	Prototype 3 - TCMF-4
0-30% AMI	\$3.63	\$4.41	\$4.06
30-50% AMI	\$18.49	\$22.37	\$20.56
50%-60% AMI	\$5.25	\$6.47	\$5.94
60%-80% AMI	\$2.97	\$3.68	\$3.38
Below 80% AMI	\$30.34	\$36.93	\$33.94
80%-100% AMI	\$0.56	\$0.70	\$0.64
Below 100% AMI	\$30.90	\$37.62	\$34.58

Sources: City of Mercer Island, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development; King County Assessor, 2025; Community Attributes Inc., 2025.

Exhibit 2. Maximum Supportable Onsite Affordable Housing Performance Requirements by Prototype, City of Mercer Island

AMI Level	Prototype 1 - Prototype 2 - Prototype 3 -		
	TC-7	TC-5	TCMF-4
0-30% AMI	0.9%	0.9%	1.1%
30-50% AMI	6.3%	6.0%	7.5%
50%-60% AMI	2.2%	2.2%	2.7%
60%-80% AMI	2.5%	2.4%	3.0%
Below 80% AMI	11.9%	11.4%	14.3%
80%-100% AMI	1.7%	1.6%	2.1%
Below 100% AMI	13.6%	13.1%	16.4%

Sources: City of Mercer Island, 2025; U.S. Census Bureau, 2025; Bankrate, 2025; U.S. Department of Housing and Urban Development; King County Assessor, 2025; Community Attributes Inc., 2025.

The prototypes, as designed within the Nexus Study, are aligned with the proposed rezoning in Town Center for 8-story and 6-story development. While some development projects may exceed the seven and five stories represented in the prototypes, other development regulations, market factors, and construction cost structures are likely to lead to certain projects building at intensities lower than the maximum allowed by zoning. The prototypes represent balance within this range of outcomes.

INCLUSIONARY ZONING PROGRAM COMPARISONS

The Cities of Seattle, Bellevue, Kirkland, Redmond, and Sammamish have each adopted inclusionary zoning programs which have varying requirements for on-site provision of affordable housing (performance) and fee in-lieu of performance (payment).

On-Site Performance

A review of other nearby city’s on-site performance requirements reveals that 10% of units is comparable to other inclusionary zoning programs. Required AMI limits range from 50% to 80%.

The City of Seattle’s Mandatory Housing Affordability (MHA) program defines both performance and in-lieu fee requirements by zone and geographic area. Residential performance requirements range between 5% to 11% and require affordability levels of 40% of AMI for units less than 400 square feet and 60% of AMI for units greater than 400 square feet. The City of Seattle’s program has generated just 10% of total units through the performance option.

The City of Bellevue has defined separate requirements for middle housing and mixed-use and multifamily structures. Middle housing, allowing the development of 6 units on any residential land use that would not otherwise allow 6, must provide at least 2

affordable units at 60% of AMI. The City of Bellevue adopted a Mandatory Affordable Housing Program in March of 2026. This program provides a range of compliance options. For rental units a developer may provide 10% of units at 80% of AMI, or 7% of units at 60% of AMI, or 5% of units at 50% of AMI. For ownership units a developer may provide 10% of units at 100% of AMI or 7% of units at 80% of AMI. The City of Bellevue program applies to commercial development as well as residential development.

The City of Kirkland requires 10% of units in low-density residential zones at 80% of AMI for ownership units and 50% of AMI for rental units. For all other applicable zones, except those with height limits of 65 feet or greater, the City requires 10% affordable units at 50% of AMI for rental and 80% of AMI for ownership units. Zones with maximum heights of 65 feet or greater require 15% affordable units.

The City of Redmond has adopted a performance requirement of 10% of units at 80% of AMI. The City of Sammamish also requires 10% of units at 80% of AMI but allows for each unit at 50% of AMI to count for two units at 80% of AMI.

Fee In Lieu

Rates for affordable housing fee in-lieu vary among cities with adopted programs in nearby cities, depending on the impact that new development has on the need for affordable housing and the specific goals of each program. The City of Seattle's MHA program, adopted in 2017, has residential in-lieu fee rates in 2026 between \$8 and \$50 per square foot, depending on the specific zone and geographic location of the development. The City of Seattle has generated more than \$330 million in in-lieu fees across all types of development supporting the production of 4,595 affordable units. During that same period total units provided directly by developers or through performance was 505, or 10% of all units supported by the program.

The City of Bellevue has several programs designed to support affordable housing. For middle housing development the in-lieu fee option is \$150,000. The newly adopted Mandatory Affordable Housing Program sets in-fee rates between \$10 and \$12 per square foot of new nonexempt residential and mixed-use gross floor area depending on the land use district. The rate is \$16.50 per square foot of new nonexempt nonresidential gross floor area.

The City of Kirkland and City of Redmond's programs are both designed to incentivize on-site performance. The City of Kirkland allows an in-lieu fee as a compliance option at \$15 per square foot above 2,000 square feet for low-density residential zones but only allows in-lieu fees for fractional units in other zones. Redmond Municipal Code (RMZ) 21.20.050 specifically states a preference for on-site performance and defines provisions for alternative compliance but does not specify the rate. RMZ 21.20.050 rather states that the payment in lieu must exceed the cost of on-site performance by 10%. The City of Sammamish also prefers performance but has defined an in-lieu fee rate of \$34.45 per square foot.

FEASIBILITY METHODOLOGY

A pro forma financial model is used to evaluate the feasibility of a prototypical development appropriate for zone districts within Mercer Island’s Town Center. The purpose of this model is to compare return metrics between a scenario in which the developer provides affordable housing on-site to a scenario where the developer chooses to pay an in-lieu fee. Additionally, scenarios compare these metrics at different levels of fee-in-lieu rates to understand potential developer preference between an in-lieu fee compared to providing affordable housing on-site.

Prototype Inputs and Assumptions

The prototype studied in this analysis is a seven-story multifamily project with 390,595 built square feet on a 1.9-acre parcel. The prototype includes 368 total housing units. Across all unit types, the average net unit size is about 850 square feet. Overall, 47% of all units are assumed to be one-bedroom units, followed by two-bedroom units at 25%, and studios at 21%. The remaining units are three bedrooms. Because the City of Mercer Island will be implementing the requirements of HB 1491¹ by December 31, 2029, which prohibits the city from maintaining minimum parking requirements within the light rail station area, no additional off-street parking is assumed.

Lease Rates

Assumed lease rates are based on an analysis of 65 comparable housing units in recently built mid-rise multifamily buildings located in ARCH² cities of east King County. Observed rents for these units range from \$2.96 to \$5.30 per square foot. Model inputs reflect the average cost of units in the sample, controlled for unit size (number of bedrooms). Lease rate data were collected during Q2 and Q3 2025.

Development Costs

The assumed development costs are informed by both the Rider Levett Bucknall (RLB) Q1 2026 Quarterly Construction Cost Report and contextual data from ARCH. RLB gives the current range of hard costs for multifamily in the Seattle region at \$290 to \$495 per square foot. This analysis assumes a hard construction cost at the midpoint of this range, \$392.50 per square foot. To account for soft costs, such as administrative,

¹ HB 1491 (2024) introduced transit-oriented development (TOD) requirements, establishing minimum density and allowable use standards within defined station area walksheds served by high-capacity transit. These TOD requirements prohibit the City of Mercer Island from maintaining minimum parking requirements within the light rail station area.

² ARCH (A Regional Coalition for Housing) is a partnership of King County and East King County cities working to preserve and increase housing for low- and moderate-income households in the region. ARCH is comprised of member jurisdictions Beaux Arts Village, Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, King County, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville and Yarrow Point.

legal, and design-related fees, 30% of hard costs are added, resulting in a total development cost of \$510 per square foot before land acquisition costs are added.

The analysis uses comparable, for-sale properties to determine an assumed land cost. Comparable properties include on-market land zoned for multifamily uses at similar densities as reflected in the prototype. The model assumes land will cost \$190 per square foot, or about \$8.3 million per acre. These assumptions result in a modeled total development cost (TDC) of \$550 per square foot (assuming the developer provides affordable housing on-site) to \$575 per square foot (assuming the developer pays the in-lieu fee).

Financing Assumptions

The analysis assumes the prototype would be built using a combination of debt and equity. Specifically, the model assumes a commercial mortgage at 60% loan-to-cost (LTC) with a 30-year amortization and a 6.00% interest rate. As with other assumptions in the model, financing terms vary and should be updated regularly if the model is to remain applicable to current conditions.

Policy Scenarios

The pro forma model analyzes four levels of fee-in-lieu rates: \$20, \$25, \$30, and \$35 per gross square foot of building area compared against a requirement that the developer provide 10% of units affordable to households at 50% of AMI (on-site performance). The in-lieu fee rates at or below the maximum allowable level determined in the Mercer Island Affordable Housing Nexus Study. The fee and on-site performance requirement have not been adopted by the City of Mercer Island. The range of fees is informed by both the Nexus Study and the range of fees charged in other jurisdictions. The comparison is used to demonstrate the relative impacts between the fee in-lieu and on-site performance on hypothetical project feasibility.

Return Metrics

The pro forma model estimates costs and revenues and employs two different return metrics to summarize project feasibility. The return metrics used in the model are cash-on-cash (COC) and yield-on-cost (YOC). Each can be useful for analyzing the development prototypes.

Cash-on-Cash Return (COC)

Cash-on-cash measures the annual pre-tax cash flow generated by a property relative to the actual equity invested. The formula is:

$$\text{Annual Cash Flow} \div \text{Total Equity Invested}$$

For example, if an investor put in \$2 million of equity and the property generates \$160,000 in net cash flow after debt service, the COC return would be 8%. COC is a

levered metric, meaning it reflects the impact of financing, and it only captures actual cash received, not appreciation or principal paydown.

COC is most appropriate for:

- Equity investors focused on actual cash distributions who want to understand the return on their out-of-pocket capital;
- Stabilized deals where the financing structure is known and fixed; or
- Comparison of investment alternatives where the equity requirements and leverage profile are similar across options.

Yield-on-Cost (YOC)

Yield-on-cost measures the stabilized net operating income (NOI) a project will generate relative to the total all-in development or acquisition cost. The formula is:

$$\text{Stabilized NOI} \div \text{Total Project Cost}$$

For example, if the total project cost is \$10 million and stabilized NOI is \$700,000, YOC would be 7%. YOC is an unlevered metric, meaning it doesn't account for financing or leverage, and it is forward-looking in the sense that it uses a projected stabilized NOI, not current cash flow.

YOC is most appropriate for:

- Evaluating a development or value-add project and understanding whether the economics of building/repositioning make sense before layering in financing assumptions;
- Comparing development spread against prevailing market capitalization rates; and
- Comparing projects on an apples-to-apples basis, independent of how each might be capitalized

Both return metrics can be used together in feasibility analyses. YOC indicates whether the deal makes economic sense at the asset level; COC indicates whether the equity return justifies the risk given a specific capital structure.

Identifying and Understanding Hurdle Rates

The hurdle rate is the rate of return that a project needs to exceed for a developer or investor to deem it feasible. Hurdle rates vary by return metric and based on market conditions. Rather than identifying a single, published, widely-accepted hurdle rate, developers set them internally based on their cost of capital, risk tolerance, and product type.

Cash-on-Cash Hurdle Rate

COC returns generally need to exceed the interest rate on the developer's permanent financing, or the loan taken to repay or "take out" the construction loan. At

underwriting, COC yields that are 150-200 basis points above the interest rate may be preferred, but this range can vary. Seattle area commercial mortgage rates begin around 5.4% at the time of writing. Because this rate is a best-case scenario, and rates vary based on loan term, loan-to-value, debt service coverage, asset quality, and other factors, this analysis assumes permanent financing at 6.0%. At the assumed rate, and accounting for the developer spread, COC returns would need to reach at least 7.5 to 8% under stabilized operations.

Yield-on-Cost Hurdle Rate

This analysis attempts to reasonably estimate hurdle rate benchmarks by anchoring to current Seattle market capitalization rates, then building in an appropriate development spread. The development spread is the difference (in basis points) between the YOC and the market capitalization rate. Development spread typically ranges from 75 to 150 basis points but can vary more widely.

CBRE’s most recent capitalization rate survey, published February of 2026, indicates that the current rates for stabilized Class A multifamily in an urban setting within the Seattle market range from 4.75% to 5.25%. After accounting for the development spread, an appropriate estimate of the YOC hurdle rate for the Mercer Island Town Center would range from 5.5% to 6.75%.

FEASIBILITY FINDINGS

In recent years, cost increases and relatively high financing costs have made ground-up multifamily development challenging. Given this economic context, modeled feasibility results would not be expected to show most projects as feasible. Nonetheless, over a longer term, costs and revenues are expected to better align to improve conditions for housing development.

Depending on the scenario, the prototype generates between 0.7% to 1.1% COC return and 4.6% to 4.8% YOC return. Fee in-lieu COC return rates are slightly greater compared to on-site performance at all fee rates tested, up to \$35 per square foot. YOC metrics at all fee rates are 0.1 to 0.2% greater than for on-site performance (**Exhibit 3**). This indicates that returns would potentially be slightly higher when choosing to pay the fee in-lieu, when the fee rate is set at \$35 per gross square foot or less. However, the prototype does not clear the hurdle rate in any of the above scenarios, reflecting more broadly challenging economic conditions. As these conditions change over time, project feasibility may improve.

Exhibit 3. Modeled Returns for Multifamily Prototype

Scenario	Cash-on-Cash (COC)	Yield-on-Cost (YOC)
Fee In-Lieu at \$20 psf	1.1%	4.8%
Fee In-Lieu at \$25 psf	1.0%	4.7%
Fee In-Lieu at \$30 psf	0.8%	4.7%
Fee In-Lieu at \$35 psf	0.7%	4.7%
Performance (10% of Units at 50% of AMI)	0.7%	4.6%

Source: Community Attributes, Inc., 2026

At \$25 per gross square foot of building area, the prototype used in this analysis would pay approximately \$9.7 million in fees in lieu of providing affordable units on-site. The estimated fees for the range of rates explored with these scenarios range between \$7.8 million at a fee rate of \$20 per square foot to \$13.7 million at \$35 per square foot.

The size of future projects will vary, and fees paid will also vary with project size. At \$25 per gross square foot, the inclusionary zoning program would generate \$2.5 million in fees for every 100,000 square feet of multifamily housing built, assuming that developers choose to pay rather than perform. Fee generation per 100,000 square feet ranges from \$2 million at \$20 per square foot to \$3.5 million at \$35 per square foot. Because some developers may choose to perform, rather than to pay a fee in-lieu, or choose a combination of payment and performance, the fees generated in the aggregate and at scale may fall short of that ratio.

Feasibility analysis suggests that at approximately \$35 per square foot the return metrics between an in-lieu fee compared to a 10% of units at 50% of AMI performance option are roughly comparable. At \$25 per square foot, the in-lieu fee option results in more positive return metrics. An inclusionary zoning in-lieu fee for the City of Mercer Island between \$25 and \$30 per square foot falls below the maximum supportable fee, is comparable with other programs, and creates an in-lieu fee program that may generate a dedicated stream of revenue to support the construction of housing units at deeper levels of affordability.

CONCLUSION

The City of Mercer Island is analyzing an inclusionary zoning program. The Mercer Island Affordable Housing Nexus Study calculates the maximum allowable in-lieu fee rates and performance requirements. The maximum allowable rate ranges from \$30.90 to \$37.62 per square foot and maximum allowable performance requirements range from 13.1% to 16.4% of all units, depending on the zone and project size. Comparable cities have adopted fee rates between \$8 to \$50 per square foot with performance requirements typically at 10% of units to serve households at or below 50% to 80% of AMI. A program with in-lieu fee rates between \$25 to \$35 per square foot and a

performance requirement at 10% of units affordable to households at or below 50% of AMI falls below the maximum allowable rates and within ranges adopted by other comparable cities.

Overall, project feasibility for mid-rise multifamily in the Central Puget Sound region is challenged by current economic conditions. This analysis indicates that for a multifamily prototype consistent with the vision for the City of Mercer Island’s Town Center, using assumptions informed by current or expected market conditions, project returns would be slightly higher for the developer that pays the fee-in-lieu than for the developer that chooses to “perform”, or to provide the affordable units on-site, assuming fee rates at or below \$35 per square foot compared to an on-site performance requirement of 10% of units at 50% of AMI. An in-lieu fee less than \$35 per square foot would incrementally make payment more financially attractive, and a higher fee would incrementally make performance more financially attractive.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6960
July 7, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6960: GMA Compliance – Comprehensive Plan Amendments (First Reading, Ord. No. 26-09)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Conduct first reading of Ordinance No. 26-09 and schedule a second reading for July 21, 2026.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Community Planning and Development Deputy Director Adam Zack, Principal Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26-09 2. WA Commerce Comment Letter Dated June 23, 2026
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to complete the first reading of Ordinance No. 26-09 that would amend the Comprehensive Plan and establish a Station Subarea Plan to complete the City’s Growth Management Act (GMA) compliance efforts (Exhibit 1).

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 ([AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the Washington State Growth Management Act (GMA).
- The City Council has provided directions for addressing compliance with the four issues in the GMHB Order at the following meetings:
 - [January 16, 2026 – AB 6838](#)
 - [February 17, 2026 – AB 6865, AB 6866, and AB 6871](#)
 - [March 17, 2026 – AB 6888 and AB 6894](#)

- [April 21, 2026](#) – [AB 6909](#) and [AB 6911](#)
- The City is required to update its Comprehensive Plan and adopt a Station Subarea Plan in order to comply with the GMHB Order.
- Development regulation amendments to implement the Comprehensive Plan and Station Subarea Plan need to be made concurrently with the Comprehensive Plan update.
- The Planning Commission was briefed and provided written comments on the proposed Comprehensive Plan amendments, Station Subarea Plan, and implementing development code amendments:
 - April 28 and May 6, 2026 – Station Subarea Plan
 - May 6, 2026 – Comprehensive Plan Land Use, Housing, and Economic Development elements;
 - May 13, 2026 – Implementing development code amendments; and
 - May 27, 2026 – Comprehensive Plan Transportation, Utilities, and Capital Facilities elements.
 - June 3, 2026 – Public Hearing Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
 - June 10, 2026 – Public Hearing and Recommendation for the Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
- On June 16, the Planning Commission recommendation was presented to the City Council.
- On June 23, 2026, the WA Department of Commerce (Commerce) provided comments on the proposed Comprehensive Plan, Station Subarea Plan, and implementing development code amendments (Exhibit 2). Changes to the Comprehensive Plan or Station Subarea Plan in response to the Commerce letter are not recommended at this time.
- Ordinance No. 26-09 would adopt the Planning Commission recommended update to the Comprehensive Plan, including the new Station Subarea Plan.

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

Cities and counties in Washington State are required to adopt a comprehensive plan under the GMA. The comprehensive plan is a statement of goals and policies that detail how a county or city will manage and accommodate future growth. The goals and policies of the comprehensive plan are implemented through capital investments, development regulations, and programs. The GMA requires cities and counties to periodically review and update their comprehensive plans on a ten-year cycle. Mercer Island most recently completed a periodic review and update of its Comprehensive Plan in 2024 (see [AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply with the timeline established by the GMHB Order (RCW 36.70A.300(3)(b)). The compliance timeline is one year from when the GMHB issued its decision; work must be completed by July 31, 2026. Failure to comply with the GMHB Order can result in sanctions against the City (RCW 36.70A.340).

The GMHB Order requires the City to address four issues:

1. Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
2. Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
3. Station Area Subarea Plan: Adopt a subarea plan for the area around the transit station.
4. Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

The amendments in Ordinance No. 26-09 would update the Comprehensive Plan to address the four issues required by the GMHB Order.

Land Capacity

The updated Comprehensive Plan in Ordinance No. 26-09 includes an updated Land Capacity Analysis as Appendix I. The updated Land Capacity Analysis evaluated the land capacity provided by the updated Comprehensive Plan and disaggregated the capacity by affordability level. The analysis also prompted the zoning changes proposed in Ordinance No. 26C-10, which would increase development capacity in the Town Center and adjacent multifamily zones to accommodate the City’s affordable housing needs. The combination of updated land capacity analysis and zoning changes to increase development capacity address GMHB Order Issue 1.

Adequate Provisions

Adequate provisions are incentives, mandatory provisions, and programs that can help to increase the supply of affordable housing. To help identify adequate provisions, the updated Comprehensive Plan in Ordinance No. 26-09 includes a Barriers Analysis as Appendix J. The Barriers Analysis is a study of potential barriers to affordable housing production that included recommended actions to address identified barriers. The Land Capacity Analysis in Appendix I also identified some adequate provisions that can be included in the Comprehensive Plan. The adequate provisions identified in the Barriers Analysis and Land Capacity Analysis have been incorporated into the Comprehensive Plan amendments that would be adopted by Ordinance No. 26-09. The City will address GMHB Order Issue 2 by adopting the adequate provisions included in the Comprehensive Plan. The adequate provisions include:

- Inclusionary zoning in the Station Subarea Plan Phase 1 – New development in the Town Center zone must include at least 10% of units affordable at 50% of the area median income (AMI) for rental units and 80% AMI for ownership units.
- Fee in lieu – A fee in lieu of constructing the units required by the inclusionary requirement that can help fund the affordable housing units needed below 50% of the AMI.
- Opportunity sites – surplus public property within the station area is identified as opportunity sites in the Station Subarea Plan.

Station Subarea Plan

A new station subarea plan is included in the amendments to the Comprehensive Plan that would be adopted by Ordinance No. 26-09. The Station Subarea Plan would establish area-specific goals and policies for the station area, a modified half-mile walkshed from the light rail station. It is required to be adopted concurrently with the Comprehensive Plan update, but the City has local control over most of its contents. There are two phases of the Station Subarea Plan outlined at the top of Page 4:

- **Phase 1** – Implementation will occur concurrently with adoption of the Station Subarea Plan. Phase 1 will include adoption of changes to zoning and development regulations to allow 8- and 6-story building height in the Town Center and adjacent multifamily zones.
- **Phase 2** – Implementation will follow adoption of the Station Subarea Plan, with work to be completed by 2029. Phase 2 will include compliance with the transit-oriented development requirements from the GMA.

Anti-Displacement Measures

The “anti-displacement measures” requirement from the GMHB FDO were addressed by Ordinance No. 26C-07, which was adopted on June 16, 2026. This ordinance implemented anti-displacement policies in the Comprehensive Plan Housing Element, with the following actions:

- Assessing displacement risk that may result from zoning changes to increase housing capacity;
- Require advance notice of rent increases for low-income households; and
- Require relocation assistance for low-income renting households in the event of a displacement event.

ISSUE/DISCUSSION

WA DEPARTMENT OF COMMERCE COMMENT LETTER

In a comment letter dated June 23, 2026, the Washington Department of Commerce provided comments on the proposed amendments to the Comprehensive Plan and implementing development code amendments (Exhibit 2). That letter recommended amending the Land Use Element of the Comprehensive Plan. The suggested amendment would change the name of the “single-family” land use designation to “neighborhood residential” to reflect that this land use designation and the zoning that implements it both allow for other residential development like accessory dwelling units (ADUs) and middle housing. This change would only affect the name of the land use designation in the Comprehensive Plan and would not alter the zoning or development regulations that implement the land use designation. Because the City already complies with the state law by allowing middle housing and ADUs in the zones that implement this land use designation through interim development regulations, a change in the name of the land use designation is not necessary for compliance with the GMA or the GMHB Order.

Staff do not recommend making the Commerce proposed change at this time. The changes to the land use designation name and future land use map are not required to comply with the GMHB Order and remanding the Comprehensive Plan to the Planning Commission to make those changes now would jeopardize completing the compliance project by the deadline. Making amendments to the land use designation name and future land use map would require another public hearing with the Planning Commission, which would delay adoption of the updated Comprehensive Plan by at least another month. Every Planning Commission public hearing requires a 30-day notice and comment period that would result in the City needing an extension of the GMHB July 31, 2026, compliance deadline. Instead, these changes will be proposed in 2027 as part of the scope of work to make the middle housing and ADU interim regulations permanent.

MINOR CORRECTIONS FOR FIRST READING

In response to a public comment received on June 23, 2026 the headers were corrected on Tables 1, 2, and 3 of the Barriers Analysis (Ord. No. 26-09 Exhibit C.2) and Housing Element Figure 8 (Ord. No. 26-09 Exhibit A.2). The changes to the table headers for permanent supportive housing (PSH) and non-PSH were reversed but the substance of the analysis was not affected by this typo.

NEXT STEPS

July 7, 2026 – City Council first reading of ordinances to accomplish the following:

1. Adopt changes to the Comprehensive Plan and establish a Station Subarea Plan, and
2. Amend the development code to implement the updated Comprehensive Plan and Station Subarea Plan.

July 21, 2026 – City Council second reading and adoption of the ordinances listed above.

July 31, 2026 – Compliance deadline for the GMHB Order

BACKGROUND MATERIALS AND REFERENCES

Background materials are provided on the [City's Let's Talk page](#). A summary of previous agenda materials is outlined below:

January 16, 2026

- [AB 6838](#): Compliance with [Growth Management Hearings Board Final Decision and Order](#) related to the City of Mercer Island Periodic Update to the Comprehensive Plan Overview of City Council Planning Session.

February 17, 2026

- [AB 6865](#): Compliance with Growth Management Hearings Board Final Decision and Order Related to the City of Mercer Island Periodic Update to the Comprehensive Plan
- [AB 6866](#): GMA Compliance Public Engagement Plan
- [AB 6871](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 First Reading)

March 3, 2026

- [AB 6893](#): Compliance with Growth Management Hearings Board Order – Follow-Up Discussion on Financing Affordable Housing
- [AB 6890](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 Second Reading)

March 17, 2026

- [AB 6888](#): Final Approval of the Modified Station Subarea Boundary
- [AB 6894](#): Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan

March 25, 2026

- [PCB26-01](#): Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance

April 21, 2026

- [AB 6909](#): GMA Compliance – Policy Direction on Development Code Amendments
- [AB 6911](#): GMA Compliance – Legislative Review Process

April 28, 2026

- [PCB26-02](#): Planning Commission Legislative Review Process
- [PCB26-03](#): Briefing on Station Subarea Plan Goals and Policies

May 6, 2026

- [PCB 26-04](#): Briefing on Comprehensive Plan Elements and Station Subarea Plan

May 13, 2026

- [PCB 26-05](#): Briefing on Development Code Amendments: land capacity: zoning map, Town Center boundary and subareas, height increases, permitted uses, design standards, and consistency

May 27, 2026

- [PCB 26-06](#): Briefing Comprehensive Plan Consistency Amendments – Transportation, Utilities, Capital Facilities Elements

June 2, 2026

- [AB 6938](#): Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

June 3, 2026

- [PCB 26-07](#): Public Hearing: Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 10, 2026

- [PCB 26-08](#): Public Hearing (Continued): Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 16, 2026

- [AB 6947](#): GMA Compliance – Planning Commission Recommendation

RECOMMENDED ACTION

Schedule Ordinance No. 26-09 for second reading on July 21, 2026.

**CITY OF MERCER ISLAND
ORDINANCE NO. 26-09**

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; COMPLYING WITH THE GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER FOR CASE NO. 25-3-0003; 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, on November 19, 2024, the City Council adopted Ordinance No. 24C-16, which updated the Mercer Island Comprehensive Plan and concluded the periodic review required by the GMA; and

WHEREAS, on December 3, 2024, the City Council adopted Ordinance No. 24C-18, which established interim regulations to implement the updated Comprehensive Plan and established a work plan to adopt permanent regulations; and

WHEREAS, on February 15, 2025, an appeal of the Comprehensive Plan update adopted by Ordinance Nos. 24C-16 and 24C-18 was filed with the Growth Management Hearings Board (GMHB), case No. 25-03-0003; and

WHEREAS, on August 1, 2025, the Growth Management Hearings Board (GMHB) issued a final decision and order (Order) remanding four issues to the City: analyze development capacity, disaggregating housing capacity by affordability level; establish adequate provisions for affordable housing concurrent with the adoption of the amended Comprehensive Plan; establish a subarea plan for the area around the light rail station concurrent with the adoption of the amended Comprehensive Plan; and establish anti-displacement measures concurrent with the adoption of the amended Comprehensive Plan; and

WHEREAS, the GMHB Order required the City to adopt compliant amendments to the Comprehensive Plan and development code no later than July 31, 2026; and

WHEREAS, between receiving the GMHB Order and Council beginning its consideration on the issues, the City began aggressively working to meet the July 31, 2026 deadline by analyzing the requirements in the GMHB Order; engaging in a revised land capacity analysis; studying impacts of increased density on water, sewer, stormwater, and transportation infrastructure; outlining a new subarea plan, and planning an updated SEPA review; and

WHEREAS, at meetings on January 16, February 17, March 3, March 17, and April 21, 2026, the City Council provided direction on potential Comprehensive Plan amendments, a Station Subarea Plan, and implementing development code amendments; and

WHEREAS, at meetings on March 25, April 28, May 6, May 13, and May 27, the Planning Commission reviewed proposed Comprehensive Plan amendments, a Station Subarea Plan, and implementing development code amendments; and

WHEREAS, on April 29, 2026, notice of the Planning Commission public hearing scheduled for June 3, 2026, was published in the *Mercer Island Reporter*, mailed to property owners within 300 feet of the proposed zoning changes, and posted on site in an area visible from the public right of way as required by Mercer Island City Code 19.15.260(A); and

WHEREAS, on May 20, 2026, the City notified the Washington State Department of Commerce (Commerce) of the intent to adopt comprehensive plan and development code amendments (ID 2026-S-12847) and the Commerce 60-day review period under RCW 36.70A.106 concluded on July 19, 2026; and

WHEREAS, on May 20, 2026, the City's State Environmental Policy Act (SEPA) Responsible Official issued a determination of nonsignificance (DNS) for -non-project actions to amend the City's Comprehensive Plan, adopt a Station Subarea Plan, and adopt associated amendments to Title 19, Title 15, and Title 5 of the Mercer Island City Code (MICC); and

WHEREAS, consistent with Chapter 19.21 MICC, the SEPA determination was posted in the Community Planning and Development Bulletin and posted to the statewide SEPA register (no. 202602132); and

WHEREAS, on June 3, 2026, the comment period on the SEPA determination closed and no comments DNS were received; and

WHEREAS, on June 3 and June 10, 2026, the Planning Commission held a public hearing to gather public testimony on the proposed updates to the Comprehensive Plan, the Station Subarea Plan, and the implementing development code amendments; and

WHEREAS, on June 10, 2026, the Planning Commission adopted its recommendation to the City Council regarding amendments to the Comprehensive Plan, the Station Subarea Plan, and the implementing development code amendments; and

WHEREAS, on June 16, 2026, the Planning Commission recommendation was delivered to the City Council; and

WHEREAS, on July 7, 2026, the City Council held a first reading and on July 21, 2026, held a second reading of an ordinance to amend the Comprehensive Plan and adopt the Station Subarea Plan incorporating it into the Comprehensive Plan (together, referred to as the "amended Comprehensive Plan") to comply with the GMHB Order; and

WHEREAS, in compliance with the GMHB Order, the amended Comprehensive Plan disaggregates land capacity by affordability level in the 2026 Land Capacity Analysis Update (Appendix J); and

WHEREAS, in compliance with the GMHB Order, the amended Comprehensive Plan designates the Phase I area of the Station Subarea Plan for additional mid-rise multifamily and mixed-use development capacity; and

WHEREAS, in compliance with the GMHB Order the amended Comprehensive Plan includes a Barriers Analysis (Appendix I) and identifies implementing actions to address those barriers; and

WHEREAS, in compliance with the GMHB Order, the amended Comprehensive Plan includes policy direction to make adequate provisions for affordable housing that include establishing inclusionary zoning in the Station Subarea Plan Phase 1 area, establishing a fee-in-lieu option to generate funds for affordable housing developments, and identifying opportunity sites within the Station Subarea where surplus public land is available for affordable housing development; and

WHEREAS, in compliance with the GMHB Order, the amended Comprehensive Plan adopts a subarea plan for the area around the light rail station; and

WHEREAS, in compliance with the GMHB Order, the amended Comprehensive Plan establishes anti-displacement policies that were implemented by Ordinance No. 26C-07, which was adopted on June 16, 2026; and

WHEREAS, the City Council has dedicated significant time and City resources in its effort to comply with the GMHB Order, ensure there is adequate land capacity to accommodate the City's future housing needs, make adequate provisions for affordable housing, adopt a Station Subarea Plan, establish anti-displacement measures, and make those changes necessary by the July 31, 2026 deadline.

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 are hereby adopted as the findings and conclusions of the City Council.

Section 2: Comprehensive Plan Elements Repealed and Replaced. The Mercer Island Comprehensive Plan Land Use, Housing, Transportation, Utilities, Capital Facilities, and Economic Development Elements shall be repealed and replaced with the version set forth in the attached Exhibit A incorporated herein.

Section 3: Station Subarea Plan Adopted. The Station Subarea Plan is adopted and incorporated into the amended Comprehensive Plan as set forth in the attached Exhibit B incorporated herein.

Section 4: Comprehensive Plan Appendices Adopted. The 2026 Land Capacity Analysis Update and Barriers Analysis are adopted as set forth in the attached Exhibit C incorporated herein.

Section 5: 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 6: 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 five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON JULY 21, 2026.

CITY OF MERCER ISLAND

David Rosenbaum, Mayor

ATTEST:

APPROVED AS TO FORM

Andrea Larson, City Clerk

Bio Park, City Attorney

Date of publication:

EXHIBITS

A. Repealed and Replaced Comprehensive Plan Elements

- A.1 Land Use Element
- A.2 Housing
- A.3 Transportation Element
- A.4 Utilities Element
- A.5 Capital Facilities Element
- A.6 Economic Development Element

B. Station Subarea Plan

C. Comprehensive Plan Appendices

- C.1 2026 Land Capacity Analysis Update
- C.2 Barriers Analysis

Mercer Island Comprehensive Plan

Table of Contents

Contents

- Table of Figures 3
- Element 2 – Land Use 5**
 - I. Introduction 5
 - II. Existing Conditions and Trends 7
 - III. Growth Forecast 9
 - IV. Land Use Goals and Policies 12
 - V. Action Plan 17
 - VI. Land Use Designations 18
- Element 3 - Housing 22**
 - I. Introduction 22
 - II. Goals and Policies 29
- Element 4 - Transportation 36**
 - I. Introduction 36
 - II. Transportation Goals and Policies 37
 - III. Transportation System—Existing Conditions 43
 - IV. Transportation System—Future Needs 56
 - VI. Implementation Strategies 65
 - VII. Consistency With Other Plans & Requirements 65
- Element 5 – Utilities 67**
 - I. Introduction 67
 - II. Water Utility 68
 - III. Sewer Utility 71
 - IV. Stormwater 75
 - V. Solid Waste 79
 - VI. Electricity 81
 - VII. Natural Gas 83

VIII. Telecommunications 84

Element 6 – Capital Facilities 86

 I. Introduction 86

 II. Capital Facilities Inventory 88

 III. Level Of Service & Forecast Of Future Needs 96

 IV. Capital Facilities Financing 101

 V. Capital Facilities Goals and Policies 107

 VI. Capital Facilities Financial Forecast..... 110

 VII. Process For Siting Public Facilities..... 112

Element 8 – Economic Development 114

 I. Introduction, Existing Conditions, and Land Use Connections 114

 II. Goals and Policies..... 130

Table of Figures

Figure 1. Land Use Zones and Acreage 8

Figure 2. Growth Targets 10

Figure 3. Employment Capacity 2018-2035 10

Figure 4. Residential Development Capacity, 2026..... 11

Figure 5. Housing Unit and Population Forecast..... 12

Figure 6. Future Land Use Map 20

Figure 7. Land Area Breakdown of Future Land Use Classifications 21

Figure 8. Mercer Island Housing Growth Target 22

Figure 9. Mercer Island Housing Units Requiring New Subsidies or Incentives..... 23

Figure 10. Potential Barriers Identified in the Barriers Analysis in Appendix J 25

Figure 11. PSRC Displacement Risk Map..... 26

Figure 12. South End of Town Center..... 27

Figure 13. Multifamily Zones Adjacent to Town Center..... 27

Figure 14. Multifamily Zones East of Town Center..... 28

Figure 15. Street Functional Classification 45

Figure 16. Existing Arterial Roadway Inventory 46

Figure 17. Arterial Speed Limits 47

Figure 18. Existing Intersection Operations 48

Figure 19. Existing Intersection Level of Service, April 2026..... 50

Figure 20. Existing Bicycle and Pedestrian Facilities 52

Figure 21. Existing Transit Service, 2026 54

Figure 22. Mercer Island Park and Ride Locations and Capacities..... 55

Figure 23. Transportation Level of Service 2044 Without Improvements 57

Figure 24. Recommended Transportation Projects..... 59

Figure 25. Recommended Transportation Project List 2026 – 2044 60

Figure 26. 2044 Intersection Operations — Without and With Recommended Improvements 62

Figure 27. Major Sewer Facilities Serving Mercer Island 75

Figure 28. Stormwater Drainage Basins 78

Figure 29. Facility uses, locations, and sizes 89

Figure 30. Mercer Island Capital Facilities..... 95

Figure 31. Future Capacity Needs for Water and Sewer Infrastructure in Town Center..... 97

Figure 32. Level of Service & Financial Forecasts¹ 98

Figure 33. Capital Facilities Forecast 110

Figure 34. Capital Facilities Forecast* 111

Figure 35. Mercer Island Employment by Industry Sector, 2021 114

Figure 36. Educational Attainment for the Population 25 Years and Over, 2021 115

Figure 37. Estimated 2024 Median Household Income in the Last 12 Months, Washington State and Selected Puget Sound Counties. 116

Figure 38. Household Income and Benefits, 2021 121

Figure 39. Median Household Income by Year, Mercer Island, 2010 to 2020 122

Figure 40. Change in Retail Space and Multifamily Residential Units, Town Center, 2006 to 2022..... 124

Figure 41. Retail Annual Lease Rate and Vacancy Rate, Town Center, 2006 to 2022..... 125

Figure 42. Worker Inflow and Outflow, 2019 127

Figure 43. Mercer Island Jobs by Earnings, 2019 128

Figure 44. Median Rent, Mercer Island and King County, 2010 to 2020 129

Element 2 – Land Use

I. INTRODUCTION

OVERVIEW

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.

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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

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 ongoing 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 Goal 7 and Policy 7.1 – 7.3. 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 Goal 7.

II. EXISTING CONDITIONS AND TRENDS

Single-family residential zoning accounts for 78 percent of the Island's land use. There are 3,161 acres zoned for single-family, middle housing, and accessory dwelling unit residential development. This compares to 120 acres in the Town Center zones, 16 acres in Commercial Office zones, and 69 acres in multifamily zones (Figure 1). City Hall is located in a Commercial Office zone, while other key civic

Mercer Island Comprehensive Plan
Element 2 – Land Use

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.

Figure 1. Land Use Zones and Acreage

Zone	Acreage
Business - B	2.98
Commercial Office - CO	12.71
Multifamily - MF-2	3.78
Multifamily - MF-2L	3.29
Multifamily - MF-3	61.41
Open Space - OS	234.21
Public Institution - PI	294.32
Planned Business - PBZ	13.89
Single Family - R-8.4	748.44
Single Family - R-9.6	1,167.33
Single Family - R-12	80.21
Single Family - R-15	1,165.42
Town Center - TC-8	77.83
Town Center Multifamily - TCMF-6	42.62

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 zoned for a mix of middle housing, accessory dwelling units, and single-family residential development. Residential zones have minimum lot sizes ranging from 15,000 square feet to 8,400 square feet. Existing residential development mostly comprises established neighborhoods constructed in the latter half of the 20th Century. Most lots are already subdivided, and few are undeveloped. New development in the residential zones is typically infill development of accessory dwelling units or middle housing on existing lots or the redevelopment of existing homes.

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, dense tree canopies, deep and narrow ravines, and small

Mercer Island Comprehensive Plan
Element 2 – Land Use

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 multifamily 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 designation 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 GMA 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

Mercer Island Comprehensive Plan
Element 2 – Land Use

County. The updated growth targets extended the planning horizon through the year 2044. Figure 2 shows the City of Mercer Island’s housing and employment growth targets for 2024 through 2044.

Figure 2. 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 2023 there were approximately 7,888 jobs on Mercer Island. The City's development capacity for new jobs is analyzed in the 2021 Urban Growth Capacity Report.

Figure 3. 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 estimates by income level are provided in the Housing Element.

Housing Capacity

The Growth Management Act requires cities to estimate land capacity to understand the ability to absorb new growth over the 20-year planning horizon of each comprehensive plan. In response to the Growth Management Hearings Board Order 25-3-0003, the City of Mercer Island conducted a land capacity analysis based on an updated land use strategy to accommodate the City’s 2044 residential growth target. The complete 2026 Land Capacity Analysis that informs this section is provided in Appendix I. The residential capacity estimate identifies the number of new units that could be accommodated on vacant and redevelopable land given existing development and under current zoning under the Station Area subarea plan adopted by reference below. The capacity estimate is not a prediction of what will happen, merely an estimate of how many new units the Island could

Mercer Island Comprehensive Plan
Element 2 – Land Use

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 2026 Land Capacity Analysis, the City of Mercer Island has an estimated residential capacity of 3,164 units. Most of this potential resides in the City’s multifamily and Town Center zones within or adjacent to the Mercer Island Station Area in the form of low- and mid-rise construction. Detailed planning and forecast growth for the Station Area is included in the Station Subarea Plan as adopted by reference. Additional capacity exists for single-family homes, middle housing, and ADUs in residential zones.

Figure 4. Residential Development Capacity, 2026

Zone Category	Assumed Densities (low/high units per acre)	Net Buildable Acres	Capacity in housing units**
Low Density	2.6/4.6	246.6*	356
Moderate Density	8.7/15.6		337
Low-Rise	22.7/26	45.3	535
Mid-Rise	4.5 FAR / 5.0 FAR	26.1	1,698
ADUs	N/A	N/A	239
	N/A	318.1	3,164

Source: City of Mercer Island, 2026; Community Attributes Inc., 2026

*The net buildable acreage for R-8.45, R-9.6, R-12, and R-15 zones is split up to assume capacity for low density single-family homes and moderate density middle housing. See the complete 2026 Land Capacity Analysis in Appendix I for additional information.

**Capacity estimates rely on a range of assumed densities depending on parcel size and underlying zoning characteristics.

Housing Targets

As mentioned above, the City has a King Countywide Planning Policies (CPPs) 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 and accommodate 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. As required by RCW 36.70A.070, the 2044 housing target is disaggregated by income band; detailed capacity estimates to satisfy various levels of affordability are included in the Housing Element and in Appendix I.

Mercer Island Comprehensive Plan
Element 2 – Land Use

Housing and Population Forecast

Another housing figure contained in the Comprehensive Plan is a local housing forecast. Figure 5 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.

Figure 5. Housing Unit and Population Forecast

Year	Average Household Size	Total Housing Units	Population
Current	2.59 ^A	10,514	26,036 ^B
Forecast (2044)	2.38 ^B	11,753 ¹	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. Total housing units forecast to match the 20-year growth target (1,239 units) set by King County and assumed throughout this plan.

IV. LAND USE GOALS AND POLICIES

Land Use Pattern

- Goal 1:** Establish a Station Area to capitalize on regional transit infrastructure by encouraging mid-rise housing development within walking distance of the station, while remaining principally a single-family residential community.
- 1.1 Establish the Mercer Island Station Area to include the areas approximately a half-mile walking distance from the Light Rail Station entrances. The Station Area Subarea Plan is hereby adopted by reference along with the Modified Station Area Boundary therein.
 - 1.2 Encourage multifamily and mixed-use housing, including income-restricted affordable housing, within the Station Area which includes Town Center, and multifamily zones to accommodate moderate- to extremely low-income households.
 - 1.3 Provide for moderate density housing types in residential zones, such as accessory dwelling units and additional middle housing types, as outlined in the Housing Element to encourage a larger mix of income levels and household types within residential zones.
 - 1.4 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.
 - 1.5 Social and recreation clubs, schools, and religious institutions are predominantly located in single-family residential areas of the Island. The City may consider

Mercer Island Comprehensive Plan
Element 2 – Land Use

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.

- 1.6 Encourage compatible uses such as education, recreation, open spaces, government, social services, and religious activities.
- 1.7 Manage impacts that could result from new development in residential zones by establishing standards to:
 - 1.7.1 Regulate on- and off-street parking;
 - 1.7.2 Encourage the retention of landscaped areas and the retention and planting of trees;
 - 1.7.3 Establish incentives and anti-displacement measures consistent with the Housing Element; and
 - 1.7.4 Control new development to be compatible in scale, form, and character with surrounding neighborhoods.

Goal 2: Achieve additional residential capacity in residential zones through flexible land use techniques and land use entitlement regulations.

- 2.1 Encourage using existing homes to meet changing population needs and help people age in place.
- 2.2 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.
- 2.3 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.
- 2.4 Promote accessory dwelling units in all zones where single-family homes are allowed subject to specific development standards.
- 2.5 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 increased densities in areas near high-capacity transit.
- 2.6 Encourage the preservation and maintenance of naturally occurring affordable housing.

Goal 3: The allowed uses in commercial and mixed-use zones balance the City's economic development and housing needs.

- 3.1 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.
- 3.2 Existing 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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

- 3.3 The Station Area with Town Center at its heart provides a walkable and vibrant downtown mixed-use district where residents and visitors can complete errands on foot.

Natural Environment Policies

Goal 4: 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.

- 4.1 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.
- 4.2 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.
- 4.3 New development should be designed to avoid increasing risks to people and property associated with natural hazards.
- 4.4 The ecological functions of watercourses, wetlands, and habitat conservation areas should be maintained and protected from the potential impacts associated with development.
- 4.5 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.
- 4.6 Encourage low- impact development approaches for managing stormwater and protecting water quality and habitat.
- 4.7 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.
- 4.8 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.
- 4.9 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.
- 4.10 The Stormwater Management Program Plan is hereby adopted by reference.
- 4.11 Ensure all residents of Mercer Island have a clean and healthy environment, regardless of race, social, or economic status.
- 4.12 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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

- Goal 5:** 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.
- 5.1 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.
 - 5.2 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.
 - 5.3 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.
 - 5.4 Critical areas and associated buffers should consist of mostly native vegetation.
 - 5.5 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.
 - 5.6 Important wildlife habitats, including forests, watercourses, wetlands, and shorelines, should be connected via natural areas, including walking paths along forested road rights-of-way.
 - 5.7 View preservation actions should be balanced with the efforts to preserve the community's natural vegetation and tree cover.
 - 5.8 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.
 - 5.9 Consider a community effort to establish new wetlands to recognize the historical loss of wetlands.
 - 5.10 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.
 - 5.11 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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

- 5.12 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.
- 5.13 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.
- 5.14 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. Consider this same material as potential feedstock for biofuel.
- 5.15 Promote awareness and implementation of the American Bird Conservancy's bird-friendly building design guidelines, which prevent bird mortality caused by collisions with structures.
- 5.16 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.
- 5.17 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.
- 5.18 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.
- 5.19 Promote wildlife watering.

Disaster Planning and Recovery

- Goal 6:** Maintain and enhance current community emergency preparedness and planning efforts and provide for long-term recovery and renewal.
- 6.1 Periodically review and update the City's emergency management plans. Adopt the following emergency management- related plans and their successors by reference:
 - 6.1.1 Comprehensive Emergency; Management Plan;
 - 6.1.2 Hazard Mitigation Plan;
 - 6.1.3 Continuity of Operations Plan
 - 6.1.4 Pandemic Plan;
 - 6.1.5 Terrorism Response Plan and Threat and Hazard Identification and Risk Assessment;

Mercer Island Comprehensive Plan
Element 2 – Land Use

- 6.1.6 Debris Management Plan;
- 6.1.7 Volunteer Operations Plan; and
- 6.1.8 Shelter Plan.
- 6.2 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.
- 6.3 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 7:** Continue to develop and refine City policies and implementation strategies to address climate change.
- 7.1 Adopt a Climate Element or equivalent components in this plan, as directed by state law, to plan to reduce greenhouse gas emissions and carbon-emitting vehicle miles traveled and improve community resilience by planning for climate preparedness, response, and recovery efforts.
 - 7.2 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.
 - 7.3 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.

V. ACTION PLAN

- Goal 8:** To implement land use development and capital improvement projects consistent with the policies of the comprehensive plan.
- 8.1 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.
 - 8.2 Advocate for growth allocations consistent with the City's community vision, as reflected in the Comprehensive Plan and development regulations; environmental constraints; infrastructure and utility limitations; and its remaining supply of developable land.
 - 8.3 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:
 - 8.3.1 Actions from this element to be added to department work plans for the next biennial budget cycle;

Mercer Island Comprehensive Plan
Element 2 – Land Use

- 8.3.2 Any funding, including grants allocated to support the completion of these actions;
- 8.3.3 Any staff resources allocated to support the completion of these actions;
- 8.3.4 A schedule detailing the key actions and milestones for the completion of each action and
- 8.3.5 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.
- 8.4 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.
- 8.5 Provide resources for actions to implement this element and respond to limited resources by using strategies such as:
 - 8.5.1 Alternate funding sources;
 - 8.5.2 Public-private partnerships;
 - 8.5.3 Reducing project or program scope to align with current biennial budget constraints provided such reductions comply with requirements set in state law; and
 - 8.5.4 Amending the policies of the Land Use Element to reflect the City’s capacity to implement the element provided such amendments comply with requirements set in state law.
- 8.6 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.
- 8.7 Coordinate with tribes to identify and mitigate potential impacts when implementing this element.
- 8.8 Create opportunities for multi-modal transportation.

VI. LAND USE DESIGNATIONS

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

Mercer Island Comprehensive Plan
Element 2 – Land Use

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 along with middle housing and accessory dwelling units (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-8 TCMF-6	The Town Center land use designation represents the area where land uses consistent with the Station Subarea Plan 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	PI	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.

Mercer Island Comprehensive Plan
Element 2 – Land Use

Figure 6. Future Land Use Map

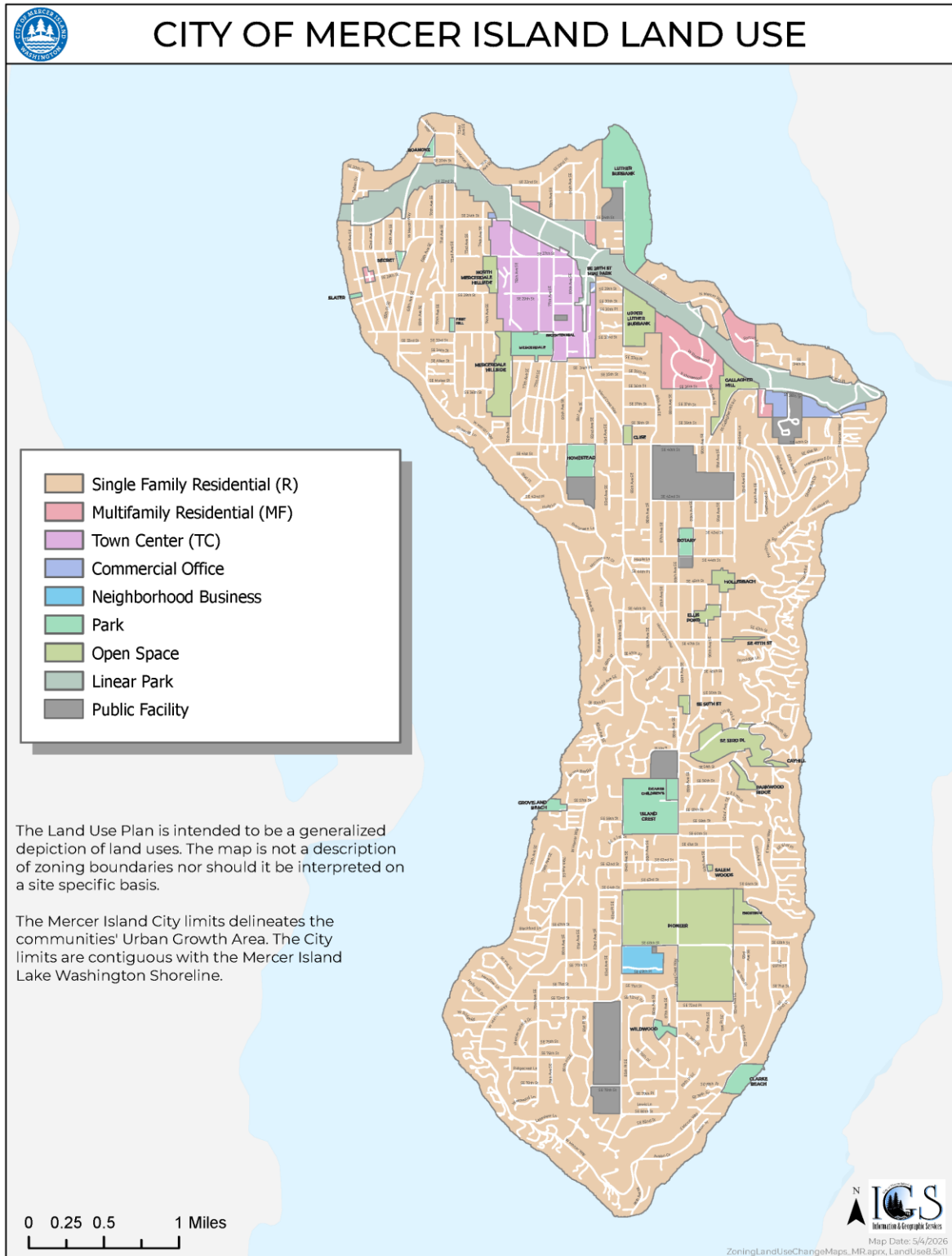
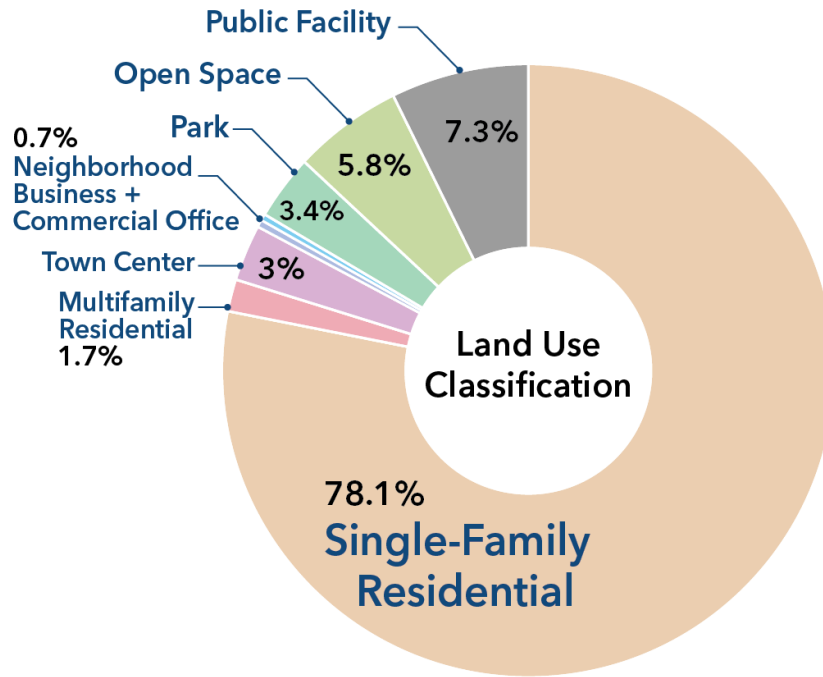


Figure 7. Land Area Breakdown of Future Land Use Classifications



City of Mercer Island; Framework, 2026

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 2044 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 Figure 8.

Figure 8. Mercer Island Housing Growth Target

Total Housing Growth Target		Housing Needs By Income Level							Emergency Housing ²	
		0-≤30% AMI ³			>30-≤50% AMI	>50-≤80% AMI	>80-≤100% AMI	>100-≤120% AMI		>120% AMI
		PSH ¹	Non-PSH ¹	Total ≤30% AMI						
20-years Total Need	1,239	178	339	517	202	488	4	5	23	237
% of total	100%	14%	27%	41%	16%	39.39%	0.32%	0.40%	1.86%	N/A
Average Units/year achieve in 20 Years (2024-44)	62	9	17	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 response to Growth Management Hearings Board Order 25-3-0003, the City of Mercer Island produced an updated land capacity analysis based on a new 20-year land use strategy to accommodate its 2044 housing targets and fulfill its station subarea planning requirements per RCW 36.70A.840. The

Mercer Island Comprehensive Plan
Element 3 - Housing

2026 Land Capacity Analysis provided in Appendix I uses a methodology issued by the WA Department of Commerce to demonstrate how much residential growth the City’s existing zoning regulations can support by income level.

Figure 9 compares the estimated housing capacity with the housing need allocated to Mercer Island by King County in 2023. Overall, the City has adequate capacity for its gross growth target of 1,192 units in its current land use plan. However, there is a deficit of 510 units that are affordable to extremely low-income households earning less than 30% of the area median income. New subsidies and/or incentives introduced in the Adequate Provisions section below are necessary for these units to be built.

Figure 9. Mercer Island Housing Units Requiring New Subsidies or Incentives

Affordability Level	Zone Categories Serving These Needs	Allocated Housing Need (Units)	Total Housing Capacity (Units)	Mercer Island Capacity Surplus or Deficit (Units)	Units Requiring New Subsidies or Incentives
Extremely Low Income (0-30% AMI PSH)	Low-Rise, Mid-Rise	178	0	(178)	(178)
Extremely Low Income (0-30% AMI excl. PSH)	Low-Rise, Mid-Rise	339	7	(332)	(332)
Very Low Income (>30-50% AMI)	Low-Rise, Mid-Rise	202	390	188	0
Low Income (>50-80% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	473	1,698	1,225	0
Moderate Income (>80-100% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	0	583	583	0
High Income (>100-120% AMI)	Moderate Density, Low-Rise, Mid-Rise	0	130	130	0
Very High Income (>120% AMI)	Low Density	0	356	356	0
Total		1,192	3,164	1,972	(510)

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

The Land Capacity Analysis found that the City needed to increase multifamily and mixed-use development capacity to accommodate lower- income housing needs (Appendix I). During the Comprehensive Plan update to comply with GMHB Order 25-3-0003, the City expanded its development capacity. The City increased the maximum building height in the Town Center-and adjacent multifamily zones under Phase 1 of the Station Subarea Plan. The Town Center was increased to a maximum building height of eight stories and the adjacent multifamily zones were increased to a maximum building height of six stories The increase in height was analyzed in the Land Capacity Analysis and 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.

Mercer Island Comprehensive Plan
Element 3 - Housing

PERMANENT SUPPORTIVE 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 other extremely-low income 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. It is 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 LCA evaluated capacity for permanent supportive housing and emergency housing. The LCA found that the Comprehensive Plan allows adequate capacity to accommodate its permanent supportive housing and emergency housing needs because these uses are allowed in all zones in Mercer Island.

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 of 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.”

BARRIER’S ANALYSIS

In 2026, the City prepared a Barriers Analysis following updated Commerce Guidance (See Appendix J for Barriers Analysis). The analysis, whose results are summarized in Figure 10, examined existing development regulations and permit processes to identify potential barriers and developed actions and programs that could reduce or resolve those barriers. The actions identified in Figure 10 will be implemented concurrently with the Comprehensive Plan update which includes Station Subarea Planning efforts.

Mercer Island Comprehensive Plan
Element 3 - Housing

Figure 10. Potential Barriers Identified in the Barriers Analysis in Appendix J

Housing Type	Potential Barrier	Action Needed ¹
Low- to Mid-rise Multifamily and Mixed-use	Maximum Density	Implement Phase 1 of the Station Subarea Plan
	Maximum Building Height	Implement Phase 1 of the Station Subarea Plan
	Setbacks	Implement Phase 1 of the Station Subarea Plan
	Parking Minimums	Affordable housing parking standard
	Lot Coverage	Implement Phase 1 of the Station Subarea Plan
	SEPA Review Process	Adopt ODNS policy in the Housing Element
	Environmental Constraints	Implement Phase 1 of the Station Subarea Plan
Permanent Supportive Housing	Spacing	Adopt permanent STEP Housing regulations
	CUP Requirements	Adopt permanent STEP Housing regulations
	Other Regulations, Including Operational Requirements	Adopt permanent STEP Housing regulations

Notes

1. A full description of each action needed is provided in the tables of Appendix J and under the Step 3 section of Barriers Analysis.

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).

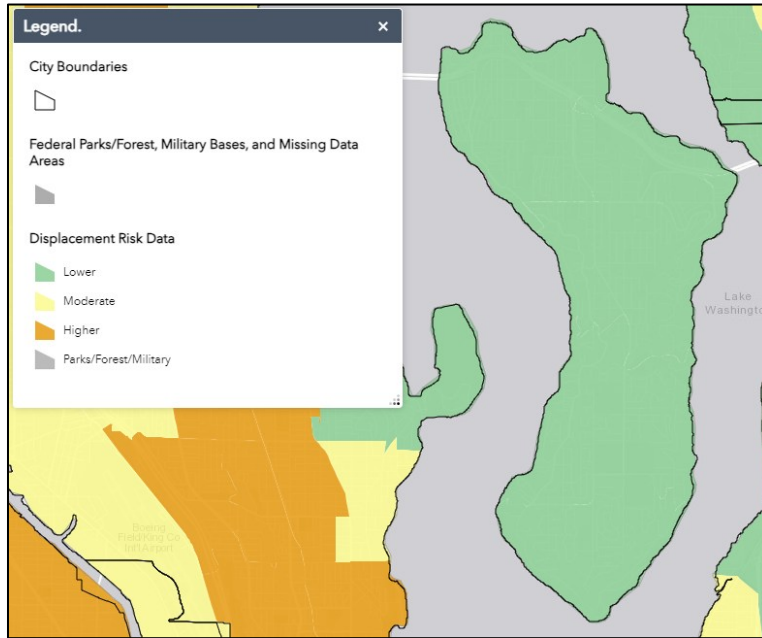
The RDI Evaluation found that the primary racially disparate impacts are:

- Renting households are more cost-burdened than homeownership 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 11 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 11. PSRC Displacement Risk Map



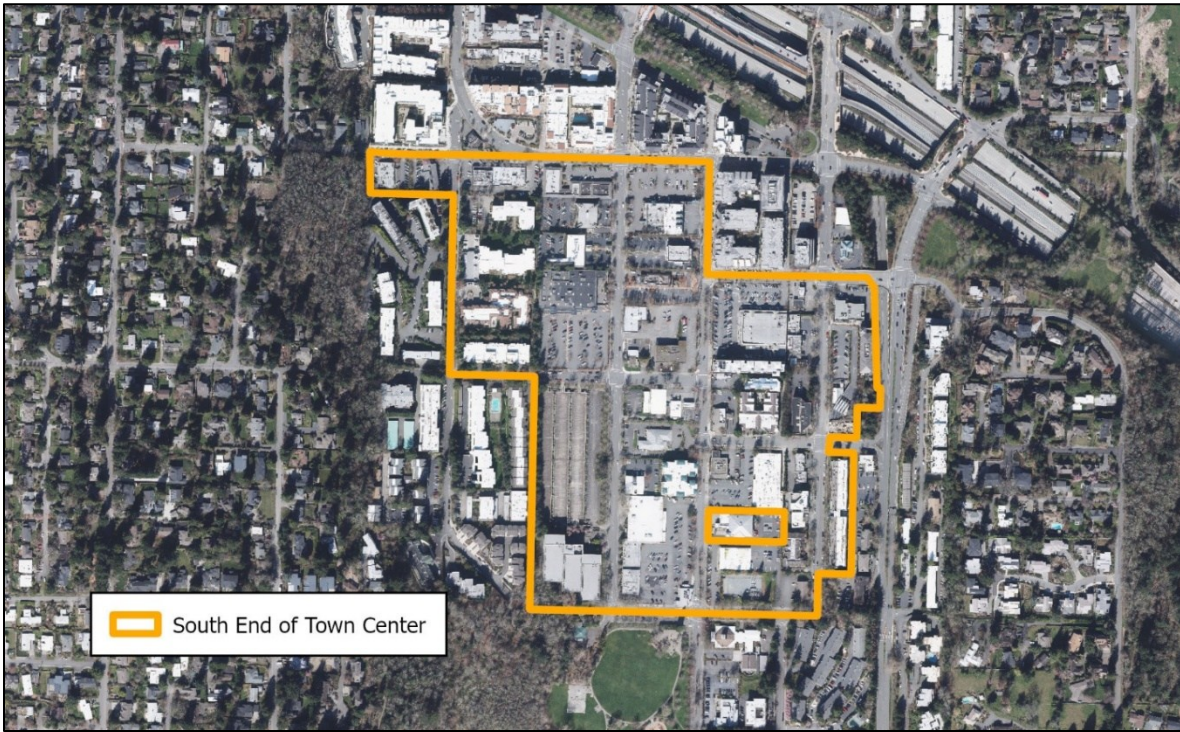
Source: Puget Sound Regional Council (PSRC) Displacement Risk Mapping. <https://www.psrc.org/our-work/displacement-risk-mapping>.

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.

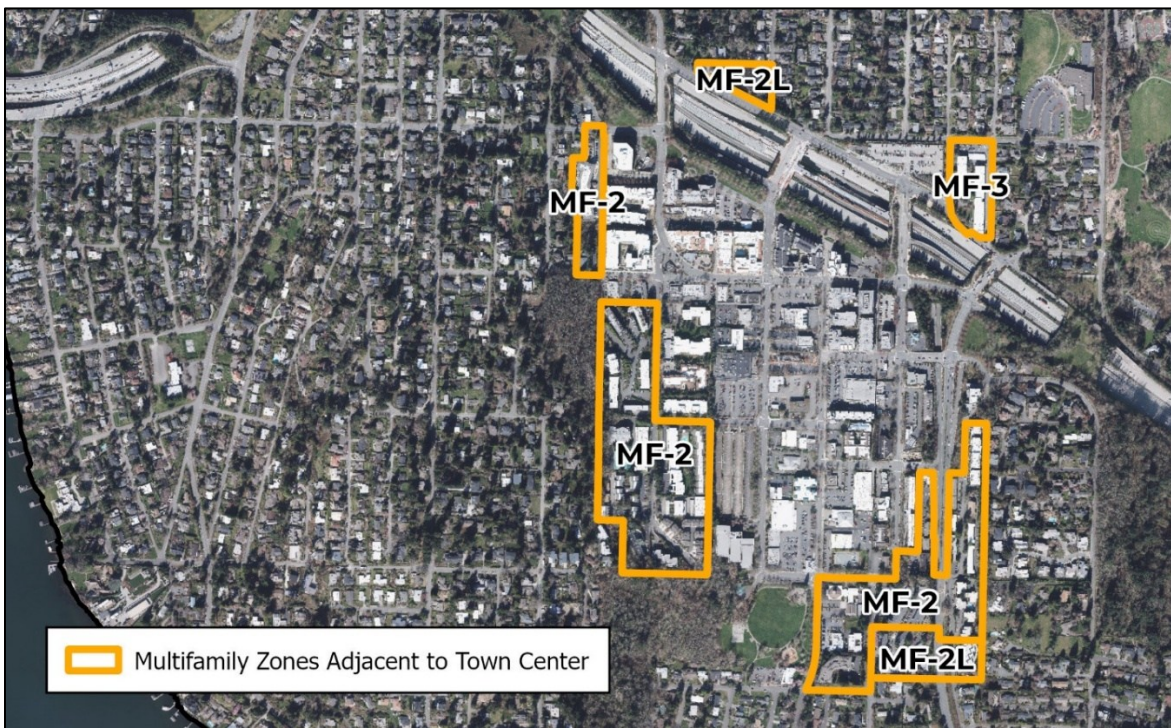
Figure 12, Figure 13, and Figure 14 show maps of the three areas that may be at higher risk of displacement.

Figure 12. South End of Town Center



Source: RDI Evaluation dated December 15, 2023.

Figure 13. Multifamily Zones Adjacent to Town Center



Source: RDI Evaluation dated December 15, 2023.

Figure 14. 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.

Mercer Island Comprehensive Plan
Element 3 - Housing

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

Overall housing strategies

- Goal 1:** Mercer Island provides affordable housing for all income levels meeting its current and future needs.
- 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;

Mercer Island Comprehensive Plan
Element 3 - 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;
 - 1.3.3.2 Coordinated 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 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 performance, 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 dispersing affordable housing opportunities with consideration for access to employment opportunities and proximity to transit.

Mercer Island Comprehensive Plan
Element 3 - Housing

- 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 Station Subarea and Commercial-Office zones when increasing multifamily and mixed-use development capacity to accommodate the Mercer Island housing growth target and housing needs. Strive to reduce and/or mitigate displacement of businesses resulting from an increase in residential capacity.
- 1.12 Consider alternatives for maximizing housing capacity in the Station Subarea before analyzing alternatives for increasing multifamily capacity elsewhere.

Affordable Housing

- Goal 2:** Households at all income levels can afford to live in Mercer Island because of the mix of market rate and income-restricted housing.
- 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; and
 - 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);
 - 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;

Mercer Island Comprehensive Plan
Element 3 - Housing

- 2.5.4 A Multifamily 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; and
- 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.

Racially disparate impacts

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

- 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

Mercer Island Comprehensive Plan
Element 3 - Housing

- 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.

Anti displacement

Goal 4: City actions reduce and mitigate displacement risk as regulations change and development occurs.

- 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.
- 4.2 Evaluate and consider implementing the following tenant protections:
 - 4.2.1 Required advance notice of rent increases; and
 - 4.2.2 Relocation assistance.
- 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 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.

Residential Regulations

Goal 5: Regulations that affect residential development are balanced so that they safeguard the public health, safety, and welfare.

Mercer Island Comprehensive Plan
Element 3 - Housing

- 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.
- 5.6 Use the optional determination of nonsignificance process when issuing a State Environmental Policy Act determination of nonsignificance for multifamily and mixed-use development.

Implementation

Goal 6: The Housing Element is implemented in a timely and efficient manner so that the City's goals are realized.

- 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

Mercer Island Comprehensive Plan
Element 3 - Housing

- 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 provided such reductions comply with requirements set in state law; and
 - 6.4.4 Amending the policies of the Housing Element to reflect the City’s capacity to implement the element constraints provided such amendments comply with requirements set in state law.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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 including 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 Comprehensive Plan
Element 4 – Transportation

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 March 2026 opening of the Sound Transit East Link light rail line has begun to change how Mercer Island residents travel and live. The new light rail station located north of the Town Center, on the I-90 corridor between 77th Avenue SE and 80th Avenue SE, provides access to destinations in Seattle, Bellevue, and other cities that are part of the Sound Transit system. These regional changes are expected to 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 forecasts for housing and employment, regional traffic forecasts by the Puget Sound Regional Council, and local traffic counts. Within the 20-year planning period, the transportation analysis evaluated 1,300 new jobs and 3,164 new housing units in the City. The majority of the employment and housing growth is forecast to occur within the Town Center and adjacent multifamily zones. This 2026-2044 Comprehensive Plan reflects the adoption of the Station Subarea Plan and implementation of Phase 1 of the plan, including rezoning of the Town Center and multifamily zones and amending the development regulations to provide adequate affordable housing at each affordability level.

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.

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

- 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;

Mercer Island Comprehensive Plan
Element 4 – Transportation

- 4.1.2 Provide convenient transit service for travel on Mercer Island and enhance connections to regional transit, including the Link light rail station;
- 4.1.3 Continue to expand innovative transit services, including demand- responsive transit for the general public, subscription bus, or custom bus services; and
- 4.1.4 Prioritize exploration of 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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

- 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 Maintain the current minimum parking requirements as adopted in City code or as required by GMA.
- 11.2 Develop long-range plans to meet the commuter parking needs of Mercer Island residents.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

- **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 15 shows the street functional classifications. Figure 16 shows the number of travel lanes, and Figure 17 shows the posted speed limits of arterial roadways.



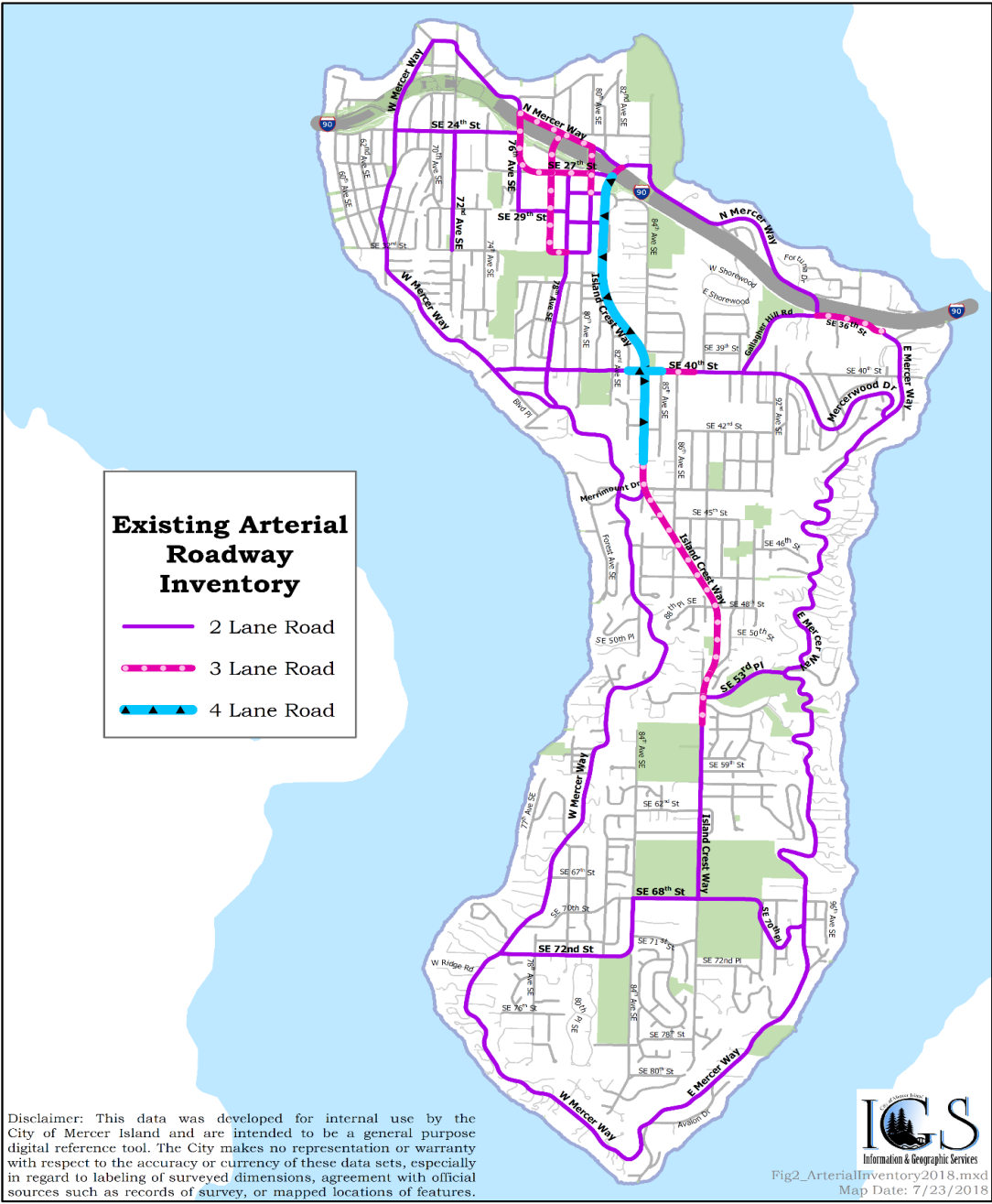
Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 15. Street Functional Classification



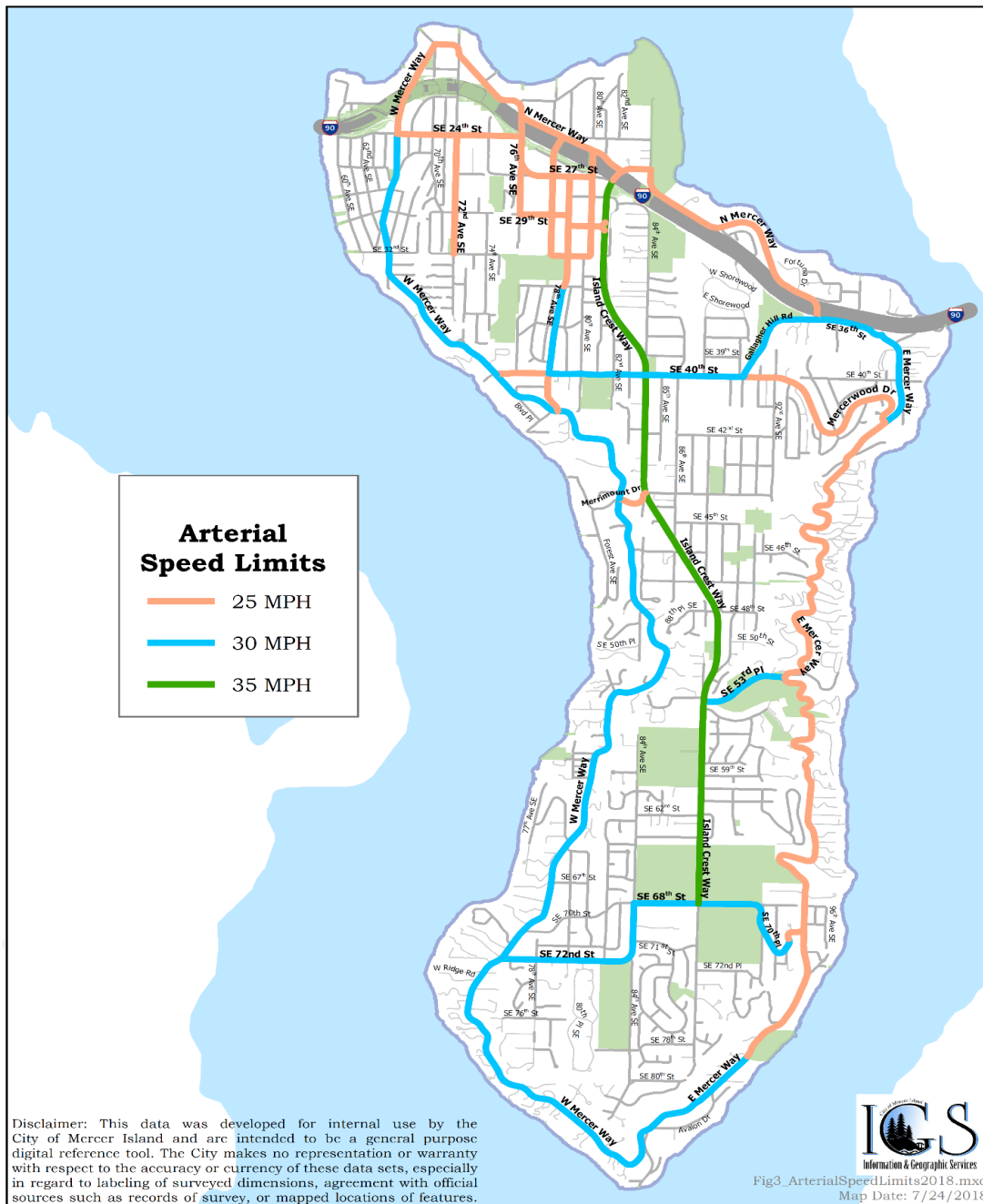
Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 16. Existing Arterial Roadway Inventory



Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 17. Arterial Speed Limits



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

Mercer Island Comprehensive Plan
Element 4 – Transportation

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). In April 2026, updated traffic counts were collected and analyzed at intersections throughout the Island. These new counts reflect the March 2026 opening of the Link light rail service.

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.

Figure 18 and Figure 19 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.

Compared with traffic counts conducted in 2018 and 2021, traffic volumes have generally remained consistent or decreased slightly. This is likely related to increases in telecommuting since the Covid-19 Pandemic.

Figure 18. Existing Intersection Operations

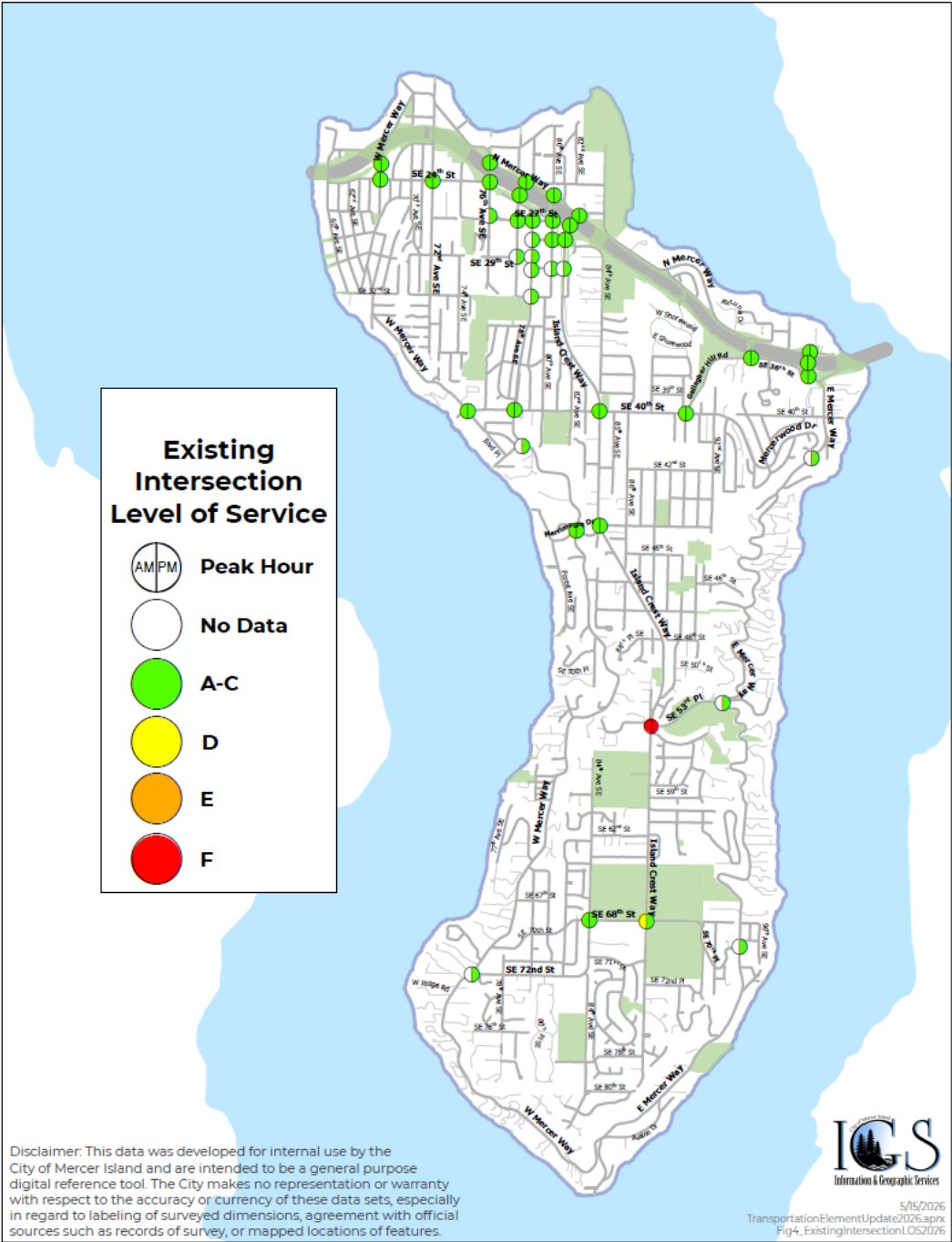
Intersection	AM Peak Hour	PM Peak Hour
Intersections Within and Adjacent to the Town Center (LOS C Standard)		
SE 24th St/76th Ave SE	A	B
N Mercer Way/77th Ave SE	A	A
N Mercer Way/Park & Ride/80th Ave SE	B	C
SE 27th St/76th Ave SE	—	B
SE 27th St/77th Ave SE	B	B
SE 27th St/78th Ave SE	A	B
SE 27th St/80th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

Mercer Island Comprehensive Plan
Element 4 – Transportation

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	A	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	C	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	C
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	C	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	B	B
SE 68th St/Island Crest Way	D	B
SE 70th Place/E Mercer Way	—	A
SE 72nd St/W Mercer Way	—	A

Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 19. Existing Intersection Level of Service, April 2026



PARKING

Most parking in the City is provided by private 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

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

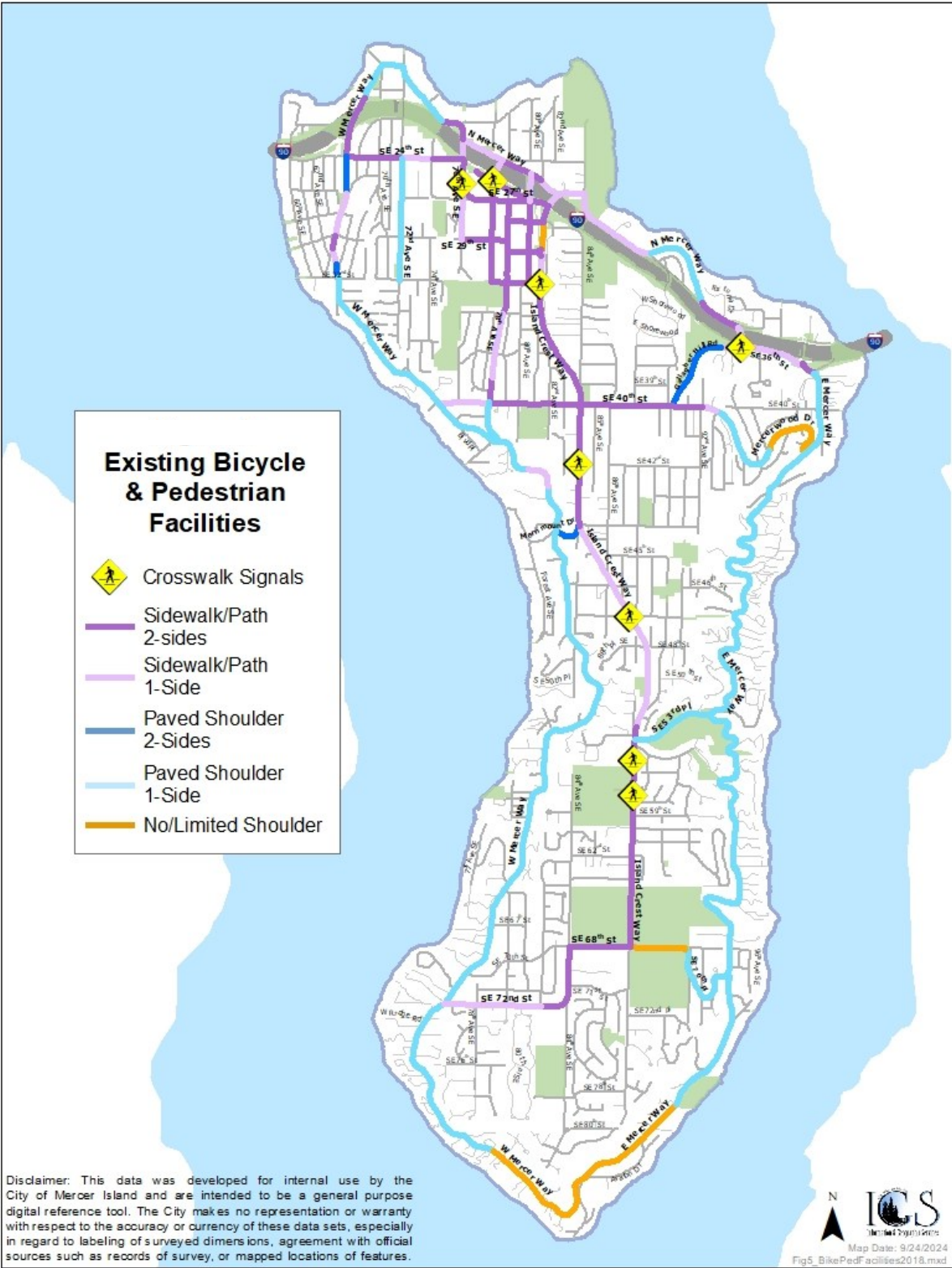
A 2010 update to the plan included vision and guiding principles, goals and policies, an existing and future network, a list of completed projects, revised facility design standards, and a prioritized list of projects. The plan emphasizes further development of safe routes to schools, completion of missing connections, and application of design guidelines. The City's next update of the Pedestrian and Bicycle Facilities Plan is expected to be completed in 2027.

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 20 shows the pedestrian and bicycle facilities on the Island's arterial network.

Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 20. Existing Bicycle and Pedestrian Facilities



Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

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

Local fixed route 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.

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 (Route 981) 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.

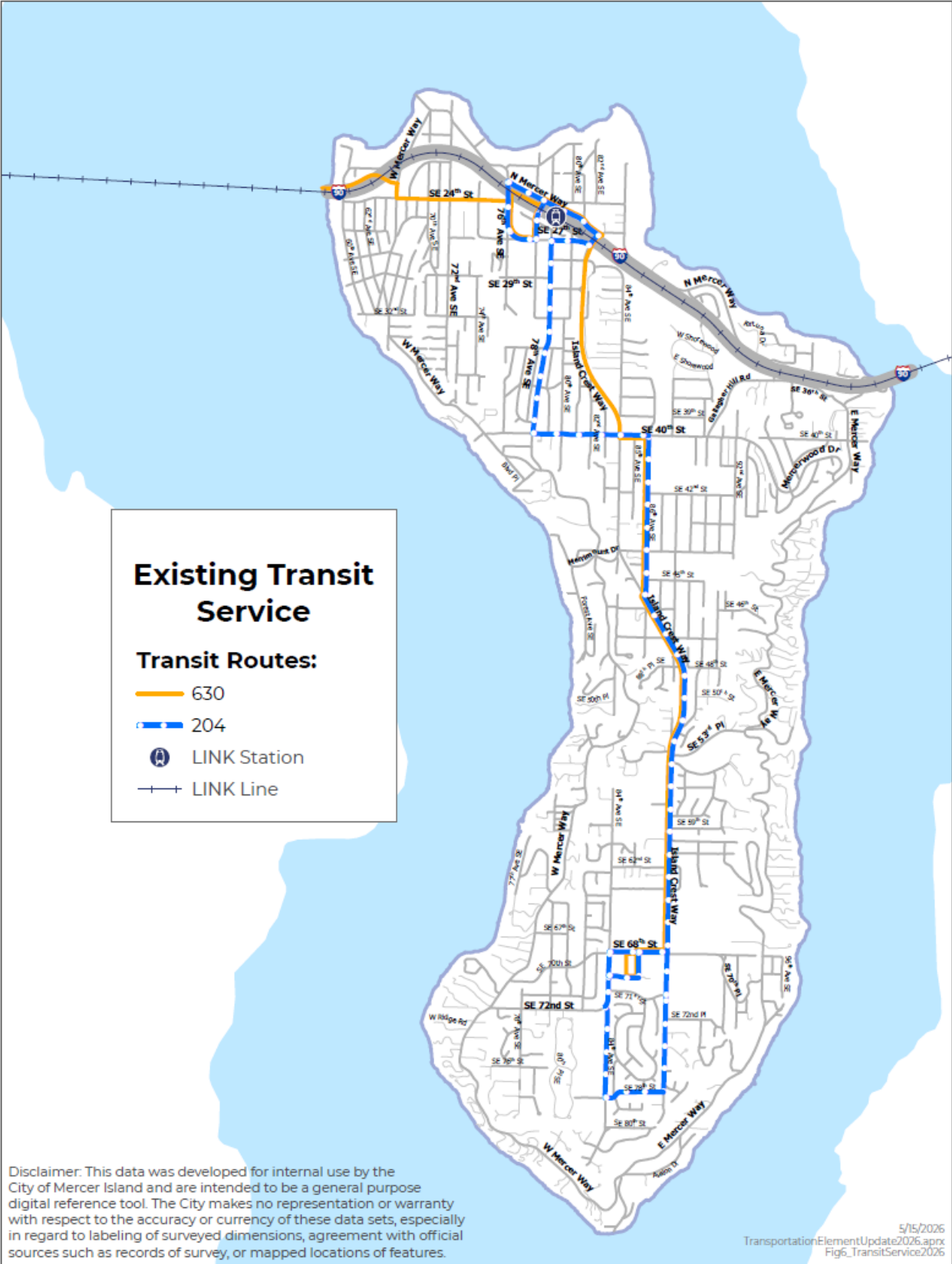
Figure 21 shows the current transit routes serving the Island. On Mercer Island, there are two routes that circulate throughout the City (Metro routes 204 and 630).

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 21. Existing Transit Service, 2026



Mercer Island Comprehensive Plan
Element 4 – Transportation

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. In 2025, the City opened 34-space pay parking lot located just south of the 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 Figure 22. Together, they provide an additional 81 parking spaces for use by Island residents.

Figure 22. Mercer Island Park and Ride Locations and Capacities

Lot	Location	Capacity
Mercer Island Park and Ride	8000 N Mercer Way	447
Mercer Island Presbyterian Church	3605 84th Ave SE	14
United Methodist Church	70th Ave SE & SE 24th St	18
Mercer Village Center	84th Ave SE & SE 68th St	21
Congregational Church of Mercer Island	4545 Island Crest Way	28

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. Evolving opportunities for small scale electric aircraft should be evaluated for inclusion in future planning.

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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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, including implementation of the Station Subarea Plan Phase 1 zoning changes. The majority of housing and employment growth are forecast to occur within or adjacent to the Town Center. The forecast shows an increase in traffic growth related to the additional housing growth expected as part of the Phase 1 Station Subarea Plan implementation. That said, traffic growth is attenuated by the decrease in existing traffic identified in traffic counts between 2018 and 2026, as well as the potential for more transit trips with the opening of East Link light rail in March 2026.

Town Center traffic growth reflects the higher potential for pedestrian and transit trips due to the land uses and proximity to transit of this neighborhood. During the PM peak hour, the traffic growth in the Town Center is forecasted to increase by approximately 35 percent between 2026 and 2044. For areas outside the Town Center, traffic growth is expected to be lower, with approximately 15 percent growth between 2026 and 2044. 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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

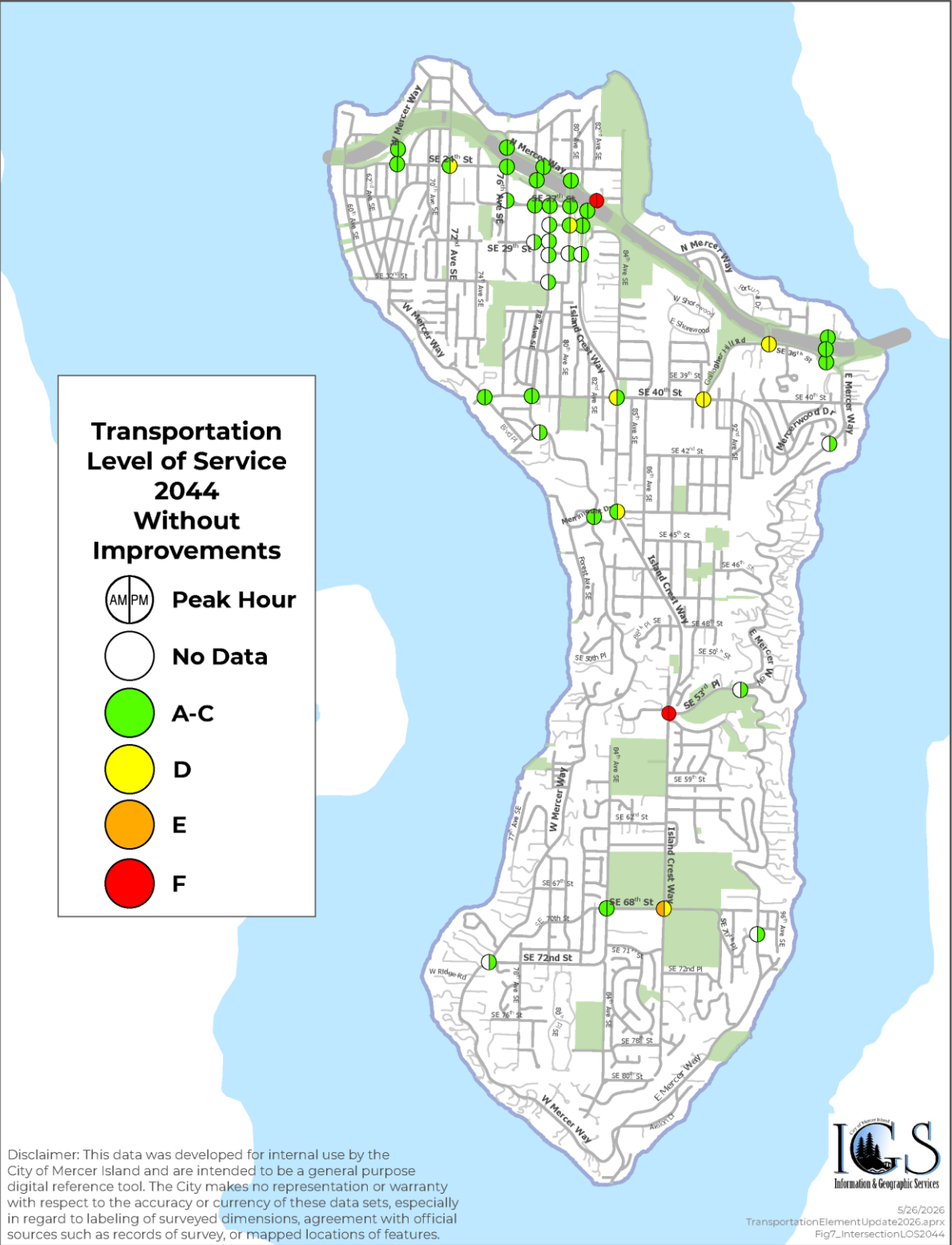
Figure 23 shows the future traffic operations at the study intersections without any changes to roadway capacity on Mercer Island.

Results of the 2044 traffic operations analysis show that four intersections would operate below the LOS standards by 2044 if improvements are not made to the intersections. Within the Town Center, the SE 28th Street/80th Avenue SE intersection would operate at LOS D during the PM peak hour 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 F during the 2044 AM and PM peak hours. The City will work with the WSDOT to implement improvements at this intersection when needed.



Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 23. Transportation Level of Service 2044 Without Improvements



Mercer Island Comprehensive Plan
Element 4 – Transportation

RECOMMENDED IMPROVEMENTS

In addition to the projects identified in the City's Six-Year 2027 - 2032 Transportation Improvement Program (TIP), 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 24 shows the locations of the recommended improvement projects. Figure 25 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.

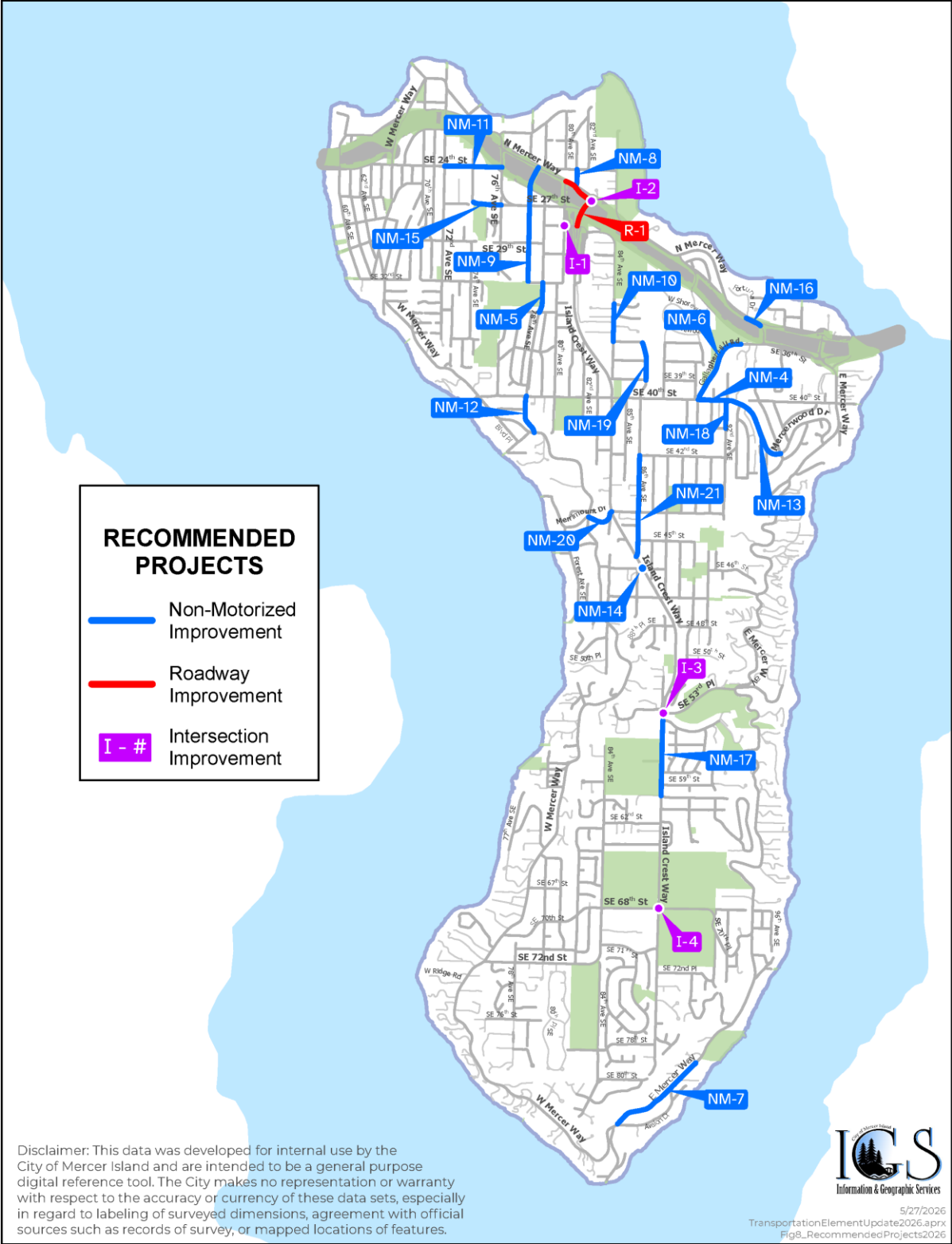
The recommended improvements identify approximately \$65 million in transportation improvements over the next 18 years. About 44 percent (\$28.6 million) of the total is for street preservation and resurfacing projects to maintain the existing street system. Another 44 percent (\$28.4 million) is for non-motorized system improvements. About 12 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, growth in housing and employment will be focused in and around the Town Center, where residents are served by high-capacity transit. Figure 26 compares the study intersections without and with the recommended improvements during the 2044 AM and PM peak hours.

Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 24. Recommended Transportation Projects



Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 25. Recommended Transportation Project List 2026 – 2044

ID	Location	Description	Justification	Cost (\$)
Non-Motorized Projects (NM)				
NM-1	ADA Transition Plan Implementation	Construct pedestrian facility improvements to comply with the ADA Transition Plan.	2027-2032 TIP	4,542,900
NM-2	Traffic Safety and Operations Improvements	Minor transportation improvements to address transportation operation and safety issues.	2027-2032 TIP	2,271,300
NM-3	Pedestrian and Bicycle Facilities (PBF) Plan Implementation	Annual program to construct small spot improvements and gap completion projects to pedestrian and bicycle facilities citywide, as identified in the PBF Plan.	2027-2032 TIP	1,135,100
NM-4	SE 40th St Sidewalk Improvements (Gallagher Hill Rd to 93rd Ave SE)	Replace/improve existing sidewalk and construct bike lanes.	2027-2032 TIP	893,000
NM-5	78th Ave SE Sidewalk Improvements (SE 32nd St to SE 34th St)	Replace existing curb, sidewalk, ADA ramps, street trees, and lighting.	2027-2032 TIP	860,300
NM-6	Gallagher Hill Road Sidewalk Improvements (SE 36th St to SE 40th St)	Construct sidewalk along one side and add bike lane in the uphill direction.	2027-2032 TIP	869,000
NM-7	East Mercer Way Roadside Shoulders - Ph 11 (SE 79th St to 8400 block)	Construct a new paved shoulder. Final phase of Mercer Ways Roadside Shoulders project.	2027-2032 TIP	470,600
NM-8	81st Ave SE Sidewalk Improvement (NMW to SE 24th St)	Replace/improve existing sidewalk along the east side.	2027-2032 TIP	286,600
NM-9	77th Ave SE Channelization Upgrades (SE 32nd St to North Mercer Way)	Implement street standards required by MICC 19.11.120. Specific scope to be determined.	2027-2032 TIP	84,200
NM-10	84th Ave SE Pedestrian Improvements (SE 33rd Place to SE 36th St)	Construct a new sidewalk or path along the east side of street to provide a continuous pedestrian facility.	2027-2032 TIP	310,400
NM-11	SE 24th St Sidewalk Improvements (72nd Ave SE to 76th Ave SE)	Replace/improve existing sidewalk, ADA ramps, and crosswalks.	2027-2032 TIP	783,900
NM-12	78th Ave SE Sidewalk (SE 40th St to West Mercer Way)	Add new sidewalk along the west side of street.	2027-2032 TIP	423,400
NM-13	Mercerwood Dr Pedestrian Improvements (93rd Ave SE to 96th Ave SE)	Construct new sidewalk along the south side, ADA ramps, and crosswalk.	2027-2032 TIP	1,555,400

Mercer Island Comprehensive Plan
Element 4 – Transportation

NM-14	Island Crest Way Crosswalk Enhancement (SE 46th St)	Enhance existing crosswalk with pedestrian signal and ADA ramps.	2027-2032 TIP	662,500
NM-15	SE 27th St Sidewalk Improvements (74th Ave SE to 76th Ave SE)	Replace/improve existing curb, sidewalk, ADA ramps, street trees, and lighting.	2027-2032 TIP	923,700
NM-16	North Mercer Way Sidewalk Improvements (Fortuna Dr to SE 35th St)	Construct new sidewalk along north side of street.	2027-2032 TIP	175,100
NM-17	Island Crest Way Shared Use Path Phase 1 (SE 60th St to Island Park Elementary)	Construct Phase 1 of shared use path along ICW.	2027-2032 TIP	1,909,000
NM-18	92nd Ave SE Sidewalk Improvements (SE 40th to SE 41st St)	Construct new sidewalk along west side of street to provide walk route for nearby schools.	2027-2032 TIP	725,500
NM-19	86th Ave SE Sidewalk Phase 2 (SE 36th St to SE 39th St)	Construct sidewalk along east side of street.	Transportation Impact Fee Program	5,452,000
NM-20	Merrimount Dr Sidewalk (ICW to West Mercer Way)	Construct sidewalks along both sides of street.	Transportation Impact Fee Program	2,726,000
NM-21	86th Ave SE Nonmotorized Improvements (SE 42nd St to ICW)	Construct bike facilities and sidewalk along the west side of street.	Transportation Impact Fee Program	1,363,000
Intersection Projects (I)/Road Projects (R)				
I-1	SE 28th St/80th Ave SE Intersection	Install traffic signal.	Fails to meet LOS standard in the future	1,757,000
I-2	North Mercer Way/I-90 Westbound Off-Ramp/Island Crest Way Intersection	Add exclusive westbound left turn lane at I-90 off-ramp.	Fails to meet LOS standard in the future	780,000
I-3	SE 53rd Pl/Island Crest Way Intersection	Install traffic signal.	Fails to meet LOS standard	2,289,000
I-4	SE 68th St/Island Crest Way Intersection	Install traffic signal or roundabout.	Fails to meet LOS standard in the future	2,582,000
R-1	Signal Coordination along Island Crest Way and along North Mercer Way (between SE 28th St and 80th Ave SE)	Coordinate four existing traffic signals along Island Crest Way and North Mercer Way.	Transportation Impact Fee Program	828,000
R-2	Street Preservation/Maintenance	Resurfacing arterial and residential streets based on pavement conditions.	2027-2032 TIP	28,646,900
Total 2026 – 2044 Projects				65,305,800

Mercer Island Comprehensive Plan
Element 4 – Transportation

Figure 26. 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	A	B	B
N Mercer Way/Park & Ride/80th Ave SE	C	C	C	C
SE 27th St/76th Ave SE	—	—	C	C
SE 27th St/77th Ave SE	C	C	C	C
SE 27th St/78th Ave SE	B	B	C	C
SE 27th St/80th Ave SE	C	C	C	C
SE 28th St/78th Ave SE	—	—	B	B
SE 28th St/80th Ave SE	C	B	D	B
SE 28th St/Island Crest Way	C	C	C	C
SE 29th St/77th Ave SE	—	—	C	C
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	—	—	C	C
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	A	A	B	B
I-90 EB off-ramp/77th Ave SE	B	B	B	B
I-90 WB off-ramp/N Mercer Way/Island Crest Way	F	C	F	C
I-90 EB on-ramp/SE 27th St/Island Crest Way	C	C	C	C

Mercer Island Comprehensive Plan
Element 4 – Transportation

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	B	B	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	B	B
SE 24th St/72nd Ave SE	B	B	D	D
SE 36th St/N Mercer Way	D	D	D	D
SE 40th St/W Mercer Way	B	B	B	B
SE 40th St/78th Ave SE	B	B	C	C
SE 40th St/Island Crest Way	D	D	C	C
SE 40th St/SE Gallagher Hill Rd	D	D	D	D
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	C	C	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	C	C	B	B
SE 68th St/Island Crest Way	E	A	D	A
SE 70th Place/E Mercer Way	—	—	B	B
SE 72nd St/W Mercer Way	—	—	B	B

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.

The City's 2025-2026 Biennial Budget identifies revenues for the Street Fund. Based on 2023 data, the City's primary funding sources for local transportation projects included gas tax revenues (\$509,000), real estate excise tax (\$1,543,000), Transportation Benefit District vehicle fees (\$367,000), and transportation impact fees (\$233,000). In total, the City received approximately \$2.65 million in annual transportation revenues.

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.
- Maintain and improve the transportation system to meet the forecasted housing and employment growth targets.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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.
- 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.

Mercer Island Comprehensive Plan
Element 4 – Transportation

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 anticipates additional residential and employment growth over the planning period, including increased development capacity in and around the Town Center and Transit Center. Utility planning must account for this growth and ensure that water, sewer, stormwater, and other utility systems are monitored, maintained, and improved as needed to support adopted land use assumptions and maintain adopted levels of service.

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

Together, they strengthened the water supply system and improved system operations for water quality control.

In 2024, the City responded to a significant failure of the 24-inch water supply pipeline serving Mercer Island after Seattle Public Utilities identified a leak in the pipeline near SE 40th Street. During the outage, the City relied on a smaller backup supply pipeline and implemented emergency water conservation measures while repairs were completed. In response to the pipeline failure and aging infrastructure concerns, the City Council authorized design and construction of a new water supply pipeline as part of the 2025–2030 Capital Improvement Plan to improve long-term system reliability and resiliency. The project also includes new water service connections for Shorewood Apartments, which will transition from a direct SPU customer to a wholesale customer of the City.

In 2025, the City upgraded the Reservoir Booster Pump Station by replacing the five existing 100-hp pumps with high-efficiency split-case pumps and adding two smaller jockey pumps to serve low-flow conditions. The pump capacities were selected based on 2042 demand projections for the 492 Zone and 492 Sub-Zones. Key project results include greater system capacity and operational reliability, removal of mercury-containing equipment, improved hydraulic efficiency, and reduced long-term energy use.

Also in 2025, the City replaced Reservoir site’s original 1975-era 235-kilowatt standby generator, which had exceeded its useful life, with a new 500-kilowatt generator installed outside the building. The project added a new automatic transfer switch, manual transfer switch, portable generator connection port, and a replacement diesel fuel tank to ensure dependable full facility emergency operation.

From 2025 to 2026 the Reservoir Improvement Project replaced the aged interior and exterior protective coatings on both 4-million-gallon reservoir tanks, which were installed in 1962 and 1975 and last recoated in 2001. Structural tank repairs and safety upgrades including new exterior stair access and roof guardrails were also completed.

FUTURE NEEDS

Both the water supply available to the City and the City's distribution system are generally adequate to serve the growth projected for Mercer Island; however, ongoing analyses associated with the 2026 Water System Plan (WSP) update indicate that additional infrastructure improvements and continued coordination with Seattle Public Utilities will be necessary to maintain long-term system reliability, emergency preparedness, fire flow capacity, and adopted levels of service. As outlined in the Land Use Element of this Plan, the City's 2044 growth targets, as established in the King County Countywide Planning Policies, include a housing growth target of 1,239 dwelling units and an employment growth target of 1,300 jobs. Based on the 2026 Land Capacity Analysis (Appendix I), Mercer Island has an estimated residential capacity of 3,164 units, with most of this potential located within the Town Center.

Water system capacity and future service demand are calculated in the City of Mercer Island WSP. The most recent update of the WSP was adopted in 2022 and another update is underway and anticipated to be adopted by the end of 2026. The 2022 WSP establishes that there is system capacity for 14,234 equivalent residential units (ERUs). The 2022 WSP projects that there will be demand for 11,596 ERUs by 2036. The ongoing 2026 WSP update is evaluating future water demand, supply reliability, pump stations, storage, fire flow requirements, and hydraulic capacity associated with updated growth assumptions and changing development patterns.

Mercer Island Comprehensive Plan
Element 5 – Utilities

Some maintenance and capacity improvements to the water system are planned during the planning period (2024-2044). Those projects are detailed in the 2022 WSP and have been incorporated into the Capital Facilities Element Capital Facilities Plan (CFP) and Capital Reinvestment Plan (CRP). Projects that will be identified during the ongoing 2026 WSP update have not yet been incorporated into the CFP or CRP, as the update remains in progress and additional infrastructure needs and recommendations are still being evaluated.

The capacity maintained and added through CFP and CRP projects is expected to support the growth planned in this Comprehensive Plan. Planned projects include improvements to the supply pipeline, reservoirs, pump stations, and distribution system components intended to maintain reliable water service, improve resiliency, and support future growth. Existing reservoirs are also approaching the end of their useful life, with the North Reservoir anticipated to require replacement near the end of the planning horizon.

The Station Subarea Plan includes planning and policies related to increasing development capacity in the Station Area in two phases. The first phase is accounted for in this Comprehensive Plan and includes increases to development capacity in and around the Town Center as a part of the adoption of the Station Subarea Plan. Water system capacity associated with Phase 1 development has been evaluated as part of the ongoing 2026 WSP update. The Station Subarea Plan anticipates that in Phase 2 additional changes to the land capacity and future infrastructure needs may be required as part of the Phase 2 planning process, and additional system improvements may need to be considered to support implementation of Phase 2.

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, maintain, and replace water system infrastructure, including supply pipeline infrastructure, reservoirs, pump stations, pressure zones, and distribution system components, 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 Seattle Public Utilities and its other purveyors on all issues related to water supply reliability, contractual capacity, hydraulic capacity, emergency preparedness, conservation, and long-term infrastructure planning.
- 2.4 Obtain Mercer Island's water supply from a supply source that fully complies with the Safe Drinking Water Act.
- 2.5 Ensure compliance with regulatory requirements under the Safe Drinking Water Act for water quality testing of the distribution system by certified/licensed operators.
- 2.6 Support Puget Sound salmon recovery and watershed-based habitat recovery efforts through participation in WRIA 8.
- 2.7 Aggressively promote and support water conservation on Mercer Island and participate in regional water conservation activities to improve long-term water supply reliability and reduce stress on the water system during high-demand periods.

Mercer Island Comprehensive Plan
Element 5 – Utilities

- 2.8 Continue evaluating and implementing water system supply redundancy, emergency preparedness, and resiliency improvements, including backup supply infrastructure, emergency well improvements, supply pipeline upgrades, seismic improvements, and operational strategies intended to improve system reliability during disasters or supply disruptions.
- 2.9 Adopt the Water System Plan and its successors by reference.
- 2.10 Monitor water system capacity and coordinate water system planning and capital improvements with projected land use, housing, employment growth, and future Phase 2 growth planning efforts identified in the Comprehensive Plan to maintain adopted levels of service and support planned growth consistent with the Growth Management Act.
- 2.12 Plan and operate the water system to maintain adequate hydraulic capacity, pressure, storage, and fire flow protection under normal, peak demand, and emergency conditions.
- 2.13 Prioritize reinvestment in aging, deficient, or capacity-constrained water system infrastructure to maintain long-term reliability, resiliency, and operational efficiency.

III. SEWER UTILITY

The majority of the system was originally constructed by the Mercer Island Sewer District through three Utility Local Improvement Districts (ULIDs) in the late 1950s and early 1960s. The City has operated its sewer system since 1975, when the Mercer Island Sewer District was dissolved. The City's system does not include a small privately owned sewer system serving the Shorewood Apartment Complex and Covenant Shores Development. The City owns, operates, and maintains the remainder of the Island's sewage collection system, which conveys wastewater to the Metropolitan King County treatment plant in Renton for primary and secondary treatment.

The City's sewer system includes 17 pump stations, one flushing pump station, and more than 113 miles of gravity and pressure pipelines ranging from 3 to 24 inches in diameter. Included in the pipeline total is 12.9 miles of sewer lakeline, which is divided into five hydraulically distinct segments, or reaches, consisting of low-pressure sewer mains located 5 to 100 feet from shore that convey wastewater around the perimeter of the Island before connecting to regional conveyance facilities.

Beginning in 1988, each pump station was equipped with its own diesel generator to provide emergency power during outages, as required by Ecology.

Between 1990 and 1993, the City upgraded pumps across its sewer pump stations to Cornell pumps and completed minor electrical, mechanical, and telemetry improvements. Aside from these limited upgrades, the stations have not received any other major improvements since their original construction. In 2002, the City completed a Sewer Lakeline Replacement feasibility study of portions of Reaches 3 and 4 of the City's mid-1950s sewer lakeline along the northwest shoreline of the Island. The study found deteriorated asbestos cement pipe, undersized 10-inch and 12-inch segments, and pump stations that no longer met capacity needs.

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

In September of 2002, the City adopted a fat waste, oil and grease (FOG) ordinance.

In 2003, the City adopted the 2003 General Sewer Plan, the third sewer plan following the 1987 Sewer System Comprehensive Plan and the 1995 Comprehensive Sewer Plan Update. The plan's goals were to present the results of the updated Town Center hydraulic model, evaluate pump station odor control, assess three to four lakeline pump stations, and outline a capital improvement program implementation strategy.

In 2010, the City completed replacement of the Reach 3 sewer lakeline. The project constructed 7,000 feet of new lakeline alongside the existing alignment and reconfigured thirty-seven private lakefront side sewer connections between SE 32nd Street and Roanoke Landing. It also decommissioned Sewer Pump Stations 4 and 5 and constructed a new Sewer Pump Station 4 beneath I-90 westbound on-ramp. Completion of the project significantly reduced the risk of sanitary sewer overflows into Lake Washington.

In 2014, the City completed replacement of sewer pump station 14 which had obsolete and unreliable pumps and controls. The station was modernized, similar to pump station 4, to include submersible pumps, variable frequency drives, and above grade control panels.

In 2015, City staff completed a pump station condition assessment which identified the five stations most in need of rehabilitation.

In 2018, the City adopted its fourth General Sewer Plan. The plan highlighted several key efforts, including a lakeline access evaluation, pump station access evaluation, updated Town Center hydraulic modeling, a system capacity evaluation, a pipeline repair and replacement program, and guidelines for planning and budgeting a 20-year capital improvement program.

Between 2019 and 2026, the City completed a comprehensive upgrade of its sewer SCADA system as part of a broader effort to modernize aging automation and telemetry infrastructure. The project replaced obsolete equipment and unified the previously separate water and sewer SCADA systems into a single, secure, standards-based platform that improves reliability, operational efficiency, and system monitoring.

As of 2021, a total of 7,403 residential and commercial customers were connected to the City sewer system.

Between 2023 and 2024, the City rehabilitated approximately 1,600 feet of sewer main in Basin 40 using cured-in-place pipe (CIPP) lining, a trenchless and cost-effective method that reduces inflow and infiltration (I/I) while restoring structural integrity. These mains were targeted due to their age, and the widespread cracks, active infiltration, staining, and joint defects identified throughout the basin. Reducing I/I increases system capacity and lowers wastewater treatment costs. The effectiveness of the lining will be confirmed through the 2028 hydraulic modeling effort.

In 2024, a sewer pump station condition assessment ranked, prioritized improvements, and developed cost estimates for the five stations identified as needing rehabilitation in the 2015 assessment.

In 2026, King County completed its North Mercer Island/Enatai Sewer Upgrade Project, which included upgrading the North Mercer regional pump station, upgrading the City's Pump Station 11, and constructing a new regional sewer interceptor to convey wastewater off-Island. Completion of the project provides long-term capacity for the regional conveyance system.

Mercer Island Comprehensive Plan
Element 5 – Utilities

FUTURE NEEDS

The City must serve the sewer needs of its planned growth, much of which will be focused in the Town Center. While most of the Town Center’s sewer system is adequate to meet future demand, several pipeline segments require upsizing to prevent surcharging caused by increasing population density and stormwater inflow and infiltration.

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, several pipeline segments require upsizing to prevent surcharging caused by increasing population density and stormwater inflow and infiltration. 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.

The Station Subarea Plan includes planning and polices related to increasing development capacity in the Station Area in two phases. The first phase is accounted for in this Comprehensive Plan and includes increases to development capacity in and around the Town Center as a part of the adoption of the Station Subarea Plan. Sewer system capacity has been analyzed as a part of the development of the 2028 General Sewer Plan. The Station Subarea Plan anticipates that in Phase 2 additional changes to the land capacity may be implemented to maintain compliance with the Growth Management Act. Further analysis of sewer system capacity will be required as a part of the Phase 2 planning process and additional capacity improvements will likely need to be considered to support the implementation of Phase 2.

While Sewer Pump Stations 4, 11, and 14 have received major upgrades within the last two decades, the remaining fourteen stations are largely original. These stations have degraded structures and obsolete mechanical and electrical equipment that increase the risk for failure and sanitary sewer overflow into Lake Washington. The City has prioritized replacing one station in each upcoming biennial budget cycle, beginning with the five stations identified in the 2015 and 2024 condition assessments.

Recent sanitary sewer overflows due to capacity deficiencies in Lakeline Reach 1 and a blockage in Reach 5 highlights the need for capital improvements to the lakeline system. Although past General Sewer Plans identified the need for assessment and rehabilitation, no formal evaluations are known to have occurred and only Reach 3 has been improved since the lakeline was installed in 1966. Limited access points have prevented routine inspection, maintenance, and upgrades. As of March 2026, a comprehensive survey of the 2.5-mile Reach 1 is underway. Standard access-point designs, hydraulic analysis, and a full condition assessment are planned through 2027, with targeted capacity improvement projects planned for 2028. The methods and access-point standards developed during the Reach 1 effort will be applied to the remaining reaches.

The City is currently expanding its localized Town Center hydraulic model into a comprehensive Island-wide model. This upgraded model, expected to be completed by mid-2026, will provide a much clearer understanding of systemwide capacity constraints, inflow and infiltration (I/I) impacts, and future demand needs. The enhanced modeling will directly inform upcoming pipeline replacement and rehabilitation projects and will serve as a key tool in prioritizing and shaping the City’s Capital Improvements Plan.

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

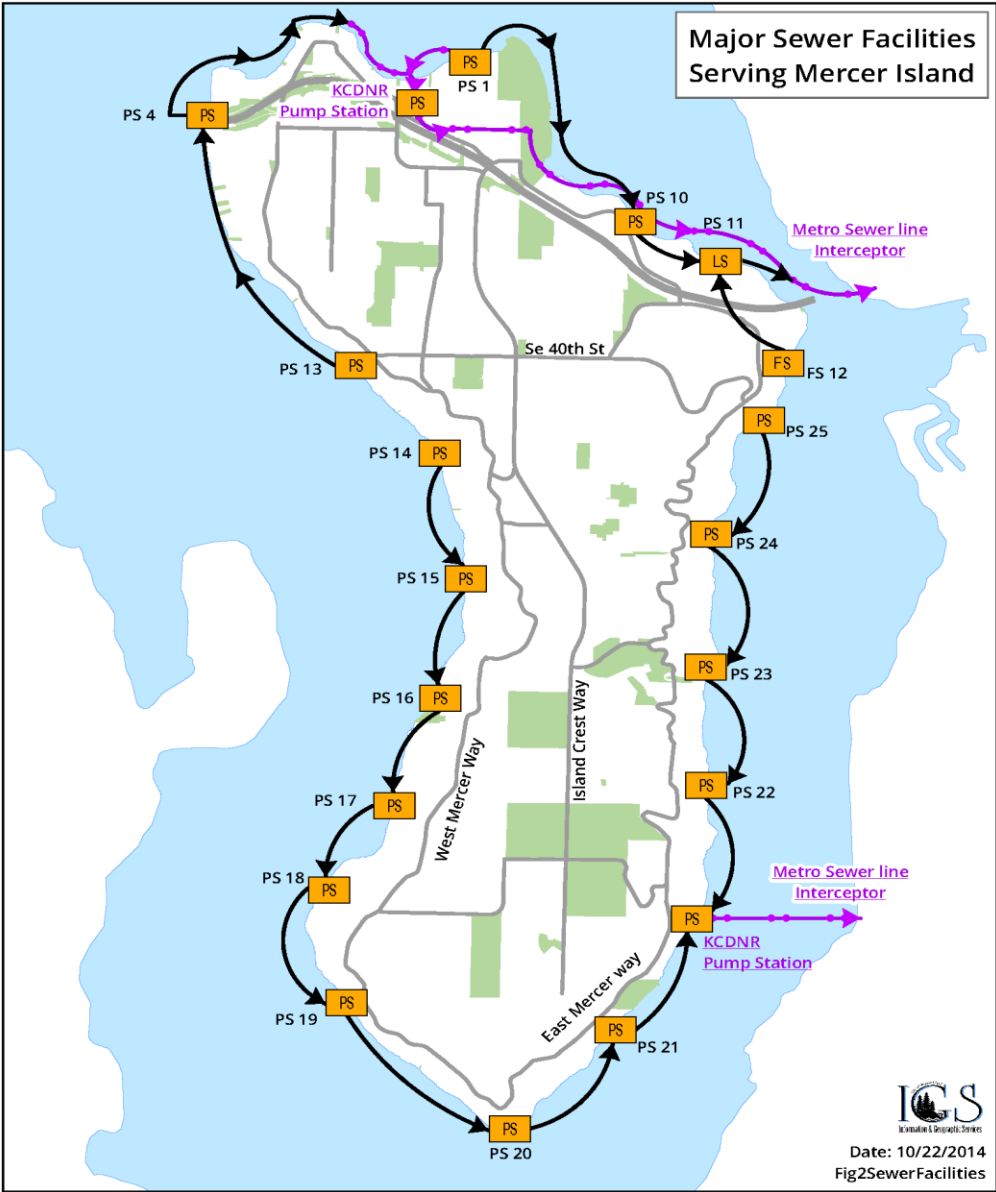
SEWER UTILITY POLICIES

- 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.

DRAFT

Mercer Island Comprehensive Plan
Element 5 – Utilities

Figure 27. Major Sewer Facilities Serving Mercer Island



IV. STORMWATER

Mercer Island's stormwater system serves a complex network of 88 drainage basins. The system relies heavily on "natural" conveyances. Over 15 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 28 — 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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

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.

Subsequent Basin Reviews were completed in 2006, 2008, 2010, 2012, 2014, 2018, and 2020 each adding new investigation sites and identifying targeted improvements with associated cost estimates. In total, 115 sites have been assessed, and 71 improvement projects have been identified. To date, 35 of these problem sites have been constructed to address erosion-related issues.

In 2020, the City completed mapping of approximately 40 miles of open and piped watercourses as part of the Watercourse Inventory and Typing and GIS Wetland Modeling project. This effort produced a single GIS watercourse dataset and GIS-based wetland prediction model both support planning and operations across multiple City departments.

In 2022, with most major ravine-related erosion issues from the Basin Reviews corrected, the City shifted its focus from basin-level assessments to analysis and modeling of the piped stormwater system. The City also began concentrating on smaller project areas (typically 100 to 350 feet) and combining multiple watercourse improvements to achieve better economy of scale.

Mercer Island Comprehensive Plan
Element 5 – Utilities

FUTURE NEEDS

Increased redevelopment and additional development capacity within the Town Center and future Phase 2 planning areas may require additional stormwater system analysis and infrastructure improvements to address drainage constraints, downstream capacity limitations, onsite detention requirements, and regulatory compliance. In some drainage basins, onsite stormwater management may be necessary where regional stormwater facilities or fee-in-lieu alternatives are not feasible or appropriate.

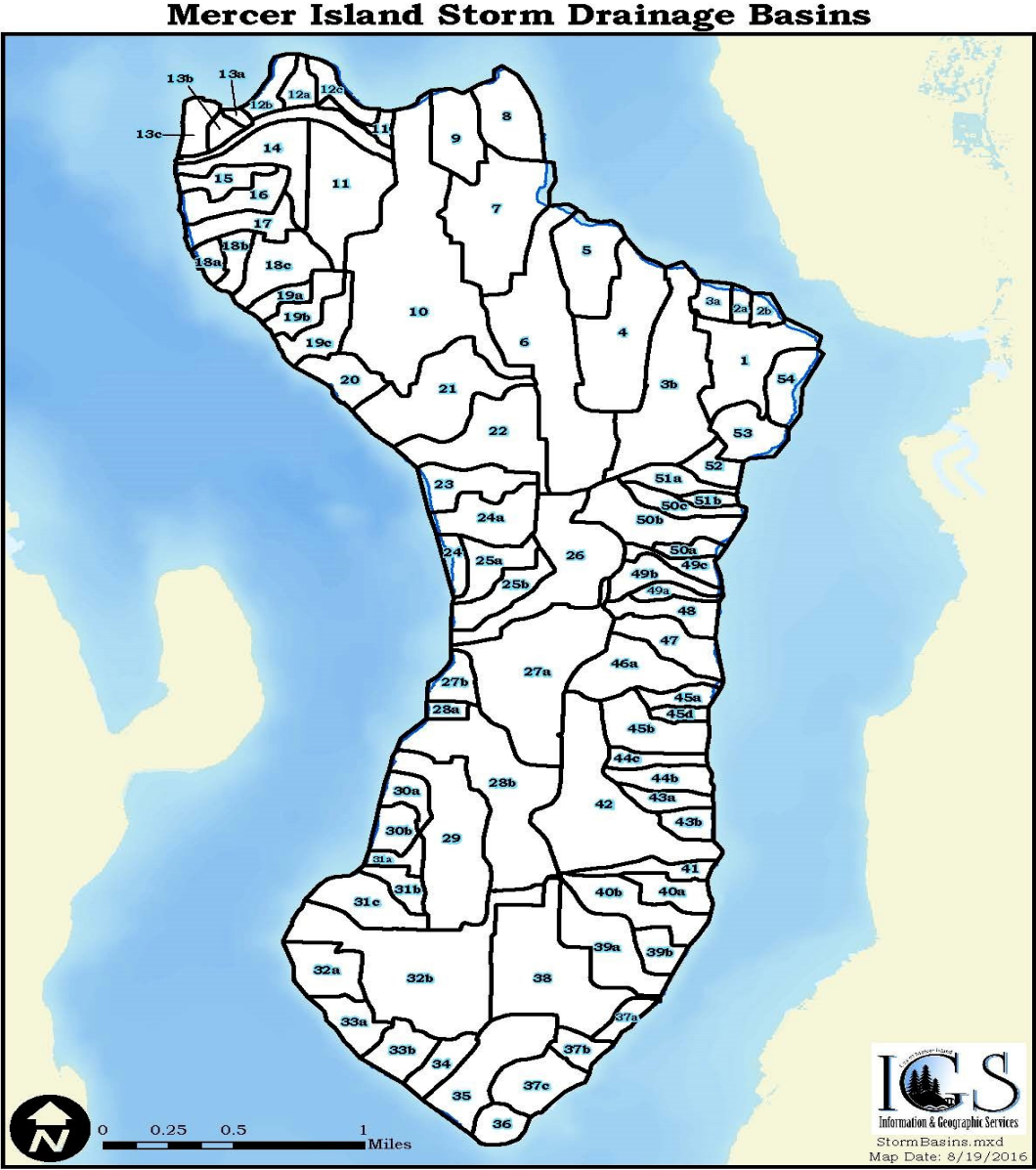
Our capital program will continue to develop strategies for inspecting and maintaining the existing storm drain network. Future projects may include but are not limited to erosion mitigation in open channels, repairs of culverts and sections of damaged pipe, and monitoring of existing flows to inform future development.

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.
- 4.7 The City shall require new development within the Town Center and other identified constrained drainage basins to provide onsite stormwater management, detention, and water quality treatment where necessary to prevent downstream drainage, flooding, erosion, and water quality impacts
- 4.8 Perform conveyance analysis associated with future Phase 2 growth planning and identify additional stormwater infrastructure improvements that may be necessary to support planned development and maintain compliance with stormwater regulations.

Mercer Island Comprehensive Plan
Element 5 – Utilities

Figure 28. Stormwater Drainage Basins



Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

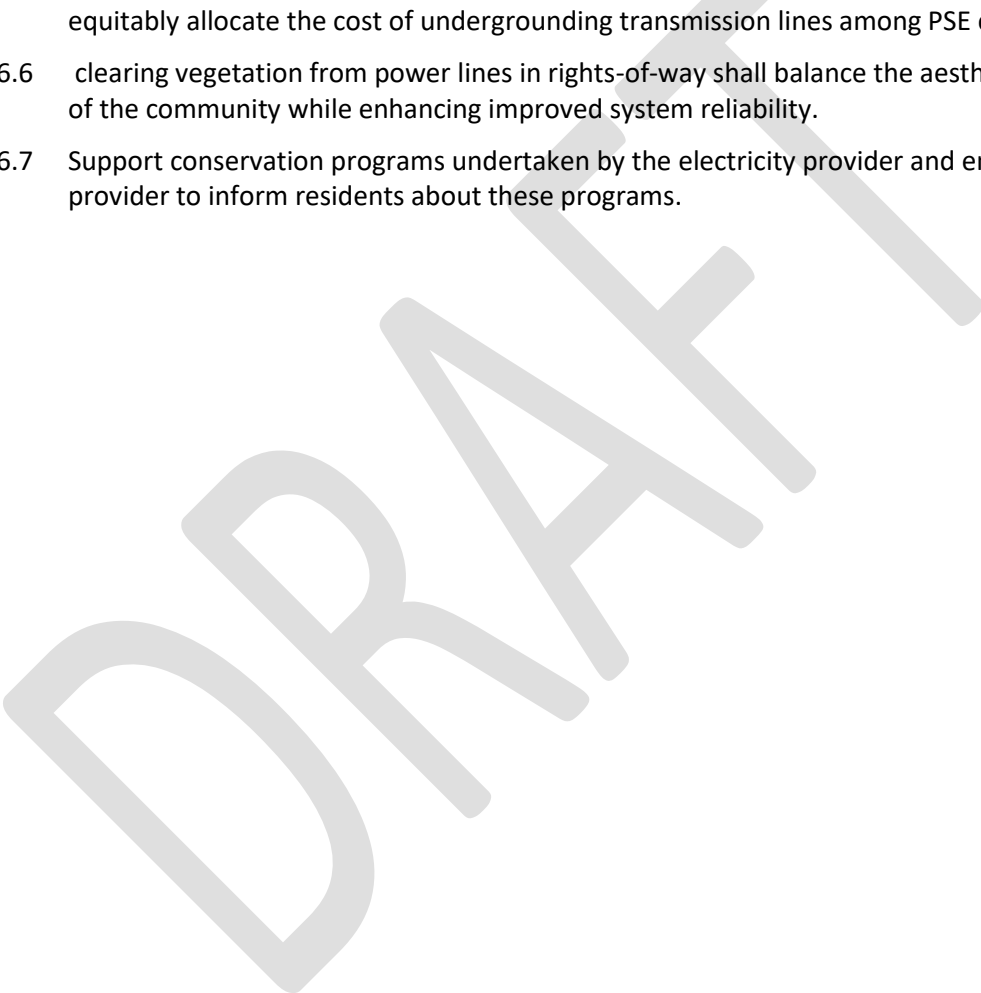
ELECTRICITY POLICIES

- 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

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

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.

Mercer Island Comprehensive Plan
Element 5 – Utilities

- 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.

DRAFT

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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. However, many of the City's public facilities and utility systems were originally designed to serve a smaller and less dense community and will require significant reinvestment, upgrades, and modernization to accommodate projected growth and maintain adopted levels of service. Planned growth, changing development patterns, aging infrastructure, and increased operational demands are expected to place additional pressure on the City's water, sewer, transportation, parks, and public facility systems over the planning period. Additional investments will be needed to replace City Hall and the Public Works Building, upgrade and maintain utility infrastructure, improve transportation facilities, and support park improvements, open space acquisition, and trail development. Improvements will also be needed to maintain adopted transportation Level of Service (LOS) standards and preserve the reliability and resiliency of 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 2044. 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. In May 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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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 Figure 29.

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Figure 29. 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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

costs, and impact on City 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;

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

- 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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Water system planning and assessments have identified deficiencies in future water supply, hydraulic requirements, and infrastructure capacity constraints associated with projected growth, seasonal peak demands, and fire flow requirements. The City's ability to meet future water demand is dependent upon adequate flow rates and hydraulic grade line (HGL) elevations provided by Seattle Public Utilities. Continued investment in water system infrastructure, including the supply pipeline, pump stations, pressure reducing valve stations, and distribution system upgrades, will be needed to maintain adequate levels of service and long-term system reliability.

SEWER SYSTEM

The City's Sewer Utility includes 17 pump stations, one flushing pump station, and more than 113 miles of gravity and pressure pipelines ranging from 3 to 24 inches in diameter. This system includes 12.9 miles of sewer lakeline divided into five hydraulically distinct reaches. These low-pressure mains sit 5 to 100 feet offshore and carry wastewater around the Island's perimeter before connecting to regional conveyance facilities that transport it off-Island. All wastewater is treated and disposed of at the South Treatment Plant in Renton.

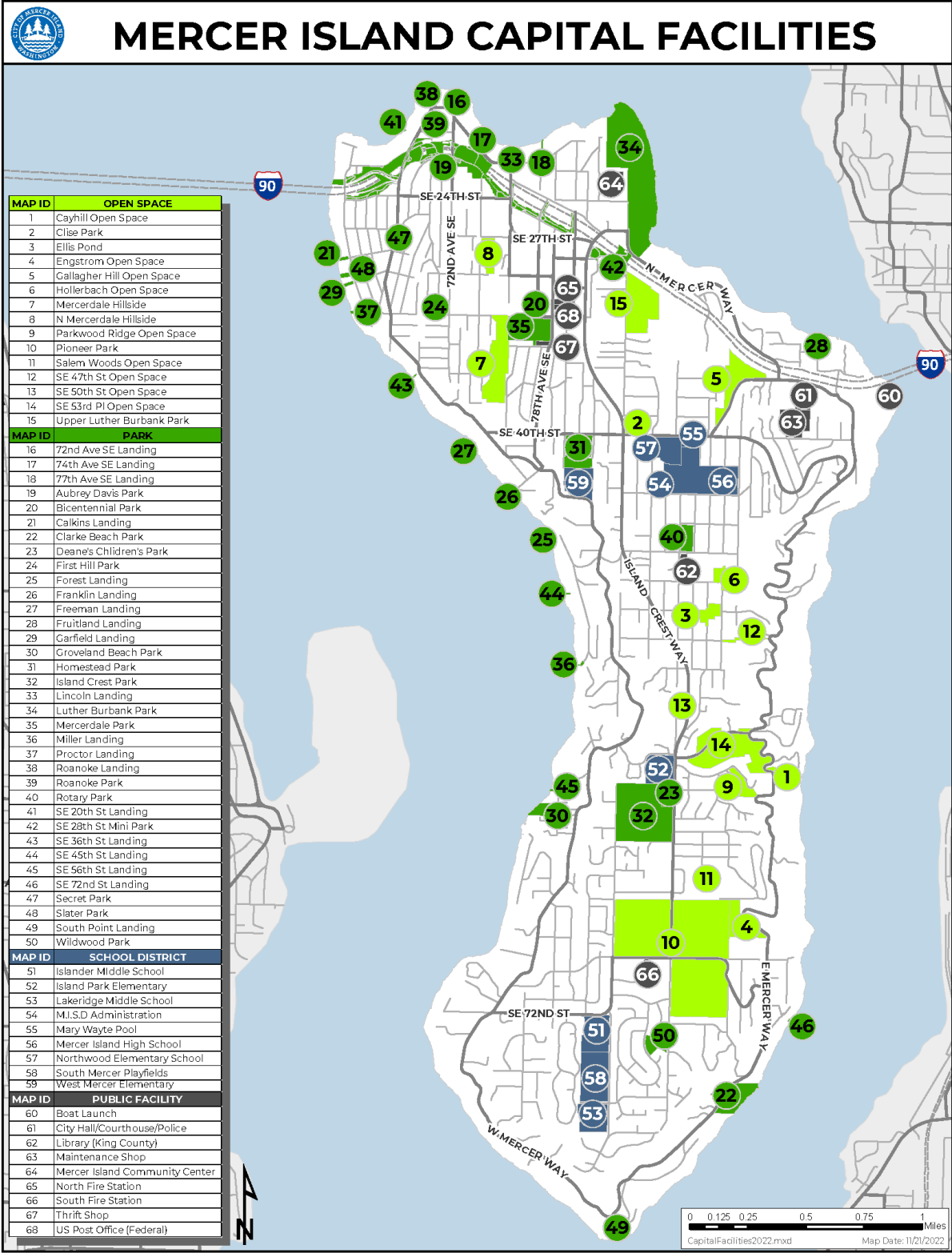
Sewer flow monitoring, condition assessments, and isolated sanitary sewer overflows have identified several deficiencies in the City's sewer infrastructure. Updated hydraulic modeling for the Town Center area also shows pipeline capacity issues under projected growth. Expanding the hydraulic model citywide, along with continued and strategic investment in the sewer collection system, pump stations, and lakeline conveyance infrastructure, will be essential to maintain service levels and ensure long-term system reliability.

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Figure 30. Mercer Island Capital Facilities



III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

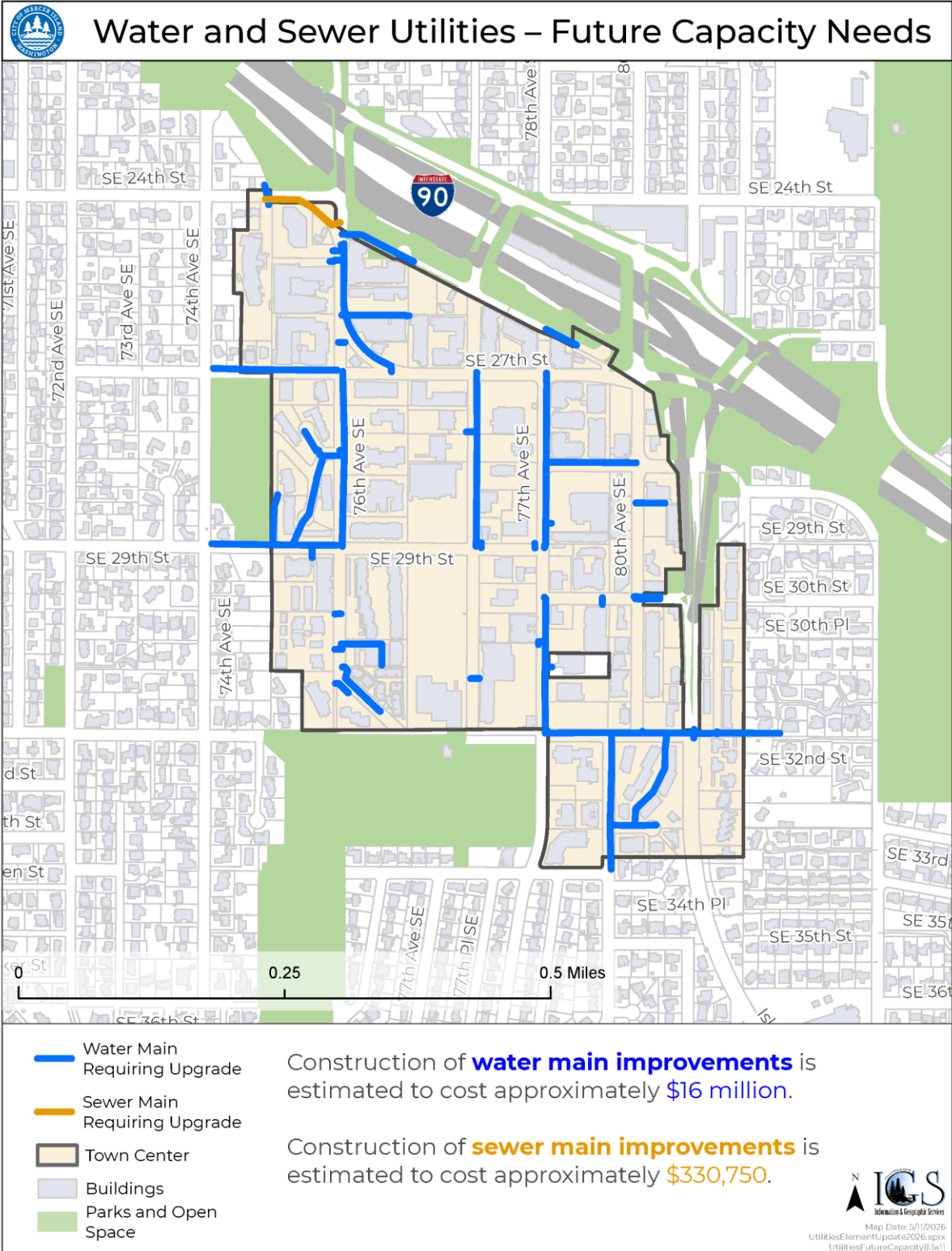
In analyzing capital financing over 20 years, the City must make estimates in two areas: The Cost of New Facilities and the Cost of Maintaining Existing Facilities. To estimate the former, the City must evaluate its established levels of service (LOS) for the various types of facilities — streets, parks, 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 Figure 32. In establishing a LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

As outlined above in the capital facilities inventory and further detailed in the Utilities Element, at the time of adoption of this comprehensive plan, initial analyses of the sewer and water systems have identified that improvements will be needed to maintain levels of service as growth occurs during the planning period. Figure 31, below, maps the future deficiencies that have been identified through this initial analysis. Evaluation of the water and sewer systems is ongoing and specific capital improvement projects and cost estimates are being developed as a part of the Water System Plan (to be adopted in late 2026) and the General Sewer Plan (to be adopted in 2028). This Element will be amended to add these projects and projected costs at the time of adoption of these functional plans.

DRAFT

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Figure 31. Future Capacity Needs for Water and Sewer Infrastructure in Town Center



Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Listed in Figure 32 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.

Figure 32. Level of Service & Financial Forecasts¹

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	\$4,871,000	\$243,550
Residential	None	None	\$0	\$0
Town Center	LOS "C"	2 locations identified	\$2,537,000	\$126,850
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	\$20.5 million	\$1,023,680
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				
SPU Supply	6.7 M gal/day	Coordination with Seattle Public Utilities regarding	None	

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency) ²	Annual Reinvestment Cost ³
		future hydraulic needs associated with projected demand increases.		
Storage	8.0 M gal	Existing storage capacity is anticipated to remain adequate, assuming future flow rates and HGL elevations identified in the Water System Plan can continue to be provided by Seattle Public Utilities. Recent improvements to the existing reservoirs are anticipated to extend their useful life; however, the tanks will continue to be evaluated during the planning period to determine long-term replacement needs.	\$2,750,000	\$6.5 million
Distribution	> 30 psi	Transmission system upgrades, distribution main replacements, PRV and Pump station upgrades, pressure zone improvements, and localized hydraulic improvements	\$55,675,000	
Fire Flow	Multiple	Maintain required fire flow during peak hour demand conditions, particularly within closed pressure zones	None	
Emergency Well	See Water System Plan		None	
Sanitary Sewer				
Collection System	0 - Sewer Overflows/D<1	Inflow & Infiltration Reduction Pipeline Rehabilitation/Replacement	\$26 million	\$1.68 million
Pump Station	0 – Sewer Overflows	Rehabilitation/Replacement		
Lakeline	0 – Sewer Overflows	Access Improvements Rehabilitation/Replacement		
Storm & Surface Water System				

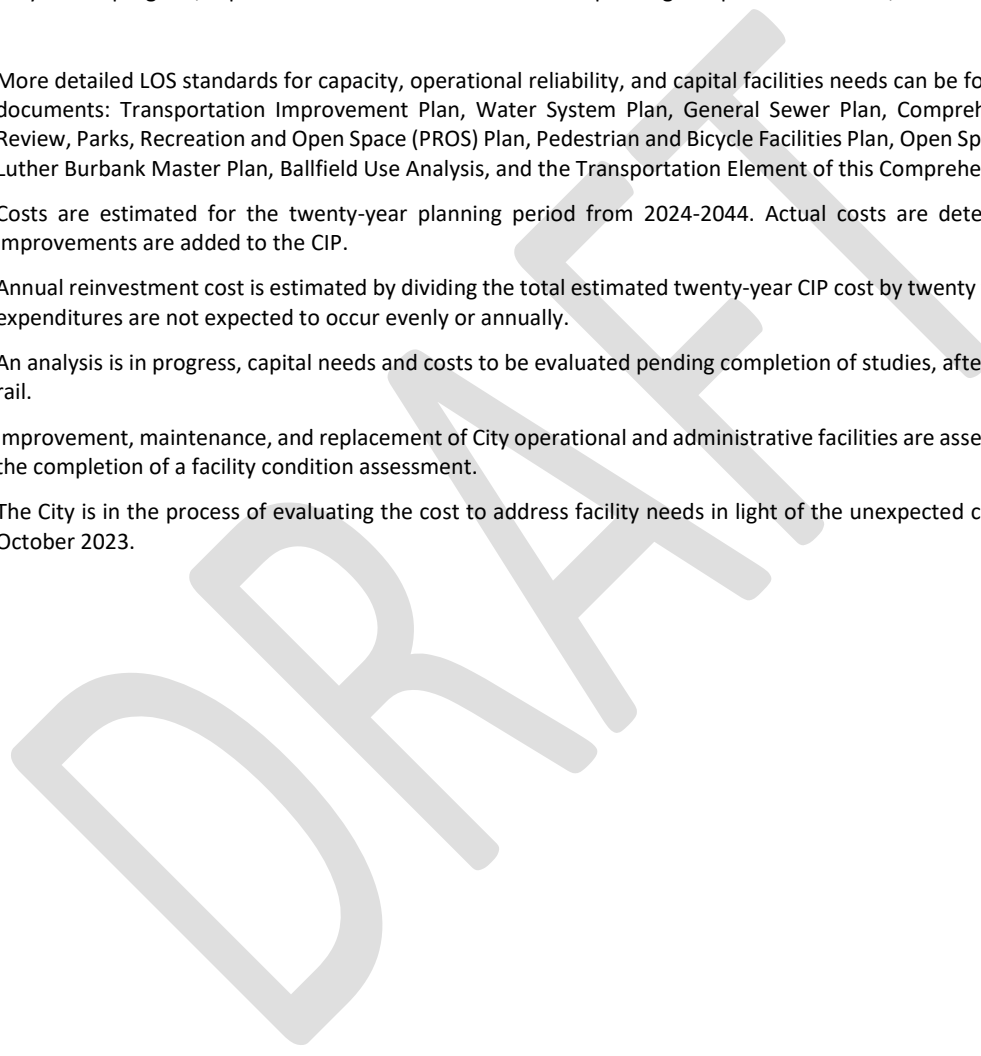
Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency) ²	Annual Reinvestment Cost ³
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 by dividing the total estimated twenty-year CIP cost by twenty years. Actual project expenditures are not expected to occur evenly or 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.



Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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	Thrft 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						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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

ID	Description	Plan	Target Completion Date	Budget						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
				2023	2024	2025	2026	2027	2028																	
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	566,722			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													
PA0132	Upper Luther Burbank Ravine Trail Phase 2	CFP	2026			113,000	261,000			374,000			261,000													
PA0133	MICEC Technology and Equipment Replacement	CRP	ONGOING	58,000	58,000	58,000	58,000	58,000	58,000	348,000	108,000		348,000												240,000	
PA0136	Luther Burbank Park South Shoreline Restoration	CRP	Q4 2023	575,000						575,000																
PA0138	Luther Burbank Swim Beach Renovation Design	CRP	2026		55,000	113,000	1,015,000			1,183,000			683,000													
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													
PA0143	Luther Burbank Park Tennis Court Renovation/Shared-Use Pickleball	CRP	Q4 2024	107,000	438,000					545,000			202,000													
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													
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													
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																
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	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

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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					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)	CRP	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)	CRP	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	CRP	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)	CRP	2026				531,000			531,000		383,000			62,000		86,000									
SP0133	Pedestrian & Bicycle Facilities Plan Update	CRP	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	CRP	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	-	-	-	-	-	-	-	-	-	-	

Mercer Island Comprehensive Plan Element 6 – Capital Facilities

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 Stabilization	CRP	2026			58,289	307,150			365,439							365,439									
SW0109	Sub basin 24a.1 Watercourse Stabilization	CRP	Q4 2024	18,341	61,642					79,983							79,983									
SW0110	Sub basin 39a.2 Watercourse Stabilization	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 Neighborhood 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 Wel #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			\$ 36,487,896	\$ 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	\$ 691,188	\$ 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
-----	--------------	--	--	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	-----------------------	-------------------	----------------------	----------------------	-------------------	----------------------	----------------------	---------------------	---------------------	-------------------	------------------	---------------------	-------------------	---------------------	-------------------	---------------------	---------------------

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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, address existing and projected infrastructure deficiencies, and support planned growth consistent with the Comprehensive Plan.
- 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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

- 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 The City shall monitor utility system capacity and coordinate capital investments as necessary to maintain reliable water, sewer, and stormwater service levels concurrent with planned growth and changing development patterns.
- 1.17 Develop and adopt new impact fees, or refine existing impact fees, in accordance with the Growth Management Act as part of the financing for public facilities. Public facilities for which impact fees may be collected shall include public streets and roads; publicly owned parks, open space, and recreation facilities; school facilities; and City fire protection facilities.
- 1.18 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.
- 1.19 The City adopts by reference the "standard of service" for primary and secondary education levels of service set forth in the Mercer Island School District's capital facilities plan, as adopted and periodically amended by the Mercer Island School District Board of Directors.
- 1.20 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.
- 1.21 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.
- 1.22 City procurement should include consideration of total lifecycle costs, recycled content, and other common measures of product sustainability combined with considered support of emerging low-carbon building and utility methodologies.
- 1.23 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.
- 1.24 Parks and Open Space Capital Facilities — Identify measures to reduce carbon footprint and GHG emissions when planning projects, favoring options with the lowest feasible carbon footprint, greatest carbon sequestration potential, and potential carbon-cycling. Implement

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

- 1.25 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.
- 1.26 Establish goals, policies, and strategies for parks and open space facilities in the Parks, Recreation, and Open Space (PROS) Plan.
- 1.27 Coordinate with the Mercer Island School District to the extent it is practical to seek economies of scale available through shared facilities.
- 1.28 Adopt the Americans with Disabilities Act (ADA) Transition Plan and its successors by reference.
- 1.29 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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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 33 and Figure 34 below show the 20-year impacts of capital investments for the City's infrastructure.

Figure 33. Capital Facilities Forecast

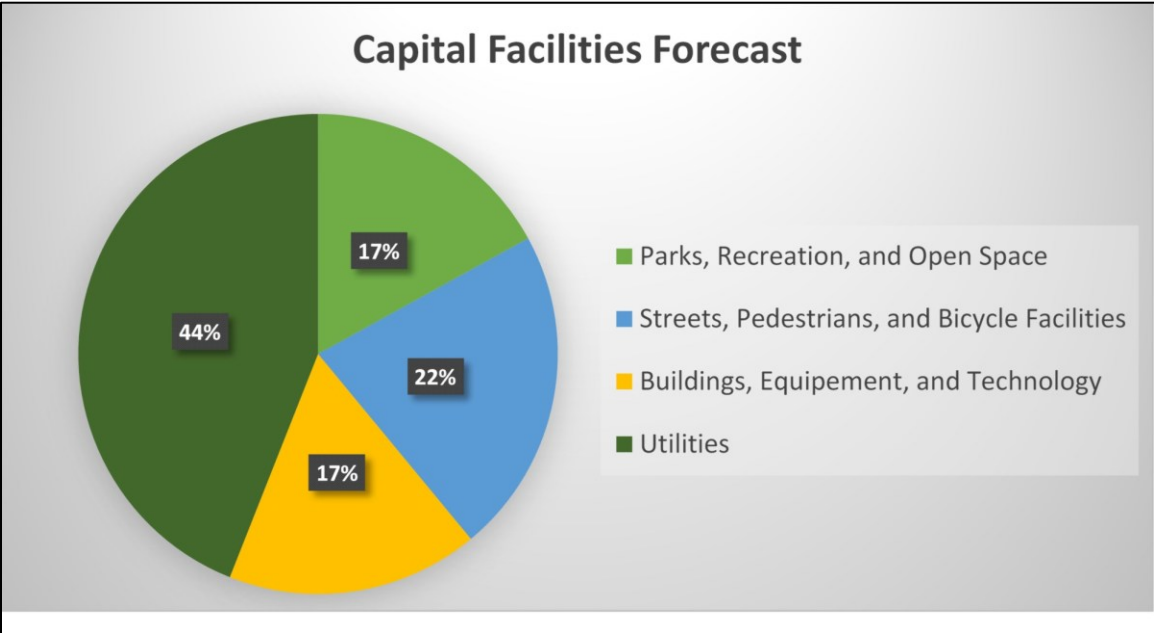


Figure 34. Capital Facilities Forecast*

		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. The City is also evaluating the cost of improvements to the sewer and water systems necessary to support implementation of Phase 1 of the Station Subarea Plan.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 6 – Capital Facilities

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.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

Element 8 – Economic Development

I. INTRODUCTION, EXISTING CONDITIONS, AND LAND USE CONNECTIONS

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. Figure 35 shows the full-time, year-round employed population 16 years old and over by industry.

Figure 35. 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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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&q=1600000US5345005&tid=ACST5Y2021.S2404>

<https://data.census.gov/table?q=earnings+by+industry&q=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. Figure 36 shows the educational attainment for the Mercer Island population aged 25 or older.

Figure 36. 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. Figure 37 shows the 2021 median household incomes for Washington State and selected Puget Sound counties.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

Figure 37. Estimated 2024 Median Household Income in the Last 12 Months, Washington State and Selected Puget Sound Counties.

Location	Median Income (Dollars)
Washington State	\$98,141
King	\$124,746
Kitsap	\$104,158
Pierce	\$99,564
Snohomish	\$111,246

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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 into those districts.

Each of the three commercial areas is regulated differently, with the built environment reflecting those variations. The Station Area 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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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:

- **Station Subarea Plan** – Establishes a community vision, goals, and policies for the area around the Sound Transit Mercer Island Link light rail station, as required by Multicounty Planning Policy DP-22 and RCW 36.70A.840.
- **The Arts and Cultural Plan** – Directs the provision of artistic and cultural infrastructure that draws resident diners, associated business such as wineries, and shoppers to commercial areas.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 here. 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. Arts and cultural resources can serve to incentivize both on- and off-island high-value businesses to engage with the City with minimal parking impact if located near light rail.

- **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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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. Figure 38 shows the 2021 household income distribution in Mercer Island and King County.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

Figure 39 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.

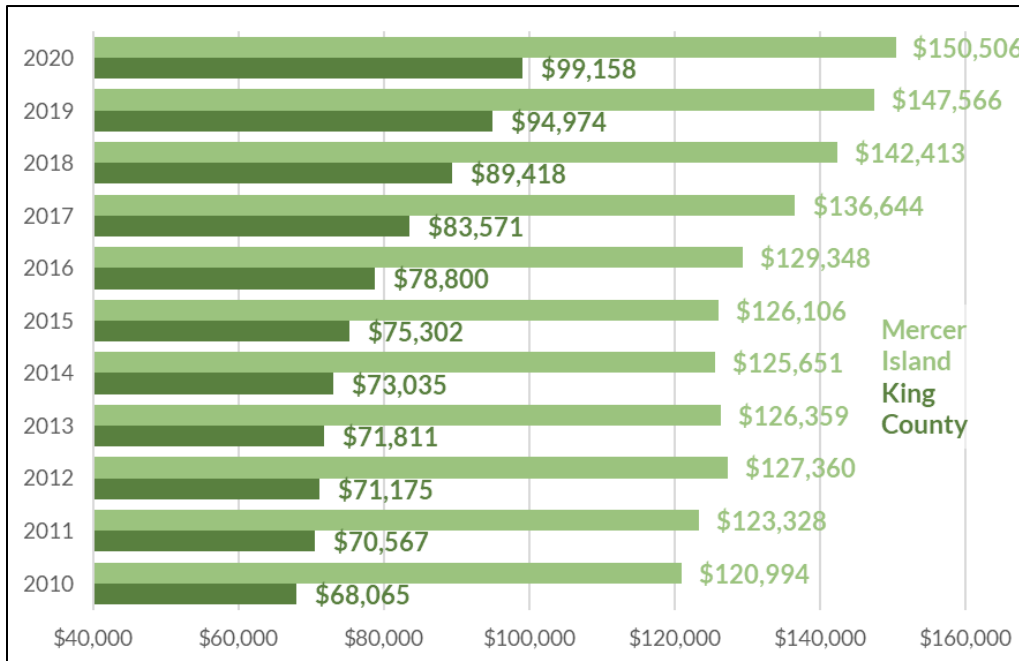
Figure 38. Household Income and Benefits, 2021

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.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

Figure 39. 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 Line 2 Light Rail 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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 as well as exploring opportunities to establish a vision and marketing through public outreach that can include creating a Mercer Island Opportunity Task Force.

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.

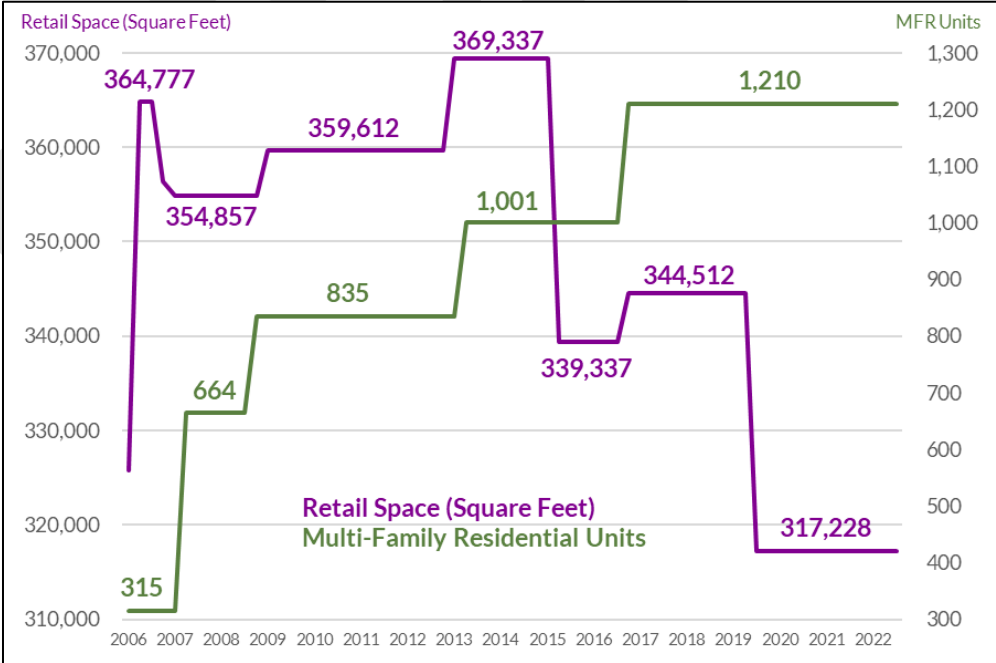
The City's future land use map in the Land Use Element and the zoning that implements that policy framework limits the areas where commercial uses are allowed to the Town Center, the planned business zone, and the commercial-offices zone. The size of commercial zones can influence the cost and

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 40 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. 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 multifamily residential units has increased by nearly 75%.

Figure 40. Change in Retail Space and Multifamily Residential Units, Town Center, 2006 to 2022



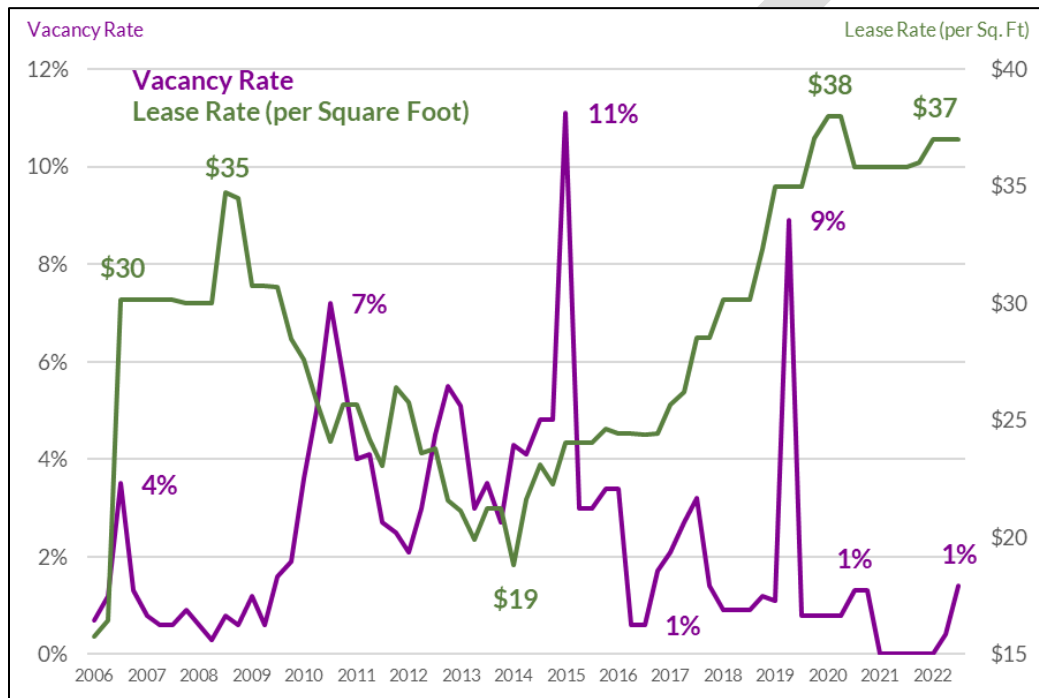
Source: Economic Analysis, Appendix F.

Between 2006 and 2020, the yearly lease rate (shown per square foot of retail space in Figure 41) increased to 38 dollars per square foot in the first quarter of 2020 and was held at 37 dollars per

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 41. 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

Mercer Island Comprehensive Plan
Element 8 – Economic Development

developments in the local economy. Opportunities can include increasing marketing around the Vision for Mercer Island highlighting current and future water-way and water-sports access, Social Clubs, Parks, Farmers Markets and Arts and Art Programs. The adjacency to Seattle and eastside cities and the opportunity to serve the arts therein can provide substantial benefits for businesses.

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 and locally focused service 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, with increased densities near high-capacity transit. 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.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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 including Pop-Ups and informal exterior gathering spaces.

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. Figure 42 shows the inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2019.

Figure 42. 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%

Mercer Island Comprehensive Plan
Element 8 – Economic Development

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. Figure 43 shows the earnings for on-island jobs as tracked in 2019 by the U.S. Census Bureau.

Figure 43. Mercer Island Jobs by Earnings, 2019

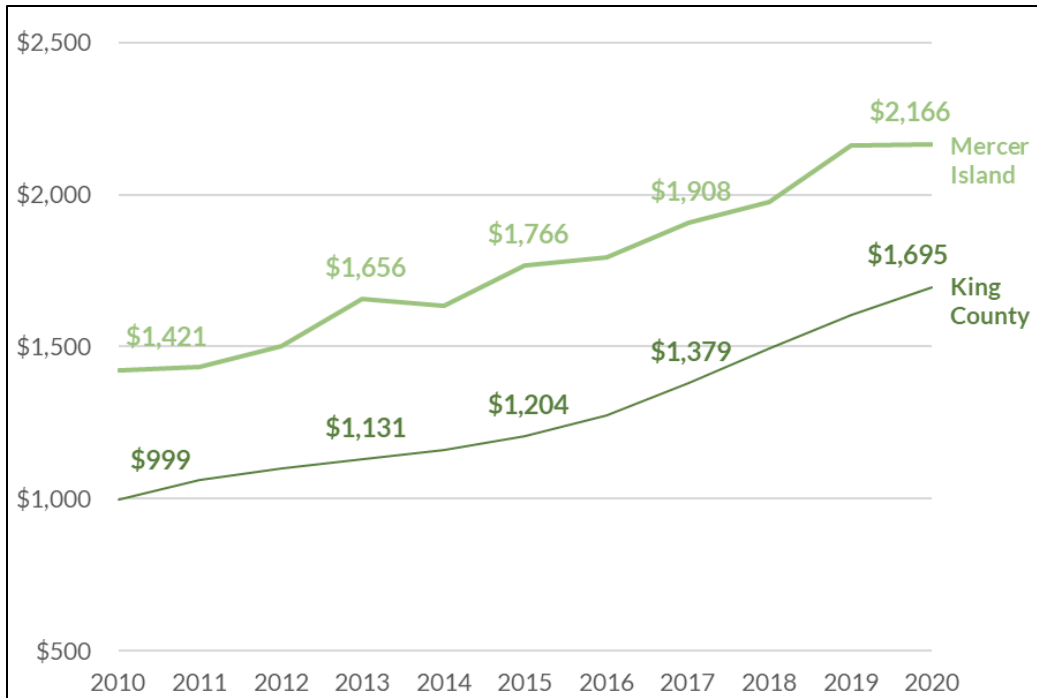
Earning Range	Mercer Island		King County	
	Count	Share	Count	Share
\$1,250 per month or less (\$15,000 annually)	1,738	24.6%	188,902	13.7%
\$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually)	1,995	28.2%	299,798	21.7%
More than \$3,333 per month (more than \$39,996 annually)	3,338	47.2%	891,181	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 44 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. The City is taking actions such as increasing mid-rise residential development capacity and establishing inclusionary zoning in the Town Center zone to address housing affordability both island-wide and within the Station Subarea. Continued attention to housing affordability can help to mitigate and address this threat to economic development.

Mercer Island Comprehensive Plan
 Element 8 – Economic Development

Figure 44. 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 as well as studying photovoltaic and bio-fuel opportunities to create low-cost and circular carbon economies of harvesting waste, reducing off-island processing and generating high-value, on-island revenue and energy. 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.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

II. GOALS AND POLICIES

Partnerships

- Goal 1:** The City establishes and maintains a healthy ecosystem of partnerships with businesses, local organizations, and other public agencies.
- 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 with low-cost gathering spaces 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, Mosaic Mercer Island, the Mercer Island Rowing Club 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.
 - 1.3 Streamline and simplify the process for new business setup, making it more intuitive and user-friendly.

Prioritized Business types

- Goal 2:** Prioritized business types are supported and encouraged by the City’s economic development efforts.
- 2.1 Prioritize the following types of businesses:
 - 2.1.1 Locally owned independent restaurants, tasting rooms, pubs, or cafes;
 - 2.1.2 Specialty retail;
 - 2.1.3 Commercial office employers; and
 - 2.1.4 High-wage employers.
 - 2.2 Periodically review the list of prioritized business types.
 - 2.3 Develop incentives that attract prioritized business types, such as:
 - 2.3.1 Public and private partnerships to foster affordable commercial space solutions and
 - 2.3.2 Permit fee waiver or reduction.
 - 2.4 Establish an expedited permit review process for prioritized business types.
 - 2.5 Act as a liaison between commercial landlords and prioritized business types, mainly focusing on bringing wineries and complementary businesses.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

Premier Wine Destination

Goal 3: Consider establishing Mercer Island as a Premier Wine Destination.

- 3.1 Explore capitalizing on Mercer Island's efforts, brand, and location as a premier wine destination by considering the following strategies:
 - 3.1.1 Expand and promote the "Art Uncorked" event as a flagship attraction, leveraging its popularity to draw visitors year-round.
 - 3.1.2 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.
 - 3.1.3 Facilitate partnerships between commercial landlords and wineries to encourage the establishment of tasting rooms in strategic locations.
 - 3.1.4 Develop a comprehensive marketing strategy to position Mercer Island as a unique wine destination, distinguishing it from Seattle and Bellevue.
 - 3.1.5 Encourage the development of complementary businesses such as artisanal food shops, wine-focused restaurants, and boutique hotels to support the wine destination concept.
 - 3.1.6 Emphasize farm-to-table and outdoor dining experiences where possible.
 - 3.1.7 Encourage the development of restaurants, cafes, and food-related businesses that align with the wine destination theme.
 - 3.1.8 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.
 - 3.1.9 Plan for increased parking needs as the wine destination concept develops, including considerations for ride-sharing and public transportation options.

Business Enhancement and Diversification

Goal 4: Business Offerings are diversified and enhanced by the City's economic development efforts.

- 4.1 Seek out new restauranteurs who bring novel and diverse dining options to Mercer Island.
- 4.2 Support the growth of specialty retail shops catering to residents and visitors, emphasizing quality and uniqueness over specific business types.
- 4.3 Promote pop-up shops and rotating vendor markets to add variety and attract shoppers.
- 4.4 Explore the creation of a "Restaurant Row" designation with additional tax benefits.
- 4.5 Consider impacts to existing businesses when evaluating proposed zoning changes.
- 4.6 Encourage the development of public-private partnerships to foster affordable commercial space solutions.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

- 4.7 Conduct comprehensive outreach to surrounding businesses before initiating capital projects in commercial zones.
- 4.8 Identify and adopt measures to reduce the displacement of existing businesses as new development occurs.

Public space and commercial areas

Goal 5: Public Spaces and commercial areas are activated by City improvements and economic development efforts.

Customer Attraction

Goal 6: Commercial areas are attractive and inviting to the Mercer Island community and visitors.

- 6.1 Commercial areas have safe multimodal circulation and parking for residents, visitors, and employees.
- 6.2 Leverage the opening of Sound Transit's East Link Light Rail Line 2 to attract residents, commuters, and visitors to the Town Center.
- 6.3 Emphasize spaces that are human-scaled, safe, and comfortable for walkers, bikers, and e-bikes.
- 6.4 Maintain the existing City program to beautify the Town Center with landscaping, street trees, and flower baskets.
- 6.5 Create branded wayfinding signage, street furniture, and public art to reinforce the Town Center identity.
 - 6.5.1 Prioritize improvements in key locations such as the Mercer Island Farmers Market site.
 - 6.5.2 Dedicate permanent signage for established community events like the Mercer Island Farmers Market.
- 6.6 Activate Mercer Island's commercial areas and public spaces by encouraging:
 - 6.6.1 Programming that enables residents and visitors to gather, socialize, and celebrate in the city safely;
 - 6.6.2 Flexible-use outdoor spaces for dining, markets, events, and temporary commercial uses; and
 - 6.6.3 Utilizing public art and furniture design in outdoor spaces.
- 6.7 Implement and promote a pilot seasonal parklet program allowing businesses to convert parking spaces to outdoor seating.

Sustainability and Environment

Goal 7: The City's economic development efforts are sustainable and environmentally friendly.

- 7.1 Consider Climate Action Plan strategies during economic development decision-making.

Regulations and Permitting

Goal 8: Permit review and inspections are delivered predictably, efficiently, and on time to support Mercer Island businesses as the start, grow, and thrive.

Mercer Island Comprehensive Plan
Element 8 – Economic Development

- 8.1 Continue the longstanding practice of providing next- business-day construction inspections under ordinary circumstances.
- 8.2 Advocate for Mercer Island businesses to receive timely services from outside agencies.
- 8.3 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:
 - 8.3.1 Minimizing delay and reducing uncertainty in the entitlement process;
 - 8.3.2 Improving conflict resolution in the entitlement process;
 - 8.3.3 Mitigating the risk of business displacement as new development occurs;
 - 8.3.4 Beneficial impacts to parking and greenhouse gas emissions; and
 - 8.3.5 Lowering compliance costs for business owners.
- 8.4 Evaluate permit fees, including impact fees, imposed on development to ensure they are consistent with the City approved cost recovery targets and established programs.
- 8.5 Update home business regulations to support a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses.
- 8.6 Establish a dedicated service [e.g. concierge] to guide businesses through permitting.
- 8.7 Prepare a guide to doing business on the Island emphasizing the permitting process and the pre-application process.
- 8.8 Periodically review the City’s commercial sign code.
- 8.9 Consider eliminating traffic study requirements for small businesses outside of new development.

Implementation

- Goal 9:** The City implements the Economic Development Element to support and grow the local economy.
- 9.1 Establish and periodically update a prioritized and time-based economic development implementation plan following the adoption of this Comprehensive Plan and subject.
 - 9.2 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.



MERCER ISLAND



STATION AREA PLAN

Table of contents

Contents

Station Subarea	3
Introduction	3
Station Area Community Profile	8
Vision.....	10
Land Use	11
Introduction	11
Existing Conditions and Trends	12
Growth Forecast.....	16
Land Use Issues	18
Goals and Policies	19
Housing	24
Introduction	24
Existing Conditions, Trends, and Efforts.....	24
Goals and Policies	26
Economic Development	28
Introduction & Existing Conditions	28
Goals and Policies	32
Transportation	33
Introduction	33
Existing Conditions.....	33
Goals and Policies	35
Capital Facilities & Utilities	37
Introduction & Existing Conditions	37
Goals and Policies	37
Implementation Program	38
Phase 2 implementation Actions	38

Station Subarea

INTRODUCTION

BACKGROUND

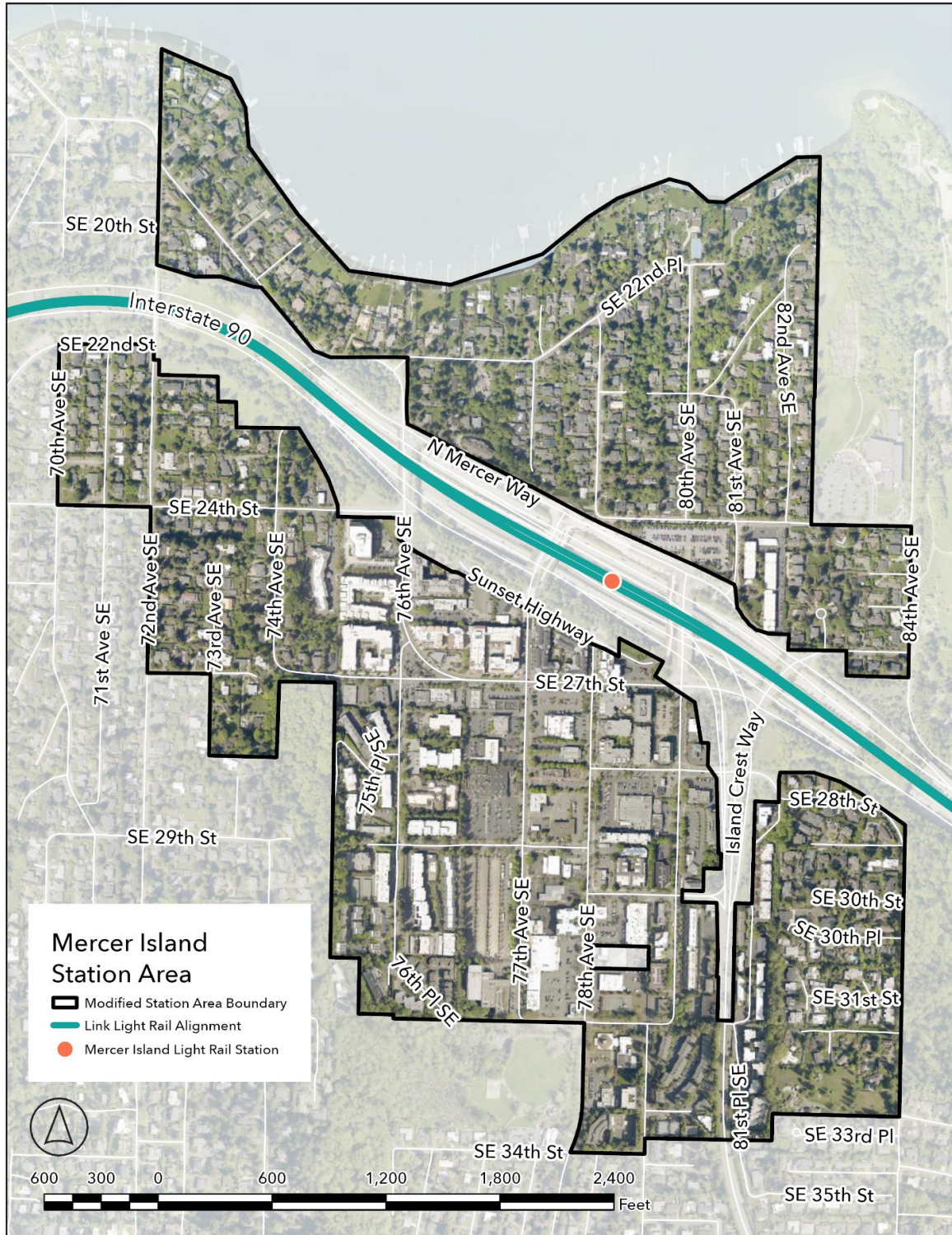
The last three decades have seen historic investments in public transportation within the Puget Sound Region, chiefly the addition of regional light rail. Mercer Island's Link light rail station connects the city to both Seattle and to eastside employment hubs in Bellevue and Redmond via fast, reliable, and inexpensive public transportation—providing substantial new access to opportunities for employment, education, healthcare, and entertainment.

Station areas have regional significance as places to efficiently focus employment and housing capacity to increase opportunity and economic productivity, and to mitigate additional demand for road facilities, parking, and new greenfield development as the regional population grows. Station area planning can substantially reduce greenhouse gas emissions per capita by diverting car trips, and by producing carbon-efficient multifamily housing. Because of this regional role, the state legislature, regional, and county governments have imposed specific laws and policies that require station hosting municipalities to establish Station Areas within ½ mile of major transit facilities. HB 1491, often referred to as the Transit-Oriented Development or TOD bill, passed in 2025, with local implementation required by 2029, imposes a series of minimum density requirements, affordability requirements and incentives, and restricts locally imposed off-street parking minimums within the areas near major transit stops. The TOD bill regulations were codified in the Growth Management Act ("GMA") at [RCW 36.70A.840](#).

An essential component of station area planning is ensuring that the community benefits from transit investment, and that the station area itself is a great place to live, work, and visit. This means incorporating many of the components that make Mercer Island a wonderful place, including beautiful landscape, friendly and comfortable commercial spaces, and safe, walkable, and bike-friendly green connections between parks, community institutions, businesses, and housing that prioritize access to the light rail station for people of all ages and abilities. The Station Area is shown in Figure 1.

Mercer Island Comprehensive Plan
Station Subarea Plan

FIGURE 1. MODIFIED STATION AREA BOUNDARY



City of Mercer Island; Framework, 2026

The Role of Town Center

The Town Center has long been the commercial and mixed-use core of Mercer Island, providing daily needs, services and amenities. With the establishment of the Link light rail station as shown in Figure 1, Town Center is now the focal point of the new Station Area in addition to the city-at-large. As such, the Town Center vision and all planning goals and policies are now located here, in the Station subarea plan. This will enable the City to plan for a Town Center that is well integrated with the larger Station Area and that benefits from proximity to a regional transit connection.

OVERVIEW: CREATING A STATION AREA

This subarea plan is divided into two phases: Phase 1 will focus on planning in the Town Center and adjacent multifamily zones and Phase 2 will involve a longer process to address state planning requirements for transit-oriented development (TOD) near light rail. Phasing the subarea plan will provide more time to engage the community, and in particular neighborhoods within the Station Area boundary, so that planning decisions balance state mandates with local priorities. The goals and policies in the following subarea elements indicate when they are being initiated – whether Phase 1 or Phase 2. Figure 2 shows the areas that will be the subject of Phases 1 and 2 and Figure 3 further illustrates the phased approach.

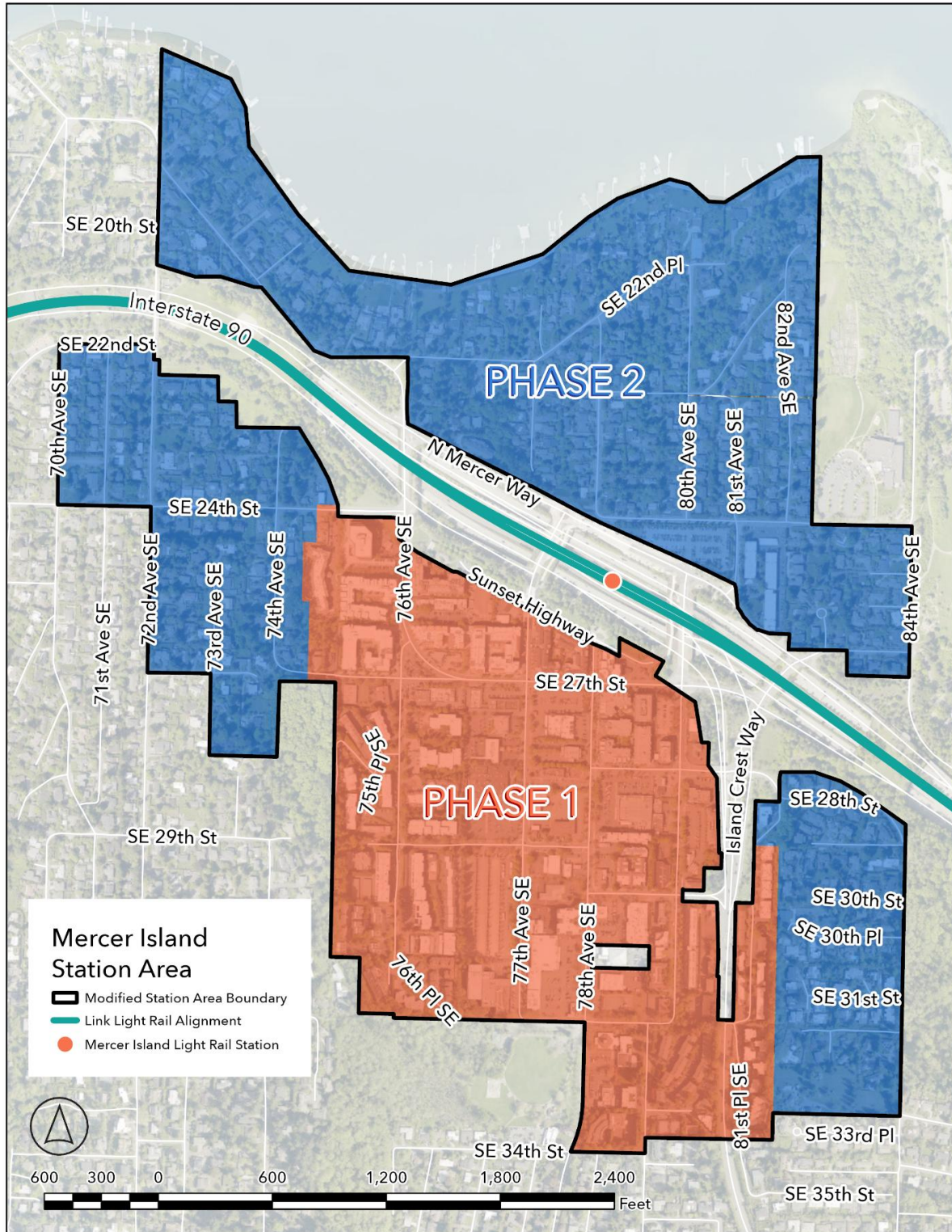
Phase 1

Phase 1 is being undertaken to achieve two goals by July 31, 2026. First, it is a response to Growth Management Hearings Board (GMHB) Order 25-3-0003, Issue #3 requiring the City to establish a Station Subarea Plan for the area within ½ mile of the Link Light Rail station. Second, it establishes upzones in Town Center and adjacent multifamily zones to increase affordable housing capacity in response to GMHB Order 25-3-0003, Issue # 1. These upzones will set the stage for TOD bill compliance, the principal subject of Phase 2. While the Station Subarea Plan is established for the entire station area in Phase 1, the regulatory changes undertaken in Phase 1 are focused in the Town Center and surrounding multifamily zones, as shown in Figure 2.

Phase 2

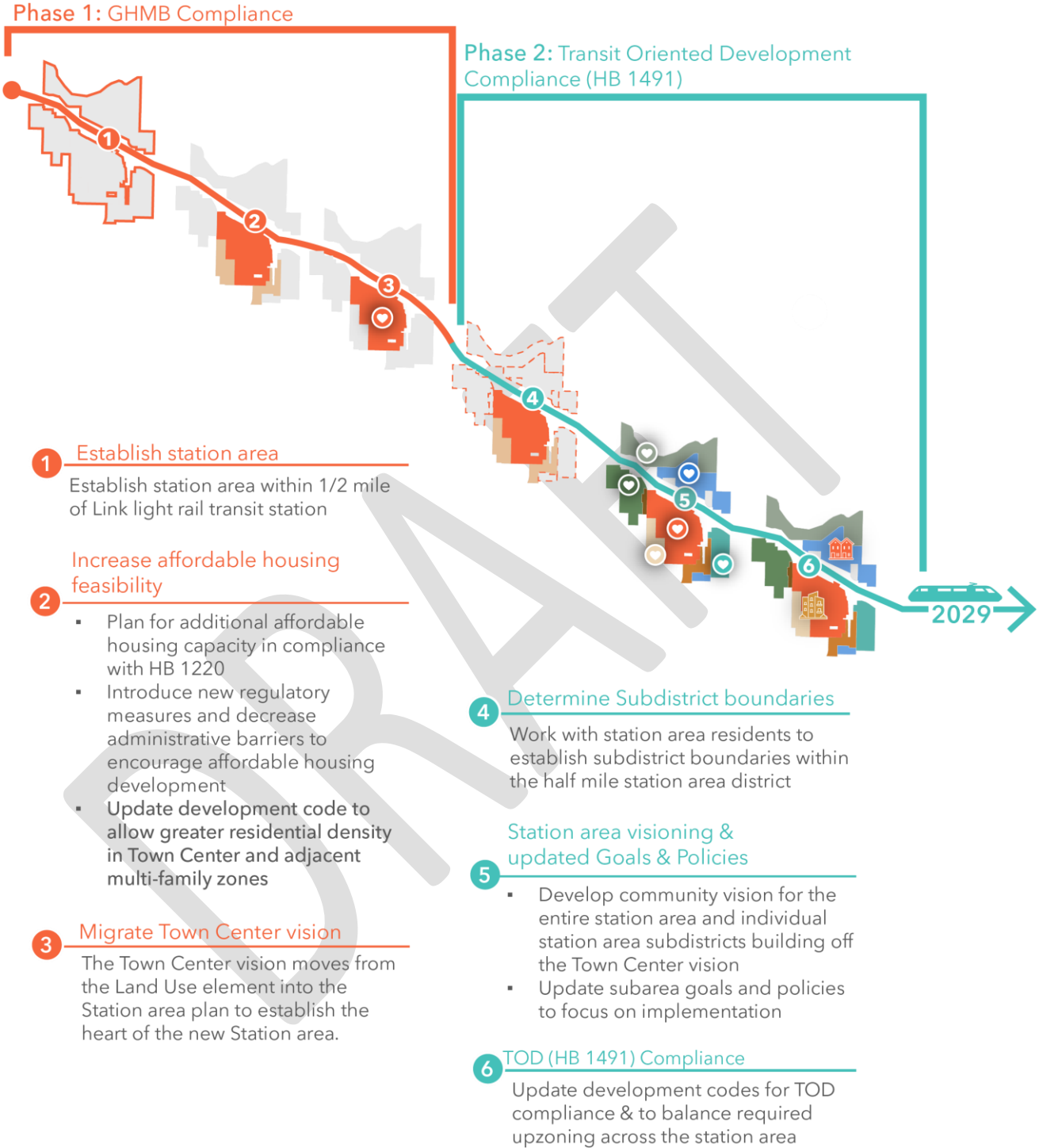
Phase 2, anticipated to be completed by 2029, will focus on planning for the broader Station Area. This effort will include additional planning and development regulation updates to comply with the statewide TOD planning requirements. Phase 2 will also include engaging the community to create a shared vision for the entire Station Area and determining subdistrict boundaries within the larger Station Area.

FIGURE 2. PHASE 1 AND PHASE 2 GEOGRAPHIES FOR THE STATION AREA



City of Mercer Island; Framework, 2026

FIGURE 3. PHASING STRATEGY FOR STATION SUBAREA PLANNING AND ZONING UPDATES



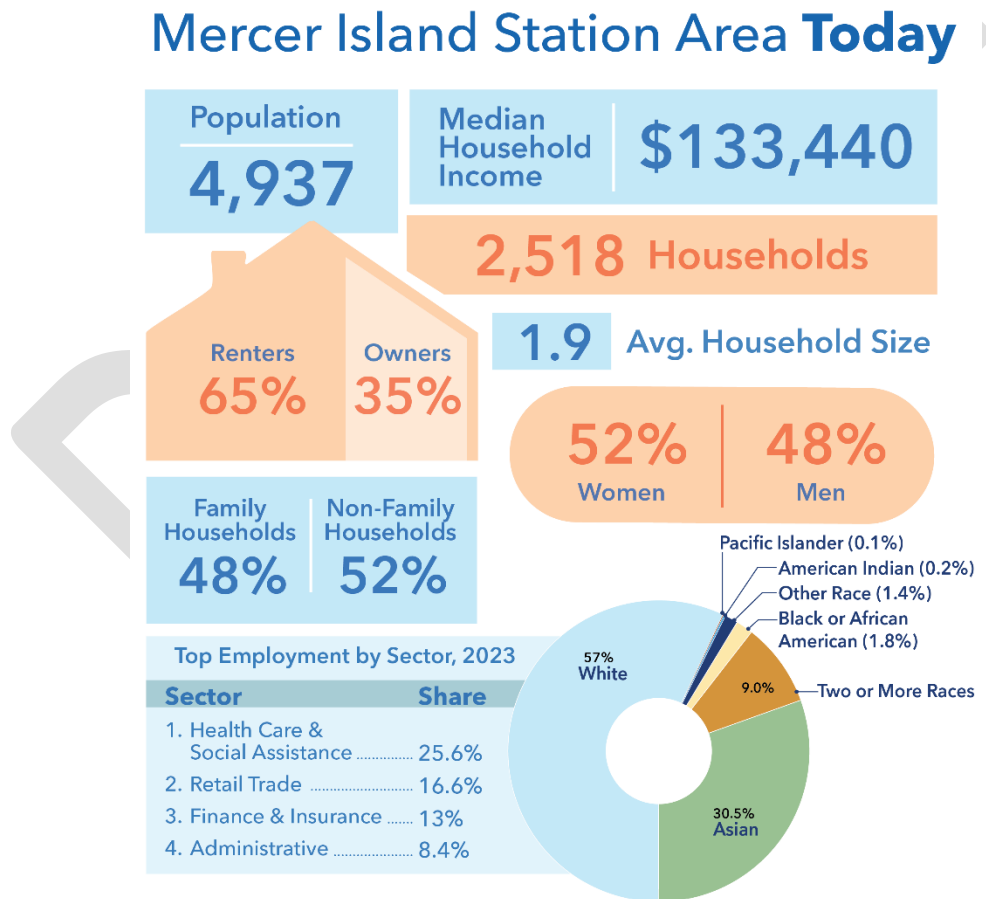
City of Mercer Island; Framework, 2026

STATION AREA COMMUNITY PROFILE

The Station Area spans several neighborhoods containing a mix of commercial and civic uses, multifamily apartments and condos, and single-family homes, making it one of the most culturally and socially diverse areas on Mercer Island. From large waterfront properties north of Interstate-90 to denser multifamily buildings in Town Center, the Station Area also covers a range of the socio-economic spectrum. Community members here are generally more racially diverse and younger compared to Mercer Island as a whole. Station Area residents also tend to have lower incomes and smaller household sizes.

Despite its relatively small size of 314 acres (about 8% of the City’s total area), the density of population, housing, and employment is considerably higher than the rest of Mercer Island. The Station Area contains 19.2% of the city's population, over one-fourth of its housing units, and 38% of its jobs. Figure 4 illustrates the community profile within the Station Area.

FIGURE 4. STATION AREA COMMUNITY PROFILE

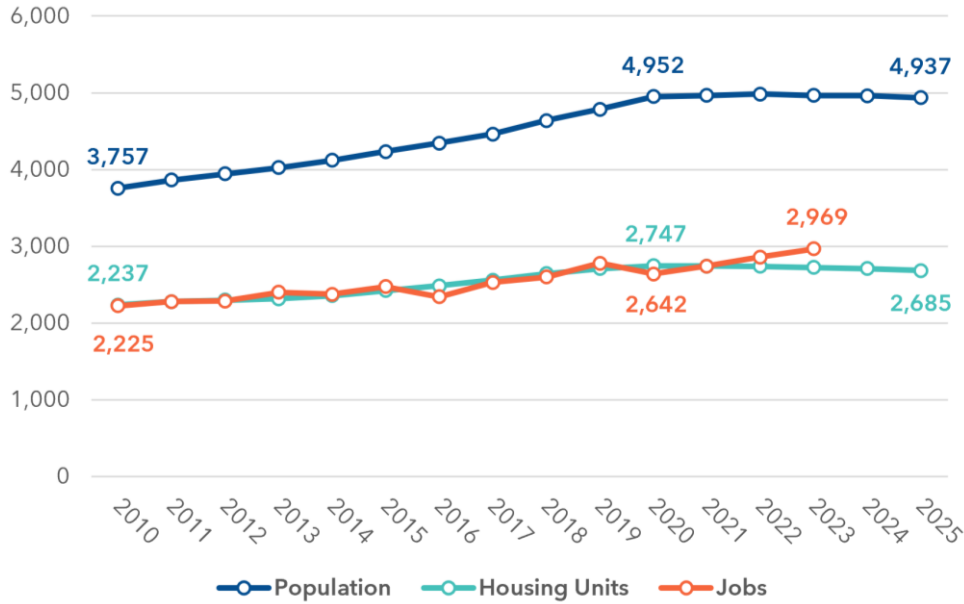


U.S. Census Bureau, 2023; ESRI, 2025; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

As seen in Figure 5, the total population within Mercer Island’s Station Area has grown about 31% since 2010. Most of this gain occurred in the first 10 years, between 2010-2020, mostly due to an uptick in construction in Town Center. The number of households and new housing units added to the Station Area has plateaued since 2020.

FIGURE 5. MERCER ISLAND STATION AREA, 15-YEAR GROWTH



U.S. Census Bureau, 2010-2024; LEHD Origin-Destination Employment Statistics, 2010-2023; ESRI, 2025; Framework, 2026

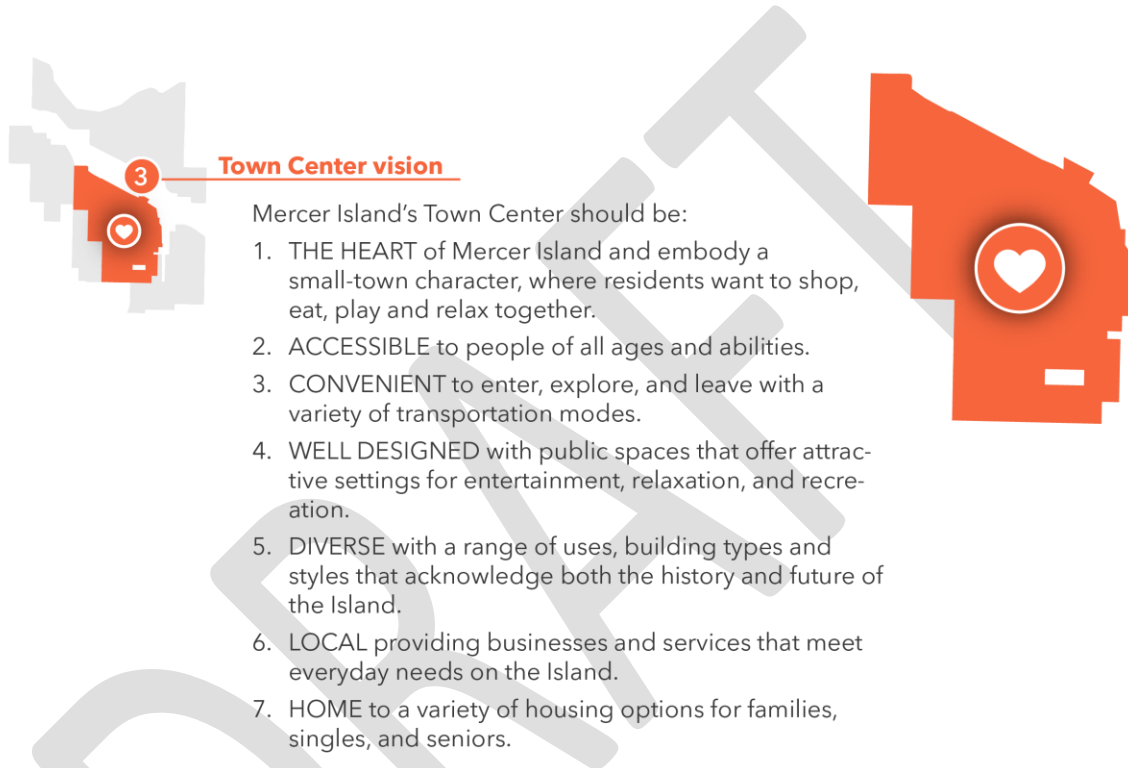
Note: Employment statistics are only available through 2023. The data above is calculated for the Mercer Island Station Area by using [data apportionment](#). Limitations in employment data exist; new employers that began operating in Town Center since 2022 are likely not captured in these estimates.

VISION

Although Station Area visioning will take place in Phase 2, Town Center already has a vision establishing the intent and aspirations of the district as illustrated in Figure 6. As the Station Area develops, Town Center will continue to play a vital role as the heart of the Station Area, and of Mercer Island-at-large.

TOWN CENTER VISION

FIGURE 6. TOWN CENTER VISION



Town Center vision

Mercer Island's 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.

City of Mercer Island; Framework, 2026

Note: Town Center Vision is from the Land Use Element in the City's 2024 Comprehensive Plan.

COMMITMENT TO PUBLIC INVOLVEMENT

The GMHB Order initiating the 2026 Comprehensive Plan Amendment and Station Subarea Plan gave the City a year to make all required updates to achieve compliance with the Growth Management Act, VISION 2050 Multicounty Planning Policies, and King County Countywide Planning Policies. Because of the compressed timeline and the significance of the required changes, City leadership decided to split the planning process into the two phases indicated in the previous section. The size and scale of Phase 2, and its prospective impact on the neighborhoods within the Station Area, warrant significantly more time and community participation. Moving more substantive Station Area planning into Phase 2 allows the City to provide more meaningful engagement and feedback opportunities at each stage of the Station Subarea planning process.

Community engagement will help to shape:

- Subdistrict boundaries within the Station Area
- A community vision for the Station Area and its subdistricts
- The distribution of density increases, land uses, and open space across the Station Area

Land Use

INTRODUCTION

STATION AREA

The new Station Area includes 313.6 acres of land with the light rail station at its center (237 acres of this exists outside of Town Center). In Phase 1, City Staff worked with City leadership and the community to identify a Modified Station Area Boundary based on requirements in State law for transit station areas within a half-mile walking distance of station entrances (RCW 36.70A.840(2)(b)). Beyond the Town Center, the Station Area includes existing Multifamily districts and several single-family residential districts north of I-90 and along the hillsides to the east and west of Town Center. Up to this point, no special planning has occurred for these areas.

TOWN CENTER

The Station Area's focal point is Town Center; Station Area planning builds off a long history of Town Center planning.

Since the early 1990's, the City of Mercer Island has conducted multiple planning efforts to develop Town Center as a full-service destination for island residents. 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.

In 1994, the City of Mercer Island completed the first Town Center Plan, which involved a major "citizen visioning" process that culminated in a broad new vision and direction for future Town Center development. Vision development included 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 City's first Comprehensive Plan, adopted in the fall of 1994. Simultaneously, 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 assembled an Ad Hoc Committee of architects, engineers, planners and City officials to review and modify Town Center design and development guidelines based on knowledge and experience gained from the previous seven years. The 2002 effort supported:

- Public private partnerships, and public space requirements for private development to encourage public space development
- Strengthened parking standards
- Improved pedestrian connectivity between Town Center, the I-90 Transit facility, the public sculpture garden, and Mercerdale Park focusing along 78th Avenue.

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.

In 2016, The City further updated the Town Center Development and Design standards to establish sub-areas and identify priority street frontages where small-scale ground-floor retail would be concentrated. These updates also instituted new standards for facade modulation, upper-story step backs, open space and green building. Additionally, an incentive zoning program was implemented providing a building height bonus in exchange for income-restricted affordable housing.

EXISTING CONDITIONS AND TRENDS

As required by the Growth Management Act, the Land Use Element presents a practical and balanced set of policies that address current and future land use issues. The following section discusses existing conditions within the Station Area and Town Center subdistrict as critical context for planning priorities.

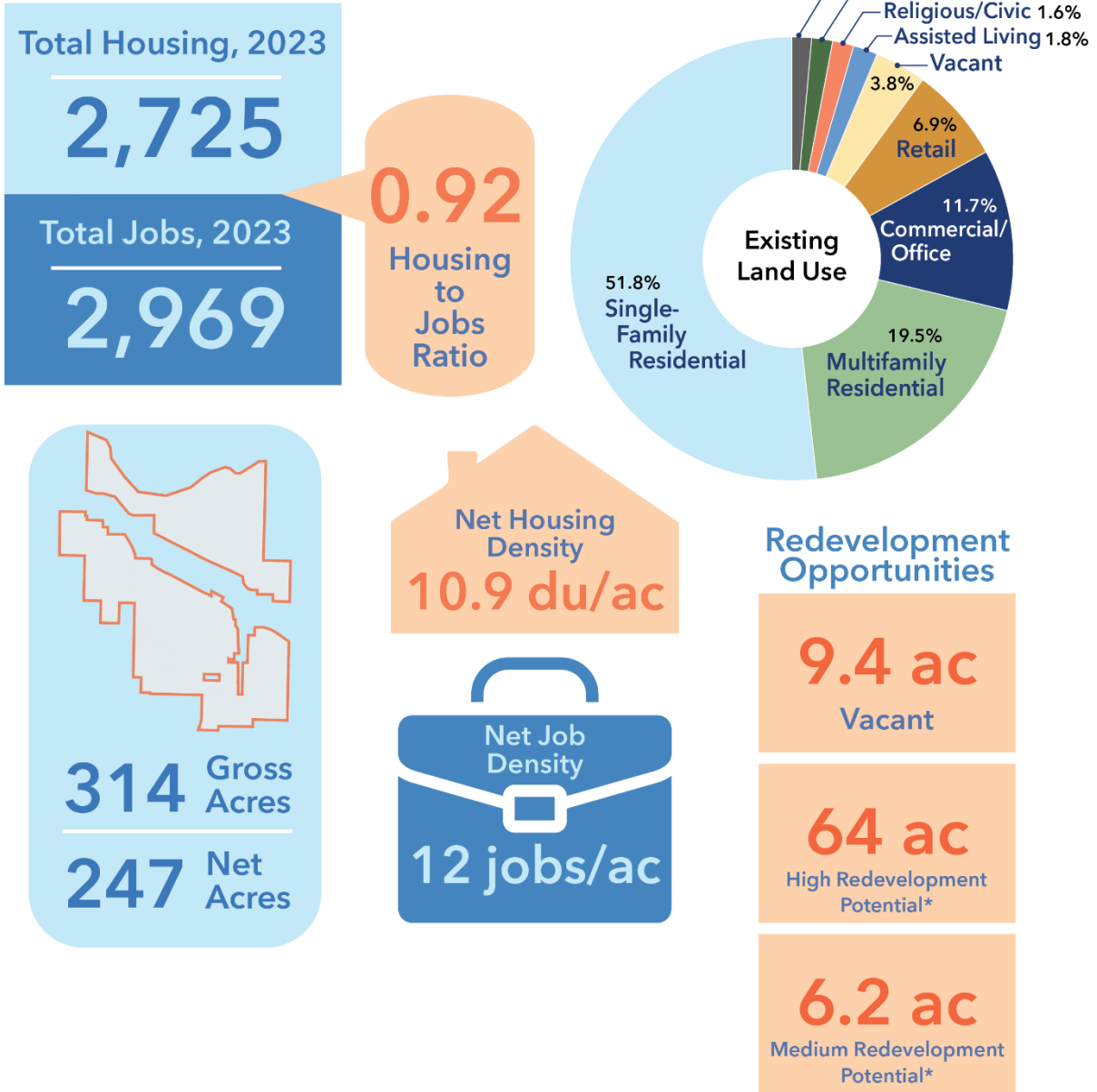
STATION AREA

The Mercer Island Station Area contains higher densities and more varied land uses compared to the Island as a whole. The areas north of I-90 and east and west of Town Center (Phase 2 geography of this subarea plan) include a more homogenous land use pattern with complex natural features compared to Town Center on its own. This area is predominately single-family residential with few multifamily and non-residential uses mixed in. Forested pockets, steep slopes, ravines, and streams generally aligned with the Mercerdale Hillside Open Space and east edge of 84th Ave Southeast buffer the Station Area in a pristine Pacific Northwest environment. These environmental features, while a valuable asset in the subarea, can present challenges for mobility and development as the area evolves.

The breakdown of existing land uses, housing and jobs densities, and parcel utilization (vacant and redevelopment potential) in Figure 7 and select critical areas mapping in Figure 8 identify a collection of interrelated land use patterns, constraints, and opportunities for further strategic planning analysis in Phase 2.

FIGURE 7. STATION AREA LAND USE PROFILE

Land Use Today



U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2023; ESRI, 2023; King County, 2026; Framework, 2026

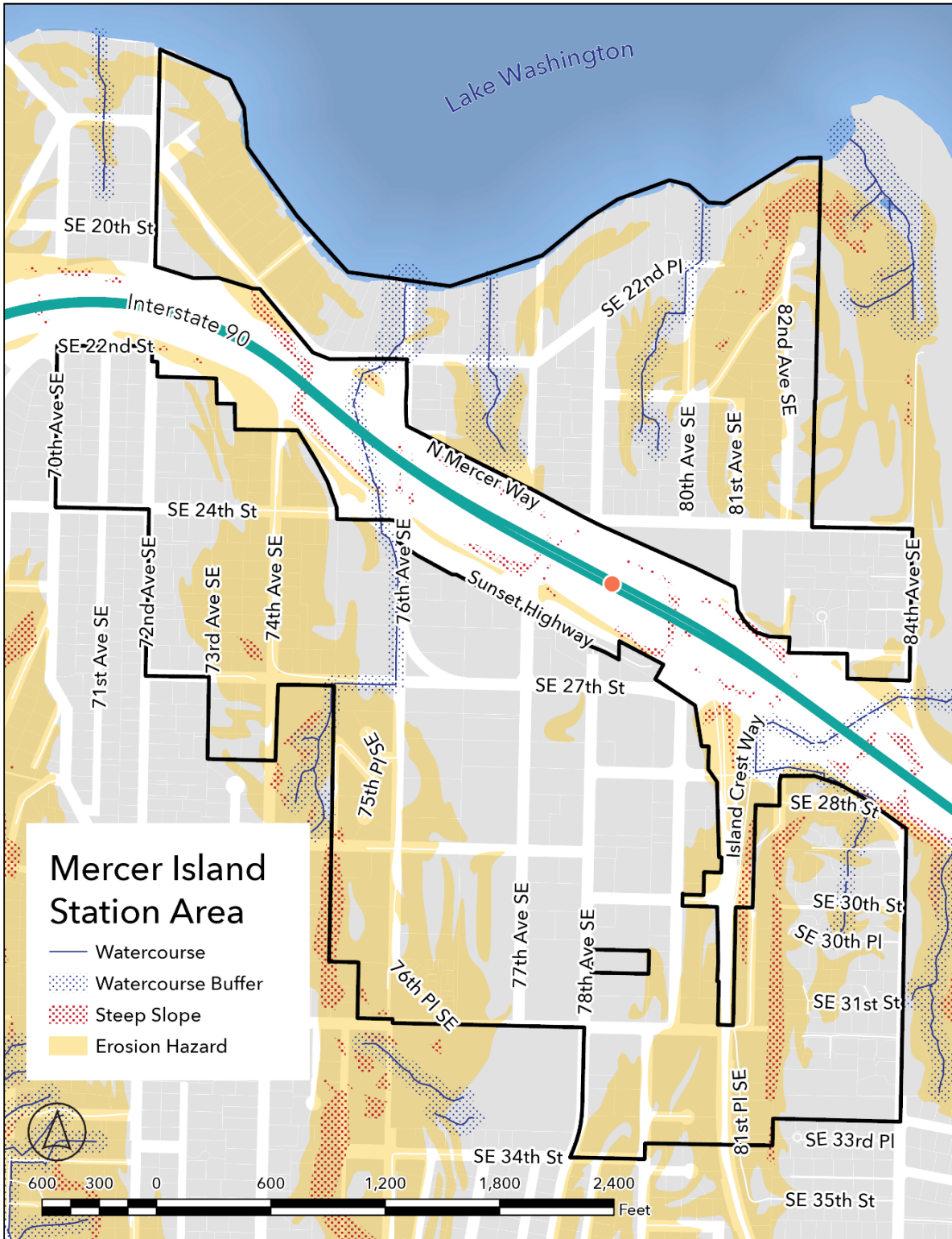
Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

*Parcels with Improvement-to-Land Value Ratios (ILRs) of 0 to 0.5 are considered High Development Potential. ILRs of 0.51 to 1.0 are considered Medium Development Potential.

Building off the land capacity analysis in the Land Use Element of the Comprehensive Plan, Figure 7 visualizes parcel utilization across the Station Area. As of March 2026, King County Assessor data identified 36 vacant parcels amounting to 9.4 acres scattered throughout the Station Area. The ratio of improvement value (buildings or structures on a lot) compared to the underlying land value can also indicate development potential of properties. Approximately 198 parcels (70 acres total) indicate moderate to high redevelopment potential and will be carefully considered during Phase 2 to align development regulations, market conditions, and construction feasibility with community goals for the build-out of the Station Area.

DRAFT

FIGURE 8. SELECT ENVIRONMENTAL CRITICAL AREAS



City of Mercer Island; King County; Framework, 2026

Critical areas mapped in Figure 8 **Error! Reference source not found.** are among the land use constraints that require specific planning attention in Phase 2 to ensure compliance with State transit-oriented development laws and a smooth evolution of Mercer Island’s neighborhoods within the Station Area.

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 (many belonging to national or regional chains)—dominated commercial land uses. Retailers and other commercial services are scattered throughout the Town Center and are not concentrated in any particular area. Much of Town Center is characterized by a discontinuous and diffuse development pattern centered on auto-oriented commercial uses. Distances between day-to-day amenities make conducting errands on foot challenging and inconvenient.

Mercer Island's downtown is located only three miles from Seattle and one mile from Bellevue via I-90. I-90 provides critical transit, vehicular, bicycle, and pedestrian access to the Town Center as well as the rest of the Island. With the opening of Link Light Rail service to Mercer Island in 2026, and in keeping with the region's emerging growth philosophy, redevelopment and concentration of future growth into Mercer Island's Town Center and surrounding Station Area represents the wisest and most efficient use of the transportation infrastructure.

GROWTH FORECAST

STATION AREA

The Mercer Island Comprehensive Plan—and by extension, this Station Subarea Plan—is responsible for guiding the City’s 20-year growth. Specific growth targets established by King County include **1,239 new housing units** and **1,300 new jobs** in Mercer Island by 2044. A significant share of this growth will likely occur in the Station Area.

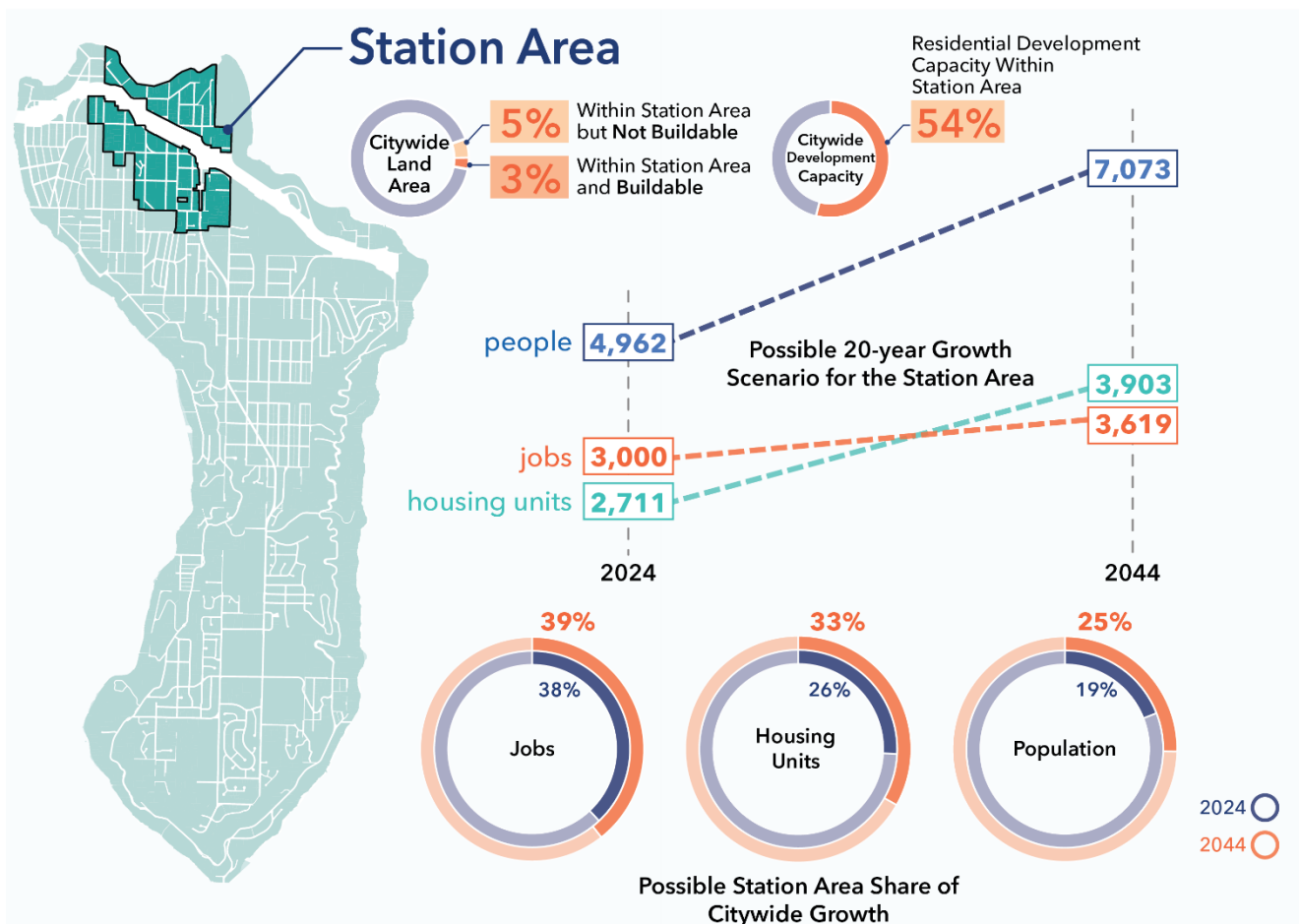
As the City’s designated downtown and economic engine, Town Center is expected to absorb about half of the citywide employment growth over the next 20 years. Increased building heights and allowable residential density also make this area the most permissive in the city for residential development. Although the Station Area accounts for 8% of citywide land area, less than half of this is considered buildable due to the presence of I-90 and the redevelopment potential of built-out parcels. But despite its small size, current estimates for Phase 1 of the subarea plan indicate that over 50% of the citywide residential capacity exists here (see Figure 9). Taken together, TC-8 and TCMF-6 could support about 1,700 additional housing units across low- and mid-rise multifamily and mixed-use development permitted in these zones.

Elevated residential and employment intensities within walking distance of the Mercer Island Link Light Rail Station make possible the construction of low- and mid-rise buildings. Due to construction costs, economies of scale, and concerted efforts by the City to support affordable housing development in the Station Area, this is where much of the City’s allocated housing need for low, very low, and extremely-

low income housing is expected to be built. A simplified linear growth projection in Figure 9 demonstrates a possible scenario for how much growth could occur over the 20-year planning cycle. If the majority of the City’s remaining housing need (1,192 units) transpires here, the Station Area could have a population of about 7,000 residents and over 3,600 jobs by 2044.

As of 2026, capacity estimates and growth assumptions have only been made for the Phase 1 geography. During Phase 2, additional analysis will inform the expected growth potential in areas outside Town Center and the TCMF-6 zones. Figure 9 illustrates the Station Area development capacity within the City’s planned 20-year growth.

FIGURE 9. STATION AREA DEVELOPMENT CAPACITY AND POSSIBLE 20-YEAR GROWTH SCENARIO



U.S. Census Bureau, 2024; Bureau of Labor Statistics, 2023; ESRI, 2023; King County, 2026; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

LAND USE ISSUES

TOWN CENTER

Up to this point, most multifamily and mixed-use developments have been confined to Town Center and adjacent multifamily districts under regulations for residential density and building height, placement, and coverage in the Mercer Island City Code (MICC). During Phase 1 of this subarea planning effort, the City will update these development regulations to allow for increased height to address residential development capacity deficiencies outlined in GMHB Order Issue #1. In Phase 2, the City’s regulatory system will undergo foundational amendments to conform with the State’s legal framework for transit-oriented development which requires a minimum floor-to-area (FAR) ratio of at least 3.5 within the Station Area. FAR can be averaged across subdistricts—for instance, the City could allow an FAR greater than 3.5 in Town Center and lower FAR limits in existing lower density districts. Figure 10 illustrates the FAR for existing developments in the Town Center.

The transition from Mercer Island’s current regulatory mechanisms to a FAR-based regulation entails further analysis to be conducted in Phase 2. This work is critical for compatibility with existing development patterns in the Station Area and to ensure development feasibility.

FIGURE 10. FLOOR-TO-AREA RATIOS FOUND IN TOWN CENTER TODAY



City of Mercer Island; King County Assessor; Framework, 2026

GOALS AND POLICIES

Station Area Planning Community Engagement

- Goal 1:** The Station Area has strong regulatory standards that balance community priorities identified during the planning process.
- 1.1 In Phase 2, work with neighborhoods within the Station Area to determine subdistrict boundaries.
 - 1.2 In Phase 2, develop a coherent Station Area vision building off the Town Center vision that reflects the needs and aspirations of community members living and working within the Station Area boundary.
 - 1.3 In Phase 2, work with Station Area residents and landowners to calibrate density distribution and land use mix across subdistricts.

Encouraging Transit-Oriented Development

- Goal 2:** The Station area includes a mixture of mixed-use and residential uses at a range of densities that support regional transit goals, and local housing targets in compliance with RCW 36.70A.020(4) and RCW 36.70A.840.
- 2.1 Beginning in Phase 1 and completing in Phase 2, focus additional development capacity in the Town Center to the extent possible.
 - 2.2 During Phase 2, develop a land use strategy for neighborhoods within the Station Area that balances upzoning with proximity to regional transit, current neighborhood configuration, topography, environmental constraints, and public input.

Supporting Economic Development

- Goal 3:** Capitalize on regional transit investments to advance economic development outcomes in Town Center and accommodate the majority of Mercer Island's employment growth target within the Station Area.
- 3.1 Maintain a diversity of Town Center land uses.
 - 3.2 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.
 - 3.3 Create a healthy and safe economic environment where Town Center businesses serve the needs of Mercer Island residents and benefit from off-island consumers connected by regional public transit and bike paths.
 - 3.4 In Phase 2, identify potential areas to locate commercial and mixed-use development to compliment residential uses within the Station Area district, and create strong connections to Town Center.
 - 3.5 In Phase 2, develop a land capacity analysis showing updated employment capacity for the Station Area.

Managing parking demand

- Goal 4:** Station Area public parking management minimizes conflicts between residents, transit riders, and local business access.
- 4.1 In Phase 2, develop a local empirical parking study to right-size parking requirements for the Station Area.
 - 4.2 In Phase 2, develop streetscape standards and public improvement requirements that balance increased street parking demand with safe non-motorized travel.

Fine-Grained Connections and Destinations

- Goal 5:** Create a mixed-use Town Center with pedestrian scale and connections to form a dense and walkable node serving the Station Area and Island-at-large.
- 5.1 Invest in a walkable mixed-use core adjacent to a regional transit facility with sufficient size and intensity to produce a multi-service destination.
 - 5.2 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 and connect to regional transit facilities.
 - 5.3 During Phase 2, consider street frontage improvement standards in the broader Station Area.
 - 5.4 Strengthen walkable and bike-friendly connections to community facilities and institutions surrounding the Station Area.

Land Use Pattern

- Goal 6:** Facilitate 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.
- 6.1 Use a variety of creative approaches to organize various land uses, building types, and heights in different portions of the Station Area.
 - 6.2 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.
 - 6.3 Encourage retail street frontages 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.
 - 6.4 In Phase 2, complete an existing conditions analysis to inform appropriate land use mix within the Station Area.

Built Environment

- Goal 7:** A mixture of building types, styles, and ages reflects the evolution of the Town Center, and the Station Area over time, with human-scaled buildings, varied height, setbacks and step-backs, and attractive facades.

Mercer Island Comprehensive Plan
Station Subarea Plan

- 7.1 Use frontage design techniques to encourage distinct, high-quality design while balancing other priorities such as providing affordable housing or encouraging low carbon development.
- 7.2 Building facades should provide visual interest to pedestrians. Street-level windows, building setbacks, on-street entrances, landscaping, and articulated walls should be encouraged.
- 7.3 Review how the average daylight plane, major site features, and major façade modulation requirements impact the maximum allowed floor area ratio during Station Subarea Plan Phase 2.
- 7.4 Adopt development and design standards during Phase 2 to increase compatibility in transition areas where high density residential uses are allowed adjacent to lower-density neighborhoods. These standards should include height step downs, protection of view, light, and privacy, preservation of tree canopy and natural buffers, and other compatibility considerations.

Goal 8: The Station Area has a variety of housing forms serving 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.

- 8.1 Land uses and architectural standards should provide for the development of a variety of housing types, sizes, and styles.
- 8.2 Facilitate the development of affordable housing within the Station Area.
- 8.3 Allow the development of accessible housing within the Station Area.
- 8.4 Allow options for ownership housing within the Station Area.
- 8.5 In Phase 2, complete an updated land capacity analysis for housing units to inform future capital facilities, transportation, and utility investments.

Public Realm

Goal 9: A variety of inviting, accessible outdoor spaces provide seating, greenery, water features, and art offer settings for outdoor entertainment and special events as well as for quiet contemplation.

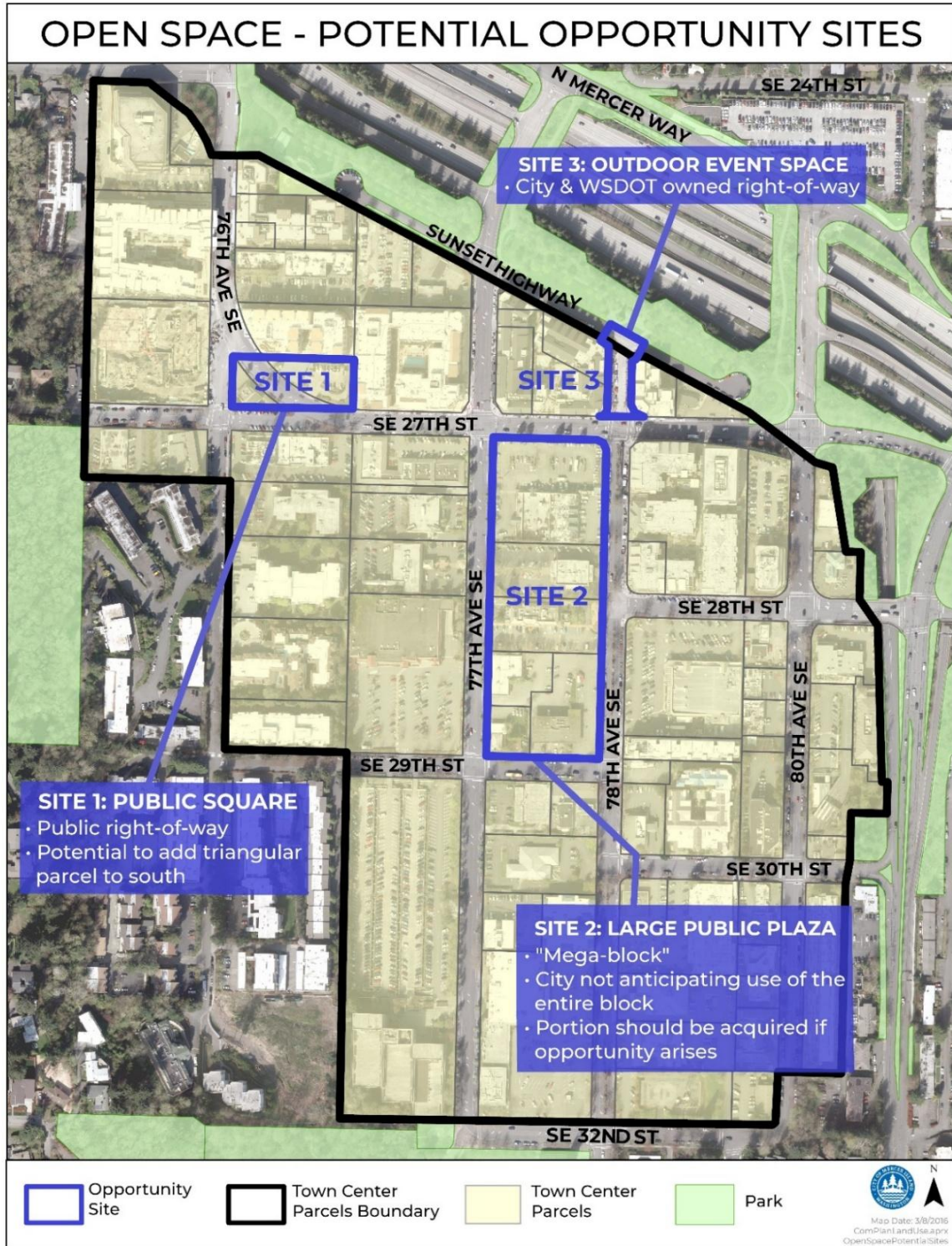
- 9.1 Outdoor public spaces of various sizes in the Station Area are important and should be encouraged.
- 9.2 Encourage the provision of on-site open space in private developments. This can include incentives, allowing development agreements, and as an alternative to land dedication. In addition, encourage the aggregation of smaller open spaces between parcels to create a more substantial open space.
- 9.3 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 11 and described below. These opportunity sites should

not preclude the identification of other sites should new opportunities or circumstances arise.

- 9.4 In Phase 2, engage neighborhood residents and workers within the Station Area to identify critical connections to adjacent open space such as Luther Burbank Park and nearby recreational facilities to ensure access to existing community resources.
- 9.5 In Phase 2, work with property owners to identify additional “opportunity sites” for public open space to ensure that increased residential density is accompanied by open space investment.
- 9.6 Evaluate design standards to ensure private commercial, mixed-use, and residential development contributes accessible outdoor amenity space.

DRAFT

FIGURE 11. OPEN SPACE – POTENTIAL OPPORTUNITY SITES



City of Mercer Island, 2016

Housing

INTRODUCTION

This chapter guides how the City of Mercer Island can accommodate a range of housing opportunities in the Station Area in proximity to everyday needs like employment, shopping, entertainment, and high-capacity public transit. The Housing Element of the City’s Comprehensive Plan establishes a policy foundation for focused affordable housing efforts, anti-displacement measures, and addressing racially disparate impacts, which are imperative to the equitable development of the Station Area. This chapter also relies on the adequate provisions laid out in the Comprehensive Plan to eliminate barriers to abundant, diverse, and affordable housing within walking distance of the Mercer Island Light Rail Station.

At its core, this Station Subarea Plan is designed to facilitate the co-location of housing, employment, entertainment opportunities, and more next to regional light rail infrastructure. The analysis, goals, and policies in this chapter are primarily concerned with supporting low-cost housing development through local affordable housing development regulations, partnerships, and by leveraging public land and fee reductions. This chapter also recognizes the increased financial strain placed on existing residents as the Station Area evolves; as such, support via anti-displacement measures and preservation efforts for naturally occurring affordable housing are as important as supporting new residents. Ultimately, the Housing chapter works closely with the Land Use chapter to spatially align housing, jobs, and transit to bring down overall household costs for housing and transportation.

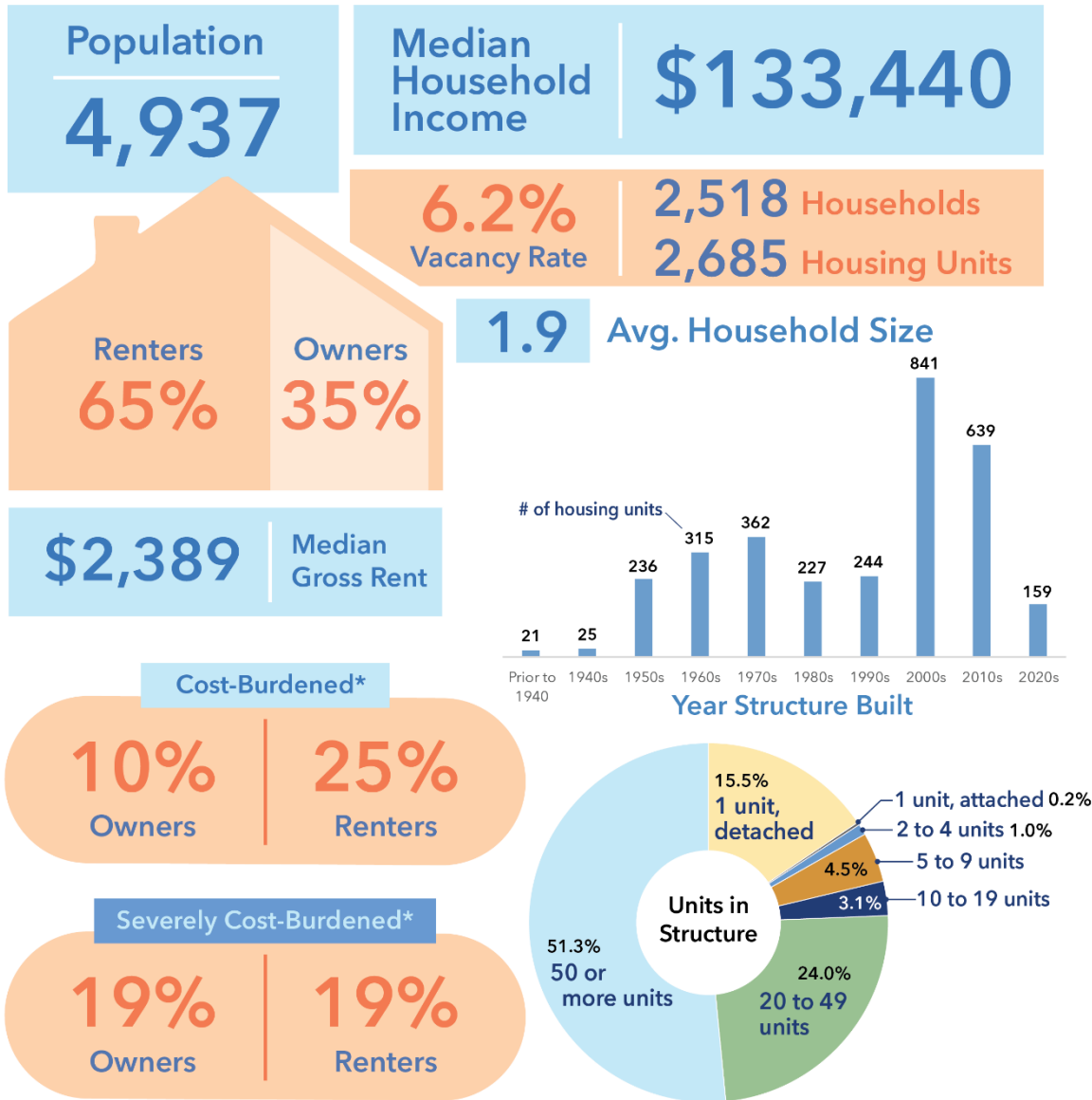
EXISTING CONDITIONS, TRENDS, AND EFFORTS

Past planning efforts and market trends have produced housing characteristics within the Station Area that contrast with Mercer Island as a whole. Households within the Station Area are generally smaller, younger, and less wealthy. Like the Puget Sound region at large, housing prices are outpacing incomes in this area of Mercer Island, and over 30% of households are considered cost-burdened, leaving limited funds for other spending and participating in the local economy (see Figure 12).

Historical land use policies, zoning regulations, and affordable housing efforts have led to distinct patterns in housing stock across the Station Area. Overall, residential development tends to be cheaper to rent or buy, newer, and contain smaller unit sizes compared to the citywide housing inventory. Differences among the physical and financial characteristics of housing structures are clear *within* the Station Area as well: the Phase 1 geography for this subarea plan predominantly contains multifamily structures like walk-up and mid-rise condominiums and apartments, including a mix of older buildings and those built in the past 20 years—a few containing some of the City’s only income-restricted units. This contrasts with older, larger single-family detached homes that mainly exist in the Phase 2 geography which tend to be ownership only and more expensive.

FIGURE 12. STATION AREA HOUSING PROFILE

Housing Today



U.S. Census Bureau, 2023; ESRI, 2025; King County, 2026; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

*Cost-burdened households spend more than 30% of their income on housing costs. Severely cost-burdened households spend more than 50% of their income on housing costs.

OPPORTUNITY SITES

The City owns two opportunity sites within the Station Area that could be considered for affordable housing developments. As public property is rare, planning for these sites must proceed carefully to ensure that this public investment is maximized. To that end, Phase 2 will include a planning process that involves both public outreach and engaging with the development community including affordable housing organizations such as ARCH. The two opportunity sites are:

- Parcel Number 5315101235 – City-owned parking lot near the intersection of SE 27th St and 80th Ave SE.
- Parcel Numbers 5315101838 and 5315101837 – Surplus lots remaining from work on the intersection of North Mercer Way and 77th Ave SE.

GOALS AND POLICIES

AFFORDABLE HOUSING

- Goal 1:** Costs of development for multifamily housing, including income-restricted affordable housing are minimized in alignment with Housing Goal 2.
- 1.1 In Phase 2, explore affordable housing opportunities on surplus public property in collaboration with community members and the development community.
 - 1.2 In Phase 2, implement the Multifamily tax exemption in the Station Area.
 - 1.3 In Phase 2, implement a 50% reduction in impact fees collected for system improvements of public streets, roads, bicycle, and pedestrian facilities for developments claiming the Multifamily tax exemption in the Station Area.
- Goal 2:** A well-functioning inclusionary zoning program results in abundant affordable housing in new multifamily and mixed-use developments in alignment with the Housing Element.
- 2.1 In Phase 1, establish an inclusionary zoning program within the Town Center calibrated to regional development feasibility and market demand.
 - 2.2 Pair inclusionary zoning requirements with a fee-in-lieu program to provide flexible options for providing affordable housing units.
 - 2.3 In Phase 2, expand the inclusionary zoning program to the full Station Area.
- Goal 3:** New and enhanced affordable housing partnerships enable significant affordable housing development within walking distance of the transit station.
- 3.1 Identify potential land-holding partners interested in developing affordable housing within the Station Area such as nonprofits and religious organizations.
 - 3.2 Explore public-private partnerships to creatively finance and construct affordable housing.
- Goal 4:** Naturally Occurring Affordable Housing (NOAH) is well-preserved and supported within the Station Area.

- 4.1 In alignment with Housing Element policy 4.1, inventory and protect existing naturally occurring affordable housing through tenant protections, property acquisition, or property tax deferrals.

TRANSIT-ORIENTED AND WORKFORCE HOUSING

Goal 5: Higher density developments exist within walking distance of the transit station, limiting additional demand for residential parking and road space, while supporting the city's residential growth targets.

- 5.1 In Phase 1, Increase allowed densities in Town Center and the adjacent TCMF-6 district to maximize the number of residents who can walk to existing community businesses and services, and access regional employment centers via transit.
- 5.2 In Phase 2, initiate planning efforts in neighborhoods within the Station Area to accommodate additional required residential density throughout the subarea while considering the existing built environment and supporting diverse workforce housing.

ANTI-DISPLACEMENT

Goal 6: The City understands displacement risk throughout the Station Area and supports residents' efforts to remain in their neighborhoods.

- 6.1 During Phase 2, inventory deed-restricted and naturally occurring affordable housing units within the Station Area, identifying units at high risk of redevelopment and expiration timelines for affordability covenants.
- 6.2 Work with affordable housing providers to preserve existing affordable housing.
- 6.3 During Phase 2, support community efforts for lower-cost homeownership like limited-equity homeownership models, community land trusts, and rent-to-own programs.

Economic Development

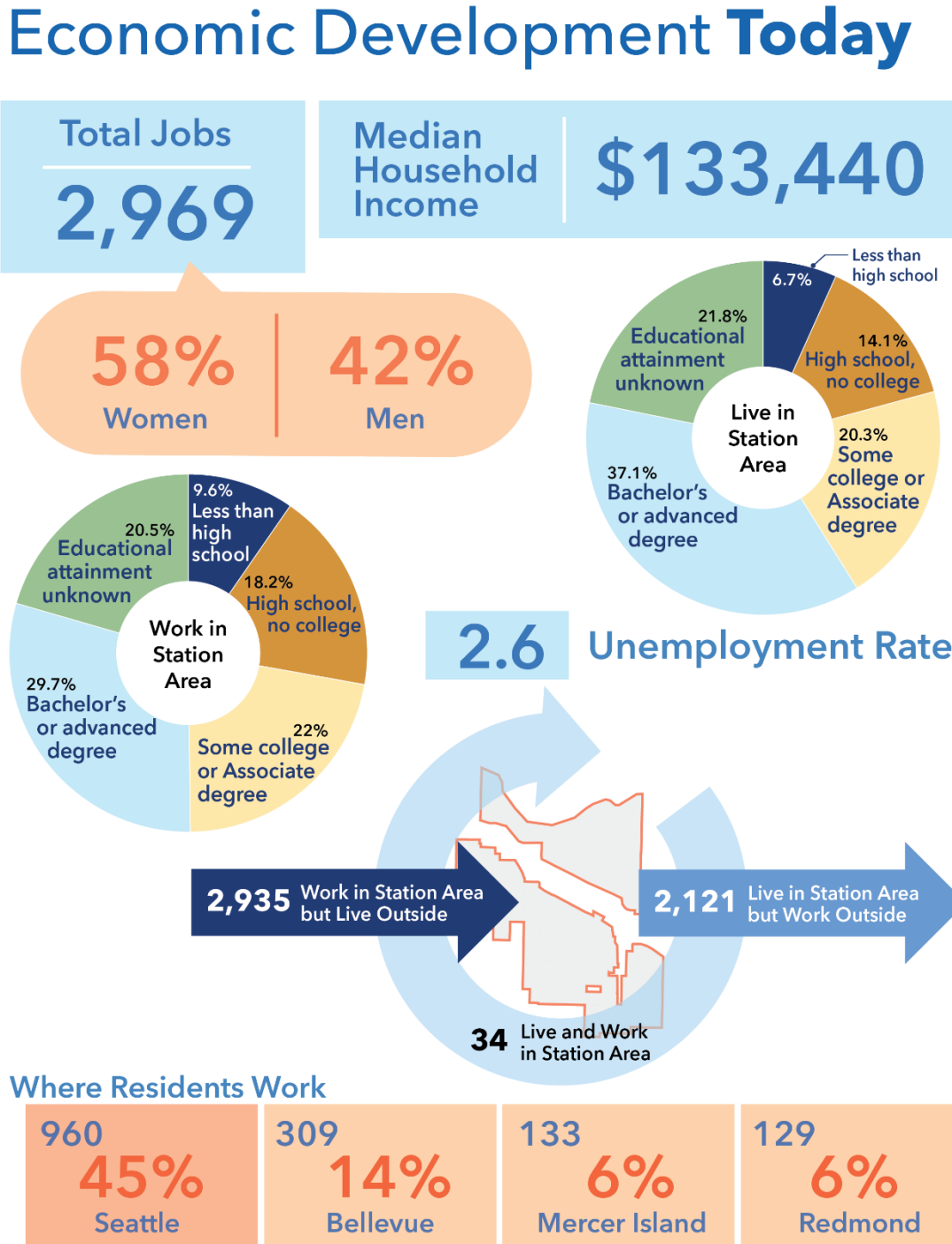
INTRODUCTION & EXISTING CONDITIONS

The Station Area, and Town Center in particular, will continue to serve as the economic engine for Mercer Island over the planning horizon. This chapter guides how the City of Mercer Island can leverage the light rail proximity, existing Town Center assets, and development opportunities to harness economic development and prosperity in the future. In combination with the land use chapter, the economic development goals and policies below are intended to support new and existing businesses that prop up a budding regional economy and support the everyday lives of residents.

Employment and residential uses coexist in proximity in Town Center and surrounding neighborhoods; however, most community members residing in the Station Area leave the City each day to work elsewhere in the Puget Sound. Consequently, this subarea plan is designed to facilitate a well-rounded and sustainable business environment in which residents purchase goods and services, recreate, and enjoy entertainment offerings within the Station Area. Intentional implementation of economic development goals and policies can support fiscal sustainability for the City of Mercer Island in years to come.

On the flip side, the number of employees commuting into the Station Area each day for work signals a need to coordinate economic development efforts with affordable housing ambitions outlined in the Housing Element. These out-of-City employees tend to have lower incomes and educational attainment compared to those living in the Station Area and therefore could benefit from lower-cost housing options closer to their workplace, within the Station Area, so they can fully participate in Mercer Island's local economy. Figure 13 illustrates the Station Area economic development profile.

FIGURE 13. STATION AREA ECONOMIC DEVELOPMENT PROFILE

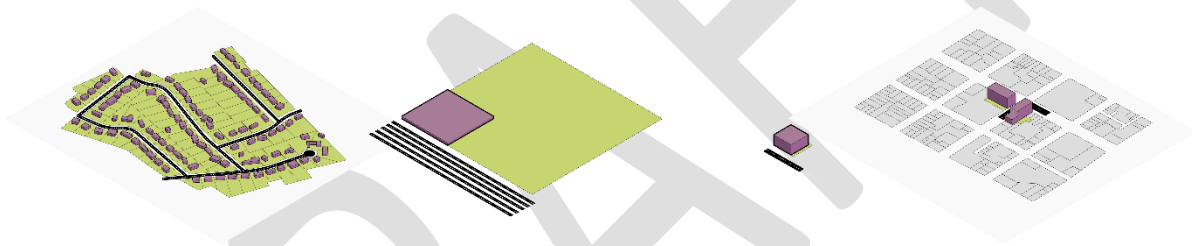


U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2025; LEHD Origin-Destination Employment Statistics, 2023; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

The map in Figure 15 shows relative land value, which normalizes property value by area, in this case, land value per acre. Land value reflects development potential as well as access to amenities and services such as transit, parks, schools, and natural attributes (like waterfront). Assessing relative land value helps the City to understand the comparative productivity of different land uses, for instance how mixed-use and higher density areas perform compared to low density residential. Transit-rich areas with greater density allowances support high land values (lots of people want to live in a small area), which means more property tax generation from that area. Higher densities and transit adjacency also support more commercial productivity, resulting in more sales tax revenue. Simultaneously, as illustrated in Figure 14, denser areas require less infrastructure and allow more efficient service administration on a per unit basis. When households are spread out, each household requires significantly more infrastructure than in a denser configuration. In other words, density can support the City’s fiscal sustainability over time.

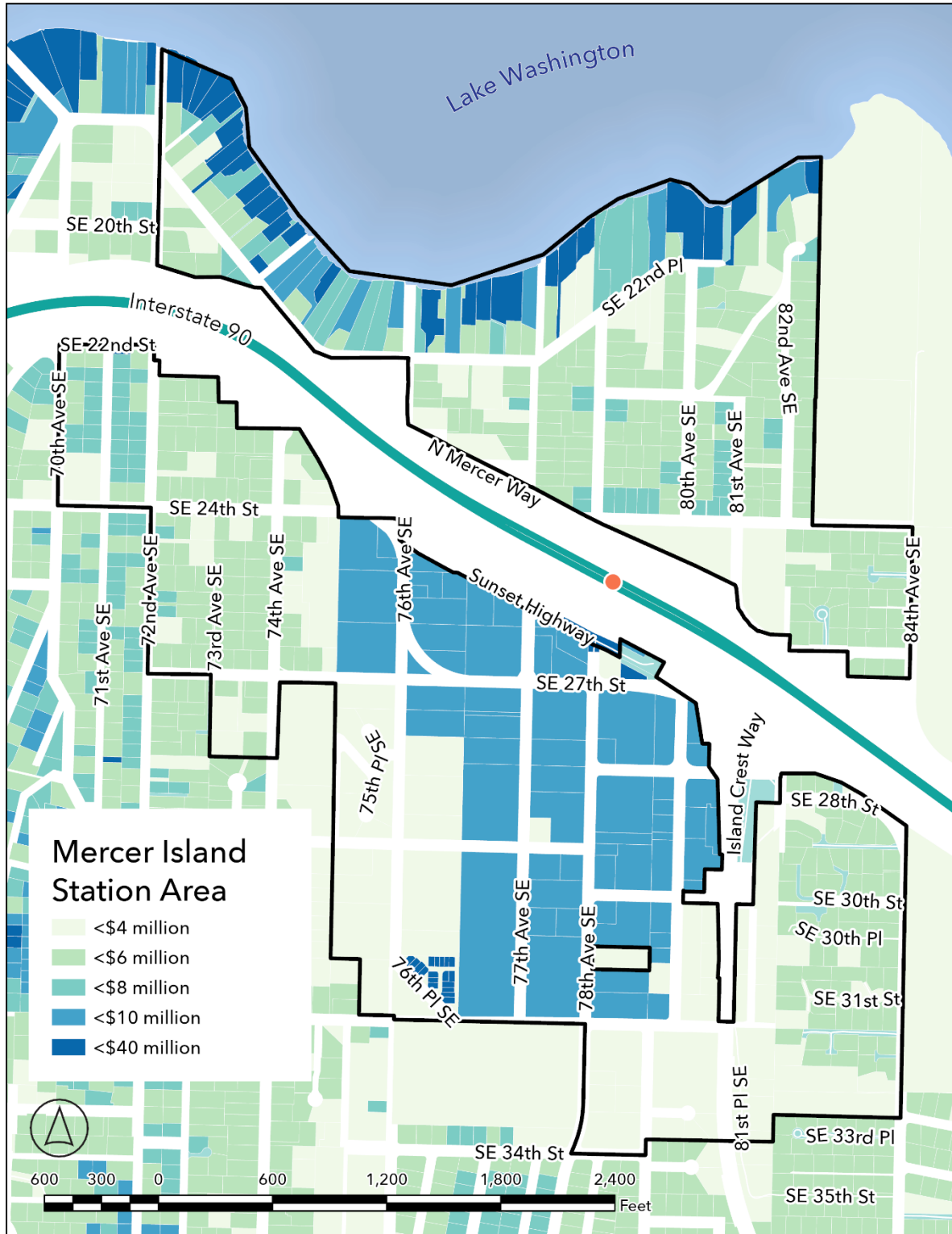
FIGURE 14. COMPARATIVE ROADWAY FOR 100 LARGE LOT RESIDENCES VS 100 APARTMENT UNITS



Framework, 2026

Mercer Island Comprehensive Plan
Station Subarea Plan

FIGURE 15 RELATIVE LAND VALUE



City of Mercer Island; King County Assessor, 2026; Framework, 2026

GOALS AND POLICIES

Marketing Mercer Island

- Goal 1:** The Town Center commercial area has a cohesive brand established by marketing efforts informed by public input and the policies of this element.
- 1.1 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.
 - 1.2 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.

Business Retention and Attraction

- Goal 2:** Mercer Island's Town Center is a vibrant destination attracting new businesses and supporting the growth of existing businesses.
- 2.1 Attract more commercial office employers to the City.
 - 2.2 Develop strategies to increase the percentage of workers living and working on Mercer Island focused within the Station Area.
 - 2.3 Attract a diverse mix of businesses that complement existing offerings and fill market gaps, focusing on unique, locally owned establishments.
 - 2.4 Create a comprehensive "best practices" section on the City website detailing steps for business setup at city, state, and county levels.
 - 2.5 Streamline and simplify the process for new business setup, making it more intuitive and user-friendly.
 - 2.6 Support anti-displacement efforts for businesses within the Station Area.
 - 2.7 During Phase 2, update development standards to support small, affordable commercial space in new buildings.

Transportation

INTRODUCTION

Town Center has emerged as Mercer Island’s most walkable district due to its denser and mixed-use development pattern, interconnected streets, and proximity to public transit like King County Metro buses and Sound Transit Link light rail. In combination with the Transportation Element of the Comprehensive Plan, this chapter guides the build-out of a high-quality multimodal transportation system for the full Station Area, linking it to the 20-year vision for an accessible and convenient district for all transportation modes.

Transportation goals and policies for the Station Area are intended to effectively manage parking, access, and transportation-related infrastructure in a way that supports residential and employment growth while balancing development feasibility and adequate levels of service. Most importantly, the existing conditions and policy directives in this chapter recognize capacity and connectivity limitations for multimodal movement across the Station Area today. A concerted effort to analyze, plan, and finance transportation improvements to overcome these limitations will continue during Phase 2.

EXISTING CONDITIONS

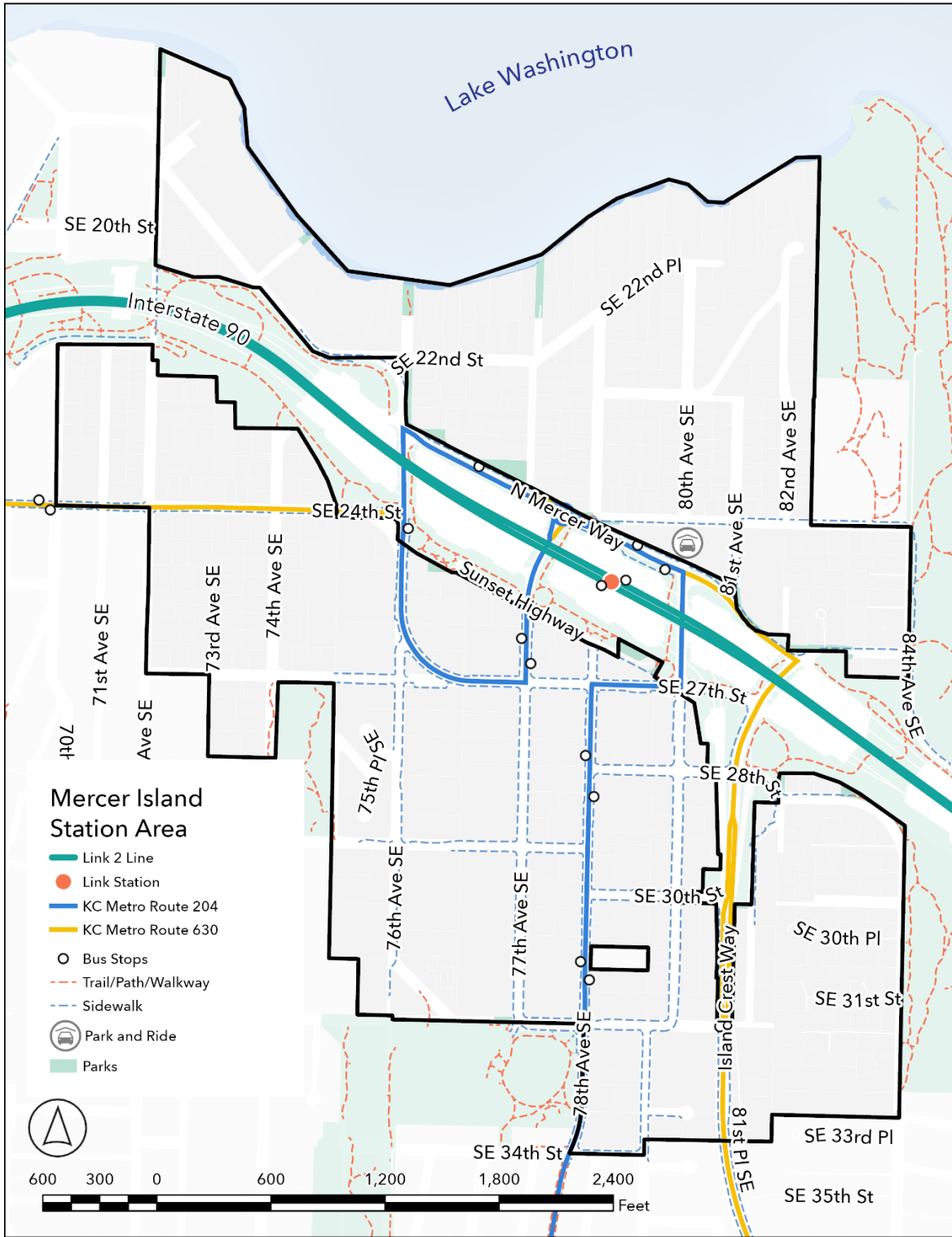
The Station Area’s transportation network is largely composed of 2- and 3-lane gridded streets carrying a range of local and regional vehicles, bikes, and pedestrian traffic. Several walkways, multi-use paths, and trails located near or along the linear I-90 park provide nonmotorized access to nearby parks and neighborhoods. Island Crest Way—the City’s only 4-lane principal arterial—cuts through the southeast segment of the Station Area and provides direct vehicle access to I-90 and southern portions of Mercer Island (see Figure 16).

Sidewalk infrastructure is mostly limited to blocks within Town Center and sound of I-90 with few pedestrian facilities connecting the Station Area to adjacent neighborhoods. Significant east-west topography, the presence of I-90, and neighborhood streets developed to suburban standards (mostly without sidewalks) are factors limiting nonmotorized mobility. Several dedicated off-street paths and trails improve connectivity and often tie into the regional trail that parallels I-90, connecting nonmotorized users to Seattle and Bellevue via Lake Washington bridge.

The public transit offerings emerging in Mercer Island are concentrated in and around the Station Area. As of early 2026, Sound Transit Link Light Rail began servicing the Mercer Island station situated on I-90 between 77th Ave SE and 80th Ave SE, providing frequent high-capacity transit to Seattle, Bellevue, Redmond, and beyond. King County Metro also operates two regional bus routes (#204 and #630) with about a dozen stops within the Station Area. Sound Transit Express buses (#550 and #554) and King County Metro bus #989 serve the Mercer Island Park and Ride.

Mercer Island Comprehensive Plan
Station Subarea Plan

FIGURE 16. MULTIMODAL TRANSPORTATION FACILITIES WITHIN THE STATION AREA



City of Mercer Island; King County Metro, 2026; Framework, 2026

GOALS AND POLICIES

- Goal 1:** Parking standards support the land use policies of the Comprehensive Plan.
- 1.1 Continue implementing flexible parking requirements for Station Area 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.
 - 1.2 Support business development in the downtown area by prioritizing on-street parking spaces in the Station Area for short-term parking and encourage the development of off-street shared parking facilities for long-term parking in the Town Center.
 - 1.3 Have ample Station Area parking, both on-street and off, and the ability to park once and walk to a variety of retail shops.
 - 1.4 Reduce the Station Area land area devoted to parking by encouraging structured and underground parking. Parking should be convenient and safe.
 - 1.5 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.
 - 1.6 Consider a range of regulatory and incentive approaches that can increase the supply of public parking in the Station Area in conjunction with development proposals.
 - 1.7 In Phase 2, adjust off-street parking minimums in the Station Area as required by RCW 37.70A.842.
 - 1.8 On and off-street parking in Station Area should be well lit, convenient, and well-signed so that drivers can easily find and use it.
 - 1.9 Prioritize parking for Mercer Island residents within the Town Center.
 - 1.10 Adopt the 2023 Town Center Parking Plan and its successors by reference.
- Goal 2:** The street network within the Station Area is safe, well-connected, and supports nonmotorized modes of transportation and active storefronts.
- 2.1 Station Area streets should be viewed as multiple-use facilities, providing for the following needs:
 - 2.1.1 Access to local businesses and residences;
 - 2.1.2 Access for emergency vehicles;
 - 2.1.3 Routes for through traffic;
 - 2.1.4 Transit routes and stops;
 - 2.1.5 On-street parking;
 - 2.1.6 Pedestrian and bicycle travel;
 - 2.1.7 Sidewalk activities, including limited advertising and merchandising and restaurant seating; and

- 2.1.8 Occasional special events and outdoor entertainment.
- 2.2 Station Area streets should be pedestrian-friendly and provide for safe and convenient multi-modal access to existing and future development in the Station Area.
- 2.3 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.
- 2.4 78th Avenue SE and SE 27th Street should be the primary pedestrian corridors in the Station Area, with ample sidewalks, landscaping, and amenities.
- 2.5 77th Avenue SE should serve as the primary bicycle corridor connecting the regional bicycle network along I-90 and the light rail station with Mercerdale Park and the rest of the Island south of the Station Area.
- 2.6 Prioritize pedestrian and bike connections between key community assets and institutions within and just outside the Station Area including Luther Burbank Park, Town Center, and Mercerdale Park.
- 2.7 Adopt new street frontage standards for the Station Area during Phase 2 that balance development feasibility with the need for high-quality public improvements.

Goal 3: Transportation Level of Service within the Station Area provides appropriate facilities reflecting community needs and priorities.

- 3.1 Evaluate multimodal transportation capacity constraints during Phase 2.
- 3.2 In Phase 2, review and where desired, adjust road designations within the Station Area to reflect transportation facility role and usage.

Capital Facilities & Utilities

INTRODUCTION & EXISTING CONDITIONS

In alignment with the Land Use chapter and 2024 Comprehensive Plan, this chapter guides capital facilities and utility planning efforts within the Station Area. Goals and policies recognize the significant employment and residential growth expected to occur in this neighborhood over the 20-year planning horizon and strive to facilitate equitable and adequate provision of public facilities with a mixture of private and public resources.

The City manages a range of transportation infrastructure, parks and open space, and public buildings within the Station Area, all of which are inventoried in the Capital Facilities Element of the Comprehensive Plan. An updated 6-year Capital Improvement Plan will be completed during Phase 2 of the subarea planning effort to identify necessary projects and financing to maintain adopted levels of service for these facilities. Similarly, a complete understanding of existing water and sewer infrastructure, including potential deficiencies, will become available during Phase 2 which will further refine the City's understanding of growth impacts expected in the Station Area.

GOALS AND POLICIES













- Goal 1:** Planned provision and equitable access to public capital facilities and utilities support existing and future development within the Station Area.
- 1.1 Determine capital facility and utility improvements needed to support increased development capacity and growth assumptions in Phase 2.
 - 1.2 In Phase 2, complete a financial analysis of public capital facilities and utilities within the Station Area necessary to maintain Level of Service (LOS) established in the Utilities element, and evaluate impact on the City's capital budget.
 - 1.3 Protect and enhance public health and environmental quality through the appropriate location, design, and construction of any new or expanded public facilities and utility facilities sited within the Station Area.
- Goal 2:** Infrastructure capacity increases, capital facility improvements, and utility improvements are funded by a mixture of grants, new financing options, the capital budget, and development.
- 2.1 In Phase 2, identify and evaluate potential grants and innovative financing options to help fund additional capital facilities and utilities.
 - 2.2 In Phase 2, evaluate impact fee structure to ensure that development is paying for a proportionate share of increased capital facility and utility capacity.

Implementation Program









PHASE 2 IMPLEMENTATION ACTIONS






Mercer Island City Council will need to set the scope, schedule, and budget for Phase 2. The implementation actions below sketch out key actions for City Leadership to consider in determining the Phase 2 scope, with a focus on RCW 36.70A.840 compliance, providing multiple community engagement opportunities, and determining future capital facilities and transportation investments. Ultimately, this Station Subarea Plan will be implemented over the 20-year planning horizon and additional actions will be developed and prioritized by City Council after Phase 2.

PHASE 2 IMPLEMENTATION ACTIONS

Enabling Policy	Action Type	Action #	Action Description
LU 1.1, 1.2		1	Create a public engagement plan outlining engagement activities in Phase 2.
LU 1.1		2	Engage Station Area residents to establish Station Area subdistricts.
LU 1.2		3	Engage Station Area residents to develop a Station Area vision, and subdistrict visions.
LU 4.1		4	Conduct a parking study to identify potential safety concerns in the Station Area.
LU 2.2		5	Conduct a capacity analysis for new residential and employment densities across the Station Area.
H 1.1		6	Identify surplus public property for affordable housing development.
LU 2.2 CF 1.1		7	Identify utility capacity constraints.
LU 2.2 T 3.1		8	Identify transportation capacity constraints.
LU 3.4 ED 2.3		9	Evaluate opportunities for expanded commercial activity beyond Town Center.
LU 6.1, 6.4		10	Update Land Use goals and policies to reflect priorities defined by station visioning.
H 1.1, 5.3, 6.3		11	Update Housing goals and policies to reflect priorities defined by station visioning.
ED 1.1, 2.2		12	Update Economic Development goals and policies to reflect priorities defined by station visioning.

Mercer Island Comprehensive Plan
Station Subarea Plan

LU 2.2, 3.4		13	Engage Station Area residents on density distribution and land use mix across subdistricts.
LU 5.4 T 2.1		14	Work with Station Area residents and landowners to identify and enhance multimodal connections to adjacent open spaces and community institutions.
LU 9.3, 8.2, 8.3 H 1.1, 3.1, 3.2 ED 1.2, 2.3, 2.7, CF 1.1		15	Identify priority community development projects to support anticipated population growth.
LU 2.2, 6.4, 7.4		16	Update development code to regulate using FAR rather than height in conformance with RCW 36.70A.840. Right size lot coverage, lot size, setbacks and other dimensional standards that influence building mass. Tailor by subdistrict.
LU 4.2, 5.3, 7.1		17	Introduce frontage standards.
H 1.2, 1.3		18	Implement the Multifamily Tax Exemption and associated impact fee reductions for in the Station Area.
LU 2.2, 9.3 CF 1.1		19	Update Capital Improvement Plan to reflect increased capacity demands for the Station Area.
LU 2.2, 9.3 T 3.1		20	Update Transportation Improvement Plan to reflect increased capacity demands for the Station Area.

	Public Engagement
	Evaluation & Analysis
	Policy Development
	Regulatory Update
	Infrastructure Investment

City of Mercer Island

2026 Land Capacity Analysis and Phase 1 Recommendations

FINAL DRAFT
May 11, 2026

EXECUTIVE SUMMARY

Mercer Island faces housing planning challenges that are both legally mandated and analytically complex. This report documents Phase 1 of a two-phase subarea plan implementation strategy to address these challenges. Phase 1 is designed to achieve Growth Management Hearings Board (GMHB) compliance on accommodating housing capacity by income segment through recommended changes to Mercer Island's Town Center zones, changes to the City's Inclusionary Zoning program, and land disposition commitments described above.

Phase 2, to be completed prior to the December 31, 2029 House Bill 1491 deadline, will address remaining station area rezoning changes necessary to achieve required densities across the half-mile light rail station walkshed. This will complete Mercer Island's transition to a fully TOD-compliant planning framework.

Together, the two phases position Mercer Island to satisfy both its immediate GMHB obligations and its longer-term statutory requirements under the evolving statewide housing planning framework.

This report includes an updated 2026 Land Capacity Analysis (LCA) and Phase 1 recommendations prepared by Community Attributes Inc. (CAI) in collaboration with and on behalf of the City. The recommendations are in response to the GMHB's August 1, 2025 ruling in *Futurewise v. City of Mercer Island*. This is the first decision by the GMHB to fully adjudicate a local comprehensive plan challenge under House Bill 1220 (HB 1220, 2021). The Board granted the City one year to bring its plan into compliance, establishing a summer 2026 deadline.

How We Got Here

HB 1220 changed how Washington cities must plan for housing. No longer can cities demonstrate aggregate land capacity sufficient to absorb a single growth target. Cities must now identify sufficiently zoned capacity to accommodate projected housing need for each of several prescribed income

ranges, benchmarked against an Area Median Income (AMI), which was \$157,000 in 2025. These segments range from households earning below 30% of Area Median Income (AMI) to those earning above 120% of AMI. In addition, HB 1220 requires plans to provide permanent supportive housing (PSH) and emergency housing.

Subsequent legislation extended these requirements as follows:

- HB 1110 (2023) mandates middle housing in residential zones
- HB 1337 (2023) sets minimum ADU standards
- HB 1491 (2025) established transit-oriented development (TOD) density requirements near high-capacity transit.

The GHMB has given the City until July 31, 2026 to meet the income segment housing capacity requirements, while upholding the middle housing and minimum ADU standards requirements. The City also has until December 31, 2029, to meet the TOD density requirements required by HB 1491.

Mercer Island's 2023 LCA Supplement was among the first in the region prepared under the new regulatory framework described above. The City identified a 143-unit deficit in multifamily and mixed-use zones through 2044. Mercer Island proposed and implemented Town Center height limit increases as a remedy. However, the GMHB found two critical methodological flaws with the City's Comprehensive Plan. First, the City aggregated lower-income housing need categories rather than analyzing capacity at each individual income level. Second, the City assumed that essentially all multifamily capacity would result in income-restricted units, a rate unsupported by Mercer Island's production history of 102 rent-restricted units from under the current incentive structure.

The Analysis

This updated LCA addresses both deficiencies. Capacity is disaggregated by individual income band, and affordability assumptions are grounded in observed market rent data from the ARCH cities' market areas (Bellevue, Kirkland, Redmond, and Sammamish), as well as local permitting and production history.

Mercer Island's updated net housing need, after accounting for 173 units permitted between 2020 and 2026, stands at 1,191 net new dwelling units through 2044, plus 237 emergency housing beds. The analysis evaluates capacity under three successive zoning frameworks: the pre-2024 baseline zoning; current conditions which have been in place since December 2024 that included Town Center height limit increases and HB 1110/1337 related changes; and the proposed regulatory framework for adoption (Phase 1).

Under Phase 1 proposed changes, total residential capacity across all zones is estimated at 3,164 units, composed of 2,588 units of baseline zoned capacity, 337 units of new middle housing capacity, and 239 ADU units. Phase 1 proposes two notable zoning changes. First, consolidating the Town Center's existing subarea structure into a single unified zone (TC-8) with an 8-story maximum height and a projected FAR of 5.0. Second, upzoning the MF-2 and MF-2L zones immediately adjacent to Town Center to a new TCMF-6 designation, allowing 6 stories at a projected FAR of 4.5. Single-family zones retain the middle housing and ADU provisions now required under state law.

What the Market is Proven to Produce

There is a well-established threshold for what income levels the market historically has been able to serve with new housing production. Market-rate multifamily development, even at increased densities, has not produced units affordable to households earning below 30% of AMI. This reflects construction economics, not zoning constraints. Rents affordable to this lowest income range do not generate sufficient revenue to warrant the investment. The market has produced a small number of units in the 30-50% of AMI range, but only in a few special sites that do not reflect market trends (low land acquisition cost outliers, for example). Upzoning alone has proven to not change this situation. By contrast, the market does produce units that serve the 50–80% AMI range. More than 75% of mid-rise rent comparables in ARCH markets fall within this band; units serving 80–120% of AMI are also produced readily across both low-rise and mid-rise zone categories.

The Phase 1 capacity analysis finds that, with the proposed upzones in place, the City has sufficient or surplus capacity to meet allocated housing needs at all income levels above 30% of AMI. The remaining deficit of approximately 510 units is concentrated entirely at the 0–30% AMI level, including permanent supportive housing. This gap cannot be closed by zoning capacity alone and requires dedicated programmatic and financial intervention.

Recommended Adequate Provisions

Strategic review of the analysis with City staff yields two recommended elements to provide adequate provisions that will address the GMHB's findings and the 0–30% AMI gap.

The first element is a mandatory inclusionary zoning (IZ) program to replace the existing voluntary incentive zoning program, applicable to all new residential development in Town Center and TCMF-6 zones. The recommended program requires 10% of units to be affordable at 50% of AMI for rental housing or 80% of AMI for ownership housing. This rate is supported by Mercer Island's 2025 Affordable Housing Nexus Study (Nexus Study), which found a maximum supportable affordable housing requirement

of 13% to 16% of units across three prototype development types. This analysis suggests that a 10% requirement allows for market-feasible housing developments. An IZ program with these parameters, assuming 100% on-site unit delivery, is projected to produce at least 170 income-restricted units in the 30–80% AMI range over the planning period.

The IZ program should also include a fee-in-lieu option allowing developers to pay a per-square-foot fee in place of on-site affordable unit delivery. Based on the Nexus Study and regional program comparisons, it is recommended to set the in-lieu fee at \$25–\$30 per square foot of gross floor area. With 100% utilization of the fee in lieu option, the analysis suggests that in-lieu fees could generate more than \$30 million in housing fund revenue. When leveraged through ARCH partnerships, Low Income Housing Tax Credits, and other capital sources at a loan-to-cost ratio of 65–75%, this revenue could directly fund approximately 170–200 units of housing affordable at 0–30% of AMI, reducing the remaining gap within this income band to approximately 310–340 units.

The second element is land dedication or disposition. The City should inventory publicly owned or acquirable sites suitable for affordable housing development and offer them to nonprofit developers at below-market or no cost, conditioned on delivery of units at 30% of AMI or below. Approximately three acres of land (in aggregate, depending on parcel shapes and locations) would be sufficient to accommodate the remaining gap of 310–340 units in mid-rise multifamily development. This assumes the land is made available in coordination with the IZ fee fund and ARCH.

Other tools, including parking reductions, fee waivers, multifamily tax exemption (MFTE), affordable housing levies, and density bonuses, were evaluated and found insufficient in isolation to produce units at 0–30% of AMI. Individually or in combinations, these tools may be able to serve a supplemental role in supporting production at moderate affordability levels.

The Phased Approach and Next Steps

This report documents Phase 1 of a two-phase subarea plan implementation strategy to address these challenges. Phase 1 is designed to achieve full GMHB compliance within the summer 2026 deadline through the TC-8 and TCMF-6 upzones, IZ program, and land disposition commitments described above. Phase 2, to be completed prior to the December 31, 2029 HB 1491 deadline, will address the remaining station area rezoning necessary to achieve an average 3.5 FAR across the half-mile rail station walkshed. This will complete Mercer Island's transition to a fully TOD-compliant planning framework. Together, the two phases position Mercer Island to satisfy both its immediate GMHB obligations and its longer-term statutory requirements under the evolving statewide housing planning framework.

CONTENTS

Introduction v

Regulatory & Methodological Framework 3

Housing Need and Allocations 9

Zoning Context 11

2026 Mercer Island Land Capacity Analysis 17

Policy Implications and Options 29

Appendix A: Updated Baseline LCA 37

Appendix B: Supporting Analyses and Data 45

INTRODUCTION

Background and Purpose

The City of Mercer Island adopted their updated Comprehensive Plan in November of 2024, including required updates to the Housing Element. The passage of House Bill 1220 (HB 1220) introduced additional requirements for cities to plan for growth, specifically requiring that all cities and counties plan for and accommodate housing affordable to all economic segments of the population. The City of Mercer Island completed a Land Capacity Analysis (LCA) in 2023 to identify their capacity to plan for growth. However, in February 2025, land use nonprofit Futurewise and two Mercer Island residents filed an appeal of the City's adopted Comprehensive Plan with Washington State's Growth Management Hearings Board (GMHB). The GMHB found that Mercer Island's Comprehensive Plan did not adequately plan to accommodate housing affordable to all. Mercer Island retained Community Attributes Inc. (CAI) to prepare an updated Land Capacity Analysis and accompanying policy analysis.

Project Objectives

This analysis pursues two primary objectives. The first is to prepare a methodologically defensible, updated baseline Land Capacity Analysis that addresses the GMHB's specific findings. This Land Capacity Analysis conforms to current Commerce guidance and reflects changes to Mercer Island's zoning context since the 2023 LCA Supplement was completed, most notably, the 2024 Town Center height limit increases. The baseline analysis was fully reconstructed using both original and updated parcel data, revised capacity assumptions, and a more granular approach to relating zone-level capacity to income-level affordability than was employed in the 2023 analysis.

The second objective is to frame a phased subarea plan implementation planning strategy that positions Mercer Island to meet both its immediate GMHB-ordered obligations and its anticipated future obligations under House Bill 1491 (HB 1491), related to transit-oriented development (TOD). Phase 1, documented in this report, focuses on near-term regulatory actions achievable within the compliance window:

- Upzoning Town Center to eight stories
- Increasing density allowances in Town Center and in station-area multifamily zones
- Incorporating middle housing and accessory dwelling unit (ADU) provisions consistent with House Bill 1110 (HB 1110) and House Bill (HB 1337) across single-family residential zones

This Phase 1 work also recommends adoption of an inclusionary zoning program consisting of a 10% affordable set-aside of units affordable at 50% of AMI and below, with a fee in-lieu option as an alternative compliance path. Phase 2, to be undertaken in advance of HB 1491 deadlines, will complete the station area rezoning necessary to achieve average 3.5 FAR within the required walkshed and satisfy remaining TOD compliance requirements.

An additional but important objective of this engagement was to provide an evidence-grounded assessment of what zoning changes alone can and cannot accomplish with respect to affordability. The analysis examines the degree to which the market produces units affordable at each income level and inclusionary zoning as a tool to support the development of affordable housing at the lowest income levels.

Organization of Report

The remainder of this report is organized into five substantive sections, as follows, plus Appendices:

- **Regulatory & Methodological Framework** provides background and context for this report and describes the statutory requirements and Commerce guidance documents that shape this analysis, the data sources relied upon, and key definitions.
- **Housing Need & Allocations** presents Mercer Island's 2044 housing allocation by income level, summarizes residential permitting activity since 2020, and derives an updated net housing need reflecting units already produced during the planning period.
- **Zoning Context** describes the evolution of Mercer Island's residential zoning framework across three distinct periods: the pre-2024 baseline under which the 2023 LCA Supplement was prepared; the current context following the 2024 Town Center height limit increases; and the proposed Phase 1 regulatory framework analyzed in this study.
- **2026 Mercer Island Land Capacity Analysis (Phase 1)** presents the step-by-step capacity analysis resulting in the final comparison of capacity against allocated housing need by income level.
- **Policy Implications & Options** discusses the analytical findings, their implications for what regulatory and programmatic tools can realistically achieve, and the recommended adequate provisions strategy.
- **Appendices** present the complete Baseline LCA, as well as tables documenting supporting analysis and data relied upon within the analysis.

REGULATORY & METHODOLOGICAL FRAMEWORK

Background and Context

New Statewide Law and Commerce Guidance

HB 1220 (2021) amended RCW 36.70A.070(2) to require jurisdictions to plan for and accommodate housing affordable to all economic segments of the population – a more demanding standard than previous requirements. Prior to HB 1220 a jurisdiction could demonstrate compliance by showing sufficient overall land capacity to absorb projected population growth, without disaggregating that capacity by income level or housing type. Under HB 1220, jurisdictions must now identify sufficient zoned capacity to accommodate projected housing needs at each income level, from extremely low-income (below 30% of Area Median Income, or AMI) through high-income households earning above 120% of AMI, as well as for permanent supportive housing (PSH) and emergency housing.

Subsequent legislation reinforced and extended these requirements. HB 1110 (2023) established middle housing mandates, requiring cities to allow duplexes through sixplexes in areas previously restricted to single-family development. HB 1337 (2023) set minimum development standards for ADUs, limiting the regulatory barriers cities may impose on their production. HB 1491 (2024) introduced TOD requirements, establishing minimum density and allowable use standards within defined station area walksheds served by high-capacity transit.

To assist jurisdictions in meeting the new requirements, the Washington State Department of Commerce (Commerce) developed a suite of guidance documents and planning tools. The primary resources informing this analysis include Commerce's *Guidance for Updating Your Housing Element* (HB 1220 Book 2, August 2023, updated September 2024); the *Middle Housing User Guide* (updated July 2025); and the *Housing for All Planning Tool* (HAPT), which provides countywide projected housing needs disaggregated by income level. Commerce's February 2023 presentation to local planners on HB 1220 implementation requirements also informed the methodology applied in this analysis. Together, these resources define the analytical framework, including the six-step land capacity analysis process used to update Mercer Island LCA.

Mercer Island's Housing Element and the Path to This Analysis

Mercer Island, along with other cities and counties updating their comprehensive plans for adoption in 2024 found itself at the forefront of HB 1220 implementation, completing one of the region's first Comprehensive Plan periodic reviews under the new statutory framework. In December 2023, the City's Community Planning and Development Department

prepared a Land Capacity Analysis Supplement (hereinafter the "2023 LCA Supplement"), which applied Commerce's newly issued guidance to evaluate whether Mercer Island's existing zoning provided sufficient capacity to accommodate its allocated housing need of 1,239 dwelling units through the 2044 planning horizon. That analysis relied on land capacity data from King County's 2021 Urban Growth Capacity (UGC) Report and disaggregated housing need data from King County Ordinance 19660, which allocated housing need to cities by income level.

The 2023 LCA Supplement concluded that, while total land capacity across all zone types exceeded the overall growth target, a deficit of 143 units existed in multifamily and mixed-use zones. These zone categories are those capable of accommodating households earning below 120% of AMI. To address this deficit, the City analyzed three alternatives: increasing maximum building height by one story across several Town Center subareas, allowing multifamily residential uses in the Commercial Office (C-O) zone, and increasing the maximum density in the MF-3 zone from 26 to 30 dwelling units per acre. The City ultimately adopted height limit increases in Town Center, effective in 2024.

In February 2025, land use nonprofit Futurewise and two Mercer Island residents filed an appeal of the City's adopted Comprehensive Plan with Washington State's GMHB. The appeal contended, among other things, that the City's housing element failed to identify sufficient land capacity for extremely low, very low, and low-income households; failed to adequately plan for emergency housing; and failed to adopt meaningful measures to address racially disparate impacts and displacement. On August 1, 2025, the GMHB issued a ruling finding in favor of the appellants on four out of five issues. The decision was the first by the Board to fully interpret and enforce the HB 1220 requirements as applied to a local Comprehensive Plan.

The Board's findings centered on two critical methodological deficiencies. First, the City had aggregated lower-income housing need categories in the capacity analysis, which did not provide the analysis and data required to identify capacity to serve households by individual income limit, particularly those households earning less than 30% and between 30% and 80% of AMI. Second, the City assumed that effectively all capacity in multifamily and mixed-use zones would be available to lower-income residents, relying on an incentive-based affordability rate that the Board found to be unsupported by Mercer Island's own production history. The Board noted that only 102 rent-restricted units had been produced under the City's existing subsidy and incentive programs, and that this track record should have led the City to question, rather than adopt, the assumption that all remaining capacity would yield affordable units. The Board granted Mercer Island one year to bring its plan into compliance.

Following the GMHB ruling, Mercer Island retained CAI to prepare an updated Land Capacity Analysis and accompanying policy analysis. Concurrent with this work, Commerce continued to refine and update its LCA and adequate provisions guidance in partial response to the Mercer Island case and other early implementation experience. The analysis was also informed by Mercer Island's concurrent work to understand the implications of HB 1491's transit-oriented development requirements, given the anticipated opening of the East Link light rail station serving the island¹. The resulting deliverables, this report, supporting model documentation, and GIS data, are intended to support the City's return to compliance within the GMHB compliance timeline.

Department of Commerce Guidance

This analysis was prepared to conform with Commerce's suite of guidance documents for updated housing elements under the Growth Management Act, as amended by recent state legislation. The primary statutory framework governing this work is HB 1220. In addition to requiring a more demanding standard to plan for growth, HB 1220 also directed Commerce to establish projected housing needs by income level for each county, using Office of Financial Management (OFM) population forecasts as the foundation, and to provide guidance to local governments on how to satisfy the new requirements.

The principal guidance document informing the methodology applied in this analysis is Commerce's *Guidance for Updating Your Housing Element* (HB 1220 Book 2, originally published August 2023, updated September 2024 and January 2026, hereinafter "Book 2"). Book 2 is part of a three-volume series. Book 1 addresses the establishment of housing targets and the allocation of projected housing need to jurisdictions. Book 2 covers the land capacity analysis and adequate provisions requirements. Book 3 addresses racially disparate impacts.

This analysis draws primarily from Book 2, which establishes a six-step methodology for demonstrating sufficient residential land capacity to meet allocated housing needs by income level, as well as guidance for evaluating capacity for emergency housing and permanent supportive housing. The February 2023 Commerce presentation on HB 1220 planning and accommodation requirements provided additional methodological context during the analytical development phase of this project.

Subsequent legislation has extended and refined the requirements established by HB 1220. House Bill 1110, codified in RCW 36.70A.635 through RCW 36.70A.638, requires cities meeting applicable population

¹ For Mercer Island specifically, the deadline for compliance with the new HB 1491 TOD planning requirements is December 31, 2029

thresholds to allow middle housing types on all lots zoned predominantly for residential use. As a city with a 2020 Census population of 25,748, Mercer Island is subject to HB 1110's requirements. The *Middle Housing Model Ordinances User Guide* (Commerce, updated July 2025, hereinafter "Middle Housing User Guide") informed the middle housing capacity assumptions incorporated in this analysis, including unit type allowances, dimensional standards, and the treatment of middle housing near major transit stops.

House Bill 1337 establishes minimum standards for ADU regulations in urban growth areas, including a requirement that cities allow up to two ADUs per lot. The methodology for estimating ADU capacity in this analysis reflects the production assumptions and participation rate framework set out in Book 2 and calibrated to local conditions.

House Bill 1491 establishes TOD density and affordability requirements within station area walksheds served by rail and qualifying bus rapid transit. Phase 1 of this analysis is not intended to achieve full HB 1491 compliance. A subsequent Phase 2 effort will address station area rezoning to the average 3.5 FAR minimum required within the half-mile rail station walkshed.

The *Futurewise v. City of Mercer Island* decision issued by the Growth Management Hearings Board also constitutes a critical framework for this analysis. The decision provides authoritative guidance on how the statutory requirements must be applied in practice. Several of the Board's findings directly shaped the analytical choices made in this update. This analysis addresses both findings related to the LCA in the Board's decision directly through disaggregated income-level capacity accounting and assumptions about the share of capacity likely to serve households at each income level, grounded in observed market and production data.

Data Sources

The land capacity analysis presented in this report draws on several primary data sources. Parcel-level data were obtained from the King County Assessor's parcel database. These data were used to develop estimates of land capacity. Definitions for vacant, partially used, underdeveloped, pipeline, or developed are consistent with the classification framework described in Book 2 and previously applied in the King County 2021 UGC Report. Where the UGC Report methodology was replicated, particularly in the treatment of market and public purpose reduction factors, assumptions were preserved for consistency and comparability. Departures from the methodology are documented.

The 2025 King County AMI figure published by HUD serves as the reference point for all affordability calculations in this analysis. Rent and income limit tables published by the U.S. Department of Housing and Urban Development (HUD) were used to establish the maximum rents and income thresholds

applicable to each AMI band. Analysis also references the Washington Center for Real Estate Research (WCRER) Housing Market Data Toolkit and data published by the Washington State Housing Finance Commission (WSHFC).

Permitted residential development activity since 2020 was compiled from City of Mercer Island building permit records, to analyze units built between 2020 and 2026. The Mercer Island Zoning Map and the Mercer Island City Code (MICC) provided the regulatory basis for zone-level capacity calculations, including permitted housing types, maximum densities, height limits, lot coverage standards, and applicable affordable housing incentives and requirements. Critical areas mapping was used to identify and exclude environmentally constrained land from developable acreage calculations. Middle housing and ADU production data from Mercer Island and comparable ARCH-member jurisdictions in the East King County subregion informed participation rate and unit yield assumptions for those housing categories.

Comparative rent and absorption data for low-rise, mid-rise, and high-rise multifamily development in the ARCH cities submarket, sourced from CoStar, Redfin, Zillow, and individual property sites, were used to calibrate the distribution of market-rate capacity across AMI bands and to evaluate the financial feasibility of affordable housing production at varying income levels under current and proposed regulatory conditions. Comparative market analysis supports the policy findings regarding the limitations of market-rate and incentive-based production in serving households below 30% of AMI.

Key Definitions

The following definitions, drawn from the GMA and Commerce guidance, govern the income classifications and housing type distinctions used throughout this analysis.

Area Median Income (AMI) refers to the median household income for a given geographic area, as determined annually by HUD. This analysis uses the 2025 King County AMI. Housing need is disaggregated into the following income segments relative to AMI: extremely low-income (0–30% of AMI), very low-income (30–50% of AMI), low-income (50–80% of AMI), moderate income (80–120% of AMI), and higher income (above 120% of AMI).

Permanent supportive housing (PSH) is defined in RCW 36.70A.030 as subsidized, leased housing with no limit on length of stay that prioritizes people experiencing homelessness or at imminent risk of homelessness who have complex and disabling behavioral or physical health conditions. PSH is paired with on-site or off-site voluntary services designed to support residents in retaining tenancy. Because PSH residents typically have

incomes in the extremely low-income range, PSH capacity need is grouped with 0–30% AMI housing need in this analysis, consistent with Book 2 guidance.

Emergency housing is defined in RCW 36.70A.030 as temporary indoor accommodation for individuals or families who are homeless or at imminent risk of becoming homeless, intended to address basic health, food, clothing, and personal hygiene needs. Unlike permanent housing, emergency housing need is measured in beds rather than dwelling units and is treated as a separate analytical category from the income-based capacity analysis. Emergency housing capacity analysis is addressed in a discrete section of the LCA.

Land capacity, as used throughout this analysis, refers to the estimated number of net new dwelling units that could feasibly be produced on developable land over the planning period, given current or proposed zoning, applicable development standards, environmental constraints, market factors, and existing development patterns. Net residential capacity is calculated as gross residential capacity minus existing housing units on redevelopable parcels, consistent with the methodology established in the UGC Report and Book 2.

Middle housing encompasses the housing types defined in RCW 36.70A.030 and required to be permitted under HB 1110, including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, stacked flats, courtyard apartments, cottage housing, and townhomes. Mercer Island is required to permit six of the nine middle housing types on lots zoned predominantly for residential use, with allowances for up to four units per lot within a quarter mile of its new light rail station (or on lots accommodating one affordable unit) and up to three units per lot (2 units plus existing single-family) elsewhere in residential zones.²

Accessory dwelling units (ADUs) are habitable dwelling units added to, created within, or detached from a primary single-family dwelling. Under HB 1337, cities in urban growth areas are required to allow up to two ADUs per lot. ADU capacity in this analysis was estimated using the participation rate methodology described in Book 2, applied to eligible lots across residential zones, and calibrated to Mercer Island's recent ADU permitting trends and projected regulatory changes.

² In Mercer Island's code, an existing single-family unit is not counted toward permitted maximum capacity. Thus, the low planned density figure represents two minimum additional units allowed per lot plus the single family unit. For parcels within 0.25 miles of transit or that accommodate one affordable housing unit, up to four units per lot are permitted by right.

HOUSING NEED AND ALLOCATIONS

In 2023, Commerce published the Housing for All Planning Tool, which details the housing need for counties throughout Washington, including King County. After receiving the county-level housing need projection, King County allocated the total need by income level to its cities. In August of 2023, King County adopted its most recent allocated housing need by city with Ordinance 19660, amending the countywide planning policies (CPPs).

Mercer Island's housing growth target is 1,476 net new dwelling units by the year 2044. This figure includes 1,239 net new housing units, plus 237 emergency housing beds. The housing need assigned to the City of Mercer Island under King County Countywide Planning Policy H-1 is shown in Table 1 below.

Original 2044 Housing Allocations

Table 1 defines housing need by affordability level using baseline supply of housing units and the King County allocated need for each AMI range. The analysis establishes a 2019 baseline supply of housing units by affordability level and identifies the net new housing units needed between 2019 and 2044, consistent with Mercer Island's total growth target of 1,476 units. This includes emergency housing (1,239 units plus 237 emergency housing beds). The final allocation of units represents net new housing that must be planned for and accommodated by 2044.

Table 1. 2044 City of Mercer Island Housing Allocation

Affordability Level	Area Median Income (AMI)	Baseline Supply (2019)	Allocation/ Net New
Emergency Housing Units			
Emergency housing	N/A	N/A*	237
Low Income Housing Units			
Extremely low	0-30% PSH	N/A*	178
Extremely low	0-30% Non-PSH	274	339
Very low	>31-50%	285	202
Low	>51-80%	186	488
<i>Subtotal Low Income Housing Units</i>		745	1,207
Moderate & High Income Housing Units			
Moderate	>81-100%	1,506	4
High	>101-120%	1,234	5
Other	Above 120%	7,084	23
<i>Subtotal Moderate & High Income Housing Units</i>		9,824	32
Total		10,569	1,476

Source: December 2023 LCA Supplement, page 7, Table 1.

*Note: There was no Permanently Supportive Housing (PSH) or emergency housing supply in the city in 2019 per the LCA Supplement Appendix A, Table 1.

Permitting Activity (2020–2026)

Table 2 documents recent residential development activity based on building permits, using data provided by the City of Mercer Island. Each record identifies the zoning designation in which a permitted project is located and assigns it to a broader zone category reflecting the typical building types allowed in that zone. Permitted units are categorized by specific affordability level, defined by the percentage of Median Income (AMI), consistent with the affordability framework used throughout the analysis. This data is used to adjust allocated housing need, documenting housing units delivered or underway within the planning period.

Table 2. Finaled Building Permits from January 2020 through July 2026 by Zone Category and Affordability Level, Built Units, City of Mercer Island

Zone	Zone Category	Specific Affordability Level	Status (Jan 2020-July 2026)	Total Number of Units
R 8.4	Low Density	Higher Income (>120% AMI)	Proposed	14
TC-5	Mid-Rise	TBD (Market Rate)	In progress	131
TC-5	Mid-Rise	50%-80% AMI	In progress	15
Total				160

Source: City of Mercer Island, 2026.

Updated 2044 Housing Allocations

Table 3 documents the adjusted allocated housing need by affordability level to account for permitted activity between 2020 and 2026. The table subtracts units built between 2020 and 2026 (**Table 2**) from the original allocated need to produce an adjusted allocation or net new need. After accounting for new development, the City has a remaining requirement of 1,192 net new housing units to be planned for and accommodated by 2044.

Table 3. 2044 City of Mercer Island Housing Allocation Including Deductions of Units Built 2020-2026

Affordability level	Area Median Income (AMI)	Baseline Supply (2019)	Allocation/ Net New Need	Total Number Units Built 2020-2026	Adjusted Allocation/Net New Need
Emergency Housing					
housing	N/A	N/A*	237		237
Low Income Housing Units					
Extremely low	0-30% PSH	N/A*	178		178
Extremely low	0-30% Non-PSH	274	339		339
Very low	31-50%	285	202		202
Low	51-80%	186	488	15	473
<i>Subtotal Low Income Housing Units</i>		745	1,207	15	1,192
Moderate & High Income Housing Units					
Moderate	81-100%	1,506	4	44	0
High	101-120%	1,234	5	44	0
Other	Above 120%	7,084	23	57	0
<i>Subtotal Moderate & High Income Housing Units</i>		9,824	32	145	0
Total (excluding Emergency Housing)		10,569	1,239	160	1,192

Source: 2023 LCA Supplement, page 7, Table 1; City of Mercer Island, 2026.

Note: The categorization of 50-80% AMI for the 15 new Xing Hua affordable units is based on Mercer Island's former 10% affordability requirement that stipulated the affordability level be 60% of AMI for rental units and 90% of AMI for ownership units. The 131 market rate units have been apportioned equally across the three moderate and high affordability levels until further pricing data becomes available.

ZONING CONTEXT

Mercer Island's residential zoning framework has evolved over the three-year period spanning the preparation of the 2023 LCA Supplement. Analysis of Phase 1 recommendations also relies on recommended zoning changes. The zones and relevant information for each are presented in the tables below.

Pre-2024 Height Limit Increases (2023 LCA Supplement Baseline)

At the time the 2023 LCA Supplement was prepared, Mercer Island's residential zoning consisted of four single-family residential zones, three multifamily zones, a Planned Business Zone with a residential component, and six Town Center subareas encompassing mixed-use and multifamily

development (**Table 4**). The single-family zones (SFR) are differentiated primarily by minimum lot size. All four assume densities range from approximately 2.6 to 4.6 dwelling units per acre. Single ADUs were permitted per lot in all four zones. Middle housing was not yet applied at the time. The Planned Business Zone, Residential component (PBZ-Residential), accommodates low-intensity attached housing at an assumed density of approximately 6 dwelling units per acre, with a maximum of 30 units and a four-unit per building cap.

The three multifamily zones, (MFR), are located primarily in the station area vicinity and along the island's central spine north of Town Center. Density in this range include 22.7 – 26 units per acre. None of the multifamily zones permitted ADUs or middle housing at this time.

The Town Center mixed-use zone (MU) was organized into six subareas with differentiated height limits. Assumed densities in the Town Center ranged from approximately 100.6 dwelling units per acre in the lower-height subareas to 167.8 dwelling units per acre in the TC-4 Plus and TC-5 subareas, with an overall achieved density of approximately 107.6 dwelling units per acre and a planned FAR of 3.4.

The existing affordability requirement at the time required that buildings exceeding two stories set aside 10% of units for households earning at or below 60% AMI for rental housing and 90% AMI for ownership housing. Under the 2023 LCA Supplement, Town Center was the only zone category identified as capable of accommodating housing needs for households earning below 120% of AMI, reflecting both its higher densities and its affordability incentive structure. The 2023 analysis identified a capacity deficit of 143 units in multifamily and mixed-use zones relative to the then-allocated need of 1,216 households earning below 120% of AMI.

Table 4. Historic Residential Zoning Description and Data per 2023 LCA Supplement

Zoning Code	Zone Type	Minimum Lot Size	Units Per Lot	Max Height	Assumed Density	Planned Density	Planned Density
<i>Code</i>	<i>SFR/MFR/MU</i>	<i>Square Feet</i>		<i>Feet</i>	<i>DU/Acre</i>	<i>DU/Acre</i>	<i>FAR</i>
R-8.4	SFR	8,400 sf	2 (4)	30	4.6	5.2	
R-9.6	SFR	9,600 sf	2 (4)	30	4.6	4.5	
R-12	SFR	12,000 sf	2 (4)	30	3.3	3.6	
R-15	SFR	15,000 sf	2 (4)	30	2.6	2.9	
MF-2L	MFR	MFR - None, Townhouse Lots 1,500 sf	8 per building	2 Stories / 24'	26.0	26.0	
MF-2	MFR	MFR - None, Townhouse Lots 1,000 sf	N/A	3 Stories / 36'	22.7	38.0	1.5
MF-3	MFR	MFR - None, Townhouse Lots 1,500 sf	N/A	3 Stories / 36'	26.0	26.0	
PBZ-residential	SFR	Average parcel size 7,200 sf	30 (max) (4 attached/ building max)	Varies (based on design standards MICC 19.12)	6.1	6.1	
TCMF-3	MU	None	N/A	3 Stories / 39'	100.6	100.6	2.4
TCMF-4	MU	None	N/A	4 Stories / 51'	134.2	134.2	3.2
TC-3	MU	None	N/A	3 Stories / 39'	100.6	100.6	2.4
Formerly TC4	MU	None	N/A	4 Stories / 51'	134.2	134.2	4.0
Formerly TC4Plus	MU	None	N/A	5 Stories / 63'	167.8		
Formerly TC5	MU	None	N/A	5 Stories / 63'	167.8		

Sources: City of Mercer Island, 2026.

Current Baseline Zoning Context (Post-December 2024 Amendments)

Following the GMHB appeal filed by Futurewise, and in the context of the December 2024 Comprehensive Plan periodic update, the City adopted two sets of regulatory changes that define the current baseline zoning context (Table 5) reflected in this updated analysis.

The adoption of Ordinance No. 24C-18, effective December 31, 2024, restructured and increased maximum building heights across the Town Center subareas. The ordinance increased the maximum building height in the Town Center from five to seven stories in the TC-5 and TC-4 Plus subareas and from four to five stories in the TC-4 subarea, increased the required percentage of affordable housing in new development in Town Center from 10% to 15%, and deepened the affordability requirement for affordable housing units from 60% to 50% of AMI for rental housing and from 90% to 80% of AMI for ownership housing. The subarea names were updated, TC-4 was renamed TC-5, TC-4 Plus was renamed TC-5 Plus, and TC-5 was

renamed TC-7, reflecting their new maximum story counts. TC-3, TCMF-3, and TCMF-4 remain unchanged. Assumed densities in the newly renamed higher-height subareas were updated in this analysis from 167.8 to 200 dwelling units per acre, reflecting recent analysis of multifamily comparables across the region.

The increased affordability requirements adopted alongside the height increases warrant careful attention in the context of this analysis and the GMHB's findings. Mercer Island's program is a voluntary program or an incentive zoning program. However, at 15% set-aside at 50% AMI, Mercer Island's requirement is greater than many of the inclusionary zoning program requirements in the region.

In comparison, Seattle's Mandatory Housing Affordability (MHA) program requires between 5% and approximately 10.6% of units depending on location, while cities such as Shoreline and Redmond operate at 10% baseline requirements. While some jurisdictions do carry percentage requirements at 15% or above, those are almost universally paired with a higher income cap than the 50% AMI threshold Mercer Island has adopted. This combination, a high set-aside percentage at a deep affordability level, has implications for development feasibility and is discussed in detail in the **Policy Implications** section within the context of adopting an inclusionary zoning policy rather than a voluntary incentive zoning program.

The second set of changes reflects the implementation of state middle housing and ADU requirements under HB 1110 and HB 1337. Mercer Island's middle housing implementation ordinance now permits six of the nine middle housing types, including duplexes, triplexes, fourplexes, townhouses, courtyard apartments, and stacked flats, on all lots zoned predominantly for residential use in the R-8.4, R-9.6, R-12, and R-15 zones. Under this framework, two additional units per lot are permitted as a baseline in all R zones, with up to four units per lot allowed on parcels within one-quarter mile of the East Link light rail station or where at least one affordable unit is provided. Importantly, the existing single-family dwelling unit does not count toward the permitted middle housing unit count, meaning a SFR lot can accommodate the primary unit plus two or more additional units.

ADU allowances have also been updated. All single-family zones now permit two ADUs per lot, consistent with HB 1337, with maximum gross ADU floor area set at 1,000 square feet each. These middle housing and ADU provisions introduce incremental capacity across Mercer Island's predominantly single-family residential land base and are incorporated as a distinct capacity layer in the first step of the LCA.

Table 5. Current Residential Zoning Description and Data per Updated Baseline conditions

Zoning Code	Zone Type	ADUs Allowed?	Middle Housing Permitted	Max Height	Assumed Density	Planned Density	Planned Density	New Planned Density 2025 - Low*	New Planned Density 2025 - High*
<i>Code</i>	<i>SFR/MFR/MU</i>			<i>Feet</i>	<i>DU/Acre</i>	<i>DU/Acre</i>	<i>FAR</i>	At 3 Units per Lot	At 4 Units per Lot
R-8.4	SFR	Yes - 2	Yes	30	4.6	5.2		15.6	20.7
R-9.6	SFR	Yes - 2	Yes	30	4.6	4.5		13.6	18.2
R-12	SFR	Yes - 3	Yes	30	3.3	3.6		10.9	14.5
R-15	SFR	Yes - 4	Yes	30	2.6	2.9		8.7	11.6
MF-2L	MFR	N/A		2 Stories / 24'	26.0	26.0			
MF-2	MFR	N/A		3 Stories / 36'	22.7	38.0	1.5		
MF-3	MFR	N/A		3 Stories / 36'	26.0	26.0			
PBZ-residential	SFR	N/A		Varies (based on design standards MIOC 19.12)	6.1	6.1			
TCMF-3	MU	N/A		3 Stories / 39'	100.6	100.6	2.4		
TCMF-4	MU	N/A		4 Stories / 51'	134.2	134.2	3.2		
TC-3	MU	N/A		3 Stories / 39'	100.6	100.6	2.4		
TC-5	MU	N/A		5 Stories / 63'	134.2	134.2	4.0		
TC-5 Plus**	MU	N/A		7 Stories / 87'	200				
TC-7**	MU	N/A		7 Stories / 87'	200				

Source: City of Mercer Island, 2025; Community Attributes Inc., 2026.

Proposed Phase 1 Zoning Framework

The Phase 1 zoning framework (Table 6) recommended in this report represents the first step in a two-phase approach designed to bring Mercer Island into full compliance with the GMHB’s ruling while also positioning the City for eventual HB 1491 TOD compliance in a subsequent Phase 2 effort. Phase 1 retains the single-family zone structure and middle housing and ADU provisions established under the current baseline, while proposing two changes to the multifamily and mixed-use zone framework: the consolidation and upzoning of the Town Center zone and the upzoning of the MF-2 and MF-2L zones directly adjacent to the Town Center.

In Town Center, Phase 1 proposes consolidating the existing subarea structure, which currently spans TCMF-3, TCMF-4, TC-3, TC-5, TC-5 Plus, and TC-7, into a single unified Town Center mixed-use zone called TC-8. This consolidated zone would carry a maximum height of 8 stories at approximately 101 feet and an assumed density of 200 dwelling units per acre, governed by a planned FAR of 5.0. The consolidation simplifies the subarea framework and reflects the intent to concentrate the island's highest-density residential capacity in the walkable core adjacent to the East Link station. In conjunction with the zone changes, Phase 1 also recommends adopting an inclusionary zoning program in place of the current incentive

zoning program with an affordability requirement of 10% of units at 50% of AMI, paired with a fee in-lieu alternative compliance option.

The second element of Phase 1 is the proposed creation of a TCMF-6 zone, replacing the former MF-2 and MF-2L zones in the areas immediately to the west and east of Town Center . This new zone would allow up to 6 stories at approximately 77 feet, with a planned FAR of 4.5 and an assumed density of 134.2 dwelling units per acre, higher than the 3-story, 22–26 dwelling unit per acre limits that currently apply to the MF-2 and MF-2L zones.

The TCMF-6 designation is intended to capture development potential in parcels well-suited to transit-supportive density by virtue of their proximity to the station, while maintaining a distinct regulatory identity from the mixed-use commercial core of Town Center. This designation also serves as a bridge toward the Phase 2 station area rezoning that will be required to achieve the average 3.5 FAR across the half-mile rail station walkshed mandated by HB 1491. Remaining station area subareas will be addressed at that time through FAR-based regulation.

Table 6. Proposed Residential Zoning Description and Data per Phase 1

Zoning Code	Description	Zone Type	Max Height	Assumed Density	Planned Density	Planned Density	New Planned Density 2025 - Low*	New Planned Density 2025 - High*
<i>Code</i>	<i>Name of Zone</i>	<i>SFR/MFR/MU</i>	<i>Feet</i>	<i>DU/Acre</i>	<i>DU/Acre</i>	<i>FAR</i>	At 3 Units per Lot	At 4 Units per Lot
R-8.4	Residential 8400	SFR	30	4.6	5.2		15.6	20.7
R-9.6	Residential 9600	SFR	30	4.6	4.5		13.6	18.2
R-12	Residential 12000	SFR	30	3.3	3.6		10.9	14.5
R-15	Residential 15000	SFR	30	2.6	2.9		8.7	11.6
MF-2L	Multi-Family (Low)	MFR	2 Stories / 24'	26.0	26.0			
MF-2	Multi-Family	MFR	3 Stories / 36'	22.7	38.0	1.5		
MF-3	Multi-Family	MFR	3 Stories / 36'	26.0	26.0			
PBZ-residential	Planned Business (Residential)	SFR	Varies (based on design standards MICC 19.12)	6.1	6.1			
TCMF-6	Former MF-2 / MF-2L	MU	6 Stories / 77'	134.2		4.5		
TC-8	Former Town Center MU & MF	MU	8 Stories / 101'	200.0		5.0		

Sources: City of Mercer Island, 2026; Community Attributes Inc., 2026.

2026 MERCER ISLAND LAND CAPACITY ANALYSIS

The Phase 1 land capacity analysis involves a series of steps to estimate the residential capacity by zone and align that capacity with each affordability level. Phase 1 reflects previously adopted changes to Mercer Island’s zoning as well as recommended updates to the zoning code based on the GMHB decision, Commerce guidance, and Mercer Island’s preferences for a phased approach toward HB 1491 compliance. The updated Baseline LCA is presented in **Appendix A**. The subsequent Phase 2 will be completed prior to the HB 1491 deadline.

Capacity Calculations

Baseline Residential Capacity

Table 7 and **Table 8** summarize the existing residential capacity findings from the City of Mercer Island’s Land Capacity with the only change reflecting updated TC zone designation and increased height limits. Residential capacity is calculated using the City of Mercer Island’s established methodology, which accounts for mixed use development by incorporating the expected split between residential and commercial uses within assumed density figures. Buildable land is calculated by combining vacant and redevelopable acreage, applying standard deductions, and multiplying the resulting buildable acreage by assumed residential densities. Existing units on redevelopable parcels are then subtracted to determine final residential capacity.

Table 7. Buildable Area by Zone, Acres

Zoning Code	Vacant Acres	Redevelopable Acres	Land Supply Area (Acres)	Deductions	Buildable Area (Acres)
R-8.4	10.3	53.9	64.2	16.0%	53.9
R-9.6	14.8	74.2	89.0	16.0%	74.8
R-12	0.6	6.1	6.7	16.0%	5.6
R-15	37.5	96.3	133.8	16.0%	112.4
MF-2L	0.0	0.2	0.2	23.5%	0.2
MF-2	0.6	1.5	2.1	23.5%	1.6
MF-3	0.0	56.9	56.9	23.5%	43.5
TC-8	0.6	28.5	29.1	13.5%	25.2
TCMF-6	0.0	1.1	1.1	13.5%	0.9
Total	64.5	318.5	383.0		318.0

Sources: City of Mercer Island, 2026; Community Attributes Inc., 2026.

Table 8. Residential Capacity by Zone, Units

Zoning Code	Assumed Density (DU/Acre)	Assumed Density (FAR)	Built Floor Area	Deductions	Initial Residential Capacity (Units)	Existing Units on Redevelopable Parcels	Final Residential Capacity (Units)
R-8.4	4.6				250	161	89
R-9.6	4.6				346	199	147
R-12	3.3				19	10	9
R-15	2.6				295	184	111
MF-2L	26.0				4	5	0
MF-2	22.7				36	101	0
MF-3	26.0				1,132	597	535
TC-8		5.0	5,478,585	55%	4,018	2,414	1,604
TCMF-6		4.5	178,035	41%	98	4	94
Total					6,197	3,675	2,588

Sources: City of Mercer Island, 2026; Community Attributes Inc., 2026.

Notes: Deductions include an assumed net rentable area of 100% and 75% for the Station Area – Town Center and Station Area – Multifamily respectively, as well as an assumed 55% reasonable rate of development. These assumptions are intended to reflect the feasibility of development within the planning period. Initial residential capacity is calculated by dividing the built floor area by an assumed 750 square foot average unit size multiplied by the deduction factor.

Middle Housing Capacity

Middle housing capacity is calculated based on the City’s existing land capacity analysis and definitions of redevelopable lands and follows Commerce’s guidance for calculating additional middle housing capacity. As shown in **Table 9**, the middle housing capacity analysis evaluates buildable land across applicable residential zones by accounting for buildable acreage, economic feasibility, planned maximum densities, existing units, and a reasonable rate of development. Analysis separates the portion of each zone that is within a quarter of a mile from the station area to account for the greater planned densities allowed near the station area.

Across all zones, the net buildable acres total 194.5, reflecting the total 246.7 vacant and redevelopable acres less 52.1 acres of economically infeasible area. Applying planned maximum densities yields an estimated 2,237 potential dwelling units. Redevelopable land within these zones currently has 554 existing units. Subtracting these existing units from the planned maximum results in 1,683 net potential dwelling units across all zones. Consistent with Commerce guidance, a 20% reasonable rate of development is applied to reflect development likely to occur within the 20-year planning horizon. This results in an estimated 337 additional middle housing units.

Table 9. New Middle Housing Development Capacity by Zone

Zoning Code	Buildable Acres (Vacant & Redevelopable)	Economically Infeasible Deduction (Acres)	Net Buildable Acres	Planned (Max) Density (Units per Acre)	Max Dwelling Units	Existing Units	Max Net Dwelling Units	Reasonable Rate of Development	Additional Middle Housing Capacity
R-8.4 (<.25)	1.5	0.0	1.5	20.7	32	4	28	20%	6
R-8.4	52.4	17.1	35.3	15.6	549	157	392	20%	78
R-9.6 (<.25)	0.0	0.0	0.0	18.2	0	0	0	20%	0
R-9.6	74.8	19.5	55.3	13.6	752	199	553	20%	111
R-12 (<.25)	0.0	0.0	0.0	14.5	0	0	0	20%	0
R-12	5.6	0.5	5.1	10.9	56	10	46	20%	9
R-15 (<.25)	0.0	0.0	0.0	11.6	0	0	0	20%	0
R-15	112.4	15.0	97.3	8.7	848	184	664	20%	133
Total	246.7	52.1	194.5		2,237	554	1,683		337

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

ADU Capacity

Table 10 estimates ADU capacity for long-term housing across all residential zones in Mercer Island using current municipal code allowances and estimated development assumptions. Within the City there are 7,483 ADU-eligible lots. These lots are defined as residential parcels larger than 5,000 square feet where ADUs are permitted by right. City staff note that many ADUs are constructed through demolitions or rebuilds taking advantage of the 5% bonus allowance.

An assumed participation rate is applied to represent the share of eligible lots likely to add an ADU, informed by regional precedent and local permitting history. This participation rate is multiplied by the number of eligible lots to estimate annual ADU production, consistent with Commerce guidance that ADU production may increase under new statewide legislation. The analysis also assumes that only a portion of ADUs will function as long-term housing and applies this share across the 20-year Comprehensive Plan planning horizon (2024–2044). Overall, 239 ADUs are estimated to be available to serve as long-term housing capacity.

Table 10. ADU Capacity, All Zones

ADU-Eligible Lots	Participation Factor	Assumed ADU Production per Year	Assumed Long-Term Housing Percentage	Assumed ADU Production for Long-Term Housing
7,483	0.3%	24	50%	239

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

Combined Residential Capacity

Table 11 consolidates zoned housing capacity, newly enabled middle housing capacity, and ADU capacity to estimate total residential capacity by zoning designation in Mercer Island. The initial residential capacity of 2,588 units is combined with the 337 middle housing units and 239 ADUs, yielding a total residential capacity of 3,164 units. The largest shares of capacity are concentrated in the TC-8, MF-3, and lower-density residential zones such as R-8.4, R-9.6, and R-15, where middle housing contributes to overall capacity.

Table 11. Combined Residential Development Capacity by Zone, Housing Units

Zoning Code	Baseline Residential Capacity	Final Residential Capacity	New Middle Housing Capacity	ADU Capacity (All Zones)	Total Residential Capacity
R-8.4	89	89	84		173
R-9.6	147	147	111		257
R-12	9	9	9		18
R-15	111	111	133		244
MF-2L	0	0			0
MF-2	0	0			0
MF-3	535	535			535
TC-8	1,604	1,604			1,604
TCMF-6	94	94			94
ADUs				239	239
Total	2,588	2,588	337	239	3,164

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

Zone Classification

Mercer Island’s zones are grouped into four density-based categories as an interim step to link residential capacity to affordability levels (**Table 12**). Individual zones are classified as low density, moderate density/middle housing, low-rise, or mid-rise. Lower-density categories primarily reflect detached single-family zoning. Moderate density categories represent areas where middle housing types, such as townhomes, duplexes, triplexes, quadplexes, courtyard apartments, and stacked flats, are applicable. Multifamily zones allowing walk-up apartments are categorized as low-rise, and station area multifamily zones allowing taller buildings are classified as mid-rise. This standardized zone categorization provides a consistent framework for aligning housing capacity with affordability assumptions in subsequent analytical steps.

Table 12. Mercer Island Zoning Category Classifications

Zone Code	Typical Housing Types Allowed	Assumed Density (DU/Ac)	Assigned Zone Category
R-15	Detached single-family homes	2.6	Low Density
R-15	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	8.7	Moderate Density/Middle Housing
R-12	Detached single-family homes	3.3	Low Density
R-12	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	10.9	Moderate Density/Middle Housing
R-9.6	Detached single-family homes	4.6	Low Density
R-9.6	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	13.6	Moderate Density/Middle Housing
R-8.4	Detached single-family homes	4.6	Low Density
R-8.4	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	15.6	Moderate Density/Middle Housing
MF-2L	Walk-up apartments or condominiums (up to 2 floors)	26.0	Low-Rise
MF-2	Walk-up apartments or condominiums (up to 3 floors)	22.7	Low-Rise
MF-3	Walk-up apartments or condominiums (up to 3 floors)	26.0	Low-Rise
TC-8	Apartments, condominiums in buildings with 7+ floors	5.0	Mid-Rise
TCMF-6	Apartments, condominiums in buildings with 7+ floors	4.5	Mid-Rise

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

Affordability Level Assumptions

Area Median Income Thresholds

King County AMI in 2025, sourced from HUD, was \$157,100. Based on this 100% of AMI figure, AMI and maximum rents are calculated at each affordability level (**Table 13**). Maximum affordable rent is calculated using the standard affordability assumption that housing costs should not exceed 30% of household income, divided into monthly rent.

Table 13. Maximum Rents based on Area Median Income Level, 2025

Percent of AMI	Area Median Income	Maximum Rent
120%	\$188,520	\$4,713
100%	\$157,100	\$3,928
80%	\$125,680	\$3,142
50%	\$78,550	\$1,964
30%	\$47,130	\$1,178

Sources: HUD, 2025; Community Attributes Inc, 2026.

Market-Rate and Subsidized Assumptions

The distribution of units by affordability level and zoning category is calculated based on the distribution of market rate and incentivized units by zone category as well as the distribution of market rate and incentivized units by affordability level. Supporting data and analysis for the calculation is documented in the **Appendix B**.

The distribution of market rate units by affordability level and zone category is documented in **Table 14** and the distribution of externally subsidized units by zone category and affordability level is documented in **Table 15**. Externally subsidized units represent those units that are supported by subsidies, programs, and organizations other than the City of Mercer Island.

Table 14. Market Rate Housing Allocation Distribution by Affordability Level and Zone Category

Affordability Level/Zone Category	Low Density	Moderate Density/Middle	Low-Rise	Mid-Rise	High-Rise	ADUs
Extremely Low Income (0-30% AMI incl. PSH)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Very Low Income (30-50% AMI)	0.0%	16.6%	5.2%	6.7%	10.0%	14.2%
Low Income (>50-80% AMI)	0.0%	25.0%	57.2%	71.6%	20.0%	71.5%
Moderate Income (>80-100% AMI)	0.0%	50.0%	26.0%	13.6%	30.0%	7.1%
High Income (>100-120% AMI)	0.0%	8.4%	5.2%	1.8%	10.0%	7.2%
Very High Income (>120% AMI)	100.0%	0.0%	0.0%	0.0%	30.0%	0.0%

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Within applicable zone categories, subsidized units are distributed across income bands from extremely low income (0–30% AMI) through high income (100–120% AMI), with the largest shares concentrated in the moderate (80–100% AMI) and low-income (50–80% AMI) ranges. No externally subsidized units are assumed to serve very high-income households. Additionally, data indicates that there are no externally subsidized units in low density, moderate density, and high-rise categories, as well as among ADUs.

Table 15. Externally Subsidized or Incentivized Housing Allocation Distribution by Affordability Level and Zone Category

Affordability Level/Zone Category	Low Density	Moderate Density/ Middle	Low-Rise	Mid-Rise	High-Rise	ADUs
Extremely Low Income (0-30% AMI incl. PSH)			0.4%	0.4%		
Very Low Income (30-50% AMI)			0.4%	0.4%		
Low Income (>50-80% AMI)			1.8%	1.8%		
Moderate Income (>80-100% AMI)			2.5%	2.5%		
High Income (>100-120% AMI)			1.4%	1.4%		
Very High Income (>120% AMI)*			0.0%	0.0%		

Sources: City of Mercer Island, 2025; CoStar, 2025; Community Attributes Inc, 2026.

Mercer Island’s recommended inclusionary zoning program differentiates affordability requirements between ownership and rental units. **Table 16** summarizes the assumed share of rental units within the Town Center (TC) low-rise and mid-rise zones and the resulting distribution of units by affordability level. Assumptions about the share of rental versus ownership units are informed by CoStar data on recent multifamily development in comparable ARCH cities.

Table 16. Inclusionary Zoning Housing Allocation Distribution by Affordability Level and Zone Category

Affordability Level/Zone Category	Low-Rise (TC Zones)	Mid-Rise (TC Zones)
Assumed Rental Share	95.0%	95.0%
Extremely Low Income (0-30% AMI incl. PSH)		
Very Low Income (30-50% AMI)		95.0%
Low Income (>50-80% AMI)	95.0%	5.0%
Moderate Income (>80-100% AMI)	5.0%	
High Income (>100-120% AMI)		
AMI)		

Sources: City of Mercer Island, 2025; CoStar, 2025; Community Attributes Inc, 2026.

Capacity by Zone Category

The next step to convert residential capacity from zone to affordability level is to match zoned capacity to the identified zoning category. **Table 17** summarizes total market rate housing unit capacity by zone and estimates the number of housing units created through a proposed inclusionary zoning program applicable in TC zones, remaining market rate capacity in TC Zones, as well as total capacity excluding TC zones. Inclusionary zoning capacity is differentiated at this stage to leverage estimates of unit distribution by affordability level presented in the previous section.

Table 17. Mercer Island Capacity by Zone and Zone Category

Zoning Code and Category	Unit Capacity	Inclusionary Zoning Affordable Capacity	Inclusionary Zoning Market Rate Capacity	Capacity Excluding TC Zones
Low Density				
R-15	111			111
R-12	9			9
R-9.6	147			147
R-8.4	89			89
Low Density Subtotal	356			356
Moderate Density				
R-15 Middle Housing	133			133
R-12 Middle Housing	9			9
R-9.6 Middle Housing	111			111
R-8.4 Middle Housing	84			84
Moderate Density Subtotal	337			337
Low-Rise				
MF-2L	0			0
MF-2	0			0
MF-3	535			535
TCMF-3	0			0
Low-Rise Subtotal	535	0	0	535
Mid-Rise				
TC-8	1,604	161	1,443	0
TCMF-6	94	10	84	0
Mid-Rise Subtotal	1,698	171	1,527	0
ADUs				
ADUs	239			239
Total	3,164	171	1,527	1,466

Sources: City of Mercer Island, 2025; CoStar, 2025; Community Attributes Inc, 2026.

Capacity by Affordability Level

After identifying capacity by zone category, the next step is to calculate units by affordability and zone category. Affordability levels are estimated separately for market rate, inclusionary zoning, and externally subsidized units, as documented in **Table 18**, **Table 19**, and **Table 20**.

**Table 18. Mercer Island Low Density and Moderate Density Zone Category
Distribution of Capacity by Affordability Level**

Affordability Level	Market Rate		Externally Subsidized		Internally Subsidized	
	Capacity		Capacity		Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Low Density (Detached Single-Family Homes)						
Low Density Total Planned Capacity		356				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0				
Very Low Income (>30-50% AMI)	0%	0				
Low Income (>50-80% AMI)	0%	0				
Moderate Income (>80-100% AMI)	0%	0				
High Income (>100-120% AMI)	0%	0				
Very High Income (>120% AMI)	100%	356				
Subtotal Low Density		356		0		0
Moderate Density/Middle Housing (Townhomes, duplex, triplex, quadplex, courtyard, apts, stacked flats)						
Moderate Density Total Planned Capacity		337				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0				
Very Low Income (>30-50% AMI)	17%	56				
Low Income (>50-80% AMI)	25%	84				
Moderate Income (>80-100% AMI)	50%	168				
High Income (>100-120% AMI)	8%	28				
Very High Income (>120% AMI)	0%	0				
Subtotal Moderate Density		337		0		0

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 19. Mercer Island Low-Rise Zone Category Distribution of Capacity by Affordability Level

Affordability Level	Market Rate		Externally Subsidized		Internally Subsidized	
	Capacity		Capacity		Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Low-Rise (walk-up apartments, condos, PSH (2-3 floors))						
Low-Rise Total Planned Capacity	535					
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	2		
Very Low Income (>30-50% AMI)	5%	28	0%	2		
Low Income (>50-80% AMI)	57%	306	2%	9		
Moderate Income (>80-100% AMI)	26%	139	2%	13		
High Income (>100-120% AMI)	5%	28	1%	8		
Very High Income (>120% AMI)	0%	0	0%	0		
Subtotal Low-Rise		501		34		0
Low-Rise (TC Zones)						
Low-Rise Total Planned Capacity	0					0
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	0	0%	0
Very Low Income (>30-50% AMI)	5%	0	0%	0	0%	0
Low Income (>50-80% AMI)	57%	0	2%	0	95%	0
Moderate Income (>80-100% AMI)	26%	0	2%	0	5%	0
High Income (>100-120% AMI)	5%	0	1%	0	0%	0
Very High Income (>120% AMI)	0%	0	0%	0	0%	0
Subtotal Low-Rise		0		0		0

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 20. Mercer Island Mid-Rise and ADU Zone Category Distribution of Capacity by Affordability Level

Affordability Level	Market Rate		Externally Subsidized		Internally Subsidized	
	Capacity		Capacity		Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Mid-Rise (apartments, condos, PSH (4-6 floors))						
Mid-Rise Total Planned Capacity		0				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	0		
Very Low Income (>30-50% AMI)	7%	0	0%	0		
Low Income (>50-80% AMI)	72%	0	2%	0		
Moderate Income (>80-100% AMI)	14%	0	2%	0		
High Income (>100-120% AMI)	2%	0	1%	0		
Very High Income (>120% AMI)	0%	0	0%	0		
Subtotal Mid-Rise		0		0		0
Mid-Rise (TC Zones)						
Mid-Rise Total Planned Capacity		1,527				171
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	5	0%	0
Very Low Income (>30-50% AMI)	7%	103	0%	5	95%	162
Low Income (>50-80% AMI)	72%	1,092	2%	27	5%	9
Moderate Income (>80-100% AMI)	14%	207	2%	38	0%	0
High Income (>100-120% AMI)	2%	27	1%	21	0%	0
Very High Income (>120% AMI)	0%	0	0%	0	0%	0
Subtotal Mid-Rise		1,430		97		171
ADUs						
ADU Total Planned Capacity		239				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0				
Very Low Income (>30-50% AMI)	14%	34				
Low Income (>50-80% AMI)	72%	171				
Moderate Income (>80-100% AMI)	7%	17				
High Income (>100-120% AMI)	7%	17				
Very High Income (>120% AMI)	0%	0				
Subtotal ADUs		239		0		0
Total Units		2,862		131		171

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Housing Needs and Capacity Surplus and Deficit

The final step summarizes total housing units by affordability level and compares that to the allocated need by affordability level (Table 21). The result identifies affordability levels that require new subsidies or incentives through adequate provisions. Capacity is not calculated for the extremely low income (0-30% PSH) category, because capacity for PSH units are generated through a separate set of policies.

Table 21. Mercer Island Housing Unit Capacity

Affordability Level	Zone Categories Serving These Needs	Market Rate Housing Capacity (Units)	Externally Subsidized Housing Capacity (Units)	Internally Subsidized Housing Capacity (Units)	Total Housing Capacity (Units)
Extremely Low Income (0-30% AMI PSH)	Low-Rise, Mid-Rise	0	0	0	0
Extremely Low Income (0-30% AMI excl. PSH)	Low-Rise, Mid-Rise	0	7	0	7
Very Low Income (>30-50% AMI)	Low-Rise, Mid-Rise	220	7	162	390
Low Income (>50-80% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	1,654	36	9	1,698
Moderate Income (>80-100% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	532	51	0	583
High Income (>100-120% AMI)	Moderate Density, Low-Rise, Mid-Rise	101	29	0	130
Very High Income (>120% AMI)	Low Density	356	0	0	356
Total		2,862	131	171	3,164

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Overall, the analysis shows that Mercer Island has sufficient or surplus capacity to meet allocated housing need for households earning above 30% AMI, with particularly large surpluses in the low-income (50–80% AMI), moderate-income (80–100% AMI), and higher-income categories. Otherwise, there are deficits in the extremely low-income category excluding PSH (0–30% AMI). The analysis identifies approximately **510 housing units** that would require **new subsidies or incentives**, concentrated in the extremely low income category. While current zoning and incentive programs are sufficient to meet moderate- and higher-income housing needs, **additional tools and investments will be required to address housing affordability gaps for households earning below 30% of AMI.**

Table 22. Mercer Island Housing Units Requiring New Subsidies or Incentives

Affordability Level	Zone Categories Serving These Needs	Allocated Housing Need (Units)	Total Housing Capacity (Units)	Mercer Island Capacity Surplus or Deficit (Units)	Units Requiring New Subsidies or Incentives
Extremely Low Income (0-30% AMI PSH)	Low-Rise, Mid-Rise	178	0	(178)	(178)
Extremely Low Income (0-30% AMI excl. PSH)	Low-Rise, Mid-Rise	339	7	(332)	(332)
Very Low Income (>30-50% AMI)	Low-Rise, Mid-Rise	202	390	188	0
Low Income (>50-80% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	473	1,698	1,225	0
Moderate Income (>80-100% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	0	583	583	0
High Income (>100-120% AMI)	Moderate Density, Low-Rise, Mid-Rise	0	130	130	0
Very High Income (>120% AMI)	Low Density	0	356	356	0
Total		1,192	3,164	1,972	(510)

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

POLICY IMPLICATIONS AND OPTIONS

The land capacity analysis presented in this report includes findings with direct implications for Mercer Island's zoning framework and the programmatic and financial tools the City must deploy to accommodate households at the lowest income levels. This section synthesizes those findings and presents recommendations for adequate provisions. These include policies and programs required to complement zoning capacity in meeting the City's full housing need allocation.

What the Market Has and Has Not Produced

An important finding of this analysis is the distinction between what the market can reasonably be expected to produce through new development and what requires active public intervention. Based on a review of comparable rent data from the ARCH-area market, including Bellevue, Kirkland, Redmond, and Sammamish, the analysis finds that market-rate multifamily development in Mercer Island does not produce units affordable to households earning below 30% of AMI. This is not a function of insufficient zoning capacity; it is a function of development economics. The potential rental revenue from units at that affordability level does not cover the debt service on construction costs, even in mid-rise wood-frame buildings. Upzoning cannot compensate for this.

The picture is more nuanced at the 30–50% AMI level. The market does produce a modest share of units in this range, reflecting the lower end of what mid-rise rental development can achieve without subsidy in this submarket. It produces units affordable to households earning between 50% and 80% of AMI in greater volume, more than 76% of mid-rise rent comparables, built in recent years in the ARCH market area, fall within this range. Additionally, units affordable to households earning 80–120% of AMI are produced in both low-rise and mid-rise multifamily zones. Low-density and moderate-density zones serve households earning above 120% of AMI. The implication is that the City's remaining housing allocation is concentrated in housing units where market production fails. The 517 units needed for households earning below 30% of AMI (including 178 PSH units) represent a gap that cannot be closed by changes to zoning alone.

In total, Phase 1 upzones, consolidating Town Center to 8 stories at FAR 5.0 and establishing the TCMF zone at 6 stories and FAR 4.5, are estimated to produce total capacity of approximately 3,164 units across all zone categories and affordability levels. The analysis projects that upzoning and an incentive or inclusionary zoning program eliminates capacity deficits at affordability levels above 30% of AMI. The remaining deficit of approximately 510 units at the 0–30% AMI level represents the gap that requires additionally programmatic intervention.

The analysis detailed above indicates that the market likely will not produce housing units at 0% to 30% of AMI. City intervention will be necessary to induce the development of the 510 unit deficit at this affordability level. Any City intervention or policy response intended to remove barriers to the construction of these units counts toward what HB 1220 refers to as “adequate provisions”. Potential barriers to address include funding gaps, challenging development regulations, lot or land availability, or procedural obstacles.

Identified Barriers

In conjunction with this land capacity analysis, City staff prepared a Barriers Analysis (Version 1.0, March 2026) documenting programs and actions needed to achieve housing availability, as required by RCW 36.70A.070(2)(d)(ii) and Commerce guidance. The analysis follows the three-step framework recommended by Commerce: reviewing housing production trends to determine whether barriers exist, identifying the nature of those barriers, and documenting the programs and actions the City intends to take to overcome them.

Reviewing Housing Production Trends

The production trend analysis found that historical average annual production of low- to mid-rise multifamily housing is 53.8 units per year between 2006 and 2024. This falls below the 60.35 units per year needed to meet allocated need over the 20-year planning period, confirming the existence of a production barrier for this housing type. For sub-market rate housing at all income levels below 50% of AMI, no units have been produced through the City's regulatory programs, confirming barriers across all deeply affordable housing types. The analysis estimates that full delivery of the City's sub-market rate housing need would require between \$487.6 million and \$573.6 million over the planning period. This is a funding gap that the fee-in-lieu program and land disposition strategy described in this report are designed to begin addressing.

Barriers Review

The full barriers review, documented in Appendix A of the Barriers Analysis, evaluates potential regulatory, process, and land supply barriers across four housing types. This includes moderate density / middle housing, low- to mid-rise multifamily and mixed-use, PSH and emergency housing, and ADUs.

For moderate density housing and ADUs, most potential barriers have been substantially addressed through recent development code amendments adopted in 2025. Ordinance No. 25C-02 implementing HB 1110 (middle housing) and HB 1337 (ADU) requirements. Ordinance No. 25C-27 streamlining permit review timelines and establishing clear and objective design standards consistent with SB 5290 and SB 1293. Ordinance No. 25C-14 reassigning design review from the Design Commission to the Hearing Examiner.

For low- to mid-rise multifamily and mixed-use development, active barriers remain in the form of maximum density limits, height limits, setbacks, lot coverage standards, and parking requirements in the multifamily zones immediately adjacent to Town Center. All of which are directly addressed by the Phase 1 upzoning and affordable housing parking standard amendments recommended in this report. SEPA review was also identified as a process barrier, to be addressed through an ODNs policy directing the SEPA Official to use the optional determination of nonsignificance process where appropriate.

For PSH and emergency housing, barriers related to spacing requirements, conditional use permits, and operational standards have been identified. These barriers are proposed to be addressed through adoption of permanent STEP housing regulations concurrent with the Comprehensive Plan update.

Funding Tools Review

Appendix B of the Barriers Analysis inventories the full range of optional affordable housing funding tools available under state law and documents the City's current implementation status and plans for each. Several tools, including the Real Estate Excise Tax 2 option and the Affordable Housing Sales Tax Credit, are no longer available due to elapsed deadlines. The affordable housing property tax levy would require voter approval which may be an obstacle to implementation and the lodging tax is not viable in Mercer Island because there are currently no hotels or motels located in the City.

The City currently waives 80% of school, parks, and transportation impact fees for qualifying affordable housing developments and maintains its contribution to ARCH general funds, budgeted at \$133,405 in 2026. The primary new funding tools being recommended for implementation with this report are the fee-in-lieu program described in the preceding section, and the surplus public land dedication. Permit fee waivers, additional parking reductions or study, and MFTE are each under consideration for future implementation. MFTE adoption is anticipated during Phase 2 of the Station Area Plan process.

Adequate Provisions for Affordable Housing

To address the barriers identified above, the City has identified two policy responses: Mandatory Inclusionary Zoning with a Fee in Lieu and Land Disposition.

Mandatory Inclusionary Zoning with Fee In Lieu

Issue 2 from the GMHB Order identified that the City must perform additional analysis to document how adequate provisions will result in the City meeting its housing needs at all housing affordability levels over the 20-year planning horizon. The GMHB Order called out the City's Incentive Zoning program and indicated that the City had not provided sufficient evidence that the program would produce affordable units at the required affordability levels, given the voluntary nature of the program.

To address these requirements, the City will need to adopt a **mandatory inclusionary zoning (IZ) program** that requires a set percentage of housing units to be income-restricted affordable housing. These requirements will replace the existing Incentive Zoning program in the Town Center. The inclusionary zoning requirement is a mandatory provision, rather than a voluntary incentive-based regulation. The program would require all new development that includes residential units, within the reconfigured TC and MF-2 zones, to provide the required affordable units. The City can reliably estimate the likely production of affordable units because the program is mandatory. This will document the expected effect of the new program on

addressing the City's affordable housing needs as required in the GMHB Order.

The recommended program parameters are as follows. All new residential development in applicable zones would be required to set aside 10% of units as affordable at 50% of AMI for rental housing or 80% of AMI for ownership housing. This requirement is calibrated based on two considerations.

First, the Affordable Housing Nexus Study calculated the maximum supportable affordable housing requirements for the three development prototypes analyzed, a 7-story mixed-use building, a 5-story mixed-use building, and a 4-story primarily residential building. The study found that a maximum supportable affordable housing requirement ranges from 13.1% to 16.4% of units, meaning a 10% requirement is within the supportable range.

Second, a review of comparable programs in the region confirms that 10% at 50% AMI is aligned with or more demanding than most peer jurisdictions. Kirkland requires 10% at 50% AMI for rental in most zones. Redmond and Sammamish require 10% at 80% AMI. While Mercer Island's current incentive zoning requires 15% at 50% AMI, the recommended IZ program is set at 10% in recognition of the maximum supportable performance requirements documented in the Nexus Study and the importance of not inadvertently suppressing the development that generates affordable units.

The inclusionary program is projected to produce as many as 171 income-restricted units at 30–80% of AMI over the planning period, assuming 100% on-site performance, directly reducing the City's capacity deficit in those income bands.

The Nexus Study evaluated the maximum in-lieu fee supportable by three prototype development types and found that fees in the range of \$30–\$37 per square foot of gross floor area represent the maximum that can be justified relative to the affordable housing demand generated by new market-rate development. Based on review of regional programs and feasibility analysis, at approximately \$35 per square foot, the return metrics between the fee option and 10% on-site performance are comparable. At \$25 per square foot, the in-lieu fee is more favorable to developers.

Setting the in-lieu fee within the range of \$25–\$30 per square foot is recommended. This range is below the maximum supportable level, is competitive with regional programs, and is structured to encourage participation in the fee program rather than on-site performance. Encouraging participation in the fee program will provide fee revenue to the City's housing fund that can be used to support development of 0-30% AMI units, directly addressing Mercer Island's gap in affordable housing production.

For context, Seattle's MHA program has generated over \$330 million in in-lieu fees since 2017, producing 4,585 subsidized units. Only 505 units were created through the performance option. The majority (90%) of production flowed through the fee pathway.

Modeling based on a \$25 per square foot fee, an average unit size of 1,060 square feet, and an assumed 100% developer election of the fee pathway projects total in-lieu fee revenue of approximately \$30.7 million over the planning period. This revenue can be leveraged with ARCH trust fund contributions, Low Income Housing Tax Credits, state housing grants, and low-interest loans, at a loan-to-cost ratio of 65–75%.

This revenue could support the direct delivery of as many as 170–200 units of extremely low-income housing units. This would reduce the remaining 0–30% AMI gap from approximately 510 units to roughly 310–340 units. Developer decisions between on-site performance and payment of the in-lieu fee will determine the revenue available to support direct delivery of units serving 0–30% AMI levels compared to on-site provision of housing units serving 30–50% AMI levels. The City would need to pursue additional adequate provisions to address the remaining gap. This includes offering public land for affordable housing development, deepening partnership with ARCH and regional nonprofit developers, and pursuing state and federal capital sources.

Land Dedication or Disposition

This intervention relies on partnerships with ARCH and/or other non-profit housing developers. The City intends to inventory current and prospective sites that are publicly owned, or that could be acquired, for the purposes of developing affordable housing units affordable to extremely low-income households. These sites would be offered to an affordable housing developer at below-market or no cost on the condition that the developer provides a specified number of housing units at 30% of AMI or less. Land dedication or disposition improves the economic feasibility of affordable housing development by removing the need for affordable housing developers to pay market value for their land.

To provide for the entirety of the remaining gap in extremely low income units, the City would need to identify approximately three acres of land for future affordable housing development. This assumes that the affordable housing is delivered in mid-rise multifamily buildings of a similar intensity to the current development pattern in Town Center. This quantity of land would be sufficient to accommodate 310 to 340 units at 0% to 30% of AMI, after accounting for units produced through the inclusionary zoning program.

Other Tools Considered

In addition to the tools identified above to support the production of housing units affordable at the deepest levels in the near term, Mercer Island has also reviewed a number of other programmatic and financial tools and is considering some of them, such as MFTE, permit fee waivers, and parking reductions, as possible supporting mechanisms for the production of units affordable to income levels above 30% that could be adopted as part of a Phase 2 of the phased approach outlined in this report.

Parking Reductions

Parking requirement reductions are sometimes proposed as a cost-reduction tool to improve affordable housing feasibility. While parking reductions do meaningfully reduce per-unit construction costs, particularly in structured parking contexts, they are insufficient in isolation to bring 0–30% AMI units into feasibility. The gap between market rents and the revenue needed to service construction debt at that affordability level is at a magnitude that parking savings alone cannot bridge.

In the Mercer Island Comp Plan Barriers Analysis, (Appendix A, Table A.2. Low- to Mid-Rise Multifamily and Mixed-Use Housing Barrier Analysis) the City indicates that it believes that parking requirements could be a barrier to low- to mid-rise multifamily and mixed-use housing, and that it will consider parking requirement amendments during both phases of their phased approach to Station Area compliance with HB 1491 by the deadline (and that this consideration will likely include a parking study).

Fee Waivers

Similarly, fee waivers can have a positive impact on the economic feasibility of affordable housing development. However, their impact on the financial performance of most development projects is not sufficient to reach extremely deep levels of affordability, and research revealed no instances where fee waivers alone produced units at or below 30% of AMI.

Mercer Island currently waives 80% of school, parks, and transportation impact fees for affordable housing development in the city. Appendix B of its Barriers Analysis indicates that the City will additionally consider permit fee waivers during future implementation following adoption of the Comprehensive Plan.

Multifamily Tax Exemption (MFTE)

The Multifamily Tax Exemption (MFTE) program, available under RCW 84.14, provides a property tax exemption on the residential improvement value of qualifying multifamily development in exchange for renting a share

of units at income-restricted rates, typically 20% of units at 80% AMI or below. While MFTE has been used effectively in some markets to produce units in the 50–80% AMI range, there is no evidence in Washington State of an MFTE program successfully producing units at 30% of AMI. The program's affordability floor is too high, and the economics of developing income-restricted units at that depth are not meaningfully improved by a property tax exemption alone.

While Mercer Island has not yet adopted an MFTE, it could play a role in supporting 50–80% AMI production in Mercer Island's mid-rise zones, despite not addressing the City's affordability gap at 0-30% of AMI. In the City's Barriers Analysis, Appendix B, Mercer Island indicates that “An MFTE within the station area is planned to be considered during implementation of the Station Subarea Plan”.

Affordable Housing Levy

The City can consider revenue-generating tools such as an affordable housing property tax levy under RCW 84.52.105 or a housing services sales tax increment under RCW 82.14.530. These tools can generate capital when approved by voters, but the political context in Mercer Island, where a recent ballot measure did not succeed, makes these approaches uncertain in the near-term planning horizon. Based on this uncertainty, they are not recommended as primary adequate provisions for the purpose of GMHB compliance, though they merit continued consideration in the context of a longer-range funding strategy developed in coordination with ARCH.

Density Bonuses

Affordable housing density bonuses, allowing developers to exceed base zoning limits in exchange for affordable unit commitments, have been applied in various forms in the region. However, given that Phase 1 already proposes significant increases in base density in Town Center and Station Area Multifamily zones, and given that the GMHB found fault specifically with the City's reliance on incentive-based programs without demonstrated production, a density bonus program does not represent a defensible adequate provision for the 0–30% AMI gap without a much stronger empirical basis for production assumptions.

APPENDIX A: UPDATED BASELINE LCA

Updated land capacity analysis based on the current zoning context, reflecting changes adopted in 2024, including Town Center height limit increases, middle housing and ADU capacity, and permitted dwelling units since 2020. The methodology for this baseline land capacity analysis matches the approach used for the Phase 1 land capacity analysis. Tables where data is the same as the Phase 1 land capacity analysis are omitted in the following tables.

Table 23 within the zoning context shows the zoning context driving the buildable area by zone. **Table 24** shows the residential capacity by zones, estimated in total units.

Table 23. Buildable Area by Zone, Acres

Zoning Code	Vacant Acres	Redevelopable Acres	Land Supply Area (Acres)	Deductions	Buildable Area (Acres)
R-8.4	10.3	53.9	64.2	16.0%	53.9
R-9.6	14.8	74.2	89.0	16.0%	74.8
R-12	0.6	6.1	6.7	16.0%	5.6
R-15	37.5	96.3	133.8	16.0%	112.4
MF-2L	0.0	0.2	0.2	23.5%	0.2
MF-2	0.6	1.5	2.1	23.5%	1.6
MF-3	0.0	56.9	56.9	23.5%	43.5
PBZ-Residential	0.0	0.0	0.0	8.5%	0.0
TCMF-3	0.0	1.0	1.0	13.5%	0.8
TCMF-4	0.0	0.0	0.0	13.5%	0.0
TC-3	0.0	14.1	14.1	13.5%	12.2
TC-5	0.0	7.8	7.8	13.5%	6.7
TC-5 Plus	0.0	1.7	1.7	13.5%	1.5
TC-7	0.6	2.6	3.3	13.5%	2.8
Total	64.5	316.1	380.6		316.0

Sources: City of Mercer Island, 2026; Community Attributes Inc., 2026.

Table 24. Residential Capacity by Zone, Units

Zoning Code	Buildable Area (Acres)	Assumed Density (DU/Acre)	Initial Residential Capacity (Units)	Existing Units on Redevelopable Parcels	Final Residential Capacity (Units)
R-8.4	53.9	4.6	250	161	89
R-9.6	74.8	4.6	346	199	147
R-12	5.6	3.3	19	10	9
R-15	112.4	2.6	295	184	111
MF-2L	0.2	26.0	4	5	0
MF-2	1.6	22.7	36	101	0
MF-3	43.5	26.0	1,132	597	535
PBZ-Residential	0.0	6.1	0	0	0
TCMF-3	0.8	100.6	83	94	0
TCMF-4	0.0	134.2	0	0	0
TC-3	12.2	100.6	1,224	841	383
TC-5	6.7	134.2	900	896	4
TC-5 Plus	1.5	200.0	301	233	68
TC-7	2.8	200.0	562	350	212
Total	316.0		5,151	3,671	1,557

Sources: City of Mercer Island, 2026; Community Attributes Inc., 2026.

Table 25 and Table 26 in Capacity Calculations show middle housing and ADU capacity.

Table 25. Combined Residential Development Capacity by Zone, Housing Units

Zoning Code	Baseline Final Residential Capacity	New Middle Housing Capacity	ADU Capacity (All Zones)	Total Residential Capacity
R-8.4	89	84		173
R-9.6	147	111		257
R-12	9	9		18
R-15	111	133		244
MF-2L	0			0
MF-2	0			0
MF-3	535			535
PBZ-Residential	0			0
TCMF-3	0			0
TCMF-4	0			0
TC-3	383			383
TC-5	4			4
TC-5 Plus	68			68
TC-7	212			212
ADUs			239	239
Total	1,557	337	239	2,133

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

Table 26. Mercer Island Zoning Category Classifications

Zone Code	Typical Housing Types Allowed	Assumed Density (DU/Ac)	Assigned Zone Category
R-15	Detached single-family homes	2.6	Low Density
R-15	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	8.7	Moderate Density/Middle Housing
R-12	Detached single-family homes	3.3	Low Density
R-12	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	10.9	Moderate Density/Middle Housing
R-9.6	Detached single-family homes	4.6	Low Density
R-9.6	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	13.6	Moderate Density/Middle Housing
R-8.4	Detached single-family homes	4.6	Low Density
R-8.4	Townhomes, duplex, triplex, quadplex, courtyard apts., stacked	15.6	Moderate Density/Middle Housing
MF-2L	Walk-up apartments or condominiums (up to 2 floors)	26.0	Low-Rise
MF-2	Walk-up apartments or condominiums (up to 3 floors)	22.7	Low-Rise
MF-3	Walk-up apartments or condominiums (up to 3 floors)	26.0	Low-Rise
TCMF-3	Walk-up apartments or condominiums (up to 3 floors)	100.6	Low-Rise
TCMF-4	Apartments, condominiums in buildings with 4-6 floors	134.2	Mid-Rise
TC-3	Walk-up apartments or condominiums (up to 3 floors)	100.6	Low-Rise
TC-5	Apartments, condominiums in buildings with 4-6 floors	134.2	Mid-Rise
TC-5 Plus	Apartments, condominiums in buildings with 7+ floors	200.0	Mid-Rise
TC-7	Apartments, condominiums in buildings with 7+ floors	200.0	Mid-Rise

Sources: City of Mercer Island, 2026; Department of Commerce, 2025; Community Attributes Inc., 2026.

Affordability Level Assumptions documents the distribution of housing units by affordability level and zone categories in **Table 27**, **Table 28**, **Table 29**, and **Table 30**. Analysis for the baseline land capacity analysis is modeled after the City of Mercer Island’s incentive zoning program rather than an inclusionary program. The incentive zoning program has the same parameters as the proposed inclusionary program and the height bonus is assumed to be a significant enough incentive to result in 100% participation.

Table 27. Mercer Island Capacity by Zone and Zone Category

Zoning Code and Category	Unit Capacity	Incentive Zoning Affordable Capacity	Incentive Zoning Market Rate Capacity	Capacity Excluding TC Zones
Low Density				
R-15	111			111
R-12	9			9
R-9.6	147			147
R-8.4	89			89
Low Density Subtotal	356			356
Moderate Density				
R-15 Middle Housing	133			133
R-12 Middle Housing	9			9
R-9.6 Middle Housing	111			111
R-8.4 Middle Housing	84			84
Moderate Density Subtotal	337			337
Low-Rise				
MF-2L	0			0
MF-2	0			0
MF-3	535			535
TCMF-3	0			0
TC-3	383	58	325	0
Low-Rise Subtotal	918	58	325	535
Mid-Rise				
TCMF-4	0			0
TC-5	4	1	3	0
TC-5 Plus	68	11	57	0
TC-7	212	32	180	0
Mid-Rise Subtotal	284	44	240	0
ADUs				
ADUs	239			239
Total	2,133	102	565	1,466

Sources: City of Mercer Island, 2025; CoStar, 2025; Community Attributes Inc, 2026.

**Table 28. Mercer Island Low Density and Moderate Density Zone Category
Distribution of Capacity by Affordability Level**

Affordability Level	Market Rate Capacity		Externally Subsidized Capacity		Internally Subsidized Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Low Density (Detached Single-Family Homes)						
Low Density Total Planned Capacity		356				
Extremely Low Income (0-30% AMI incl. PSF)	0%	0				
Very Low Income (>30-50% AMI)	0%	0				
Low Income (>50-80% AMI)	0%	0				
Moderate Income (>80-100% AMI)	0%	0				
High Income (>100-120% AMI)	0%	0				
Very High Income (>120% AMI)	100%	356				
Subtotal Low Density		356		0		0
Moderate Density/Middle Housing (Townhomes, duplex, triplex, quadplex, courtyard, apts, stacked flats)						
Moderate Density Total Planned Capacity		337				
Extremely Low Income (0-30% AMI incl. PSF)	0%	0				
Very Low Income (>30-50% AMI)	17%	56				
Low Income (>50-80% AMI)	25%	84				
Moderate Income (>80-100% AMI)	50%	168				
High Income (>100-120% AMI)	8%	28				
Very High Income (>120% AMI)	0%	0				
Subtotal Moderate Density		337		0		0

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 29. Mercer Island Low-Rise Zone Category Distribution of Capacity by Affordability Level

Affordability Level	Market Rate Capacity		Externally Subsidized Capacity		Internally Subsidized Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Low-Rise (walk-up apartments, condos, PSH (2-3 floors))						
Low-Rise Total Planned Capacity		535				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	2		
Very Low Income (>30-50% AMI)	5%	28	0%	2		
Low Income (>50-80% AMI)	57%	306	2%	9		
Moderate Income (>80-100% AMI)	26%	139	2%	13		
High Income (>100-120% AMI)	5%	28	1%	8		
Very High Income (>120% AMI)	0%	0	0%	0		
Subtotal Low-Rise		501		34		0
Low-Rise (TC Zones)						
Low-Rise Total Planned Capacity		325				58
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	1	0%	0
Very Low Income (>30-50% AMI)	5%	17	0%	1	0%	0
Low Income (>50-80% AMI)	57%	186	2%	6	95%	55
Moderate Income (>80-100% AMI)	26%	85	2%	8	5%	3
High Income (>100-120% AMI)	5%	17	1%	5	0%	0
Very High Income (>120% AMI)	0%	0	0%	0	0%	0
Subtotal Low-Rise		304		21		58

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 30. Mercer Island Mid-Rise and ADU Zone Category Distribution of Capacity by Affordability Level

Affordability Level	Market Rate Capacity		Externally Subsidized Capacity		Internally Subsidized Capacity	
	% of Capacity	Units	% of Capacity	Units	% of Capacity	Units
Mid-Rise (apartments, condos, PSH (4-6 floors))						
Mid-Rise Total Planned Capacity		0				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	0		
Very Low Income (>30-50% AMI)	7%	0	0%	0		
Low Income (>50-80% AMI)	72%	0	2%	0		
Moderate Income (>80-100% AMI)	14%	0	2%	0		
High Income (>100-120% AMI)	2%	0	1%	0		
Very High Income (>120% AMI)	0%	0	0%	0		
Subtotal Mid-Rise		0		0		0
Mid-Rise (TC Zones)						
Mid-Rise Total Planned Capacity		240				44
Extremely Low Income (0-30% AMI incl. PSH)	0%	0	0%	1	0%	0
Very Low Income (>30-50% AMI)	7%	16	0%	1	95%	42
Low Income (>50-80% AMI)	72%	172	2%	4	5%	2
Moderate Income (>80-100% AMI)	14%	33	2%	6	0%	0
High Income (>100-120% AMI)	2%	4	1%	3	0%	0
Very High Income (>120% AMI)	0%	0	0%	0	0%	0
Subtotal Mid-Rise		225		15		44
ADUs						
ADU Total Planned Capacity		239				
Extremely Low Income (0-30% AMI incl. PSH)	0%	0				
Very Low Income (>30-50% AMI)	14%	34				
Low Income (>50-80% AMI)	72%	171				
Moderate Income (>80-100% AMI)	7%	17				
High Income (>100-120% AMI)	7%	17				
Very High Income (>120% AMI)	0%	0				
Subtotal ADUs		239		0		0
Total Units		1,961		70		102

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 31. Mercer Island Housing Unit Capacity

Affordability Level	Zone Categories Serving These Needs	Market Rate Housing Capacity (Units)	Externally Subsidized Housing Capacity	Internally Subsidized Housing Capacity	Total Housing Capacity (Units)
Extremely Low Income (0-30% AMI PSH)	Low-Rise, Mid-Rise	0	0	0	0
Extremely Low Income (0-30% AMI excl. PSH)	Low-Rise, Mid-Rise	0	4	0	4
Very Low Income (>30-50% AMI)	Low-Rise, Mid-Rise	150	4	42	196
Low Income (>50-80% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	919	19	57	996
Moderate Income (>80-100% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	442	27	3	472
High Income (>100-120% AMI)	Moderate Density, Low-Rise, Mid-Rise	95	15	0	110
Very High Income (>120% AMI)	Low Density	356	0	0	356
Total		1,961	70	102	2,133

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

Table 32. Mercer Island Housing Units Requiring New Subsidies or Incentives

Affordability Level	Zone Categories Serving These Needs	Allocated Housing Need (Units)	Mercer Island Capacity Surplus or Deficit (Units)	Units Requiring New Subsidies or Incentives
Extremely Low Income (0-30% AMI PSH)	Low-Rise, Mid-Rise	178	(178)	(178)
Extremely Low Income (0-30% AMI excl. PSH)	Low-Rise, Mid-Rise	339	(335)	(335)
Very Low Income (>30-50% AMI)	Low-Rise, Mid-Rise	202	(6)	(6)
Low Income (>50-80% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	472	524	0
Moderate Income (>80-100% AMI)	Moderate Density, Low-Rise, Mid-Rise, ADUs	0	472	0
High Income (>100-120% AMI)	Moderate Density, Low-Rise, Mid-Rise	0	110	0
Very High Income (>120% AMI)	Low Density	0	356	0
Total		1,191	942	(519)

Sources: City of Mercer Island, 2025; CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc, 2026.

APPENDIX B: SUPPORTING ANALYSES AND DATA

Additional analysis was conducted to inform the Land Capacity Analysis. Included are the summaries of each additional analysis included in the Land Capacity Analysis.

- **Comp Rent Analysis** evaluates how market-rate rents across comparable Eastside and regional jurisdictions align with affordability thresholds by Area Median Income (AMI). The analysis provides the empirical basis for assigning market-rate housing capacity to affordability levels in subsequent modeling steps.
- **Unit Analysis** compiles data on the number of units within comparable regional jurisdictions to identify the distribution of market rate, market/affordable, and affordable units by building type.
- **Ownership Share Analysis** documents data on the distribution of rental and ownership units by building type based on regional jurisdictions.
- **Affordability Level Analysis** summarizes interim analysis serving the Affordability Level Assumptions.

Comp Rent Analysis

Analysis of the percentage of rents by AMI level relies on effective rent data by individual building sourced from CoStar, Zillow, Redfin, and individual property websites.

Table 33. Percentage of Mid-Rise Multifamily Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent Mid-Rise Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	2%
Moderate Income (>80-100% AMI)	\$3,928	98%	15%
Low Income (>50-80% AMI)	\$3,142	84%	76%
Very Low Income (30-50% AMI)	\$1,964	7%	7%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for mid-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, and Sammamish built between 2016 and 2025.

Table 34. Percentage of High-Rise Multifamily Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent High-Rise Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	70%	10%
Moderate Income (>80-100% AMI)	\$3,928	60%	30%
Low Income (>50-80% AMI)	\$3,142	30%	20%
Very Low Income (30-50% AMI)	\$1,964	10%	10%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for high-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, and Sammamish built between 2010 and 2025.

Table 35. Percentage of Low-Rise Multifamily Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent High-Rise Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	6%
Moderate Income (>80-100% AMI)	\$3,928	94%	28%
Low Income (>50-80% AMI)	\$3,142	67%	61%
Very Low Income (30-50% AMI)	\$1,964	6%	6%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for low-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, and Sammamish built between 2000 and 2025.

Table 36. Percentage of Middle Housing Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent Middle Housing Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	8%
Moderate Income (>80-100% AMI)	\$3,928	92%	50%
Low Income (>50-80% AMI)	\$3,142	42%	25%
Very Low Income (30-50% AMI)	\$1,964	17%	17%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for low-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, Seattle, and Sammamish built between 2000 and 2025.

Table 37. Percentage of ADU Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent ADU Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	7%
Moderate Income (>80-100% AMI)	\$3,928	93%	7%
Low Income (>50-80% AMI)	\$3,142	86%	72%
Very Low Income (30-50% AMI)	\$1,964	14%	14%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Zillow, 2025; Redfin, 2025; Individual Property Websites, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for low-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, Seattle, and Sammamish built between 2000 and 2025.

Table 38. Percentage of Affordable Unit Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent ADU Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	6%
Moderate Income (>80-100% AMI)	\$3,928	94%	6%
Low Income (>50-80% AMI)	\$3,142	89%	28%
Very Low Income (30-50% AMI)	\$1,964	61%	39%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	22%	22%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for low-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, Seattle, and Sammamish built between 2010 and 2025.

Table 39. Percentage of Market/Affordable Unit Rents by AMI Level, 2025

AMI Limit	Max Rent	Percent ADU Rents Less Than Limit	Percent Rents Within Limit
High Income (>100-120% AMI)	\$4,713	100%	3%
Moderate Income (>80-100% AMI)	\$3,928	97%	9%
Low Income (>50-80% AMI)	\$3,142	88%	85%
Very Low Income (30-50% AMI)	\$1,964	3%	3%
Extremely Low Income (0-30% AMI incl. PSH)	\$1,178	0%	0%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Notes: Based on individual building rent data for low-rise multifamily units in Bellevue, Kirkland, Mercer Island, Redmond, Seattle, and Sammamish built between 2010 and 2025.

Unit Analysis

Unit analysis compiles data on housing units by building type and market and affordable classification. This analysis is used to identify the distribution of housing units by building type and market and affordable classification.

Table 40. Housing Units by Building Type and Market/Affordable Classification, 2025

Market/Affordable	Garden	Low-Rise	Mid-Rise	Hi-Rise	Total
Market	751	374	22,154	7,900	31,179
Market/Affordable	102	12	10,318	559	10,991
Affordable	58	379	2,492	0	2,929
Unknown	0	0	663	463	1,126
Total	911	765	35,627	8,922	46,225

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Notes: Based on the number of units within Kirkland, Mercer Island, Redmond, and Sammamish.

Table 41. Distribution of Housing Units by Building Type and Market/Affordable Classification, 2025

Market/Affordable	Garden	Low-Rise	Mid-Rise	Hi-Rise	Total
Market	82%	49%	62%	89%	67%
Market/Affordable	11%	2%	29%	6%	24%
Affordable	6%	50%	7%	0%	6%
Unknown	0%	0%	2%	5%	2%
Total	100%	100%	100%	100%	100%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Ownership Share Analysis

Analysis of condo and rental units by city and building type is used to inform the assumed affordability limit for the inclusionary zoning and incentive zoning programs modeled in the phase 1 and baseline land capacity analysis.

Table 42. Ownership and Rental Units by Type and City, 2020-2025

City	Type	Condo Units	Rental Units	Total Units	Condo Share	Rental Share
Bellevue	Low-Rise	0	6	6	0%	100%
Kirkland	Low-Rise	65	135	200	33%	68%
Redmond	Low-Rise	0	0	0	N/A	N/A
Sammamish	Low-Rise	0	0	0	N/A	N/A
Mercer Island	Low-Rise	0	0	0	N/A	N/A
Low-Rise Subtotal		65	141	206	32%	68%
Bellevue	Mid-Rise	48	756	804	6%	94%
Kirkland	Mid-Rise	136	1,643	1,779	8%	92%
Redmond	Mid-Rise	0	3,969	3,969	0%	100%
Sammamish	Mid-Rise	0	0	0	N/A	N/A
Mercer Island	Mid-Rise	0	0	0	N/A	N/A
Mid-Rise Subtotal		184	6,368	6,552	3%	97%
Total		249	6,509	6,758	4%	96%

Sources: CoStar, 2025; Community Attributes Inc., 2026.

Affordability Level Analysis

Interim analysis relevant to the Affordability Level Analysis include analysis of the distribution of existing affordable units within market rate buildings by zone category and the distribution of market rate housing units by affordability level and zone category. These two tables are combined to determine the market rate housing allocation distribution by affordability level.

Low-density and moderate-density/middle housing zones, as well as ADUs, are assumed to produce exclusively market-rate units, consistent with prior City. Low-rise and mid-rise zones are assumed to include a modest level of affordability, reflecting observed outcomes in comparable jurisdictions and Mercer Island policy. In Town Center (TC) zones, an additional share of internally subsidized affordable units is assumed to reflect the City's incentive zoning requirements, which mandate affordability tied to building height and tenure. High-rise zones are included for scenario analysis only and assume application of the same inclusionary zoning standards, despite such development not being currently permitted. Together, these assumptions define how total housing capacity is allocated between market-rate and affordable units by zone category.

Table 43. Distribution of Existing Affordable Units within Market Rate Buildings by Zone Category

Zone Category	Market Rate Units	Externally Subsidized Affordable Housing	Internally Subsidized Affordable Housing
Low Density	100%	0%	0%
Moderate Density/Middle	100%	0%	0%
Low-Rise	94%	6%	0%
Low-Rise (TCZones)	84%	6%	10%
Mid-Rise	94%	6%	0%
Mid-Rise (TCZones)	84%	6%	10%
High-Rise	100%	0%	0%
ADUs	100%	0%	0%

Sources: City of Mercer Island, 2026; CoStar, 2025; Community Attributes Inc., 2026.

Table 44 summarizes the assumed distribution of market-rate housing units by affordability level (percent of AMI) within each zone category, providing the basis for matching residential capacity to income levels in the land capacity analysis. Low-density zones are assumed to produce units exclusively affordable to very high-income households, consistent with prior City of Mercer Island analysis. Moderate density/middle housing, low-rise, mid-rise, high-rise, and ADU categories distribute market-rate units across a

broader range of income levels, reflecting observed rent patterns in comparable developments. These distributions are informed by analysis of comparable unit rents and differ by building typology, with moderate density and low-rise housing capturing a larger share of units affordable to low- and moderate-income households, while mid-rise and high-rise units skew toward higher income levels. ADUs show a relatively wide affordability spread but remain entirely market-rate. Together, these assumptions translate total market-rate capacity into income-specific affordability bands for subsequent housing need and capacity comparisons.

Table 44. Market Rate Housing Allocation Distribution by Affordability Level and Zone Category

Affordability Level/Zone Category	Low Density	Moderate Density/Middle Housing	Low-Rise	Mid-Rise	High-Rise	ADUs
Extremely Low Income (0-30% AMI incl. PSH)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Very Low Income (30-50% AMI)	0.0%	16.6%	5.5%	7.2%	10.0%	14.2%
Low Income (>50-80% AMI)	0.0%	25.0%	61.1%	76.4%	20.0%	71.5%
Moderate Income (>80-100% AMI)	0.0%	50.0%	27.8%	14.5%	30.0%	7.1%
High Income (>100-120% AMI)	0.0%	8.4%	5.6%	1.9%	10.0%	7.2%
Very High Income (>120% AMI)	100.0%	0.0%	0.0%	0.0%	30.0%	0.0%

Sources: City of Mercer Island, 2026; CoStar, 2025; Redfin, 2025; Zillow, 2025; Individual Property Websites, 2025; Community Attributes Inc., 2026.

Mercer Island Comprehensive Plan

Barriers Analysis

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

July 7, 2026

Table of Contents

INTRODUCTION 1

 2025 Development Code Amendments 1

 Moderate Density Housing Code Amendments 1

 Accessory Dwelling Unit (ADU) Code Amendments 2

 Permit Process Code Amendments 2

 Clear and Objective Design Standards 2

Step 1 – Housing Production Trends 3

 Table 1. Comparison of Production Trends to Housing Needs 3

 Table 2. Comparison of Sub-Market Rate Housing Needs to Production Trends 4

 Funding Needs 4

 Table 3. Estimated Affordable Housing Funding Need 5

Step 2 – Identify Barriers 5

 Table 4. Potential Barriers Identified in the Barriers Analysis in Appendix A 6

 Funding Tools 6

 Table 5. Potential Funding Tools Identified in Appendix B 6

Step 3 – Provisions to Overcome Identified Barriers 7

 Provisions to Overcome Barriers 7

 Station Subarea Plan 7

 Affordable Housing Parking Standard 7

 Establish ODNs SEPA Policy 7

 Adopt Permanent STEP Housing Regulations 8

 Funding Tools 8

 Surplus Public Property 8

 Permit Fee Waivers 8

 Multifamily Tax Exemption 8

 Fee In Lieu of Affordable Housing 8

 Implementation Timing 9

 Figure 1. General Implementation Timeline for Provisions to Overcome Barriers 9

Appendix A – Barriers Analysis Tables 10

 Table A.1. Moderate Density Housing Barrier Analysis 10

 Table A.2. Low- to Mid-Rise Multifamily and Mixed-Use Housing Barrier Analysis 14

 Table A.3. Permanent Supportive Housing (PSH) and Emergency Housing Barrier Analysis 19

 Table A.4. Accessory Dwelling Unit (ADU) Barrier Analysis 21

Appendix B – Affordable Housing Funding Tools 23

 Table B.1. Affordable Housing Funding Tools Available 23

BARRIERS ANALYSIS

INTRODUCTION

Cities and counties in Washington State that plan under the Growth Management Act (GMA) are required to adopt a comprehensive plan that includes a housing element. The GMA requires that the housing element of the comprehensive plan: “Makes adequate provisions for existing and projected needs of all economic segments of the community, including: [...] (ii) **Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;** [Emphasis Added] [...] (RCW 36.70A.070(2)(d)(ii)).”

This report provides an analysis identifying potential barriers and documentation of the programs and actions that Mercer Island plans to take to address those barriers and make adequate provisions for housing. The format of the analysis and documentation in this report is based directly on the Washington Department of Commerce (Commerce) document *Guidance for Updating Your Housing Element* dated August 2023, update January 2026 (Commerce Guidance). The Commerce Guidance outlines a three-step process:

- | | |
|---------------|--|
| Step 1 | Review housing production trends to determine if a barrier exists |
| Step 2 | Gather information to determine what kind(s) of barriers exist |
| Step 3 | Identify and document appropriate programs and actions to overcome each barrier identified |

This report is organized into three sections based on the steps in the Commerce Guidance. First, housing production trends will be analyzed using recent housing permit data. Second, the barriers will be identified based on the framework in the Commerce Guidance. Appendix A provides the full barriers analysis tables recommended in the Commerce Guidance. Finally, the programs and actions to address the identified barriers are summarized with a brief explanation of each. Those programs and actions will be incorporated into the Comprehensive Plan amendments and implemented at the time the Comprehensive Plan is adopted.

2025 Development Code Amendments

During 2025, between the adoption of the Comprehensive Plan periodic review and the time Mercer Island began work to comply with the Growth Management Hearings Board (GMHB) Final Decision and Order (GMHB Order) dated August 1, 2025, the City amended its development code to comply with several changes to the state law. Some of these amendments have reduced barriers for specific housing types and others reduced process barriers that affect more than one housing type. This analysis will consider how those development code amendments have impacted barriers.

Moderate Density Housing Code Amendments

In June 2025, the City Council adopted Ordinance No. 25C-02 that established regulations for moderate density housing to comply with House Bill (HB) 1110. This ordinance included [Mercer Island City Code \(MICC\) 19.02.025 – Middle Housing](#), a new section of Chapter 19.02 MICC that established use-specific development regulations for middle housing. Ordinance No. 25C-02 completely overhauled how the City regulated moderate density housing, a use the City previously did not allow in most residential zones. The recency of the amendments means that their effect on moderate density housing production will not be reflected in the housing production trends. In general, these amendments have addressed and removed barriers consistent with the requirements of HB 1110.

Accessory Dwelling Unit (ADU) Code Amendments

In June 2025, the City Council adopted Ordinance No. 25C-02 that updated the regulations for ADUs to comply with House Bill 1337. This ordinance amended [MICC 19.02.030 – Accessory Dwelling Units](#). This included amendments to allow up to two ADUs per lot, increase the maximum square footage per ADU, and adjust parking requirements. Specifically, the amendments to allow up to two ADUs per lot consistent with House Bill 1337 are expected to significantly reduce barriers for ADUs by effectively doubling the amount of ADUs allowed. The recency of the amendments means that their effect on moderate density housing production will not be reflected in the housing production trends. In general, these amendments have addressed and removed many of the barriers for ADUs consistent with the requirements of HB 1337.

Permit Process Code Amendments

In November 2025, the City Council adopted Ordinance No. 25C-27 that established permit review procedures to comply with Senate Bill (SB) 5290. This ordinance included the following procedural amendments:

- Clarified permit application requirements;
- Set review deadlines per permit type;
- Established penalties for exceeding permit review deadlines; and
- Reduced the design review process to a single public meeting.

The amended procedures made by Ordinance No. 25C-27 are a large-scale overhaul of the permit review requirements affecting nearly every permit type, including all housing types. The recency of the amendments means that their effect on housing production will not be reflected in the housing production trends. In general, these amendments have addressed and removed permit processing barriers consistent with the requirements of SB 5290.

Clear and Objective Design Standards

In November 2025, the City Council adopted Ordinance No. 25C-27, which amended the Mercer Island design standards to comply with Senate Bill 1293. This bill requires all design standards in cities planning under the GMA to be clear and objective, with at least one measurable criterion for meeting the standard. The Mercer Island design standards were substantially amended to meet the clear and objective standard in the state law. The City also reduced the design review process to one public meeting by removing the requirement for a Design Commission study session for many types of development. By complying with the state law, the City has largely addressed the barriers related to design standards for low- to mid-rise multifamily and mixed-use housing developments.

In July 2025, the City Council adopted Ordinance No. 25C-14, which reassigned design review from the Design Commission to the Hearing Examiner. The reassignment of design review coincided with the steps Mercer Island took to comply with Senate Bill 1293. Once the design standards were amended to meet the clear and objective standard in the state law, most of the discretion afforded to the Design Commission was rendered moot, allowing the Hearing Examiner to review and approve proposed building designs given they are now subject to clear and measurable standards. Clarifying the design standards and amending the design review process to go through the Hearing Examiner with only one public meeting is expected to significantly reduce the review time for design review.

Step 1 – Housing Production Trends

The first step in the Commerce Guidance is to compare the City’s housing needs and historical production trends. To complete this step, the housing needs, the annual unit production needed to address those housing needs over the twenty-year planning period, and the historical average unit production are compared to identify whether a barrier exists. If the historical average unit production falls below the level needed to address the housing needs during the planning period, a barrier to production is presumed. The nature of the barrier is evaluated in Step 2 of the Commerce Guidance.

Table 1 compares Mercer Island’s housing needs and historical average unit production to identify whether a barrier to production exists. In Table 1 all housing needs for households earning 80 percent of the area median income (AMI) and below are presumed to be accommodated in low- and mid-rise multifamily and mixed-use development, households earning between 80 and 120 percent of the AMI are presumed to be accommodated in moderate density housing and accessory dwelling units (ADUs), and households earning more than 120 percent of the AMI are presumed to be accommodated in single-family homes. Housing needs and housing types are grouped together in this way based on the Commerce Guidance, which presumes that denser housing types tend to be more affordable. The analysis comparing production trends and housing needs is conducted here only for the purpose of determining whether a barrier to production exists and the housing needs should not be understood as having been aggregated for the purpose of determining land capacity. Land capacity disaggregated by affordability level is analyzed in the Land Capacity Analysis Report. Note that further analysis of potential barriers for households earning 50 to zero percent of the AMI is provided in Table 2.

Table 1 illustrates that in 20 years the City needs 1,207 low- and mid-rise multifamily housing units, an average annual unit production of 60.35 units per year. Between 2006 and 2024, an average of 53.8 low- and mid-rise multifamily housing units were produced. Because the historical average annual production of low- to mid-rise multifamily (53.8 units/year) falls below the annual production needed (60.35 units/year) the potential barriers to production of this housing type will be identified in Step 2. Production and needs are balanced for moderate density, ADUs, and single-family housing types indicating that there are no barriers to production of these housing types.

Table 1. Comparison of Production Trends to Housing Needs.

Income Level (% AMI)	Projected Housing Need (2020-2045) ¹	Housing Types that Best Serve These Needs	Total Housing Need by Housing Type	Annual Unit Production Needed	Historical Average Annual Unit Production ²	Is There A Barrier to Sufficient Production?
0-30% PSH	178	Low- and Mid-rise Multifamily	1,207	1,207 / 20 = 60.35 units/year	53.8 units/year	Yes
0-30% Non-PSH	339					
30-50%	202					
50-80%	488					
80-100%	4	Moderate Density and ADUs	9	9 / 20 = 0.45 units/year	6.3 units/year	No
100-120%	5					
>120%	23	Single Family Homes	23	23 / 20 = 1.15 units/year	9.4 units/year	No

See Commerce Guidance Exhibit 25

Notes:

1. Source: King County CPPs H-1.
2. Source: Mercer Island Permit Records 2006-2024.
https://www.mercerisland.gov/sites/default/files/fileattachments/community_planning_amp_development/page/9241/housing_development_dashboard.pdf

To further refine the evaluation of production trends, the Commerce Guidance recommends an additional table to analyze sub-market rate housing needs and production. Using a similar methodology to Table 1, Table 2 compares housing needs, annual unit production needed, and historical average unit production to identify whether a potential barrier exists. The analysis in Table 2 supplements Table 1 by disaggregating the lower-income low- to mid-rise multifamily housing units by affordability level. Table 2 finds that there are likely barriers for all sub-market rate housing because the average annual unit production falls below the annual unit production needed.

Table 2. Comparison of Sub-Market Rate Housing Needs to Production Trends.

Income Level (% AMI)	Projected Housing Need (2020-2045)	Annual Unit Production Needed	Historical Average Annual Unit Production ^{1, 2}	Is There A Barrier To Sufficient Production?
Emergency Shelters	237	11.85	0	Yes
0-30% PSH	178	8.9	0	Yes
0-30% Non-PSH	339	16.95	0	Yes
30-50%	202	10.1	0	Yes

See Commerce Guidance Exhibit 26

Notes:

1. Based on current and previous affordable housing incentives that only require affordable units at between 70 and 50% of the AMI or higher, this analysis assumes zero average annual unit production at or below 50% of the AMI.
2. The 2026 Land Capacity Analysis Report includes further analysis of housing production on the regional level which indicates that additional housing production can produce sub-market rate housing units. Though some sub-market rate housing production can be expected, it is not necessarily reflected in permit records because that production is not tied to affordability requirements in the development code and will not be included in permit records. The principal purpose of the analysis in Table 2 is to determine whether a barrier to production exists in the City's regulatory framework so for the purposes of this table, only units produced by the affordability requirements of the development code are considered.

Funding Needs

The Commerce Guidance details a four-step process for estimating the affordable housing funding needs (Commerce Guidance, pg. 64):

- | | |
|---------------|--|
| Step 1 | Identify the total number of housing units needed at affordability levels below what the market will provide |
| Step 2 | Find data about recent affordable housing production in your community to calculate an average annual production rate |
| Step 3 | Calculate the total gap in average annual production |
| Step 4 | Calculate the total gap in funding by multiplying the gap in annual affordable housing production by an assumed total cost per unit. |

The information for steps 1-3 is provided in Table 2. Note that the gap in average annual production found in Step 3 will be equal to the annual unit production needed because the historical average annual unit production for sub-market rate housing is zero.

Table 3 provides the estimated affordable housing funding need calculated using the four-step process detailed in the Commerce Guidance. The average cost per unit is based on information in the City's Land Capacity Analysis Report. That report included the ARCH-estimated average cost of construction for affordable housing units of \$425 and \$500 per square foot and assumed an average unit size from 500 to 1,400 square feet based on review of comparable projects recently constructed throughout the region. To generate the lowest cost per unit, the smallest average unit size was multiplied by the lowest cost per square foot (500 X 425 = 510,000). To calculate the highest cost per unit, the largest unit size was multiplied by the highest cost per square foot (1,400 X 500 = 600,000). The annual funding need was calculated by multiplying the annual unit production needed by the low and high values of the cost per unit, resulting in a range of potential needs. The annual total was calculated by totaling the low- and high-range gaps for each affordability level. Finally, the 20-year planning period total is how much the total need would be based on the average annual costs over the planning horizon of the Comprehensive Plan. The resulting funding needs are between \$24.4 and \$28.7 million a year or \$487.6 and \$573.6 million over the entire planning period.

Table 3. Estimated Affordable Housing Funding Need.

Income Level (% AMI)	Projected Housing Need (2020-2045)	Annual Unit Production Needed	Average Cost Per Unit	Annual Funding Need
Emergency Shelters	237	11.85	\$510,000 – \$600,000	\$6,043,500 - \$7,110,000
0-30% Non-PSH	339	16.95	\$510,000 – \$600,000	\$8,644,500 - \$10,170,000
0-30% PSH	178	8.9	\$510,000 – \$600,000	\$4,539,000 - \$5,340,000
30-50%	202	10.1	\$510,000 – \$600,000	\$5,151,000 - \$6,060,000
Annual Total				\$24,378,000 - \$28,680,000
20-Year Planning Period Total				\$487,560,000 - \$573,600,000

Note: The Land Capacity Analysis Report includes some analysis of housing costs and funding needs within the context of a potential fee-in-lieu program. Because it is analyzing the number of units that could be produced by fee-in-lieu rather than the total number of units needed, the funding analysis in that report may differ slightly than the contents of Table 3 but both tables use the same assumptions about the cost of construction per square foot and the average unit size.

Step 2 – Identify Barriers

Once the existence of potential barriers to housing unit production have been evaluated in the previous step, the barriers are identified in Step 2. A table used for identifying barriers is provided in the Commerce Guidance Appendix B. The Commerce-recommended process is a qualitative analysis of potential barriers that examines the following:

- Development Regulations and Standards

- Conditional Use and Other Discretionary Permit Processes
- Design Review
- Access to Information About Processes and Fees
- Permit, Impact, and Utility Connection Fees
- Processing Times
- SEPA Process
- Land Supply and Environmental Constraints
- Gaps in Local Funding

City staff completed the Commerce-recommended tables to identify barriers and the actions needed to overcome them. The full barriers review tables are provided in Appendix A of this report. Table 4 summarizes the barriers review tables in Appendix A.

Table 4. Potential Barriers Identified in the Barriers Analysis in Appendix A.

Housing Type	Potential Barrier	Action Needed ¹
Low- to Mid-rise Multifamily and Mixed-use	Maximum Density	Implement Phase 1 of the Station Subarea Plan
	Maximum Building Height	Implement Phase 1 of the Station Subarea Plan
	Setbacks	Implement Phase 1 of the Station Subarea Plan
	Parking Minimums	Affordable housing parking standard
	Lot Coverage	Implement Phase 1 of the Station Subarea Plan
	SEPA Review Process	Adopt ODNs policy in the Housing Element
	Environmental Constraints	Implement Phase 1 of the Station Subarea Plan
Permanent Supportive Housing	Spacing	Adopt permanent STEP Housing regulations
	CUP Requirements	Adopt permanent STEP Housing regulations
	Other Regulations, Including Operational Requirements	Adopt permanent STEP Housing regulations

Notes

1. A full description of each action needed is provided in the tables of Appendix A and under the Step 3 section of this analysis.

Funding Tools

In addition to identifying barriers, Step 2 includes the identification of potential funding tools. Appendix B includes a table from the Commerce Guidance to identify potential funding tools and planned implementation. Table 5 lists the identified tools and planned implementation identified in Appendix B.

Table 5. Potential Funding Tools Identified in Appendix B.

Funding Tool	Planned Implementation
Affordable housing levy	This tax can only be authorized by a ballot measure.
Surplus Public Property	Implement Phase 2 of the Station Subarea Plan
Permit Fee Waivers	Ongoing Comprehensive Plan Implementation
MFTE	Implement Phase 2 of the Station Subarea Plan
Fee in Lieu of Affordable Housing	Implement a Fee-in-Lieu of Affordable Housing program

Step 3 – Provisions to Overcome Identified Barriers

Provisions to Overcome Barriers

There are four general provisions to overcome the barriers identified in the analysis:

1. Implement the Station Subarea Plan;
2. Affordable housing parking standard;
3. Establish ODNS SEPA Policy; and
4. Adopt permanent STEP housing regulations.

A description of each of the four general provisions to address barriers is provided below.

Station Subarea Plan

The City is in process of developing a Station Subarea Plan for the area around the light rail transit station. The Station Subarea Plan will increase multifamily and mixed-use development capacity in the area surrounding the Mercer Island light rail station, including the existing Town Center, in two phases:

Phase 1 – Designate a station area and increase development capacity in the Town Center and adjacent multifamily zones.

Phase 2 – Comply with HB 1491 throughout the station area by the 2029 deadline, following the completion of the project to comply with the Growth Management Hearings Board (GMHB) Order.

Both phases of the subarea plan will affect potential barriers to housing production by allowing denser residential development and complying with House Bill 1491, which requires cities to allow transit-oriented development (TOD) and establish affordable housing provisions in the area around the light rail station. Implementing the Station Subarea Plan Phase 1 is expected to address all identified barriers for low- to mid-rise multifamily and mixed-use development by allowing denser infill development in the Town Center and adjacent multifamily zones as well as adjusting regulatory requirements for multifamily and mixed-use development. Phase 2 will build on the reduction of barriers in Phase 1 by amending the development regulations to comply with state TOD requirements in the station area. .

Affordable Housing Parking Standard

An option will be added to the parking standards for Town Center and the multifamily zones authorizing approval of an alternative minimum number of parking stalls to be provided for any development that provides dwelling units affordable at or below fifty percent of the AMI. This will address the potential barrier to affordable housing development of parking standards concurrent with the adoption of the Comprehensive Plan update.

Establish ODNS SEPA Policy

To address the potential process barrier of SEPA review, the City can adopt a policy in its Housing Element to utilize the optional determination of nonsignificance (ODNS) process when possible, during review of proposed multifamily and mixed-use development. The ODNS process allowed under WAC 197-11-355 allows for a single integrated comment period for the notice of application and the SEPA threshold determination.

Adopt Permanent STEP Housing Regulations

In 2021, Mercer Island adopted Ordinance No. 21C-23, which established interim regulations for shelters, temporary, emergency, and permanent supportive (STEP) housing to comply with House Bill 1220. These interim regulations must eventually be replaced with permanent amendments. During the process to develop and adopt permanent amendments, the identified potential barriers of the spacing requirements, conditional use permit process, and other development regulations, including operational requirements, can be reviewed and amended to reduce the potential barrier. The permanent regulations will be adopted concurrently with the Comprehensive Plan update to comply with the GMHB Order.

Funding Tools

The analysis in Appendix B has identified potential funding tools that will be addressed in the Comprehensive Plan. Each tool will have at least one corresponding policy in the Comprehensive Plan so that it fits within the City's overall strategy. The funding tools are:

- Identifying surplus public property;
- Permit fee waivers;
- Multifamily Tax Exemption; and
- Fee In Lieu of Affordable Housing.

Surplus Public Property

The Station Subarea Plan will identify surplus public lands in the station area. Then, Phase 2 will include policy directing a required process to plan for the use of the surplus public property, and identify which lands can be made available for affordable housing development. The Station Subarea Plan will commit the City to completing Phase 2 by 2029. The process to identify surplus public property will involve public engagement and analysis to locate the opportunity sites within the larger station subarea context.

Permit Fee Waivers

Mercer Island has adopted an impact fee waiver for affordable housing development in the Town Center (MICC 19.11.040(G)). During the Comprehensive Plan update, this waiver will be expanded to also include the multifamily area adjacent to Town Center so that it applies in the entire area where the City has increase development capacity for affordable housing units. The Comprehensive Plan also includes policy direction to consider adoption of an additional permit fee waiver for affordable housing development during the planning period. Implementation of this policy will be included in the ongoing implementation of the Comprehensive Plan Housing Element to allow for the additional fiscal impact analysis needed.

Multifamily Tax Exemption

The Station Subarea Plan will include policy direction to comply with the state requirements for Transit-Oriented Development (TOD) during Phase 2 of the subarea plan, no later than the state deadline in 2029. The state TOD requirements include establishing a multifamily tax exemption within the station subarea.

Fee In Lieu of Affordable Housing

Concurrent with the Comprehensive Plan update, the City will be adopting a fee-in-lieu of affordable housing program. Fee in lieu gives developers the choice to either build required affordable housing units or pay a fee commensurate with the cost of constructing affordable housing units instead of building the affordable units. This will coincide with adopting inclusionary zoning that requires a set percentage of new dwelling units in mixed-use and multifamily developments in Town Center and the adjacent multifamily zones be affordable housing units. By requiring the units but allowing some or all of those units to be

addressed by fee-in-lieu, the City’s new program is expected to generate revenue to begin closing the funding gap for very low- and extremely low-income housing units.

Implementation Timing

The provisions to address barriers will be implemented through a combination of policies, administrative actions, and development regulation amendments. Implementing the Station Subarea Plan will include policies and development regulations adopted in two phases: Phase 1 would add development capacity and make adequate provisions to address affordable housing needs to comply with the GMHB Order and Phase 2 would make additional changes throughout the station area to comply with state TOD planning requirements by the 2029 deadline. Phase 2 will further increase development capacity and include additional measures to support affordable housing. Establishing an ODNs SEPA Policy will require a policy in the Land Use Element and an administrative action to implement. Permanent STEP housing regulations will be adopted concurrently with the Comprehensive Plan update. Finally, the Comprehensive Plan includes several other policies committing the City to take actions that will be implemented throughout the life of the plan.

The timing of implementation can be divided into 3 timeframes: (1) concurrent with Comprehensive Plan adoption, (2) near term – completed before the end of 2029, and (3) long term – completed between 2029 and the next periodic review slated for 2034. Figure 1 illustrates the implementation timing of the four general provisions to overcome barriers identified in this report.

Figure 1. General Implementation Timeline for Provisions to Overcome Barriers.

Timeframe	Concurrent with Comprehensive Plan Update	Near Term – by 2029*	Long Term – 2029-2034*
Provisions	Station Subarea Plan Phase 1 Establish SEPA ODNs Policy Adopt affordable housing parking standards Adopt Permanent STEP Housing Regulations	Station Subarea Plan Phase 2	Ongoing Comprehensive Plan Implementation

*the final details of the near- and long-term implementation will be determined through the City’s work planning process.

Appendix A – Barriers Analysis Tables

Table A.1. Moderate Density Housing Barrier Analysis.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
Development Regulations	Unclear Development Regulations	N	The City has amended its regulations to comply with recent statewide requirements for moderate density (HB 1110) and clear and objective design standards (HB 1293). These amendments have clarified the regulations that apply to moderate density housing.	Action taken by Ordinance No. 25C-27 and 25C-02. No action is needed at this time.
	Prohibiting some moderate density housing types, such as: <ul style="list-style-type: none"> • Duplexes • Triplexes • Four/five/six-plexes • Townhomes • Cottage housing • Live-work units • Manufactured home parks 	N	Moderate density housing is allowed in all zones where single-family homes are allowed.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Minimum Lot Sizes	N	Moderate density housing is allowed in every zone where single-family homes are allowed. Some of the minimum lot sizes established in residential zones are very large (12-15,000 square feet). The City has recently updated its development regulations to comply with House Bill 1110 and other statewide legislation. These new regulations need more time to take effect before the impact of minimum lot sizes can be determined.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Maximum Densities	N	Multifamily zones are the only zones with established maximum densities and those densities are high enough to not present a barrier to moderate density housing production because they allow between 26 and 38 units per acre.	No action is needed at this time.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
	Maximum Building Height	N	The maximum building height in zones outside of Town Center is between 24 and 36 feet (two to three stories). The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of maximum building height can be determined.	No action is needed at this time.
	Setbacks	N	Moderate density housing is subject to the same setbacks as other residential development in each zone where it's allowed. The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of the setback standards can be determined.	No action is needed at this time.
	Parking Minimums	N	Moderate density housing is subject to the following parking minimums: (1) two parking spaces per unit, (2) only one space per unit on lots smaller than 6,000 square feet, and (3) no parking required within ½ mile of a major transit stop. These parking standards were adopted to satisfy the requirements of recent statewide legislation.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Maximum Impervious Surface	N	Moderate density housing is subject to the same impervious surface maximums as other residential uses in each zone. The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of maximum impervious surface standards can be determined.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Maximum gross floor area and lot coverage	N	<p>Maximum gross floor area and lot coverage apply as follows in single-family and multifamily zones:</p> <ul style="list-style-type: none"> • The maximum gross floor area in single-family zones varies by zone relative to the minimum lot size. • The maximum lot coverage in multifamily zones is 35% (MICC 19.03.010(H)) <p>The City has recently updated its development regulations to comply with statewide legislation. Now moderate density is subject to the same lot coverage standards as other residential uses in the same zone. These new regulations need more time to take effect before the</p>	Action taken by Ordinance No. 25C-02. No action is needed at this time.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
			impact of gross floor area and maximum lot coverage can be determined.	
	Lack of alignment between building codes and development codes	N	Alignment between the building and development codes for moderate density housing was evaluated when the City adopted amendments to comply with recent statewide legislation. Any gaps in alignment were resolved with those amendments.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Design Standards (Chapter 19.12 MICC)	N	The City's design standards were recently amended to comply with statewide legislation, including those standards requiring design standards to be clear and objective. These new regulations need more time to take effect before the impact of the clear and objective design standards can be determined.	Action taken by Ordinance No. 25C-27. No action is needed at this time.
	Tree standards (Chapter 19.10 MICC)	N	The same tree standards apply to all residential development in the City. This includes retention and replacement standards. The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of tree retention and replacement standards can be determined.	No action is needed at this time.
Process	Design Review Process	N	The City recently amended its design review process and amended its design standards to comply with state law. This included making the standards clear and objective and reassigning design review to the Hearing Examiner. These new regulations need more time to take effect before the impact of the new design review process can be determined.	Action taken by Ordinance No. 25C-27. No action is needed at this time.
	Conditional Use permitting process	N	Moderate density does not require a conditional use permit in zones where it is an allowed use.	No action is needed at this time.
	Access to information about process and fees	N	The City offers several ways for applicants to access information about permit processes and fees, including planner meetings, pre-application meetings, and information posted on the website.	No action is needed at this time.
	Permit processing times	N	The City recently adopted amendments to comply with statewide legislation requiring permit review timelines and streamlined permit review processes. The statewide legislation includes an annual reporting process to track permit review times and penalties from	Action taken by Ordinance No. 25C-27. No action is needed at this time.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
			exceeding the maximum review time. Compliance with statewide legislation is expected to remove any barriers from permit processing times.	
	SEPA	N	The City has established categorical SEPA exemptions consistent with WAC 197-11-800 (MICC 19.21.100). This includes a SEPA exemption for construction of four attached or detached housing units (WAC 197-11-800(1)(b)(i) and (ii)). This exempts moderate density housing from SEPA review unless it is part of a larger development that would include more than one lot. Because most of the development on Mercer Island is redevelopment of existing single-family homes, most development occurs lot-by-lot.	No action is needed at this time.
Land Supply	Availability of large lots for infill development	N	The supply of developable parcels is primarily limited to single lots with older existing homes. In general, there is very little vacant land available for new development. The City recently adopted amendments to allow moderate density housing in all zones where single-family homes are allowed and comply with statewide legislation. These new regulations need more time to take effect before the impact of the availability of large lots for infill development can be determined.	Action taken by Ordinance No. 25C-02. No action is needed at this time.
	Environmental constraints	N	The City is an island without the option of annexing additional vacant or redevelopable land. Land supply constraints on the island are compounded by critical area and shoreline regulations that are required by state law and limit development activities within buffers. Because the land area in Mercer Island is constrained by the City's geography and environment, the only way to address environmental constraints is to allow redevelopment of lands not constrained by critical areas. The recent amendments to comply with statewide legislation allows moderate density in residential zones, effectively increasing the amount of land available for moderate density development.	No action is needed at this time.

Table A.2. Low- to Mid-Rise Multifamily and Mixed-Use Housing Barrier Analysis.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
Development Regulations	Unclear Development Regulations	N	The City has amended its regulations to comply with recent statewide requirements for clear and objective design standards (HB 1293). These amendments have clarified the regulations that apply to low- to mid-rise multifamily and mixed-use housing.	No action is needed at this time.
	Minimum Lot Sizes	N	There is no minimum lot size established in multifamily and mixed-use zones.	No action is needed at this time.
	Maximum Densities	Y	Maximum density in the multifamily zones ranges between 26 and 38 dwellings per acre. There is no maximum density in the mixed-use zone in Town Center.	The City is planning to increase the maximum density in the multifamily zones adjacent to Town Center as part of Phase 1 of the station area subarea plan. The maximum density in the greater station subarea will be evaluated further during Phase 2 of the subarea plan.
	Maximum Building Height	Y	The maximum building height in multifamily zones outside of Town Center is between 24 and 36 feet (two to three stories). The maximum building height in Town Center ranges between three and seven stories.	The City is planning to increase the maximum building height in the Town Center and the adjacent multifamily zones as part of Phase 1 of the station area subarea plan. The maximum building height in the greater station subarea will be evaluated further during Phase 2 of the subarea plan.
	Setbacks	Y	Minimum yards in multifamily zones range from 20 to 25 feet. Side yards in multifamily zones may be reduced to 10 feet if neighboring non-single-family zones.	The City is planning to review the setbacks for multifamily zones adjacent to Town Center

	Potential Barrier	Barrier in MI?	Explanation	Actions Needed
				<p>as part of Phase 1 of the station subarea plan.</p> <p>The setbacks in the greater station subarea will be evaluated further during Phase 2 of the subarea plan.</p>
	Parking Minimums	Y	<p>Multifamily zones require two parking spaces per dwelling unit. This ratio would significantly add to the cost of constructing multifamily housing.</p> <p>Town Center zones allow parking ratios below one space per unit subject to a parking study.</p>	<p>Amend the development regulations so that the amount of parking for housing developments with units affordable between 0-50% of the AMI can be determined by a parking study submitted by the applicant.</p> <p>The City will review its parking standards in the station area to comply with the requirements of HB 1491 during Phase 2 of the station subarea plan. This is expected to include an empirical parking study of the station area.</p>
	Maximum Impervious Surface	N	There are no impervious surface maximums in multifamily and mixed-use zones.	No action is required at this time.
	Maximum lot coverage	Y	<p>Maximum lot coverage in multifamily zones is capped at 35 percent of the lot.</p> <p>There is no maximum lot coverage standard in Town Center.</p>	The City is planning to review the maximum lot coverage for multifamily zones adjacent to Town Center as part of Phase 1 of the station subarea plan.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
				The maximum lot coverage in the greater station subarea will be evaluated further during Phase 2 of the subarea plan.
	Lack of alignment between building codes and development codes	N	Alignment between the building and development codes for moderate density housing was evaluated when the City adopted amendments to comply with recent statewide legislation requiring clear and objective design standards. Any gaps in alignment were resolved with those amendments.	No action is needed at this time.
	Design Standards (Chapters 19.11 and 19.12 MICC)	N	The City's design standards were recently amended to comply with statewide legislation, including those standards requiring design standards to be clear and objective. These new regulations need more time to take effect before the impact of the clear and objective design standards can be determined.	No action is needed at this time.
	Tree standards (Chapter 19.10 MICC)	N	Tree standards apply to all development in the City. This includes retention and replacement standards. The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of tree retention and replacement standards can be determined.	No action is needed at this time.
Process	Design Review Process	N	The City recently amended its design review process and amended its design standards to comply with state law. This included making the standards clear and objective and reassigning design review to the Hearing Examiner. These new regulations need more time to take effect before the impact of the new design review process can be determined.	No action is needed at this time.
	Conditional Use permitting process	N	A conditional use permit is not required for multifamily or mixed-use development in the Town Center and multifamily zones.	No action is needed at this time.
	Access to information about process and fees	N	The City offers several ways for applicants to access information about permit processes and fees, including planner meetings, pre-application meetings, and information posted on the website.	No action is needed at this time.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
	Permit processing times	N	The City recently adopted amendments to comply with statewide legislation requiring permit review timelines and streamlined permit review processes. The statewide legislation includes an annual reporting process to track permit review times and penalties for exceeding the maximum review time. Compliance with statewide legislation is expected to remove any barriers from permit processing times.	No action is needed at this time.
	SEPA	Y	Multifamily development is subject to SEPA review.	Adopt a policy directing the SEPA Official to use the optional Determination of Non-significance (ODNS) process (under WAC 197-11-355) as appropriate, which allows for a single integrated comment period for the notice of application and the threshold determination when possible during review for multifamily and mixed-use development proposals. This policy can be implemented administratively and will not require a code amendment or other legislative action.
Land Supply	Availability of large lots for infill development	N	Most of the lots in zones that allow multifamily development are already developed with multifamily, so new development is expected to be primarily infill. Because most sites already have multifamily development, the lots in these zones are presumed to be large enough to support infill.	No action needed at this time.

	Potential Barrier	Barrier in MI?	Explanation	Actions Needed
	Environmental constraints	Y	<p>The City is an island without the option of annexing additional vacant or redevelopable land. Land supply constraints on the island are compounded by critical area and shoreline regulations that are required by state law and limit development activities within buffers. Because the land area in Mercer Island is constrained by the City's geography and environment, the only way to address environmental constraints is to allow redevelopment of lands not constrained by critical areas.</p>	<p>The City is planning to allow more development capacity in Town Center and the adjacent multifamily zones as part of Phase 1 of the station subarea plan.</p> <p>Complying with recent statewide transit oriented development requirements in the greater station subarea will be evaluated further during Phase 2 of the subarea plan. This is expected to increase infill development capacity over and above the increase during Phase 1.</p> <p>Allowing more infill development during Phase 1 of the subarea plan should address environmental constraints by enabling more housing development within the station area to accommodate the City's housing needs. Then, even more development capacity will be added during Phase 2 of the Station Subarea Plan as the City complies with the TOD requirements.</p>

Table A.3. Permanent Supportive Housing (PSH) and Emergency Housing Barrier Analysis.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
Development Regulations	Spacing Requirements	Y	<p>Emergency housing is considered ‘special needs group housing’ and PSH is considered ‘social service transitional housing’ per the definitions.</p> <p>Emergency housing is not subject to spacing requirements.</p> <p>PSH is subject to the following spacing standards:</p> <ul style="list-style-type: none"> • Minimum of 1,000 feet between PSH facilities, and • 600 feet from the property line of educational or recreational facilities where children are known to congregate <p>The spacing requirements for PSH limit the number of sites where this use is possible.</p>	Review the spacing requirements for PSH when adopting permanent regulations following the Comprehensive Plan update.
	Parking Requirements	N	<p>Emergency housing is not subject to parking requirements.</p> <p>PSH is required to submit a parking study to determine the number of parking spaces required. The parking study requirement should identify the correct number of parking spaces for each unique PSH project and avoid requiring additional unnecessary parking spaces.</p>	No action is needed at this time.
	On site recreation and open space requirements	N	<p>PSH and emergency shelters are not subject to on site recreation and open space requirements over and above those required for other residential uses in a given zone.</p>	No action is needed at this time.

Potential Barrier	Barrier in MI?	Explanation	Actions Needed
Restrictions on support spaces, such as office space, within a transitional or PSH building in a residential zone	N	The development standards do no cap or limit the amount of nonresidential space in PSH and emergency housing.	No action is needed at this time.
Arbitrary limits on number of occupants (in conflict with RCW 35A.21.314)	N	The City does not limit the number of unrelated persons that may occupy a dwelling unit, complying with RCW 35A.21.314.	No action is needed at this time.
Requirements for PSH or emergency housing that are different than the requirements imposed on housing developments generally (in conflict with RCW 36.130.020)	Y	Permanent supportive housing and emergency shelters are subject to some operational requirements that are different than those generally applied to residential development.	Review the operational requirements for PSH when adopting permanent regulations
Conditional Use Permit Requirements	Y	Emergency Housing does not require a conditional use permit (CUP). PSH requires a CUP. This can add to the time it takes to permit a new PSH development, which can increase costs. Several of the conditions for this use might affect operations.	Review CUP requirements for PSH when adopting permanent regulations.
Other development regulations	Y	The development standards for social service transitional housing, which includes PSH, include operational requirements. These operational requirements could make it more difficult for some service providers is the standards are not flexible enough to accommodate the variety of services that may be included in PSH.	Review the development standards for social service transitional housing for potential amendments to operational requirements to address barriers for PSH.

Table A.4. Accessory Dwelling Unit (ADU) Barrier Analysis.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
Development Regulations	Unclear Development Regulations	N	Development standards for ADUs in single-family zones are established in MICC 19.02.030 . These standards have recently been amended to comply with statewide legislation.	No action is needed at this time.
	Setbacks	N	ADUs are not allowed in front, rear, and side yard setbacks. The City has recently updated its development regulations to comply with statewide legislation, including those that require the City to allow up to two ADUs per lot. These new regulations need more time to take effect before the impact of the setback standards can be determined.	No action is needed at this time.
	Off-street parking requirements	N	The City has recently updated its development regulations to comply with statewide legislation, which modified ADU parking requirements. These new regulations need more time to take effect before the impact of the setback standards can be determined.	No action is needed at this time.
	ADU Development standards in MICC 19.02.030	N	The City has recently updated its development regulations to comply with statewide legislation. These new regulations need more time to take effect before the impact of the setback standards can be determined.	No action is needed at this time.
Process	Lack of clear and accessible information about process and fees.	N	The City offers several ways for applicants to access information about permit processes and fees, including planner meetings, pre-application meetings, and information posted on the website.	No action is needed at this time.
	Permit fees, impact fees, and utility connection fees that are	N	Average annual production of ADUs is high enough that the current constellation of fees	No action is needed at this time.

Potential Barrier		Barrier in MI?	Explanation	Actions Needed
	not proportionate to the impact.		associated with permitting do not represent a barrier (see Table 1).	
	Processing times and staffing challenges	N	The City recently adopted amendments to comply with statewide legislation requiring permit review timelines and streamlined permit review processes. The statewide legislation includes an annual reporting process to track permit review times and penalties from exceeding the maximum review time. Compliance with statewide legislation is expected to remove any barriers from permit processing times.	No action is needed at this time.

Appendix B – Affordable Housing Funding Tools

Table B.1. Affordable Housing Funding Tools Available.

Optional Funding Tools	Summary	Implementation Status	Plans for Implementation
Affordable housing property tax levy (RCW 84.52.105)	This is an optional affordable housing property tax levy authorized by state law.	Mercer Island has not enacted this optional additional property tax levy.	None - The optional property tax levy must be authorized by 2/3 majority of voters.
Real Estate Excise Tax (REET) 2 – only available through 2025 (RCW 82.46.035)	Cities can impose an additional excise tax on each sale of real property in the in the corporate limits of the city for the city tax at a rate not exceeding one-quarter of one percent of the selling price. Revenue can be used for capital improvements, including affordable housing projects.	Mercer Island did not enact this optional REET before the 2025 deadline.	No longer an option (RCW 82.46.035(5)(d))
Affordable Housing Sales Tax Credit – Only available through July 2020 (RCW 82.14.540)	An optional local sales tax that required voter approval to fund affordable housing projects and/or rental assistance programs.	Mercer Island did not utilize this optional local sales tax credit before the 2020 deadline.	No longer an option (RCW 82.14.540(2)(e)(i))
Lodging Tax to repay general obligation bonds or revenue bonds (RCW 67.28.150 and RCW 67.28.160)	Lodging tax is a sales tax applied to lodging at hotels, motels, and short-term rentals, including Airbnb, bed and breakfasts (B&Bs), RV parks, and other housing and lodging accommodations, for periods less than 30 days. There are very few eligible accommodations on Mercer Island, primarily found in the handful of short term rentals and bed and breakfasts scattered throughout the island. There are no hotels or motels on Mercer Island.	Mercer Island does not impose the lodging tax authorized by RCW 67.28.180.	None – Cities in King County may not impose the lodging tax authorized by RCW 67.28.180 (RCW 67.28.180(2)(c)(i)).
Donating surplus public lands for affordable housing projects (RCW 39.33.015)	Cities may transfer, lease, or dispose of public lands to be used for affordable housing projects.	Mercer Island has not donated surplus public land to an affordable housing project.	Identifying potential surplus public lands will be included in the Station Subarea Plan.

Optional Funding Tools	Summary	Implementation Status	Plans for Implementation
Impact fee waivers for affordable housing projects (RCW 82.02.060)	Subject to specific requirements, cities may choose to either waive or exempt affordable housing development from impact fees.	Mercer Island waives 80 percent of school, parks, and transportation impact fees for affordable housing developments (MICC 19.17.090(A)(4) , MICC 19.18.070(A) , and MICC 19.19.070(A))	Maintain existing impact fee waiver.
Application fee waivers for affordable housing projects (RCW 36.70A.540)	RCW 36.70A.540 authorizes cities and counties planning under GMA to incentivize affordable housing with fee waivers or exemptions.	Mercer Island does not waive permit fees for affordable housing.	The Housing Element includes policy direction to consider permit fee waivers during future implementation following adoption of the Comprehensive Plan.
Multifamily Tax Exemption (MFTE) with affordable housing requirement (Chapter 84.14 RCW)	The MFTE is an exemption from property taxes for multifamily developments. The MFTE can be require a development to include affordable housing units to qualify.	Mercer Island must adopt an MFTE during Phase 2 of the Station Subarea Plan to comply with state TOD requirements.	An MFTE within the station area is planned to be considered during implementation of the Station Subarea Plan.
General funds.	The City can directly provide funding for affordable housing efforts.	Mercer Island currently contributes to A Regional Coalition for Housing (ARCH). In 2026, the City budgeted for a \$133,405 contribution to ARCH	The City plans to maintain membership in ARCH through the planning period. ARCH will be an important partner for the City when it begins collecting and disbursing money generated by the Fee-In-Lieu program.
Fee in lieu of affordable housing	Cities can allow a fee in lieu of affordable housing whereby developers pay into a housing trust fund at a rate commensurate with the cost of development rather than construct affordable units required by the development code.	In Progress	The City is planning to implement a fee-in-lieu program during the Comprehensive Plan update. Analysis of the revenue expected for a fee-in-lieu program is included in the land capacity analysis report.



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

June 23, 2026

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

Sent Via Electronic Mail: alison.vangorp@mercergov.org

Re: Submittal 2026-S-12847 Proposed Changes to Mercer Island's Comprehensive Plan and Development Codes to address the Growth Management Hearings Board (GMHB) Final Decision and Order (Case 25-3-0003).

Alison,

Thank you for the opportunity to comment on the proposed changes to Mercer Island's Comprehensive Plan and development regulations. Growth Management Services received the proposed amendments on May 5, 2026, and processed them with material identification number 2026-S-12847. We have reviewed your submittal using Commerce's [Periodic Update Checklist-Updated November 2025](#) and the [Expanded Housing Checklist](#).

We appreciate your continued coordination with our agency as you work to address the GMHB decision. The materials and methods you have developed to address the findings will provide helpful examples for other jurisdictions.

We encourage you and your community to consider the following recommendations as you finalize your drafts and present these amendments to your elected officials. Our review is focused on the comprehensive plan elements and development regulations listed below, and we have included some line items and corresponding citations from the [periodic update checklist](#) (in italics) as support for our comments and recommendations that follow.

1) Land Use Element

- a) *A future land use map showing city limits and UGA boundaries. [RCW 36.70A.070\(1\)](#) amended in 2023 and [RCW 36.70A.110\(6\)](#), [WAC 365-196-400\(2\)\(d\)](#), [WAC 365-196-405\(2\)\(i\)\(ii\)](#)*

Recommendation: The city of Mercer Island includes a future land use map in the land use element, however, the land use designation of “single-family residential” does not accurately match the allowed uses in this zone. For consistency with [RCW 36.70A.130\(1\)\(e\)](#) and [WAC 365-196-800](#), we recommend revising the designation of this land use zone to exclude the term “single family” to ensure consistency between the comprehensive plan and development regulations.

2) **Housing Development Regulations:**

- a) *Development regulations or permitting requirements for emergency shelters, transitional housing, emergency housing and permanent supportive housing (STEP) may not be more restrictive than those for other types of lodging or residential development. However, statute allows a set of additional permitted requirements for indoor emergency shelters and housing . [HB 2266 \(laws of 2026, section 2\)](#)*

Recommendation: The proposed provisions of Mercer Island City Code (MICC) 19.06.080(B) for “social service transitional housing” are inconsistent with recent updates to RCW 35A.21.430. This statute was updated in 2026 with [HB 2266](#) and became effective June 11, 2026. In RCW 35A.21.430 as updated, jurisdictions may not regulate permanent supportive housing (PSH) and transitional housing more restrictively than housing development and lodging in the same zone, but may add select restrictions for indoor emergency housing and shelter. Therefore, we recommend the city group transitional housing with PSH in the “special needs group housing” type rather than the “social service transitional housing” category, because the later category has additional conditions that may not be required of PSH and transitional housing.

3) **Capital Facilities and Utilities Element**

Suggestion: Any completed system plan updates, such as the 2026 Water System Plan, should be adopted by reference during a future annual amendment cycle.

Thank you again for the opportunity to comment. We appreciated all the work done to date and noted the effort put into engaging the community around compliance with the GMHB Final Decision. The project website, the community info session, document library and definitions provided clear access to materials and process. They are a good example for other jurisdictions to follow.

If you have any questions or need technical assistance, please contact me at jeff.aken@commerce.wa.gov or (360) 725-2869. Please note, notification and copies of

adopted plans shall be submitted to Commerce within ten days after final adoption ([RCW 36.70A.106\(2\)](#)).

Sincerely,

Jeff Aken

Jeff Aken
Senior Planner
Growth Management Services

cc:

David Andersen, AICP, Managing Director, Growth Management Services
Valerie Smith, AICP, Deputy Managing Director, Growth Management Services
Carol Holman, MUP, Western Regional Manager, Growth Management Services
Ben Serr, ACIP, Eastern Regional Manager, Growth Management Services
Anne Fritzel, AICP, Housing Section Manager, Growth Management Services
Laura Hodgson, Housing Planning and Data Manager, Growth Management Services
David Dixon, Growth Management, Puget Sound Regional Council



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6961
July 7, 2026
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6961: GMA Compliance – Title 19 MICC Amendments (First Reading, Ord. No. 26C-10)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	1. Direct staff to make amendments to the development code to group transitional and permanent supportive housing together to address the comments provided by the Department of Commerce in their June 23, 2026, letter to the City of Mercer Island. 2. Complete a first reading of Ordinance No. 26C-10 and schedule a second reading for July 21, 2026.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Community Planning and Development Deputy Director Adam Zack, Principal Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26C-10 2. WA Department of Commerce Comment Letter Dated June 23, 2026
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to complete the first reading of Ordinance No. 26C-10 that would amend Title 19 of the Mercer Island City Code (MICC) to implement the Comprehensive Plan and Station Subarea Plan to complete the City’s Growth Management Act (GMA) compliance efforts (Exhibit 1).

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 ([AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the Washington State Growth Management Act (GMA).

- The City Council has provided directions for addressing compliance with the four issues in the GMHB Order at the following meetings:
 - [January 16, 2026 – AB 6838](#)
 - [February 17, 2026 – AB 6865, AB 6866, and AB 6871](#)
 - [March 17, 2026 – AB 6888 and AB 6894](#)
 - [April 21, 2026 – AB 6909 and AB 6911](#)
- The City is required to update its Comprehensive Plan and adopt a Station Subarea Plan in order to comply with the GMHB Order.
- Development regulation amendments to implement the Comprehensive Plan and Station Subarea Plan need to be made concurrently with the Comprehensive Plan update.
- The Planning Commission was briefed and provided written comments on the proposed Comprehensive Plan amendments, Station Subarea Plan, and implementing development code amendments:
 - April 28 and May 6, 2026 – Station Subarea Plan
 - May 6, 2026 – Comprehensive Plan Land Use, Housing, and Economic Development elements;
 - May 13, 2026 – Implementing development code amendments; and
 - May 27, 2026 – Comprehensive Plan Transportation, Utilities, and Capital Facilities elements.
 - June 3, 2026 – Public Hearing Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
 - June 10, 2026 – Public Hearing and Recommendation for the Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
- On June 16, the Planning Commission recommendation was presented to the City Council.
- On June 23, 2026, the WA Department of Commerce (Commerce) provided comments on the proposed Comprehensive Plan, Station Subarea Plan, and implementing development code amendments (Exhibit 2).
- Ordinance No. 26C-10 would make amendments to Title 19 MICC to implement the updated Comprehensive Plan and Station Subarea Plan (Exhibit 1).

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

Cities and counties in Washington State are required to adopt a comprehensive plan under the GMA. The comprehensive plan is a statement of goals and policies that detail how a county or city will manage and accommodate future growth. The goals and policies of the comprehensive plan are implemented through capital investments, development regulations, and programs. The GMA requires cities and counties to periodically review and update their comprehensive plans on a ten-year cycle. Mercer Island most recently completed a periodic review and update of its Comprehensive Plan in 2024 (see [AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply with the timeline established by the GMHB Order (RCW

36.70A.300(3)(b)). The compliance timeline is one year from when the GMHB issued its decision; work must be completed by July 31, 2026. Failure to comply with the GMHB Order can result in sanctions against the City (RCW 36.70A.340).

The GMHB Order requires the City to address four issues:

1. Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
2. Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
3. Station Area Subarea Plan: Adopt a subarea plan for the area around the transit station.
4. Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

The amendments in Ordinance No. 26-09 would update the Comprehensive Plan to address the four issues required by the GMHB Order.

Land Capacity

The updated Comprehensive Plan in Ordinance No. 26-09 includes an updated Land Capacity Analysis as Appendix I. The updated Land Capacity Analysis evaluated the land capacity provided by the updated Comprehensive Plan and disaggregated the capacity by affordability level. The analysis also prompted the zoning changes proposed in Ordinance No. 26C-10, which would increase development capacity in the Town Center and adjacent multifamily zones to accommodate the City’s affordable housing needs. The combination of updated land capacity analysis and zoning changes to increase development capacity address GMHB Order Issue 1.

Adequate Provisions

Adequate provisions are incentives, mandatory provisions, and programs that can help to increase the supply of affordable housing. To help identify adequate provisions, the updated Comprehensive Plan in Ordinance No. 26-09 includes a Barriers Analysis as Appendix J. The Barriers Analysis is a study of potential barriers to affordable housing production that included recommended actions to address identified barriers. The Land Capacity Analysis in Appendix I also identified some adequate provisions that can be included in the Comprehensive Plan. The adequate provisions identified in the Barriers Analysis and Land Capacity Analysis have been incorporated into the Comprehensive Plan amendments that would be adopted by Ordinance No. 26-09. The City will address GMHB Order Issue 2 by adopting the adequate provisions included in the Comprehensive Plan. The adequate provisions include:

- Inclusionary zoning in the Station Subarea Plan Phase 1 – New development in the Town Center zone must include at least 10% of units affordable at 50% of the area median income (AMI) for rental units and 80% AMI for ownership units.
- Fee in lieu – A fee in lieu of constructing the units required by the inclusionary requirement that can help fund the affordable housing units needed below 50% of the AMI.
- Opportunity sites – surplus public property within the station area is identified as opportunity sites in the Station Subarea Plan.

Station Subarea Plan

A new station subarea plan is included in the amendments to the Comprehensive Plan that would be adopted by Ordinance No. 26-09. The Station Subarea Plan would establish area-specific goals and policies for the

station area, a modified half-mile walkshed from the light rail station. It is required to be adopted concurrently with the Comprehensive Plan update, but the City has local control over most of its contents. There are two phases of the Station Subarea Plan:

- **Phase 1** – Implementation will occur concurrently with adoption of the Station Subarea Plan. Phase 1 will include adoption of changes to zoning and development regulations to allow 8- and 6-story building height in the Town Center and adjacent multifamily zones.
- **Phase 2** – Implementation will follow adoption of the Station Subarea Plan, with work to be completed by 2029. Phase 2 will include compliance with the transit-oriented development requirements from the GMA.

Anti-Displacement Measures

The “anti-displacement measures” requirement from the GMHB FDO was addressed by Ordinance No. 26C-07, which was adopted on June 16, 2026. This ordinance implemented anti-displacement policies in the Comprehensive Plan Housing Element, with the following actions:

- Assessing displacement risk that may result from zoning changes to increase housing capacity;
- Require advance notice of rent increases for low-income households; and
- Require relocation assistance for low-income renting households in the event of a displacement event.

IMPLEMENTING DEVELOPMENT REGULATIONS

Many of the goals and policies in the Comprehensive Plan and Station Subarea Plan must be implemented with concurrent amendments to Title 19 of the Mercer Island City Code (MICC). Ordinance No. 26C-10 would make the necessary implementing amendments, which include:

- Increasing midrise multifamily and mixed-use development capacity by amending the zoning in Town Center and the adjacent multifamily zones;
- Establishing inclusionary zoning in the Station Subarea Plan Phase 1 area;
- Establishing a fee-in-lieu program;
- Establishing flexible parking options for multifamily development;
- Amending standards for emergency and permanent supportive housing to reduce barriers; and
- Other amendments that are necessary to maintain the internal consistency of the development code.

ISSUE/DISCUSSION

WA DEPARTMENT OF COMMERCE COMMENT LETTER

In a comment letter dated June 23, 2026, the Washington Department of Commerce provided comments on the proposed amendments to the Comprehensive Plan and implementing development code amendments (Exhibit 2). That letter suggested one amendment to the proposed development code amendments: group the definition of “transitional housing” with “permanent supportive housing” so that transitional housing is subject to the same regulations as permanent supportive housing consistent with the House Bill 2266 requirements. This would require the following minor change to Ordinance No. 26C-10 Exhibit E shown and strikeout/underline format with highlighting on the text that would change:

Social Service Transitional Housing: Noninstitutional group housing facilities for unrelated persons, other than special needs group housing or rooming houses, that are privately or publicly operated, including those facilities required to be licensed by the state or federal

governments as well as those that may not be required to be licensed, that provide temporary and transitional housing to meet community social service needs including, but not limited to, work-release facilities and other housing facilities serving as an alternative to incarceration, halfway houses, emergency shelters, homeless shelters, domestic violence shelters and other such crisis intervention facilities. ~~Social service transitional housing excludes institutional facilities that typically cannot be accommodated in a single family residential structure.~~ Further, the term shall include “emergency housing,” and “transitional housing” as defined within RCW 84.36.043(23)(cb) or as hereafter amended. The term shall further include “emergency shelter” as defined within RCW 36.70A.030 or as hereafter amended.

[...]

Special Needs Group Housing: Noninstitutional group housing that primarily supports unrelated persons with ~~handicaps~~ disabilities or persons protected by familial status within the meaning of the FHAA, but not including individuals whose tenancy would constitute a direct threat to the health and safety of other individuals or whose tenancy would result in substantial physical damage to the property of others. Special needs group housing includes, but is not limited to, foster family homes, adult family homes and residential care facilities as provided in Chapter 70.128 RCW, but excludes facilities ~~that typically cannot be accommodated in a single family residential structure~~ such as hospitals, nursing homes, assisted living facilities and detention centers. Further, the term shall include “permanent supportive housing” as defined in RCW 36.70A.030 and “transitional housing” as defined within RCW 84.36.043(3)(c) or as hereafter amended.

If directed by the City Council, staff will incorporate this change into the draft of Ordinance No. 26C-10 that will be presented for second reading on July 21, 2026.

NEXT STEPS

July 7, 2026 – City Council first reading of ordinances to accomplish the following:

1. Adopt changes to the Comprehensive Plan and establish a Station Subarea Plan, and
2. Amend the development code to implement the updated Comprehensive Plan and Station Subarea Plan.

July 21, 2026 – City Council second reading and adoption of the ordinances listed above.

July 31, 2026 – Compliance deadline for the GMHB Order

BACKGROUND MATERIALS AND REFERENCES

Background materials are provided on the [City’s Let’s Talk page](#). A summary of previous agenda materials is outlined below:

January 16, 2026

- [AB 6838](#): Compliance with [Growth Management Hearings Board Final Decision and Order](#) related to the City of Mercer Island Periodic Update to the Comprehensive Plan Overview of City Council Planning Session.

February 17, 2026

- [AB 6865](#): Compliance with Growth Management Hearings Board Final Decision and Order Related to the City of Mercer Island Periodic Update to the Comprehensive Plan
- [AB 6866](#): GMA Compliance Public Engagement Plan
- [AB 6871](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 First Reading)

March 3, 2026

- [AB 6893](#): Compliance with Growth Management Hearings Board Order – Follow-Up Discussion on Financing Affordable Housing
- [AB 6890](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 Second Reading)

March 17, 2026

- [AB 6888](#): Final Approval of the Modified Station Subarea Boundary
- [AB 6894](#): Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan

March 25, 2026

- [PCB26-01](#): Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance

April 21, 2026

- [AB 6909](#): GMA Compliance – Policy Direction on Development Code Amendments
- [AB 6911](#): GMA Compliance – Legislative Review Process

April 28, 2026

- [PCB26-02](#): Planning Commission Legislative Review Process
- [PCB26-03](#): Briefing on Station Subarea Plan Goals and Policies

May 6, 2026

- [PCB 26-04](#): Briefing on Comprehensive Plan Elements and Station Subarea Plan

May 13, 2026

- [PCB 26-05](#): Briefing on Development Code Amendments: land capacity: zoning map, Town Center boundary and subareas, height increases, permitted uses, design standards, and consistency

May 27, 2026

- [PCB 26-06](#): Briefing Comprehensive Plan Consistency Amendments – Transportation, Utilities, Capital Facilities Elements

June 2, 2026

- [AB 6938](#): Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

June 3, 2026

- [PCB 26-07](#): Public Hearing: Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 10, 2026

- [PCB 26-08](#): Public Hearing (Continued): Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 16, 2026

- [AB 6947](#): GMA Compliance – Planning Commission Recommendation

RECOMMENDED ACTION

1. Direct staff to amend the development code to group transitional and permanent supportive housing together to address the comments provided by the Department of Commerce in the June 23, 2026, letter to the City of Mercer Island.
2. Schedule Ordinance No. 26C-10 for second reading on July 21, 2026.

**CITY OF MERCER ISLAND
ORDINANCE NO. 26C-10**

AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON TO AMEND DEVELOPMENT REGULATIONS TO IMPLEMENT THE COMPREHENSIVE PLAN AND STATION SUBAREA PLAN; REPEALING INTERIM ORDINANCE 26-02; 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, on November 19, 2024, the City Council adopted Ordinance No. 24C-16, which updated the Mercer Island Comprehensive Plan and concluded the periodic review required by the GMA; and

WHEREAS, on December 3, 2024, the City Council adopted Ordinance No. 24C-18, which established interim regulations to implement the updated Comprehensive Plan and established a work plan to adopt permanent regulations; and

WHEREAS, on February 15, 2025, an appeal of the Comprehensive Plan update adopted by Ordinance Nos. 24C-16 and 24C-18 was filed with the Growth Management Hearings Board (GMHB), case No. 25-03-0003; and

WHEREAS, on August 1, 2025, the Growth Management Hearings Board (GMHB) issued a final decision and order (Order) remanding four issues to the City: analyze development capacity, disaggregating housing capacity by affordability level; establish adequate provisions for affordable housing concurrent with the adoption of the amended Comprehensive Plan; establish a subarea plan for the area around the light rail station concurrent with the adoption of the amended Comprehensive Plan; and establish anti-displacement measures concurrent with the adoption of the updated Comprehensive Plan; and

WHEREAS, the GMHB Order required the City to adopt compliant amendments to the Comprehensive Plan and development code no later than July 31, 2026; and

WHEREAS, between receiving the GMHB Order and Council beginning its consideration on the issues in January 2026, the City began aggressively working to meet the July 31, 2026 deadline by analyzing the requirements in the GMHB Order; engaging in a revised land capacity analysis; studying impacts of increased density on water, sewer, stormwater, and transportation infrastructure; outlining a new subarea plan, and planning an updated SEPA review; and

WHEREAS, on November 18, 2025, the City Council adopted Ordinance No. 25C-27, which amended Title 19 of the Mercer Island City Code (MICC) to address housing production and permit streamlining; Ordinance No. 25C-27 included permanent regulations to replace the interim regulations established by Ordinance No. 24C-18 that increase the maximum building height in Town Center concurrently with the Comprehensive Plan update adopted by Ordinance No. 24C-16; and

WHEREAS, at meetings on January 16, February 17, March 3, March 17, and April 21, 2026, the City Council provided direction on potential Comprehensive Plan amendments, a Station Subarea Plan, and implementing development code amendments; and

WHEREAS, on March 17, 2026, the City Council adopted Ordinance 26-02 which renewed interim regulations for shelters, temporary, emergency, and permanent supportive (STEP) housing; and

WHEREAS, on March 27, 2026, House Bill 2266 (HB 2266) was signed into law, which established updated requirements for how cities planning under the GMA can regulate and permit STEP housing; and

WHEREAS, at meetings on March 25, April 28, May 6, May 13, and May 27, the Planning Commission reviewed proposed Comprehensive Plan amendments, a Station Subarea Plan, and implementing development code amendments; and

WHEREAS, on April 29, 2026, notice of the Planning Commission public hearing scheduled for June 3, 2026, was published in the *Mercer Island Reporter*, mailed to property owners within 300 feet of the proposed zoning changes, and posted on site in an area visible from the public right of way as required by MICC 19.15.260(A); and

WHEREAS, on May 20, 2026, the City notified the Washington State Department of Commerce (Commerce) of the intent to adopt comprehensive plan and development code amendments (ID 2026-S-12847); the Commerce 60-day review period concluded on July 19, 2026; and

WHEREAS, on May 20, 2026, the City's State Environmental Policy Act (SEPA) Responsible Official issued a determination of nonsignificance (DNS) for non-project actions to amend the City's Comprehensive Plan, adopt a Station Subarea Plan, and adopt associated amendments to Title 19, Title 15, and Title 5 of the MICC; and

WHEREAS, consistent with Chapter 19.21 MICC, the SEPA determination was posted in the Community Planning and Development Bulletin and posted to the statewide SEPA register (no. 202602132); and

WHEREAS, on June 3, 2026, the comment period on the SEPA determination closed and no comments on the DNS were received; and

WHEREAS, on June 3 and June 10, 2026, the Planning Commission held a public hearing to gather public testimony on the proposed updates to the Comprehensive Plan, the Station Subarea Plan, and the implementing development code amendments; and

WHEREAS, on June 10, 2026, the Planning Commission made a recommendation to the City Council regarding adoption of the Comprehensive Plan, Station Subarea Plan, and implementing development code amendments and delivered its recommendation to the City Council on June 16, 2026; and

WHEREAS, on July 21, 2026, the City Council adopted Ordinance No. 26-09 amending the Comprehensive Plan and adopting the Station Subarea Plan (together, "amended Comprehensive Plan") to comply with the GMHB Order; and

WHEREAS, on July 7, 2026, the City Council held a first reading and on July 21, 2026, held a second reading of an ordinance to amend development code regulations to implement Ordinance No. 26-09 to comply with the GMHB Order; and

WHEREAS, in compliance with the GMHB Order, the implementing development code amendments amend the zoning for the Town Center and adjacent multifamily zones to increase the maximum building heights to six and eight stories; adding midrise mixed-use and multifamily development capacity; and

WHEREAS, in compliance with the GMHB Order, the development code amendments implement identified actions such as parking waivers for affordable housing developments to address barriers identified in the amended Comprehensive Plan; and

WHEREAS, in compliance with the GMHB Order, the implementing development code amendments implement the amended Comprehensive Plan and Phase 1 of the Station Subarea Plan concurrently and include adequate provisions for affordable housing such as establishing inclusionary zoning in the Station Subarea Plan Phase 1 area and establishing a fee-in-lieu option that will generate funds for affordable housing developments; and

WHEREAS, the implementing development code amendments make the interim STEP regulations of Ordinance No. 26-02 permanent and make further amendments to MICC 19.06.080 – Siting of Group Housing in order to reduce potential barriers identified for permanent supportive and emergency housing as well as to comply with HB 2266; and

WHEREAS, the City Council has dedicated significant time and City resources in its effort to comply with the GMHB Order, ensure there is adequate land capacity to accommodate the City’s future housing needs, make adequate provisions for affordable housing, adopt a Station Subarea Plan, establish anti-displacement measures, and make those changes necessary by the July 31, 2026 deadline.

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

- Section 1. Whereas Clauses Adopted.** The “Whereas Clauses” set forth in the recital of this Ordinance are hereby adopted as the preliminary findings and conclusions of the City Council for passing this ordinance.
- Section 2. Amendment of MICC 19.03.020.** MICC 19.03.020 is amended as shown in the attached and incorporated Exhibit A.
- Section 3. Amendments in Chapter 19.06 MICC.** MICC 19.06.080 is amended and a new section MICC 19.06.150 – Affordable Housing is added to Chapter 19.06 MICC as shown in the attached and incorporated Exhibit B.
- Section 4. Amendment of Chapter 19.11 MICC.** MICC 19.11.010, .015, .020, .030, .040, .060, .070, .080, .090, .100, .130, and .140 are amended as shown in the attached and incorporated Exhibit C.
- Section 5. Amendments of MICC 19.15.220.** MICC 19.15.220 is amended as shown in the attached and incorporated Exhibit D.

Section 6. Amendment of MICC 19.16.010. MICC 19.16.010 is amended as shown in the attached and incorporated Exhibit E.

Section 7. Amendment of Title 19 MICC, Appendix D. Appendix D in title 19 MICC, Unified Land Development Appendices, is amended as shown in the attached and incorporated Exhibit F.

Section 8. Repeal of Ordinance No. 26-02. Ordinance No. 26-02 is repealed.

Section 9. 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 10. 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 five days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON JULY 21, 2026.

CITY OF MERCER ISLAND

David Rosenbaum, Mayor

Approved as to Form:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication:

Exhibit A: Chapter 19.03 MICC – Multiple Family

MICC 19.03.020 – PARKING REQUIREMENTS

- A. Parking lot dimension. All parking areas shall conform to the design standards set out in appendix A of this development code. Residential uses are subject to the provisions of MICC 19.03.020(C).
- B. Except as otherwise provided in this chapter, each lot shall also meet the following parking requirements.
1. Off-street parking shall be established and maintained at a minimum ratio of two parking spaces for each unit in a multiple-family dwelling.
 2. Parking shall not be allowed in front yard setbacks.
 3. Group parking areas shall be screened from view from streets and adjoining properties at pedestrian eye level. If screening consists of solid planting, it shall be of evergreen variety and shall constitute a solid planting within three years.
 4. Notwithstanding any of the minimum parking requirements set out in this subsection, the code official may grant variances from the minimum parking requirements with the approval of the city engineer. The variance may be granted based on review of detailed information provided by the applicant that includes a description of the physical structure(s), identification of potential uses, and analysis of likely parking demand.
 5. All off-street parking areas shall be graded and surfaced to a standard comparable to the street which serves the parking area. The parking area shall be developed and completed to the required standards before an occupancy permit for the building to be served is issued. All traffic control devices such as parking strips designating car stalls, directional arrows or signs, bull rails, curbs and other structures shall be installed and completed as shown on the approved plans. Hard surfaced parking area shall use paint or similar devices to delineate parking stalls and directional arrows.
 6. Off-street parking shall be located on the same lot or on an adjoining lot or lots to the building to be served, except that off-street parking may be located in an area beginning within 500 feet of the front entrance of the building to be served; provided, there are no intersecting streets between the parking area and building to be served.
 7. The city engineer shall have the authority to fix the location and width of vehicular entrances and exits to and from property, and to alter existing entrances and exits as may be required to control street traffic in the interest of public safety and general welfare.
 8. Off-street parking shall meet the relevant state design standards for the physically handicapped.

9. Up to 50 percent of the required off-street parking spaces may be designed for accommodating compact vehicles. Such parking spaces shall be clearly designated as compact stalls. The percentage of compact stalls permitted may be increased based on review of detailed information provided by the applicant that includes a description of the physical structure(s), identification of potential uses, and analysis of likely parking demand.

C. Residential development parking standards.

1. Garages and carports are not required in order to meet minimum parking requirements for residential development.
2. Parking spaces that count towards minimum parking requirements may be enclosed or unenclosed.
3. Parking spaces in tandem shall count towards meeting minimum parking requirements at a rate of one space for every 20 linear feet with any necessary provisions for turning radius. For purposes of this subsection, "tandem" is defined as having two or more vehicles, one in front of or behind the others with a single means of ingress and egress.
4. Existence of legally nonconforming gravel surfacing in existing designated parking areas may not be a reason for prohibiting utilization of existing space in the parking area to meet parking standards, up to a maximum of six parking spaces.
5. Parking spaces are not required to exceed eight feet by 20 feet, except for required parking for people with disabilities.
6. Required off-street parking shall not be a condition of permitting a residential project if compliance with tree retention pursuant to the requirements of Chapter 19.10 MICC would otherwise make the proposed residential development or redevelopment infeasible.
7. Parking spaces that consist of grass block pavers may count toward minimum parking requirements.
8. Existing parking spaces that do not conform to the requirements of this section by June 6, 2024 are not required to be modified or resized, except for compliance with the Americans with Disabilities Act. Existing paved parking lots are not required to change the size of existing parking spaces during resurfacing if doing so will be more costly or require significant reconfiguration of the parking space locations.

Exhibit B: Chapter 19.06 MICC – General Regulations

MICC 19.06.080 – SITING OF GROUP HOUSING.

A. *Special needs group housing.*

1. *Permitted.* Special needs group housing is permitted in all zones subject to the following conditions:
 - a. The facility shall meet all applicable Washington State licensing requirements.
 - b. The facility shall comply with all applicable construction codes set forth in MICC title 17, including maximum occupancy restrictions.
 - ~~c. Operators of housing for persons with handicaps or with familial status within the meaning of the Federal Fair Housing Amendments Act (FHAA) may not accept individuals whose tenancy would constitute a direct threat to the health or safety of other individuals, or whose tenancy would result in substantial physical damage to the property of others.~~

~~The code official may require the operator of a special needs group home to deny housing to an individual if the police chief determines, based on the characteristics and relevant conduct of the individuals at issue, that such tenant is a direct threat to the health and safety of others, or that such individual's tenancy would result in substantial physical damage to the property of others. The police chief's determination may be appealed to the hearing examiner by the operator or tenant at issue under the appeal procedure set out in MICC 19.15.130.~~
2. *Reasonable accommodation.* Reasonable accommodations shall be made to ~~handicapped~~ disabled persons, pursuant to the process provided in MICC 19.01.030, when such accommodations may be necessary to afford such persons equal opportunity to use and enjoy a dwelling, as required by the Federal Fair Housing Amendments Act (FHAA).

B. *Social service transitional housing.*

1. ~~Permitted.~~ Social service transitional housing is permitted in all zones subject to the following conditions: when authorized by the issuance of a conditional use permit (CUP). Review of the conditional use permit application will be based upon the criteria set forth in MICC 19.15.100 and the supplemental criteria set forth in subsection (B)(3) of this section.
 - ~~a.~~ The facility and program secures and maintains all licenses and/or approvals as required by the state or federal government;
 - ~~b.~~ The facility shall comply with all applicable construction codes set forth in MICC title 17, including maximum occupancy restrictions; and

c. The facility has adequate off-street parking as determined by the city engineer based on review of detailed information provided by the applicant that includes a description of the physical structure(s), identification of potential uses, and analysis of parking demand. Social service transitional housing shall not be required to provide more parking than other residential uses in the subject zone.

2. *Exceptions:*

a. *Exemption from notice requirements.* If the police chief determines that the safety of the intended residents in a domestic violence shelter will be compromised by CUP public notice requirements established in Chapter 19.15 MICC, they may be waived.

b. A domestic violence shelter is not required to comply with subsection (B)(3)(c) of this section, which requires a 600-foot setback.

c. Social service transitional housing facilities that house persons with familial status and persons with handicaps within the meaning of the FHAA is permitted in all zones pursuant to subsection A of this section, and are not required to obtain a CUP.

3. Following permit approval and prior to issuance of a certificate of occupancy, the applicant must certify in writing that is has performed the following actions:

a. Provide the City with the name, if any, of the facility and the name and headquarters address of the managing entity;

b. Provide the City with a description of any other programs operating in the building and copies of the applicable licenses and certifications held by the program;

c. Notify residents within 500 feet of the social service transitional housing;

d. Conduct at least one public meeting;

e. Designate at least one point of contact authorized to make decisions and take corrective action in the case of an emergency and provide the City and residents within 500 feet with at least one telephone number to be used in emergencies.

f. Provide the City with documentation of the sponsor's or managing agency's operational policies or procedures for:

1. Promoting and addressing health and safety inside the building and in areas immediately adjacent to the building;

2. Admissions, including a description of the populations the project will serve and potential sources of referral;

3. Program exit or transfer;
 4. Handling complaints and grievances from occupants;
 5. Health, fire, safety, and occupancy; and
 6. Staffing to provide services and resources to the population being served comparable to standard or customary practices for the particular type of housing being provided. The staffing policy or procedure may include, but is not limited to, the number of staff or volunteers present during daytime and nighttime operations, staff or volunteer training, and other processes to provide services and resources to the populations being served.
- g. The written certification by the sponsor or managing entity constitutes full compliance with (a) through (f) of this subsection. Nothing in this subsection prohibits the sponsor or managing agency from voluntarily updating any of the information submitted under (a) through (f) of this subsection.

~~3. *Supplemental conditional use criteria.*~~

- a. ~~A determination made by the police chief as to whether a tenant may be a threat to the health or safety of others or whether an individual's tenancy is likely to result in significant physical damage to the property of others, and, if so, whether conditions can be attached to satisfactorily control those risks.~~
- b. ~~The facility is at least 1,000 feet from any other facility under this classification.~~
- c. ~~The facility is at least 600 feet from the property line of educational or recreational facilities where children are known to congregate, including but not limited to any public park, the I-90 Trail, churches or synagogues, schools, licensed daycares, the Mercer Island Branch of the King County Library, public pools, the Mercerwood Shore Club, Mercer Island Beach Club, the Jewish Community Center, Mercer View Community Center, or the Boys and Girls Club.~~
- d. ~~The facility and program secures and maintains all licenses and/or approvals as required by the state or federal government.~~
- e. ~~The facility shall comply with all applicable construction codes set forth in MICC title 17, including maximum occupancy restrictions.~~
- f. ~~The program will be operated under the authority of a reputable governing board or social service or government agency or proprietor, to whom staff are responsible and who will be available to city officials, if necessary, to resolve concerns pertaining to the facility.~~
- g. ~~The facility shall operate under a written management plan, including a detailed description of staffing, supervision, and security arrangements~~

~~appropriate to the type and number of clients and to its hours of operation, which shall be submitted to and approved by the city prior to the first occupancy by any person intended to be served by the facility.~~

- ~~h. The facility has adequate off-street parking. The code official may require the applicant to submit a traffic study.~~
- ~~i. The city shall determine the number of dwelling units or occupancy rooms or suites permitted in the proposed facility based on the following criteria:

 - ~~i. The specific nature of the occupancy and the persons that will be housed in the proposed facility.~~
 - ~~ii. The size of the dwelling units or occupancy rooms or suites and the specific configuration of the facilities within these units, rooms, or suites.~~
 - ~~iii. The impacts on nearby residential uses of the proposed facility.~~~~
- ~~4. *Appeal.* The conditional use permit decision made under subsection B of this section may be appealed pursuant to MICC 19.15.130.~~

[...]

MICC 19.06.150 – AFFORDABLE HOUSING [NEW SECTION]

A. *Applicability.* This section applies to development of affordable housing units in all zones.

B. Design elements.

1. The affordable housing units shall generally be intermingled with all other dwelling units in the development and are not required to be located on the top story or bonus stories.
2. The tenure (owner- or renter-occupied) of the affordable housing units shall be the same as the tenure of the rest of the dwelling units in the development.
3. The affordable housing units shall consist of a mix of the unit types (by number of bedrooms) that is generally proportionate to the mix of units in the overall development.
4. Affordable units may not be smaller than other units with the same number of bedrooms in the development, unless the code official determines that rooms within the affordable units provide adequate space for their intended use. In no case shall the average size of affordable units be more than ten percent smaller than the market-rate units having the same number of bedrooms in the development, or less than 500 square feet if a studio unit, 600 square feet if a one-bedroom unit, 800 square feet if a two-bedroom unit, 1,000 square feet if a three-bedroom unit, or 1,200 square feet if a four-bedroom unit; whichever is less.
5. The exteriors of the affordable housing units must be compatible with and comparable in quality to the rest of the dwelling units in the development and shall

comply with any design standards for the underlying zoning district. The interior finish of the affordable units shall, at a minimum, be comparable to entry level rental or ownership housing in the development.

C. *Availability.* The affordable housing units shall be available for occupancy in a time frame comparable to the availability of the rest of the dwelling units in the development.

D. *Agreement.* Prior to issuance of a building permit, an agreement in form and substance acceptable to the city attorney shall be executed providing price restrictions, homebuyer or tenant qualifications and long-term affordability. The agreement shall be recorded with King County department of records and elections and shall constitute a covenant running with the land. Affordable housing units shall remain as affordable housing for a minimum of 50 years from the date of initial owner occupancy for owner affordable units and for the life of the project for rental affordable housing units. At the sole discretion of the code official, the city may approve a shorter affordability time period for owner-occupied affordable housing, not to be less than 30 years, in order to meet federal financial underwriting guidelines necessary to secure project funding.

1. The agreement shall provide the city sole discretion to establish monitoring fees for the affordable units, which fees may be adjusted over time to account for inflation. The purpose of any monitoring fee is for the review and processing of documents to maintain compliance with income and affordability restrictions of the affordability agreement.

2. The city may agree, at its sole discretion, to subordinate any affordable housing regulatory agreement for affordable ownership units for the purpose of enabling the owner to obtain financing for development of the property.

E. *Alternative Compliance.*

1. The Code Official may approve a request to deviate from providing the affordable housing unit on site if the applicant provides a cash payment of a fee in lieu of constructing affordable housing units.

2. *Timing.* Application for and approval by the Code Official for alternative compliance must be granted prior to issuing a building permit for the project, unless otherwise permitted by the Code Official.

3. *Alternative Compliance Agreement.* An agreement setting the terms for alternative compliance, including the number of affordable housing units subject to alternative compliance and the fee in lieu cash payment amount must be executed between the City and Applicant and recorded with King County prior to issuing a building permit for the project. The agreement must indicate that the fee in lieu cash payment has been agreed to and is due upon sale or transfer of property, or issuance of the certificate of occupancy, whichever occurs first.

4. *Fee in Lieu.* Cash payment of a fee in lieu of constructing affordable housing units may be provided and will be used only for the subsequent provision of affordable housing units by the City or other housing provider approved by the City Manager.

- a. Fee Amount and Payment. The following requirements apply to the collection and use of the fee in lieu cash payments received pursuant to this section:
- i. The fee in lieu cash payment amount is specified in the City's fee schedule.
 - ii. The payment obligation will be calculated based on the fee schedule in effect at the time the Alternative Compliance Agreement is executed.
 - iii. The payment obligation is due upon sale of the subject parcel or issuance of the certificate of occupancy, whichever occurs first.
 - iv. The city may impose an application fee, as provided in the city's adopted fee schedule, to cover the reasonable cost of administration of the fee in lieu program. The fee is not refundable and is collected from the applicant of the development activity permit at the time of permit issuance.
 - v. Any appeal of the decision of the city regarding the calculation of fee amounts shall follow the process for the appeal of the underlying development application, as set forth in the Mercer Island City Code.
- b. Fee schedule, review of schedule and updates.
- i. The fee in lieu shall be adopted in the City's fee schedule based on the most recent rate study approved by the city council and updated annually thereafter as described in this section.
 - ii. Fee in lieu rates shall be updated annually using the following procedures:
 - A. The code official shall use the Construction Cost Index for Seattle (June-June) published by the Engineering News Record to calculate annual inflation adjustments in the fee in lieu rates. The fee in lieu rate shall not be adjusted for inflation should the index remain unchanged.
 - B. The updated fee in lieu rates shall be effective January 1.
 - iii. The code official shall review the fee in lieu rate annually to determine if a new fee in lieu rate study is necessary and recommend to the city council when a new study should be prepared.
- c. Deposit of Fees. All in-lieu fees collected hereunder shall be deposited in a housing fund. The fund shall be administered by the City and shall be used only for the purpose of providing funding assistance for the provision of affordable housing units and the reasonable costs of administration

consistent with the policies and programs contained in the housing element of the comprehensive plan.

- F. Impact fees. Affordable housing may be exempt from impact fees pursuant to MICC 19.17.090, 19.18.070, and 19.19.070.

Exhibit C: Chapter 19.11 MICC

MICC 19.11.010 – ~~GENERAL.RESERVED.~~

- A. ~~Applicability. This chapter establishes development and design standards for the Mercer Island Town Center (TC) zone, the location and boundaries of which are set forth in MICC 19.01.040 and appendix D, the Mercer Island Zoning Map. The general purpose of this chapter is to implement the land use policies of the Mercer Island comprehensive plan for the area referred to as the Town Center. The development and design standards are not intended to slow or restrict development, but rather to add consistency and predictability to the permit review process.~~
- B. ~~User guide. The Town Center is divided into subareas mostly for the purpose of regulating maximum height limits. A two-story height limit applies throughout the Town Center. Only by providing certain benefits to the community can a development project add additional stories up to the maximum height allowed in the particular subarea. These community benefits include affordable housing; green building features; stepping back of upper stories to reduce building mass and maintain light and air; provision of public open spaces as gathering places; and provision of through-block pedestrian connections to break up larger blocks and enhance pedestrian access.~~
- C. ~~Town Center vision. The Town Center vision found in the Mercer Island comprehensive plan is adopted herein by reference.~~
- D. ~~Design vision.~~
1. ~~Development and design standards. The development and design standards that follow are intended to enhance the Town Center for pedestrians and develop a sense of place. To accomplish this vision, new or redevelopment is encouraged to orient buildings toward the public right of way with buildings brought forward to the sidewalk or landscaped edge; parking placed behind buildings and in less visible areas or underground; design structures with varied mass and scale, modulation of heights and wall planes; and pedestrian through-block connections that will break up very large or long blocks for improved pedestrian circulation from one side of the block through to the other side.~~
 2. ~~Function. The design of buildings, structures and streetscapes within the Town Center is intended to support a built environment that is convenient and accessible to pedestrians, motorists, bicyclists and public transit users. Development should enhance the Town Center as a vibrant, healthy, mixed use downtown that serves as the city's retail, business, social, cultural and entertainment center and ensures the commercial and economic vitality of the area. New or redevelopment should increase the attractions and pedestrian amenities that bring residents to the Town Center, including local shopping, services, offices, specialty retail, restaurants,~~

residences, festivals, special events, and entertainment. Outdoor spaces should function as social settings for a variety of experiences, adding to the comfort of life in Mercer Island, while maintaining a human scale and an ability for easy pedestrian circulation.

3. ~~*Site features.* New or redevelopment should include public amenities, such as storefronts with canopies, street trees, greenery, seating, fountains or water features, outdoor cafes, sculpture or other forms of art, and places for gathering and lingering. The use of materials, color, texture, form and massing, proportion, public amenities, mitigation of environmental impacts, landscaping and vegetation, and architectural detail should be incorporated in the design of new or redevelopment with the purpose of supporting a human scale, pedestrian-oriented Town Center. New or redevelopment shall be coordinated and consistent with the downtown street standards.~~
4. ~~*Pedestrian orientation.* Pedestrian oriented and customer intensive retail businesses and offices are encouraged to locate on the street level to promote active use of sidewalks by pedestrians, thus increasing the activity level and economic viability of the Town Center. New or redevelopment should also enhance and support a range of transportation choices and be designed to maximize opportunities for alternative modes of transportation and maintain individual mobility. Even with a healthy variety of development in the Town Center, each individual development or redevelopment project shall favor the pedestrian over the automobile in terms of site design, building placement and parking locations.~~
5. ~~*Scale.* The applicant should consider how the structure and site development will be viewed from the street and adjacent properties. Scale is not simply the size of the buildings, it is the proportion of buildings in relationship to each other, to the street and to the pedestrian environment.~~
6. ~~*Form.* Building forms that do not present visual mass impacts that are out of proportion to the adjoining structures, or that appear from the street or sidewalk as having unmodulated visual mass are encouraged. Building additions should complement the original structure in design.~~
7. ~~*Style.* The objectives and standards do not set or encourage a particular style of architecture or design theme. However, these design standards aim to encourage designs that are pedestrian in scale and encourage design features such as sloped roof lines; distinctive building shapes; integration of art, textures, and patterns; treatment of pedestrian and public spaces; interface with the public right-of-way; landscaping; signage and facade treatments.~~

MICC 19.11.015 – TOWN CENTER SUBAREAS.

- A. ~~*Intent.* The primary intent of establishing subareas within the Town Center is to provide differing building height standards and land uses within the Town Center. Buildings within the Town Center are limited to two stories in height unless community benefits are provided as discussed throughout this chapter. The purpose of the different height standards is to locate taller buildings on the north end of the Town Center, and step down building height through the center to the south end of Town Center, bordering Mercerdale Park.~~

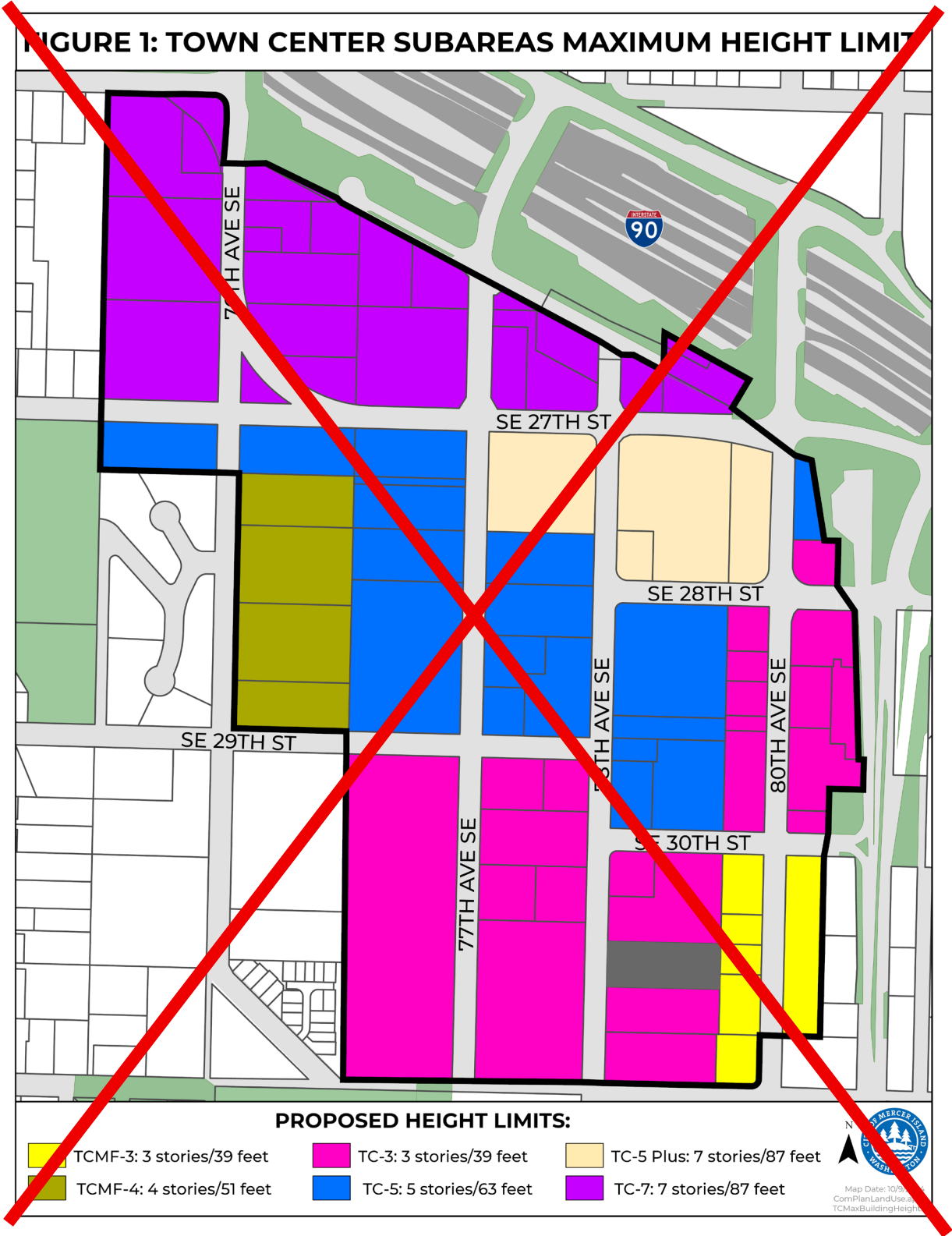
AB. *Subareas established.* The following subareas have been established and are depicted ~~on~~ in Figure 1 below.

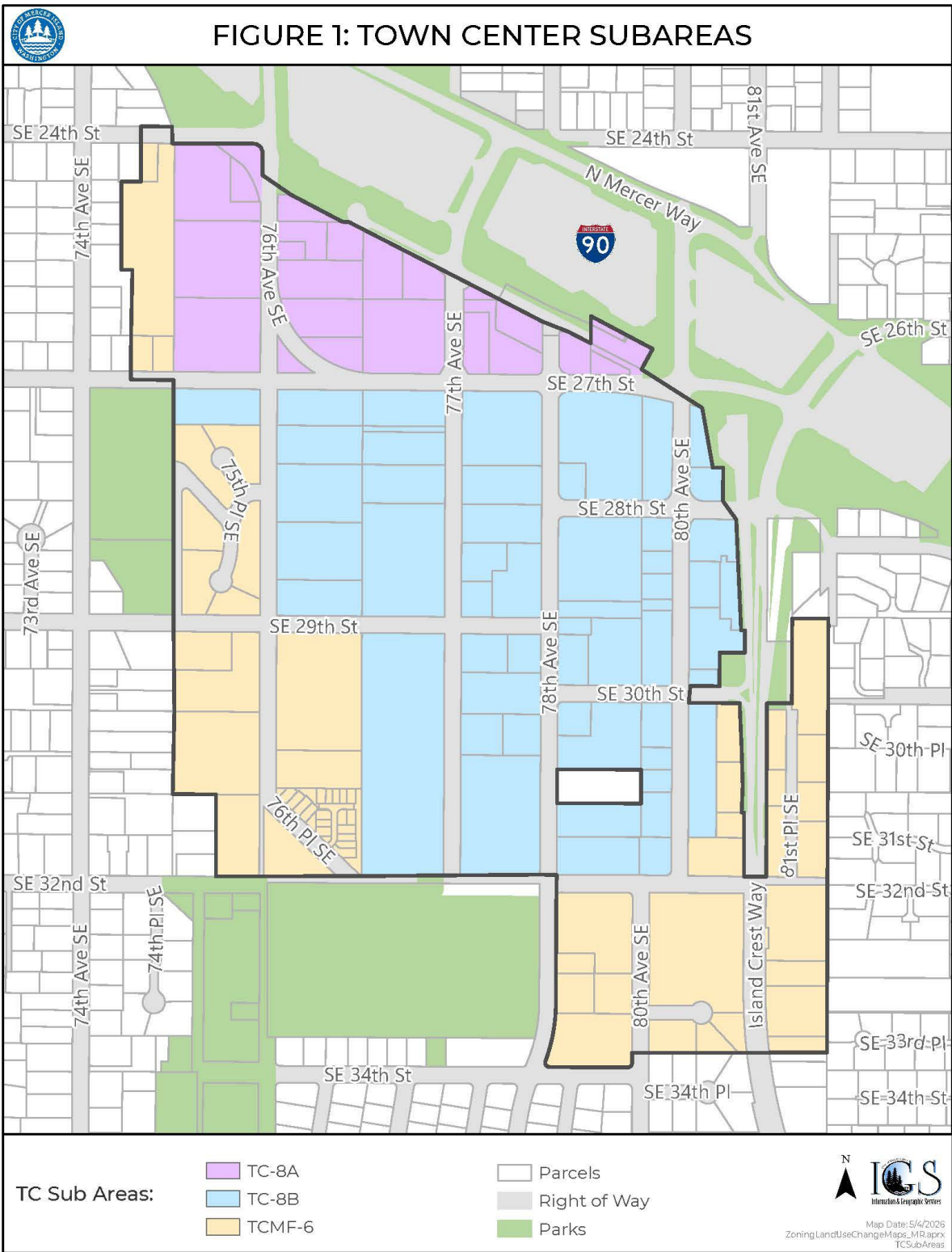
1. ~~TC-78 subarea.~~ The purpose of the TC-78 subarea is to create a focused mixed use core, oriented toward pedestrian connections and regional transit access. A broad mix of land uses is allowed. Buildings may be up to ~~seven~~ eight stories in height. ~~The TC-8 subarea is divided into TC-8A and TC-8B with the difference being the allowed uses in TC-8A and TC-8B established which differ in the allowed uses specified in MICC 19.11.020 are different.~~
2. TCMF-6 subarea. The purpose of the TCMF-6 subarea is to provide for primarily multifamily residential housing of up to six stories. Street-oriented housing, live/work units and limited retail uses are allowed at the street level.

~~TC-5 subarea.~~ The purpose of the TC-5 subarea is to be a transition between the taller buildings in the TC-7 subarea and the lower structures in the TC-3 and TCMF-3 subareas. A broad mix of land uses is allowed. Buildings may be up to five stories in height.

3. ~~TC-5 plus subarea.~~ The purpose of the TC-5 Plus subarea is to be a transition between the taller buildings in the TC-7 subarea and the TC-5 subarea. A broad mix of land uses is allowed. Buildings may be up to seven stories in height with the provision of additional affordable housing units and public open space.
4. ~~TC-3 subarea.~~ The purpose of the TC-3 subarea is to create an area of transition between the Town Center and adjacent residential neighborhoods. A broad mix of land uses is allowed. Buildings may be up to three stories in height.
5. ~~TCMF-4 (Multifamily residential) subarea.~~ The purpose of the TCMF-4 subarea is to provide for primarily multifamily residential housing of up to four stories. Street-oriented housing, live/work units and limited retail uses are allowed at the street level.
6. ~~TCMF-3 (Multifamily residential) subarea.~~ The purpose of the TCMF-3 subarea is to provide for primarily multifamily residential housing of up to three stories. Street-oriented housing, live/work units and limited retail uses are allowed at the street level.

FIGURE 1 — TOWN CENTER SUBAREAS AND MAXIMUM HEIGHT LIMIT





MICC 19.11.020 – LAND USES.

A. Permitted and conditional uses.

1. *Use table by subarea.* Permitted and conditional uses are allowed in each subarea as shown in the use table below.

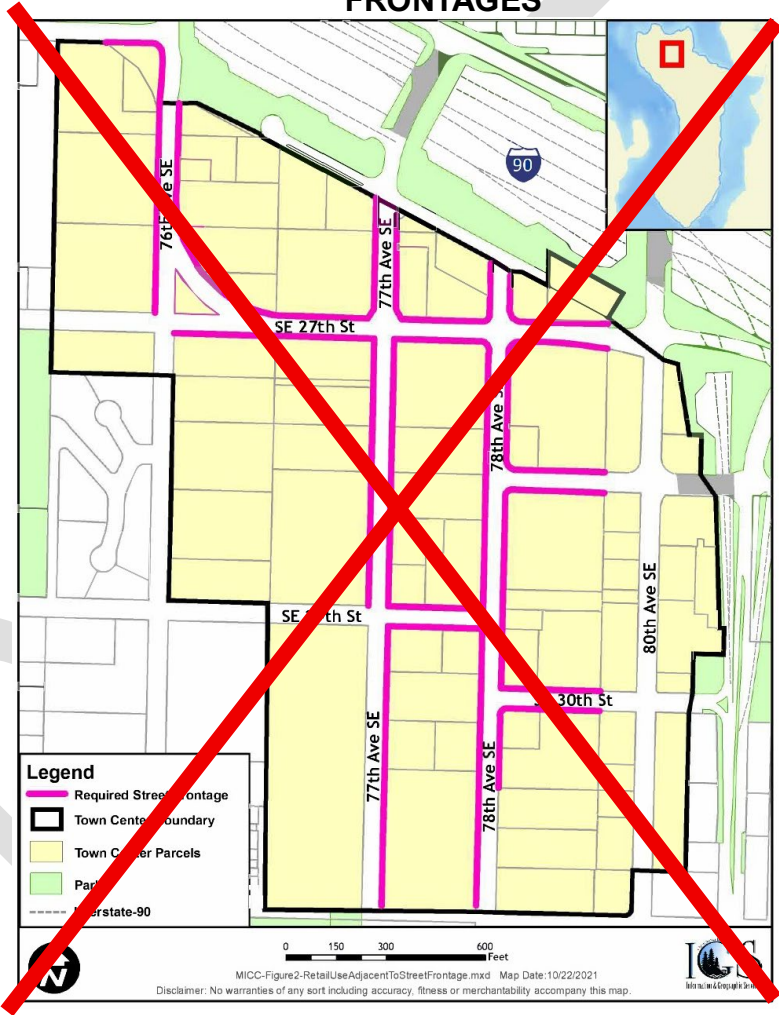
Use	TC-8A	TC-8B	TCMF-6	TC-7	TC-5 TC-5 Plus	TC-3	TCMF-3	TCMF-4
Adult entertainment	<u>C</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>
Bar	<u>P</u>	<u>P</u>	<u>N</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>N</u>	<u>N</u>
Care services	<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>
Hotel/motel	<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>
Live/work units	<u>C</u>	<u>C</u>	<u>P</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>P</u>	<u>P</u>
Manufacturing	<u>C</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>N</u>	<u>N</u>
Office	<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>
Parking, not associated with an on-site use	<u>C</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>N</u>	<u>N</u>
Public facility	<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>
Recreation	<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>
Residential dwelling	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Restaurant	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Retail — small scale	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Retail — large scale (> 20,000 square feet)	<u>C</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>N</u>	<u>N</u>
Retail — outdoors	<u>C</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>N</u>	<u>N</u>
Rooming houses	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Service	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Social service transitional housing	<u>P</u>	<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
Special needs group housing	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Transportation/utilities (including automobile service stations)	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Warehousing	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>N</u>	<u>N</u>	<u>N</u>
C — Conditional Use P — Permitted N — Not Allowed								

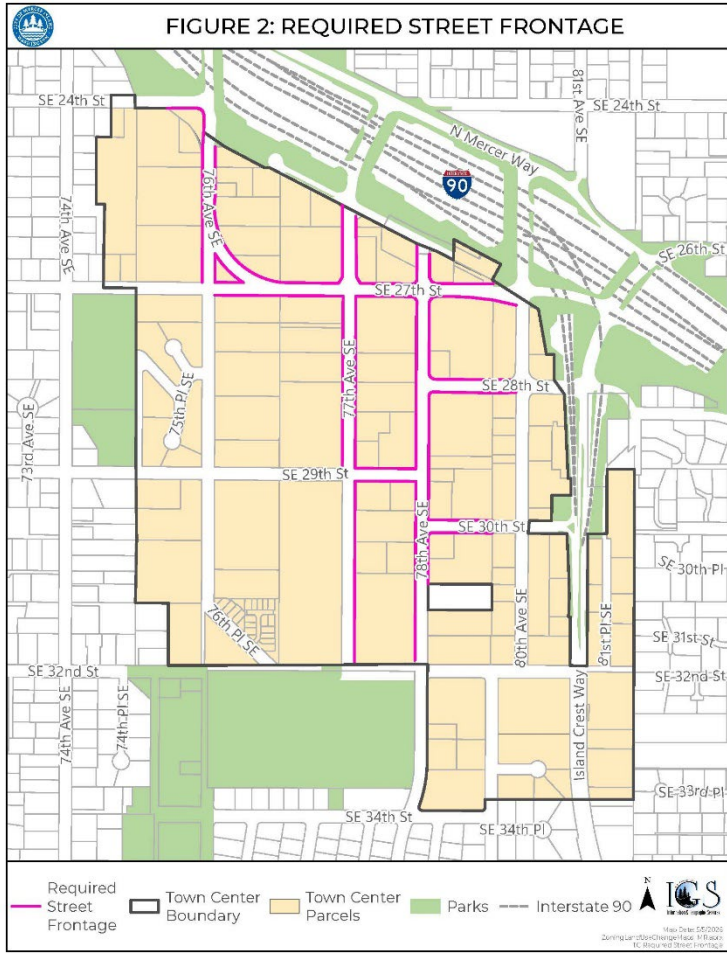
2. *North American Industry Classification System.* Questions as to the inclusion or exclusion of a particular use shall be determined by the code official based on

North American Industry Classification System (NAICS) — United States, published by the U.S. Department of Commerce.

- B. Required ground floor street frontage uses.
 - 1. Retail, restaurant, personal service, museum and art exhibition, theater, bar, financial and insurance service, recreation, and/or service station uses, as defined by Section 19.16.010, are required along ground floor street frontages as shown on Figure 2.

FIGURE 2 — USES REQUIRED ADJACENT TO GROUND FLOOR STREET FRONTAGES

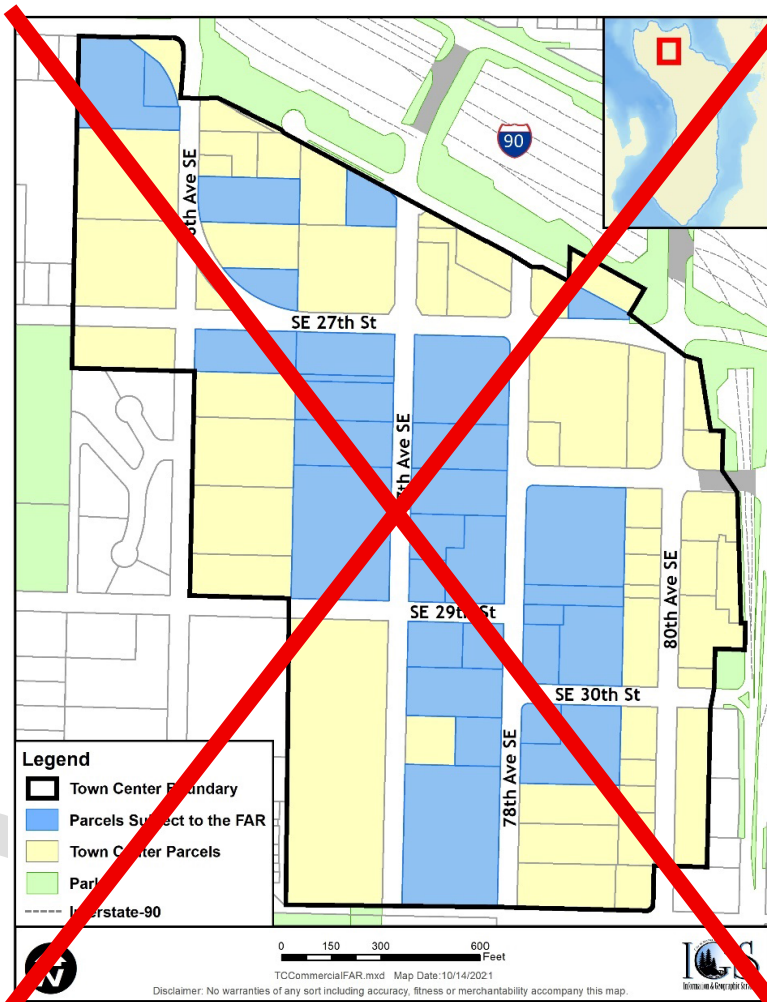


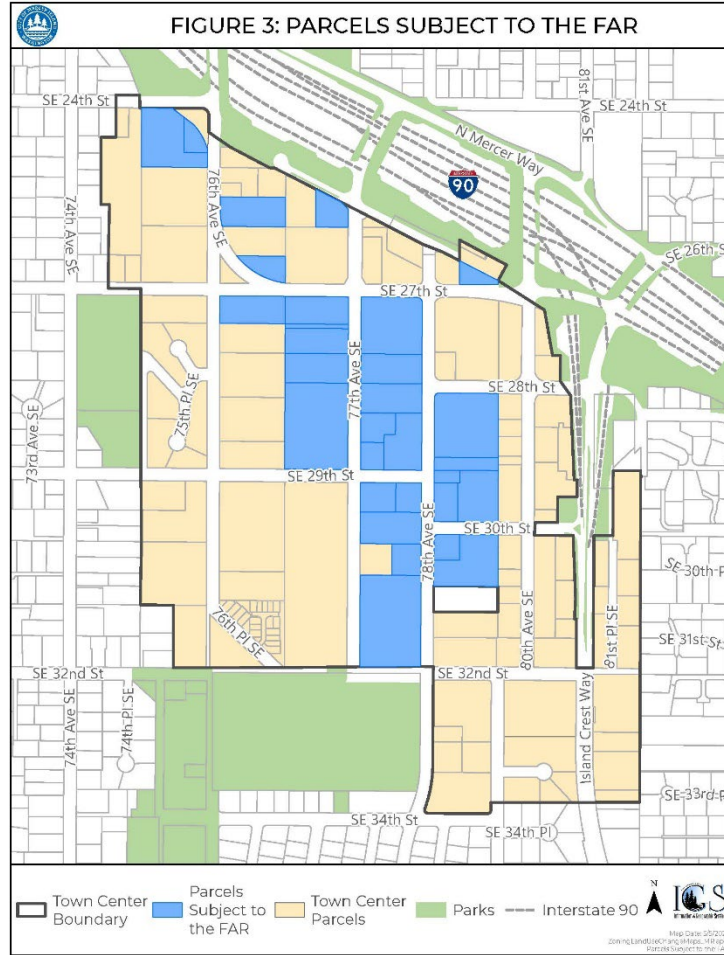


- a. No use shall occupy a continuous linear street frontage exceeding 60 feet in length, with the exception of museum and art exhibition and/or theater uses. An additional 20 feet in length may be approved if the use incorporates an additional pedestrian entrance onto a sidewalk or through-block connection, or additional ten percent transparency beyond the requirement of Subsection 19.11.100(B)(1)(b).
 - b. The minimum required depth of uses along street frontages is 16 feet.
 - c. Required driveways, service and truck loading areas, parking garage entrances, and lobbies shall be permitted.
2. The identified parcels as shown on Figure 3 are required to provide a minimum floor area ratio (FAR) equivalent to 0.2623 of the gross lot area as provided by King County for ground floor street frontage for retail, restaurant, personal service, museum and art exhibition, theater, bar, financial and insurance service, recreation, and/or service station uses, as defined by Section 19.16.010, upon redevelopment. For the purposes of determining redevelopment, the value of redevelopment shall be an amount equal to or greater than 50 percent of the total

assessed improvement value at the time of the application for redevelopment, as determined by King County.

FIGURE 3 — PARCELS SUBJECT TO FAR REQUIREMENT FOR GROUND FLOOR USES



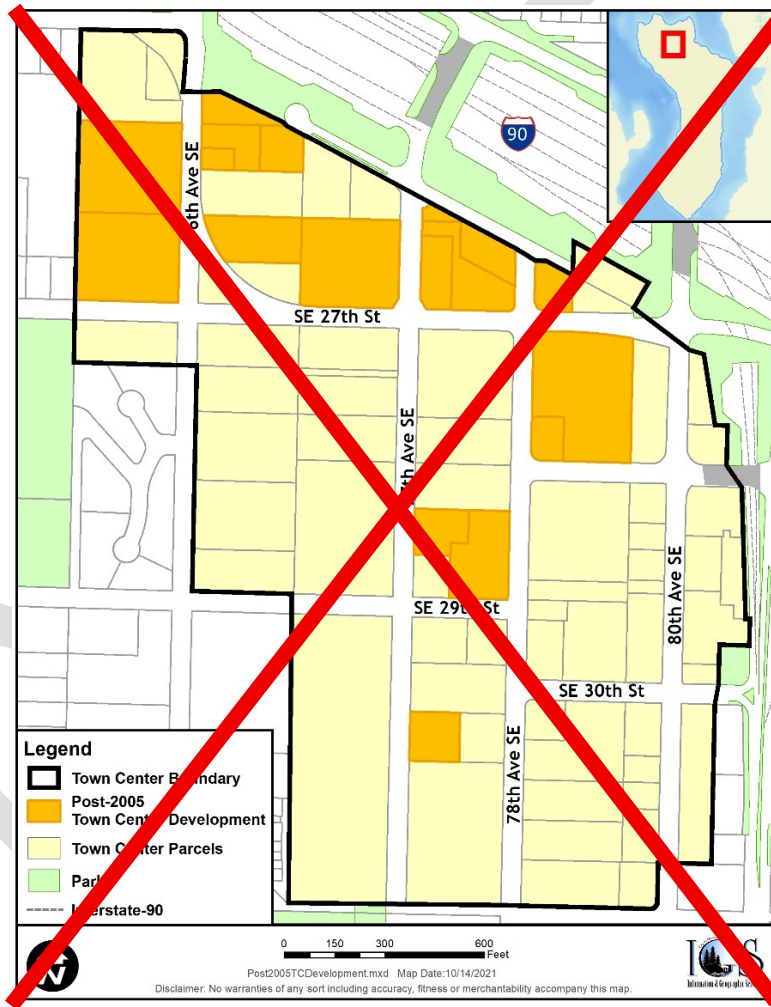


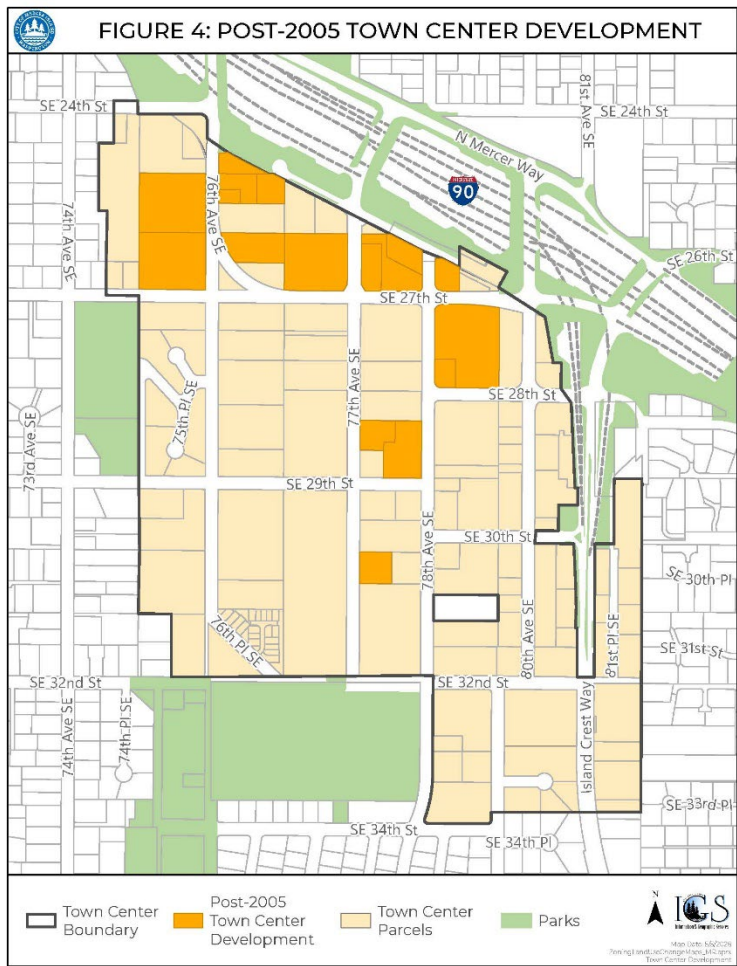
- a. When a FAR calculation results in a fraction, the fraction shall be rounded to the nearest whole number as follows:
 - i. Fractions of 0.50 or above shall be rounded up to the closest whole number; and
 - ii. Fractions below 0.50 shall be rounded down to the closest whole number.

- b. Each individual museum and art exhibition or theater use shall be limited to a contributing cap of 5,000 square feet towards the achievement of the total minimum ground floor FAR requirement for the corresponding site. For example, a site with a minimum FAR requirement of 20,000 square feet may only have one of these identified uses contribute a maximum of 5,000 square feet towards the necessary minimum through a 1:1 contribution. The remaining 15,000 square feet of ground floor street frontage must come from retail, restaurant, personal service, bar, financial and insurance service, recreation, and/or service station uses as defined in Section 19.16.010.

- The identified parcels as shown on Figure 4 are required to provide a no net loss of existing floor area for ground floor street frontage for retail, restaurant, personal service, museum and art exhibition, theater, bar, financial and insurance service, recreation, and/or service station uses, as defined by Section 19.16.010. For the purposes of determining redevelopment, the value of redevelopment shall be an amount equal to or greater than 50 percent of the total assessed improvement value at the time of the application for redevelopment, as determined by King County.

FIGURE 4 — PARCELS SUBJECT NO NET LOSS REQUIREMENT FOR GROUND FLOOR USES





4. A review of these requirements shall occur five years from the date of ordinance adoption or after 75,000 gross square feet of floor area for ground floor retail, restaurant, personal service, museum and art exhibition, theater, bar, financial and insurance service, recreation, and/or service station uses adjacent to street frontages has been authorized through building permit issuance.

C. Accessory uses.

1. *Outdoor storage and display of merchandise.* The total area allowed for outdoor storage and/or merchandise display shall be less than five percent of the total gross square footage of the use; provided, however, that such area may exceed five percent if it is fully screened. This standard does not apply to temporary uses such as material storage during construction or street vendors.
2. *Commerce on public property.* Commerce on public property may be allowed pursuant to MICC 19.06.050.
3. *Transit facilities.* Bus parking/loading space, and shelters and facilities for transit users shall be provided in the design of major new construction. Plans must be

coordinated with transit providers to maximize the interface with community-wide and regional transit systems.

4. *Bicycle facilities.* Parking and facilities that support bicycle use, including racks, covered and secured bike-storage areas, and, in the case of office buildings, lockers and showers, must be included in the design of major new construction.
5. *Utility and equipment cabinets.* Existing or proposed utility and equipment cabinets or boxes, including wireless communication facilities, shall be placed inside a building or placed underground, if physically feasible. In the event the city determines such location is not physically feasible, the utility and equipment cabinets must be screened by fencing, landscaping and/or stealth screening technologies so that they are not visible.

MICC 19.11.030 – BULK REGULATIONS.

A. Bulk regulations by subarea.

1. The bulk regulations for properties in the Town Center are as follows:

	<u>TC-8A and TC-8B</u>	<u>TCMF-6</u>	<u>TC-7</u>	<u>TC-5 and TC-5 Plus</u>	<u>TC-3</u>	<u>TCMF-3</u>	<u>TCMF-4</u>
Base Building Height Allowed			27 Feet	27 Feet	27 Feet	27 Feet	27 Feet
Base Stories Allowed			2	2	2	2	2
Maximum Allowable Building Height	<u>105 Feet</u>	<u>78 Feet</u>	87 feet	TC-5: 63 Feet TC-5 Plus: 87 Feet	39 Feet	39 Feet	51 Feet
	Up to 5 additional feet allowed for parapet and/or sloped roof.						
Maximum Allowable Building Stories	<u>8</u>	<u>6</u>	7	TC-5: 5 TC-5 Plus: 7	3	3	4
Ground Floor Height Adjacent to Streets	<u>15 feet minimum, 27 feet maximum</u>	N/A	15 feet minimum, 27 feet maximum		N/A	N/A	N/A
Setback from Property Lines	No minimum setback required except where necessary to provide landscaping, facade modulation, through-block connection or an easement for required sidewalk width.						
Required Upper Story	All street frontages are subject to the average daylight plane standards described in subsection (A)(7) of this section.						

Setback (Average Daylight Plane)	
---	--

~~2. **Base building height.** A base building height of up to two stories (not to exceed 27 feet) shall be allowed. One-story structures located adjacent to the public right-of-way in the TC-7, TC-5, TC-5 Plus and TC-3 subareas shall be a minimum of 15 feet and may be as tall as 27 feet.~~

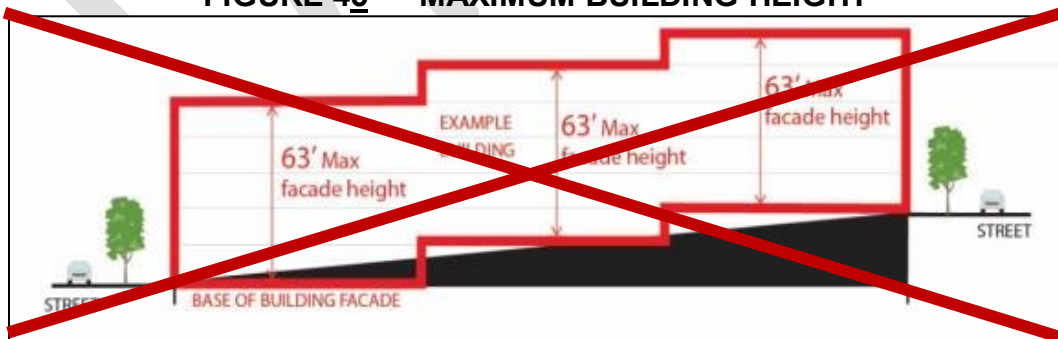
23. Calculation of building height.

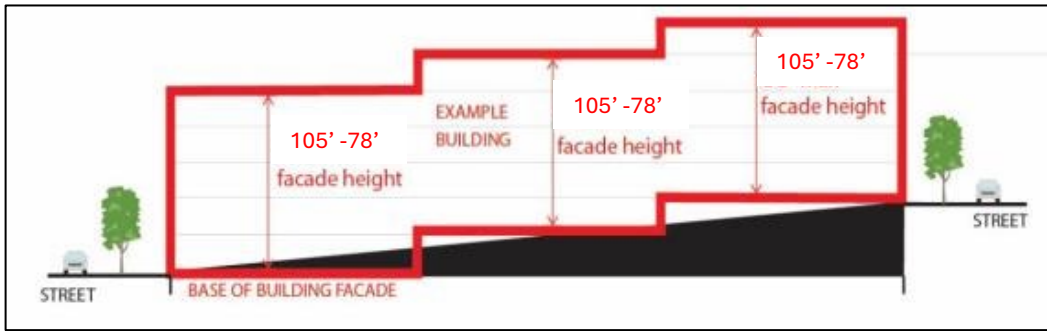
~~a.~~ The intent of the building height calculation in this section is to limit the visual mass of a building so that it does not appear to exceed the maximum height limit in subsection (A)(1) of this section.

ab. The maximum allowable building height in subsection (A)(1) of this section shall be calculated as the vertical distance measured from the base of a building facade to the highest point of the roof structure excluding appurtenances. The base of the building facade shall be measured from the adjacent public sidewalk if applicable, or from the lower of existing or finished grade along building facades that are not adjacent to a public sidewalk. See Figure 45.

eb. If the bases of the opposite building facades are at approximately the same elevation, then the building height at any point between the facades can never exceed the maximum permitted building height. If the bases of the opposite building facades are not at approximately the same elevation, then the building must be configured to go down in height as between the higher and lower facades in a manner similar to Figure 4 or in an equivalent manner such that the average of the building heights calculated between the facades is approximately equal to or less than the maximum permitted building height.

FIGURE 45 — MAXIMUM BUILDING HEIGHT

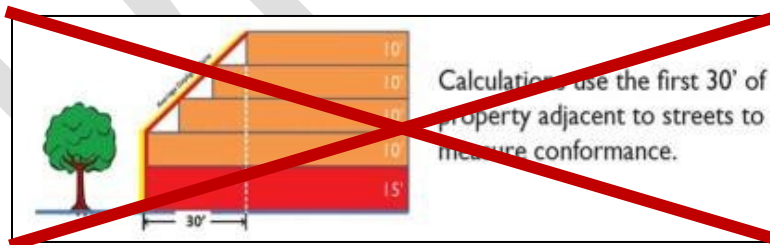


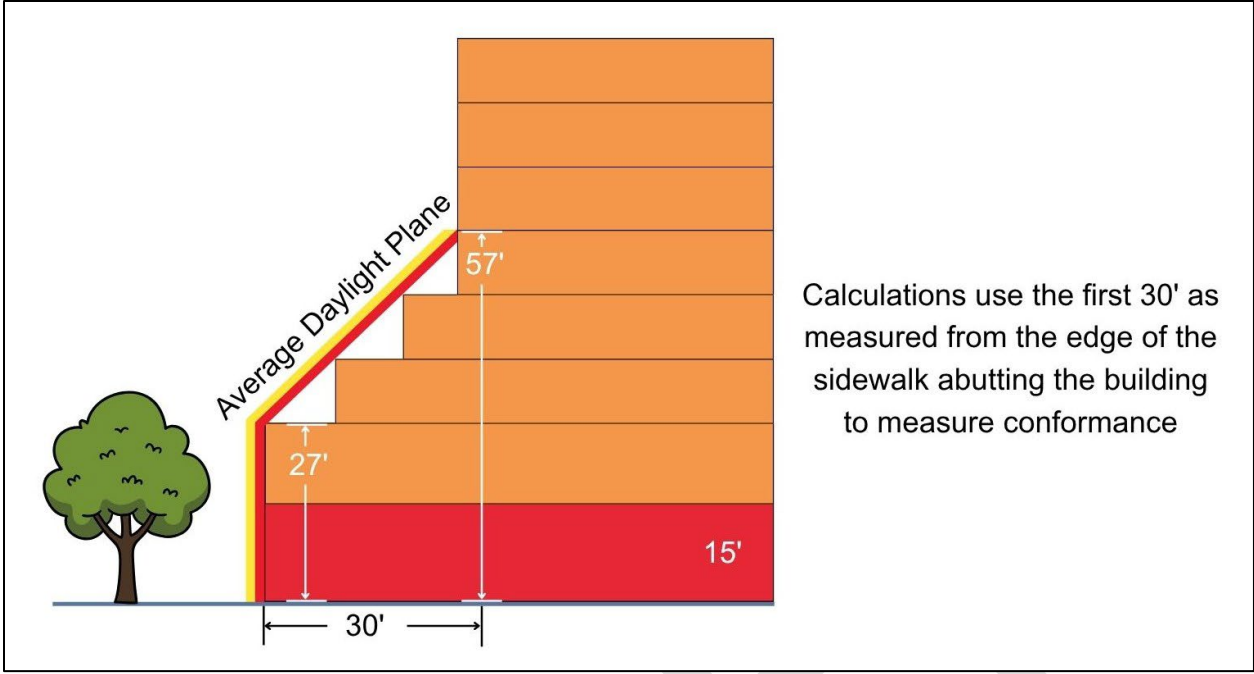


34. *Mezzanines.* A mezzanine shall not be counted as a story for determining the allowable number of stories when constructed in accordance with the requirements of the construction codes set forth in Title 17 MICC.
45. *Rooftop appurtenances.* Rooftop appurtenances may extend up to ten feet above the maximum building height allowed. This provision shall not be construed to allow building height in excess of the maximum limit. Rooftop appurtenances must be located at least ten feet from the exterior edge of any building, and shall not cover more than 20 percent of the rooftop area.
- a. ~~Screening of rooftop appurtenances. Appurtenances shall not be located on the roof of a structure unless they are hidden or camouflaged by building elements that were designed for that purpose as an integral part of the building design.~~ All appurtenances located on the roof must be grouped together and screened. The screening shall be sight-obscuring, located at least ten feet from the exterior edge of any building; and effective in obscuring the view of the appurtenances from public streets or sidewalks or residential areas located on the hillside surrounding the Town Center.
 - b. *Wireless communication facilities.* Wireless communication facilities (WCFs) shall be governed by MICC 19.06.040; provided, they shall be screened as required by subsection (A)(5)(a) of this section.
56. *Setbacks.*
- a. *78th Avenue SE.* All structures shall be set back so that space is provided for at least 15 feet of sidewalk between the structure and the face of the street curb, excluding locations where the curblines is interrupted by parking.
 - b. *All other public rights-of-way.* All structures shall be set back so that space is provided for at least 12 feet of sidewalk between the structure and the face of the street curb, excluding locations where the curblines is interrupted by parking ~~pockets~~.
67. *Average daylight plane.* Average minimum upper-level building setbacks are required as follows: Only the development site's applicable block frontage may be used to determine compliance with the provisions herein.

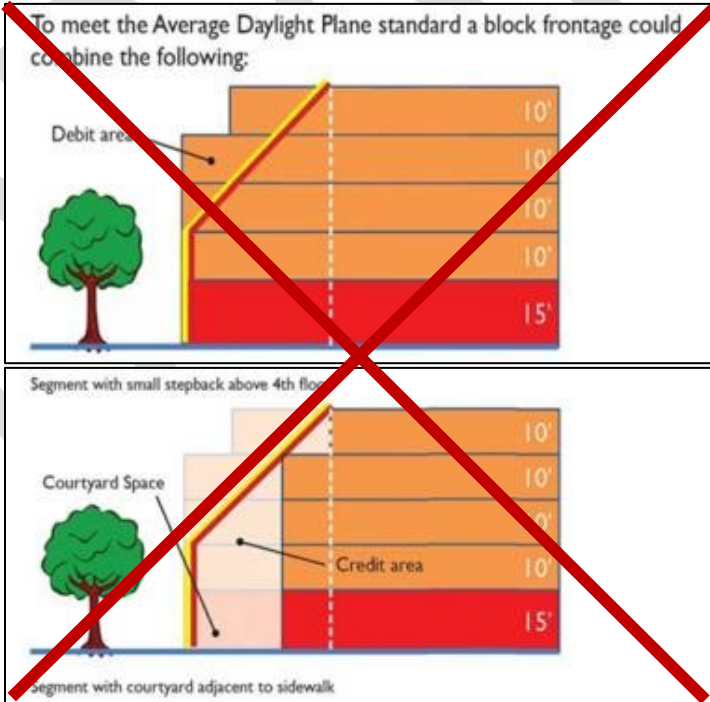
- a. From a height of twenty-seven (27) feet at the front property line, buildings shall step back at a 45-degree angle up to ~~the maximum~~ a height of fifty-seven (57) feet.
- b. Calculations for determining compliance with the average daylight plane standards shall utilize cubic volume (cubic feet) and shall consider only the first 30 feet of depth as measured from the edge of the sidewalk abutting the building along block frontages.
- c. ~~Only the development site's applicable block frontage may be used to determine compliance with the provisions herein.~~
- d. ~~Portions of block frontages may project beyond the daylight plane—, provided the applicable block frontage as a whole complies with the minimum average. Figure 56 illustrates the concept.~~
- ed. For each cubic foot that part of a building protrudes beyond the daylight plane ("debit"), the project must include an equivalent cubic footage of open space ("credit") either on the ground floor adjacent to the street (such as a public open space, courtyard or through-block connection), and/or by setting portions of the building facade farther back beneath the daylight plane. For the purposes of this section, the cubic feet of a portion of a building is measured from floor to the top of the roof, and along the outside of exterior walls. The cubic feet of open or credit volume is measured from finished ground level or top of roof to an imaginary line representing the daylight plane as defined in subsection (A)(7)(b)(i)(a) and (b) of this section. Eaves, pedestrian weather protection and landscaping are allowed within the required open space.
- fe. Daylight plane debits and credits shall be applied on the same block frontage and cannot be transferred to other block frontages.

FIGURE 56 — ILLUSTRATING THE AVERAGE DAYLIGHT PLANE STANDARDS

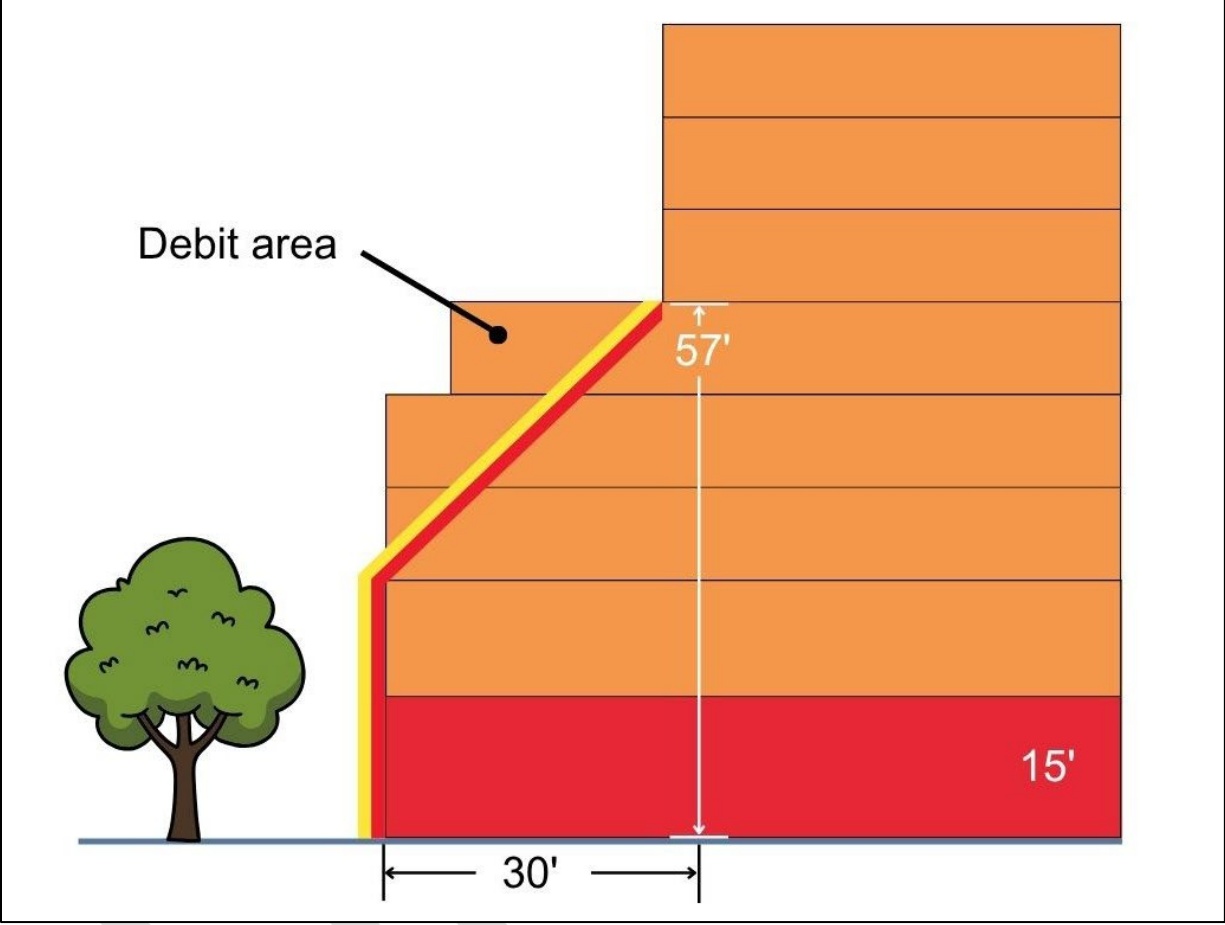


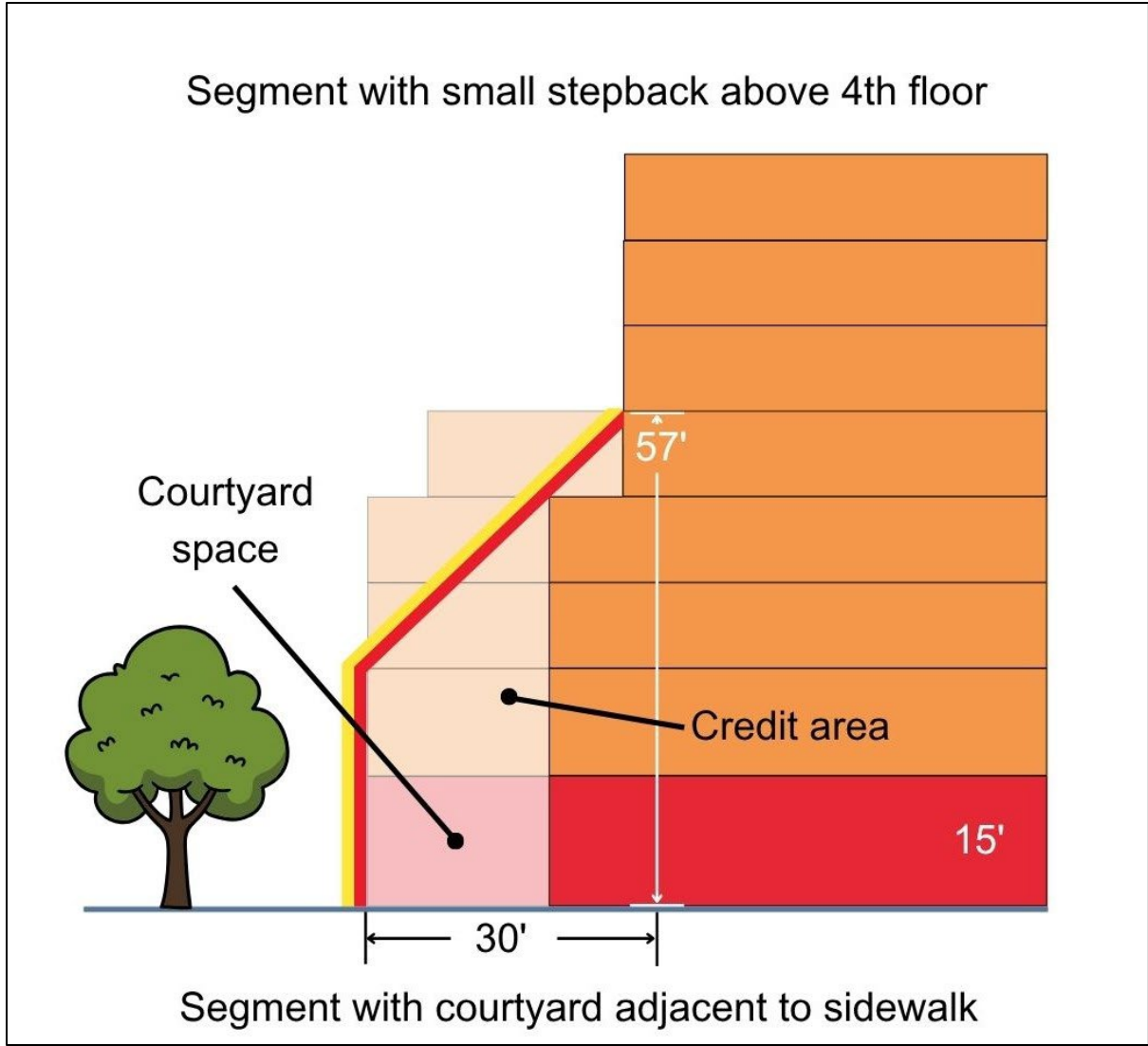


The average daylight plane extends vertically from the applicable property line ~~25~~ twenty-seven (27) feet and then steps back at a 45-degree angle to help reduce the massing of buildings fronting streets.



To meet the Average Daylight Plane standard a block frontage could combine the following:

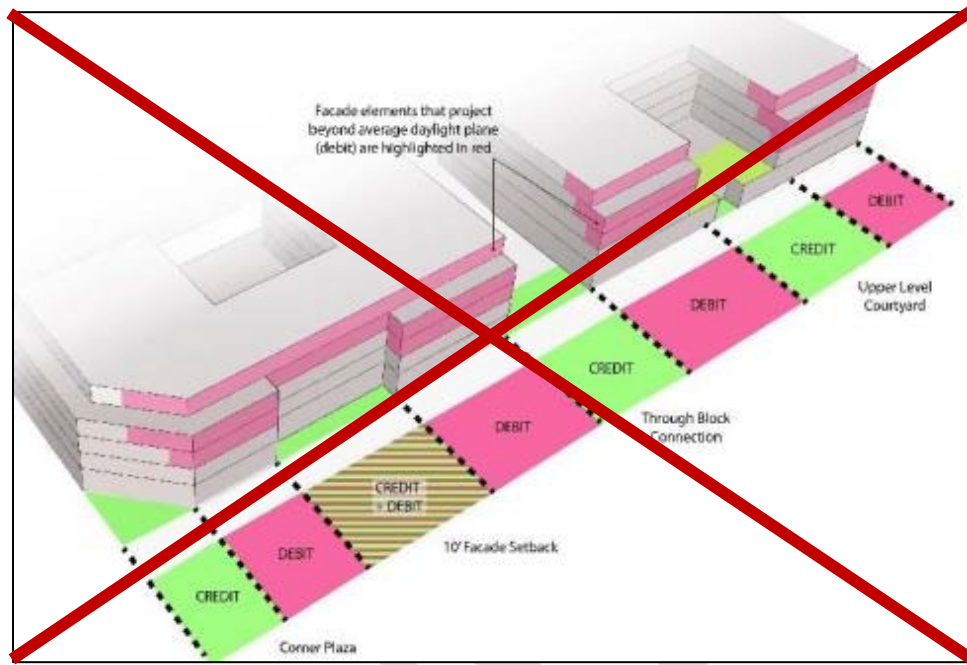




The amount of credit volume shall exceed the debit volume to comply with the "average."

Figure 6 illustrates how a development with multiple block frontages and a through-block connection could meet the average daylight plane standards. The image focuses on the foreground block frontage and illustrates that the block frontage features a combination of debit and credit volume (individual facades that project into average daylight plane are "debit" volume whereas facades that exceed the setback/stepbacks of the average daylight plane are "credit" volume.)

FIGURE 67 — AN EXAMPLE DEVELOPMENT MASSING MODEL WITH BLOCK FRONTAGES THAT COMPLY WITH THE AVERAGE DAYLIGHT PLANE STANDARDS



MICC 19.11.040 – Affordable housing.

~~A. *Purpose and intent.* The incentives and regulations offered in this section are used by the city as one means of meeting its commitment to encourage housing affordable to all economic groups, and to meet its regional share of affordable housing requirements. The purpose of this section is to: (1) implement through regulations the responsibility of the city under state law to provide for housing opportunities for all economic segments of the community, (2) help address the shortage of housing in the city for persons of moderate-income households, (3) promote development of affordable housing that would not otherwise be built in the city, and (4) offer incentives to encourage construction of affordable housing units in Town Center.~~

~~AB. *Affordable Housing Requirement.* Developments with five or more dwelling units *Affordable housing ratio.* In order to qualify as significant affordable housing and in order to qualify for bonus building height over two stories, a development that contains dwelling units must provide affordable housing units equal to at least ~~fifteen~~ ten percent of the total units in the development. The number of required affordable units shall be rounded up to the nearest whole number.~~

~~BC. *Affordability level.* For a three-story building the All required affordable housing units must be affordable at the ~~70~~ 50 percent of median income level for rental housing or 90 percent of median income level for ownership housing. For ~~four to eight~~ seven story buildings, the required affordable housing units must be affordable at the 50 percent of median income level for rental housing or 80 percent of median income level for ownership housing.~~

~~D. *Design elements.*~~

1. ~~The affordable housing units shall generally be intermingled with all other dwelling units in the development and are not required to be located on the top story or bonus stories.~~
 2. ~~The tenure (owner or renter occupied) of the affordable housing units shall be the same as the tenure of the rest of the dwelling units in the development.~~
 3. ~~The affordable housing units shall consist of a mix of the unit types (by number of bedrooms) that is generally proportionate to the mix of units in the overall development.~~
 4. ~~Affordable units shall be of a minimum size equal to the average size of market rate units for the same bedroom count. For example, if the average size of market rate one bedroom units in a development is 650 square feet, each affordable one-bedroom unit in the development shall be a minimum of 650 square feet.~~
 5. ~~The affordable housing units must:~~
 - a. ~~Have exterior finishes that are compatible with and of the same quality as the rest of the dwelling units in the development;~~
 - b. ~~Comply with any design standards for the underlying zoning district; and~~
 - c. ~~Have interior finishes comparable to entry level rental or ownership housing in the development.~~
- E. ~~*Availability.* The affordable housing units shall be available for occupancy in a time frame comparable to the availability of the rest of the dwelling units in the development.~~
- F. ~~*Agreement.* Prior to issuance of a building permit, an agreement in form and substance acceptable to the city attorney shall be executed providing price restrictions, homebuyer or tenant qualifications and long term affordability. The agreement shall be recorded with King County department of records and elections and shall constitute a covenant running with the land. Affordable housing units shall remain as affordable housing for a minimum of 50 years from the date of initial owner occupancy for owner affordable units and for the life of the project for rental affordable housing units. At the sole discretion of the code official, the city may approve a shorter affordability time period for owner occupied affordable housing, not to be less than 30 years, in order to meet federal financial underwriting guidelines.~~
1. ~~The agreement shall provide the city sole discretion to establish monitoring fees for the affordable units, which fees may be adjusted over time to account for inflation. The purpose of any monitoring fee is for the review and processing of documents to maintain compliance with income and affordability restrictions of the affordability agreement.~~
 2. ~~The city may agree, at its sole discretion, to subordinate any affordable housing regulatory agreement for affordable ownership units for the purpose of enabling the owner to obtain financing for development of the property.~~

~~G. *Impact fees.* Affordable housing may be exempt from impact fees pursuant to MICC 19.17.090 (schools), 19.18.070 (parks) and 19.19.070 (transportation).~~

MICC 19.11.060 – SITE DESIGN.

A. *Minor site features.* All major new construction regardless of its height shall have at least three occurrences of any of the following minor site features: Minor site features may not occupy space in a public open space required by this code to the extent that doing so reduces the actual space that is usable by the public below the minimum required area.

1. *Decorative landmarks.* Imaginative features that complement the building design and create visual focal points that give identity to an area, such as decorative clocks, special paving in pedestrian areas, art features, water features, drinking fountains, or creative designs for necessary building features or functions. Art shall be integrated with the public street improvements. Examples include sculpture, murals, inlays, mosaics, friezes or bas-reliefs. The location of art shall provide for public view but not hinder pedestrian traffic.
2. *Kiosks.* Community-oriented kiosks, which may include bulletin boards and newsstands or racks, creatively designed and consolidated and placed in areas where large numbers of people gather, and which complement the site design and streetscape and reduces visual clutter.
3. *Additional sidewalk setback.* At least five feet of sidewalk width, in addition to the minimum sidewalk setback provided for in MICC 19.11.030(A)(6) along the entire street frontage of the development site. Such additional sidewalk must be designed to provide additional pedestrian access where parking pockets narrow the sidewalk, to accommodate street trees and benches, or to create spaces for more pedestrian-oriented activities such as outdoor dining or seating.
4. ~~*Impact on public open spaces.* Minor site features may not occupy space in a public open space required by this code to the extent that doing so reduces the actual space that is usable by the public below the minimum required area.~~

B. *Major site features.* Any major new construction in the TC-8A and TC-8B TC-7, TC-5, TC-5 Plus or TC-3 subareas which exceeds the two-story base height shall include at least one of the following major site features:

1. *Through-block connection.* Any major new construction that exceeds the two-story base height in the locations shown on Figure 78 must include a through-block connection. To qualify as a major site feature, a through-block connection must conform to the development and design standards set forth in subsection D of this section. If the on-site area of the through-block connection does not equal or exceed three percent of the gross floor area of the development, then public open space shall also be provided so that the total area of the through-block connection and public open space equals or exceeds three percent of the gross floor area of the development.
2. *Public open space.* To qualify as a major site feature, public open space must conform to the development and design standards set forth in subsection C of this section.

C. ~~*Public open space standards.* Refers to plazas, parks or other spaces intended for the use and enjoyment of the public in the Town Center zone. Public open spaces serve as public gathering spaces and, depending on their size, could accommodate a variety of public events, as well as provide space for informal gatherings and quiet activities.~~

1. ~~*Size.* A single public open space shall be a minimum size equal to three percent of the gross floor area of the development and shall be at least 20 feet in width. This space may be divided in two, provided each space is at least 1,500 square feet in area.~~

a. ~~For a fifth, sixth, or seventh floor in the TC 5 Plus subarea, public open space shall increase to a minimum of seven and one half (7.5) percent of the gross floor area of the development.~~

b. ~~A development may be allowed to provide two or more public open spaces provided each public space is at least 1,500 square feet in area.~~

c. ~~The following areas shall not be counted as part of the required open space:~~

- i. lobby entrances,
- ii. stairs, and
- iii. ~~cordoned off/private outdoor restaurant seating.~~

d. ~~If a development is required to provide both a public open space and a through-block connection, then the area of the through-block connection that meets the requirements of subsection E of this section shall also be counted towards the public open space requirement.~~

2. ~~*Design elements*~~ *Design elements.*

a. Public open spaces shall be at the same level as the public sidewalk and integrated with any pedestrian connection or other street-level public amenity.

b. At least two linear feet of seating surfaces per 100 square feet of public open space must be provided. Seating surfaces shall be a minimum of 18 inches in depth. At least half the seating shall have seat backs and have surfaces made of wood or synthetic material that mimics the appearance of wood, rather than metal, stone or concrete. In addition, moveable chairs may be substituted for fixed public seating, provided they are not restricted for the sole use of an adjacent retail business.

c. ~~Pedestrian-oriented frontage is required on at least two sides unless the space is linear in design, in which case pedestrian-oriented frontage is required on at least one side.~~

d. ~~At least 25 percent but not more than 60 percent of an outdoor public open space shall be landscaped.~~

~~e. The public open space may not be covered by a roof, story or skybridge; provided portions of the public open space may be covered for weather protection, or be enclosed pursuant to subsection (D)(2)(f) of this section.~~

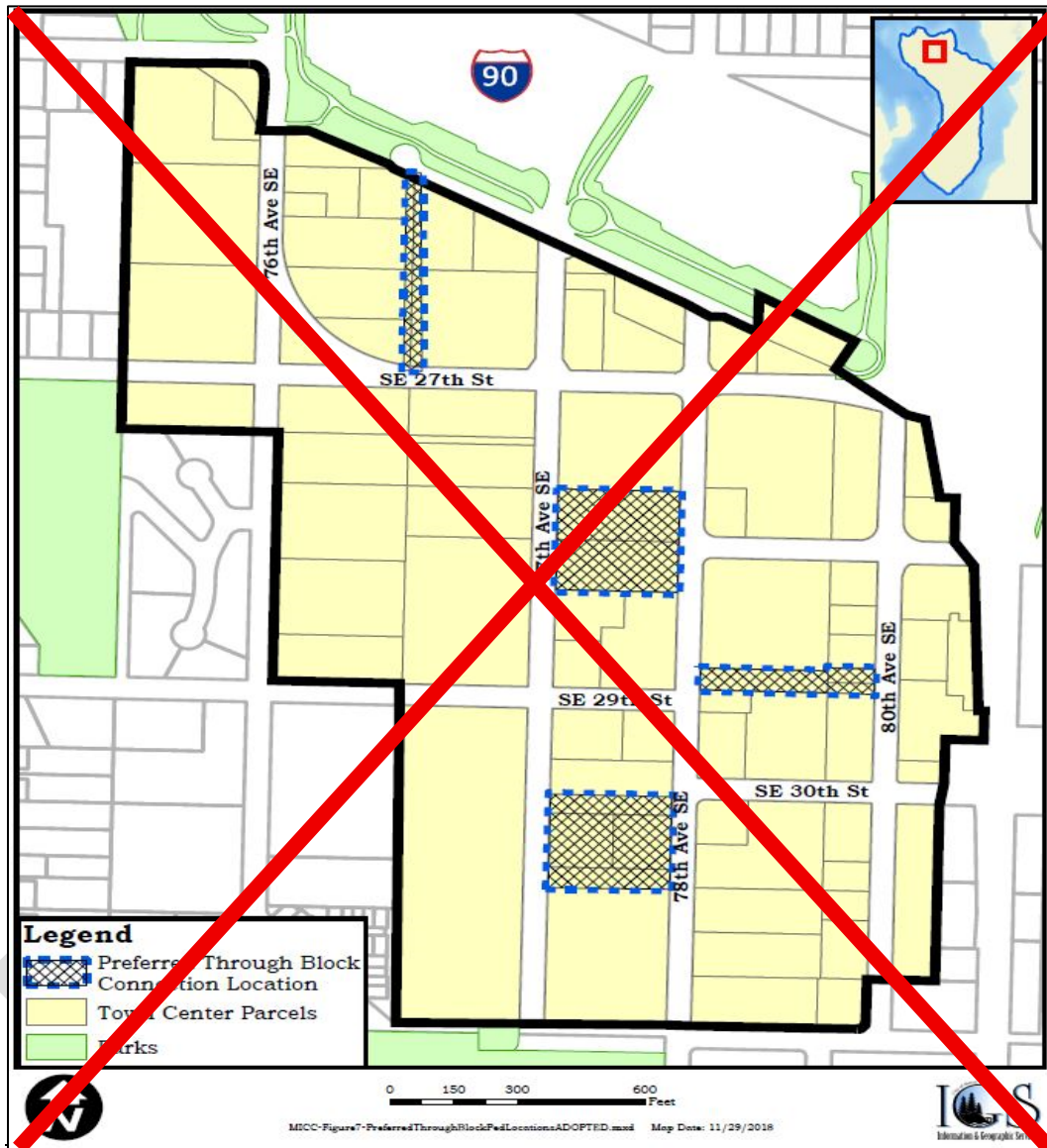
~~fd. Public open space may be enclosed and/or covered provided, that the space is available for public use.~~

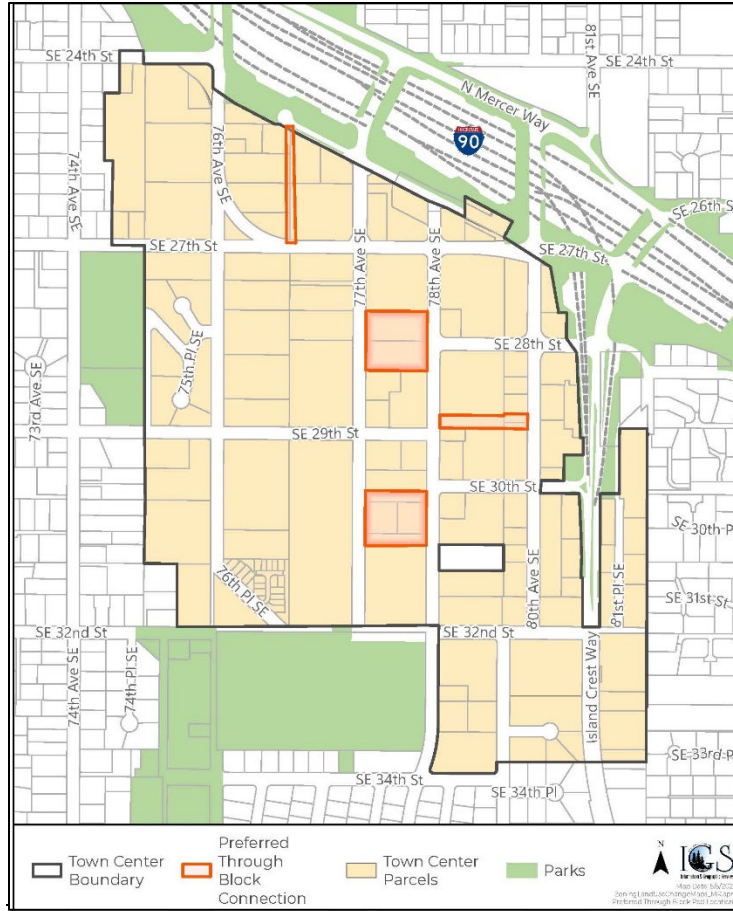
3. *Public open space plan.* The applicant shall submit a plan with a minimum scale of one-quarter inch equals one foot for the public open space which shall include a description of all landscaping; lighting; street furniture; color and materials; relationship to building frontage; specific location of the public open space; and the relationship to and coordination with any pedestrian connection or other public amenity.
4. *Public access.* The entire public open space shall be open to the public 24 hours per day. Temporary closures will be allowed as necessary for maintenance purposes. Upon city approval, portions of the public open space may be separated, as required by the State of Washington Liquor and Cannabis Board or its successor agency, in order to allow outdoor seating for restaurant purposes.

D. *Through-block pedestrian connections.* Through-block pedestrian connections are intended to provide convenient and safe public pedestrian routes through city blocks.

1. *Location.* Connections shall be located on the lots eligible for through-block pedestrian connections as shown on Figure 7~~8~~ and in other locations based on the following criteria:
 - a. ~~T~~the connection will connect with existing or future rights-of-way, other pedestrian connections and/or public open spaces; and
 - b. ~~T~~the connection has the effect of dividing a city block approximately in the middle of such block in approximately the preferred locations shown on Figure 7.

FIGURE 7 — PREFERRED THROUGH-BLOCK PEDESTRIAN CONNECTION LOCATIONS





2. Design elements.

- a. The through-block pedestrian connection shall be the length necessary to provide access between existing rights-of-way; provided that if an applicant does not own all property necessary to make the connection, this option will still be available if an easement is provided to the city for the remainder of the connection. If the applicant cannot obtain the easement after using best efforts, the city may still approve the connection.
- b. The through-block pedestrian connection shall be a minimum of 20 feet wide. The width of the through-block pedestrian connection may be reduced by five feet if the applicant provides an additional five feet of sidewalk along the entirety of one side of the development that fronts on a public right of way.
- c. The area devoted to a through-block pedestrian connection shall be in addition to the area devoted to any other minor site feature required pursuant to subsection A of this section. Pedestrian access to parking areas, lobby entrances, and stairs shall not be included in calculating the minimum size.
- d. The through-block pedestrian connection shall be at the same level as the public sidewalk.

- e. The through-block pedestrian connection must use special paving, such as decorative colored concrete, concrete unit brick or stone pavers over the entire length of the connection. Pervious paving is encouraged.
- f. Where ground level residential uses front onto the through-block connection the building must feature at least one of the public/private space transition elements described below:
 - i. *Raised deck or porch option.* Provide at least a 60-square-foot porch or deck raised at least one foot above grade. The porch or deck must be at least six feet wide, measured perpendicular to the building face. A low fence, rail or planting, which is two feet to four feet high, is encouraged between the through-block connection and the deck or porch. A porch roof or weather protection is encouraged. The design shall consider accessibility.
 - ii. *Private open space option.* Provide a private open space at least ten feet wide between the face of the residence and the edge of the through-block connection. The space may be paved or landscaped. A low fence, rail or planting which is two to four feet high shall be provided between the through-block connection and the open space.
 - iii. *Landscaped area.* Provide a landscaped area at least ten feet wide between the face of the building and the edge of the through-block connection. The plantings must reach three feet high within three years after planting.
 - iv. *Raised ground floor.* If the residence's ground floor is at least three feet above the grade adjacent to the building, then the landscaped area in option (iii), above, may be reduced to four feet wide.

FIGURE 8 — ACCEPTABLE PUBLIC/PRIVATE TRANSITIONAL SPACE DESIGN BETWEEN THROUGH-BLOCK CONNECTIONS AND GROUND LEVEL RESIDENTIAL UNITS

The upper left image uses a low fence and landscaped setback. The right images use landscaped terraces and elevated ground level units. The lower left image uses a landscaped berm between the pathway and semi-private open space.

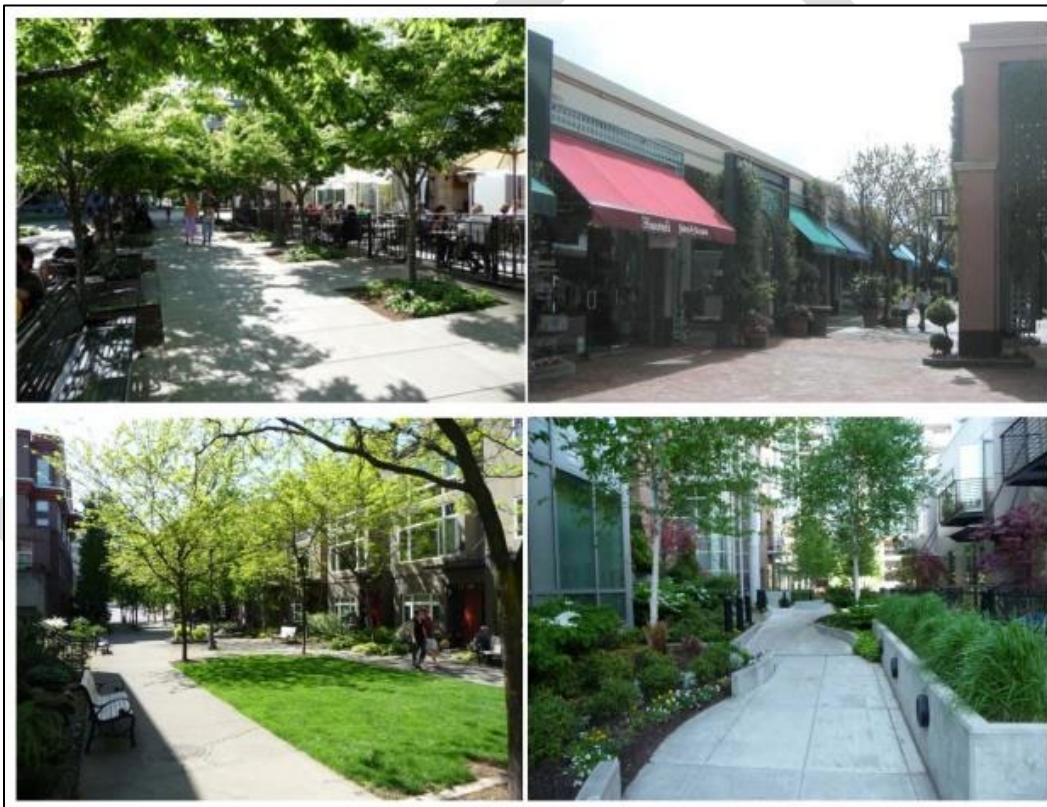


- g. Where ground level nonresidential uses front onto the through-block connection the building must feature:
- i. Transparent windows along 50 percent of the ground floor facade between 30 inches and ten feet above the through-block connection. Articulated, transparent facades along the through-block connection. Tinted or mirrored glass windows are not allowed. Shades, blinds or screens that prevent pedestrian view into building spaces are not allowed, except in hotel rooms and residential uses.
 - ii. Entrances facing the through-block connection are required for each tenant adjacent to the through-block connection.
- h. No more than 50 percent of through-block connection ground level frontages may be occupied by vehicle parking areas. Surface level parking adjacent to through block connections must be separated by a landscaped area that provides partial screening. The landscaped area cannot reduce the width of the through block connection by more than five (5) feet.
- i. The through-block connection may not be covered by a roof or story; provided portions of the public open space may be covered for weather protection, but not enclosed, and skybridges connecting two buildings are allowed if the skybridge is less than 20 feet wide and less than 14 feet in height.

- j. All city approvals or permits for any structure shall be reviewed for compatibility with the alignment of any existing or approved through-block connection.
- k. The connection shall be for exclusive pedestrian use and may not be used by vehicles except as necessary for maintenance or emergency purposes. Dumpsters and other service areas shall not be located within a through-block connection, but may be totally enclosed within a building adjacent to the through-block connection.

FIGURE 9 — EXAMPLES OF ACCEPTABLE THROUGH-BLOCK CONNECTIONS

The upper left image features trees on both sides of the connection and outdoor dining area with adjacent restaurants. The upper right image features retail shops fronting onto a corridor. The lower left image features a double pathway with central lawn and adjacent townhouses. The right image features adjacent apartments with a landscaped buffer.



- 3. *Connection plan.* The applicant shall submit a plan with a minimum scale of one-quarter inch equals one foot for the connection, which shall include a description of all of the following elements: landscaping; lighting; street furniture; color and materials; relationship to building frontage; specific location of the connection and the relationship to and coordination with any public open space.
- 4. *Public access.* The entire connection must be open to the public 24 hours per day. Temporary closures will be allowed as necessary for maintenance purposes. Upon city approval, portions of the connection may be separated, as required by the

State of Washington Liquor and Cannabis Board or its successor agency, in order to allow outdoor seating for restaurant purposes.

- F. *Legal agreements required for public open space and through-block pedestrian connections.* The owners of property to be used for public open space or through-block pedestrian connections shall retain fee ownership of that property and shall execute a legal agreement providing that such property is subject to a right of pedestrian use and access by the public. The agreement shall be in form and substance acceptable to the city attorney and be recorded with the King County recorder's office and the city clerk. The obligations under the agreement shall run with the land and shall terminate upon demolition of the structure for which the through-block connection or public open space was provided. No modifications to either a public open space or through-block pedestrian connection shall be made without approval of the city other than ordinary repairs and maintenance.

MICC 19.11.070 – GREENERY AND OUTDOOR SPACES.

~~A. *Objectives.* Outdoor spaces and landscaping should be designed to achieve the design vision set forth in MICC 19.11.010. Development should provide for private open space for employees and residents. Plant materials placed in horizontal beds and on vertical walls/trellises/arbors areas should be used to frame and soften structures, to define site functions, to enhance the quality of the environment, screen undesirable views and create identity sense of place. Trees and landscaping shall be incorporated into the site design in order to soften and screen the visual impact of hard surfaces such as parking lots, service areas, and walls, as well as to enhance a sense of nature along pedestrian walkways, public rights-of-way, sidewalks and outdoor gathering places. Outdoor furniture and fixtures should be compatible with the project architecture and considered as integral elements of the landscape. Whenever possible development should include seating areas and be enhanced by such features as trees and flower displays, fountains, art and open spaces.~~

AB. Development and design standards.

1. ~~*Landscaped surface requirement.*~~—Twenty five (25) percent of the development site must be landscaped surfaces. All required plantings and landscaping must be installed according to local and regional best landscaping practices. The following landscaped types and credits may be used to meet the standards:
 - a. Ground level planting beds qualify as landscaped surfaces at a 100 percent rate. One hundred (100) percent rate means that one square foot of ground level planting bed counts as one square foot of the required landscaped area.
 - b. Ground level planting area that supports trees (which will require deeper soil depths) qualify for bonus credit.
 - i. Planting areas that support a large tree (height greater than 30 feet at maturity) may be counted at a 200 percent rate (includes planting area under projected dripline at maturity). Two hundred (200) percent rate means that one square foot of a ground level planting

bed supporting a large tree counts as two square feet of the required landscaped surfaces.

- ii. A planting area that supports a medium sized tree (height greater than 15 feet at maturity) may be counted at 150 percent rate. One hundred and fifty percent rate means that one square foot of ground level planting bed supporting a medium sized tree counts as one and a half square feet of the required landscaped surfaces.
 - c. Ground level planting beds with shallow soil depths capable of supporting only ground cover plants qualify at a 50 percent rate. Fifty percent rate means that one square foot of ground level planting beds with shallow soil depths counts as one half a square foot of the required landscaped surfaces.
 - d. ~~Green roof.~~ Green roofs qualify as a landscaped surface at a 50 percent rate (i.e., two square feet of green roof qualifies as one square foot of landscaped area). Green roof areas supporting large shrubs and trees qualify as a landscaped surface at a 100 percent rate.
 - e. Green walls/trellises/arbors.
 - i. Artistic green walls adjacent to ground level publicly accessible space with decorative patterns qualify as a landscaped surface at a 125 percent rate;
 - ii. Standard green walls qualify as landscaped surfaces at a 75 percent rate;
 - iii. ~~Vine trellis/arbors/walls qualify as landscaped surfaces at a 50 percent rate.~~ Vine trellis/arbors/walls qualify as landscaped surfaces at a 50 percent rate. Planter areas must feature minimum soil depth necessary to maintain healthy vine growing conditions as determined by regional best landscaping practices.
2. Landscaping standards.
- a. *Suitable plant species.* Plant materials for required landscape surfaces shall be selected from a city approved palette of species and minimum size at time of planting. Plant materials shall be native or adaptive drought-tolerant species.
 - b. Trees and ground cover.
 - i. Prominent trees shall be managed consistent with Chapter 19.10 MICC.
 - ii. Trees planted within five feet of public curbs or in paved areas shall be installed with root guards and grates to prevent physical damage to sidewalks, curbs, gutters, pavement and other public or private improvements.

- iii. Ground cover shall be planted to have 100 percent ground cover in two years.
 - iv. Any tree cutting or pruning shall be consistent with chapter 19.10 MICC.
- c. *Soil quality, depth, and volume.* Applications for major new construction projects in Town Center must include the relevant provisions in construction details, based on regional best landscaping practices, including:
- i. In planting beds: place three inches of compost and till to a minimum depth of eight inches.
 - ii. In turf areas: place one and three-quarters inches of compost and till to a minimum depth of eight inches.
 - iii. Scarify (loosen) subsoil four inches below amended layer to produce a minimum soil depth of 12 inches of uncompacted soil.
 - iv. After planting: apply two to four inches of arborist wood chip mulch to planting beds. Coarse bark mulch may be used.
- d. *Irrigation.* All landscaped areas shall be provided with an approved automatic irrigation system consisting of waterlines, sprinklers designed to provide head to head coverage and to minimize overspray onto structures, walks and windows. Water conserving types of irrigation systems shall be used.
- e. *Maintenance.* Maintenance shall include regular watering, mowing, pruning, clearance of debris and weeds, removal and replacement of dead plants and the repair and replacement of irrigation systems.
3. *Surface parking lot landscaping.* Surface parking lots shall be landscaped to reduce and break up large areas of asphalt and paving.
- a. The landscape design shall be –designed to manage runoff from roofs, parking lots and other impervious surfaces consistent with Title 15 MICC.
 - b. A landscaped area with the minimum interior dimensions of four feet by four feet –must be provided at the end of parking aisles.
 - c. A ratio of one tree for every six parking spaces –must be provided throughout any surface parking lot. Of the total number of trees required, 50 percent shall be a minimum of 24-inch box in size, and 50 percent shall be a minimum of 15-gallon in size.
 - d. Planting areas for trees required within the parking rows of a surface parking lot –must be achieved by one of the following methods:

- i. A continuous landscape strip, at least four feet wide (interior dimension), between rows of parking stalls; or
 - ii. Tree wells, eight feet wide, resulting from the conversion of two opposing full sized parking stalls to compact stalls; or
 - iii. Tree wells, at least five feet square, placed diagonally between standard or compact parking stalls.
4. *Landscape screening.* All grade-level parking adjacent to public rights of way, sidewalks, and pedestrian circulation, including structured parking, must be physically separated from the street and visually screened from pedestrian view by landscaping that provides a partial screen consistent with MICC 19.11.080(B). The landscaping must include shrubs and trees, be located on private property and not be less than three feet wide.

MICC 19.11.080 – SCREENING.

~~A. *Objectives.* In order to obtain the design vision set forth in MICC 19.11.010, any storage, service and truck loading areas, utility structures, elevator and mechanical equipment on the ground or roof shall be screened from public view in such a manner that they are not visible from public streets, sidewalks or residential areas located on the hillside surrounding the Town Center.~~

AB. Development and design standards.

1. *On-site service areas.* On-site service areas must meet the following standards.
 - a. All on-site service areas, loading zones, outdoor storage areas, garbage collection and recycling areas and similar activities must be located in an area not visible from public streets.
 - b. Service areas must accommodate all services needed by uses established in the development including loading, trash bins, recycling facilities, food scrap composting areas, storage areas, utility cabinets, utility meters, and transformers.
 - c. Service areas must be located and designed for easy access by service vehicles and for convenient access by each tenant.
2. *Garbage, recycling collection, composting and utility areas.* Garbage, recycling collection, food scrap composting and utility areas shall be fully enclosed and screened around their perimeter by built screening at least seven feet high, concealed on the top and must have self-closing doors. If the area is adjacent to a public street or pedestrian way, a minimum three-foot wide landscaped planting strip providing a partial screen shall be located on three sides of such facility.
3. *Meters and mechanical units.* Water meters, gas meters, electric meters, ground-mounted mechanical units and any other similar structures must be hidden from public view. Meters and mechanical units must be screened with either full landscape screening or built screening.

4. *Fences.* Fences must be made of masonry, ornamental metal, or wood, or some combination of the three. The use of chain link, plastic or wire fencing is prohibited.

BG. *Landscape screening.* Landscape screening must be consistent with the following definitions of screen types.

1. *Full screen.* A full screen provides a dense vegetated separation between dissimilar uses on adjacent properties. A full screen shall block views from adjacent properties as seen at the pedestrian eye level in all seasons within three years of installation. The number of trees provided shall be proportionate to one tree for every ten feet of landscape perimeter length.
2. *Partial screen.* A partial screen provides a moderate vegetated separation between uses on adjacent properties and intermittent views to adjacent properties. A partial screen shall provide the desired screening function as seen at the pedestrian eye level in all seasons within three years of installation. The number of trees provided shall be proportionate to one tree for every 20 feet of landscape perimeter length.
3. *Filtered screen.* A filtered screen shall provide in all seasons and within three years of installation a lightly vegetated visual separation between uses on adjacent properties and allow visual access to adjacent properties. When compared to the other screen types, a filtered screen is characterized by more open spaces, light filtration and transparency through the plant material forming the screen.

CD. *Built screening.* Any screening not composed of landscaping must be constructed of at least eighty (80) percent opaque building materials to provide a sight-obscuring barrier between the screened object(s) and the adjacent property and/or right of way. The materials of the screening must be the same design, color, and materials as the exterior of the accompanying structure.

MICC 19.11.090 – LIGHTING.

~~A. *Objectives.* Lighting shall be an integral part of any new or existing development. Lighting shall contribute to the individuality, security and safety of the site design without having overpowering effects on the adjacent areas. Lighting is viewed as an important feature, for functional and security purposes, as well as to enhance the streetscape and public spaces. The design of light fixtures and their structural support should be integrated with the architectural theme and style of the main structures on the site.~~

~~B. Development and design standards.~~

1. *Pedestrian walkway light fixtures.* Light fixtures must be provided for any on-site pedestrian walkways, including sidewalks. Light fixtures must be designed to fully illuminate the walkway and be placed no more than eight feet above the finished grade.
2. *Light type.* Lighting must use LED or similar minimum wattage light sources designed to provide approximately 3,000 degrees K "natural" light to reduce glare,

~~protect circadian rhythms and minimize light pollution.~~ Non-color corrected low-pressure sodium and mercury vapor light sources are prohibited.

3. ~~*Building-mounted and display window lights.*~~ Building-mounted lights and display window lights may be used to satisfy required lighting ~~for walkways~~ in pedestrian areas.
4. ~~*Parking areas*~~~~Parking areas.~~ Parking area light fixtures must be designed to confine emitted light to the parking area. The height of the light fixtures shall not exceed 16 feet above finished grade.
54. ~~*Neon lighting.*~~ Neon lighting may be used as a lighting element; provided, that the tubes are concealed from view at the street level. Neon tubes used to outline the building are prohibited.
65. ~~*Shielding.*~~ All exterior lighting fixtures must be shielded or located to confine light spread within the site boundaries.

MICC 19.11.100 – BUILDING DESIGN.

~~A. *Objectives.* Building facades should be designed with a variety of architectural elements that suggest the building's use and how it relates to other development in the area. Buildings should be oriented to the street frontage to enliven the street edge as well as to maximize access from the public sidewalk. Building facades should provide visual interest to pedestrians. Special care should be given to landscaping, mass and roof forms of buildings to provide visual interest from residential areas located on the hillside surrounding the Town Center as well as from public streets or sidewalks. Street level windows, minimum building setbacks, on-street entrances, landscaping and articulated walls should be encouraged. Building facades should be designed to achieve the purpose of the development and design standards and the Town Center vision described in MICC 19.11.010. Architectural features and other amenities should be used to highlight buildings, site features and entries and add visual interest. Within the Town Center, all development shall provide elements that attract the interest of residents, shoppers and workers.~~

~~AB.~~ Development and design standards.

1. Fenestration.
 - a. ~~*Transparent facades.*~~ Articulated, transparent facades shall be created along pedestrian rights-of-way. ~~Highly tinted or mirrored glass windows are not allowed. Shades, blinds or screens that prevent pedestrian view into building spaces are not allowed, except in dwelling units, hotel rooms, and similar residential uses.~~
 - b. ~~*Ground floor windows and doors.*~~ Major new construction along 77th Avenue SE, 78th Avenue SE and SE 27th Street, within the TC 7, TC 5, and TC 5 Plus subareas, shall have at least 75 percent of the length of the ground floor facade between the height of two feet and seven feet devoted to windows and doors affording views into retail, office, or lobby space.

- c. *Upper story facades.* Upper stories of buildings above two stories must maintain an expression line along the facade such as a setback, change of material, or a projection to reduce the perceived building mass. Upper story windows must be divided into individual units and not consist of a "ribbon" of glass.
2. *Street-facing facade elements.* All major new construction shall include at least seven of the following elements on the street-facing facades.
- a. Window and door treatments which differentiate the façade from other components of the building.
 - b. Light fixtures.
 - c. Paving with a texture, color, or stamped pattern different from other paved features.
 - d. Trellises, railings, gates, grill work, or landscaping.
 - e. Flower baskets and planter boxes.
 - f. Recessed entrances.
 - g. Balconies.
 - h. Medallions.
 - i. Belt courses.
 - j. Masonry and/or tilework.
 - k. ~~Planter boxes.~~
 - l. ~~Projecting metal and glass canopy.~~
 - m. Clerestories over storefront windows.
3. *Major facade modulation.* Block frontages shall include at least one of the following features at intervals no greater than 120 feet to break up the massing of the block and add visual interest.
- a. Vertical building modulation at least 20 feet deep and 30 feet wide. See example on Figure 10. For multi-story buildings, the modulation must extend through more than one-half of the building stories.
 - b. Use of a significant contrasting vertical modulated design component featuring all of the following:

- i. An extension through all stories above the first story fronting on the street. Exception: upper stories that are set back more than ten feet horizontally from the facade are exempt.
 - ii. A change in building materials that contrasts from the rest of the facade.
 - iii. A modulation horizontally from the rest of the facade by an average of 24 inches.
 - iv. A design to provide roofline modulation.
- c. Building walls that make it appear like two or more distinct buildings. See examples on Figure 4410. To qualify for this option, these contrasting facades shall employ all of the following:
- i. Different building materials and/or configuration of building materials; and
 - ii. Contrasting window design (sizes or configurations).

FIGURE 10 — ILLUSTRATING MAXIMUM FACADE WIDTH STANDARDS

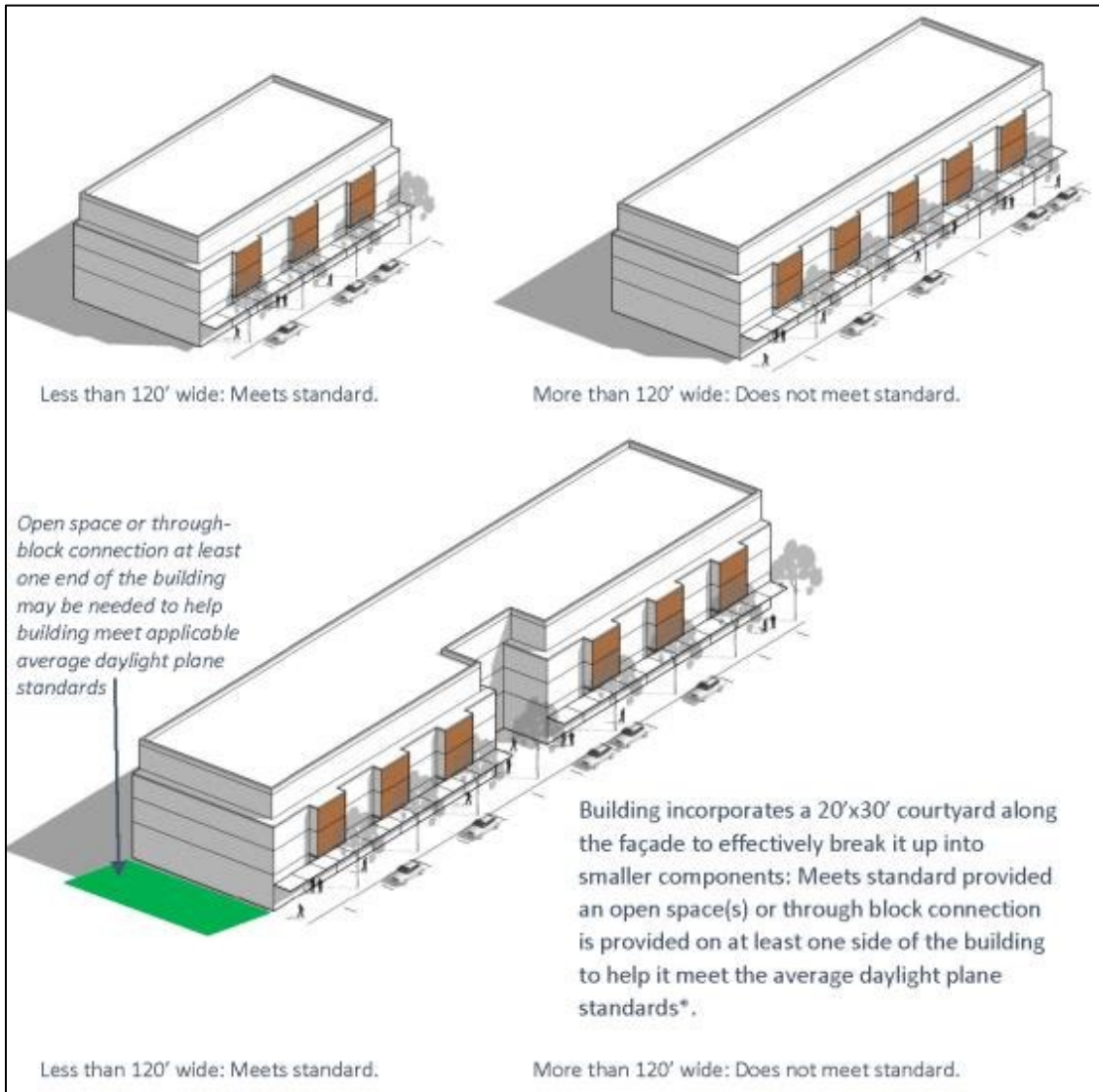


FIGURE 11 — FACADE EXAMPLES EMPLOYING BUILDING WALLS WITH CONTRASTING ARTICULATION THAT MAKE IT APPEAR LIKE TWO OR MORE DISTINCT BUILDINGS



FIGURE 12 — EXAMPLES THAT DO NOT MEET MAXIMUM FACADE WIDTH PROVISIONS



4. *Minor facade modulation.* All buildings shall include articulation features to reduce the perceived scale of large buildings and add visual interest to facades. See examples on Figure 13. At least three of the following features shall be employed at intervals no greater than 50 feet:
 - a. Window fenestration patterns and/or entries;
 - b. Use of vertical piers/columns;
 - c. Change in roofline;
 - d. Change in building material or siding style;
 - e. Vertical elements such as a trellis with plants, green wall, art element; or

- f. Vertical building modulation of at least 12 inches in depth if tied to a change in roofline modulation or a change in building material, siding style, or color.

FIGURE 13 — MINOR FACADE MODULATION EXAMPLES



5. *Walls.* Untreated blank walls are prohibited. New development must use one of the following methods to treat blank walls:
- Display windows at least 16 inches of depth to allow for changeable displays. Tack on display cases shall not qualify as a blank wall treatment.
 - A landscape planting bed at least five feet wide or a raised planter bed at least two feet high and three feet wide in front of the wall with planting materials that are sufficient to obscure or screen at least 60 percent of the wall's surface within three years.
 - A vertical trellis in front of the wall with climbing vines or plant materials that are sufficient to obscure or screen at least 60% of the wall surface within three years. of planting.
 - A mural covering at least sixty (60) percent of the blank wall space. A mural that meets the definition of a sign established in Chapter 19.16 MICC is also subject to the sign regulations in MICC 19.11.140.
6. *Entrances.* Building entrances must be located along the sidewalk. Entrance doors shall be recessed from the facade surface.
7. *Weather protection.* All major new construction shall have all-weather features that integrate weather protection systems at the sidewalk level of buildings to protect pedestrians from the effects of rain, wind, glare, shadow, reflection and sunlight such as awnings, canopies, trellises, pergolas, and covered arcades along 80 percent of a building's frontage on the required street frontages shown on MICC 19.11.020 Figure 2.

- a. Any canopy or awning over a public sidewalk must be a permanent architectural element.
 - b. Any canopy or awning over a public sidewalk must project out from the building facade a minimum horizontal width of six feet and be between eight to 12 feet above grade.
 - c. Vinyl or plastic awnings or canopies are prohibited.
 - d. All awnings or canopies shall function to protect pedestrians from rain and other weather conditions while meeting associated dead and live-wind loading.
8. *Courtyards*. Courtyards are an outdoor covered or uncovered area easily accessible to the public at the same level as the public sidewalk or pedestrian connections. If a courtyard is being provided for purposes of meeting the public open space requirement in MICC 19.11.060(B), then the courtyard shall comply with the design standards for public open space in MICC 19.11.060(C). Other courtyards must:
- a. Be at least ten feet in width, with a building facade on at least one side;
 - b. Be covered with landscaping over at least 50 percent of its area;
 - c. Include seating, special paving material, pedestrian-scale lighting and other pedestrian furnishings; and
 - d. Not be covered by a roof unless the roof is required weather protection.

MICC 19.11.130 – PARKING, VEHICULAR AND PEDESTRIAN CIRCULATION.

~~A. Objectives. The Town Center should be accessible for vehicles but have an emphasis toward the needs of pedestrians. Clear, easy to understand circulation should be designed into all development to allow drivers and pedestrians to move safely on and off the site, and within it, without confusion and without disrupting on-street traffic flow. Development should maintain mobility and maximize opportunities for alternative modes of transportation in the Town Center. Placement of structures, landscaping, circulation patterns and access points should collectively seek to promote an integrated, multi-modal transportation system. The harmonious integration of pedestrian and transit user circulation should be considered in every aspect of site design. Development shall provide adequate parking with safe and convenient pedestrian access. Parking stalls shall be located within a structure, underground, or behind buildings, except for residential developments and developments containing residential units, which shall utilize the residential development parking standards contained within MICC 19.11.130(B)(1)(a) and MICC 19.11.130(C). Parking structures should not dominate the street frontage, and must blend with the building's architectural theme. Creatively designed, clean and functional pedestrian connections are encouraged to provide access through blocks, between properties and/or to and from the public right of way. Parking shall be designed consistent with the urban design vision set forth in MICC 19.11.010 and complement the pedestrian activities.~~

AB. Development and design standards.

1. Parking requirements.

a. Minimum number of parking stalls required. All new development and remodels greater than ten percent of the existing gross floor area shall provide at least the number of parking stalls set forth in the following table:

RETAIL (Stalls per gross square foot)			OFFICE (Stalls per gross square foot)			RESIDENTIAL (Stalls per unit)	
General Retail	Restaurant/ Deli/ Bakery/ Food	Hotel	Financial Services	Health/ Barber/ Beauty	Other Professional Services		Senior
2 to 3 per 1,000	5 to 10 per 1,000	1 per guest room plus $\frac{2}{3}$ per emp. on shift, plus 5 per 1,000 square feet of retail/office	3 to 5 per 1,000	4 to 5 per 1,000	3 to 5 per 1,000	1 to 1.4 per unit. Site specific deviations to allow less than 1 stall per unit may be allowed based on a detailed parking analysis and with approval of the code official.	0.3 to 1 per unit

LIBRARIES/MUSEUM PUBLIC BUILDINGS (Stalls per gross square foot)	ASSEMBLY OR MEETING SPACES	OTHER USES — NONSPECIFIED (Stalls per gross square foot)
3 to 5 per 1,000	1 space for 3 seats up to 1 space for 5 seats, plus 2 spaces for 3 employees	As determined by the code official

b. Determination within range. The code official shall determine the number of parking stalls required within the ranges above based upon the applicant's completed site plan and detailed parking analysis.

- c. Underground or structured parking required. If the applicant for a mixed use project or for a residential project provides more parking than one and one-quarter spaces per dwelling unit for any part of a project consisting of residential units or two and one-half spaces per 1,000 square feet for any part of a project that is not used for residential units, then all such additional parking shall either be underground or on the second or higher story of structured parking. This subsection shall not apply to additional parking spaces that may be required pursuant to MICC 19.01.050 or the residential development parking standards in MICC 19.11.130(C).
- d. Parking lot configuration.
- i. Parking lot design shall conform to the standard stall diagrams set out in appendix A to this title.
 - ii. A design alternative to these standards may be authorized for residential development if the development utilizes the residential development parking standards in MICC 19.11.130(C).
 - iii. No more than 50 percent of the required off-street parking spaces for office and residential uses may be designed for accommodating compact vehicles. No more than 25 percent of the required off-street parking spaces for all other uses may be designed for accommodating compact vehicles. Such parking spaces must be clearly designated as compact stalls.
- e. Shared parking.
- i. The amount of off-street parking required in subsection (B)(1)(a) of this section may be reduced by no more than 50 percent, as determined by the code official upon approval by the city engineer , when shared off-street parking facilities for two or more uses are proposed. A parking demand study shall be prepared by a professional traffic engineer and submitted by the applicant that documents parking demand for all land uses and that uses will be served by adequate parking if shared parking reductions are authorized.
 - ii. The determination whether shared parking will be allowed shall occur at the time the shared parking is proposed and when a change of use occurs.
 - iii. If shared parking is requested, the parking facilities for the multiple uses shall be designed and developed as a single on-site common parking facility, or as a system of on-site and off-site facilities. If off-site facilities are used, all facilities shall be connected with improved pedestrian facilities and no building or use shall be more than 1,320 feet walking distance from the most remote shared parking facility.
 - iv. If the shared parking is on one or more different properties, a covenant or other contract for shared parking between the

cooperating property owners must be approved by the code official. This covenant or contract shall be recorded with the King County department of records and elections division as a deed restriction on all properties and cannot be modified or revoked without the consent of the code official.

- v. If requirements for shared parking are violated, or the parking demand for shared parking exceeds the shared parking supply, the affected property owners shall provide a remedy satisfactory to the code official or provide the full amount of required off-street parking for each use, in accordance with the requirements of this chapter
 - f. *Access restriction prohibited.* Restricting vehicular and pedestrian access between adjoining parking lots at the same grade is prohibited.
 - g. Surface parking lot location.
 - i. *Behind structure.* All surface parking lots shall be located behind building structures.
 - ii. *No corner parking lots.* Parking lots shall not be located on a corner facing an intersection.
 - h. Design of surface parking and pedestrian access.
 - i. *Pedestrian walkways.* Pedestrian walkways must be provided through all parking lots. Walkways must be raised where the walkway traverses between parking stalls or is adjacent to vehicular circulation.
 - ii. *Concrete curbs.* All parking areas, landscaping areas and driveways must be surrounded by six-inch-high vertical concrete curbs.
 - iii. *Wheel stops.* All landscape and pedestrian areas must be protected from encroachment by parked cars. Wheel stops must be constructed for all nonparallel parking stalls.
 - i. Design of structured parking.
 - i. *Relationship to main building.* Parking structures must be designed with the same primary cladding material, color palette, architectural features as the main building.
 - ii. *Street side edges.* The street-side edges of the parking structure shall be fully screened.
2. *Signs and wayfinding.* Signs indicating the location of parking available to the public are required. Such signs shall be installed at the entrance to the parking lot/garage along the street and within the parking lot/garage.

3. *Loading space.* Off-street loading space with access to a public street shall be required adjacent to or within or underneath each building. Such loading space shall be of adequate size to accommodate the maximum number and size of vehicles simultaneously loaded or unloaded in connection with the business or businesses conducted in the building. No part of the vehicle or vehicles using the loading space may protrude into the public right-of-way.
4. *Drive-through facilities.* Drive-through facilities and stacking lanes must not be located along the street frontage of a building that faces a right-of-way. Stacking lanes shall be designed so as to accommodate all vehicles on site, and no part of a vehicle using a drive-through facility shall protrude into the public right-of-way.
5. *Public parking.* On-site public parking shall be provided in any new mixed use or nonresidential development. Nothing contained in this section shall be deemed to prevent a building owner from designating parking spaces as being available to the public exclusively for electric vehicle charging or as being available exclusively to an operator of a car sharing service that makes vehicles available for public use. Further, this section shall be interpreted and enforced in such manner as to avoid conflict with the shared parking section in subsection (B)(1)(e) of this section.
 - a. All parking stalls provided for nonresidential uses, or if the primary use in the building is office then for nonoffice uses, or if the primary use of the building is hotel/motel then for non-hotel/motel uses, shall be available for public parking; provided, however, parking stalls that the code official concludes were required to be dedicated for the use of a specific tenant in accordance with a written lease provision in effect as of January 12, 2013, and which were specifically signed for that purpose on January 12, 2013, may be excluded from this requirement until the earlier of the expiration, termination, modification or amendment of the lease.
 - b. Public parking stalls shall be available to motorists for such maximum time period as is determined by the owner, which shall not be less than two hours.
 - c. An owner may require that the motorist patronize at least one business in the development but otherwise the motorist will be entitled to leave the development without moving the parked vehicle, subject to the maximum time period specified by the owner as provided in subsection (B)(5)(b) of this section.
 - d. Once public parking is provided under this provision, it may not thereafter be eliminated unless the development changes use that does not require public parking.
 - e. Public parking under this provision shall not be required for a new mixed use or nonresidential development that is: (i) two stories or less, and (ii) no greater than ten percent of the total gross floor area of all existing structures on the parcel as of October 30, 2015.
6. Repurposing of parking stalls.

- a. Parking stalls required for nonresidential uses in a new development or existing development by the foregoing provisions of this section must be kept available exclusively to provide parking for nonresidential uses in that development, as applicable. For parking stalls required for office use, this requirement shall only apply on weekdays between 7:00 a.m. and 6:00 p.m., excluding national holidays. Up to 50 percent of such stalls designated for office use may be allocated for residential use during the hours of 6:00 p.m. and 7:00 a.m. weekdays and at all times on weekends and national holidays.
- b. Owners or operators of developments in which such parking stalls are located are responsible for ensuring that such parking stalls are, in fact, occupied as above required only by vehicles of persons associated with the respective uses and are not being occupied by other vehicles. Compliance with, and allowing public parking in accordance with, the provisions of subsection (B)(5) of this section or shared parking in accordance with subsection (B)(1)(e) of this section shall not be considered a violation of this exclusive use requirement.

7. Affordable Housing. The code official may authorize an alternative minimum number of parking stalls for any development that includes affordable dwelling units at or below 49 percent of the median income level subject to review of a parking demand study prepared by a qualified professional. The applicant shall provide the parking demand study, which must include a description of the physical structure(s), identification of potential uses, and analysis of parking demand.

BC. Residential development parking standards.

1. Garages and carports are not required in order to meet minimum parking requirements for residential development.
2. Parking spaces that count towards minimum parking requirements may be enclosed or unenclosed.
3. Parking spaces in tandem shall count towards meeting minimum parking requirements at a rate of one space for every 20 linear feet with any necessary provisions for turning radius. For purposes of this subsection, "tandem" is defined as having two or more vehicles, one in front of or behind the others with a single means of ingress and egress.
4. Existence of legally nonconforming gravel surfacing in existing designated parking areas may not be a reason for prohibiting utilization of existing space in the parking area to meet parking standards, up to a maximum of six parking spaces.
5. Parking spaces are not required to exceed eight feet by 20 feet, except for required parking for people with disabilities.
6. Required off-street parking shall not be a condition of permitting a residential project if compliance with tree retention pursuant to Chapter 19.10 MICC would otherwise make the proposed residential development or redevelopment infeasible.

7. Parking spaces that consist of grass block pavers may count toward minimum parking requirements.
8. Existing parking spaces that do not conform to the requirements of this section by June 6, 2024, are not required to be modified or resized, except for compliance with the Americans with Disabilities Act. Existing paved parking lots are not required to change the size of existing parking spaces during resurfacing if doing so will be more costly or require significant reconfiguration of the parking space locations.

MICC 19.11.140 – SIGNS.

A. ~~*Objectives.* Signs shall be distinctive, finely crafted, and designed to enhance the aesthetics of the Town Center and to improve pedestrian and motorist safety. Signs shall be designed for the purpose of identifying the business in an attractive and functional manner and to help customers find the specific business locations; they should not serve as general advertising. The size of signs shall be in proportion to the size of business store frontage. Signs shall be integrated into the building design, compatible with their surroundings and clearly inform pedestrians and motorists of business names, but should not detract from the architectural quality of individual buildings.~~

B. ~~Development and design standards.~~

1. Freestanding ground signs.
 - a. ~~*Number.*~~ A building or complex may not display more than one ground sign on each street frontage.
 - b. ~~*Design.*~~ The sign shall constructed with ~~with~~ the same materials and colors of the building or complex. The sign content must be integrated in one design (in contrast to displaying two or more separate elements).
 - c. ~~*Size.*~~ All freestanding ground signs shall be no larger than:
 - (a) ~~*Twenty-five square feet.*~~ A maximum of 25 square feet for individual business ground signs, shopping complex identification ground signs and signs within a ten-foot setback from any property line on a street.
 - (b) ~~*Fifty square feet.*~~ A maximum of 50 square feet for joint ground signs (identifying more than one business): six square feet for each business included in the complex. When more than five businesses are included in the complex, one additional ground sign may be placed on the street front, if signs are located at least 100 feet apart.
 - d. ~~*Maximum height.*~~ The maximum height of any sign within ten feet from any property line on a street shall be 42 inches. All other ground signs shall be a maximum of six feet in height. The height of a freestanding ground sign is measured from the top of the sign to the existing grade or finished grade, whichever is lower, directly below the sign being measured.

- e. *Backs of signs.* Exposed areas of backs of signs must be finished with the same color, material, or texture as the exterior finish of the buildings on site.

2. Wall signs.

- a. *Eligibility.* A wall sign shall be granted to commercial uses occupying buildings facing the streets and are limited to one sign per business on each street frontage. Commercial uses occupying a building adjacent to a driveway shall not qualify for a second wall sign. However, a commercial use occupying a building whose only exposure is from a driveway or parking lot shall be allowed one wall sign. Businesses that demonstrate that the entry off a driveway or parking lot is used by customers shall be eligible for a wall sign.
- b. *Size.* All wall signs shall be no larger than:
 - i. *Twenty-five square feet.* Twenty-five square feet for individual business signs.
 - ii. *Fifty square feet.* Fifty square feet for joint business directory signs identifying the occupants of a commercial building and located next to the entrance.
- c. *Determination of size.* The sign size is measured as follows:
 - i. *"Boxed" displays.* "Boxed" display — total area of display including the background and borders.
 - ii. *Individual letters and symbols.* Individual letters and symbols — total combined area of a rectangle drawn around the outer perimeter of each word and each symbol.
- d. *Placement.* Wall signs may not extend above the building parapet, soffit, the eave line or the roof of the building, or the windowsill of the second story.

3. Projecting signs.

- a. *Sidewalk clearance.* Projecting signs must clear the sidewalk by a minimum of eight feet.
- b. *Maximum size.* Projecting signs shall not be larger than six square feet.
- c. *Projection from building.* Signs must not project over four feet from the building unless the sign is a part of a permanent marquee or awning over the sidewalk.
- d. *Awnings.* Awnings that incorporate a business sign shall be fabricated of opaque material and shall use reverse channel lettering. Back-lit or internally lit awnings are prohibited.

4. *Window signs.* Window signs are limited to maximum 25 percent of the window area.
5. *Parking lot signs.* Signs within parking lots shall be limited to those necessary for safety, identification and direction. Parking lot signs must include required wording for signage identifying public parking required by MICC 19.11.130(B)(2).
6. Directional signs.
 - a. *Minimal number.* Only those directional signs necessary to protect the safety of pedestrians and passengers in vehicles are allowed. The code official may authorize additional directional signs as necessary to identify public parking area entrances.
 - b. *Size.* These signs shall be no higher than 36 inches and no larger than four square feet.
7. Prohibited signs.
 - a. *Roof.* Signs mounted on the roof are not permitted.
 - b. *Moving signs.* Animated, moving, flashing, blinking, reflecting, revolving, or other similar signs or signs that incorporate these elements are prohibited.
 - c. *Pennants and inflated signs.* Pennants or inflated signs, balloons and figures are prohibited.
 - d. *Vehicles.* Signs attached to or painted on vehicles parked for more than 180 consecutive days in an area visible from the public right-of-way are prohibited.
 - e. *Phone numbers.* Phone numbers are prohibited from permanent, exterior signs.
8. *Lighted signs.* Lighted signs shall use LED lights or other minimum wattage lighting, as necessary to identify the facility or establishment. Channel or punch-through letters are preferred over a sign that contains text and/or logo symbols within a single, enclosed cabinet.
9. Street numbers.
 - a. *Use.* City-assigned street numbers must be installed on all buildings.
 - b. *Effect on permitted sign area.* Street numbers will not be counted towards permitted sign area.
10. *Master sign plan.* A master sign plan describing the location and size of all signs is required for any major construction project that would include more than one sign.

Exhibit D: Chapter 19.15 MICC

MICC 19.15.220 – Design Review and the Design Commission.

A. Design review procedure.

1. General.

- a. *Intent.* The intent of the design review process is to ensure that regulated development in all land use zones complies with design objectives and standards established in chapters 19.11 and 19.12 MICC.
- b. *Scope.* No building permit or other required permit shall be issued by the city for development of any regulated improvement without prior approval of the hearing examiner or code official as authorized pursuant to this chapter. Deviations from an approved plan shall be permitted only upon the filing and approval of an amended plan.
- c. *Review authority.*
 - i. Hearing Examiner design review. The following development proposals shall require hearing examiner design review:
 - (a) New buildings;
 - (b) Any additions of gross floor area to an existing building(s);
 - (c) Any alterations to an existing building that will result in a change of 50 percent, or more, of the exterior surface area;
 - (d) Any alterations to a site, where the alteration will result in a change to the site design that affects more than 50 percent of the development proposal site; and
 - (e) Any alterations to existing facades, where the building is identified by the city as an historic structure;
 - ii. Hearing examiner design review not required for specific applications. Applications for social service transitional housing and special needs group housing that would otherwise be subject to hearing examiner design review under this section shall be subject to code official design review.
 - iii. Code Official design review. All other development proposals requiring design review and not requiring hearing examiner design review under subsection (A)(1)(c)(i) of this section shall be reviewed by the code official. Code official design review is an administrative process that does not require a pre-decision public hearing; and

iii. *Exemptions from design review.* The following activities shall be exempt from design review:

- (a) Any activity which does not require a building permit; or
- (b) Interior work that does not alter the exterior of the structure; or
- (c) Normal building and site maintenance including repair and replacement that involves no material expansion or material change in design. For example, replacement in kind of roof mounted heating and cooling equipment or ventilation equipment does not require design review.

d. *Process.*

- i. *Time frame and procedure.* Design review shall be conducted in accordance with the timelines and procedures set forth in MICC 19.15.040, Review procedures.
- ii. *Written decisions.* All design review decisions of the design commission shall be reduced to writing and shall include findings of fact and conclusions that support the decisions.

2. *Plan submittal.* All materials shall be submitted a minimum of 30 days prior to any public hearings.

Exhibit E: Chapter 19.16 MICC

MICC 19.16.010 – DEFINITIONS

[...]

Affordable housing unit: A dwelling unit reserved for occupancy by eligible households and having monthly housing expenses to the occupant no greater than 30 percent of a given monthly household income, adjusted for household size, as follows:

1. Extremely low-income household: a single person, family, or unrelated persons living together whose adjusted income is at or below 30 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.
2. Very low-income household: a single person, family, or unrelated persons living together whose adjusted income is at or below 50 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.
3. Low income: For owner occupied housing, 50 percent of the King County median income, and for renter occupied housing, 50 percent of the King County median

~~income. Low-income household: a single person, family, or unrelated persons living together whose adjusted income is at or below 80 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.~~

- ~~24. Moderate-income household: a single person, family, or unrelated persons living together whose adjusted income is at or below 120 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. For owner-occupied housing, 90 percent of the King County median income. For renter-occupied housing, 60 percent of the King County median income.~~

~~Pursuant to the authority of RCW 36.70A.540, the city finds that the higher income levels specified in the definition of affordable housing in this chapter, rather than those stated in the definition of "low income households" in RCW 36.70A.540, are needed to address local housing market conditions in the city.~~

- ~~35. King County median income: The median family income for the Seattle-Bellevue, WA HUD Metro FMR Area as most recently published by the United States Department of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median family income figures for King County, the city may estimate the King County median income in such manner as the city shall determine.~~

- ~~46. Eligible household: One or more adults and their dependents who certify that their annual household income does not exceed the applicable percent of the King County median income, adjusted for household size, and who certify that they meet all qualifications for eligibility, including any requirements for recertification on income eligibility.~~

- ~~57. Housing expense: In the case of renter-occupied housing, rent, tenant-paid utilities, ~~one parking space~~, and other tenant expenses required for the dwelling unit; and in the case of owner-occupied housing, mortgage, mortgage insurance, property taxes, property insurance, and homeowner's dues.~~

[...]

~~Public Open Space: plazas, parks or other spaces intended for the use and enjoyment of the public. Public open spaces serve as public gathering spaces and, depending on their size, could accommodate a variety of public events, as well as provide space for informal gatherings and quiet activities.~~

[...]

~~Social Service Transitional Housing: Noninstitutional group housing facilities for unrelated persons, other than special needs group housing or rooming houses, that are privately or publicly operated, including those facilities required to be licensed by the state or federal governments as well as those that may not be required to be licensed, that provide temporary and transitional housing to meet community social service needs including, but not~~

limited to, work-release facilities and other housing facilities serving as an alternative to incarceration, halfway houses, emergency shelters, homeless shelters, domestic violence shelters and other such crisis intervention facilities. ~~Social service transitional housing excludes institutional facilities that typically cannot be accommodated in a single-family residential structure.~~ Further, the term shall include “emergency housing,” and “transitional housing” as defined within RCW 84.36.043(3)(c) or as hereafter amended. The term shall further include “emergency shelter” as defined within RCW 36.70A.030 or as hereafter amended.

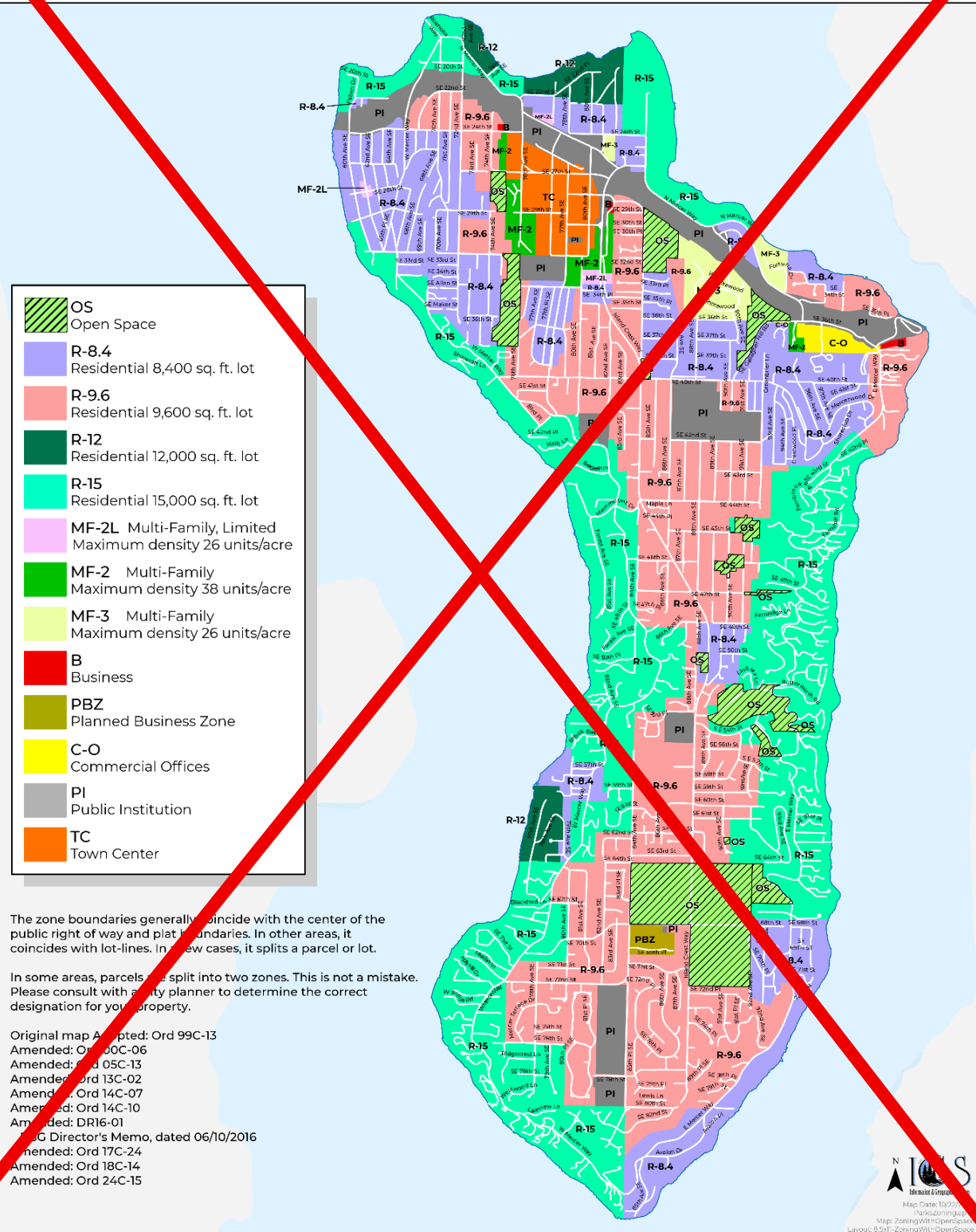
[...]

Special Needs Group Housing: Noninstitutional group housing that primarily supports unrelated persons with ~~handicaps~~ disabilities or persons protected by familial status within the meaning of the FHAA, but not including individuals whose tenancy would constitute a direct threat to the health and safety of other individuals or whose tenancy would result in substantial physical damage to the property of others. Special needs group housing includes, but is not limited to, foster family homes, adult family homes and residential care facilities as provided in Chapter 70.128 RCW, but excludes facilities ~~that typically cannot be accommodated in a single-family residential structure~~ such as hospitals, nursing homes, assisted living facilities and detention centers. Further, the term shall include “permanent supportive housing” as defined in RCW 36.70A.030 or as hereafter amended.

Exhibit F: Title 19 MICC – Appendix D



CITY OF MERCER ISLAND ZONING MAP



	OS Open Space
	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-2L Multi-Family, Limited Maximum density 26 units/acre
	MF-2 Multi-Family Maximum density 38 units/acre
	MF-3 Multi-Family Maximum density 26 units/acre
	B Business
	PBZ Planned Business Zone
	C-O Commercial Offices
	PI Public Institution
	TC Town Center

The zone boundaries generally coincide with the center of the public right of way and plat boundaries. In other areas, it coincides with lot-lines. In a few cases, it splits a parcel or lot.

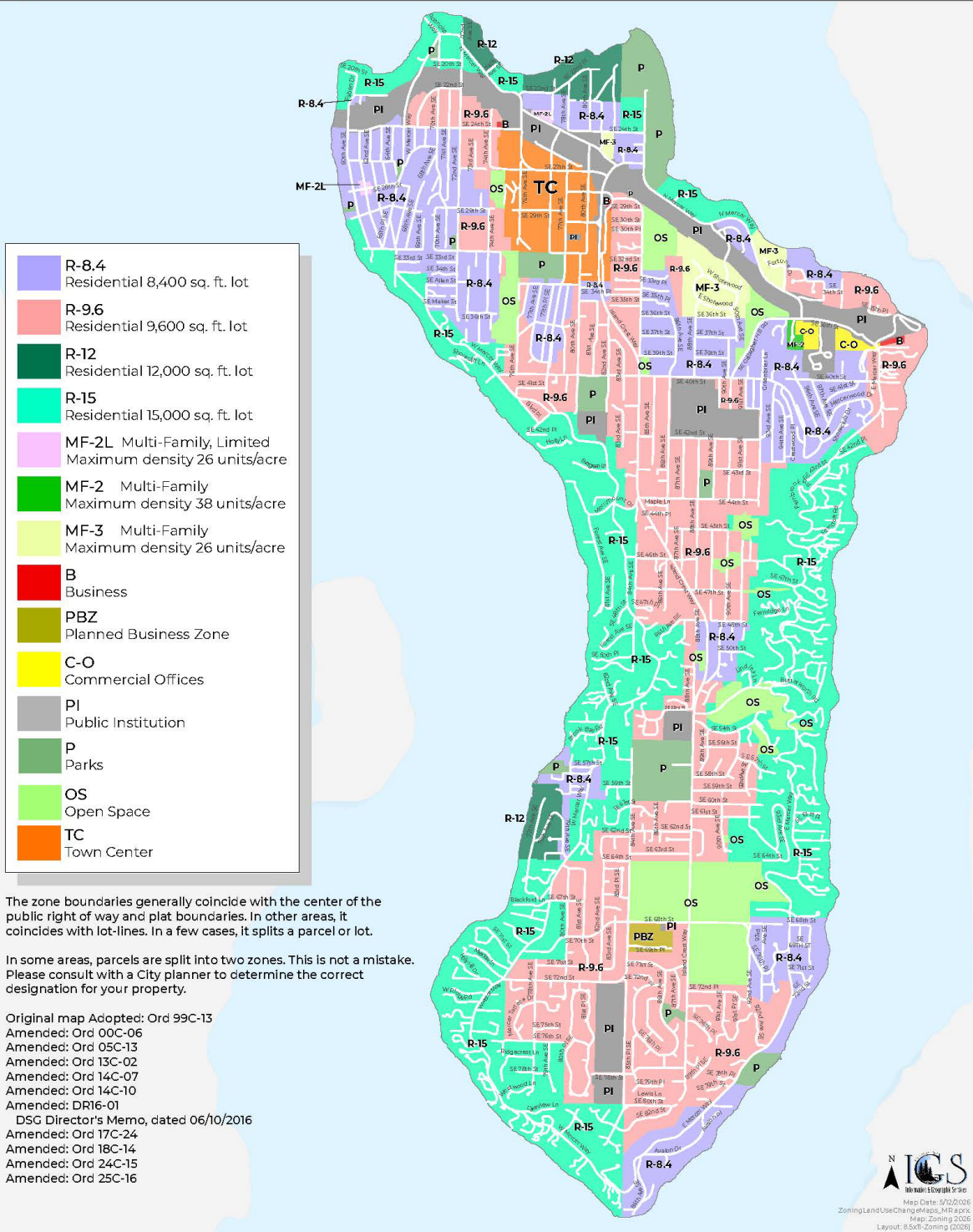
In some areas, parcels are split into two zones. This is not a mistake. Please consult with city planner to determine the correct designation for your property.

- Original map Adopted: Ord 99C-13
- Amended: Ord 00C-06
- Amended: Ord 05C-13
- Amended: Ord 13C-02
- Amended: Ord 14C-07
- Amended: Ord 14C-10
- Amended: DR16-01
- City Director's Memo, dated 06/10/2016
- Amended: Ord 17C-24
- Amended: Ord 18C-14
- Amended: Ord 24C-15





CITY OF MERCER ISLAND ZONING MAP





STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

1011 Plum Street SE • PO Box 42525 • Olympia, Washington 98504-2525 • 360-725-4000
www.commerce.wa.gov

June 23, 2026

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

Sent Via Electronic Mail: alison.vangorp@mercergov.org

Re: Submittal 2026-S-12847 Proposed Changes to Mercer Island's Comprehensive Plan and Development Codes to address the Growth Management Hearings Board (GMHB) Final Decision and Order (Case 25-3-0003).

Alison,

Thank you for the opportunity to comment on the proposed changes to Mercer Island's Comprehensive Plan and development regulations. Growth Management Services received the proposed amendments on May 5, 2026, and processed them with material identification number 2026-S-12847. We have reviewed your submittal using Commerce's [Periodic Update Checklist-Updated November 2025](#) and the [Expanded Housing Checklist](#).

We appreciate your continued coordination with our agency as you work to address the GMHB decision. The materials and methods you have developed to address the findings will provide helpful examples for other jurisdictions.

We encourage you and your community to consider the following recommendations as you finalize your drafts and present these amendments to your elected officials. Our review is focused on the comprehensive plan elements and development regulations listed below, and we have included some line items and corresponding citations from the [periodic update checklist](#) (in italics) as support for our comments and recommendations that follow.

1) Land Use Element

- a) *A future land use map showing city limits and UGA boundaries. [RCW 36.70A.070\(1\)](#) amended in 2023 and [RCW 36.70A.110\(6\)](#), [WAC 365-196-400\(2\)\(d\)](#), [WAC 365-196-405\(2\)\(i\)\(ii\)](#)*

Recommendation: The city of Mercer Island includes a future land use map in the land use element, however, the land use designation of “single-family residential” does not accurately match the allowed uses in this zone. For consistency with [RCW 36.70A.130\(1\)\(e\)](#) and [WAC 365-196-800](#), we recommend revising the designation of this land use zone to exclude the term “single family” to ensure consistency between the comprehensive plan and development regulations.

2) **Housing Development Regulations:**

- a) *Development regulations or permitting requirements for emergency shelters, transitional housing, emergency housing and permanent supportive housing (STEP) may not be more restrictive than those for other types of lodging or residential development. However, statute allows a set of additional permitted requirements for indoor emergency shelters and housing . [HB 2266 \(laws of 2026, section 2\)](#)*

Recommendation: The proposed provisions of Mercer Island City Code (MICC) 19.06.080(B) for “social service transitional housing” are inconsistent with recent updates to RCW 35A.21.430. This statute was updated in 2026 with [HB 2266](#) and became effective June 11, 2026. In RCW 35A.21.430 as updated, jurisdictions may not regulate permanent supportive housing (PSH) and transitional housing more restrictively than housing development and lodging in the same zone, but may add select restrictions for indoor emergency housing and shelter. Therefore, we recommend the city group transitional housing with PSH in the “special needs group housing” type rather than the “social service transitional housing” category, because the later category has additional conditions that may not be required of PSH and transitional housing.

3) **Capital Facilities and Utilities Element**

Suggestion: Any completed system plan updates, such as the 2026 Water System Plan, should be adopted by reference during a future annual amendment cycle.

Thank you again for the opportunity to comment. We appreciated all the work done to date and noted the effort put into engaging the community around compliance with the GMHB Final Decision. The project website, the community info session, document library and definitions provided clear access to materials and process. They are a good example for other jurisdictions to follow.

If you have any questions or need technical assistance, please contact me at jeff.aken@commerce.wa.gov or (360) 725-2869. Please note, notification and copies of

adopted plans shall be submitted to Commerce within ten days after final adoption ([RCW 36.70A.106\(2\)](#)).

Sincerely,

Jeff Aken

Jeff Aken
Senior Planner
Growth Management Services

cc:

David Andersen, AICP, Managing Director, Growth Management Services
Valerie Smith, AICP, Deputy Managing Director, Growth Management Services
Carol Holman, MUP, Western Regional Manager, Growth Management Services
Ben Serr, ACIP, Eastern Regional Manager, Growth Management Services
Anne Fritzel, AICP, Housing Section Manager, Growth Management Services
Laura Hodgson, Housing Planning and Data Manager, Growth Management Services
David Dixon, Growth Management, Puget Sound Regional Council



2026 PLANNING SCHEDULE

Item 11.

Please email the City Manager & City Clerk when an agenda item is added, moved, or removed.

Items are not listed in any particular order. Agenda items & meeting dates are subject to change.

JULY 21, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		7/9	7/10	7/10	7/13	7/13
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: July 10, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims June 16-30, 2026			LaJuan Tuttle/Ashley Olson		
--	AB 6954: E Mercer Way Water System Improvements Project			Jason Kintner/Zechariah Rodino		
--	AB xxxx: GMA Compliance – Comprehensive Plan Amendments (Second Reading, Ord. No. 26C-xx)			Jeff Thomas/Alison Van Gorp		
--	AB xxxx: GMA Compliance – MICC, Title 19 Amendments (Second Reading, Ord. No. 26C-xx)			Jeff Thomas/Alison Van Gorp		
--	AB 6964: City Hall Demolition Plans and Specifications Project			Jason Kitner/Kellye Hilde		
	AB xxxx: Public Art Restorations Appropriation Request			Jason Kintner/Shelby Perrault/Sarah Bluvas		
REGULAR BUSINESS						
10	AB 6965: GMA Compliance – Public Hearing – MICC, Title 15 Concurrent Stormwater Code Amendment (First Reading Ord. No. 26C-11)			Jeff Thomas/Kellye Hilde		
15	AB xxxx: Fire Apparatus Acquisition and Financing (First Reading, Ord. No. 26-xx)			Matt Mornick, Jeromy Hicks, Carson Hornsby		
20	AB 6963: Water Supply Pipeline Construction Contract Approval			Jason Kintner/Clint Morris/Kellye Hilde/Ian Powell		
EXECUTIVE SESSION						

AUGUST 4, 2026 – POTENTIALLY CANCELED		DD	FN	CA	Clerk	CM
ABSENCES:		7/23	7/24	7/24	7/27	7/27
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						

CONSENT AGENDA		
--	AB xxxx: July 24, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: August 10, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: August 25, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: Certification of Claims July 1-15, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: Certification of Claims July 16-31, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: Certification of Claims August 1-15, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: National Recovery Month, Proclamation No. xxx	Mayor Rosenbaum/Derek Franklin
--	AB xxxx: National Preparedness Month, Proclamation No. xxx	Mayor Rosenbaum/Amanda Keverkamp
--	AB xxxx: Mayor Rosenbaum’s Day of Concern for the Hungry, Proclamation No. xxx	Mayor Rosenbaum/Derek Franklin
--	AB xxxx: Childhood Cancer Awareness Month, Proclamation No. xxx	Mayor Rosenbaum/Andrea Larson
--	AB xxxx: Sewer Pump Station Generator Replacement Project Closeout	Jason Kintner/Chris Marks
--	AB xxxx: Sewer SCADA System Replacement Project Closeout	Jason Kintner/Chris Marks
--		
20	AB xxxx: Comprehensive Plan Land Use Map Amendment (First Reading, Ord. No. 26C-xx)	Jeff Thomas/Molly McGuire
30	AB xxxx: Luther Burbank Park Waterfront Improvements – Bid Award	Jason Kintner/Kellye Hilde/ Shelby Perrault/Sarah Bluvas
60	AB xxxx: Draft 2027 State and Regional Legislative Priorities Review	Jessi Bon/Robbie Cunningham Adams
60	AB xxxx: Present and Discuss Scope of Work for the 2028 PROS Plan Update	Jason Kintner/Kellye Hilde/ Shelby Perrault
EXECUTIVE SESSION		

SEPTEMBER 15, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		9/2	9/3	9/3	9/4	9/4
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: Peace Day on Mercer Island, Proclamation No. xxx				Mayor Rosenbaum/Andrea Larson	
--	AB xxxx: Adoption of 2027 State and Regional Legislative Priorities				Jessi Bon/Robbie Cunningham Adams	
REGULAR BUSINESS						

60	AB xxxx: Clarke & Groveland Infrastructure Plan – Preferred Infrastructure Plan Review	Jason Kintner/Kellye Hi Shelby Perrault/Sarah Bluvas
EXECUTIVE SESSION		

OCTOBER 6, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		9/24	9/25	9/25	9/28	9/28
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: September 10, 2026 Payroll Certification				Ali Spietz/Nicole Vannatter	
--	AB xxxx: September 25, 2026 Payroll Certification				Ali Spietz/Nicole Vannatter	
--	AB xxxx: Certification of Claims August 16-31, 2026				LaJuan Tuttle/Ashley Olson	
--	AB xxxx: Certification of Claims September 1-15, 2026				LaJuan Tuttle/Ashley Olson	
--	AB xxxx: Domestic Violence Action Month, Proclamation No. xxx				Mayor Rosenbaum/Derek Franklin	
--	AB xxxx: Arbor Day, Proclamation No. xxx				Mayor Rosenbaum/Andrew Prince	
--	AB xxxx: Indigenous Peoples’ Day, Proclamation No. xxx				Mayor Rosenbaum/Andrea Larson	
REGULAR BUSINESS						
EXECUTIVE SESSION						