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: **Authority to Correct Scrivener's Errors.** The City Clerk and their designee are authorized to correct scrivener's errors, including but not limited to grammatical, numbering and cross-referencing errors, misspelling, and style, format and font inconsistencies in this ordinance, including all exhibits thereto.

Section 6: **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 7: **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:

Andrea Larson, City Clerk

APPROVED AS TO FORM

/s/ Bio Park

Bio Park, City Attorney

Date of publication: July 29, 2026

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 Forecasts[1] 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.

Numerous community groups have contributed to sustainability accomplishments in the ensuing years, and many are still active. One of them is IslandVision, a nonprofit organization that had encouraged and supported sustainable practices on Mercer Island and helped launch an annual Earth Day fair called Leap for Green. In 2017, Sustainable Mercer Island (SMI) emerged as an umbrella group to help coordinate various initiatives on the island and to advocate for county and state-level climate measures. It has also helped organize and publicize solarized campaigns, youth environmental education, public outreach, advocating for bicycle and pedestrian facilities, and many other activities. Some are doing research, and many are volunteering with national and local organizations working to solve the climate crisis. One volunteer leads the very successful Green Schools program for the Mercer Island School District, supported by the King County Department of Natural Resources and Parks. SMI fosters waste reduction, recycling, and conservation by students and schools. IslandVision, a nonprofit organization, encourages and supports sustainable practices on Mercer Island. In 2018, it provided the City with a technical analysis of GHG sources on Mercer Island and recommended strategies to reduce GHG emissions.

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

CLIMATE CHANGE

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

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

Leap for Green Sustainability Fair, spearheaded by IslandVision and co-developed with the City, is a vital instrument to educate and encourage engagement in sustainability. In addition to food and entertainment, the fair offers activities for kids and adults, demonstrations and displays of environmentally friendly ways of living, sustainability vendors, and more.

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

The Capital Facilities Element includes a summary of the City's 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

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

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

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

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.

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

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.

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.

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.

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;

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 ~~A~~dvocate 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;

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.

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.

Figure 6. Future Land Use Map

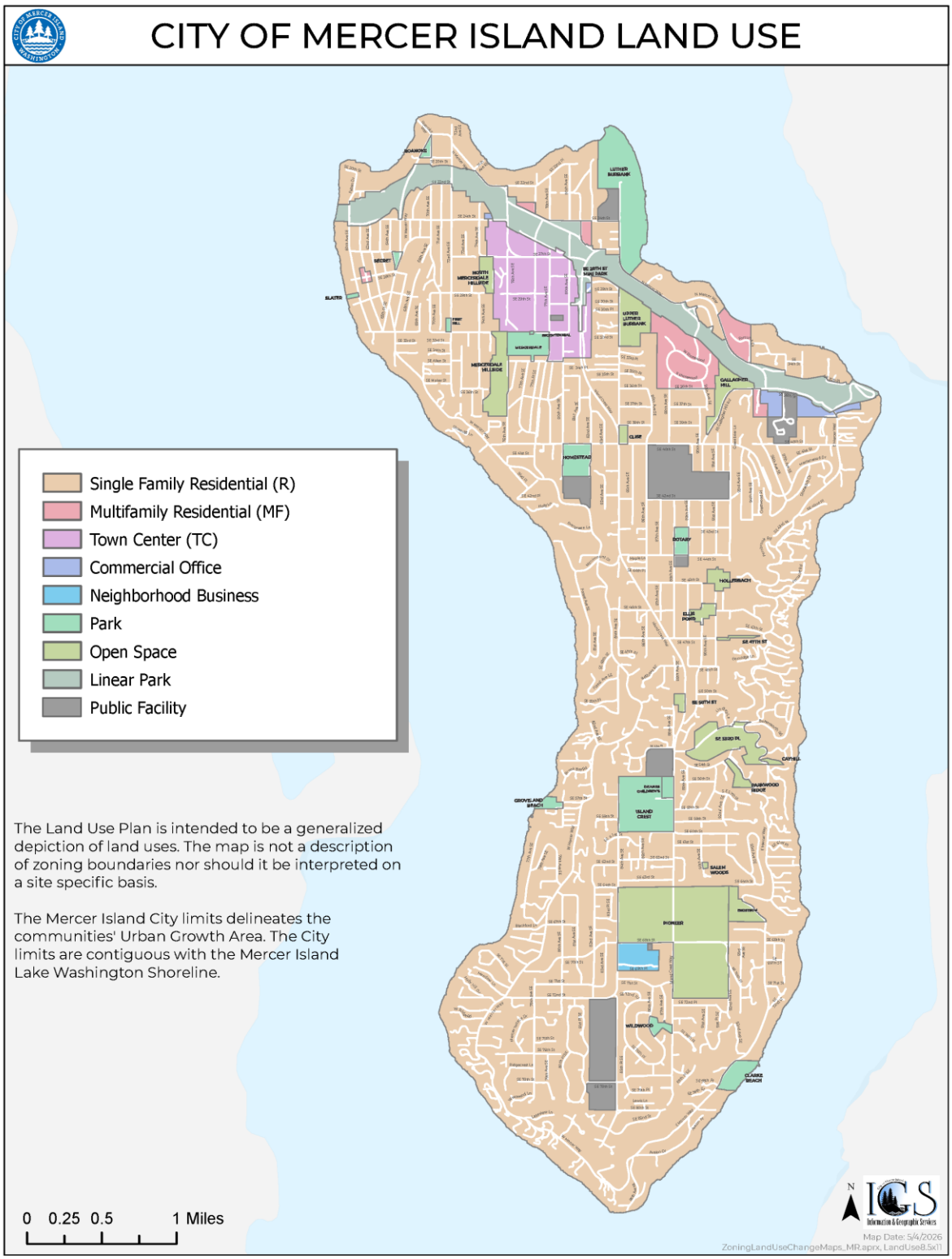
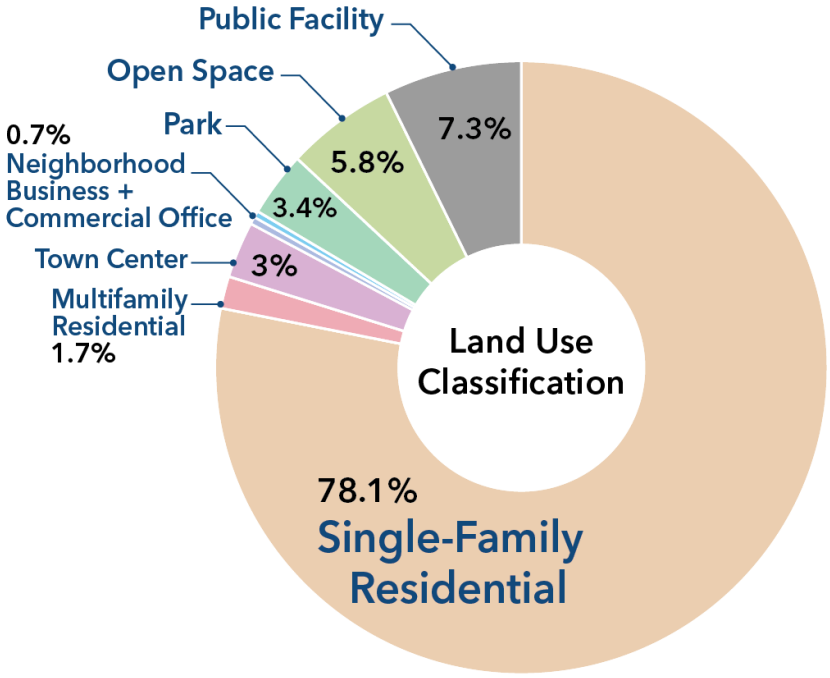


Figure 7. Land Area Breakdown of Future Land Use Classifications



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

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.

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.

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

Figure 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



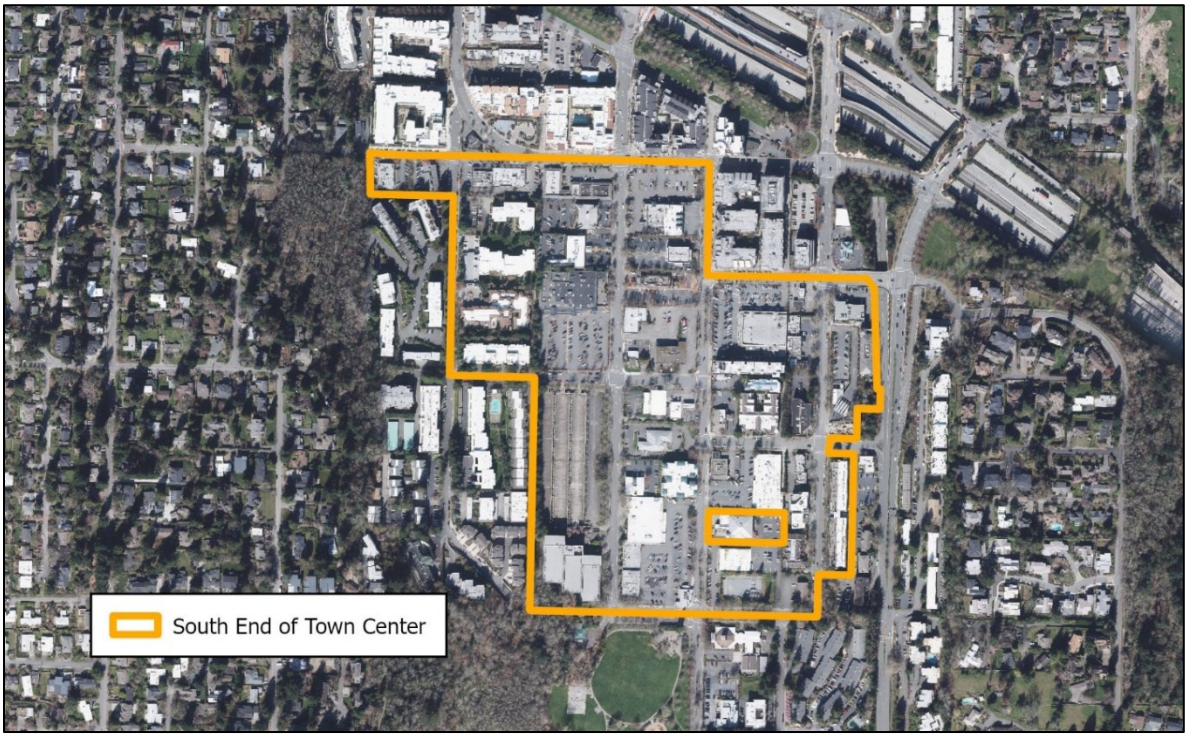
Source: Puget Sound Regional Council (PSRC) Displacement Risk Mapping. https://www.psrc.org/our-work/displacement-risk-mapping.

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.

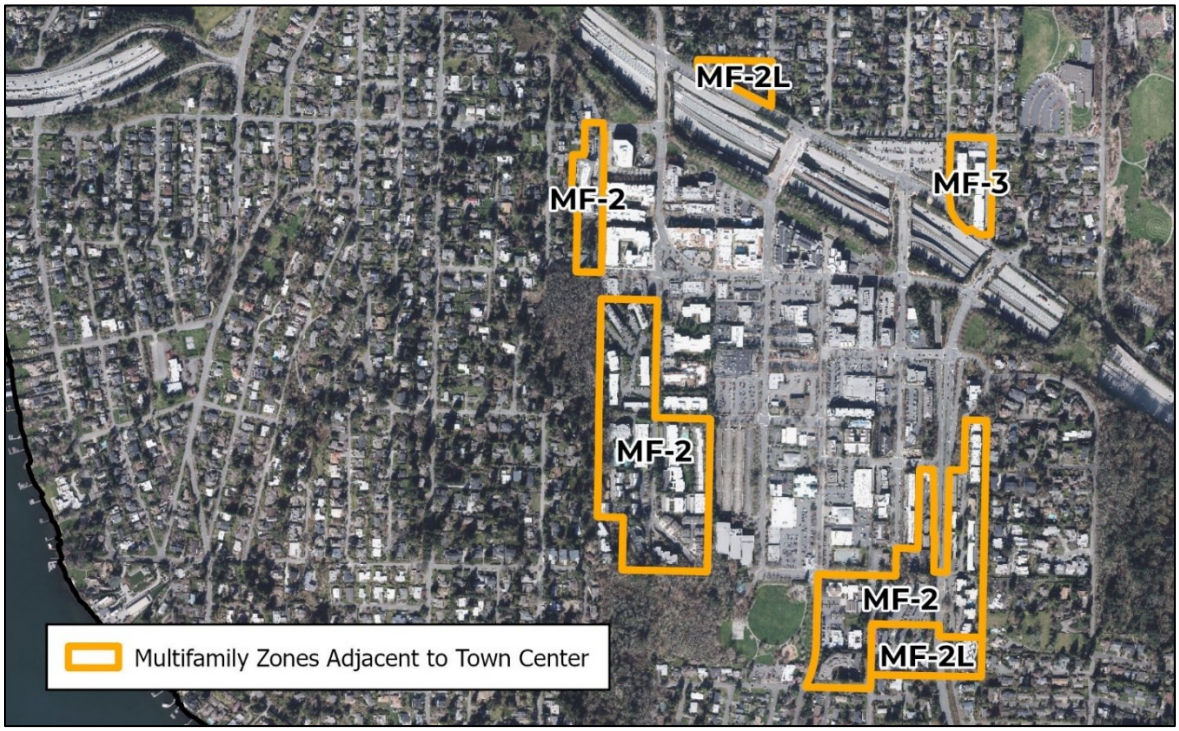
Figure 12, Figure 13, and Figure 14 show maps of the three areas that may be at higher risk of displacement.

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.

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;

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.

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;

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

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.

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

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.

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 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.

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

GOAL 2:

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

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

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

2.3 Encourage partnerships with nonprofit providers and the private sector in the provision and operation of the transportation system.

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

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

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

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

GOAL 3:

Minimize negative transportation impacts on the environment.

3.1 Use design, construction and maintenance methods, and low- impact development strategies to minimize adverse health and environmental impacts related to water quality, noise, light, stormwater, and pollution for all communities.

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

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

GOAL 4:

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

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

4.1.1 Maintain convenient transit connections to regional activity centers, including the Seattle CBD, Bellevue, University of Washington, and other centers;

4.1.2 Provide convenient transit service for travel on Mercer Island and enhance connections to regional transit, 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.

GOAL 6:

Ensure coordination between transportation and land use decisions and development.

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

6.1.1 potential impacts of transportation on adjacent land use;

6.1.2 potential impacts of land development and activities on transportation facilities and services; and

6.1.3 need for buffering and/or landscaping alongside transportation facilities.

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

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

6.3.1 congestion and level of service;

6.3.2 connectivity of transportation facilities and services from a system perspective;

6.3.3 transit needs for travelers and transit operators; and

6.3.4 non-motorized facilities and needs.

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

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

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

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

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

6.8.1 locating structures on the site in order to facilitate transit and non-motorized travel modes;

6.8.2 placing and managing on-site parking to encourage travel by modes other than single- occupant vehicles;

6.8.3 provision of convenient and attractive facilities for pedestrians and bicyclists; and

6.8.4 provision of public easements for access and linkages to pedestrian, bicycle, and transit facilities.

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

GOAL 7:

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

7.1 Include safety accommodations for all travelers in the City's roadway design standards.

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

7.3 Seek to reduce the number of deaths and serious injuries caused by vehicle collisions on Mercer Island.

7.4 Emphasize transportation network connectivity to minimize travel distances and emergency response times by avoiding permanent street closures for through traffic.

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

7.6 Monitor traffic collisions, community input/complaints, traffic violations, and traffic volumes to identify and prioritize locations for safety improvements.

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

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

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

7.10 Strive to create a complete, connected, active transportation system allowing direct and safe access for active transportation modes.

7.11 Consider requiring that new or materially remodeled public institutions, commercial mixed-use, and multifamily facilities should have sufficient storage for bicycles and other active transportation modes.

GOAL 8:

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

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

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

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

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

GOAL 9:

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

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

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

9.3 Provide facilities for pedestrians and bicyclists designed to keep individual neighborhood characteristics.

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

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

GOAL 10:

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

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

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

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

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

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

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

10.7 Work with partners to establish multimodal level of service (MMLOS) standards. MMLOS policies should detail the City’s actions to ensure transportation facilities and services meet those standards.

GOAL 11:

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

11.1 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.

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.

- **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.

DRAFT

Figure 15. Street Functional Classification

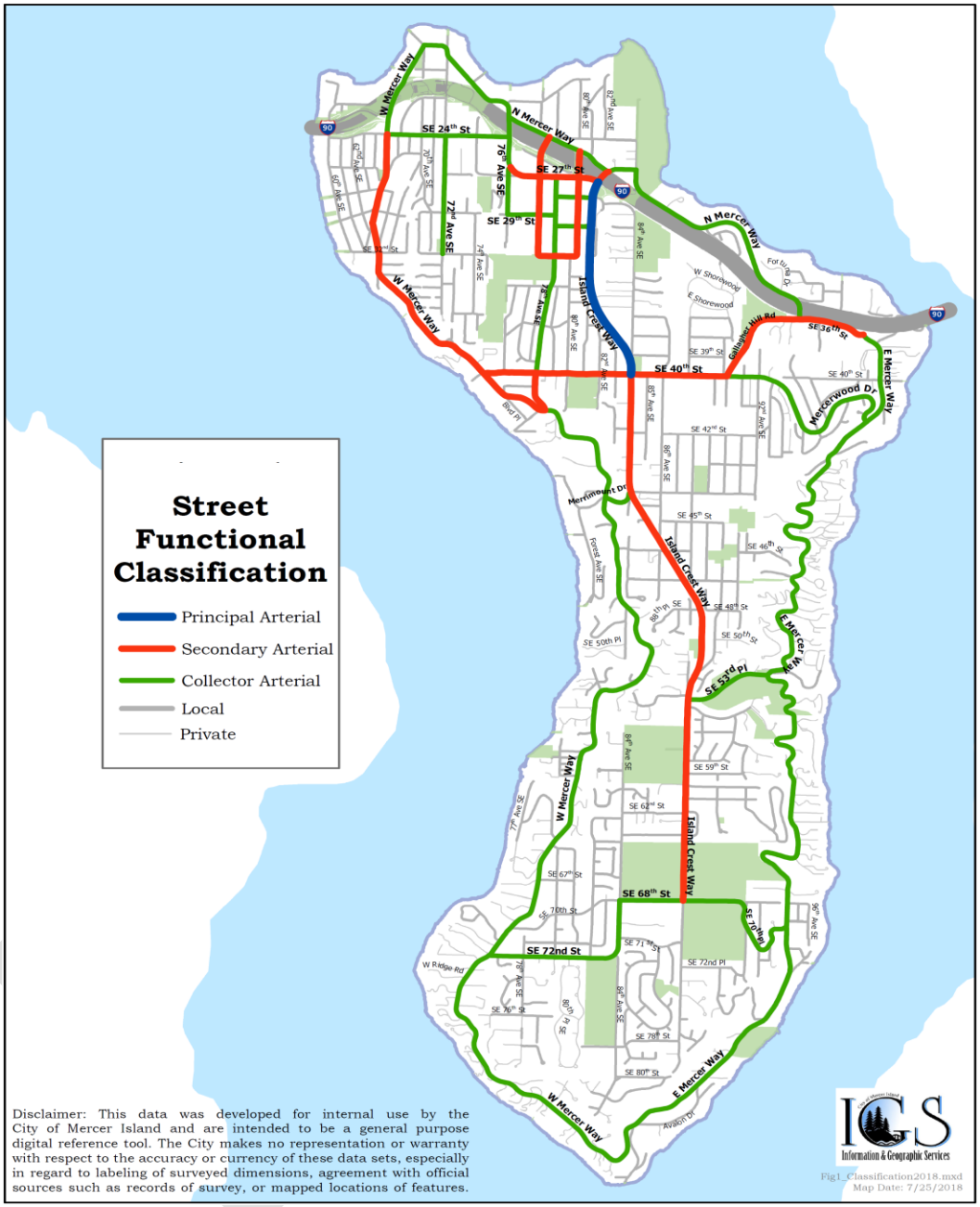


Figure 16. Existing Arterial Roadway Inventory

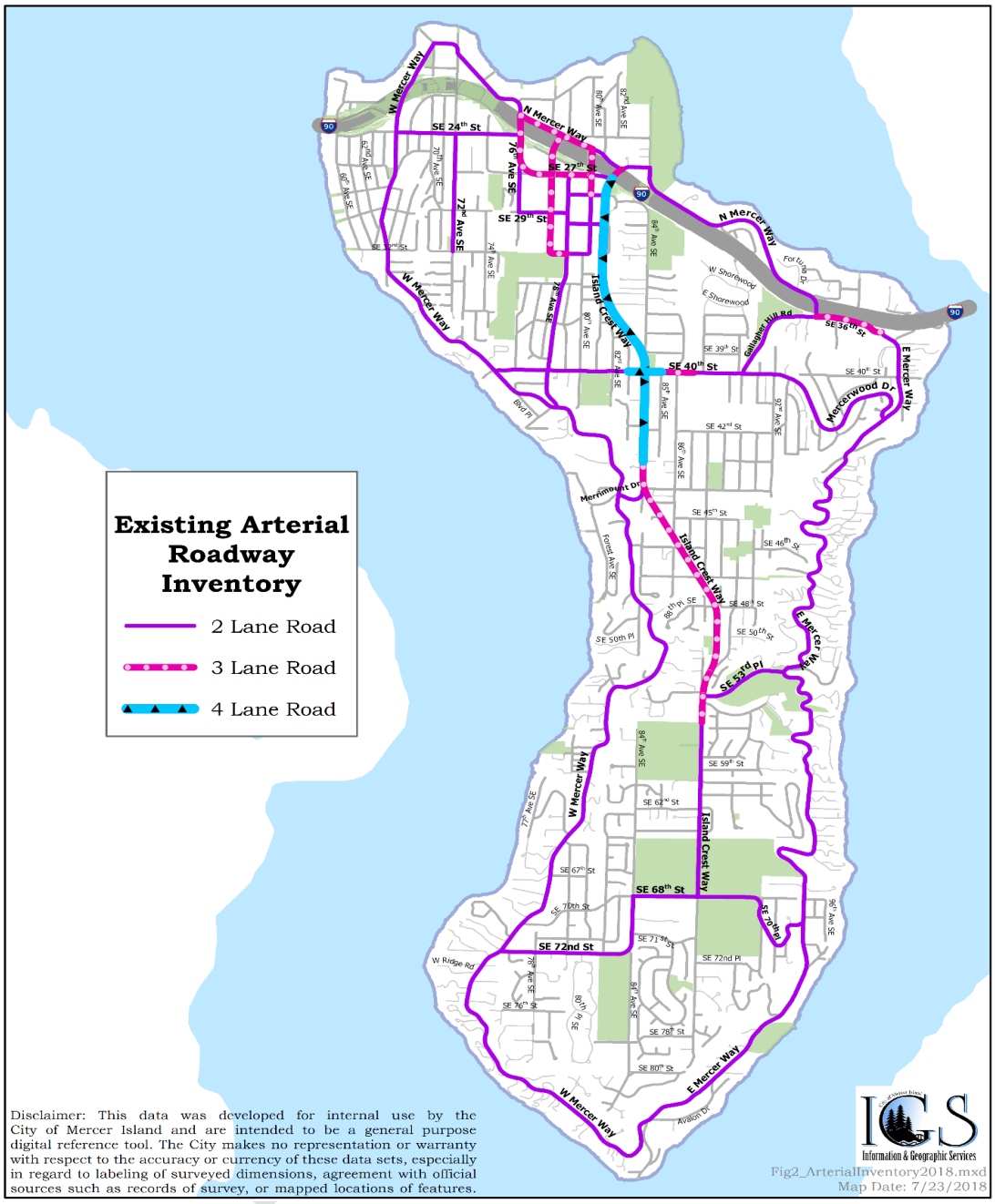
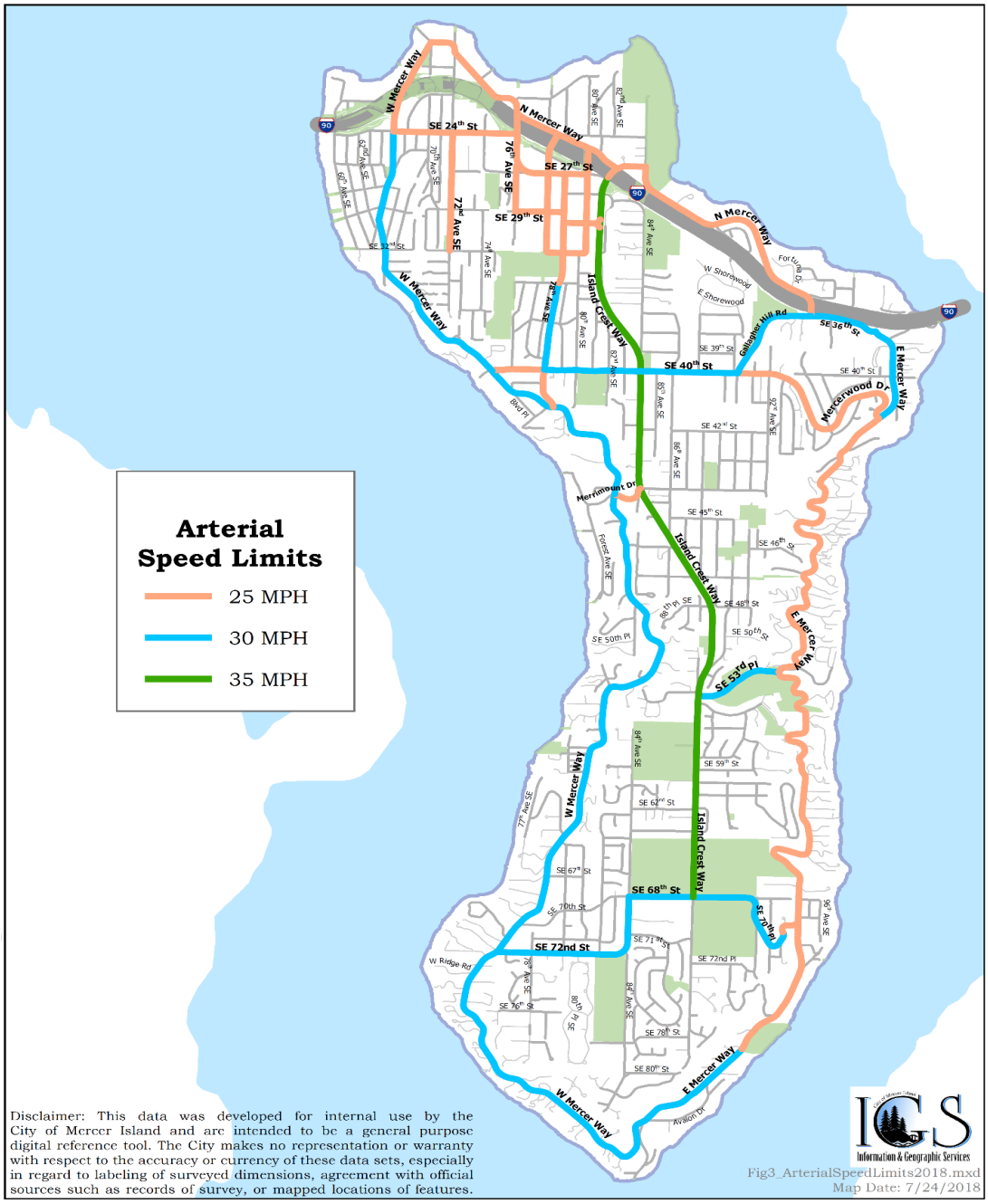


Figure 17. Arterial Speed Limits



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

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.

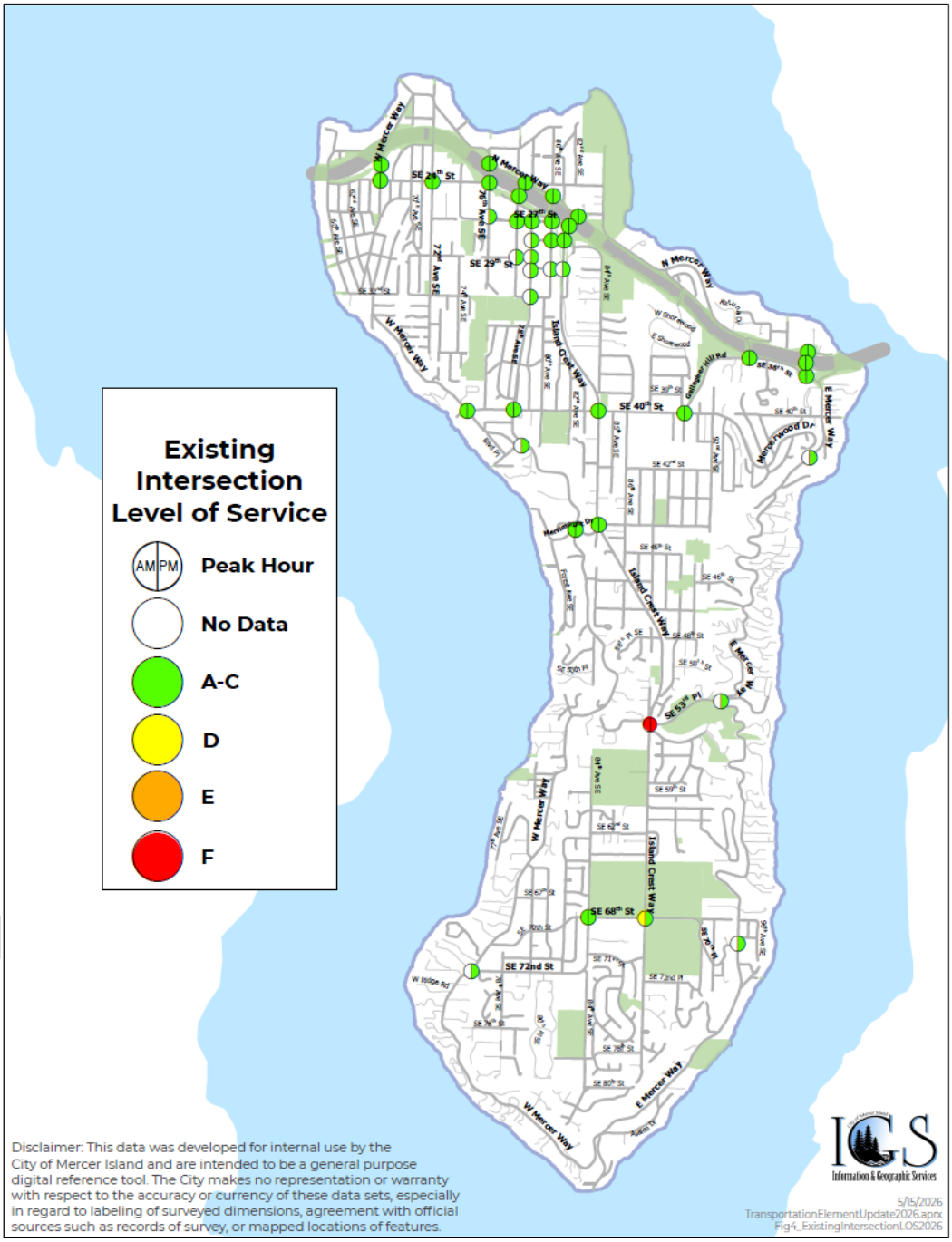
Compared with traffic counts conducted in 2018 and 2021, traffic volumes have generally remained consistent or decreased slightly. This is likely related to increases in telecommuting since the Covid-19 Pandemic.

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

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

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

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.

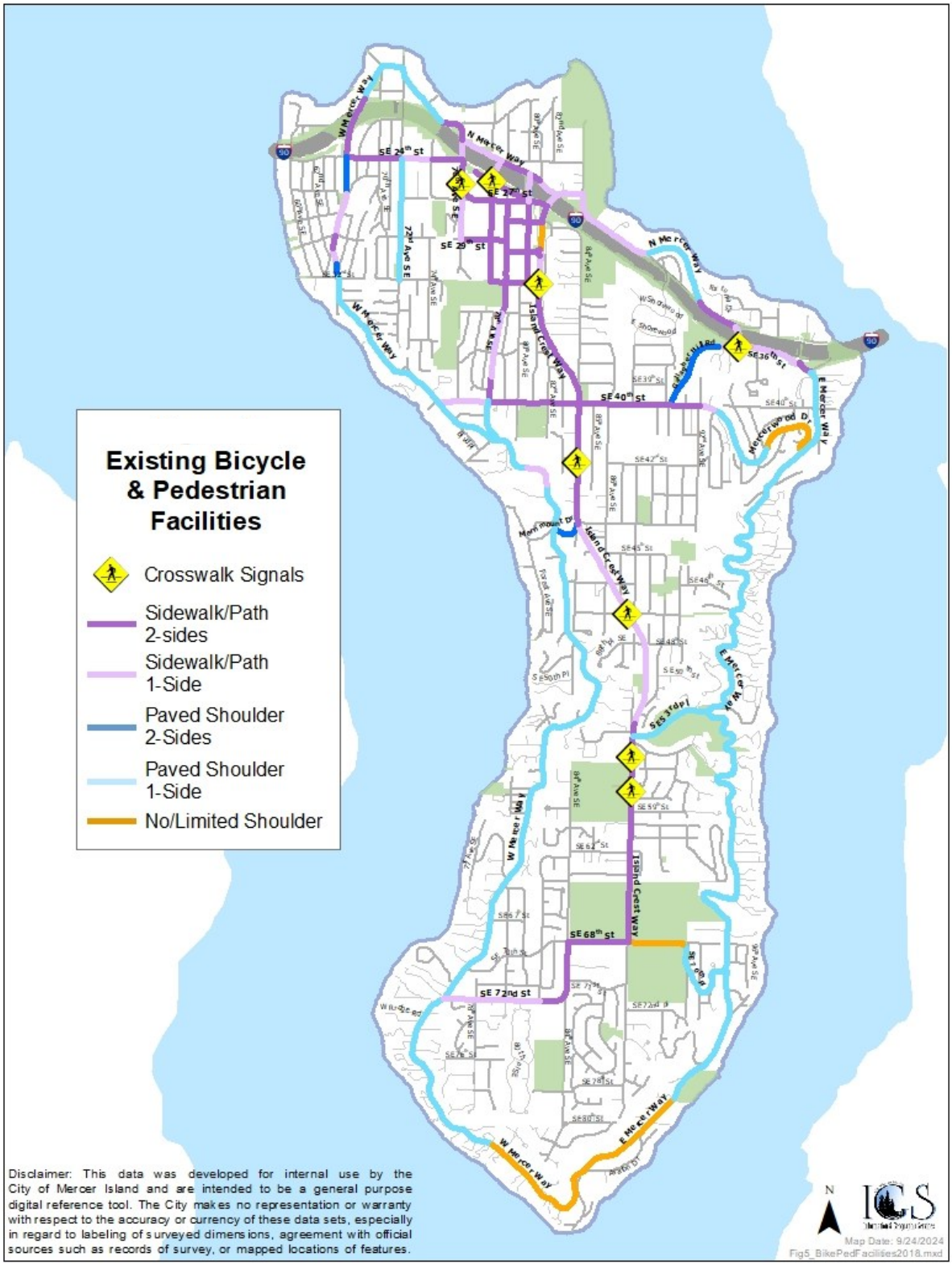
A 2010 update to the plan included vision and guiding principles, goals and policies, an existing and future network, a list of completed projects, revised facility design standards, and a prioritized list of projects. The plan emphasizes further development of safe routes to schools, completion of missing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

DRAFT

Figure 20. Existing Bicycle and Pedestrian Facilities



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.

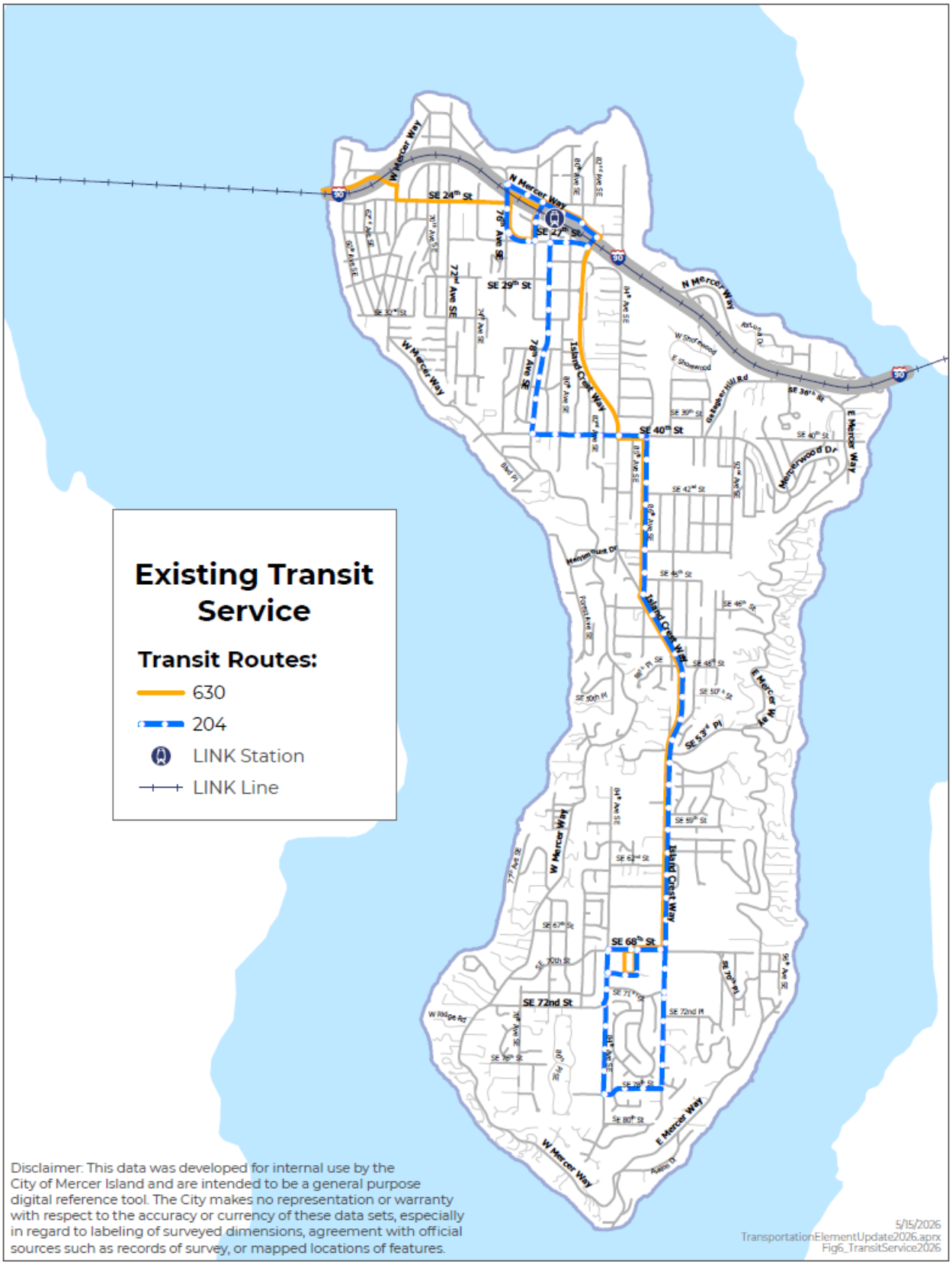
Figure 21 shows the current transit routes serving the Island. On Mercer Island, there are two routes that circulate throughout the City (Metro routes 204 and 630).

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.

DRAFT

Figure 21. Existing Transit Service, 2026



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.

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.

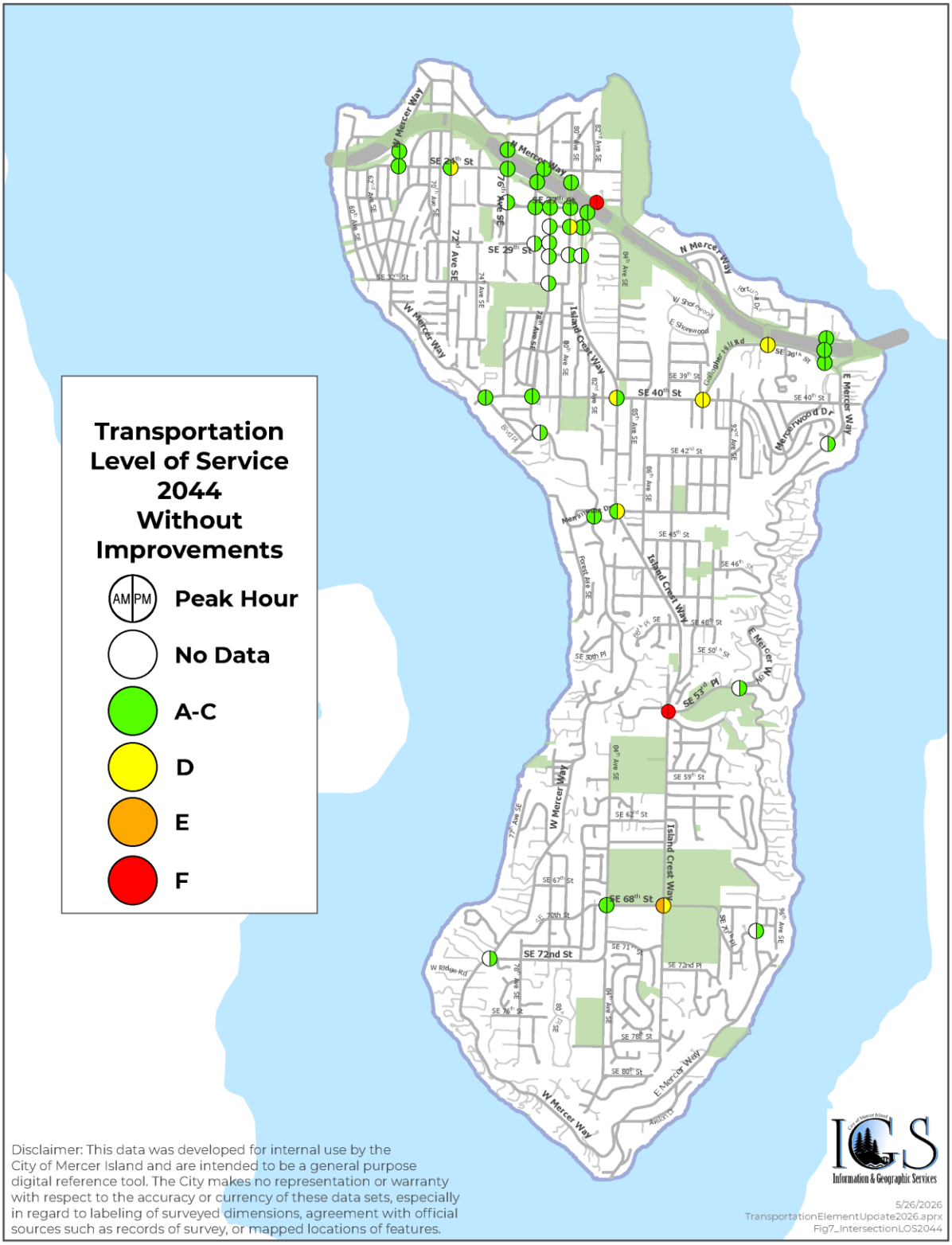
DRAFT

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.

DRAFT

Figure 23. Transportation Level of Service 2044 Without Improvements



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.

DRAFT

Figure 24. Recommended Transportation Projects

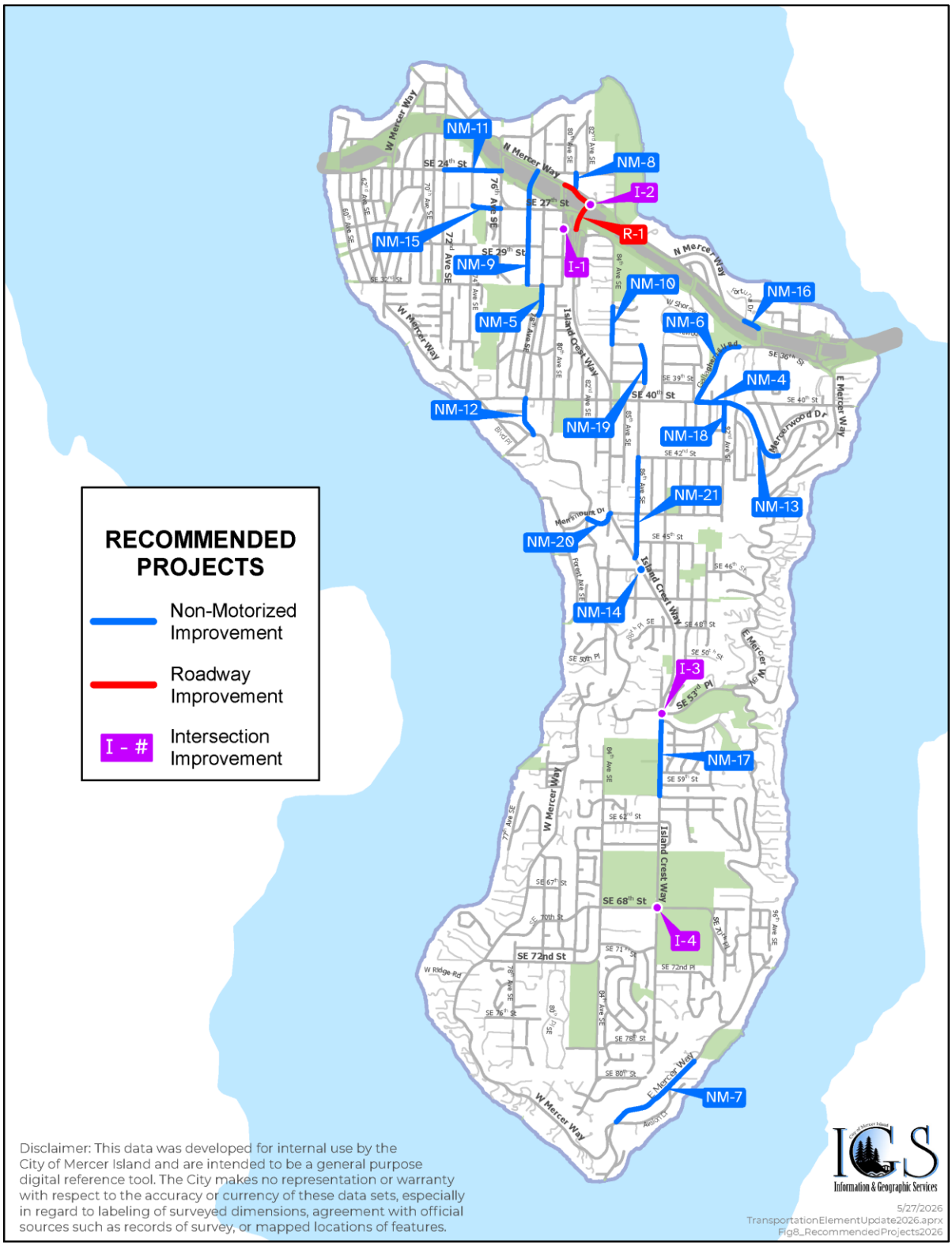


Figure 25. Recommended Transportation Project List 2026 – 2044

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

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**

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

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

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.

DRAFT

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.

DRAFT

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.

DRAFT

II. WATER UTILITY

Mercer Island obtains its water from Seattle Public Utilities (SPU). The City of Mercer Island purchases and distributes most of the water consumed on the Island under a long-term contract with SPU that guarantees an adequate supply through 2062. In 1997, the City assumed the Mercer Crest Water Association, which for many years, had been an independent purveyor of SPU. It served a largely residential base with customers residing in the neighborhoods south of the Shorewood Apartments and east and west of the Mercer Island High School campus areas of the Island. The Mercer Crest system was intertied and consolidated into the City utility in 1998 and 1999. One small independent water association, Shorewood, remains a direct service customer of SPU. The City is one of 19 wholesale customers (Cascade Water Alliance and 18 neighboring cities and water districts) of SPU.

The bulk of the Island's water supply originates in the Cedar River watershed and is delivered through the Cedar Eastside supply line to Mercer Island's 24-inch supply line. Mercer Island is also periodically served through the South Fork of the Tolt River supply system.

The City distributes water through 113 miles of mains (4-, 6-, and 8-inch) and transmission lines (10- to 30-inch) constructed, operated and maintained by the City. The City's distribution system includes two four-million-gallon storage reservoirs, two pump stations, and 86 pressure-reducing valve stations.

Minimizing supply interruptions during disasters is a longstanding priority in planning efforts and the City's capital improvement program. The City completed an Emergency Supply Line project in 1999. In 2001, following the Nisqually Earthquake, SPU strengthened sections of the 16-inch pipeline.

The year before the earthquake, the City completed extensive seismic improvements to its two storage reservoirs. As a result, neither was damaged in the earthquake. The improvements were funded through a Federal Emergency Management Agency hazard mitigation grant.

In 2004, the City completed a Seismic Vulnerability Assessment that examined how a major seismic event might impact the 30-inch and 16-inch SPU lines that supply water to the Island. The assessment predicted that the Island's water supply would likely be disrupted by a disaster such as a major earthquake. In response to the finding, City officials initiated a Water Supply Alternatives study before applying for a source permit for an emergency well, the first such permit to be issued in Washington State. Construction of the emergency well was completed in the spring of 2010. The well was designed and permitted to provide five gallons per day for each person on the Island for a period of seven to 90 days.

In 2014, the City took significant action to ensure high water quality standards after two boil water advisory alerts, including additional expanded collection of water quality samples, injection of additional chlorine, research into potential equipment upgrades and improvements, and a thorough review of the City's cross-contamination program, including the best means of overseeing the registration of certification of backflow prevention devices.

In 2021, the City's total number of water customers was 7,537.

In 2021, the City met the requirements of the 2018 America’s Water Infrastructure Act by completing a Risk and Resilience Assessment (RRA) and updating the Emergency Response Plan. Projects identified in the RRA will be included in future CIPs.

In 2022-2023, the City constructed a booster chlorination station at the reservoir site to boost residual chlorine levels in the reservoirs and throughout the distribution system to prevent coliform growth. Additionally, the Supervisory Control and Data Acquisition (SCADA) system was upgraded.

Together, they strengthened the water supply system and improved system operations for water quality control.

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.

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.

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.

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.

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.

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.

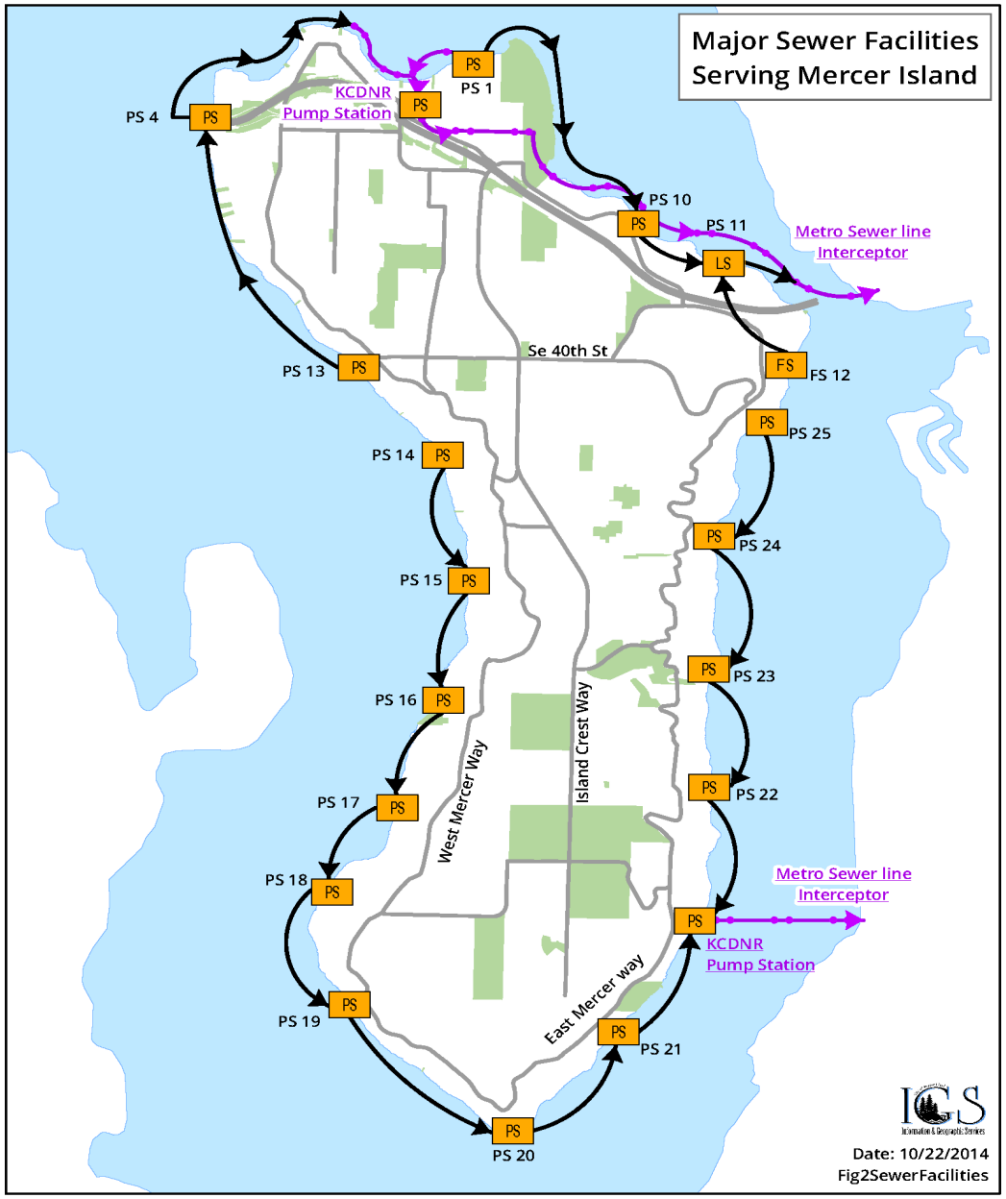
3.5 Prevent overflows by taking whatever steps are economically feasible.

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

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.

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.

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.

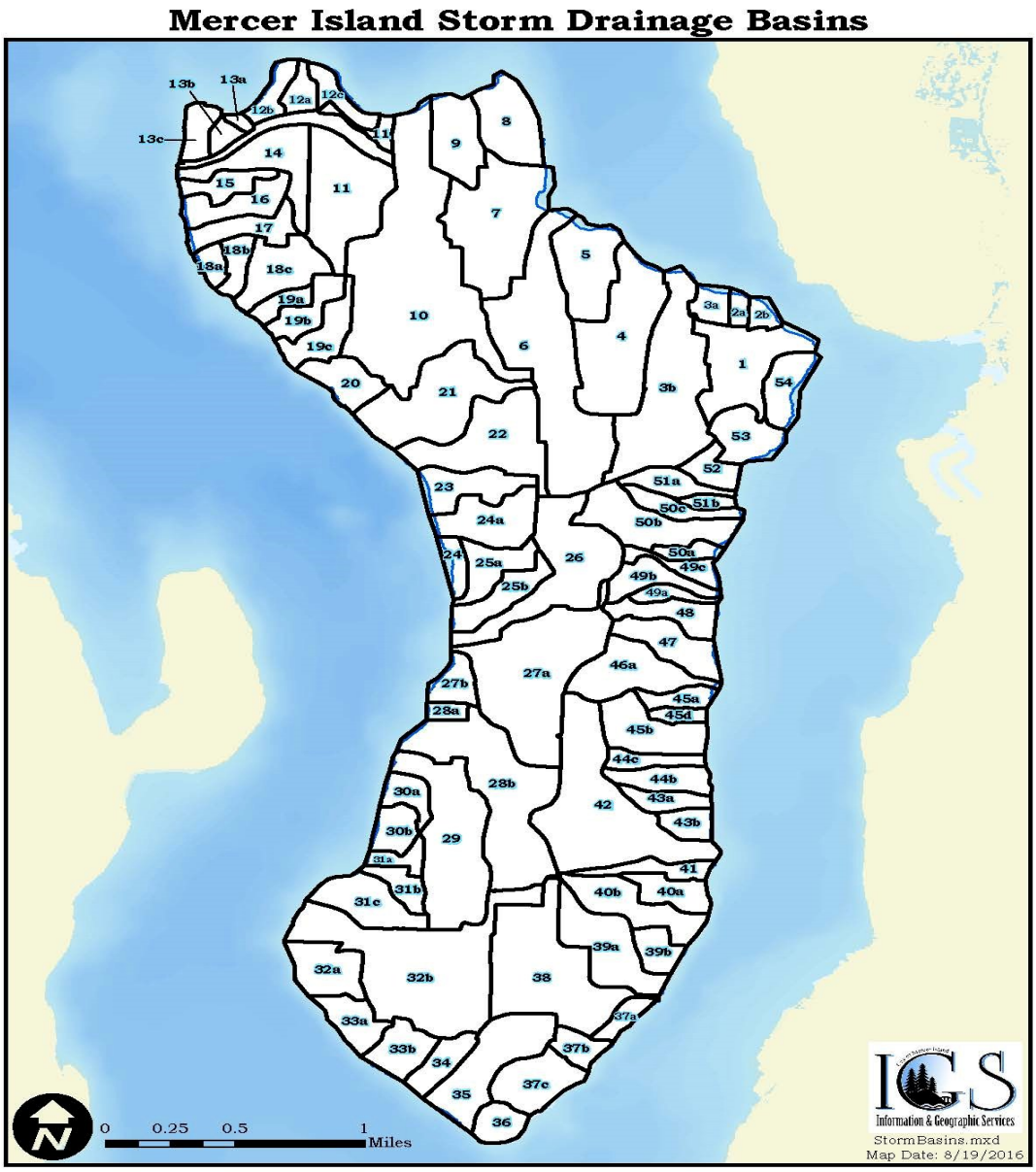
4.5 Consider incorporating low- impact development standards, and any future innovations or technologies that meet or exceed current low- impact development standards, into new development and re-development where feasible. Examples may include native vegetation, minimizing stormwater runoff, bioretention, 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.

Figure 28. Stormwater Drainage Basins



V. SOLID WASTE

The majority of solid waste services on Mercer Island are provided through a private hauler licensed by the City; currently, this is Recology. Recology collects residential and commercial/multi-family garbage, as well as residential recyclables and residential yard/food waste. Businesses that recycle or compost select their own haulers. As of 2022, Recology was serving a total of 6,950 residential customers, and 215 commercial or multi-family locations on Mercer Island.

A new contract for the collection of solid waste was approved by the City Council for ten years starting in October 2019. This contract replaces the former license agreement dating back to 2009 with Republic Services. Rates are adjusted yearly based on the Seattle-area Consumer Price Index (CPI) and terms identified within the contract. The cost of providing solid waste services on Mercer Island is covered entirely through the rates charged by haulers.

Recology transports most garbage from Mercer Island to the Factoria transfer station, after which it is compacted and buried at Cedar Hills Regional Landfill. Recyclables are transported to Recology's processing facility in Seattle, and yard/food waste is transported to Cedar Grove Composting or Lenz Composting.

FUTURE NEEDS

In 1988, Mercer Island entered into an interlocal agreement that recognizes King County as its solid waste planning authority (RCW chapter 70.95). The Mercer Island City Council adopted the first King County Comprehensive Solid Waste Management Plan in mid-1989, and in October 1993, the City Council adopted the updated 1992 edition of the Plan.

King County's 2001 Comprehensive Solid Waste Management Plan established countywide targets for resident and employee disposal rates. As of 2014, King County was working on the Comprehensive Solid Waste Management Plan update. As a plan participant, Mercer Island met the original King County goal of 35 percent waste reduction and recycling in 1992. By late 1993, Mercer Island was diverting nearly 50 percent of its waste stream. Subsequent goals called for reducing the waste stream by 50 percent in 1995 and 65 percent by 2000. Mercer Island has consistently diverted an average of 65 percent of its waste stream annually from 2000 to 2014.

Achieving these goals has helped lengthen the lifespan of the Cedar Hills Regional Landfill and avoid the need to find alternative disposal locations for Mercer Island's garbage.

The overall amount of waste generated on Mercer Island is not expected to increase significantly due to new development anticipated in the Land Use Element of this Plan. However, the amount of recyclables and yard waste being diverted from Mercer Island's waste stream should continue increasing over the next few years. Private facilities have the capacity to absorb this increase. Any additional garbage produced due to growth will be collected through a private hauler licensed by the City. The City's existing solid waste program, which offers two special collection events per year, is expected to remain adequate. These events, at which yard waste and hard-to-recycle materials are collected by private vendors, are designed to assist households in further reducing the waste stream.

The collection of household hazardous waste on Mercer Island is available once a year over a two-week period through the Household Hazardous Wastemobile, a program of the Seattle-King County Local Hazardous Waste Management Plan. Mercer Island households and businesses help fund the Plan through a surcharge on their garbage bills.

SOLID WASTE POLICIES

5.1 Require all new construction, with the exception of single-family homes, to provide adequate space for on-site storage and collection of recyclables pursuant to City regulations.

5.2 Actively promote and support recycling, composting, and waste reduction techniques among the single-family, multi-family, and commercial sectors to meet or exceed King County diversion goals.

5.3 Provide convenient opportunities for residents to recycle appliances, tires, bulky yard debris, and other hard-to-recycle materials whenever practical.

5.4 Actively promote and support the proper handling and disposal of hazardous waste produced by households and businesses. The use of alternate products that are less hazardous or produce less waste shall be encouraged.

5.5 City departments and facilities shall actively participate in waste reduction and recycling programs.

5.6 Handle and dispose of all hazardous waste generated by City departments and facilities in accordance with applicable county, state, regional, and federal regulations.

5.7 Actively enforce regulations that prohibit the illegal dumping of yard debris and other types of waste.

5.8 The City shall play an active role in regional solid waste planning, to promote uniform regional approaches to solid waste management.

5.9 Actively promote and support the recycling, re-use, or composting of construction, demolition, and land-clearing debris wherever feasible.

5.10 Ensure that providers of solid waste, recycling, and compost collection services comply with City regulations and assist residents with concerns about these services when possible.

DRAFT

VI. ELECTRICITY

All of the electricity consumed on Mercer Island is provided by Puget Sound Energy (PSE) under a franchise agreement with the City of Mercer Island. The agreement was approved in early 1994 and remains valid until a new agreement is reached. PSE's rates are set by the Washington Utilities and Transportation Commission (WUTC).

In 2021 PSE served 9,995 residential and 703 commercial electric customers.

PSE builds, operates, and maintains the electrical system that serves Mercer Island. The system includes 6.2 miles of transmission lines (115 kV), three substations, and two submarine cable termination stations.

As of 2024, approximately 274 known solar installations on homes Mercer Island, generating around 2,643 kilowatts of electricity.

FUTURE NEEDS

The demand for electricity on Mercer Island has not grown significantly during the past 20 years, despite 17% population growth (2000-2020), due to a range of new energy efficiency measures. While the Island's total electricity consumption was 164,713,778 KWH in 1998 and 174,352,420 KWH was consumed in 2013, it was only slightly more in 2021 (174,920,031 KWH). However, as more households transition to electric vehicles, maintain remote or hybrid work environments, and new development moves away from natural gas to electric space heating and cooling, in an effort to reduce personal GHG emissions, total electricity consumption may increase.

PSE's planning analysis has identified five alternative solutions to address transmission capacity deficiency identified in the "Eastside Needs Assessment Report—Transmission System King County" dated October 2013. Each of these five solutions fully satisfies the needs identified in the Eastside Needs Assessment Report and satisfies the solution longevity and constructability requirements established by PSE. These five solutions include two 230 kV transmission sources and three transformer sites, outside of Mercer Island.

With one exception (see Policy 6.1), the only significant changes in PSE's Mercer Island facilities will come from efforts aimed at improving system reliability.

The issue of system reliability, which is the subject of a Memorandum of Agreement (MOA) between the City of Mercer Island and PSE, will require considerable attention over the next several years. The MOA sets policies for identifying locations where power lines should be relocated underground and describes strategies for funding underground projects. The unresolved recurring issue of system unreliability needs to be addressed.

ELECTRICITY POLICIES

6.1 Encourage PSE or the current provider to upgrade its facilities on Mercer Island where appropriate and incorporate technological changes when they are cost- effective and otherwise consistent with the provider's public service obligations. Mercer Island will serve as a test area for projects involving new technologies when appropriate.

6.2 Annually evaluate the reliability of electric service provided to Mercer Island. Reliability measures shall include the total number of outages experienced, the duration of each outage, and the number of customers affected.

6.3 Install all new electric transmission and distribution facilities in accordance with this Plan, the City's zoning code, the Washington State Department of Labor and Industries electrical

code,-other applicable laws, and tariffs on file with the WUTC. The electricity provider will obtain the necessary permits for work in the public right-of-way, except in emergencies.

6.4 Encourage the undergrounding of all existing and new electric distribution lines where feasible. As required by the City's franchise agreement with PSE (Section 5), any extension of existing distribution lines up to 15,000 volts shall be installed underground and should be arranged, provided, and accomplished in accordance with applicable schedules and tariffs on file with the WUTC.

6.5 Encourage undergrounding electrical transmission lines where feasible, if and when such action is allowed by, and consistent with rates, regulations, and tariffs on file with the WUTC. Along with PSE, work cooperatively with the WUTC to establish rate schedules that equitably allocate the cost of undergrounding transmission lines among PSE customers.

6.6 clearing vegetation from power lines in rights-of-way shall balance the aesthetic standards of the community while enhancing improved system reliability.

6.7 Support conservation programs undertaken by the electricity provider and encourage the provider to inform residents about these programs.

DRAFT

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.

DRAFT

VIII. TELECOMMUNICATIONS

Telecommunication utilities on Mercer Island encompass conventional wireline telephone, wireless communications (Cellular telephone, Personal Communication Services (PCS), and Specialized Mobile Radio (SMR)), internet service, and cable television.

Telecommunication technologies have undergone significant changes in the last several decades. The rapid pace of change in these technologies has been paired with an increasing centrality to the services they provide in people's lives. Telecommunications have become a key component of a high quality of life by facilitating the exchange of information, remote work, and community involvement. More people work from home and an increasing share of commerce takes place online in the wake of the pandemic, driving demand for faster and more reliable telecommunication services. Throughout the planning period, telecommunication technologies are expected to continue to be an important service in the City.

Wireless service on Mercer Island is an important utility, allowing residents and visitors to remain connected throughout Mercer Island. Wireless communications are provided by several private companies. The Federal Communications Commission (FCC) and City regulate wireless facilities. Rules enacted in 2019 by the FCC curtailed local jurisdictions' power to regulate wireless facilities. To comply with the 2019 FCC rule change, the City amended its wireless communication facilities regulations in 2021. Between 2015 and 2022, the City processed an annual average of 20 permits for new facilities and improvements to existing facilities. As technology continues to be developed and improved, the existing wireless coverage on Mercer Island is expected to be faster, more available, and more reliable through the planning period.

Cellular communication involves transmitting and receiving radio signals on frequencies reserved for cellular use. Signals to and from cellular phones are routed along a series of low-powered transmitting antennas located at "cell sites."

FUTURE NEEDS

Demand for reliable high-speed telecommunications serving new development is expected to be high throughout the planning period as communications technology is increasingly woven into daily life. As a telecommunications utility, Lumen Technologies is required to provide services on demand where facilities exist and to those applicants reasonably entitled thereto. Comcast has sufficient capacity to provide cable communications services to any new development on Mercer Island. Where possible, the City will plan to support stronger, faster, and more reliable telecommunications connections throughout the Island.

TELECOMMUNICATIONS POLICIES

8.1 Encourage the consolidation and shared use of utility and communication facilities where feasible. Examples of shared facilities include towers, poles, antennas, substation sites, cables, trenches, and easements.

8.2 Encourage undergrounding all existing and new communication lines where feasible and not a health or safety threat.

8.3 Periodically review and revise development regulations for telecom facilities to ensure a balance exists between the public benefit derived from the facilities and their compatibility with the surrounding environment.

8.4 Work with the cable communications provider to select and implement pilot projects appropriate for Mercer Island that explore the newest advances in cable technology, including interactive cable and public access.

8.5 Continues to participate in a consortium of Eastside jurisdictions to collectively analyze rate adjustments proposed by the cable communications provider.

8.6 Encourage wireless communications facilities providers to optimize cell sites to maintain service during inclement weather and natural disasters.

8.7 Consider updating and maintaining wireless communications facilities consistent with FCC regulations to minimize noise and visual impacts.

8.8 Work with service providers to plan for the provisions of telecommunication infrastructure to provide access to residents and businesses in all communities, especially underserved areas.

DRAFT

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

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.

DRAFT

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.

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

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;

- Support Services;
- Public Works Engineering; and
- Public Works Administration.

Given the age and condition of the Public Works Building, the City prepared a Facilities Conditions Assessment (FCA) for this building in 2024. The FCA identified the following preliminary findings about the building's condition:

- Roofing is at the end of its projected useful life, and leaks are prevalent throughout the building.
- The current 150kVA electrical service is insufficient to support the current needs of the facility.
- The electrical distribution system is aged, with some critical components at the end of life.
- The original HVAC system is mostly obsolete throughout the building, delivering poor performance, high energy consumption, and marginal air quality.
- Plumbing is inadequate to meet the staffing levels for the building, requiring the use of portable toilets to meet sanitation requirements.

Based on the findings from the FCA and known operational deficiencies of the Public Works Building, the City Council directed the City Manager to commence the design of a new Public Safety and Maintenance Building in March 2024.

Luther Burbank Administration Building

The Luther Burbank Administration Building is a 5,000-square-foot building constructed in 1928 and located at 2040 84th Ave SE inside Luther Burbank Park. This building traditionally houses Youth and Family Services staff and Recreation, Capital Project, and Natural Resources team members. Due to the closure of City Hall in 2023, the Luther Burbank Building also now hosts IT and GIS staff and the Police Department.

A Facilities Conditions Assessment is currently underway for the Luther Burbank Building, and early findings indicate that renovations will be needed in the coming years to support its ongoing operation. Improvements related to HVAC and electrical upgrades, energy efficiency, seismic retrofits, and safety and ADA improvements will be needed. The building at Luther Burbank will continue to serve as an essential facility for the delivery of city services.

Temporary City Council Chambers

After the City Hall closure in 2023, City Council Chambers were moved to the Slater Room at the Mercer Island Community and Event Center (MICEC). This large classroom was repurposed for City Council meetings and now includes audio/visual technology capabilities for hybrid in-person/online public meetings. The conversion of this room at the MICEC eliminated a large recreation programming space previously used for programs, classes, and community meetings. Additionally, the City upgraded the audio/visual technology capabilities of Room 104 in MICEC to support City Council Executive Sessions, partially removing this room from public availability.

Temporary Municipal Court

The Mercer Island City Hall housed the City's Municipal Court. After the building was permanently closed, the Municipal Court was moved temporarily to the City of Kirkland Justice Center while other accommodations could be made. Beginning in 2024, the City leased space in the Newcastle Professional Center, which houses the Newcastle City Hall. The interlocal agreement between Mercer Island and Newcastle includes the use of Newcastle City Council chambers for court proceedings and the use of office space for court administration. The interlocal agreement will expire in 2026 unless the cities renew it.

Temporary Police Department

The Mercer Island City Hall included headquarters and support facilities for Police Department operations. When City Hall was permanently closed, the Police Department moved to MICEC and then the Luther Burbank Building, while alternatives were evaluated.

At the end of 2024, the Police Department is housed in three separate modular buildings on the City Hall campus. The modular buildings provide office space, locker rooms and showers, and processing facilities.

Remote Work

In 2024, approximately sixty employees are without a dedicated workspace. These employees are working from home and using available "touch down" spaces at the City's various buildings for meetings and in-person office needs. Most affected employees are from Administrative Services, Community Planning and Development, Finance, the City Attorney's Office, and the City Manager's Office.

Public Safety and Maintenance Building

During the March 1, 2024, City Council meeting, the Council directed the City Manager to commence planning for a new Public Safety and Maintenance Building (PSM) on the current City Hall campus. This new facility will replace the existing Public Works Building and provide a new combined home for the City's Public Works teams, the Police Department, the Emergency Operations Center, and the IT & GIS team.

The PSM building focuses on replacing critical City operational and emergency response facilities displaced by the closure of City Hall and the functional obsolescence of the Public Works Building. The facility will also include new covered vehicle and equipment storage and re-design and optimization of the public works yard. In addition to providing secured parking for police vehicles, the PSM building must store and maintain over 100 pieces of equipment and City vehicles, many of which are the largest and most expensive vehicles owned and operated by the City.

As a centralized emergency response and management facility, the PSM building should be constructed to risk category IV "essential public facility" building standards, the highest risk category designation possible. Risk Category IV includes buildings that are essential in that their continuous use is needed, particularly in response to disasters. Police stations and emergency vehicle garages, Emergency Operations Centers, public works staff areas, and equipment necessary for emergency response must remain operational during and after major disaster- type events. The new building is a lifeline to the

community in the most extreme circumstances, and continuity of operations for the work groups housed at this facility is essential during critical events.

PUBLIC SCHOOLS

The Mercer Island School District owns and operates one high school, one middle school, and four elementary schools. Northwood, the fourth elementary school, opened in 2016. Altogether, the School District owns 108.6 acres of land, including those lands dedicated to parks, open space, and recreational uses. The District served a 2021-2022 school population of 4,069 students. The District estimates it has a capacity for 5,172 students in its Six-Year Capital Facilities Plan, a capacity surplus of 1,103 students.

In 1994, the voters approved a $16.4 million bond issue to modernize the three elementary schools. All these schools underwent $6 million remodels that were completed in September 1995. In 1996, voters approved a bond issue to modernize the high school. The total renovation cost, including some new construction, was $37.2 million. In February 2010, the community approved a six-year capital levy for nearly $4.9 million per year, targeting minor capital replacement costs and improvements at each school site. Included in the levy were funds for the addition of music and orchestra rooms at Mercer Island High School, portable classrooms for elementary and middle schools, hard play area resurfacing at the elementary schools, replacement of the turf field, and repair of the track at Mercer Island High School, painting, re-roofing, pavement overlays, security improvements, and other improvements.

A bond issue was approved by more than 74 percent of Mercer Island voters in February 2014 to address overcrowding in Mercer Island schools. The targeted facilities projects included:

- Building Northwood, a fourth elementary school;
- Expanding Islander Middle School, including 14 new classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms and administrative space, and a 100kw rooftop solar array; and
- Building ten additional classrooms at Mercer Island High School, including four lab spaces and six general education classrooms.

Annually, the District develops projections primarily utilizing the historical enrollment trends tracked each October for the past five years. In addition to the cohort derived from that historical database, the District looks at much longer "real growth" trends, birth rates, and female population patterns. The District's Six-Year Capital Facilities Plan, adopted in 2020, estimates that enrollment will decline by four percent between 2020 and 2026.

Provision of an adequate supply of K-12 public school facilities is essential to enhance the educational opportunities for our children and to avoid overcrowding. A variety of factors can contribute to changes in K-12 enrollment, including changes in demographics, the resale of existing homes, and new development. The District is engaged in an ongoing long-range planning process to maintain updated enrollment projections, house anticipated student enrollment, and provide adequate school facilities. Future needs, including proposed improvements and capital expenditures, are determined by the District, which has prepared a separate Capital Facilities Plan.

WATER SYSTEM

The City's Water Utility consists of 113 miles of water mains and transmission lines that serve over 7,530 water meters. In addition, the system includes two four-million-gallon storage reservoirs, two pump stations, 86 pressure-reducing valve stations, and an emergency well completed in 2010. The City purchases water from Seattle Public Utilities, served by the Cedar and Tolt River watersheds.

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.

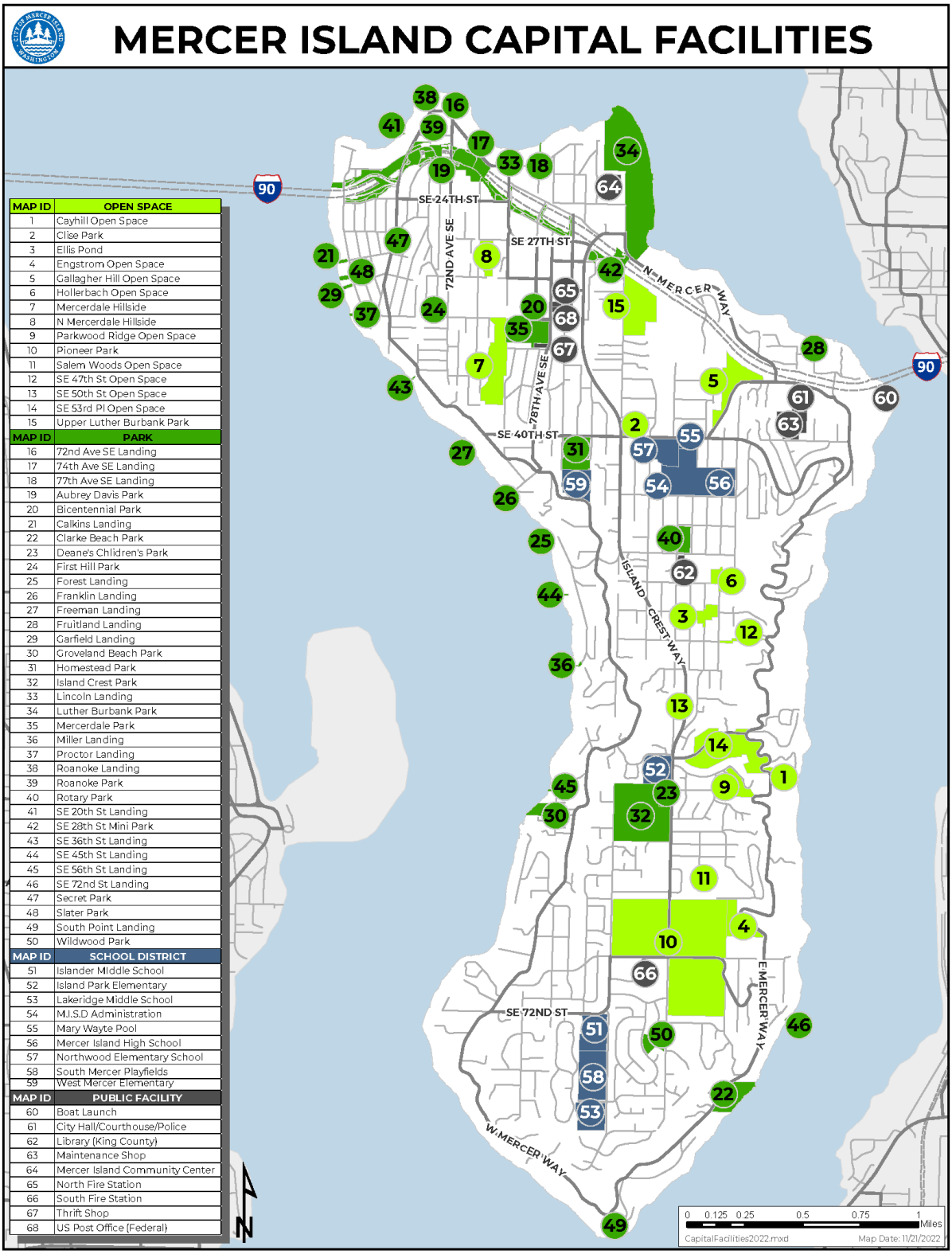
Sewer flow monitoring, condition assessments, and isolated sanitary sewer overflows have identified several deficiencies in the City's sewer infrastructure. Updated hydraulic modeling for the Town Center area also shows pipeline capacity issues under projected growth. Expanding the hydraulic model citywide, 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.

DRAFT

Figure 30. Mercer Island Capital Facilities



MAP ID	OPEN SPACE
1	Cayhill Open Space
2	Clise Park
3	Ellis Pond
4	Engstrom Open Space
5	Gallagher Hill Open Space
6	Hollerbach Open Space
7	Mercerdale Hillside
8	N Mercerdale Hillside
9	Parkwood Ridge Open Space
10	Pioneer Park
11	Salem Woods Open Space
12	SE 47th St Open Space
13	SE 50th St Open Space
14	SE 53rd Pl Open Space
15	Upper Luther Burbank Park
MAP ID	**PARK**
16	72nd Ave SE Landing
17	74th Ave SE Landing
18	77th Ave SE Landing
19	Aubrey Davis Park
20	Bicentennial Park
21	Calkins Landing
22	Clarke Beach Park
23	Deane's Children's Park
24	First Hill Park
25	Forest Landing
26	Franklin Landing
27	Freeman Landing
28	Fruitland Landing
29	Garfield Landing
30	Groveland Beach Park
31	Homestead Park
32	Island Crest Park
33	Lincoln Landing
34	Luther Burbank Park
35	Mercerdale Park
36	Miller Landing
37	Proctor Landing
38	Roanoke Landing
39	Roanoke Park
40	Rotary Park
41	SE 20th St Landing
42	SE 28th St Mini Park
43	SE 36th St Landing
44	SE 45th St Landing
45	SE 56th St Landing
46	SE 72nd St Landing
47	Secret Park
48	Slater Park
49	South Point Landing
50	Wildwood Park
MAP ID	**SCHOOL DISTRICT**
51	Islander Middle School
52	Island Park Elementary
53	Lakeridge Middle School
54	M.I.S.D Administration
55	Mary Wayte Pool
56	Mercer Island High School
57	Northwood Elementary School
58	South Mercer Playfields
59	West Mercer Elementary
MAP ID	**PUBLIC FACILITY**
60	Boat Launch
61	City Hall/Courthouse/Police
62	Library (King County)
63	Maintenance Shop
64	Mercer Island Community Center
65	North Fire Station
66	South Fire Station
67	Thrift Shop
68	US Post Office (Federal)

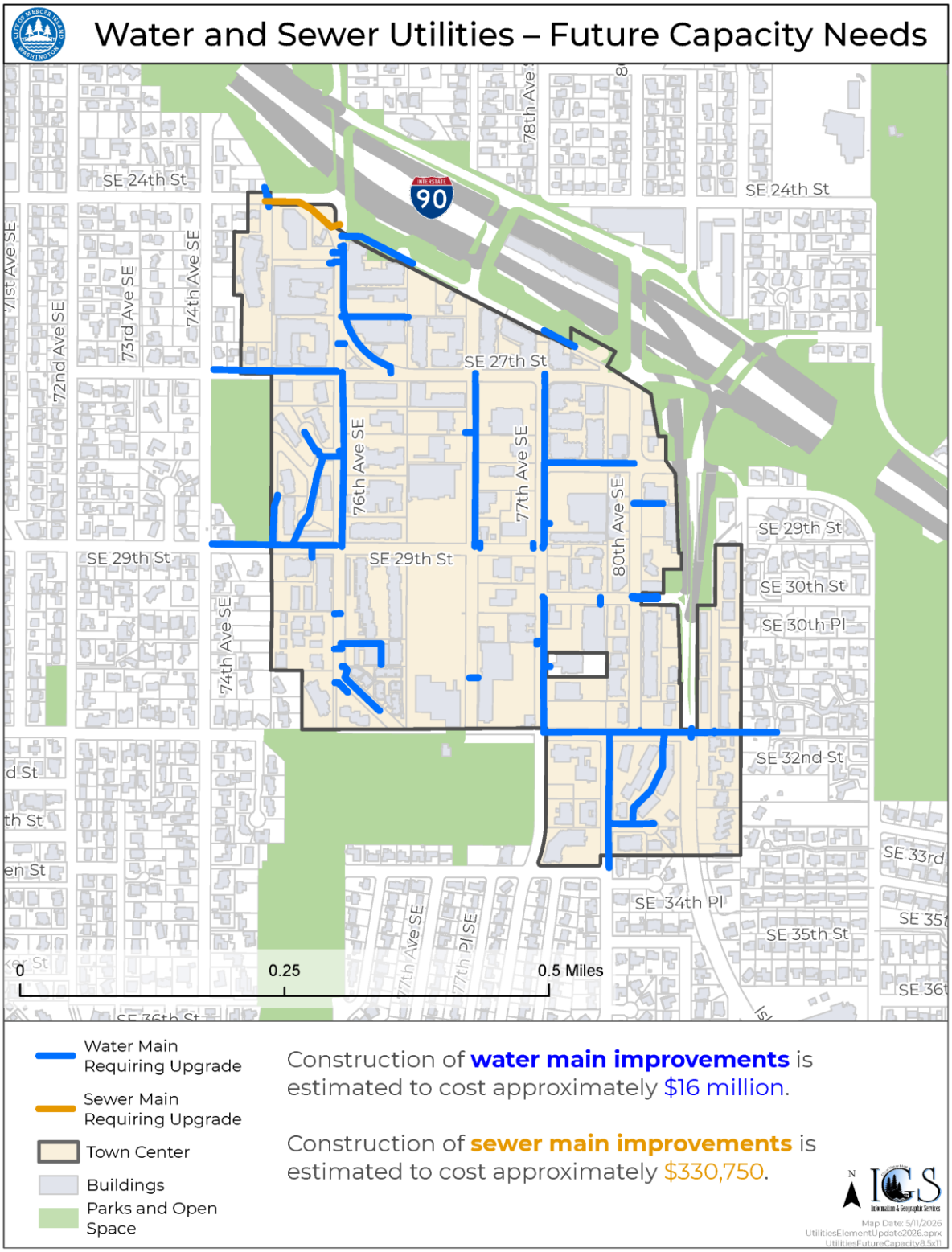
III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

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

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



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 Forecasts[1]

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency)[2]	Annual Reinvestment Cost[3]
Streets				
Arterials	LOS "D"	2 locations identified	$4,871,000	$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	

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 Overflowsd/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				

DRAFT

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.

DRAFT

IV. CAPITAL FACILITIES FINANCING

The community should expect most funding for future capital improvements to come from local public sources. Substantial investments in transportation facilities—including parking, sewage collection and conveyance, stormwater facilities, and City facilities (to address the 2023 City Hall closure and failing Public Works Building) will be needed over the 20-year planning period. Funding for open space acquisition and park improvements may also be needed to meet community expectations. Private development will finance some minor new capital improvements, such as stormwater facilities, sewage conveyance improvements, and transportation improvements where the proposed development will exceed adopted levels of service. Impact fees on new development will also generate some revenue to offset the impact of such growth on Mercer Island's public schools, parks and open space, and transportation facilities.

REVENUE SOURCES

The City's capital program is funded by a variety of revenue sources ranging from largely unrestricted, discretionary sources like General Funds and REET-1 to very restricted sources like fuel taxes and grants. Below is a description of the major capital funding sources used by the City.

General Fund Revenues — Revenues from property, sales and utility taxes, other user fees, and state- shared revenues. Funds can be used for any municipal purpose and are generally dedicated to the operation of the City's (non-utility) departments and technology and equipment upgrades.

Real Estate Excise Taxes (1 & 2) — Taxes imposed on the seller in real estate transactions. Both REET 1 & 2 taxes are levied at one-quarter of one percent of the sale price of the property. Revenues must be used on the following types of projects:

- **REET 1** — Only to projects identified in the City's Capital Facilities Element. Funds can be used for planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, recreational facilities, trails, and public buildings.
- **REET 2** — Planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting systems, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, and planning, construction, repair, or improvement of parks.

Fuel Taxes — City's share of fuel taxes imposed and collected by the state. Revenues must be used for the maintenance and construction of the City's arterial and residential streets.

Voted Debt — General obligation bonds issued by the City and paid for by a voter-approved increase in property taxes.

User Fees — Utility fee for the purchase of a City-provided service or commodity (e.g., water, storm, and sanitary sewage collection/treatment). Fees are usually based on the quantity of service or commodity consumed. Revenues (rates) can be used for any operating or capital project related to the delivery of the utility service or commodity.

Impact Fees — The Growth Management Act (GMA) authorizes cities to impose certain types of impact fees on new development. These fees should pay for the development's proportionate share of the cost of providing the public facilities needed to serve it. Impact fees can be collected for schools, streets, parks and open space, and fire protection.

THE CAPITAL IMPROVEMENT PROGRAM

The City of Mercer Island separates the Capital Improvement Program into two parts: the Capital Reinvestment Program (CRP) and the Capital Facilities Program (CFP). The CRP contains all major maintenance projects for existing public assets. The CFP consists of proposed new capital facilities.

Capital Reinvestment Plan (CRP)

The CRP's purpose is to organize and schedule repair, replacement, and refurbishment of public improvements for the City of Mercer Island. It is a six-year program that sets forth each of the proposed maintenance projects, their cost, and funding source within the Capital Improvement Program (CIP) element of each biennial budget. These capital projects are generally paid for from existing City resources.

The program’s emphasis in a reinvestment plan is the timely repair and maintenance of existing facilities. To this effect, while new equipment and improvements are made to some older fixed assets, the intent is to design a program that will preserve and maintain the City's existing infrastructure. Maintaining and enhancing taxpayer's investment in fixed assets remains the City's best defense against the enormous cost of replacing older but still very valuable public improvements.

The CRP is intended to be a public document. For this purpose, it is organized by functional area. Hence, any individual who wishes to gain knowledge about a project need not know the funding source or any other technical information but only the general type of improvement to find the relevant information. The Capital Reinvestment Program is divided into four functional programmatic areas: streets and pedestrian and bicycle facilities, park and recreational facilities, general government (buildings, equipment, and technology), and utilities — water, sewer, and stormwater systems.

CRP projects are typically "pay as you go," which means they are funded from the current operations of the City Street Fund, CIP Funds, and the utility funds.

Capital Facilities Plan (CFP)

The CFP is a six-year plan to outline proposed new capital projects. It is also divided into four component parts: streets and pedestrian and bicycle facilities, parks and recreation facilities, general government (buildings, equipment, and technology), and utilities — water, sewer, and stormwater systems. Like the CRP, the plan for new facilities provides easy access for the public. Each project in the plan is described briefly and the total cost and appropriation for the next six years is stated.

Funding for CFP projects will be identified in the Capital Improvement Program (CIP) element of each biennial budget. However, final funding strategies will be decided simultaneously with the approval of the projects. This may involve a bond issue, special grant or a source of revenue outside the City’s available cash resources.

DRAFT

CIP Project Summary
Capital Facilities Plan (CFP) and Capital Reinvestment Plan (CRP)

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
GB0100	City Hall Building Repairs	CRP	ONGOING	370,500	359,100	210,900	210,900	210,900	210,900	1,573,200			1,573,200													
GB0101	Public Works Building Repairs	CRP	ONGOING	210,900	132,240	34,200	91,200	79,800	79,800	628,140			628,140													
GB0102	MICEC Building Repairs	CRP	ONGOING	357,960	430,350	182,400	202,578	190,380	235,980	1,599,648			1,599,648													
GB0103	FS91 and FS92 Building Repairs	CRP	ONGOING	397,860	250,458	239,058	443,688	190,380	109,668	1,631,112			1,631,112													
GB0104	Luther Burbank Administration Repairs	CRP	ONGOING	324,900	286,140	188,100	139,080	91,200	74,100	1,103,520			1,103,520													
GB0105	Thrift Shop Building Repairs	CRP	ONGOING	254,220	342,000	111,720	116,280	128,820	104,880	1,057,920			1,057,920													
GB0107	Honeywell Site Remediation	CRP	Q4 2022	207,500	207,500					415,000	134,356				22,306	21,788	29,050									207,500
GB0109	Minor Building Repairs	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000			150,000		150,000											
GB0110	City Hall Renovation - Paint, Carpet, and Furniture	CRP	Q4 2023	660,000						660,000			660,000													
GB0111	Public Works Building Renovation - Paint, Flooring, and Furniture	CRP	Q4 2023	236,500						236,500			59,125		70,950	70,950	35,475									
GB0112	Municipal Court Renovations	CRP	2026	34,200	119,700	285,000	330,600			769,500			769,500													
GB0113	Police Department Renovation	CRP	2028					256,500	1,824,000	2,080,500			2,080,500													
GB0114	Luther Burbank Administration Building Renovation	CRP	2027				57,000	2,232,865		2,289,865			2,289,865													
GB0115	Facilities Plan	CRP	2025	200,000						200,000			200,000													
GB0116	Facility Access Control and Security	CRP	ONGOING	520,980	282,720	47,880	34,200	28,500	28,500	942,780			942,780													
GB0117	Facility Parking Lot Repairs	CRP	2028	375,000	30,000	132,000	190,000	-	28,000	755,000			641,750				113,250									
GB0119	FS91 Fuel Tank Removal	CRP	Q4 2024	75,000	175,000					250,000			250,000													
GB0120	Public Works Building Roof Replacement	CRP	Q2 2023	330,000						330,000			82,500		99,000	99,000	49,500									
18	**GENERAL GOVERNMENT PUBLIC BUILDINGS TOTAL**			**4,605,520**	**2,665,208**	1,481,258	1,865,526	3,459,345	2,745,828	16,822,685	134,356	-	15,719,560	-	342,256	191,738	227,275	-	-	-	-	-	-	-	-	207,500
GE0101	Minor Fire Tools and Equipment	CRP	Q4 2024	45,500	42,500					88,000				88,000												
GE0107	Fleet Replacements	CRP	ONGOING	676,729	430,211	911,511	1,305,238	1,474,095	1,152,484	5,950,267															5,950,267	
GE0108	Automated External Defibrillator Replacements	CRP	Q4 2023	94,686						94,686				94,686												
3	**GENERAL GOVERNMENT EQUIPMENT TOTAL**			**816,915**	**472,711**	911,511	1,305,238	1,474,095	1,152,484	6,132,953	-	-	-	182,686	-	-	-	-	-	-	-	-	-	-	5,950,267	-
GT0101	City Information via Web Based GIS	CRP	Q4 2024	55,000				40,000		95,000				95,000												
GT0104	Mobile Asset Data Collection	CRP	Q2 2022			105,000		-	111,000	216,000		163,000														53,000
GT0105	High Accuracy Aerial Orthophotos	CRP	Q3 2024	35,000		40,000				75,000				75,000												
GT0108	Technology Equipment Replacement	CRP	ONGOING	145,450	253,200	101,280	179,266	129,071	224,584	1,032,851															1,032,851	
GT0112	ArcGIS Image Server	CRP	Q3 2024	30,000						30,000				30,000												
GT0115	Modernize Municipal Court Services	CRP	Q1 2023	96,000	10,000					106,000				106,000												
GT0116	Emergency Purchases for Equipment and Technology	CRP	ONGOING	25,000	25,000	25,000	25,000	25,000	25,000	150,000				150,000												
GT0117	Cybersecurity Software Update	CRP	Q4 2023	52,500	10,750	-	-	-	-	63,250	10,750			52,500												
8	**GENERAL GOVT TECHNOLOGY TOTAL**			**438,950**	**298,950**	271,280	204,266	194,071	360,584	1,768,101	10,750	163,000	-	508,500	-	-	-	-	-	-	-	-	-	-	1,032,851	53,000

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
PA0100	Open Space Management	CRP	ONGOING	338,000	347,135	356,544	366,235	376,217	386,499	2,170,630			2,105,630									65,000				
PA0101	Recurring Parks Minor Capital	CRP	ONGOING	149,000	154,000	159,000	164,000	169,000	175,000	970,000			970,000													
PA0103	Trail Renovation and Property Management	CRP	ONGOING	54,000	56,000	58,000	60,000	62,000	64,000	354,000			354,000													
PA0104	Lake Water Irrigation Development	CFP	2025		82,000	141,000				223,000			223,000													
PA0107	Aubrey Davis Park Outdoor Sculpture Gallery Improvements Design	CRP	Q4 2024		33,000	68,000	198,000			299,000			124,000								100,000					75,000
PA0108	Aubrey Davis Park Luther Lid Connector Trail	CRP	Q4 2024		164,000	853,450				1,017,450			1,017,450													
PA0109	Aubrey Davis Park Trail Safety Improvements	CRP	Q4 2023	385,000						385,000			10,000								375,000					
PA0110	Aubrey Davis Lid A Backstop Replacement	CRP	2028					96,000	689,000	785,000			785,000													
PA0111	Aubrey Davis Park Vegetation Management	CRP	ONGOING	117,000	121,000	125,000	129,000	133,000	137,000	762,000			117,000													645,000
PA0112	Clarke Beach Shoreline Improvements	CRP	2025			2,814,000				2,814,000			1,814,000								1,000,000					
PA0115	Hollerbach SE 45th Trail System	CFP	2025		93,000	425,955				518,955			518,955													
PA0116	Island Crest Park South Field Lights Replacement and Turf Upgrade	CRP	2026		113,000	-	1,160,000	-	-	1,273,000			1,273,000													
PA0117	Island Crest Park Ballfield Backstops Upgrade & North Infield Turf Replacement	CRP	Q4 2023	1,255,000						1,255,000			1,049,000											206,000		
PA0122	Luther Burbank Dock and Waterfront Improvements	CRP	Q4 2024	928,300	6,597,300					7,525,600			3,666,600								3,859,000					
PA0123	Luther Burbank Minor Capital Levy	CRP	ONGOING	110,000	111,100	112,211	113,333	114,466	115,612	676,722			566,722									110,000				
PA0124	Luther Burbank Park Boiler Building Phase 1	CRP	Q4 2023	2,012,300						2,012,300			1,499,300								513,000					
PA0126	Mercerdale Park Master Plan	CRP	Q4 2023	200,000						200,000			200,000													
PA0129	Pioneer Park/Engstrom OS Forest Management	CRP	ONGOING	191,000	197,000	203,000	210,000	217,000	224,000	1,242,000			1,165,000									77,000				
PA0130	Roanoke Park Playground Replacement	CRP	Q4 2024	60,000	431,000					491,000			491,000													
PA0131	South Mercer Turf Replacement and Ballfield Backstops Upgrade	CRP	2025		245,000	3,010,000				3,255,000			2,955,000						300,000							
PA0132	Upper Luther Burbank Ravine Trail Phase 2	CFP	2026			113,000	261,000			374,000			261,000											113,000		
PA0133	MICEC Technology and Equipment Replacement	CRP	ONGOING	58,000	58,000	58,000	58,000	58,000	58,000	348,000	108,000															240,000
PA0136	Luther Burbank Park South Shoreline Restoration	CRP	Q4 2023	575,000						575,000											169,000			406,000		
PA0138	Luther Burbank Swim Beach Renovation Design	CRP	2026		55,000	113,000	1,015,000			1,183,000			683,000								500,000					
PA0140	Aubrey Davis Mountains to Sound Trail Pavement Renovation	CRP	Q4 2024	101,000						101,000			101,000													
PA0141	Aubrey Davis Mountains to Sound Trail Connection at Shorewood	CFP	Q4 2024		82,000					82,000			82,000													
PA0142	Aubrey Davis Park Tennis Court Resurfacing/Shared-Use Pickleball	CRP	Q4 2024		121,000					121,000			63,000											58,000		
PA0143	Luther Burbank Park Tennis Court Renovation/Shared-Use Pickleball	CRP	Q4 2024	107,000	438,000					545,000			202,000								193,000			150,000		
PA0144	Luther Burbank Park Parking Lot Lighting	CRP	Q4 2023	133,000						133,000			133,000													
PA0145	Deane's Children's Park Playground Replacement Design	CRP	Q4 2023	226,000						226,000			226,000													
PA0146	South Point Landing General Park Improvements	CFP	Q4 2024		159,180					159,180			159,180													
PA0147	Roanoke Park General Park & ADA Improvements	CRP	2028					30,000	93,000	123,000			123,000													
PA0148	Aubrey Davis Park Intersection and Crossing Improvements	CRP	2028	80,000	83,000	86,000	89,000	92,000	95,000	525,000			525,000													
PA0149	Ellis Pond Aquatic Habitat Enhancement	CRP	Q4 2023	20,000						20,000							20,000									
PA0150	Spray Park Site Analysis	CFP	Q4 2023	50,000						50,000			50,000													
PA0151	Groveland Beach Dock Replacement & Shoreline Improvements	CRP	2026					4,180,000		4,180,000			3,500,000								680,000					
PA0152	Aubrey Davis MTS Trail Lighting from ICW to Shorewood	CRP	2027				58,000	299,000		357,000			357,000													
PA0153	Mercerdale Hillside Trail Renovation	CRP	2028					120,000	615,000	735,000			735,000													
PA0154	Wildwood Park ADA Perimeter Path & General Park Improvements	CRP	2027				58,000	180,000		238,000			238,000													
PA0155	Aubrey Davis Lid B Playground Replacement and ADA Parking	CRP	2027				232,000	836,000		1,068,000		107,000	961,000													
PA0156	Aubrey Davis Lid B Restroom and ADA Path	CFP	2027				232,000	1,195,000		1,427,000			1,070,250						356,750							
PA0157	Clarke and Groveland Beach Joint Master Plan	CFP	Q4 2023	300,000						300,000			300,000													
PA0158	First Hill Park Playground Replacement & Court Resurfacing	CRP	2026			87,000	329,000			416,000			416,000													
PA0159	Luther Burbank Park Amphitheater Renovation (Design Only)	CRP	2025			85,000				85,000										85,000						
PA0160	MICEC to LBP Stair Replacement	CRP	2028					36,000	197,000	233,000			233,000													
PA0161	Secret Park Playground Replacement	CRP	2028					87,000	448,000	535,000			535,000													
PA0162	MICEC Parking Lot Planter Bed Renovation	CRP	2027					239,000		239,000			239,000													
PA0163	MICEC Generator for Emergency Use	CRP	2027					478,000		478,000			478,000													
PA0164	Systemwide Property Acquisition - Reserve	CFP	ONGOING			500,000	500,000	500,000	500,000	2,000,000			2,000,000													
PA0165	Bike Skills Area	CFP	Q4 2023	302,500						302,500			302,500													
PA0166	Luther Burbank Park Boiler Building Phase 2	CRP	2028					239,000	3,690,000	3,929,000			3,929,000													
51	**PARKS, RECREATION, & OPEN SPACE TOTAL**			**7,752,100**	**9,740,715**	9,368,160	5,232,568	9,497,683	3,797,111	45,388,337	108,000	107,000	34,877,587	-	-	-	20,000	-	656,750	85,000	7,389,000	252,000	-	933,000	-	960,000

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SP0100	Residential Street Resurfacing	CRP	ONGOING	900,000	920,000	940,000	960,000	980,000	1,000,000	5,700,000		4,320,000			630,000	90,000	660,000									
SP0101	Arterial Preservation Program	CRP	ONGOING	75,000	77,000	78,000	80,000	82,000	83,000	475,000		415,000			12,000	30,000	18,000									
SP0104	North Mercer Way (7500 to Roanoke)	CRP	Q4 2023	616,000		-	-	-	-	616,000		428,000			105,000	8,000	75,000									
SP0106	Gallagher Hill Road Overlay (SE 36th to SE 40th Streets)	CRP	2025		77,000	510,000				587,000		484,000			35,000	8,000	60,000									
SP0107	SE 40th Street Overlay (88th Ave SE to Gallagher Hill Rd)	CRP	2025		51,000	365,000				416,000		402,000			10,000	2,000	2,000									
SP0110	SE 27th Street Overlay (76th Ave SE to 80th Ave SE)	CRP	Q4 2024		668,000					668,000		580,000			25,000	13,000	50,000									
SP0111	80th Ave SE Sidewalk Improvements (SE 27th to SE 32nd Street)	CRP	Q3 2023	1,376,000						1,376,000								1,376,000								
SP0112	78th Ave SE Sidewalk Improvements (SE 32nd to SE 34th Street)	CRP	2025		77,000	702,000				779,000								779,000								
SP0114	West Mercer Way Roadside Shoulders - Ph 4 (8100 WMW - 8400 EMW)	CFP	Q3 2024		693,820					693,820		438,820			85,000	5,000	165,000									
SP0115	Gallagher Hill Road Sidewalk Improvements (SE 36th to SE 40th Streets)	CFP	2025		102,000	409,330				511,330		511,330														
SP0116	SE 40th Street Sidewalk Improvements (Gallagher Hill to 93rd Ave)	CRP	2025		82,000	916,000				998,000		913,000			33,000	6,000	46,000									
SP0118	ADA Transition Plan Implementation	CRP	ONGOING	200,000	204,000		213,000		444,000	1,061,000		657,000						404,000								
SP0122	Minor Capital - Traffic Safety and Operations Improvements	CRP	ONGOING	100,000		104,000		108,000		312,000		312,000														
SP0123	North Mercer Way - MI P&R Frontage Improvements	CRP	2028		1,203,000					1,203,000								1,203,000								
SP0125	PBF Plan Implementation	CFP	ONGOING	100,000		104,000		108,000		312,000		312,000														
SP0126	West Mercer Way Resurfacing (SE 56th to EMW)	CRP	2028			-	-	-	2,150,000	2,150,000		1,850,000			50,000	125,000	125,000									
SP0127	SE 36th Street Overlay (Gallagher Hill Rd to EMW)	CRP	2025			611,000				611,000		508,000			45,000	8,000	50,000									
SP0128	North Mercer Way Overlay (8400 Block to SE 35th Street)	CRP	2026				800,000			800,000		622,000			95,000	8,000	75,000									
SP0131	SE 32nd Street Sidewalk Improvements (77th to 78th Ave. SE)	CRP	2025		51,000	274,000				325,000								325,000								
SP0132	East Mercer Way Roadside Shoulders - Ph 11 (SE 79th St. to 8400 block)	CFP	2026				531,000			531,000		383,000			62,000		86,000									
SP0133	Pedestrian & Bicycle Facilities Plan Update	CFP	2025				186,000	190,000		376,000		376,000														
SP0134	East Mercer Way Overlay (SE 36th Street to SE 40th Street)	CRP	2027					425,000		425,000		365,000			30,000		30,000									
SP0135	Island Crest Way Corridor Improvements	CFP	Q4 2024	382,000	1,140,035					1,522,035								1,522,035								
SP0136	77th Ave SE Channelization Upgrades (SE 32nd to North Mercer Way)	CRP	2026			-	53,000	-	-	53,000		53,000														
SP0137	Traffic Signal Safety Improvements	CRP	Q4 2024	30,000	155,000					185,000		3,000									182,000					
25	**STREETS, PEDESTRIANS, & BICYCLE FACILITIES TOTAL**			**3,779,000**	**5,500,855**	5,013,330	2,823,000	1,893,000	3,677,000	22,686,185	-	13,933,150	-	-	1,217,000	303,000	1,442,000	5,609,035	-	-	182,000	-	-	-	-	-

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SU0100	Emergency Sewer System Repairs	CRP	ONGOING	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000						1,800,000										
SU0103	Easement, Access, Codes, and Standards Review	CRP	Q4 2024	150,000	150,000					300,000						300,000										
SU0108	Comprehensive Pipeline R&R Program	CRP	ONGOING	550,000	550,000	550,000	550,000	550,000	550,000	3,300,000						3,300,000										
SU0109	Sewer System Generator Replacement	CRP	ONGOING	200,000	200,000	-	-	-	50,000	450,000						450,000										
SU0113	SCADA System Replacement (Sewer)	CRP	Q4 2024	1,500,000	500,000					2,000,000						2,000,000										
SU0114	Sewer System Components	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000						300,000										
SU0115	Sewer Pipe Replacements & Upsizing	CRP	Q4 2024	600,000						600,000						600,000										
SU0116	Comprehensive Inflow/ Infiltration Evaluation	CRP	2028				100,000	100,000	100,000	300,000						300,000										
SU0117	Pump Station Rehabilitation & Replacement Assessment	CRP	2025	300,000	300,000					600,000						600,000										
SU0119	Pump Station Accessibility Improvements	CRP	ONGOING			150,000	150,000	200,000	200,000	700,000						700,000										
SU0120	Pump Station & HGMH Flow Monitoring	CRP	ONGOING			300,000	300,000	300,000	300,000	1,200,000						1,200,000										
SU0121	Pipe Flow Monitoring	CRP	ONGOING			280,000	280,000	280,000	280,000	1,120,000						1,120,000										
SU0122	Lake Line Locating and Marking	CRP	2027			950,000	1,025,000	925,000		2,900,000						2,900,000										
SU0123	Lake Line Condition Assessment	CRP	2028						1,000,000	1,000,000						1,000,000										
SU0124	Comprehensive Hydraulic Model Development	CRP	2028					1,000,000	1,000,000	2,000,000						2,000,000										
SU0125	General Sewer Plan Update	CRP	2028					75,000	75,000	150,000						150,000										
SU0126	Shorecliff Ln & SE 24th Pipe Upsize	CRP	2026			60,000	360,000			420,000						420,000										
SU0127	Backyard Sewer System Improvement Program	CRP	ONGOING	130,000	120,000	130,000	120,000	130,000	120,000	750,000						750,000										
SU0128	Pump Station Rehabilitation & Replacement Improvements	CRP	ONGOING	150,000	950,000	800,000	150,000	950,000	800,000	3,800,000						3,800,000										
19	**SEWER UTILITY TOTAL**			**3,930,000**	**3,120,000**	3,570,000	3,385,000	4,860,000	4,825,000	23,690,000	-	-	-	-	-	23,690,000	-	-	-	-	-	-	-	-	-	-

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
SW0107	Sub basin 47.4 and Sub basin 10.4 Watercourse Stabalization	CRP	2026			58,289	307,150			365,439							365,439									
SW0109	Sub basin 24a.1 Watercourse Stablization	CRP	Q4 2024	18,341	61,642					79,983							79,983									
SW0110	Sub basin 39a.2 Watercourse Stablization	CRP	Q4 2024	17,272	43,640					60,912							60,912									
SW0111	Sub basin 46a.3 Watercourse Stabilization	CRP	Q4 2024	52,100	405,500					457,600							457,600									
SW0112	Sub basin 34.1 Watercourse Stabilization	CRP	2025		26,500	103,000				129,500							129,500									
SW0113	Sub basin 45b.4 Watercourse Stabilization	CRP	2025		30,719	93,047				123,766							123,766									
SW0114	Sub basin 29.3 Watercourse Stabilization	CRP	2025		49,266	129,665				178,931							178,931									
SW0115	Watercourse Stabilization - Sub-Basin 42.2, 42.3, 42.8, 42.8a	CRP	2026			97,006	378,523			475,529							475,529									
SW0116	Watercourse Stabilization - Sub-Basin 44b.3	CRP	2026			32,452	76,840			109,292							109,292									
SW0117	Watercourse Stabilization - Sub-Basin 32b.1 and 32.2	CRP	2026			53,600	170,250			223,850							223,850									
SW0118	Watercourse Minor Repairs and Maintenance	CRP	2025			111,300				111,300							111,300									
SW0127	Stormwater Trunkline Condition and Capacity Assessments	CRP	ONGOING	250,000	250,000	250,000	250,000	250,000	250,000	1,500,000							1,500,000									
SW0128	Basin 18C Drainage Improvement	CRP	Q4 2023	185,000						185,000							185,000									
SW0129	Basin 25B Neigborhood Drainage Improvements	CRP	Q4 2023	173,000						173,000							173,000									
SW0130	Basin 32B - SE 72nd St Drainage Capacity Improvement	CRP	Q4 2024		189,330					189,330							189,330									
SW0131	Basin 42- SE 58th St Drainage Improvement at cul-de-sac	CRP	2025			77,000				77,000							77,000									
SW0132	Sub-Basin 22.1 Watercourse Stabilization - Final Design and Construction	CRP	Q4 2023	148,698						148,698							148,698									
SW0133	Sub-Basin 25b.2 Watercourse Stabilization - Final Design and Construction	CRP	Q4 2023	155,100						155,100							155,100									
SW0134	Emergency Stormwater Conveyance Repairs	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000							300,000									
SW0135	Conveyance System Assessments (Basin Specific)	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000							300,000									
SW0136	Conveyance System improvements (2027-2028)	CRP	2028					1,000,000	1,000,000	2,000,000							2,000,000									
SW0137	Street Related Storm Drainage Improvements	CRP	Q4 2024	100,000	100,000	100,000	100,000	100,000	100,000	600,000							600,000									
22	**STORM WATER UTILITY TOTAL**			**1,199,511**	**1,256,597**	1,205,359	1,382,763	1,450,000	1,450,000	7,944,230	-	-	-	-	-	-	7,944,230	-	-	-	-	-	-	-	-	-

ID	Description	Plan	Target Completion Date	2023	2024	2025	2026	2027	2028	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	ST Mitigation	Park Impact Fees	1% for the Arts	Grant	Parks Levy	ARPA	King County Levy	Dept Rates	Other
WU0100	Emergency Water System Repairs	CRP	ONGOING	150,000	150,000	150,000	150,000	150,000	150,000	900,000					900,000											
WU0102	SCADA System Replacement (Water)	CRP	Q4 2023	75,000						75,000					75,000											
WU0103	Water Reservoir Improvements	CRP	Q4 2024	2,805,000	2,750,000					5,555,000					5,555,000											
WU0112	Water System Components Replacement	CRP	ONGOING	50,000	50,000	50,000	50,000	50,000	50,000	300,000					300,000											
WU0115	Water Modeling and Fire Flow Analysis	CRP	ONGOING	15,000	50,000	15,000	50,000	15,000	50,000	195,000					195,000											
WU0117	Meter Replacement Implementation	CRP	Q4 2024	3,850,000	3,005,000					6,855,000					6,855,000											
WU0120	First Hill Generator Replacement	CRP	Q4 2024	400,000	400,000					800,000					800,000											
WU0128	Reservoir Pump Replacement	CRP	Q4 2024	540,000	540,000					1,080,000					1,080,000											
WU0130	2023 Water System Improvements (First Hill, NMW, SE 37th Pl, SE 41st, & SE 42	CRP	Q4 2023	4,684,000						4,684,000					4,684,000											
WU0131	2024 Water System Improvements (8600 Block SE 47th & SE 59th)	CRP	Q4 2024	373,000	2,082,000					2,455,000					2,455,000											
WU0132	2026 Water System Improvements (west Island - SE 37th PL & 5300 block WMW)	CRP	2026			89,000	498,000			587,000					587,000											
WU0133	2027 Water System Improvements (south end in Avalon neighborhood)	CRP	2027				352,000	1,970,000		2,322,000					2,322,000											
WU0134	2028 Water Main Replacement (south Towncenter and north of P & R)	CRP	2028					443,000	2,475,000	2,918,000					2,918,000											
WU0135	2024 AC Main Replacement (Gallagher Hill Rd, Greenbrier and SE 40th)	CRP	Q4 2024	479,000	2,680,000					3,159,000					3,159,000											
WU0136	2025 AC Main Replacement (Upper Mercerwood)	CRP	2025		1,040,000	5,822,000				6,862,000					6,862,000											
WU0137	2026 AC Main Replacement (3800 Block East Mercer Way)	CRP	2026			451,000	2,529,000			2,980,000					2,980,000											
WU0138	2027 AC Main Replacement (Lower Mercerwood)	CRP	2027				576,000	3,227,000		3,803,000					3,803,000											
WU0139	2028 AC Main Replacement (SE 40th to SE 36th and 97th Ave to EMW)	CRP	2028					289,000	1,616,000	1,905,000					1,905,000											
WU0140	Pressure Reducing Valve Station Replacements	CRP	ONGOING	395,000	2,025,000	2,025,000	395,000	2,025,000	-	6,865,000					2,420,000								4,445,000			
WU0141	Street Related Water System Improvements	CRP	ONGOING	150,000	150,000	150,000	150,000	150,000	150,000	900,000					900,000											
WU0142	Emergency Well #2 Site Evaluation	CRP	Q4 2024		45,000					45,000					45,000											
21	**WATER UTILITY TOTAL**			**13,966,000**	**14,967,000**	8,752,000	4,750,000	8,319,000	4,491,000	55,245,000	-	-	-	-	50,800,000	-	-	-	-	-	-	-	4,445,000	-	-	-

166	**TOTAL**			**$ 36,487,996**	**$ 38,022,036**	$ 30,572,898	$ 20,948,361	$ 31,147,194	$ 22,499,007	$ 179,677,490	$ 253,106	$ 14,203,150	$ 50,597,147	$ 691,186	$ 52,359,256	$ 24,184,738	$ 9,633,505	$ 5,609,035	$ 656,750	$ 85,000	$ 7,571,000	$ 252,000	$ 4,445,000	$ 933,000	$ 6,983,117	$ 1,220,500

V. CAPITAL FACILITIES GOALS AND POLICIES

Together with the City's Management and Budget Policies contained in the City's budget (and Capital Improvement Program), the following goals and policies guide the acquisition, maintenance, and investment in the City's capital assets.

GOAL 1:

Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service.

1.1 The Capital Improvement Program (CIP) shall identify and plan for projects needed to maintain adopted levels of service for services, 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.

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

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.

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

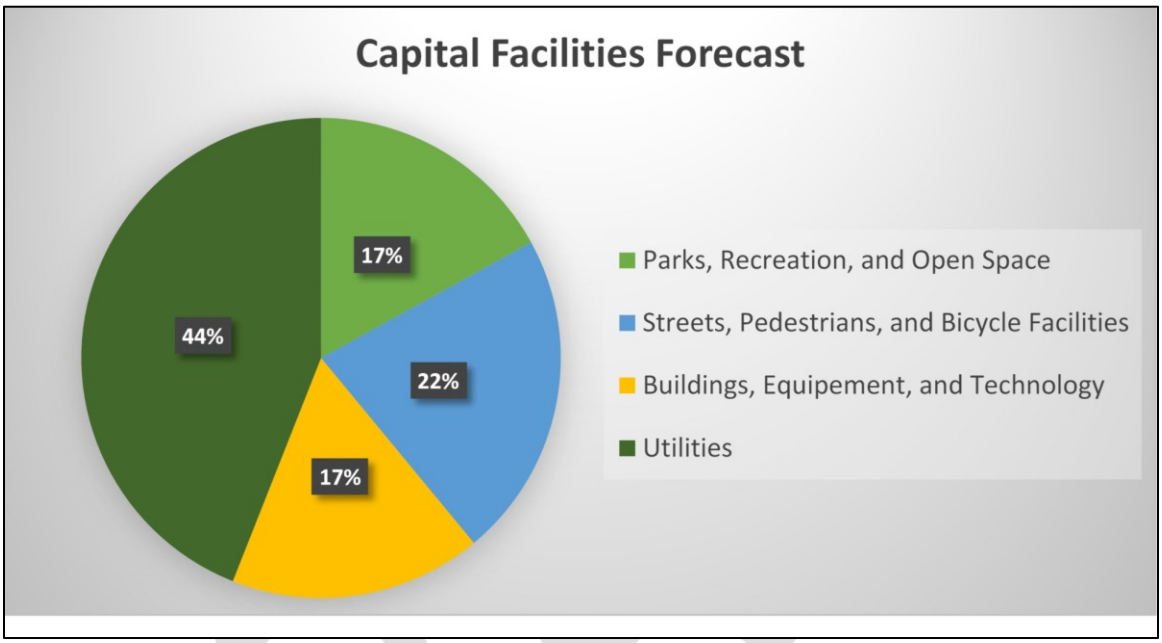


Figure 34. Capital Facilities Forecast*

		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.

DRAFT

VII. PROCESS FOR SITING PUBLIC FACILITIES

BACKGROUND STATE & COUNTY

The Growth Management Act requires jurisdictions planning under its authority to develop and adopt a process for identifying and siting essential public facilities, including those typically difficult to site.

The State Office of Financial Management maintains a list of those essential state facilities that are required or likely to be built within the next six years. The list includes airports; state education facilities; state or regional transportation facilities; state and local correctional facilities; solid waste handling facilities; in-patient facilities including substance abuse facilities, mental health facilities and group homes; wastewater treatment facilities; utility and energy facilities; and parks and recreation facilities.

King County policies also identify the parameters for the siting of new public capital facilities of a county- or statewide nature. The facilities shall be sited to support countywide land use patterns, support economic activities, mitigate environmental impacts, provide amenities or incentives, and minimize public costs. Public facilities development projects must also be prioritized, coordinated, planned, and sited through an inter- jurisdictional process.

Interstate 90 represents the community's largest essential public facility of a regional or statewide nature. Given the lack of available land, the residential nature of Mercer Island, and the comparatively high land and development costs, future siting of major regional or state facilities on Mercer Island is most likely unrealistic and incompatible with existing land uses.

MERCER ISLAND FACILITIES

At the local level, the City of Mercer Island identifies facilities as essential to the community: public safety facilities (fire and police), general administration and maintenance (City Hall), Public Works operations (Public Works Building), public library, public schools, and facilities housing human services and recreation/community service programs. These facilities are not generally classified as "essential public facilities" as they do not have the same level of regional importance or difficulty in siting. Though not "essential" under GMA, these public facilities provide public services that are important to the quality of life on Mercer Island and should be available when and where needed.

The City of Mercer Island employs many methods in planning and siting public facilities, including land use codes, environmental impact studies, and compliance with state and federal regulatory requirements. In addition, the Transportation, Utilities and Capital Facilities Elements of the Comprehensive Plan identify existing and future local public facilities and require substantial public involvement in the siting of those facilities.

However, because the vast majority of Mercer Island's available land (over 95 percent) has been developed for residential uses, it becomes problematic to site most public facilities that are generally regarded as not compatible with residential land uses.

In the past, siting local public or human services facilities has produced a wide range of responses within the community. Community acceptance is a significant issue and nearly always has a strong influence on final site selection. Developing a basic framework for community involvement early in the facility development process clearly enhances the whole siting process. The City should establish a public participation plan that involves the community during the siting and development processes and, if necessary, after operations begin at the facility.

The most effective facilities siting approaches, in large part, include early community notification and ongoing community involvement concerning both the facilities and the services provided at the site. These strategies create opportunities to build cooperative relationships between the City, the adjacent neighbors, and the broader community who use the services. They also help to clearly define the rights and responsibilities of all concerned.

POLICIES FOR SITING PUBLIC FACILITIES AND ESSENTIAL PUBLIC FACILITIES

The purpose of the Essential Public Facilities Siting Process is to ensure that public services are available and accessible to Mercer Island and that the facilities are sited and constructed to provide those services in a timely manner. Site selection is an important component in facilities development and should occur within a process that includes adequate public review and comment and promotes trust between City and the community.

3.1 Essential public facilities should be sited consistent with the King County Countywide Planning Policies.

3.2 Siting proposed new or expansions to existing essential public facilities shall consist of the following:

- 3.2.1 An inventory of similar existing essential public facilities, including their locations and capacities;
- 3.2.2 A forecast and demonstration of the future need for the essential public facility;
- 3.2.3 An analysis of the potential social and economic impacts and benefits to jurisdictions receiving or surrounding the facilities;
- 3.2.4 An analysis of the proposal's consistency with County and City policies;
- 3.2.5 An analysis of alternatives to the facility, including decentralization, conservation, demand management, and other strategies;
- 3.2.6 An analysis of alternative sites based on siting criteria developed through an inter-jurisdictional process;
- 3.2.7 An analysis of environmental, climate change, and health impacts and mitigation; and
- 3.2.8 Extensive public involvement consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

3.3 Local public facility siting decisions shall be consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

3.4 Local public facility siting decisions shall be based on clear criteria that address (at least) issues of service delivery and neighborhood impacts.

3.5 City departments shall describe efforts to comply with the Essential Public Facilities Siting process when outlining future capital needs in the Capital Improvements Program budget.

3.6 City departments shall develop a community notification and involvement plan for any proposed capital improvement project involving new development or major reconstruction of an existing facility, which has been approved and funded in the biennial Capital Improvement Program budget.

Element 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

Professional, scientific, and technical services	1,998	23.18%	147,576
Management of companies and enterprises	12	0.14%	-
Administrative and support and waste management services	274	3.18%	78,241
Educational services, and health care and social assistance:	1,421	16.48%	71,467
Educational services	584	6.77%	55,724
Health care and social assistance	837	9.71%	89,688
Arts, entertainment, and recreation, and accommodation and food services:	305	3.54%	25,052
Arts, entertainment, and recreation	154	1.79%	11,678
Accommodation and food services	151	1.75%	28,370
Other services, except public administration	157	1.82%	33,750
Public administration	257	2.98%	67,745

**2021 median earnings are shown for the last 12 months in inflation adjusted dollars*
Source: U.S. Census Bureau 2021 American Community Survey, Tables S2404 and B24031.
https://data.census.gov/table?q=industry&g=1600000US5345005&tid=ACSST5Y2021.S2404
https://data.census.gov/table?q=earnings+by+industry&g=1600000US5345005&tid=ACSDT5Y2021.B24031

The Mercer Island population is well-educated. A little more than 82 percent of residents over the age of 25 have completed a college degree, having earned an associate's degree or higher educational attainment. For comparison, about 64 percent of the population over 25 in King County have an associate's degree or higher educational attainment. 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.

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

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

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.

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

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.

DRAFT

Figure 39shows 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.

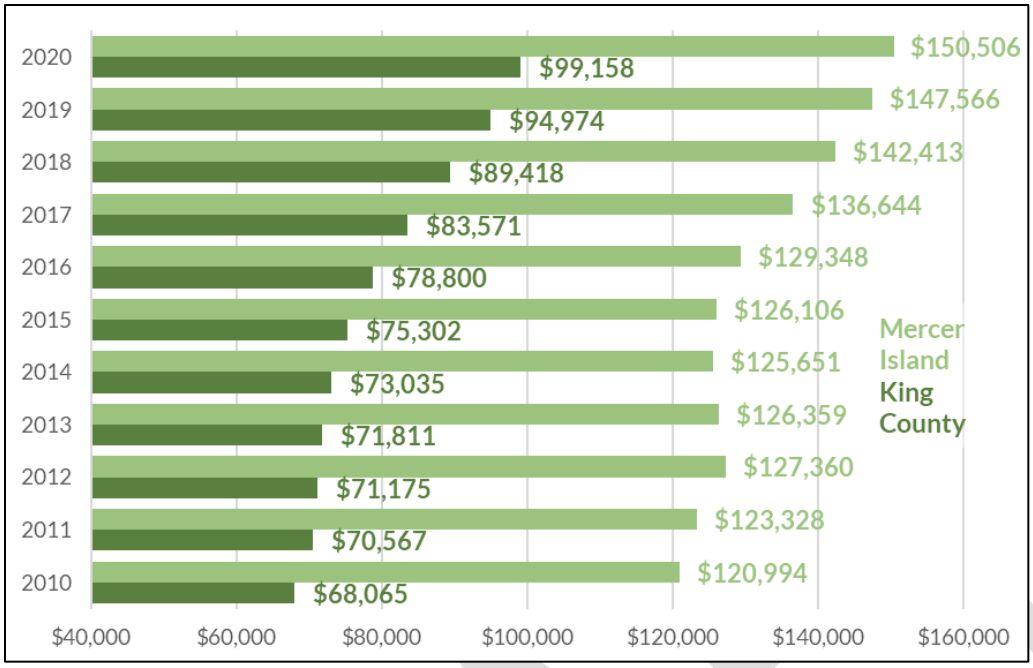
Figure 38. Household Income and Benefits, 2021

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.

DRAFT

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

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

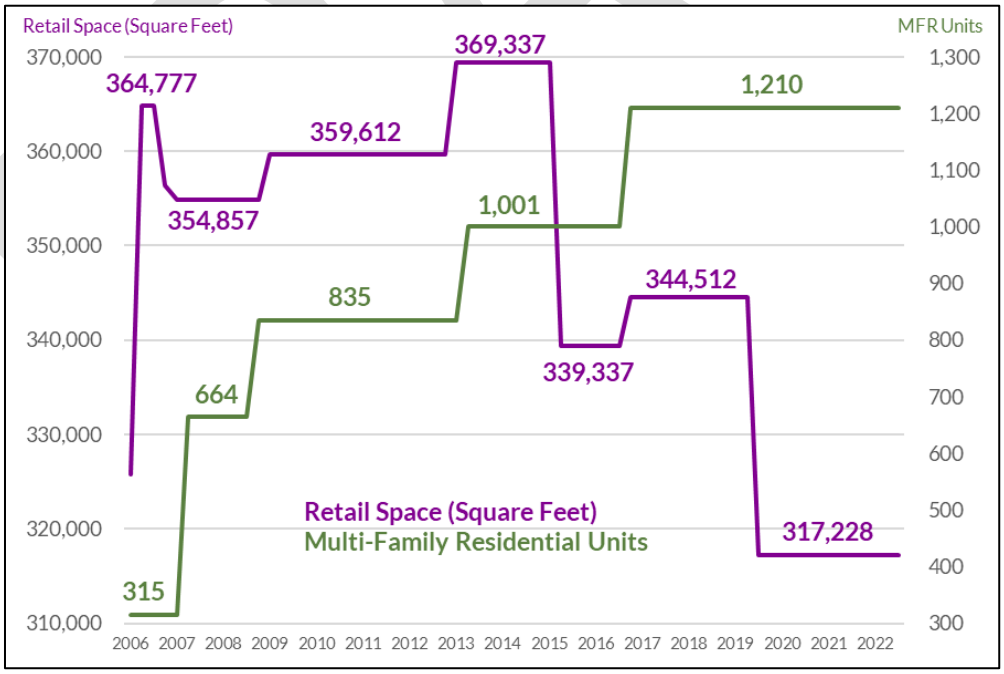
The lack of commercial space in the City and its cost can be a challenge for new business formulation and expansion of existing businesses. Under the current zoning, commercial activities are largely limited to three areas in the City. The largest of these areas, Town Center, is a mixed-use area where 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

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

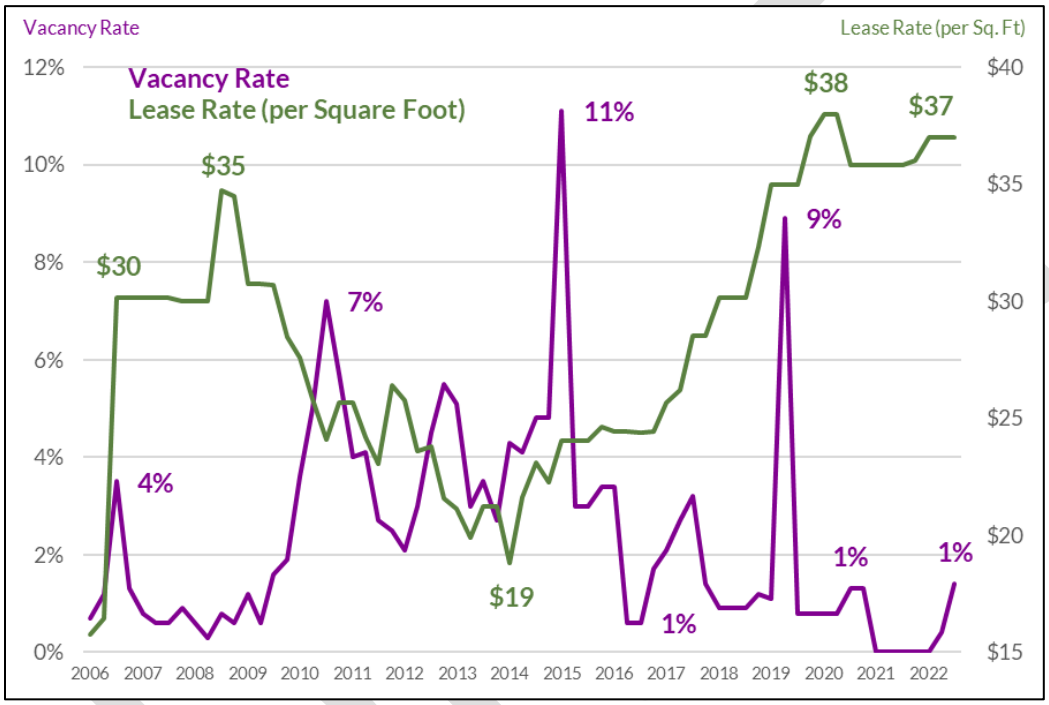


Source: Economic Analysis, Appendix F.

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

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

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.

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%

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.

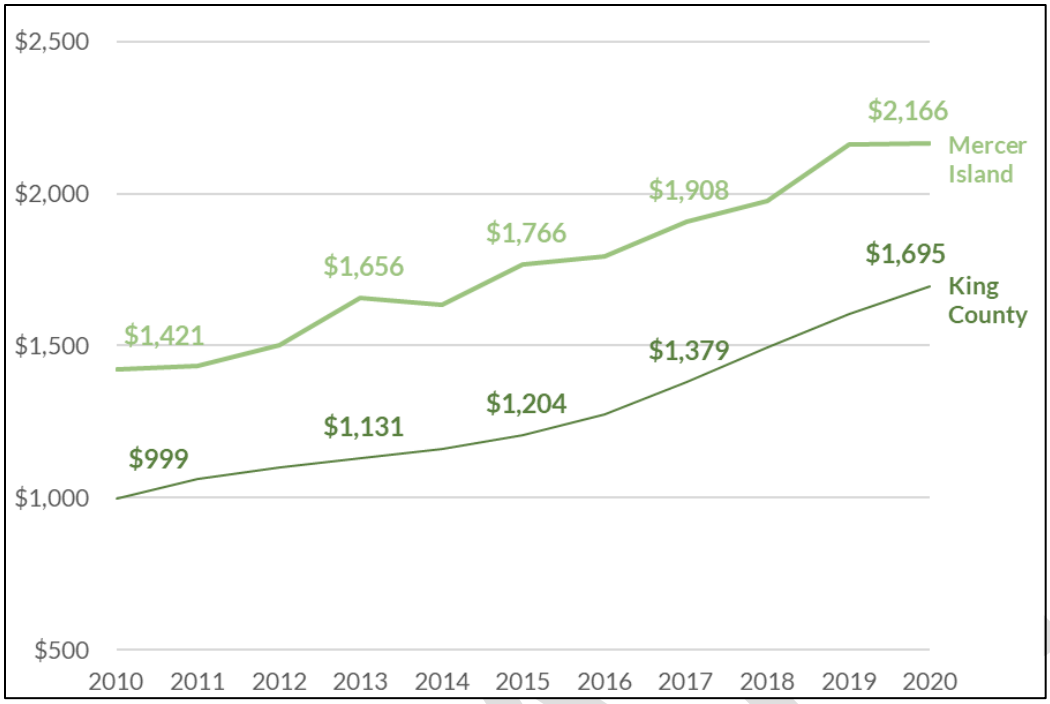
Figure 43. Mercer Island Jobs by Earnings, 2019

	Mercer Island		King County	
Earning Range	Count	Share	Count	Share
$1,250 per month or less ($15,000 annually)	1,738	24.6%	188,902	13.7%
$1,251 to $3,333 per month ($15,012 to $39,996 annually)	1,995	28.2%	299,798	21.7%
More than $3,333 per month (more than $39,996 annually)	3,338	47.2%	891,181	64.6%

Source: U.S. Census Bureau On the Map, 2019.

While many jobs on Mercer Island pay relatively lower wages, the cost of housing is rising. Figure 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.

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.

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.

DRAFT

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.

DRAFT

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.

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.


CITY OF MERCER ISLAND
WASHINGTON
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

DRAFT

Station Subarea

INTRODUCTION

BACKGROUND

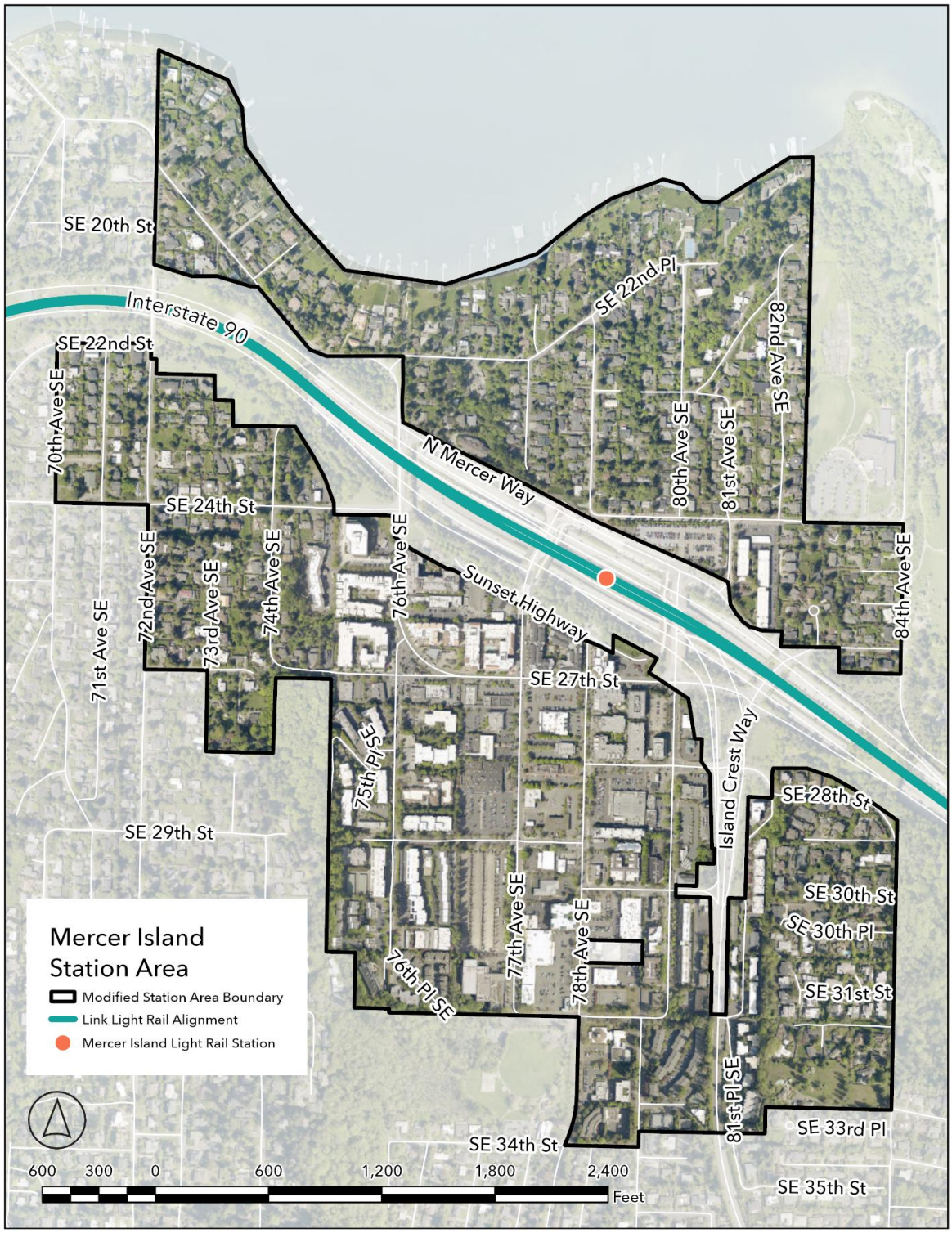
The last three decades have seen historic investments in public transportation within the Puget Sound Region, chiefly the addition of regional light rail. Mercer Island's Link light rail station connects the city to both Seattle and to eastside employment hubs in Bellevue and Redmond via fast, reliable, 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.

DRAFT

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

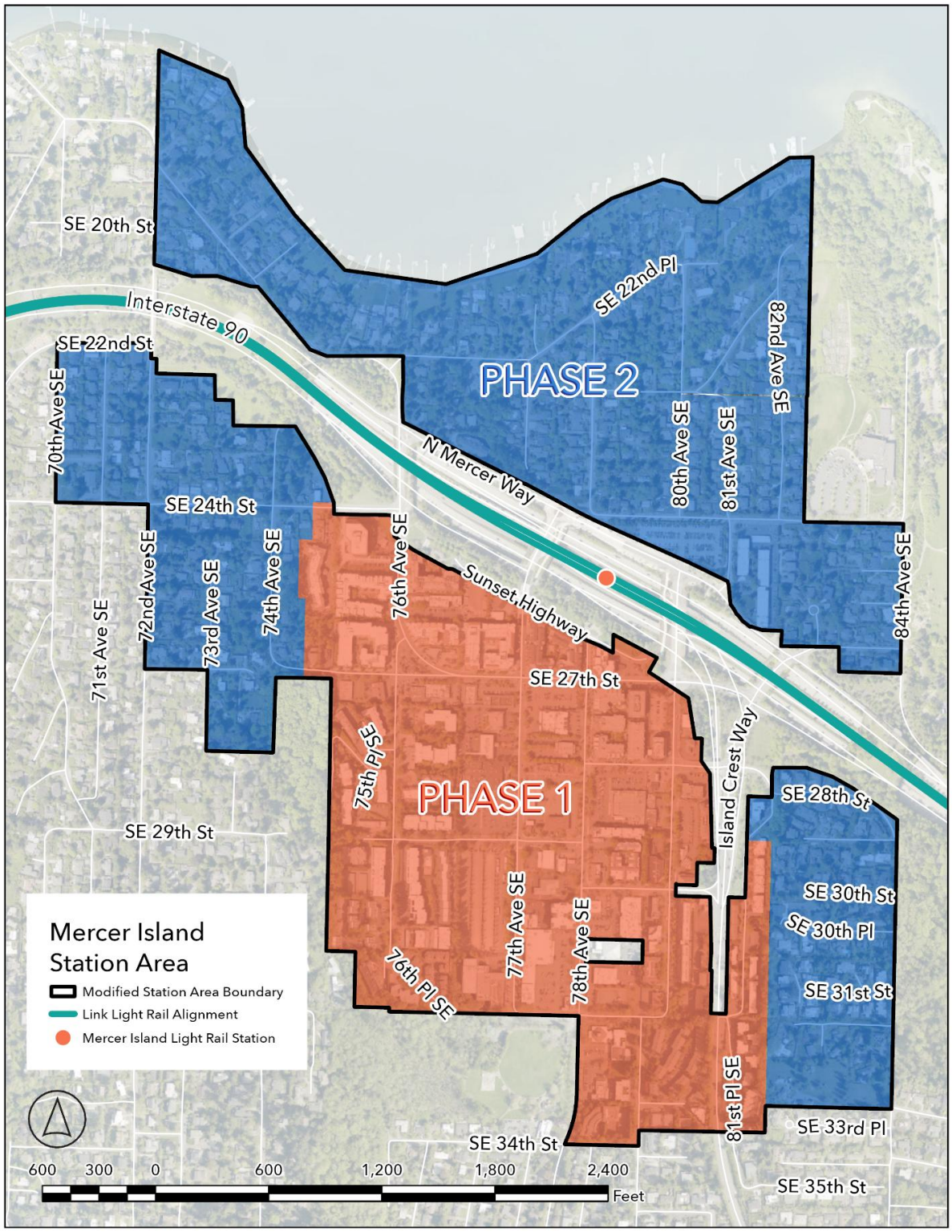
Phase 1 is being undertaken to achieve two goals by July 31, 2026. First, it is a response to Growth Management Hearings Board (GMHB) Order 25-3-0003, Issue #3 requiring the City to establish a Station Subarea Plan for the area within ½ mile of the Link Light Rail station. Second, it establishes upzones 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 multi-family 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.

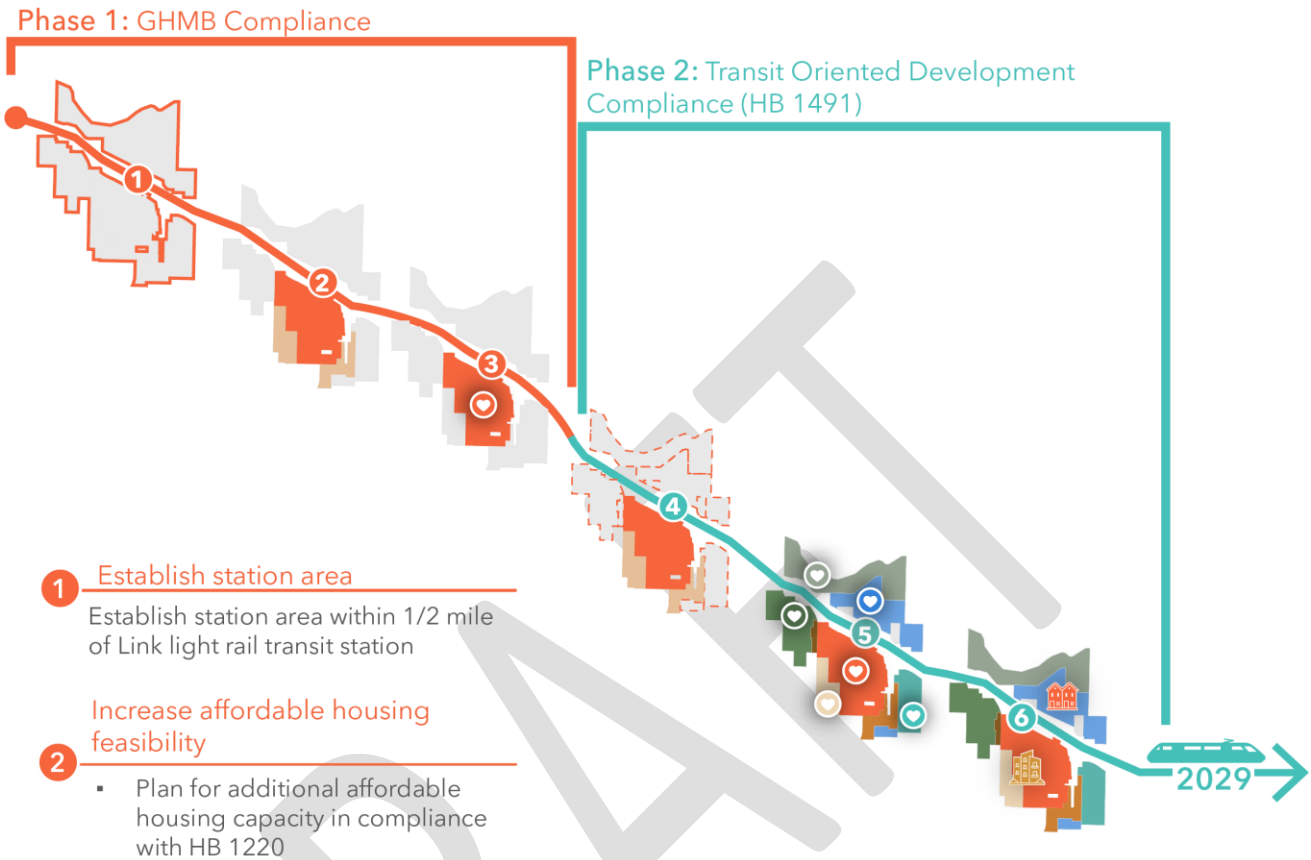
DRAFT

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



1 Establish station area

Establish station area within 1/2 mile of Link light rail transit station

2 Increase affordable housing feasibility

- Plan for additional affordable housing capacity in compliance with HB 1220
- Introduce new regulatory measures and decrease administrative barriers to encourage affordable housing development
- Update development code to allow greater residential density in Town Center and adjacent multi-family zones

3 Migrate Town Center vision

The Town Center vision moves from the Land Use element into the Station area plan to establish the heart of the new Station area.

4 Determine Subdistrict boundaries

Work with station area residents to establish subdistrict boundaries within the half mile station area district

5 Station area visioning & updated Goals & Policies

- Develop community vision for the entire station area and individual station area subdistricts building off the Town Center vision
- Update subarea goals and policies to focus on implementation

6 TOD (HB 1491) Compliance

Update development codes for TOD compliance & to balance required upzoning across the station area

City of Mercer Island; Framework, 2026

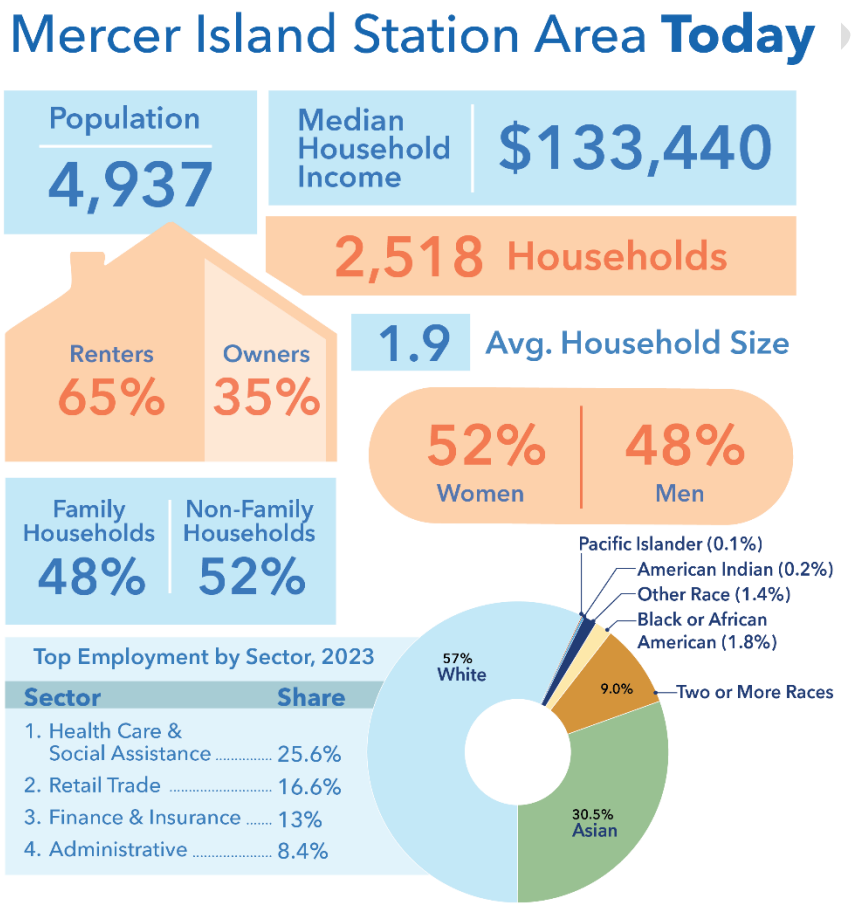
DRAFT

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

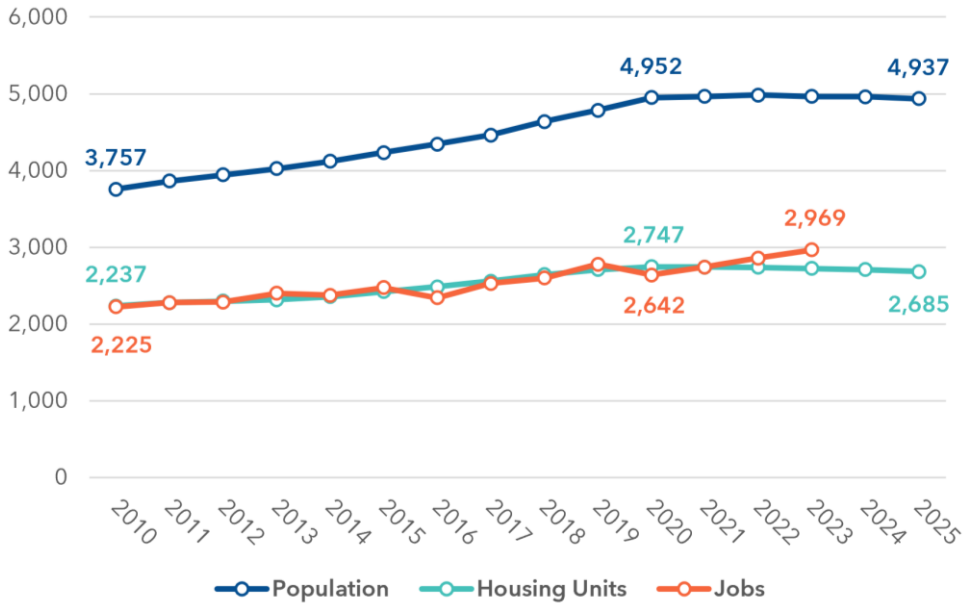


U.S. Census Bureau, 2023; ESRI, 2025; Framework, 2026

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

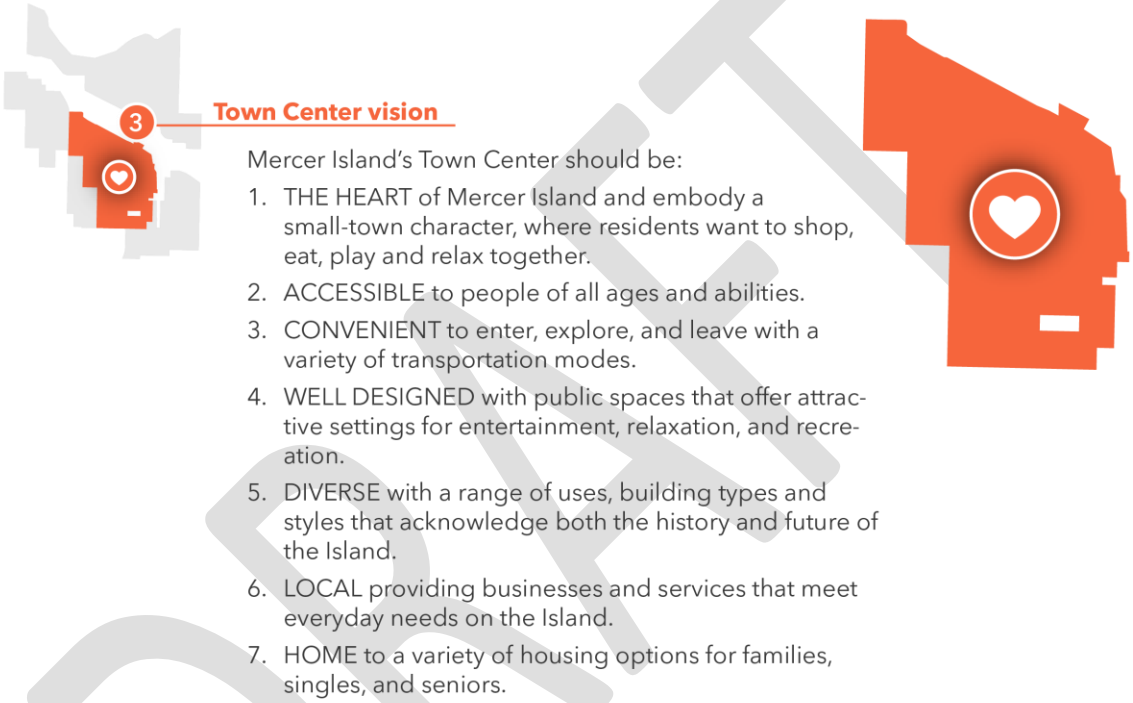
Note: Employment statistics are only available through 2023. The data above is calculated for the Mercer Island Station Area by using data apportionment. Limitations in employment data exist; new employers that began operating in Town Center since 2022 are likely not captured in these estimates.

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



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

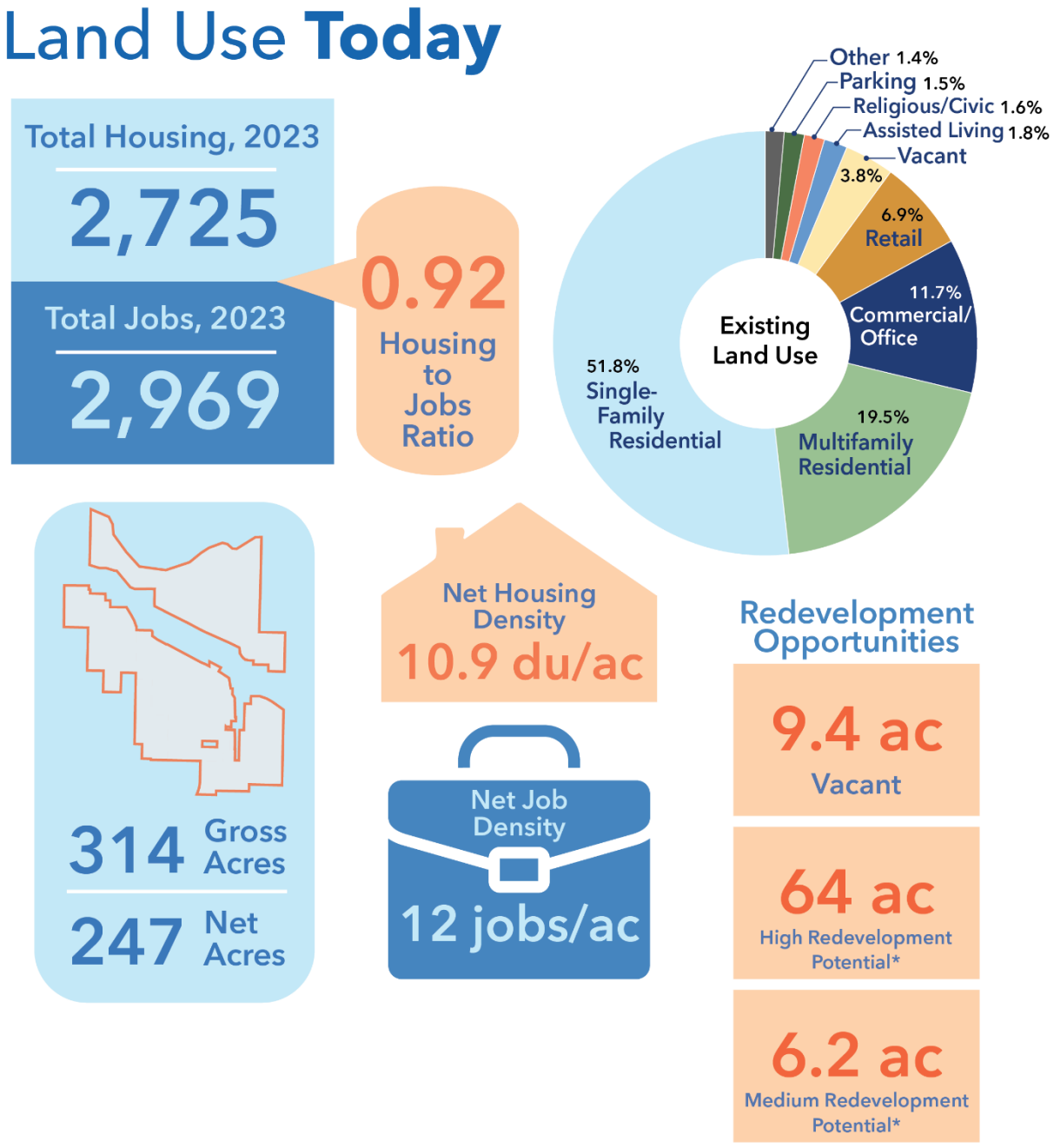
As required by the Growth Management Act, the Land Use Element presents a practical and balanced set of policies that address current and future land use issues. The following section discusses existing conditions within the Station Area and Town Center subdistrict as critical context for planning priorities.

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



U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2023; ESRI, 2023; King County, 2026; Framework, 2026

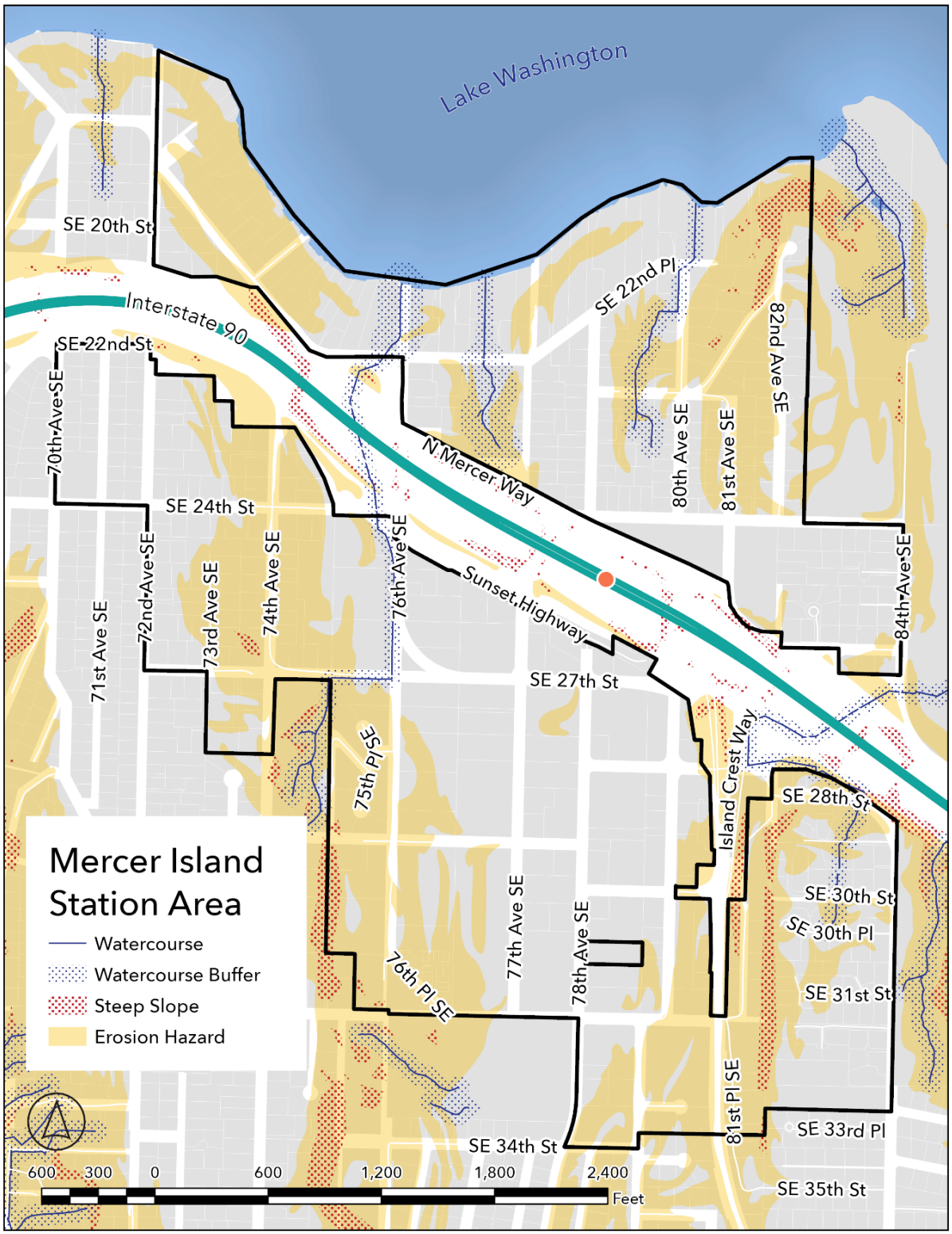
Note: The data above is calculated for the Mercer Island Station Area by using data apportionment.

**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.

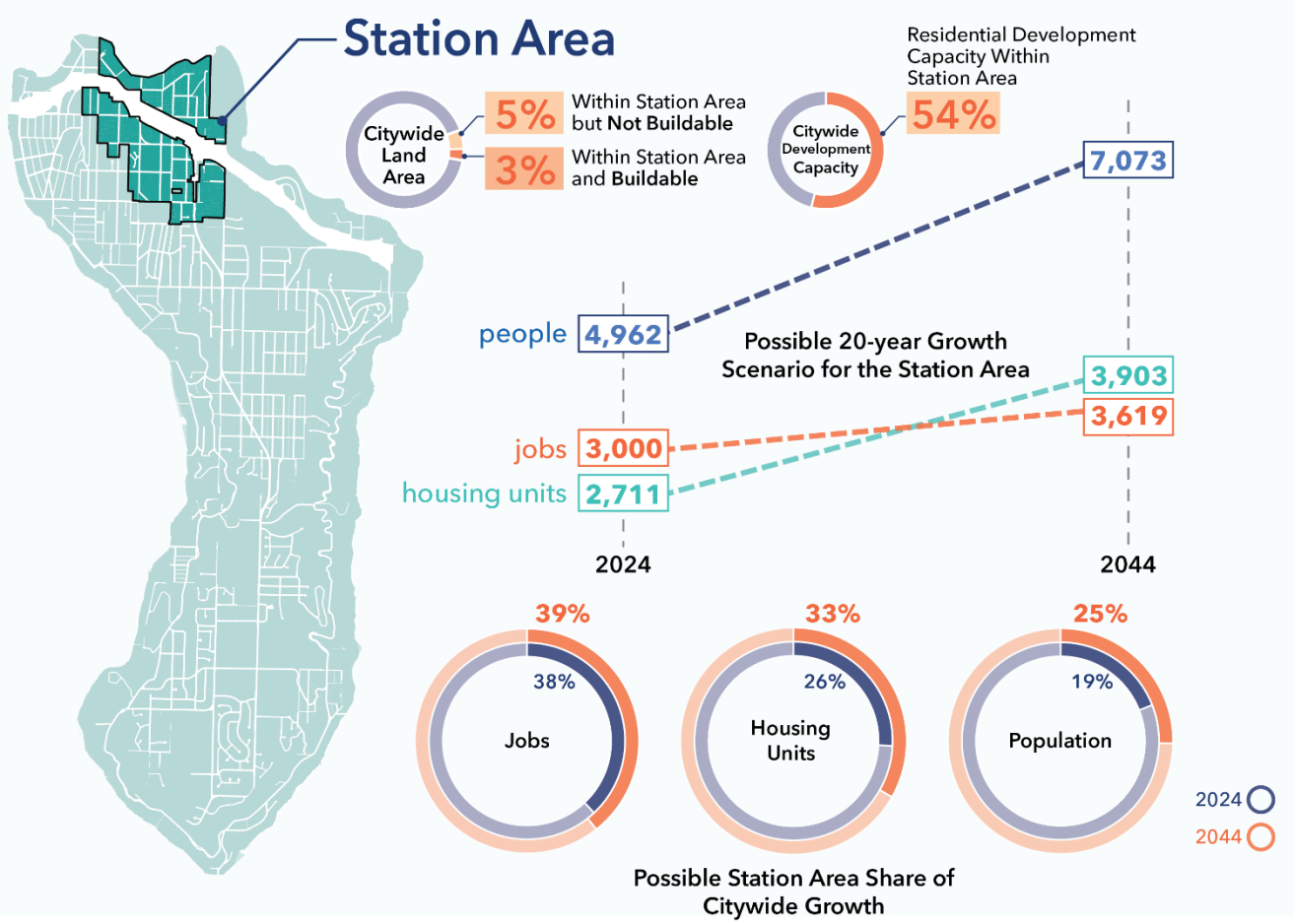
As the City's designated downtown and economic engine, Town Center is expected to absorb about half of the citywide employment growth over the next 20 years. Increased building heights and allowable residential density also make this area the most permissive in the city for residential development. Although 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.

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.

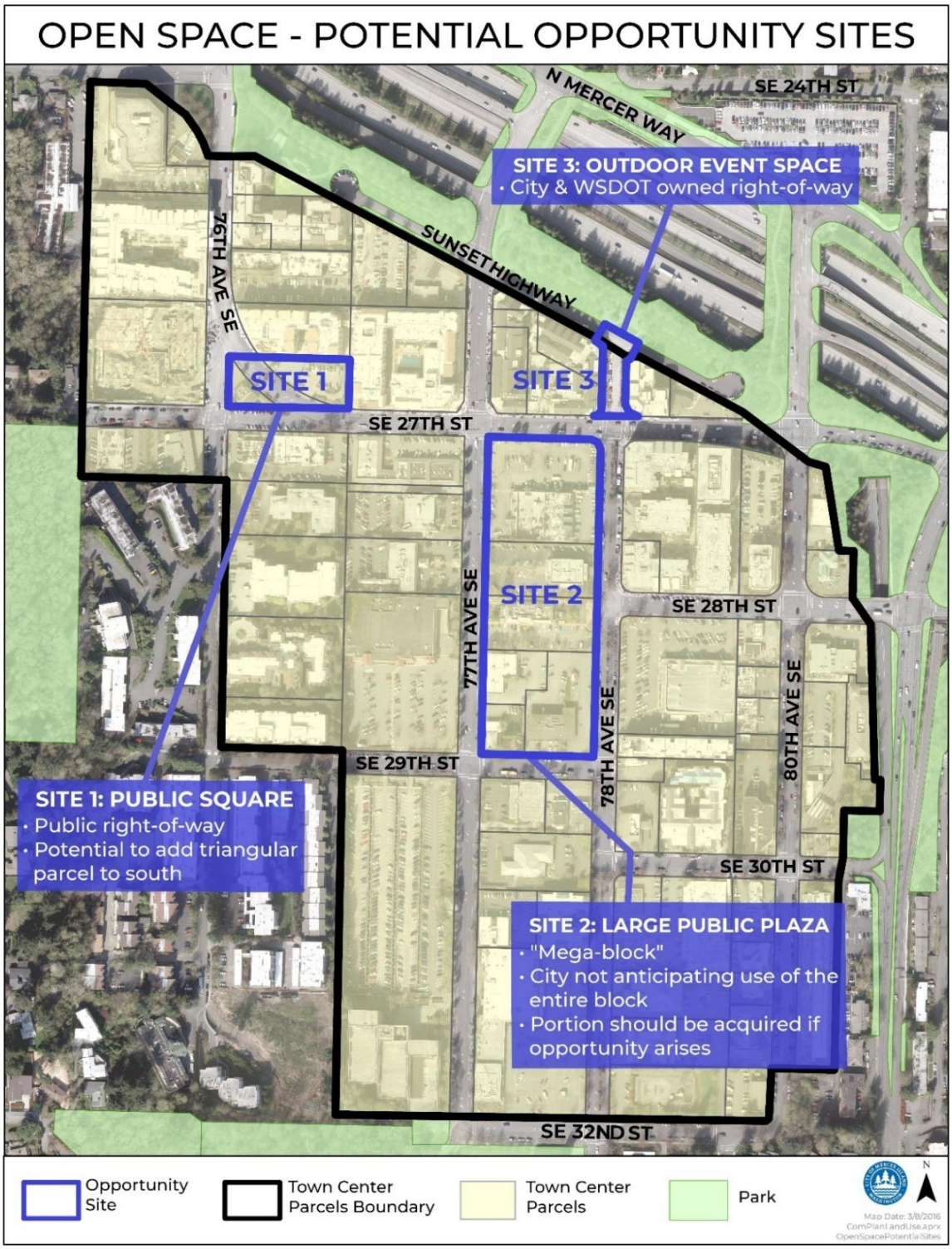
9.4 In Phase 2, engage neighborhood residents and workers within the Station Area to identify critical connections to adjacent open space such as Luther Burbank Park and nearby recreational facilities to ensure access to existing community resources.

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.

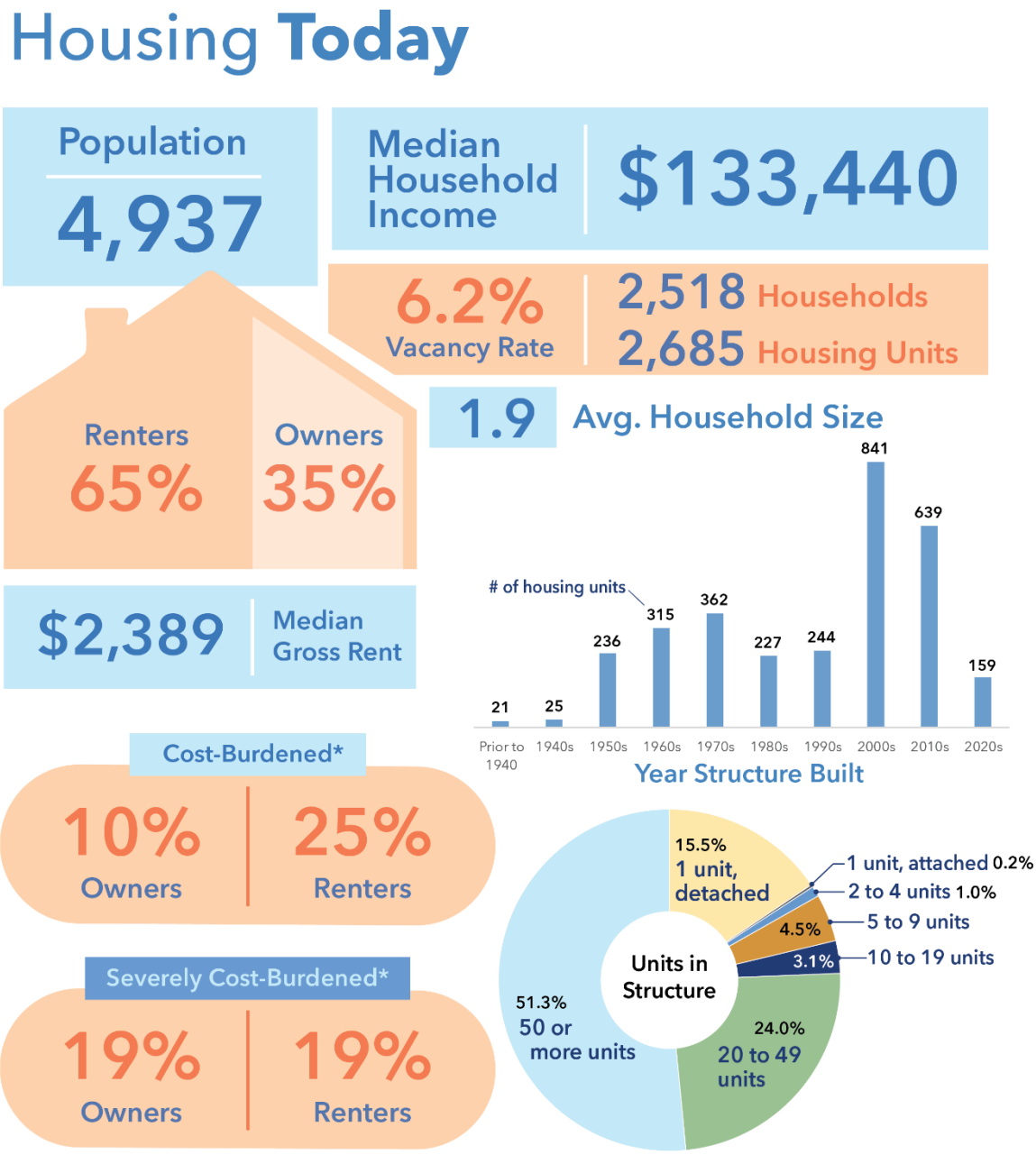
At its core, this Station Subarea Plan is designed to facilitate the co-location of housing, employment, entertainment opportunities, and more next to regional light rail infrastructure. The analysis, goals, and policies in this chapter are primarily concerned with supporting low-cost housing development 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



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.

DRAFT

Economic Development

INTRODUCTION & EXISTING CONDITIONS

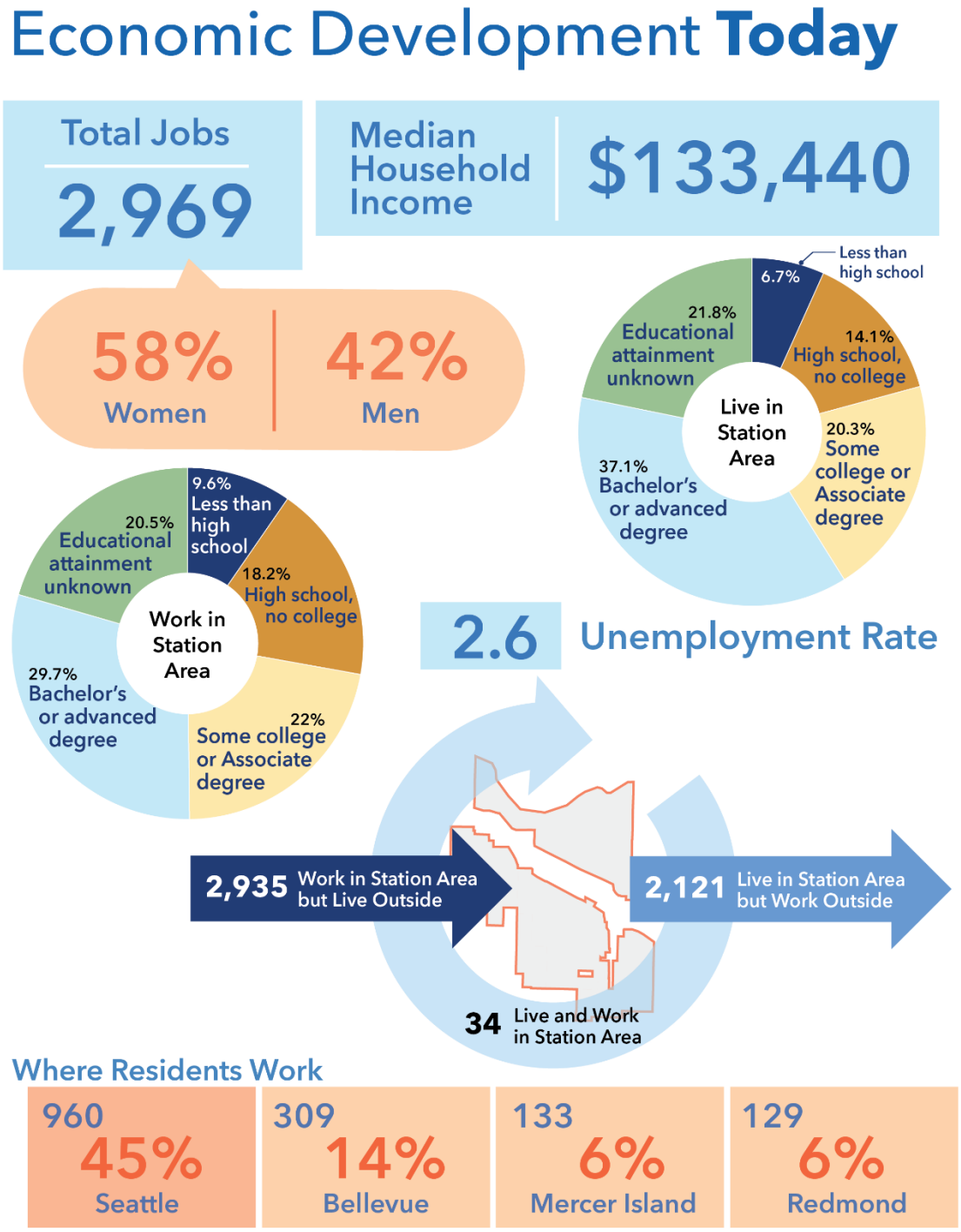
The Station Area, and Town Center in particular, will continue to serve as the economic engine for Mercer Island over the planning horizon. This chapter guides how the City of Mercer Island can leverage the light rail proximity, existing Town Center assets, and development opportunities to harness economic 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.

DRAFT

FIGURE 13. STATION AREA ECONOMIC DEVELOPMENT PROFILE

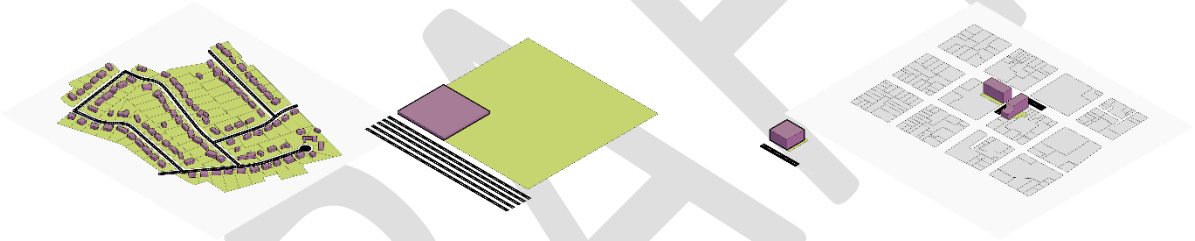


U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2025; LEHD Origin-Destination Employment Statistics, 2023; Framework, 2026

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.

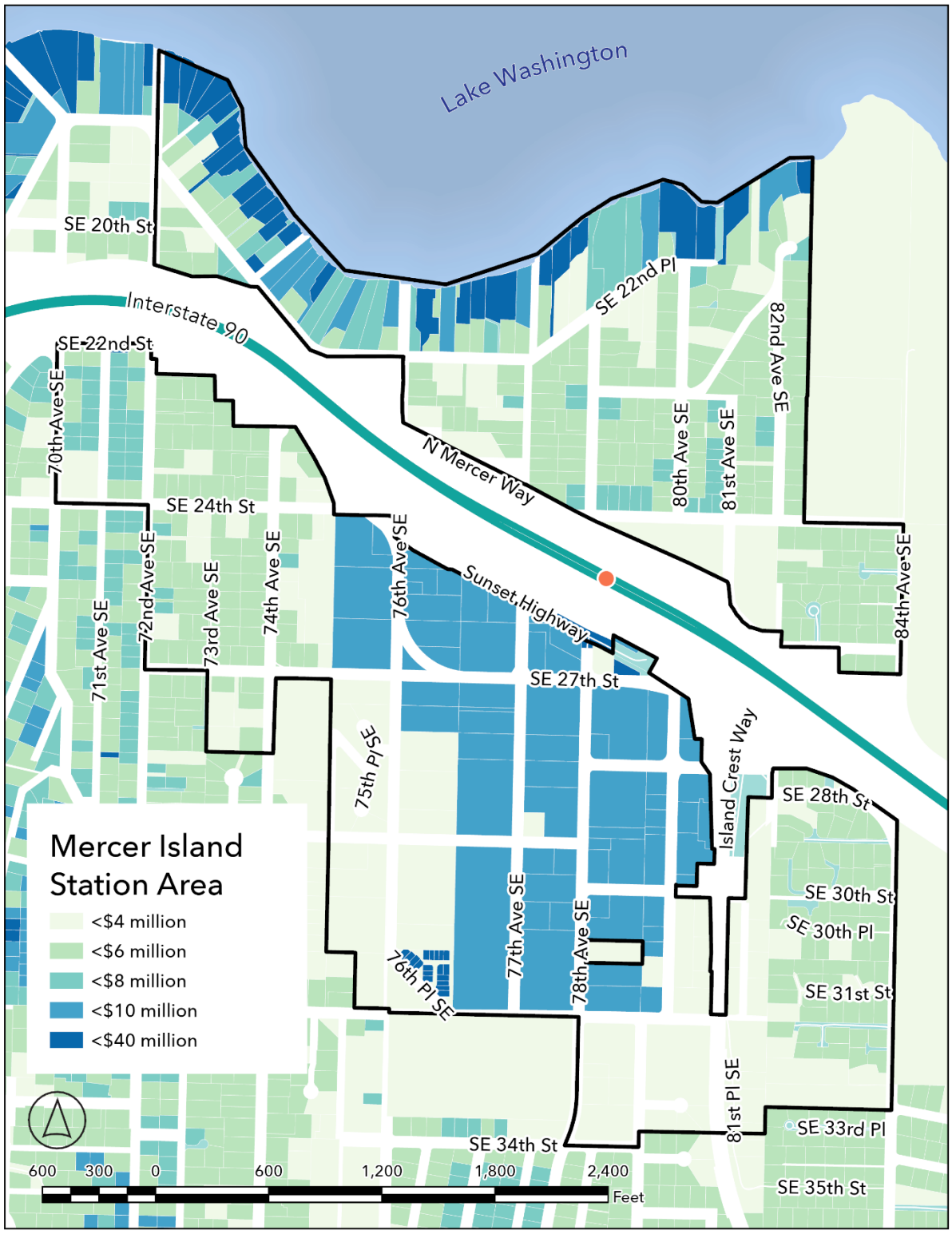
FIGURE 14. COMPARATIVE ROADWAY FOR 100 LARGE LOT RESIDENCES VS 100 APARTMENT UNITS



Framework, 2026

DRAFT

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.

DRAFT

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.

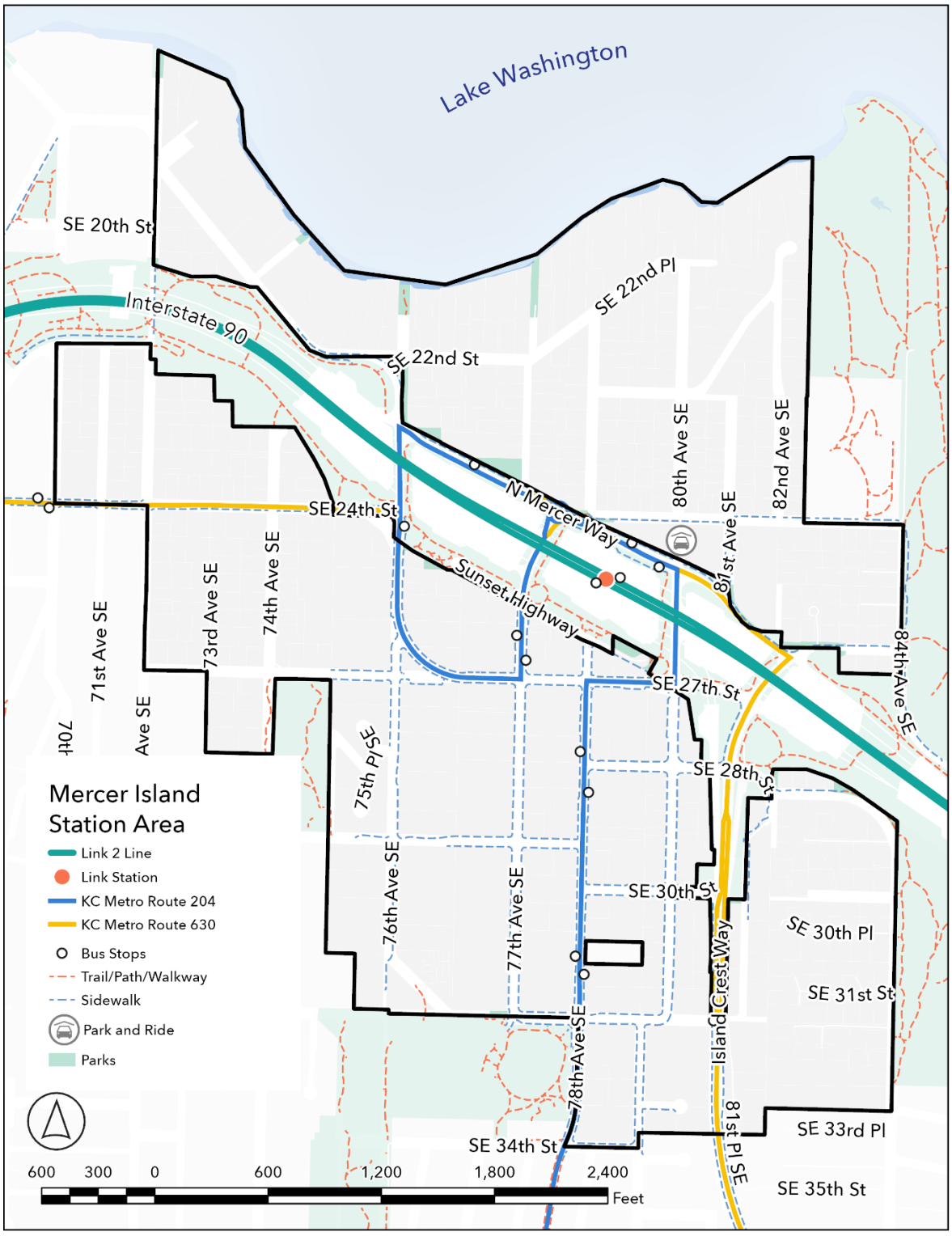
EXISTING CONDITIONS

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.

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

DRAFT

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.

DRAFT

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.

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

DRAFT

119 Pine Street, Suite 400
Seattle, Washington 98101
206.523.6683

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 island[1]. 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
Subtotal Low Income Housing Units		*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
Subtotal Moderate & High Income Housing Units		*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
Subtotal Low Income Housing Units		*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
Subtotal Moderate & High Income Housing Units		*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
Code	*SFR/MFR/MU*	*Square Feet*		*Feet*	*DU/Acre*	*DU/Acre*	*FAR*
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*
Code	*SFR/MFR/MU*			*Feet*	*DU/Acre*	*DU/Acre*	*FAR*	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 MICC 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*
Code	*Name of Zone*	*SFR/MFR/MU*	*Feet*	*DU/Acre*	*DU/Acre*	*FAR*	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 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
TC-8	1,604			1,604
TCMF-6	94			94
ADUs			239	239
Total	**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 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. 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 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		**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 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		**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	***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. 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 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 (TC Zones)	84%	6%	10%
Mid-Rise	94%	6%	0%
Mid-Rise (TC Zones)	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 designs 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: • 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**	Maximum gross floor area and lot coverage apply as follows in single-family and multifamily zones: • 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)) 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	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
				as part of Phase 1 of the station subarea plan. The setbacks in the greater station subarea will be evaluated further during Phase 2 of the subarea plan.
	Parking Minimums	**Y**	Multifamily zones require two parking spaces per dwelling unit. This ratio would significantly add to the cost of constructing multifamily housing. Town Center zones allow parking ratios below one space per unit subject to a parking study.	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. 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.
	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**	Maximum lot coverage in multifamily zones is capped at 35 percent of the lot. There is no maximum lot coverage standard in Town Center.	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**	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 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. 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. 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.

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**	Emergency housing is considered 'special needs group housing' and PSH is considered 'social service transitional housing' per the definitions. Emergency housing is not subject to spacing requirements. PSH is subject to the following spacing standards: • 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 The spacing requirements for PSH limit the number of sites where this use is possible.	Review the spacing requirements for PSH when adopting permanent regulations following the Comprehensive Plan update.
	Parking Requirements	**N**	Emergency housing is not subject to parking requirements. 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.	No action is needed at this time.
	On site recreation and open space requirements	**N**	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.	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 wive 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.