



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

**AB 6210
February 21, 2023
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6210: Comprehensive Plan Status Report and Acceptance of GMA Update Grant	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Accept the GMA Periodic Update Grant of \$125,000 from the Department of Commerce, authorize the City Manager to execute the grant agreements, and appropriate these funds to the Comprehensive Plan periodic update in the 2023-2024 biennial budget.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Director Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Department of Commerce Grant Award Letter dated July 22, 2022 2. GMA Periodic Update Grant Agreement
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ 125,000

EXECUTIVE SUMMARY

The purpose of this agenda item is to provide a status report on the periodic update to the Comprehensive Plan. In addition, the City Council is also asked to accept a grant for \$125,000 from the Washington State Department of Commerce (Commerce) and authorize the City Manager to sign the grant agreements. The funds from this grant will be appropriated for the periodic update of the Comprehensive Plan.

- In 2021, the WA State Legislature adopted [Engrossed Second Substitute House Bill 1220](#) (E2SHB 1220). This bill amended the GMA to establish new requirements for the City’s Comprehensive Plan Housing Element. The City will need to address these new requirements during the update of the Comprehensive Plan currently underway.
- City staff is developing an addendum to the Periodic Update Scope of Work adopted by the City Council in March 2022 ([AB 6040](#)). The addendum will include the additional steps required to comply with E2SHB 1220.
- In 2021, the State legislature also authorized funds for a GMA periodic update grant program to support local jurisdictions with the periodic update, including meeting the new requirements of E2SHB 1220. Mercer Island is eligible for a formula grant of \$125,000.

BACKGROUND

The City is in the process of conducting a periodic update of the Comprehensive Plan. The update is required by the Growth Management Act (GMA) and must be completed by December 31, 2024. In 2021, the Washington State Legislature passed by [E2SHB 1220](#). This legislation added new requirements for the Housing Element which must be incorporated into the Comprehensive Plan as a part of the periodic update (see [AB 6156](#) for more information).

On March 1, 2022, the City Council approved [Resolution No. 1620](#) ratifying the housing and employment growth targets, which establish the amount of growth the City must plan for as a part of the periodic update to the Comprehensive Plan. On March 15, 2022, the City Council approved the scope, schedule, and public participation plan for the periodic update of the comprehensive plan ([AB 6040](#)).

In 2022, the State Legislature authorized funding to support local jurisdictions with periodic updates to their comprehensive plans. On July 18, 2022, the City received an award letter from Commerce indicating that “\$125,000 has been reserved for the City of Mercer Island as a grant to assist in completing your update work” (Exhibit 1).

On September 20, 2022, the City Council authorized a letter of support for the City’s application to the GMA Periodic Update Grant ([AB 6157](#)). The City submitted the grant application prior to the September 30, 2022 deadline. The application was approved and grant funding of \$125,000 is reserved for the City of Mercer Island as a non-competitive formula grant, pending execution of a grant agreement (Exhibit 2).

EMERGING GUIDANCE

Commerce is developing guidance documents to clarify the steps required to comply with the new housing element established by E2SHB 1220. These will be compiled into final guidance “books” that are due to be complete in spring 2023. The draft guidance was released in three documents between November 2022 and January 2023 and is summarized below.

Part 1: Housing Needs

Counties and cities planning under the GMA must inventory and analyze housing needs for households of all income levels (moderate, low, very low, and extremely low-income households as well as emergency housing, emergency shelters, and permanent supportive housing). The City must also demonstrate that sufficient capacity of land for that housing is available, and that “adequate provisions” are made for the existing and projected needs of all economic segments of the community. Adequate provisions will include consideration of moderate density housing options. These requirements are established in [RCW 36.70A.070\(2\)\(a\)-\(d\)](#).

The draft housing needs guidance is divided into two documents. The first, [Guidance for Evaluating Land Capacity to Meet All Housing Needs](#), describes how jurisdictions are to demonstrate that sufficient capacity is available for each income level and housing type based on current zoning. The second, [Guidance for Making Adequate Provisions to Accommodate All Housing Needs](#), provides guidance on identifying barriers and limitations to the needed housing production as well as on documenting the programs and actions that are needed to address housing needs and achieve housing availability.

A multi-step process, requiring information from and coordination with Commerce and King County is required for identifying housing needs, as summarized below.

1. Analyze Countywide Housing Needs.

- E2SHB 1220 directed Commerce to supply two types of housing need projections that jurisdictions must plan for and accommodate in updated comprehensive plans. The two housing need projections Commerce will provide to counties are:
 - a. By income level: 0-30%, 31-50%, 51-80%, 81-120%, and >120% of area median income (AMI), and
 - b. Special needs housing: emergency housing, emergency shelters, and permanent supportive housing.
- Commerce is due to publish the final projections of countywide housing needs in February 2023.

2. Allocate Housing Needs to Cities.

- Once Commerce finalizes countywide affordable housing needs, each county must allocate affordable housing targets to the cities. In King County, the Growth Management Planning Council (GMPC) will determine the affordable housing target allocation for cities in the County.
- The GMPC is considering allocation options now and the final recommendation is anticipated in the March-May 2023 timeframe.
- The GMPC recommendation will then be adopted by King County Council and ratified by each City Council.

3. Identify Sufficient Capacity to Accommodate Housing Needs.

- E2SHB 1220 stipulates that the City must accommodate housing affordable to all income ranges. The City will need to demonstrate that the Comprehensive Plan and City zoning allow sufficient development capacity to accommodate the identified housing needs in each income band.
- This will require analysis of the City's zoning and development regulations to identify how much capacity is available for housing development and estimate the likely production of housing within each income band. Additional analysis will be needed to identify any gaps between existing capacity and the identified housing needs, as well as barriers and limitations to developing housing affordable for each affordability range. Finally, the City will need to document the programs and policy actions necessary to address housing needs and achieve housing availability.
- Work on the Land Capacity Analysis will begin once the Commerce guidance is finalized and the GMPC has made a final recommendation on the allocation of housing needs.

Part 2: Racially Disparate Impacts, Displacement, and Exclusion

Another change to the GMA from E2SHB 1220 is that the comprehensive plan must include policies that identify housing policies that have resulted in racially disparate impacts, displacement, and exclusion. It must also include policies and regulations that address and begin to undo racially disparate impacts, displacement, and exclusion in housing. These requirements are established in RCW [RCW 36.70A.070\(2\)\(e\)-\(h\)](#).

The draft [Racially Disparate Impacts Guidance](#) outlines four steps that are required to evaluate and work to undo racially disparate impacts, displacement and exclusion in housing:

1. **Understand your community** by looking for evidence of disparate impacts on segments of the community and consult with organizations that serve impacted populations.
2. **Analyze data to assess current housing patterns** and determine if there are racially disparate impacts, displacement, and exclusion in housing.
3. **Identify policies** that result in racially disparate impacts, displacement, and exclusion in housing.
4. **Adopt policies and regulations to begin to undo those impacts** during the Comprehensive Plan update.

ISSUE/DISCUSSION

COMPREHENSIVE PLAN PERIODIC UPDATE - STATUS REPORT

Housing Element

As outlined in the background section above, the requirements for the Housing Element have changed substantially for the 2024 periodic update. Guidance is still being finalized by Commerce; however, it is clear from the draft guidance that the new requirements will necessitate more extensive work on the Housing Element than initially planned.

Staff is preparing an addendum to the periodic update scope of work that will be finalized when the final guidance and affordable housing need allocations are available. Staff anticipates bringing the addendum to City Council for review in Q2 2023.

Staff is also beginning work that builds on the Housing Needs Assessment completed last fall. This expanded analysis of housing and demographic patterns aims to identify racially disparate impacts that may have resulted from housing policies. This analysis will be compiled into a report that details and quantifies disparate impacts. Based on the findings of the report, staff will identify communities that may have been impacted by policies with racially disparate impacts; targeted outreach to organizations serving these communities is planned in Q2 2023.

Economic Development Element

The Economic Development Work Group has completed initial review of draft goals and policies for the new Economic Development Element. The work group will be developing a draft of the element in the coming weeks and is expected to transmit a recommended draft Economic Development Element to the Planning Commission in Q2 2023.

Parks Zone

The Comprehensive Plan periodic update scope of work includes an amendment of the Land Use Element to add goals and policies related to the creation of a parks zone, as well as the development of consistent development regulations to implement a new parks zone. Staff is developing the draft development regulations now, with a two-step process planned for review. The Parks and Recreation Commission is scheduled to review and provide input on the draft in April. Then, the Planning Commission will review the draft from May-July.

Planning Commission Review

The Planning Commission continues its initial review of draft updates to each element of the Comprehensive Plan. The Commission has now completed review of the Land Use, Transportation, Utilities and Capital Facilities Elements. The draft elements are available for review on the [Periodic Review website](#). As mentioned above, review of the Economic Development Element is planned in the spring, with review of the Housing Element to follow later in the year. Additional revisions to the Land Use Element are expected when the Climate Action Plan is finalized, and the Housing Element is updated to ensure consistency between these components of the Comprehensive Plan. These revisions will also be reviewed by the Planning Commission.

GMA PERIODIC UPDATE GRANT

In 2022, the State Legislature approved funding in the FY 2022-2023 budget to assist local jurisdictions with the periodic update of comprehensive plans required under [RCW 36.70A.130\(5\)](#). Commerce is overseeing the

disbursement of these funds via a formula grant called the GMA Periodic Update Grant.

Mercer Island is eligible for a grant award totaling \$125,000 to support the periodic update of the City's comprehensive plan (Exhibit 1). The funding is split with half in FY 2022 (covering expenditures from July 1, 2022 through June 30 2023), and half in FY 2023 (covering expenditures from July 1, 2023 through June 30 2024). Eligible costs incurred during the grant period can be reimbursed once the grant agreement is executed.

Exhibit 2 is the grant agreement covering FY 2022 and the first half of the grant award (\$62,500). This portion of the funding must be spent by June 30, 2023. The City has met the deliverable deadlines in the scope of work for these items scheduled to be completed between July 2022 and February 2023. Staff is on track to complete the remaining deliverables on time and in advance of the June 30, 2023, deadline. A second grant agreement will be executed with Commerce later this year for the second half of the grant award (\$62,500), which must be spent by June 30, 2024.

The GMA Periodic Update Grant can be used to cover most activities related to the review and update of the comprehensive plan and development regulations per the requirements of RCW 36.70A.130. Examples of eligible expenditures include, but are not limited to, staff time, consultant contracts, costs of providing public notice, printing, and copying. This grant will help the City add capacity in terms of staffing and consultant resources to complete the periodic update, including the new requirements for the Housing Element from E2SHB 1220.

NEXT STEPS

Staff is currently reviewing draft guidance documents from Commerce related to the new requirements of HB 1220 for the Housing Element. Staff is also awaiting the King County GMPC's recommendation on affordable housing need allocations, which will establish Mercer Island's affordable housing need allocations. When the guidance and affordable housing need allocations are finalized, an addendum to the Periodic Update Scope of Work will be brought to the City Council for review and approval.

Once the GMA Periodic Update grant funding is accepted and appropriated by the City Council, the grant agreement will be executed with Commerce, and the City will begin the reimbursement process for expenses incurred since July 1, 2022. Later this year, the City will execute a new grant agreement for the second half of the grant award, which will cover expenses incurred between July 1, 2023 and June 30, 2024.

RECOMMENDED ACTION

Accept the GMA Periodic Update Grant of \$125,000 from the Department of Commerce, authorize the City Manager to execute the grant agreements, and appropriate these funds to the Comprehensive Plan periodic update in the 2023-2024 biennial budget.