

Log #	Received From	Comment/Question	Staff Response
1	Ted Weinberg	<p>I'm noticing that none of the 3 options for increasing housing talks about satisfying any portion of Mercer Island's affordable housing requirements through contributions to ARCH-funded housing projects located on more affordable land off-island. Did we determine that the number of dwelling units MI could be credited for its share of such projects would be so small as to be not worth calculating and pursuing?</p>	<p>ARCH contributions will be considered as part of Mercer Island's overall response to affordable housing needs but do not count toward the City's capacity to accommodate its affordable housing needs.</p> <p>The need for additional capacity is a separate topic from the City's ARCH contributions. Under the Growth Management Act (GMA), the City is tasked with determining whether it has sufficient land capacity to accommodate its housing need (<a href="#">RCW 36.70A.070(2)(c)</a>). This requires a 'Land Capacity Analysis'. From the Washington Administrative Code (WAC): "The Land Capacity Analysis is a comparison between the collective effects of all development regulations operating on development and the assumed densities established in the land use element. In order to achieve sufficiency, the development regulations must allow at least the low end of the range of assumed densities established in the land use element. This assures a city or county can meet its obligation to accommodate the growth allocated through the countywide population allocation process (<a href="#">WAC 365-196-325(2)(a)</a>)."</p> <p>The purpose of the Land Capacity Analysis Supplement (AB 6385 Ex. 1) is to complete the additional land capacity analysis steps required to satisfy the new requirements of HB 1220, based on the Commerce guidance. This means looking at whether the City's zoning allows for enough dwelling units of the appropriate housing type to accommodate its affordable housing needs. The Commerce guidance connects affordability with higher density housing, assuming that denser apartments will be more affordable than lower-density single-family homes.</p>
2	Ted Weinberg	<p>Do I presume correctly that HB 1220 only requires that we *allow* the construction of affordable housing by 2044?</p>	<p>Yes, you are correct. The City is not obligated to construct affordable units.</p>

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		That is, it does not require that we actually *achieve* the construction of affordable housing. Correct?	The GMA establishes more planning requirements for housing beyond capacity requirements. You can see the GMA requirements for the Housing Element in <a href="#">RCW 36.70A.070(2)</a> .
3	Ted Weinberg	Do any zones on Mercer Island currently allow the construction of hotels?	Yes. Hotels are an allowed use in the MF-2, B, and Town Center zones.
4	Ted Weinberg	<p>When we say in the 7th paragraph on page 9 of the Land Capacity Analysis Supplement that “Social service transitional housing is a land use that is allowed by conditional use permit in a majority of zones within one mile of transit”:</p> <p>a. Does that mean within 1 mile of any metro bus stop on the island, or does it mean within 1 mile of a transit stop which receives service at or above a certain frequency (e.g. high enough to limit it to the North Mercer Park &amp; Ride station)?</p>	<p>a. <a href="#">RCW 35.21.683</a> establishes this particular provision does not specify whether this means a bus stop or a larger facility. Prior to HB 1220, the City allowed “special needs group housing” and “social service transitional housing” in nearly every zone. As the City defines it in Chapter 19.16 Mercer Island City Code (MICC), special needs group housing includes permanent supportive housing and social service transitional housing includes emergency housing. Interim ordinances have amended the definition of each of these land uses to clarify that these definitions include special the special housing types as defined in state law.</p>
		<p>b. Has anyone ever applied for a CUP to develop social service transitional housing on the island?</p>	<p>b. Staff are unaware of any applications for a CUP to develop social service transitional housing on Mercer Island.</p>

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		<p>i. If so, what were some of the conditions placed on the use?</p>	<p>i. The development code requires specific conditions for social service transitional housing. Please see <a href="#">Mercer Island City Code (MICC) 19.06.080 – Siting of group housing</a> for the required conditions.</p>
		<p>ii. Are the conditions defined on a case-by-case basis for each CUP application by the permitting official with some discretion involved, or are the conditions defined by a fixed set of rules with little room for discretion?</p>	<p>ii. Any conditional use permit can include case-by-case conditions of approval. All conditional use permits are reviewed by the Hearing Examiner who makes the decision to approve or deny the application. City staff makes a recommendation to the Hearing Examiner, which includes proposed conditions of approval. The Hearing Examiner may condition approval.</p>
5	Ted Weinberg	<p>Regarding Table 2.</p> <p>a. The second column of this table describes a “Density Range” measured in dwellings/acre. Do the numbers in this column reflect the state requirement assume the maximum usage of ADUs and DADUs per lot per HB 1110?</p>	<p>a. The density ranges in the second column of Table 2 come from the original UGC Report that King County prepared in 2021, prior to the adoption of House Bills 1110 and 1337, which were enacted in 2023. These density ranges do not include accessory dwelling units (ADUs).</p>
		<p>b. Is the formula for determining if a lot is “redevelopable” defined as:</p>	<p>b. The ratio is improvement value divided by land value. The underlying assumption is that when the land is more valuable than the improvements, the land is more likely to be redeveloped.</p>

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		<p>[(improvement value / total property value) &lt; 0.5]</p> <p>or is it:</p> <p>[(improvement value / land value) &lt; 0.5]?</p>	
		<p>c. Do you know where that 0.5 figure comes from? Is that a figure that land developers generally use when deciding whether a property can be redeveloped at a profit? For a decision as financially crucial as whether or not to redevelop, I found it a bit surprising that the factor is as simple as 0.5.</p>	<p>c. The source of the ratio used is the King County UGC Report. King County used that ratio in their guidance for cities to conduct their land capacity analyses.</p>
		<p>d. Does our analysis assume that those who choose to construct ADUs and DADUs in low and very low density zones would not rent them at rates affordable to renters below 100% of AMI?</p>	<p>d. The assumption is that ADUs would be offered at market rates when they are available for rent. The market rate for these units may or may not be affordable to households earning below 100% of the AMI. There is not data on average rents for ADUs in Mercer Island.</p>
		<p>e. Table 10. Why is TC subarea TCMF-4 showing as having no Redevelopable Area? Is the County's UGC Report essentially saying that the improvements on the Walgreens + Pogacha property is greater than 50%</p>	<p>e. According to the UGC Report, TCMF-4 does not have vacant or redevelopable land. Of note, the lots referenced in the question are in the TC-4 subarea, which does have 7.8 acres of redevelopable land per the UGC Report.</p>

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		of the land value? Somehow that seems unlikely to me.	
6	Ted Weinberg	Regarding Table 10.  a. Is footnote 5 essentially saying that if all the property in subarea TCMF-3 were torn down and redeveloped, the maximum number of dwellings that could be permitted there would be less than the 94 that currently exist there?	a. Yes.
		b. I presume the second factor in the formula in footnote 1 should be (1-E) rather than E. That is, you're multiplying the total square footage in column A times 0.865, not 0.135. Correct?	b. You are correct, the factor in the formula was (1-E).
7	Ted Weinberg	Regarding Table 12, the last bullet point above this table says: "The assumed density of commercial development will be a floor area ratio (FAR) or 0.50, the same assumed FAR used for TC-4 in the UGC Report." Do I presume correctly that the word "or" half-way through the sentence (bold & underline added) is a typo	Yes, this is a typo.

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		and that the word “of” was intended?	
8	Ted Weinberg	Is option B to add multi-family residential use to the existing C-O zone, or is it to rezone C-O to be TC-4? The latter seems to be a larger change than the former.	Option B is to allow multifamily in the C-O zone. To analyze the potential effect on capacity, the same set of assumptions used to analyze capacity in TC-4 was used. Before amending the code to allow multifamily in the C-O zone, the City would need to establish development standards like maximum building height, maximum lot coverage, etc. for the use in that zone. These development standards would likely modulate the capacity effects (i.e., allowing taller buildings could allow more dwelling units or a smaller maximum building coverage could reduce the number of dwelling units possible).

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9	Craig Reynolds	<p>1. I am puzzled by the basic goal of the 143 unit target. When we had discussed this issue earlier in 2023, as I recall the GMPC was considering three allocation methodologies, and I thought I remembered that ALL of them got us a lot more than 143 units. Is my memory flawed? What changed to get us to only 143?</p>	<p>The 143-unit figure is the shortfall between the City’s current capacity in denser zones and the City’s housing need for households earning below 120 percent of the AMI. The findings of the Land Capacity Analysis (LCA) Supplement suggest that the only housing types that will be affordable to households earning less than 120 percent of the AMI will be denser options like townhouses, condominiums, and apartments. These housing types are only allowed in multifamily and mixed-use zones.</p> <p>The City’s housing need for households earning below 120 percent of the AMI is 1,216. This means the City needs to allow at least 1,216 units of denser housing (i.e., townhouses, condos, and apartments) to accommodate its housing need. The City currently has capacity in its multifamily and mixed-use zones for 1,073 more units of denser housing. The difference between need (1,216) and capacity (1,073) is the 143-unit deficit. This means the City needs to add capacity multifamily and mixed-use zones to, at minimum, cover the 143 additional units of denser housing needed to address its need.</p> <p>The King County Growth Management Planning Council (GMPC) did consider three different allocations of housing need. The alternatives they considered would have potentially changed the amount of need in the different income segments. When staff briefed the City Council on the potential allocations being considered by the GMPC, the analysis in the LCA Supplement had yet to be done so we did not know what kind of deficit would have resulted from each allocation. One of the allocation options the GMPC considered would have probably had a much larger deficit, but that options was ultimately not adopted. In the end, King County adopted the housing need allocation shown in Table 1 of the report and used throughout to arrive at the 143-unit capacity deficit.</p>

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10	Craig Reynolds	2. Do we have any zones that allow hotels? If so, where are they? I would have thought that allowing emergency housing there would be easier than the “within one mile of transit” option. No?	Hotels are an allowed use in the MF-2, B, and Town Center zones. This is fewer zones than the number of zones within one mile of transit because nearly every zone in the City is within one mile of transit.  Prior to HB 1220, the City allowed “special needs group housing” and “social service transitional housing” in nearly every zone. As the City defines it in Chapter 19.16 Mercer Island City Code (MICC), special needs group housing includes permanent supportive housing and social service transitional housing includes emergency housing. Interim ordinances have amended the definition of each of these land uses to clarify that these definitions include special the special housing types as defined in state law.
11	Craig Reynolds	3. Does “one mile from transit” refer to light rail? Or to any bus stop?	The ‘one mile from transit’ phrase comes from <a href="#">RCW 35.21.683</a> , which states:  A city shall not prohibit transitional housing or permanent supportive housing in any zones in which residential dwelling units or hotels are allowed. Effective September 30, 2021, a city shall not prohibit indoor emergency shelters and indoor emergency housing in any zones in which hotels are allowed, except in such cities that have adopted an ordinance authorizing indoor emergency shelters and indoor emergency housing in a majority of zones within a one-mile proximity to transit. [ ... ]  <a href="#">Chapter 35.21 RCW</a> does not define transit.
12	Craig Reynolds	4. In paragraph I.B.4 you state three numbered assumptions, one is that PSH requires incentives and one is that PSH requires subsidy.	4. Yes, it is safe to assume that both a subsidy and incentive would be needed for any Permanent Supportive Housing (PSH) to be constructed. In theory, a subsidy or incentive could be large enough to reduce the need for the other, but that scenario seems unlikely given the cost of developing PSH.



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		<p>Is it your assumption that BOTH are required? Or could a sufficient incentive obviate the need for a subsidy? (And also, I guess a subsidy IS an incentive, right?)</p> <p>a. More generally, elsewhere in the paper you refer to height incentives as a subsidy. I think of all subsidies as a type of incentive, but it sounds like this is at least one type of incentive that is a subsidy. I guess I need an explanation of what defines a subsidy vs an incentive. I would have thought a subsidy was an actual cash transfer from the city to a builder or customer—but maybe not?</p>	<p>a. Subsidy is a term used in the Commerce guidance, which was the guiding document for the LCA Supplement. For the purposes of this report, subsidies should be read as including incentives though they are similar. Where “subsidy” appears in the LCA Supplement, it could be understood as “subsidies and/or incentives”.</p>
13	Craig Reynolds	<p>5. Do I correctly understand in table II.A that this is the capacity with current zoning? I am just amazed that there are that many R15 lots that are open? Where are they? In this table, are ADUs counted? If not, how much additional capacity do we have?</p>	<p>Yes, Table 2 shows capacity with current zoning as determined in the King County UGC Report. Keep in mind that developable land does not necessarily mean vacant lots. Per the UGC Report, there were 118 developable acres in the R-12 and R-15 zones after removing critical areas and subtracting market and public use factors. The developable acreage was multiplied by the assumed density in that zone and the existing dwellings on developable land were subtracted to arrive at the capacity in the zone. The number of ADUs permitted each year is relatively low (Citywide, roughly 5-10 ADUs are permitted each year), meaning there are not enough permitted each year to increase the assumed density in single-family zones.</p>

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			<p>Because so few ADUs have been permitted and there is little data on how those ADUs are used, it is difficult to determine the affect of ADUs on capacity to accommodate affordable housing needs.</p>
14	Craig Reynolds	<p>6. How, if at all, are we considering the impact of duplexes in single family zones to create affordable housing. Isn't it possible that this would create some?</p>	<p>Enacted in 2023, House Bill (HB) 1110 requires cities to allow middle housing types in all residential zones. HB 1110 also includes some requirements that cities allow a density bonus in exchange for affordable housing units and allow additional dwellings in proximity to major transit stops.</p> <p>It is possible that HB 1110 will create some amount of less-expensive housing, some of which will be affordable, but because this is new legislation it is difficult to determine what impact it might have on affordable housing at this time.</p>
15	Craig Reynolds	<p>7. Why does it make sense to use median housing prices to determine affordability? For example, if there are some homes selling for 1.5 MM and some selling for 3.5, with a median of 2.5, why isn't affordability determined by the 1.5, since SOME houses are available at that price? (I realize we can't always go for the literal bottom, since only one house is typically available at that price, but is it possible to look at 25th percentile or something rather than median?)</p>	<p>The LCA Supplement (AB 6385 Ex. 1) was prepared based on the Commerce guidance, which recommended using the median home price for determining the affordability level of different housing types. Because the median home sale price is the point at which half of homes sold for more and half sold for less, it is the price at which the most homes are likely to be selling. If the 25<sup>th</sup> percentile (or 75<sup>th</sup> percentile for that matter) were used, it would not be a representative sample of the most common home sale price, instead looking at the lower quartile of the sale price distribution.</p>

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16	Craig Reynolds	8. How is “redevelopable area” defined. Does the extra capacity we are creating with the proposed additional floor effectively assume that EVERY building in town center could have one floor added to it, even recently built housing?	Developable area was determined during the preparation of the UGC Report. In Town Center, parcels were considered developable if their ratio of improvement value to land value was less than 0.5 (meaning the land was more valuable than the improvements). More recent development is unlikely to be considered developable because the newer improvement values would be higher. The analysis in Section IV.A of the LCA Supplement analyzes the effect of allowing one additional story on developable lots.
17	Craig Reynolds	9. How would the proposed TC additional floor impact with the minimum % for retail defined in our last TC moratorium? Does adding more floors create more floor 2+ retail requirements?	The analysis assumed that the additional story allowed would be dwelling units. The ground floor commercial requirements in Town Center would not affect the additional stories ( <a href="#">MICC 19.11.020(B)</a> ).
18	Craig Reynolds	10. Footnote 4 in table 10 refers to a factor of .865 in column E. I do not know what that factor is and do not see it in column E	The combined market factor and public purpose reduction for Town Center used in the UGC Report was 13.5 percent (10% market factor, 3.5% public purpose). Developable land was multiplied by 0.865 to represent a 13.5 percent reduction for market factor and public purpose factor (1 - 0.135).
19	Craig Reynolds	11. If we decide on a TC solution, what other options are available ? For example, could we add two floors to TC-5 , one to TC-4, and none to TC-3? Would this meet the need and with what implications?	Alternative scenarios in Town Center could be analyzed if the City Council provides direction to prepare an alternative. The direction needed on January 16 is about which specific approach is favored. The Council can direct the formulation of the described alternative for the Housing Work Group to consider if desired. If directed to consider alternatives, staff can analyze what the capacity implications of a defined alternative Town Center scenario might be and provide that analysis to the Housing Work Group.
20	Craig Reynolds	12. In the CO option, what specific properties / facilities	Figures 4 and 5 in the LCA Supplement show the developable area in the C-O zone. The Stroum Jewish Community Center (SJCC) and Herzl Ner Tamid Synagogue are not currently zoned

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		are impacted. City Hall? JCCC? Herzl?	C-O. The SJCC is currently split-zoned R-8.4 and R-9.6. Herzle Ner Tamid Synagogue is currently split-zoned Business (B) and R-9.6. The SJCC owns one parcel within the C-O zone, the site of the French American School. The City Hall property is zoned C-O and the Public Works maintenance facility is zoned R-8.4.
21	Craig Reynolds	13. I am not understanding at all how we are allowing for PSH?	<p>“Special needs group housing” is a permitted use in the R-8.4, R-9.6, R-12, R-15, MF-2L, MF-2, MF-3, PBZ, C-O, B, and all Town Center zones. Special needs group housing is subject to the development standards in <a href="#">MICC 19.06.080 – Siting of group housing</a>. Special needs group housing is defined in <a href="#">MICC 19.16.010</a> as follows:</p> <p>Noninstitutional group housing that primarily supports unrelated persons with handicaps or persons protected by familial status within the meaning of the FHAA, but not including individuals whose tenancy would constitute a direct threat to the health and safety of other individuals or whose tenancy would result in substantial physical damage to the property of others. Special needs group housing includes, but is not limited to, foster family homes, adult family homes and residential care facilities as provided in RCW Chapter 70.128, but excludes facilities such as hospitals, nursing homes, assisted living facilities and detention centers. <b>Further, the term shall include "permanent supportive housing" as defined in RCW 36.70A.030 or as hereafter amended.</b> [Emphasis Added]</p>
22	Craig Reynolds	14. Once we pick an option, what is the process for planning to produce housing of the right affordability in the selected zone? For example, if we add a floor in TC, how do we know	The LCA Supplement is only analyzing capacity to make sure that there is enough <i>total</i> capacity to accommodate housing needs. The balance of market rate units and affordable units can be set by other housing policies, if desired. The City has some discretion setting these kinds of policies. This could include amending the affordable housing height bonus in Town Center once the 2024 Comprehensive Plan periodic update is

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		this will produce the right number of affordable units at each tier?	<p>completed. The Housing Work Group will work on the initial draft of housing policies in the next phase of the Comprehensive Plan periodic review.</p> <p><u>Next Steps</u>                      In addition to addressing the capacity needed to accommodate housing needs at various income levels, the City is also required by the GMA to make “adequate provisions” to accommodate its housing needs (<a href="#">RCW 36.70A.070(2)(d)</a>). Making adequate provisions includes actions to address barriers to development. Determining which policies are needed to make adequate provisions for accommodating housing needs is the next step in updating the Housing Element. The Housing Work Group will work on the “adequate provisions” step as it works on updates the Housing Element. Commerce has provided guidance for making adequate provisions. Staff will brief the Housing Work Group on the Commerce guidance.</p>
23	Craig Reynolds	15. What is the rationale for assuming 5% mortgage interest? Isn't that about 2% low right now?	The 5% interest rate was the default rate in the Fannie Mae mortgage calculator. Many factors can influence a mortgage interest rate, so the default value used by the mortgage calculator was used in this analysis.
24	Craig Reynolds	16. Are there many neighborhoods on MI that actually have HOA fees?	Staff does not know how many home owners' associations (HOAs) collect fees on Mercer Island. The HOA fees used in the mortgage calculator are based on the 2021 average for the Seattle Metropolitan Area as determined by the U.S. Census Bureau's American Housing Survey ( <a href="https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=42660&amp;s_year=2021&amp;s_tablename=TABLE10&amp;s_bygroup1=2&amp;s_bygroup2=1&amp;s_filtergroup1=1&amp;s_filtergroup2=1">https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=42660&amp;s_year=2021&amp;s_tablename=TABLE10&amp;s_bygroup1=2&amp;s_bygroup2=1&amp;s_filtergroup1=1&amp;s_filtergroup2=1</a> )
25	Craig Reynolds	[Begin Racially Disparate Impacts Evaluation questions]	

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		<p>1. I was surprised to see (Exhibit 7) that there are 36 mobile homes on MI. I can only think of one I have ever seen. Are they allowed by code?</p>	<p>The number of mobile homes shown in Exhibit 7 comes from the U.S. Census Bureau 2021 American Community Survey (ACS). For the purpose of land use regulations, a single mobile or manufactured home is permitted the same as a stick-built single-family home.</p>
26	Craig Reynolds	<p>2. I am really confused by the analysis at the bottom of page 14. You are reporting racial distributions of income relative to 150K, and imputing a conclusion about what share are below the median. I don't think that works unless the median is 150. And it is not. Please explain.</p>	<p>This section needs to be corrected because the text is referring to an Exhibit that has since been removed. It appears that the text is from an earlier version of the Racially Disparate Impacts (RDI) Evaluation. This paragraph will be corrected to refer to the data in Exhibit 10.</p>
27	Craig Reynolds	<p>3. Please help me to reconcile the median home price in 2021 of 1.02 MM in Exhibit 16 to the 2.62 MM in table 4 of the capacity report. Part of the difference is that the latter is 2022 and the former is 2021, but that must be small and might even go the other way. Does the former include condos? It does not seem intuitive that these could explain the large gap.</p>	<p>Exhibit 16 in the RDI Evaluation shows the 2021 median home sale price, which includes condominiums and detached single-family homes. The source of this data was Redfin sales data. The 2022 median home sale price used in the LCA Supplement comes from the Washington Center for Real Estate Research (WCRER). The WCRER data differentiates the sale prices for condominiums and detached single-family homes. In 2022, according to the WCRER, the average home sale price for a detached single-family home was \$2,620,986 and the average sale price for a condo was \$662,179. The gap between single-family and condo sale prices combined with the later year and different data source are the reasons the average sale prices in each report are different.</p>
28	Craig Reynolds	<p>4. How are housing costs defined for homes sold many years ago in exhibit 18? Is it based on an assumed</p>	<p>The housing costs shown in Exhibit 18 come from the 2021 American Community Survey (ACS) conducted by the U.S. Census Bureau. The ACS provides estimates for a range of statistics based on survey data collected. <a href="#">On its website</a>, the</p>

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		mortgage payment reflective of the price and interest rates when sold?	<p>U.S. Census Bureau describes the survey questions about housing cost as follows:</p> <p style="padding-left: 40px;">We ask questions about the use and cost of common utilities, any applicable condominium and mobile home fees, taxes, insurance, mortgages and home loans to produce statistics about selected monthly owner costs.</p> <p>The housing cost reflects how households have responded to these survey questions. Housing costs reflect what households are paying, regardless of time of purchase.</p>
29	Craig Reynolds	5. In exhibit 22, how is it possible that there are NO black households that are cost burdened but not severely cost burdened. This just does not seem plausible given what we see for other races.	This data comes from the Department of Housing and Urban Development (HUD) 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) compiled and distributed by WA Department of Commerce.
30			