



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

**AB 6888
March 17, 2026
Regular Business**

AGENDA BILL INFORMATION

| | | |
|----------------------------|--|---|
| TITLE: | AB 6888: Final Approval of the Modified Station Subarea Boundary | <input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |
| RECOMMENDED ACTION: | Approve the Modified Station Area Boundary as shown in Exhibit 1 for the purposes of GMA compliance. | |

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| DEPARTMENT: | Community Planning and Development |
| STAFF: | Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Community Planning and Development Deputy Director |
| COUNCIL LIAISON: | n/a |
| EXHIBITS: | 1. Modified Station Subarea Boundary 2. Modified Station Subarea Boundary Public Feedback |
| CITY COUNCIL PRIORITY: | n/a |

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

EXECUTIVE SUMMARY

The purpose of this agenda item is to approve the Modified Station Subarea Boundary (see Exhibit 1).

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 (see [AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB Case No. 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the Washington State Growth Management Act (GMA). Specifically, the City must amend its Comprehensive Plan to address the following four issues:
 - Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
 - Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
 - Station Subarea Plan: Adopt a subarea plan for the area around the transit station.
 - Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

- This agenda item addresses the Station Subarea Plan requirement of the GMHB Order. The station planning area is centered around the Sound Transit Link light rail station adjacent to Town Center.
- The Station Subarea Plan will create a cohesive planning strategy for development within the station planning area. The guidelines for creating the Modified Station Subarea Boundary were discussed with the City Council on January 16, 2026 (see [AB 6838](#)) and approved by motion the same night.
- On February 17, 2026, the City Council reviewed the Modified Station Subarea Boundary (see [AB 6865](#)) and passed a motion directing staff to open a public feedback period until March 13, 2026, to receive community feedback.
- The Modified Station Subarea Boundary is presented as Exhibit 1. Staff reviewed the public feedback (Exhibit 2) and are not recommending any changes be made.
- The public feedback is current through March 10, 2026. The City Council packet will be amended if additional feedback is received by the March 13, 2026 deadline.
- The City must establish a Station Subarea Plan for the purposes of compliance with the GMHB Order by July 31, 2026.

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

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

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the Growth Management Hearings Board (GMHB) on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) and remanded the Comprehensive Plan to the City for revisions due by July 31, 2026.

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

The GMHB Order requires the City to address four issues:

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

A more in-depth description of the GMHB Order and its implications is provided in [AB 6838](#), which was presented to the City Council on January 16, 2026.

MODIFIED STATION SUBAREA BOUNDARY MAP

On January 16, 2026, the City Council directed the staff to prepare a Modified Station Subarea Boundary (see [AB 6838](#)). The Growth Management Act (GMA) defines the station planning area as the lots that are partially or fully located within a half-mile walking distance from light rail station entrances (RCW 36.70A.030 (36)). A Modified Station Subarea Boundary may be adopted, subject to Department of Commerce approval. The Modified Station Subarea Boundary is based on four guidelines:

- Guideline 1** Exclude City parks, open space, and the Interstate 90 corridor from the half-mile walking distance area.
- Guideline 2** Exclude additional areas that would be non-contiguous after removing city parks, open space, and the I-90 corridor.
- Guideline 3** Align the remaining walking distance area with City streets.
- Guideline 4** Follow existing zoning boundaries if City streets do not make a logical boundary.

The process for developing the Modified Station Subarea Boundary and a step-by-step description of the effect of each guideline is provided in ([AB 6865](#)), and was presented to the City Council on February 17, 2026. Figure 1 summarizes the step-by-step application of the guidelines as described above followed by Table 1, which quantifies the land in the Modified Station Subarea Boundary.

Figure 1. Step By Step Application of Station Area Modification Guidelines.

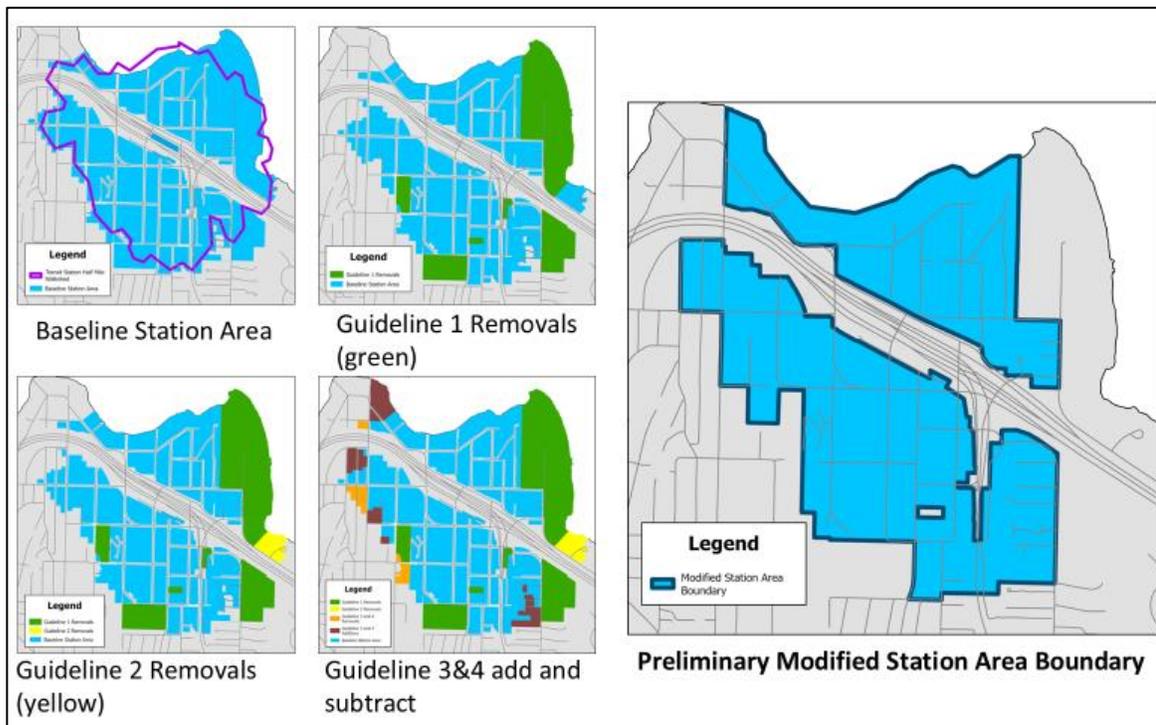


Table 1. Station Area Modification Summary

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| Baseline Station Area | 341.6 acres |
| Area Removed By Guideline 1 | 100.4 acres |
| Area Removed by Guideline 2 | 6.85 acres |
| Area Removed by Guidelines 3 and 4 | 6.8 acres |
| Total Area Removed from the Baseline Station Area (Guidelines 1-4) | 114.05 acres |
| Area Added by Guidelines 3 and 4 | 19.35 acres |
| Modified Station Area | 246.9 acres |

(Note: this total excludes rights of way)

LAND CAPACITY SCENARIOS

Coupled together with establishing the Modified Station Area Boundary is addressing the land capacity requirements of the GMHB Order and House Bill 1491 (2025). At the February 17, 2026 City Council meeting (see [AB 6865](#)), the Council directed that a two-phase approach be pursued to address land capacity changes. The first phase would establish the required transit station subarea and apply required upzones and additional development capacity to comply with the GMHB Order by July 31, 2026. In Exhibit 1, this first phase of work is referred to as the “Phase 1 Subarea.” The second phase of work, which would commence after July 31, 2026, would apply upzones and resulting development capacity increases to the rest of the station area to comply with the TOD bill implementation deadline in 2029. This second phase of work is referred to as the “Phase 2 Subarea” in Exhibit 1.

HOUSE BILL 1491 (TRANSIT-ORIENTED DEVELOPMENT (TOD) BILL)

Although compliance with the TOD bill will be pursued in the second phase of work, the background information is included in the agenda materials for continuity.

In 2025, the WA Legislature adopted House Bill 1491, also referred to as the TOD Bill. The TOD Bill requires cities and counties in Washington to designate station areas around light rail stations. Within the designated station area, cities and counties must allow “transit-oriented development” or (TOD). Cities in King County must comply with the TOD Bill by December 31, 2029. The planning requirements for the TOD Bill are established in RCW 36.70A.840 and require the following:

- Allow a Floor Area Ratio (FAR) of 3.5 throughout the station area (RCW 36.70A.840(2)(a)(i)).
- Allow multifamily and mixed-use development throughout the station area (RCW 36.70A.840(2)(a)).
- Cities may adopt a modification to a station area designation, but only after consultation with and approval by the WA Department of Commerce (RCW 36.70A.840(2)(b)).
- Cities may vary the maximum FAR throughout the station area provided the average does not fall below 3.5 (RCW 36.70A.840(6)).
- Require a percentage of affordable housing in multifamily and mixed-use development (RCW 36.70A.840(7)),
- Enact a multifamily tax exemption (MFTE) for affordable housing (RCW 36.70A.840(8)).
- Critical areas, critical area buffers, and the shoreline jurisdiction may be exempted from the requirements of RCW 36.70A.840.
- Cities may not require parking to be provided for residential development in the station area unless an empirical study reviewed and certified by the WA Department of Commerce demonstrates that

the removal of parking minimums makes roads significantly less safe for automobile drivers or passengers, pedestrians, or bicyclists (RCW 36.70A.842).

The planning worked related to compliance with the TOD bill will likely commence in 2027.

ISSUE/DISCUSSION

To continue with the GMA compliance process, a Modified Station Area Boundary needs to be approved. The modified boundary encompasses the existing Town Center, adjacent multi-family zones, and residential areas to the east and west of Town Center and to the north of the light rail station (see Exhibit 1). The I-90 right-of-way as well as parks and open spaces have been excluded from the modified area. After review of the public feedback (see Exhibit 2), no changes to the Modified Station Area Boundary are proposed at this time.

It is important to note the City won't be pursuing approval for boundary modifications from the Department of Commerce until such time that agency issues guidance and a process for such. This information is not anticipated to be available until after the completion of Phase 1 – GMA compliance activities for July 31, 2026. Therefore, it is possible that some changes to the Modified Station Area Boundary may be required by the Department of Commerce as part of the completion of Phase 2 – HB 1491 TOD compliance activities for December 31, 2029.

NEXT STEPS

Approval of the Modified Station Area Boundary (Exhibit 1) is a necessary step to allow the remaining compliance work to proceed. The GMA Compliance Work Plan for other work items related to the GMHB Order is presented as a separate agenda item (see AB 6894) at the March 17, 2026 City Council meeting.

Master Schedule

- March 25: Planning Commission regular meeting to provide overview on GMA compliance efforts.
 - March - April: City Council updates, feedback and direction to Planning Commission.
 - May - June: Planning Commission public hearing(s) and legislative review of Comprehensive Plan and Development Code amendments and recommendations for City Council.
 - June - July: Council review of Planning Commission recommendations, deliberation, and adoption.
 - July 31: GMHB Order deadline.
 - September 15: Compliance hearing on GMHB Order.
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BACKGROUND MATERIALS & REFERENCES

Background materials and previous agenda information is provided on the City's Let's Talk page (see [Comprehensive Plan GMA Compliance](#).) Summary of previous agenda materials:

January 16, 2026

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

February 17, 2026

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

March 3, 2026

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

RECOMMENDED ACTION

Approve the Modified Station Area Boundary as shown in Exhibit 1 for the purposes of GMA compliance.