



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

**AB 6894
March 17, 2026
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6894: Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan	<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 GMA Compliance Work Plan as presented in Exhibit 1 and direct staff to proceed with the next steps towards attaining GMA compliance.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Director Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. GMA Compliance Work Plan
CITY COUNCIL PRIORITY:	n/a

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

EXECUTIVE SUMMARY

The purpose of this agenda item is to present the work plan (see Exhibit 1) to address Growth Management Act (GMA) compliance under the Growth Management Hearing Boards Order.

- 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.

- The City Council has provided initial direction on compliance with the GMHB Order, including a two-phase strategy with initial compliance actions focused on the Town Center and adjacent multi-family zones.
- The staff have prepared a work plan that summarizes completed work and anticipated work necessary to comply with the GMHB Order (see Exhibit 1).
- The next progress briefing for the City Council is scheduled for April 21, 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.

COMPLIANCE STRATEGY

The compliance strategy will be guided by the four issues identified in the GMHB order for action by the City.

1. Land Capacity
2. Adequate Provisions
3. Station Area Subarea Plan
4. Anti-Displacement Measures

The City Council has provided initial direction on these issues at previous meetings, as summarized below.

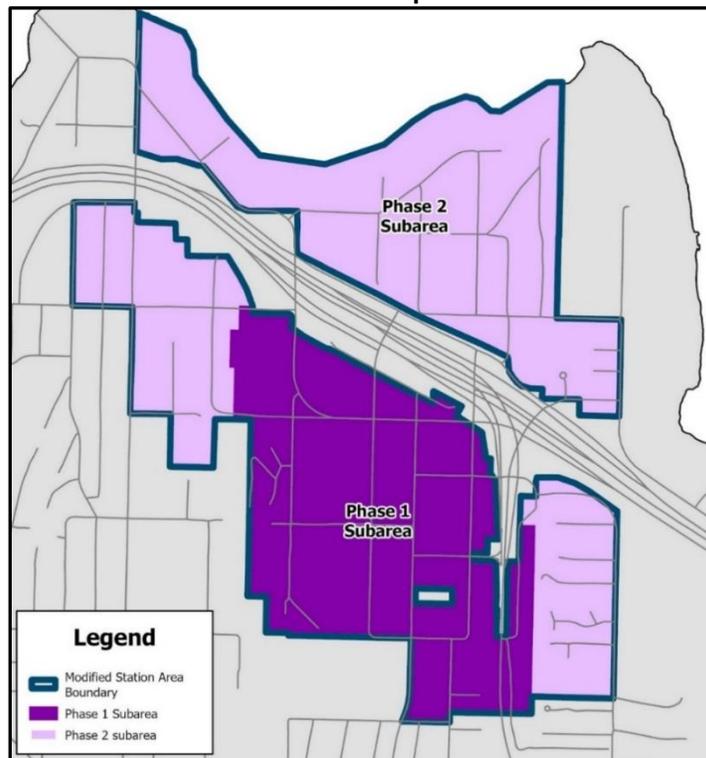
Issue #1: Land Capacity

On February 17, 2026, the City Council directed staff to pursue a two-phase compliance strategy whereby upzones and resulting development capacity increases would be limited at this time to the existing Town Center and adjacent multifamily zones, and implementation of the TOD bill ([HB 1491](#)) will be pursued as a second phase of work.

The first phase of the compliance strategy 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 Figure 1 below, 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 Figure 1.

Figure 1. Modified Station Area and GMA Compliance Phase 1 and Phase 2 Subareas.



Initial analysis of the compliance strategy shows that the proposed increase in development capacity addresses Mercer Island’s affordable housing needs above 30% of Area Median Income (AMI). An affordability gap of 510 extremely low-income units (0-30% AMI) remains. The total cost to build these units is estimated to be \$264.7 to \$311.4 M, which does not include infrastructure costs. As of today, this cost is completely unfunded.

Additional actions by way of adequate provisions will be needed to address this gap.

Issue #2: Adequate Provisions

The City is evaluating the impact of adequate provisions on addressing the remaining affordable housing needs below 30% AMI. Inclusionary zoning and fee in lieu are expected to have the largest effect. These provisions pair a requirement for a percentage of units in a development project to be provided at a certain affordability level, with the option to pay a fee rather than providing the affordable units in the development. The fees collected from this program can then be utilized to support direct delivery of extremely low-income housing units. Preliminary analysis shows that applying the inclusionary zoning and fee in lieu provisions to the Phase 1 Subarea is expected to leverage adequate funds to produce 170-200 extremely low-income units, with a remaining gap of 310-340 units. This preliminary analysis was presented to the City Council on February 17, 2026 (see [AB 6865](#)).

Issue #3: Station Subarea Plan

An outline of the City Council's direction on the Station Area Boundary is provided in another agenda bill on the March 17, 2026 agenda (see AB 6888).

Issue #4: Anti-Displacement Measures

The City Council has directed staff to utilize the policies in the existing Housing Element as a starting point for compliance on the anti-displacement issue. The Housing Element includes four policies related to this issue, requiring the following actions:

- Seek partnerships to catalog naturally occurring affordable housing;
- Adopt tenant protections such as advance notice of rent increase, relocation assistance and right of first refusal;
- Adopt requirement for rezone applications related to multi-family and mixed-use zones to submit a displacement risk evaluation and mitigation strategy; and
- Adopt requirement that rezones that affect land capacity must be accompanied by findings that displacement risk has been adequately reduced or mitigated.

ISSUE/DISCUSSION

SUMMARY OF EXPECTED AMENDMENTS

Compliance with the GMHB Order will require amendments to the Mercer Island Comprehensive Plan and the development code established in Title 19 Mercer Island City Code (MICC). A new Station Subarea Plan will also need to be adopted.

Expected Amendments to the Comprehensive Plan

The City's Comprehensive Plan provides goals and policies to manage future growth. Cities in King County are required to adopt a comprehensive plan that is consistent with the GMA, the Multi-County Planning Policies adopted as a part of Puget Sound Regional Council's VISION 2050, and the Countywide Planning Policies adopted by King County. A comprehensive plan is composed of topic-specific elements that detail policies for each topic. The Mercer Island Comprehensive Plan has the following elements:

- Land Use
- Housing
- Transportation
- Utilities

- Capital Facilities
- Shoreline Master Program*
- Economic Development
- Parks and Open Space*

*Note: the Shoreline Master Program, and Parks and Open Space elements are not expected to be amended during the project to comply with the GMHB Order.

Amendments to the comprehensive plan will be primarily focused on the Housing and Land Use Elements. Consistency amendments are also expected in the Transportation, Utilities, Capital Facilities and the Economic Development Elements to reflect updates to land capacity and the consolidation of goals and policies related to the station area in the new subarea plan.

Land Use Element

The Land Use Element serves an important function in how the City plans for growth. It includes policies that direct how the development code should be written. In addition to these policies, the Land Use Element includes a future land use map that provides the planned general location of land uses throughout the City. The future land use map provides the basis for zoning which is established by the development code.

The Land Use Element policies and future land use map are expected to be substantively amended to comply with the GMHB Order. The Station Subarea Plan will be adopted by reference in the Land Use Element. Increases to land capacity and changes in land use designation should be accounted for on the future land use map. The Land Use Element policies will also be reviewed to maintain consistency with the adequate provisions made in the Housing Element.

Housing Element

The Housing Element establishes the City's goals and policies for accommodating affordable housing needs throughout the planning period. The requirements for the Housing Element were significantly expanded by state legislation adopted in advance of the periodic review of the 2024 Comprehensive Plan. Additional amendments to the Housing Element will be necessary to comply with the GMHB Order. These amendments will be largely focused on addressing the adequate provisions and anti-displacement requirements of the GMHB Order.

Capital Facilities, Utilities, and Transportation Elements

The GMA requires that the elements of the Comprehensive Plan be coordinated and internally consistent so that all elements of the plan include the same assumptions about growth. This requirement ensures that planning for infrastructure and capital facilities is aligned with the City's growth targets. The amendments to the Capital Facilities, Utilities, and Transportation Elements will need to be amended to align with changes made to the Land Use and Housing Element.

Economic Development Element

The Economic Development Element was newly adopted as a part of the 2024 periodic update to the Comprehensive Plan. It is intended to guide City policy and action related to business and commerce in the City. The Economic Development Element has a large focus on the Town Center as the City's central business district. Updates to this element are likely to be necessary to ensure consistency with the Station Subarea Plan, which will consolidate goals and policies related to the station area.

Adoption of Station Subarea Plan

The GMHB Order (Issue #3) requires the City to establish a subarea plan for the area around the Sound Transit Link Light Rail Station. The Station Area is defined as all parcels fully or partially within a half mile walking distance from the station entrances. The existing Town Center is fully located within this half mile distance. The Subarea Plan will adopt a Station Area boundary and bring together existing goals and policies related to the station area and Town Center. It will also include new goals and policies that outline future planning actions in the station area, including implementation of HB 1491, the TOD bill.

Expected Amendments to the Development Code

The development code is expected to have numerous amendments to ensure alignment with the amended Comprehensive Plan and to implement new regulations required under the GMHB Order. The development code in Title 19 of the Mercer Island City Code (MICC) implements the policies in the Housing and Land Use elements. The development code includes numerical standards such as setbacks, height limits, and minimum lot sizes. The code also includes other regulations such as design standards and required permit processes. The zoning map is also established in Title 19 MICC and will also need to be amended.

Development Standards

Several sections of Title 19 MICC are expected to be amended to implement the necessary changes to address the GMHB Order. This is expected to include changes to the Town Center and adjacent multi-family zones to increase land capacity and implement adequate provisions such as incentive zoning and fee in lieu. These amendments are also expected to include the establishment of anti-displacement measures and permanent regulations related to STEP Housing. The following chapters of the development code are expected to be amended during this project:

Chapter 19.01 MICC

This chapter will be amended to maintain consistency with changes made in other chapters.

Chapter 19.02 MICC

Amendments to address the state requirements for Shelters, Transitional, Emergency, and Permanent Supportive (STEP) housing.

Chapter 19.03 MICC

Amendments to address the state requirements for STEP housing.

Chapter 19.04 MICC

Amendments to address the state requirements for STEP housing.

Chapter 19.06 MICC

Amendments to address the state requirements for STEP housing. Additional amendments to add tenant protection regulations related to GMHB Order Issue #4.

Chapter 19.11 MICC

Amendments to increase development capacity in the Town Center and adjacent multi-family zones to address GMHB Order Issue #1. These amendments will include consolidating the Town Center subareas and increasing the maximum building height. Additional amendments to establish adequate provisions for

affordable housing such as inclusionary zoning requirements and fee in lieu of housing standards to address GMHB Order Issue #2.

Chapter 19.15 MICC

Amendments to establish anti-displacement policies to address GMHB Order Issue #4. Additional amendments to this section will be made to maintain consistency with amendments in other chapters.

Chapter 19.16 MICC

This chapter will be amended to maintain consistency with changes made in other chapters.

Other chapters of the development code may need to be amended to maintain consistency with the changes to the Comprehensive Plan and development code. The entire development code will be reviewed for consistency prior to adoption of the amendments.

Zoning Map

The zoning map is a regulatory tool that establishes zones where types of land uses are allowed, and in so doing also limits where some land uses like multifamily development can be developed. By controlling where different types of development can take place, the zoning map is a powerful tool for managing growth.

The Mercer Island zoning map is established in Appendix D of Title 19 MICC. The map is expected to be amended to add residential development capacity in the Town Center and adjacent multi-family zones. The changes to the zoning map will include consolidating several of the Town Center subareas and rezoning the MF-2 zones to the east and west of Town Center.

SCOPE OF WORK

The scope of work required to achieve the amendments summarized above has been split into ten major tasks, as outlined in Exhibit 1. The work plan is very time-constrained given the July 31, 2026 deadline to comply with the GMHB Order. At the same time, this plan remains dynamic and subject to additional changes and updates as the work progresses. Several tasks outlined in this plan are already complete or underway; however, much remains to be completed in the coming weeks and months. The Public Engagement Strategy related to this scope of work was approved by the City Council on February 17, 2026 (see [AB 6866](#)).

Budget Summary

The City Council adopted amendments to the 2025-2026 Biennial Budget in late 2025 to allocate three Community Planning and Development staff positions to this compliance project in 2026 (Deputy Director, Principal Planner, and Assistant Planner). The City Manager, Planning Director, City Attorney, and Communications Manager are also dedicating significant time to this effort. Earlier this year, \$200,000 was appropriated for consultant costs related to land capacity analysis, policy and code development, and other project support. Additional resources may be required to complete this work, and staff will follow-up with the City Council if needed.

NEXT STEPS

The April 21, 2026 City Council Meeting will be the next touchpoint for the City Council. Staff and consultants will be briefing the Council on adequate provisions, subarea planning, anti-displacement measures, and STEP housing.

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.

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 GMA Compliance Work Plan as presented in Exhibit 1 and direct staff to proceed with the next steps towards attaining GMA compliance.