



AB: 6894: GMA Compliance Work Plan

Jeff Thomas, CPD Director

Alison Van Gorp, CPD Deputy Director

March 17, 2026



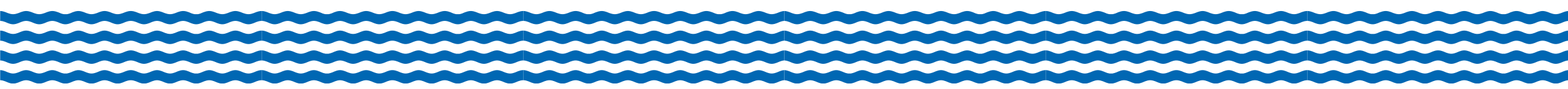
Agenda

1. Expected Amendments
2. Work Plan
3. Next Steps
4. Recommendation



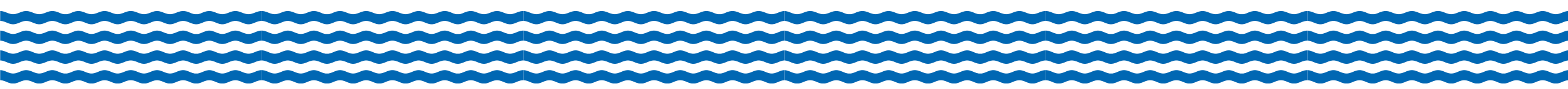
Expected Amendments

- Comprehensive Plan
 - Land Use and Housing Elements
 - Capital Facilities, Utilities and Transportation Elements
 - Economic Development Element
- Station Subarea Plan (New)
- Development Code
 - Chapters 19.01, 19.02, 19.03, 19.04, 19.06, 19.11, 19.15, 19.16
 - Zoning Map



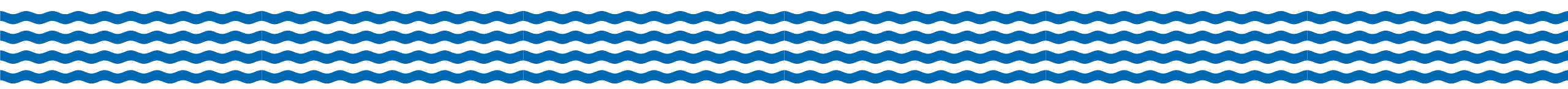
Work Plan Tasks

1. Land Capacity Analysis
2. Adequate Provisions
3. Station Subarea Plan
4. Anti-Displacement Measures
5. STEP Housing
6. Draft Development Code Amendments
7. Draft Comprehensive Plan Amendments
8. SEPA Review and Agency Notification
9. Planning Commission Legislative Review + Recommendation
10. City Council Review and Adoption



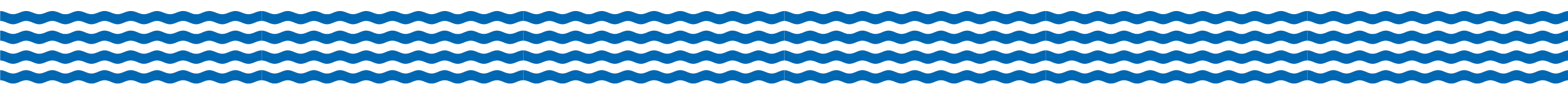
Next Steps

- March 25 Planning Commission Briefing
- April 21 Council Briefing
 - Direction on Adequate Provisions, Station Subarea Plan, Anti-Displacement Measures
 - Hand off to Planning Commission for legislative review
- Planning Commission Legislative Review – April 29-June 3
 - Review draft amendments
 - Public Hearings
 - Recommendations
- City Council Review and Adoption – June-July
- Compliance Deadline July 31, 2026

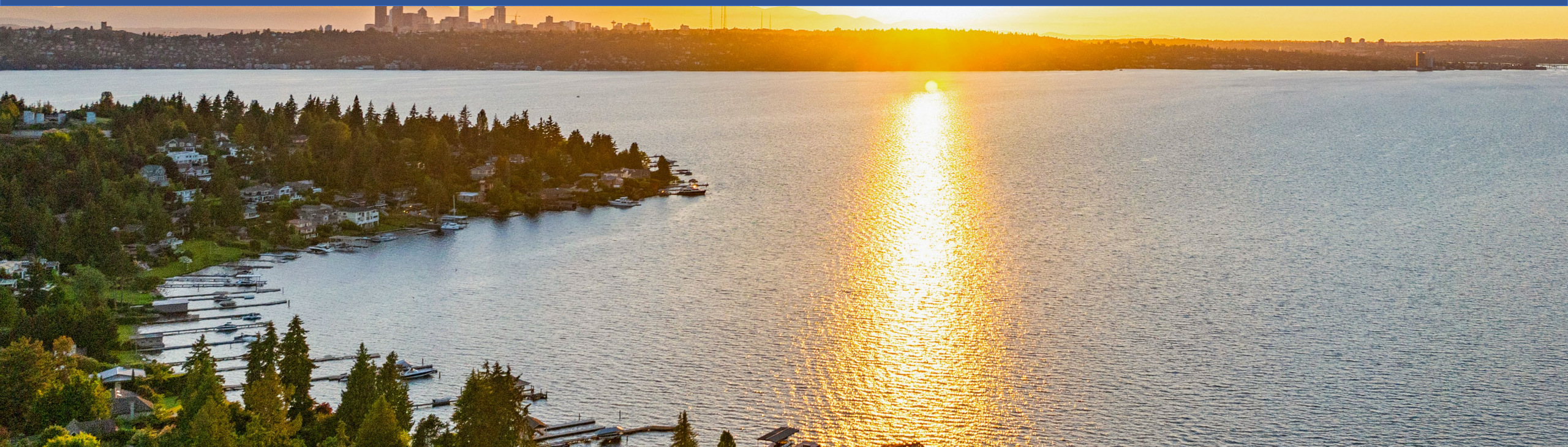


Recommendation

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

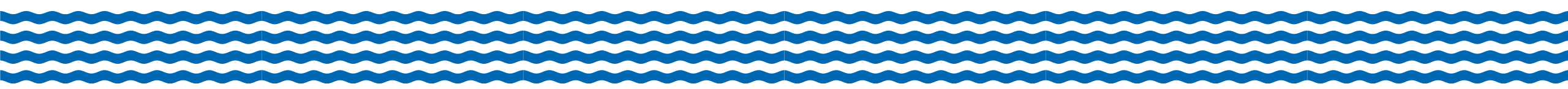


Part 1: BACKGROUND



GMHB Order – Four Issues

| Issue | Action Needed |
|---|--|
| 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. |
| Compliance Deadline: July 31, 2026 | Adopt a scope of work and schedule to complete work by July 2026. |



Planning for Affordable Housing

Mercer Island's Affordable Housing Needs (HB 1220)

| Housing Units | Total | ≤30% | | | | | >30 to ≤50% | >50 to ≤80% | >80 to ≤100% | >100 to ≤120% | >120% | Emergency Housing ² |
|---------------|-----------------------------|--|------------------|-----|-----|---|-------------|-------------|-----------------------------|---------------|-------|--------------------------------|
| | | Non-PSH ¹ | PSH ¹ | | | | | | | | | |
| | 1,239 | 339 | 178 | 202 | 488 | 4 | 5 | 23 | | | 237 | |
| | Total Housing Target | 1,211 units total below 100% AMI "Affordable Housing" | | | | | | | 28 market rate units | | | |

Table Source: King County Ordinance No. 19660

Land Capacity Analysis

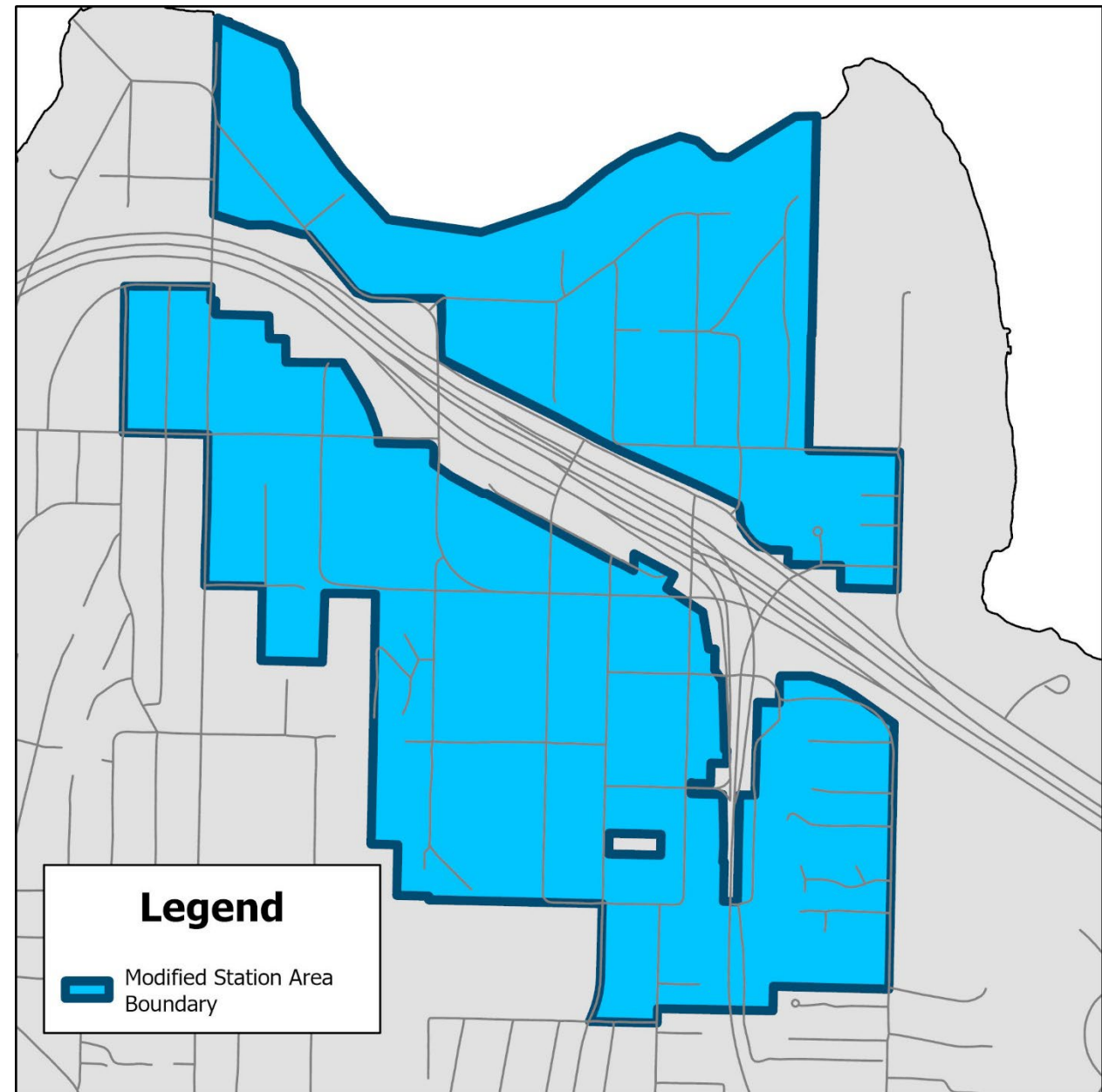
ISLAND WIDE RESIDENTIAL LAND CAPACITY AT EACH HOUSING AFFORDABILITY LEVEL

- Updated to add capacity for middle housing and ADUs, reflect recent development
- Identifies a deficit of 519 units for < 50% AMI low-income households including a 178-unit deficit for permanent supportive housing.
- **Key Finding:** Market rate housing does not provide for < 30% AMI housing.

| Income Level | Zone Categories Serving These Needs | Allocated Housing Need (Units) | Market Rate Housing Capacity (Units) | Externally Subsidized Housing Capacity | Internally Subsidized Housing Capacity | 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 | 0 | 0 | 0 | (178) | (178) |
| Extremely Low Income (0-30% AMI excl. PSH) | Low-Rise, Mid-Rise | 339 | 0 | 4 | 0 | 4 | (335) | (335) |
| Very Low Income (>30-50% AMI) | Low-Rise, Mid-Rise | 202 | 150 | 4 | 42 | 196 | (6) | (6) |
| Low Income (>50-80% AMI) | Moderate Density, Low-Rise, Mid-Rise, ADUs | 472 | 919 | 19 | 57 | 996 | 524 | 0 |
| Moderate Income (>80-100% AMI) | Moderate Density, Low-Rise, Mid-Rise, ADUs | 0 | 442 | 27 | 3 | 472 | 472 | 0 |
| High Income (>100-120% AMI) | Moderate Density, Low-Rise, Mid-Rise | 0 | 95 | 15 | 0 | 110 | 110 | 0 |
| Very High Income (>120% AMI) | Low Density | 0 | 356 | 0 | 0 | 356 | 356 | 0 |
| Total | | 1,191 | 1,961 | 70 | 102 | 2,133 | 942 | (519) |

Modified Station Area Boundary

- On January 16, the City Council directed staff to prepare a modified Station Subarea boundary base to the ½ mile walk distance based on four guidelines
- The resulting draft boundary was presented to the City Council on February 17.
- Staff was directed to complete a public feedback period through March 13 on this boundary and report out the results.



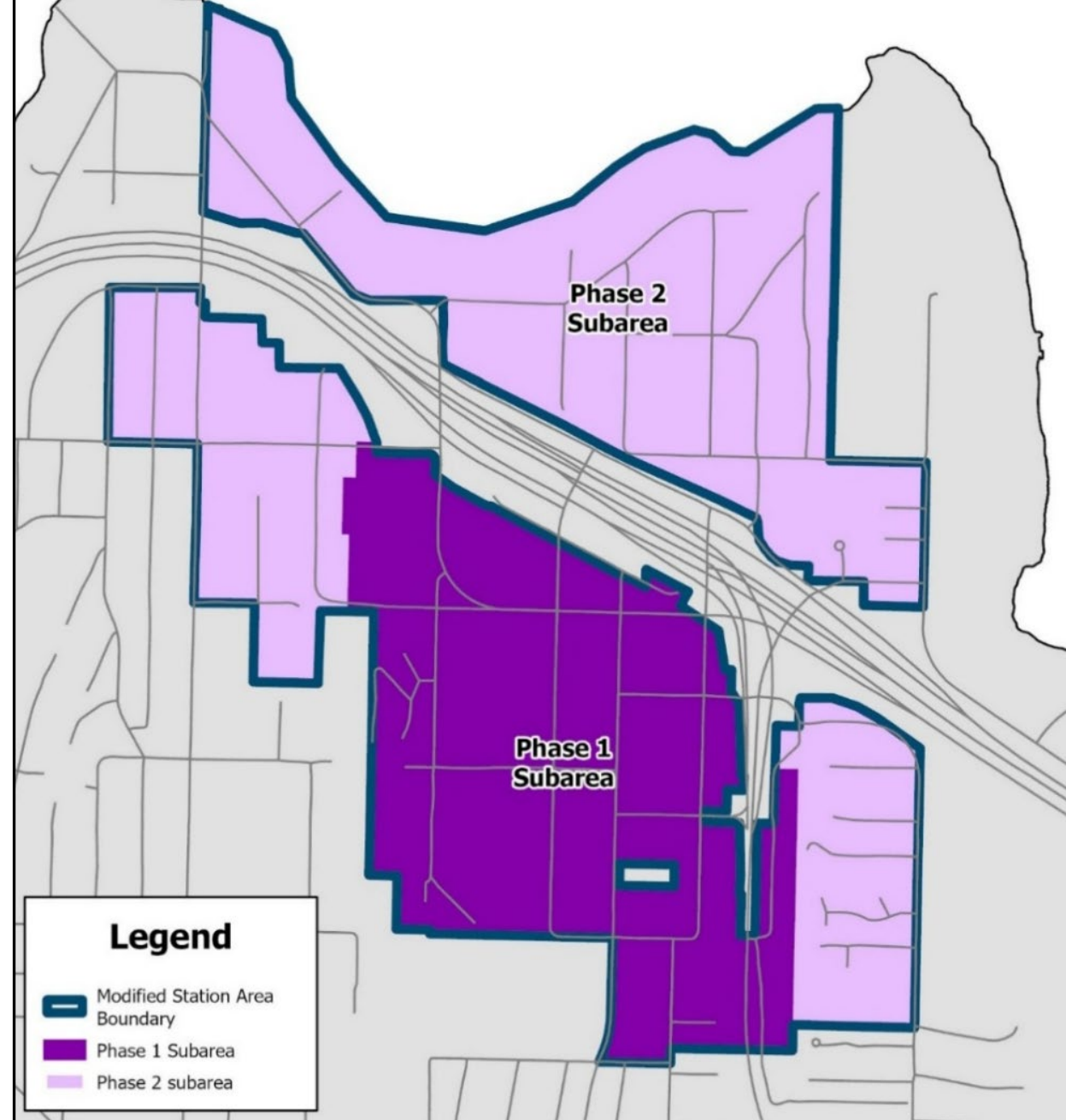
Phased Approach

Phase 1 (by July 31, 2026):

- Establish phase 1 subarea.
- Apply required upzones to create additional development capacity.

Phase 2 (by December 31, 2029):

- Comply with other TOD (HB 1491) requirements.



Adequate Provisions

1. Phase 1: Upzone Town Center to 8 Stories and adjacent surrounding MF-2/2L zones to 6 Stories

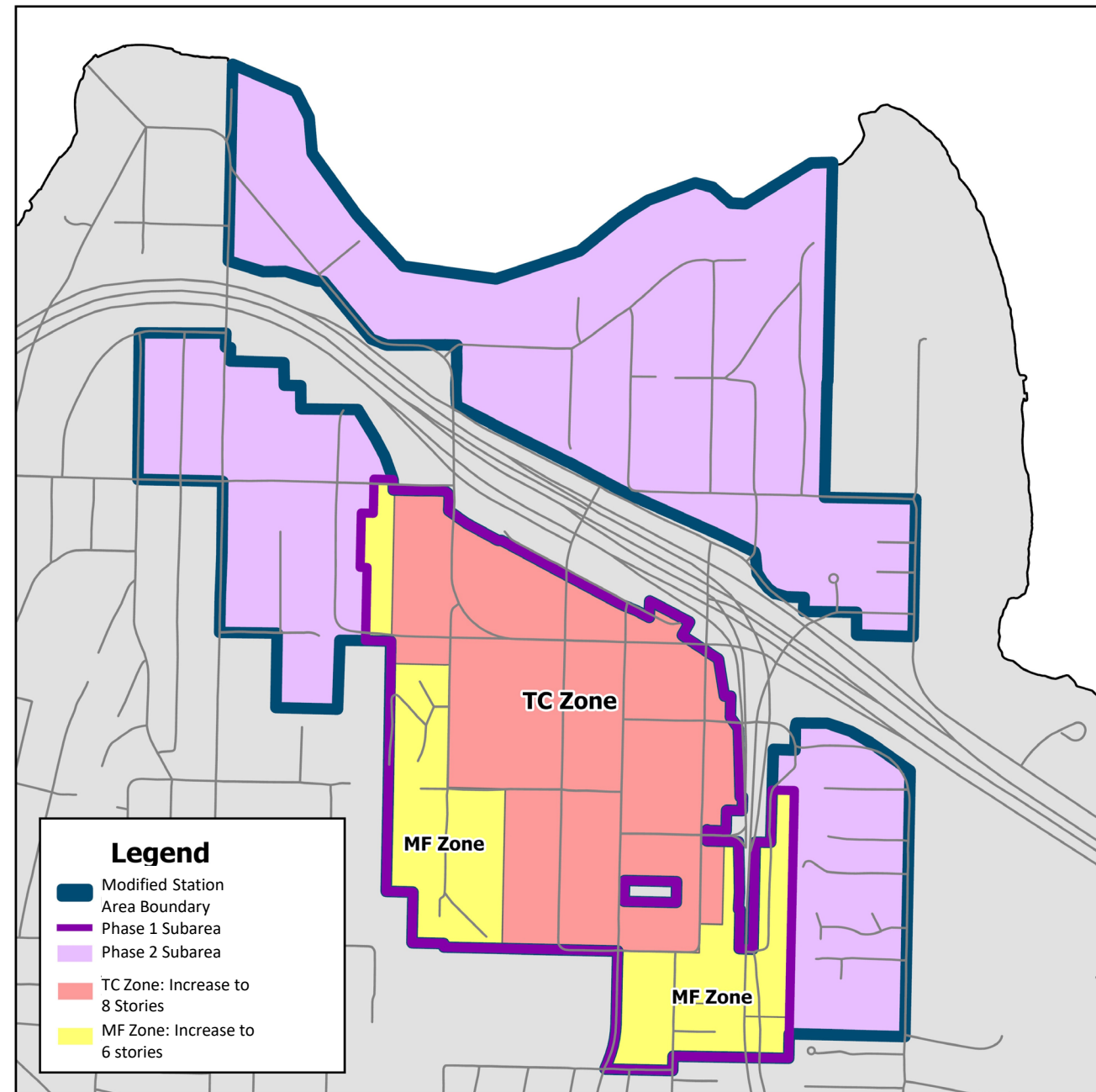
- Total Town Center and MF capacity increased from 667 to 1,698 units

2. Inclusionary Zoning

- Require 10% of TC and adjacent MF zone units to be affordable (from 30% to 80% AMI).

3. Fee In-Lieu

- Establish a fee in-lieu program for private development to pay a fee as an alternative to building affordable housing.
- These funds would support direct delivery of <30% AMI units on Mercer Island.



Adequate Provisions

IDENTIFY BARRIERS TO HOUSING PRODUCTION AND MAKE ADEQUATE PROVISIONS TO ACCOMMODATE ALL HOUSING NEEDS

The City faces significant financial challenges to affordable housing:

- The total cost to build 510 units of affordable housing (< 30% AMI) is estimated at \$264.7 m and \$311.4 m (does not include infrastructure costs). Today, this cost is completely unfunded.
- Implementing the Phase 1 upzones in the TC and adjacent MF upzones reduces the number of units requiring adequate provisions from 519 to 510 and provides \$30.7 m of fee in-lieu funds to support (with leveraging) direct delivery of 170 to 200 of these remaining units (< 30% AMI).
- However, Mercer Island will still have to plan for the remaining gap of 310 to 340 units (< 30% AMI) at an estimated cost of \$161.6 m to \$208.6 (again, does not include infrastructure costs).

Anti-Displacement Measures

IMPLEMENT ANTI-DISPLACEMENT MEASURES FROM THE HOUSING ELEMENT

- Seek partnerships to catalog naturally occurring affordable housing (Policy 4.1)
- Adopt tenant protections such as advance notice of rent increase, relocation assistance, and right of first refusal (Policy 4.2)
- Adopt requirement for rezone applications to submit displacement risk evaluation and mitigation strategy (Policy 4.3)
- Adopt requirement that rezones that affect land capacity must be accompanied by findings that displacement risk has been adequately reduced or mitigated (Policy 4.4)

