

Mercer Island Station Subarea Plan

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Station Subarea

INTRODUCTION

BACKGROUND

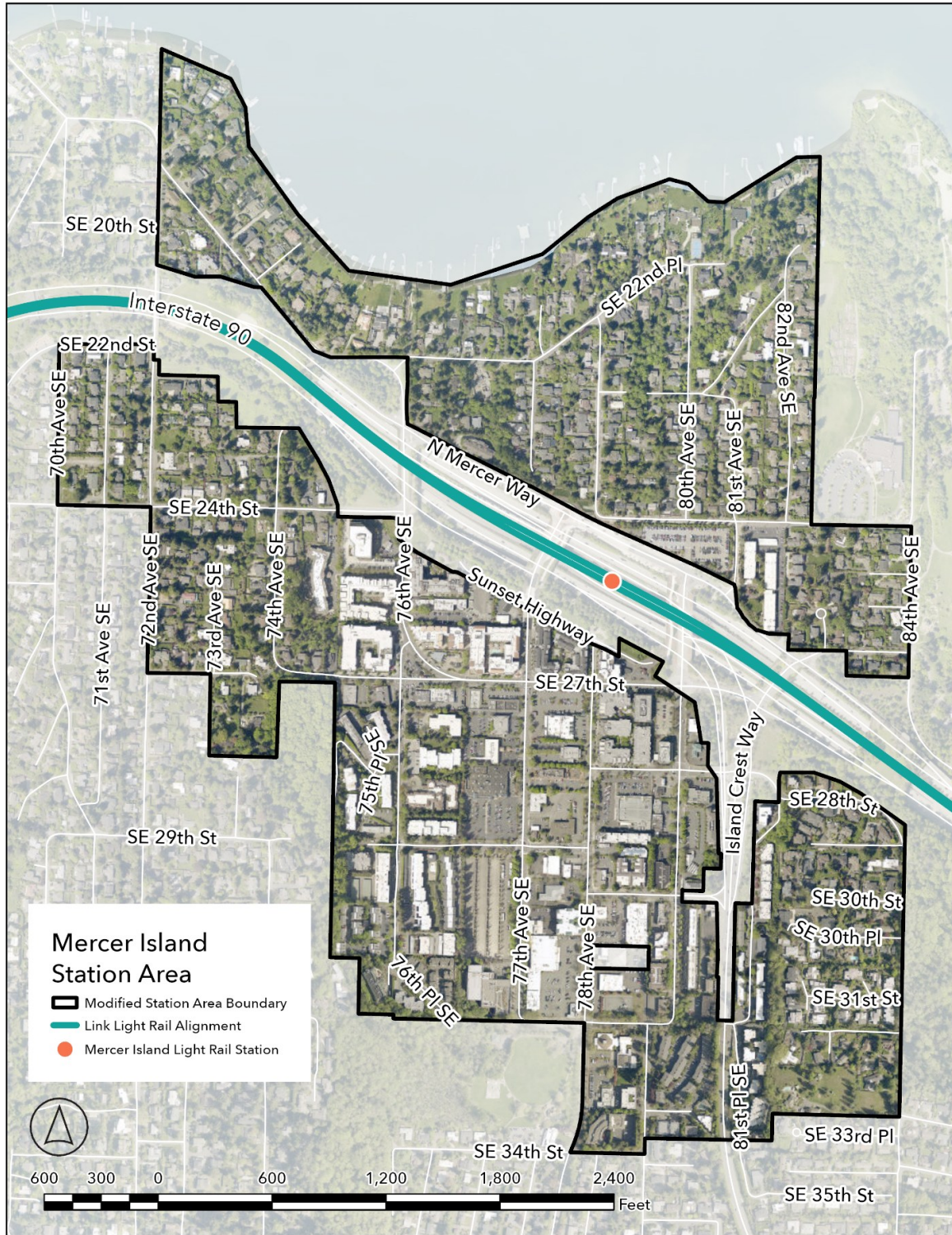
The last three decades have seen historic investments in public transportation within the Puget Sound Region, chiefly the addition of regional light rail. Mercer Island's Link light rail station connects the city to both Seattle and to East Side employment hubs via fast, reliable, and inexpensive public transportation—providing substantial new access to opportunities for employment, education, healthcare and entertainment.

Station Areas have regional significance as places to efficiently focus employment and housing capacity to increase opportunity and economic productivity, and to mitigate additional demand for road facilities, parking, and new greenfield development as the regional population grows. Station Area planning can substantially reduce greenhouse gas emissions per capita by diverting car trips, and by producing carbon-efficient multifamily housing. Because of this regional role, the state legislature, regional, and county governments have imposed specific laws and policies that require station hosting municipalities to establish Station Areas within ½ mile of major transit facilities. HB 1491, often referred to as the Transit-Oriented Development or TOD bill, passed in 2025, with local implementation required by 2029, imposes a series of minimum density requirements, affordability requirements and incentives, and restricts locally imposed off-street parking minimums within the Station Area. The TOD bill regulations were codified in the Growth Management Act (GMA) at [RCW 36.70A.840](#).

An essential component of Station Area planning is ensuring that the community benefits from transit investment, and that the Station Area itself is a great place to live, work, and visit. This means incorporating many of the components that make Mercer Island a wonderful place, including beautiful landscape, friendly and comfortable commercial spaces, and safe, walkable, and green connections between parks, community institutions, businesses, and housing.

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FIGURE 1 MODIFIED STATION AREA BOUNDARY



City of Mercer Island; Framework, 2026

The Role of Town Center

The Town Center has long been the commercial and mixed-use core of Mercer Island, providing daily needs, services and amenities. With the establishment of the Link light rail station, Town Center is now the focal point of the new Station Area in addition to the city-at-large. As such, the Town Center vision and all planning goals and policies are now located here, in the Station subarea plan. This will enable the City to plan for a Town Center that is well integrated with the larger Station Area and that benefits from proximity to a regional transit connection.

OVERVIEW: CREATING A STATION AREA

This subarea plan is divided into two phases: Phase 1 will focus on planning in the Town Center and adjacent multifamily zones and Phase 2 will involve a longer process to address state planning requirements for transit-oriented development (TOD) near light rail. Phasing the subarea plan will provide more time to engage the community, and in particular neighborhoods within the Station Area boundary, so that planning decisions balance state mandates with local priorities. The goals and policies in the following subarea elements indicate when they are being initiated – whether Phase 1 or Phase 2. Figure 2 shows the areas that will be the subject of Phases 1 and 2.

Phase 1

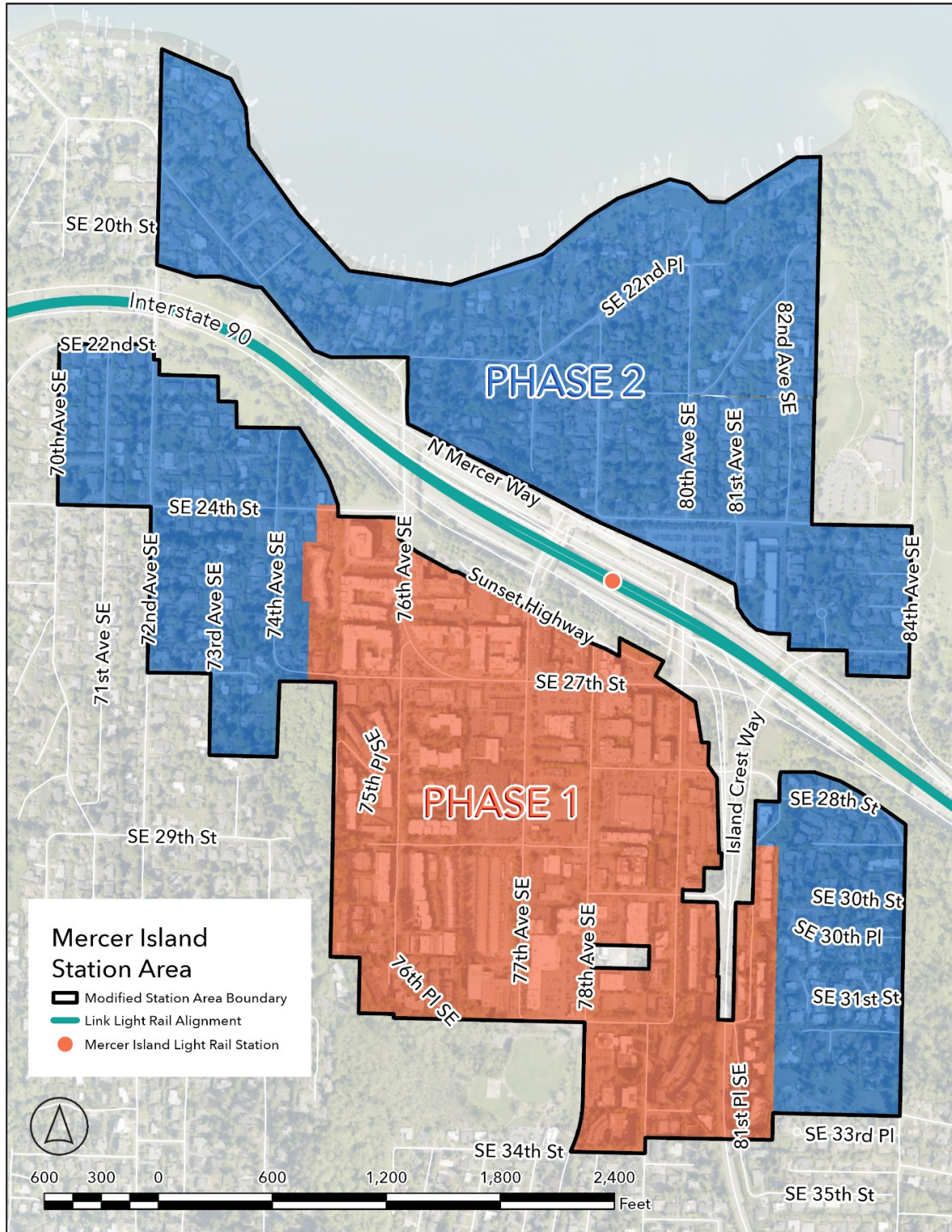
Phase 1 is being undertaken to achieve two goals by July 31, 2026. First, it is a response to Growth Management Hearings Board (GMHB) Order 25-3-0003, Issue #3 requiring the City to establish a Station Subarea Plan for the area within ½ mile of the Link Light Rail station. Second, it establishes upzones in Town Center and adjacent multifamily zones to increase affordable housing capacity in response to GMHB Order 25-3-0003, Issue # 1. These upzones will set the stage for TOD bill compliance, the principal subject of Phase 2. While the Station Subarea Plan is established for the entire station area in Phase 1, the regulatory changes undertaken in Phase 1 are focused in the Town Center and surrounding multifamily zones, as shown in Figure 2.

Phase 2

Phase 2, anticipated to be completed by 2029, will focus on planning for the broader Station Area. This effort will include additional planning and development regulation updates to comply with the statewide TOD planning requirements. Phase 2 will also include engaging the community to create a shared vision for the entire Station Area and determining subdistrict boundaries within the larger Station Area.

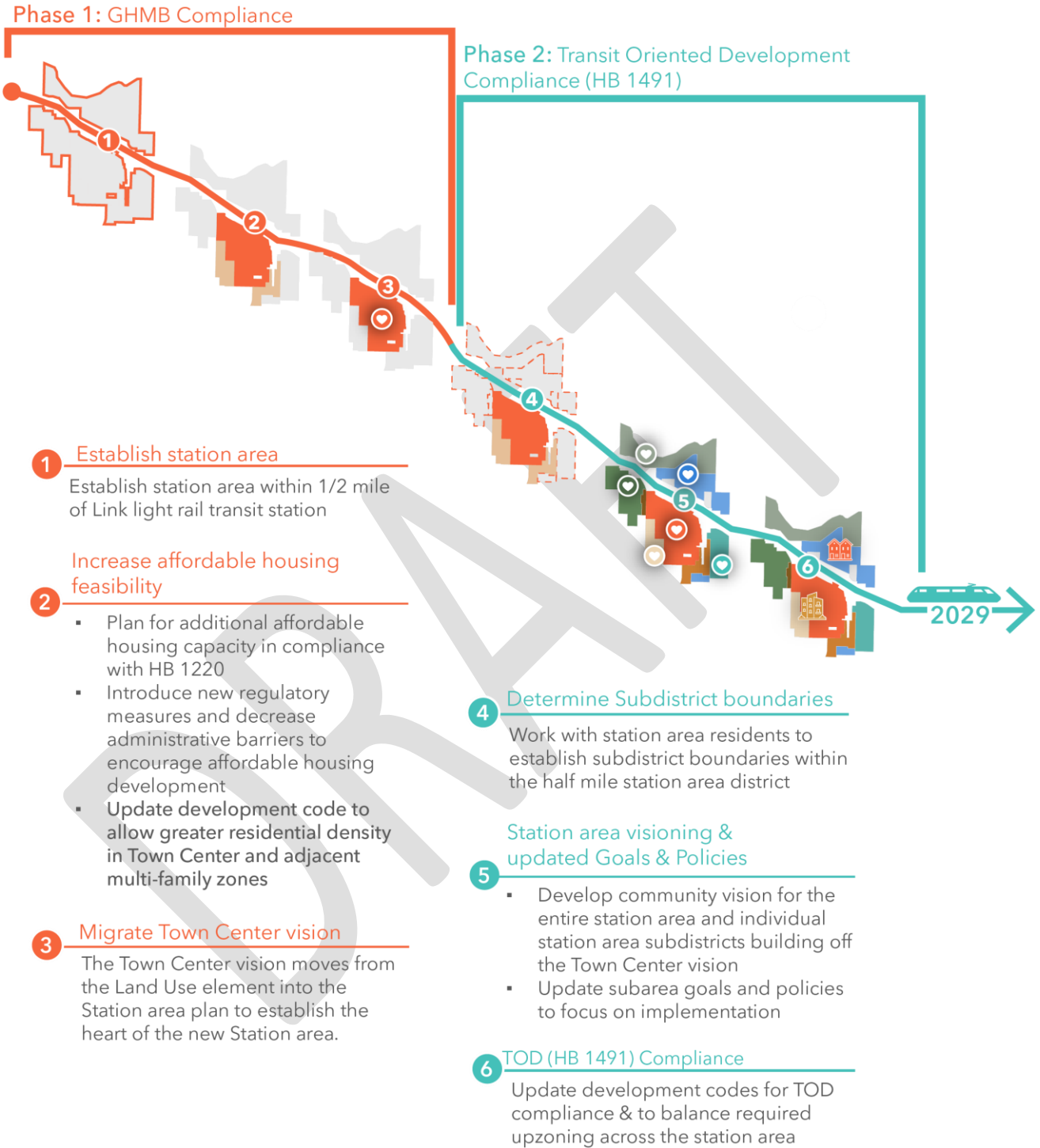
Mercer Island Comprehensive Plan
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FIGURE 2 PHASE 1 AND PHASE 2 GEOGRAPHIES FOR THE STATION AREA



City of Mercer Island; Framework, 2026

FIGURE 3 PHASING STRATEGY FOR STATION SUBAREA PLANNING AND ZONING UPDATES



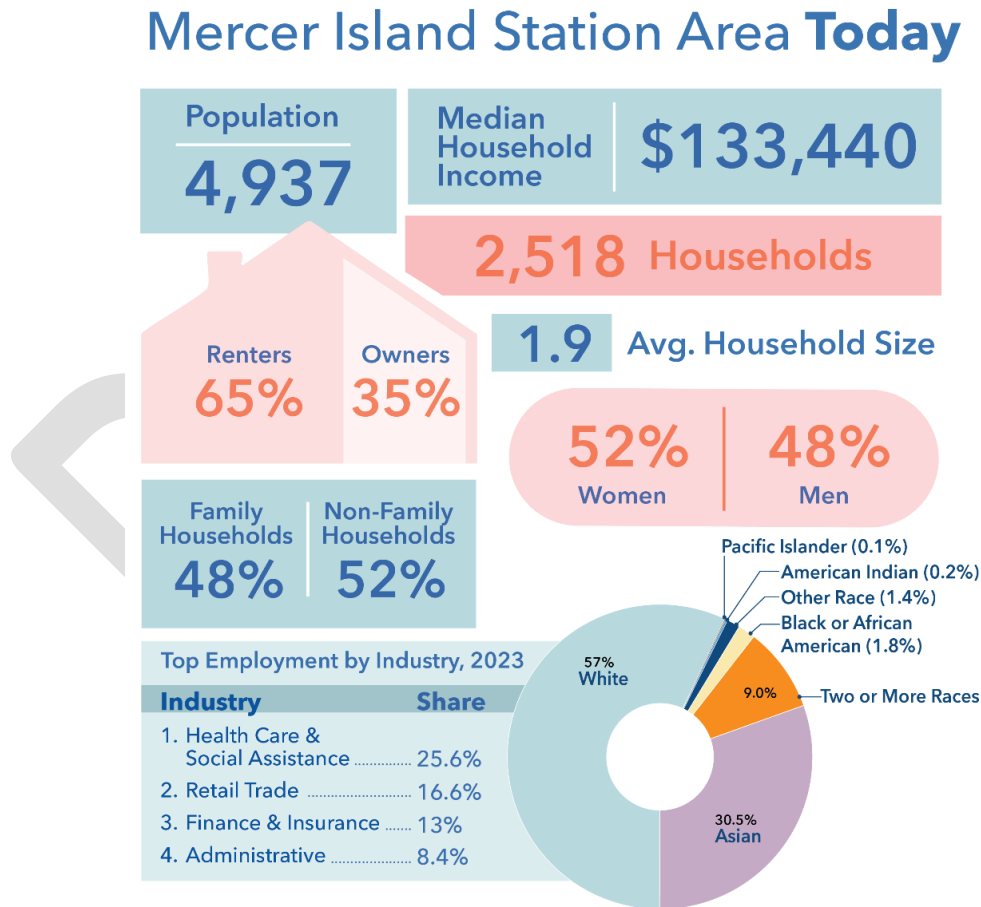
City of Mercer Island; Framework, 2026

STATION AREA COMMUNITY PROFILE

The Station Area spans several neighborhoods containing a mix of commercial and civic uses, multifamily apartments and condos, and single-family homes, making it one of the most culturally and socially diverse areas on Mercer Island. From large waterfront properties north of Interstate-90 to denser multifamily buildings in Town Center, the Station Area also covers a range of the socio-economic spectrum. Community members here are generally more racially diverse and younger compared to Mercer Island as a whole. Station Area residents also tend to have lower incomes and smaller household sizes.

Despite its relatively small size of 314 acres (about 3% of the City's total area), the density of population, housing, and employment is considerably higher than the rest of Mercer Island. The Station Area contains 19.2% of the city's population, over one-fourth of its housing units, and 38% of its jobs.

FIGURE 4 STATION AREA COMMUNITY PROFILE



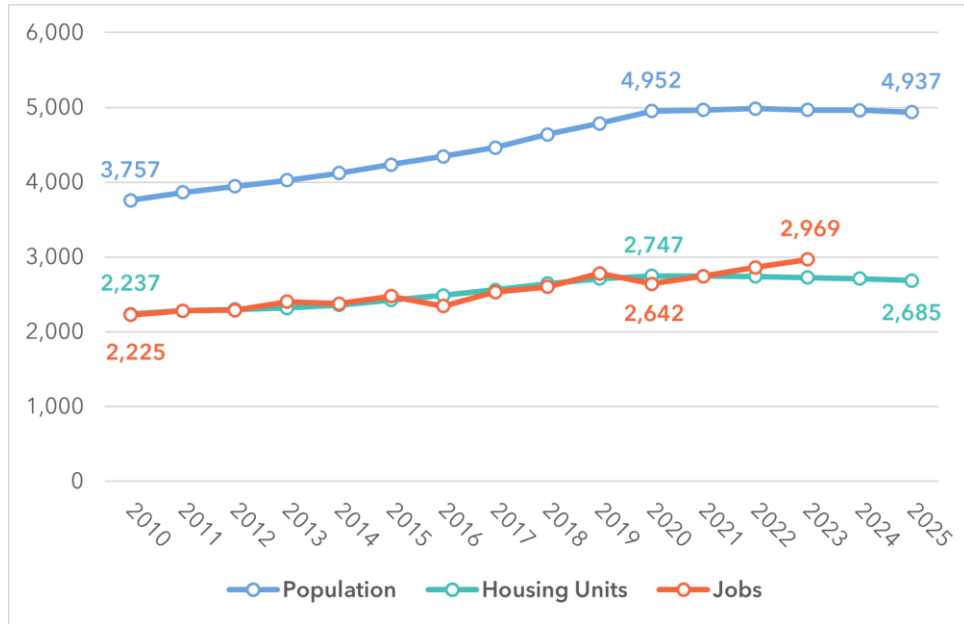
U.S. Census Bureau, 2023; ESRI, 2025; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

Mercer Island Comprehensive Plan
Station Subarea Plan

As seen in Figure 5 **Error! Reference source not found.**, the total population within Mercer Island’s Station Area has grown about 31% since 2010. Most of this gain occurred in the first 10 years, between 2010-2020, mostly due to an uptick in construction in Town Center. The number of households and new housing units added to the Station Area has plateaued since 2020.

FIGURE 5 MERCER ISLAND STATION AREA, 15-YEAR GROWTH



U.S. Census Bureau, 2010-2024; LEHD Origin-Destination Employment Statistics, 2010-2023; ESRI, 2025; Framework, 2026

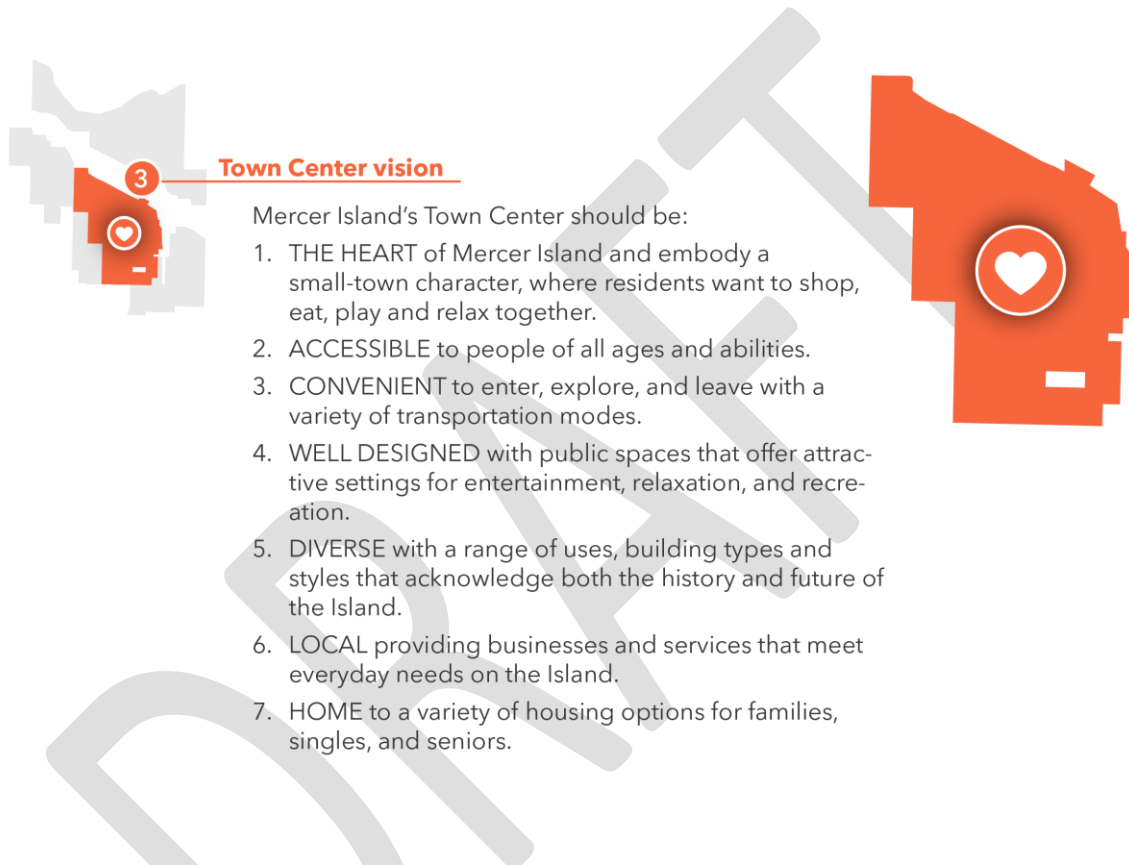
Note: Employment statistics are only available through 2023. The data above is calculated for the Mercer Island Station Area by using [data apportionment](#). Limitations in employment data exist; new employers that began operating in Town Center since 2022 are likely not captured in these estimates.

VISION

Although Station Area visioning will take place in Phase 2, Town Center already has a vision establishing the intent and aspirations of the district. As the Station Area develops, Town Center will continue to play a vital role as the heart of the Station Area, and of Mercer Island-at-large.

TOWN CENTER VISION

FIGURE 6 TOWN CENTER VISION



City of Mercer Island; Framework, 2026

Note: Town Center Vision is from the Land Use Element in the City's 2024 Comprehensive Plan

COMMITMENT TO PUBLIC INVOLVEMENT

The GMHB Order initiating the 2026 Comprehensive Plan Amendment and Station Subarea Plan gave the City a year to make all required updates to achieve compliance with the Growth Management Act, VISION 2050 Multicounty Planning Policies, and King County Countywide Planning Policies. Because of the compressed timeline and the significance of the required changes, City leadership decided to split the planning process into the two phases indicated in the previous section. The size and scale of Phase 2, and its prospective impact on the neighborhoods within the Station Area, warrant significantly more time and community participation. Moving more substantive Station Area planning into Phase 2 allows

the City to provide more meaningful engagement and feedback opportunities at each stage of the Station Subarea planning process.

Community engagement will help to shape:

- Subdistrict boundaries within the Station Area
- A community vision for the Station Area and its subdistricts
- The distribution of density increases, land uses, and open space across the Station Area

Land Use

I. INTRODUCTION

STATION AREA

The new Station Area includes 313.6 acres of land with the light rail station at its center (237 acres of this exists outside of Town Center). In Phase 1, City Staff worked with City leadership and the community to identify a Modified Station Area Boundary based on requirements in State law for transit station areas within a half-mile walking distance of station entrances (RCW 36.70A.840(2)(b)). Beyond the Town Center, the Station Area includes existing Multifamily districts and several single-family residential districts north of I-90 and along the hillsides to the east and west of Town Center. Up to this point, no special planning has occurred for these areas.

The Town Center introduction text was relocated from the Land Use Element

TOWN CENTER

The Station Area's focal point is Town Center; Station Area planning builds off a long history of Town Center planning.

Since the early 1990's, the City of Mercer Island has conducted multiple planning efforts to develop Town Center as a full-service destination for island residents. For many years, Mercer Island citizens/residents have been concerned about the future of the community's downtown. Past business district revitalization initiatives (e.g., Project Renaissance in 1990) strove to overcome the effects of "under-capitalization" in the Town Center. These efforts sought to support and revitalize downtown commercial/retail businesses and devised a number of recommendations for future Town Center redevelopment. Growing out of previous planning efforts, a renewed interest in Town Center revitalization emerged in 1992—one looking to turn the 33-year-old downtown into the vital economic and social center of the community.

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In 1994, the City of Mercer Island ~~completed the first Town Center Plan, which involved~~ ~~undertook~~ a major "citizen visioning" process that culminated in a broad new vision and direction for future Town Center development ~~as presented in a document entitled "Town Center Plan for the City of Mercer Island," dated November 30, 1994. The City used an outside consultant to help lead a~~ Vision development included a five-day citizen design charrette involving hundreds of Island residents and design professionals. This citizen vision became the foundation for new design and development standards within the Town Center and a major part of the ~~new City's first~~ Comprehensive ~~Plan that was~~ adopted Plan, adopted in the fall of 1994. ~~At the same time~~ Simultaneously, the City invested about \$5 million in street and streetscape improvements to create a central pedestrian street along 78th Avenue and route the majority of vehicular trips around the core downtown onto 77th and 80th Avenues. Specific new design and development standards to implement the Town Center vision were adopted in December 1995. The Mercer Island Design Commission, City staff, and citizens used these standards to review all Town Center projects until 2002.

In 2002, the City assembled an Ad Hoc Committee of architects, engineers, planners and City officials ~~undertook a significant planning effort~~ to review and modify Town Center design and development guidelines based on knowledge and experience gained from the previous seven years. The 2002 effort supported:

- Public private partnerships, and public space requirements for private development to encourage public space development
- Strengthened parking standards
- Improved pedestrian connectivity between Town Center, the I-90 Transit facility, the public sculpture garden and Mercedale Park focusing along 78th Avenue.

~~Several changes were made in the existing development and design standards to promote public-private partnerships, strengthen parking standards, and develop public spaces as part of private development. Another goal of the revised standards was to unify the primary focal points of the Town Center, including the pedestrian streetscape of 78th Avenue, an expanded Park and Ride and Transit Facility, the public sculpture garden, and the Mercedale Park facility. As a result, the following changes were made to the design standards:~~

- ~~Expanding sidewalk widths along the pedestrian spine of 78th Avenue between Mercedale Park on the south and the Sculpture Garden Park on the north;~~
- ~~Identifying opportunity sites at the north end of 78th for increased public spaces;~~
- ~~Requiring that new projects include additional public amenities in exchange for increased building height above the two-story maximum; and~~
- ~~Increasing the number of visual interest design features required at the street level to achieve pedestrian scale.~~

~~The changes to the design and development standards were formulated by a seven member Ad Hoc Committee composed of Mercer Island architects, engineers, planners, and several elected officials.~~

~~Working for three months, the Ad Hoc Committee forwarded its recommendations to the Planning Commission, Design Commission, and City Council for review. The revised Town Center Development and Design Standards (Mercer Island City Code chapter 19.11) were adopted by the City Council in July 2002 and amended in June 2016. They will continue to implement the Town Center vision.~~

~~The effects of the City's efforts to focus growth and revitalize the Town Center through targeted capital improvements, development incentives, and design standards to foster high-quality development are now materializing.~~

~~Between 2001 and 2007, 510 new housing units and 115,922 square feet of commercial space were constructed in the Town Center. Between 2007 and August 2014, 360 new housing units and 218,015 square feet of new commercial space were constructed.~~

~~During 2004, the City engaged in a major effort to develop new design standards for all non-single-family development in zoning districts outside the Town Center. This effort also used an ad hoc process of elected officials, design commissioners, developers, and architects. The design standards for Zones Outside of Town Center were adopted in December 2004. These standards provide a new direction for the quality design of non-residential structures in residential zones and other multifamily, commercial, office, and public zones outside the Town Center.~~

~~Updates to this document were made in 2014 to comply with the Countywide Planning Policies, including updated housing and employment targets.~~

In 2016, The City further updated the Town Center Development and Design standards to establish sub-areas and identify priority street frontages where small-scale ground-floor retail should be concentrated. These updates also instituted new standards for facade modulation, upper story step backs, open space and green building. Additionally, an incentive zoning program was implemented providing a building height bonus in exchange for income-restricted affordable housing.

II. EXISTING CONDITIONS AND TRENDS

As required by the Growth Management Act, the Land Use Element presents a practical and balanced set of policies that address current and future land use issues. The following section discusses existing conditions within the Station Area and Town Center subdistrict as critical context for planning priorities.

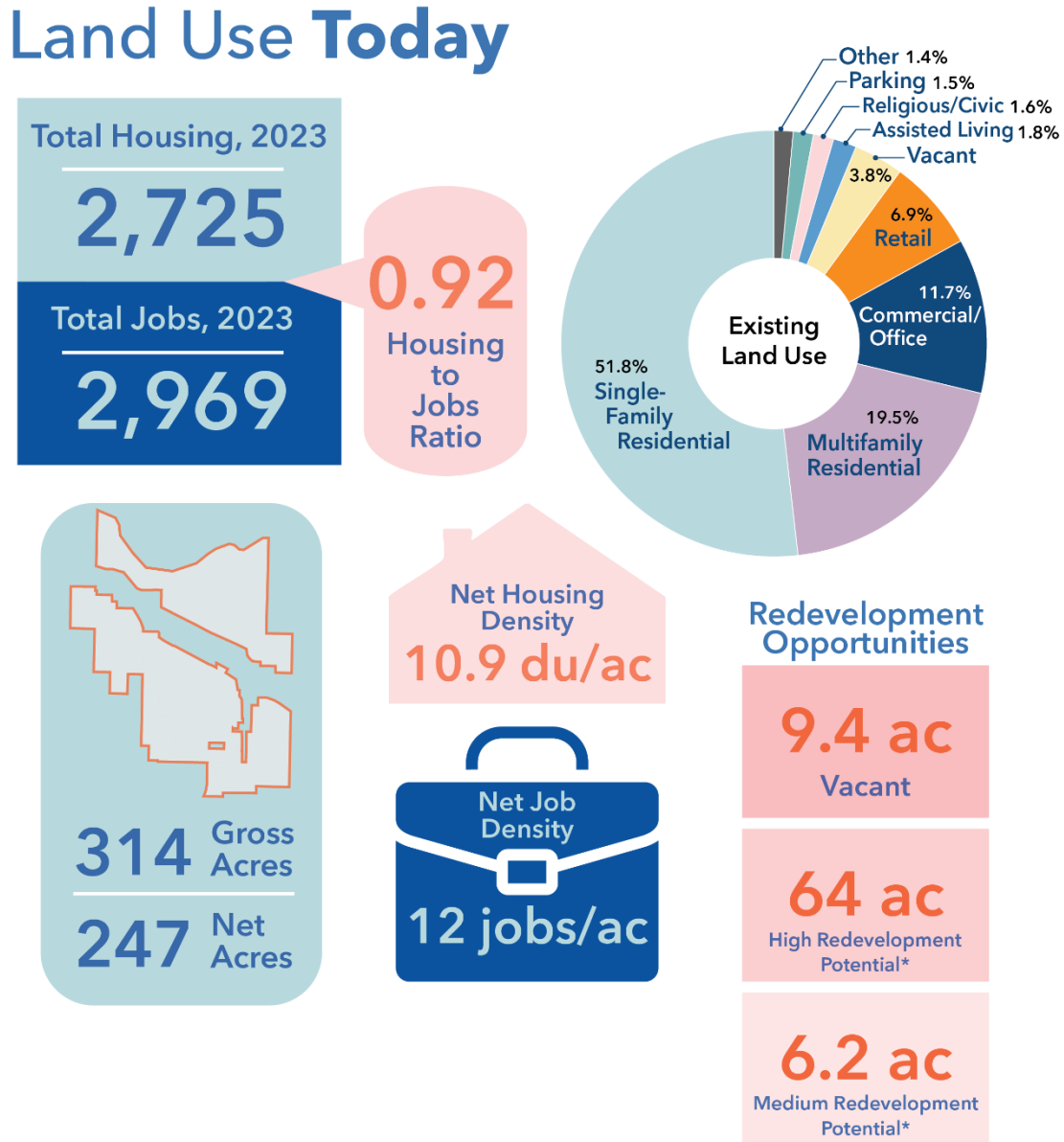
STATION AREA

The Mercer Island Station Area contains higher densities and more varied land uses compared to the Island as a whole. The areas north of I-90 and east and west of Town Center (Phase 2 geography of this subarea plan) include a more homogenous land use pattern with complex natural features compared to Town Center on its own. This area is predominately single-family residential with few multifamily and non-residential uses mixed in. Forested pockets, steep slopes, ravines, and streams generally aligned with the Mercerdale Hillside Open Space and east edge of 84th Ave Southeast engulf the Station Area in a

pristine Pacific Northwest environment. These environmental features, while a valuable asset in the subarea, can present challenges for mobility and development as the area evolves.

The breakdown of existing land uses, housing and jobs densities, and parcel utilization (vacant and redevelopment potential) in Figure 7 and select critical areas mapping in Figure 8 identify a collection of interrelated land use patterns, constraints, and opportunities for further strategic planning analysis in Phase 2.

FIGURE 7 STATION AREA LAND USE PROFILE



U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2023; ESRI, 2023; King County, 2026; Framework, 2026

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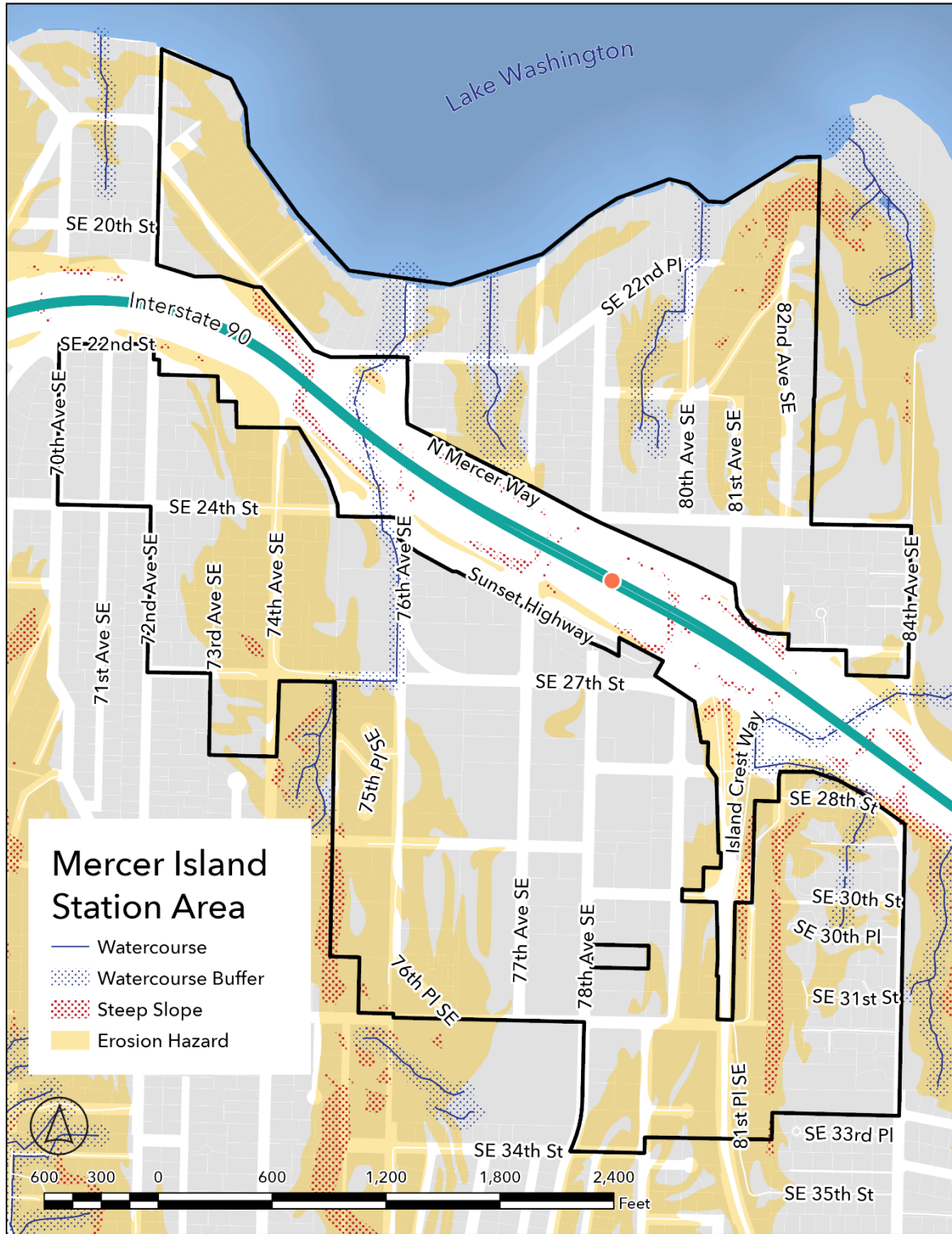
Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

**Parcels with Improvement-to-Land Value Ratios (ILRs) of 0 to 0.5 are considered High Development Potential. ILRs of 0.51 to 1.0 are considered Medium Development Potential*

Building off the land capacity analysis in the Land Use Element of the Comprehensive Plan, Figure 7 summarizes parcel utilization across the Station Area. As of March 2026, King County Assessor data identified 36 vacant parcels amounting to 9.4 acres scattered throughout the Station Area. The ratio of improvement value (buildings or structures on a lot) compared to the underlying land value can also indicate development potential of properties. Approximately 198 parcels (70 acres total) indicate moderate to high redevelopment potential and will be carefully considered during Phase 2 to align development regulations, market conditions, and construction feasibility with community goals for the build-out of the Station Area.

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FIGURE 8 SELECT ENVIRONMENTAL CRITICAL AREAS



City of Mercer Island; King County; Framework, 2026

Critical areas mapped in Figure 8 **Error! Reference source not found.** are among the land use constraints that require specific planning attention in Phase 2 to ensure compliance with State transit-oriented development laws and a smooth evolution of Mercer Island’s neighborhoods within the Station Area.

TOWN CENTER

Town Center text Relocated from Land Use Existing conditions and trends

The Town Center is a 76-acre bowl-shaped area that includes residential, retail, commercial, mixed-use, and office-oriented businesses. Historically, convenience businesses — groceries, drugstores, service stations, dry cleaners, and banks (many belonging to national or regional chains) — ~~have~~ dominated commercial land uses; ~~many belong to larger regional or national chains~~. Retailers and other commercial services are scattered throughout the Town Center and are not concentrated in any particular area. ~~With a diffused development pattern, the Town Center is not conducive to "browsing," making movement around the downtown difficult and inconvenient for pedestrians, physically disadvantaged persons, and bicyclists.~~ Much of Town Center is characterized by a discontinuous and diffuse development pattern centered on auto-oriented commercial uses. Distances between day-to-day amenities make conducting errands on foot challenging and inconvenient.

Mercer Island's downtown is located only three miles from Seattle and one mile from Bellevue via I-90. I-90 ~~currently~~ provides critical transit, vehicular, bicycle, and pedestrian access to the Town Center as well as the rest of the Island. ~~Regional transportation plans anticipate the future development of a high-capacity transit system in the I-90 corridor. With the opening of Link Light Rail service to Mercer Island in 2026, in light of recent and potential future public transportation investments in the I-90 corridor and in~~ keeping with the region's emerging growth philosophy, redevelopment and ~~moderate~~ concentration of future growth into Mercer Island's Town Center and surrounding Station Area represents the wisest and most efficient use of the transportation infrastructure.

~~As required by the Growth Management Act of 1990, the Land Use Element presents a practical and balanced set of policies that address current and future land use issues. An inventory of existing land uses (Table 1) and a forecast of future development and population trends (Section III.) provide a backdrop for issues and policies. Subsequent sections IV and V address major land use issues and policies for the Town Center and non-Town Center areas.~~

FIGURE 23. TOWN CENTER LAND USE & FACTS SNAPSHOT

Total Land Area	76.5 acres	
	Total Net Land Area (excludes public right of way)	61.1 acres
Total Floor Area (includes all uses)	2,957,000 square feet (approximately 15% office, 10% retail, 35% residential, and 40% other non-residential)	

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	Total Floor Area—Ratio	1.09
Total Housing Units	1,391	
	Total Net Residential Density	22 units/acre
Total Employment	2,327	

Source: PSRC UrbanSim and Land Use Vision—Implemented Targets (LUV-IT).

III. GROWTH FORECAST

STATION AREA

The Mercer Island Comprehensive Plan—and by extension, this Station Subarea Plan—are responsible for guiding the City’s 20-year growth. Specific growth targets established by King County include **1,239 new housing units** and **1,300 new jobs** in Mercer Island by 2044. A significant share of this growth will likely occur in the Station Area.

As the City’s designated downtown and economic engine, Town Center is expected to absorb about half of the citywide employment growth over the next 20 years. Increased building heights and allowable residential density also make this area the most permissive in the city for residential development. Despite its small size (3.2% of the total Mercer Island land area), current estimates for Phase 1 of the subarea plan indicate that over 50% of the citywide residential capacity exists here (see [Figure 9]). Taken together, TC-8 and TCMF-6 could support about 1,700 additional housing units across low- and mid-rise multifamily and mixed-use development permitted in these zones.

Elevated residential and employment intensities within walking distance of the Mercer Island Link Light Rail Station make possible the construction of low- and mid-rise buildings. Due to construction costs, economies of scale, and concerted efforts by the City to support affordable housing development in the Station Area, this is where much of the City’s allocated housing need for low, very low, and extremely-low income housing is expected to be built. A simplified linear growth projection in [Figure 9] demonstrates a possible scenario for how much growth occurs over the 20-year planning cycle. If the majority of the City’s remaining housing need (1,192 units) transpires here, the Station Area could have a population of about 7,000 residents and over 3,600 jobs by 2044.

As of 2026, capacity estimates and growth assumptions have only been made for the Phase 1 geography. During Phase 2, additional analysis will inform the expected growth potential in areas outside Town Center and the TCMF-6 zones.

[FIGURE 9 PLACEHOLDER FOR LINEAR GROWTH FORECAST INFOGRAPHIC]

IV. LAND USE ISSUES

TOWN CENTER

Town Center Growth Forecast relocated from LU Growth Forecast

- ~~I. Town Center is an area in the City where most new development will be focused in the coming years. The Town Center area includes land zoned for commercial retail, service, mixed, and office uses. The Town Center is the largest mixed-use zone in the City and an important economic hub. Older commercial developments in the Town Center consist of many one-story strip centers surrounded by parking lots. The Town Center subarea plan, adopted in 1993, establishes the planning framework for Town Center to redevelop with a mix of residential and commercial development. Mixed-use development is replacing existing commercial development as the Town Center redevelops. This has led to an increase in the number of residential dwellings in this area, concurrent with changes to the type of commercial development in the zone. There is concern that redevelopment will displace existing businesses or reduce the total commercial square footage available~~
- ~~II. or new and expanding businesses in Town Center. In 2022 the City adopted ne~~
- ~~III. regulations to limit the loss of commercial space as the area redevelops. As these regulations influence the built environment in Town Center, the City will need to monitor their influence on the availability and affordability of commercial space.~~
- ~~IV. In 1994, the City made significant street improvements in the Town Center, resulting in a more pedestrian friendly environment. However, more needs to be done on the private development side to design buildings with attractive streetscapes so that people will h~~
- ~~V. ve more incentive to park their cars and walk between shopping areas.~~
- ~~The Town Center is poorly identified. The primary entrance points to the downtown are not treated in any special way that invites people into the business district. In 1994, the City made significant street improvements in the Town Center, resulting in a more pedestrian friendly environment. However, more needs to be done on the private development side to design buildings with attractive streetscapes so that people will have more incentive to park their cars and walk between shopping areas.~~

Up to this point, most multifamily and mixed-use developments have been confined to Town Center and adjacent multifamily districts under regulations for residential density and building height, placement, and coverage in the Mercer Island City Code (MICC). During Phase 1 of this subarea planning effort, the

City will update these development regulations to allow for increased height to address residential development capacity deficiencies outlined in GMHB Order Issue #1. In Phase 2, the City’s regulatory system will undergo foundational amendments to conform with the State’s legal framework for transit-oriented development which requires a minimum floor-to-area (FAR) ratio of at least 3.5 within the Station Area. FAR can be averaged across subdistricts—for instance, the City could allow an FAR greater than 3.5 in Town Center and lower FAR limits in existing lower density districts.

The transition from Mercer Island’s current regulatory mechanisms to a FAR-based regulation entails further analysis to be conducted in Phase 2. This work is critical for compatibility with existing development patterns in the Station Area and to ensure development feasibility.

FIGURE 10 FLOOR-TO-AREA RATIOS FOUND IN TOWN CENTER TODAY



City of Mercer Island; King County Assessor; Framework, 2026

V. GOALS AND POLICIES

Station Area Planning Community Engagement

- Goal 1:** The Station Area has strong regulatory standards that balance community priorities identified during the planning process.
- 1.1 In Phase 2, work with neighborhoods within the Station Area to determine subdistrict boundaries.
 - 1.2 In Phase 2, develop a coherent Station Area vision building off the Town Center vision that reflects the needs and aspirations of community members living and working within the Station Area boundary.

- 1.3 In Phase 2, work with Station Area residents and landowners to calibrate density distribution and land use mix across subdistricts.

Encouraging Transit-Oriented Development

Goal 2: The Station area includes a mixture of mixed-use and residential uses at a range of densities that support regional transit goals, and local housing targets in compliance with RCW 36.70A.020(4) and RCW 36.70A.840.

- 2.1 Beginning in Phase 1 and completing in Phase 2, focus additional development capacity in the Town Center to the extent possible.
- 2.2 During Phase 2, develop a land use strategy for neighborhoods within the Station Area that balances upzoning with proximity to regional transit, current neighborhood configuration, topography, environmental constraints, and public input.

Supporting Economic Development

Goal 3: Capitalize on regional transit investments to advance economic development outcomes in Town Center and accommodate the majority of Mercer Island's employment growth target within the Station Area.

- 3.1 Maintain a diversity of Town Center land uses *[Previously LU 6.2]*.
- 3.2 Support economic growth that accommodates Mercer Island's share of the regional employment growth target of 1,300 new jobs from 2024—2040 by maintaining adequate zoning capacity, infrastructure, and supportive economic development policies *[Previously LU 6.3]*.
- 3.3 Create a healthy and safe economic environment where Town Center businesses can serve the needs of Mercer Island residents and ~~draw upon broader retail and commercial market areas~~ benefit from off-island consumers connected by regional public transit *[Previously LU 6.4]*.
- 3.4 In Phase 2, identify potential areas to locate commercial and mixed-use development to compliment residential uses within the Station Area district, and create strong connections to Town Center.
- 3.5 In Phase 2, develop a land capacity analysis showing updated employment capacity for the Station Area **[Added on 4/24/2026]**.

Managing parking demand

Goal 4: Station Area public parking management minimizes conflicts between residents, transit riders, and local business access.

- 4.1 In Phase 2, develop a local empirical parking study to right-size parking requirements for the Station Area.
- 4.2 In Phase 2, develop streetscape standards and public improvement requirements that balance increased street parking demand with safe non-motorized travel.

Fine-Grained Connections and Destinations

- Goal 5:** Create a mixed-use Town Center with pedestrian scale and connections to form a dense and walkable node serving the Station Area and Island-at-large *[Previously LU Goal 1]*.
- 5.1 Invest in a walkable mixed-use core adjacent to a regional transit facility with sufficient size and intensity to produce a multi-service destination *[Previously LU 1.1]*.
 - 5.2 Street-level retail, office, and service uses should reinforce the pedestrian-oriented circulation system with amenities, tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around and connect to regional transit facilities *[Previously LU 1.2]*.
 - 5.3 During Phase 2, consider street frontage improvement standards in the broader Station Area.
 - 5.4 Strengthen walkable connections to community facilities and institutions surrounding the Station Area.

Land Use Pattern

- ~~Goal 1- Goal 6:~~ Facilitate diverse uses that meet Islanders' daily needs and help create a vibrant, healthy Town Center serving as the City's business, social, cultural, and entertainment center *[Previously LU Goal 2]*.
- ~~5.56.1~~ Use a variety of creative approaches to organize various land uses, building types, and heights in different portions of the Station Area Town Center *[Previously LU 2.1]*.
 - ~~5.66.2~~ Maintain a minimum commercial square footage in the Town Center to preserve the quantity of commercial space in recent developments as new development occurs, with a specific focus on maintaining the current number of large grocery stores to ensure adequate access to food for residents *[Previously LU 2.2]*.
 - ~~6.3~~ Encourage retail street frontages ~~should be the area~~ where the majority of retail activity is focused. Retail shops and restaurants should be the dominant use, with personal services also encouraged to a more limited extent *[Previously LU 2.3]*.
 - ~~5.76.4~~ In Phase 2, complete an existing conditions analysis to inform appropriate land use mix within the Station Area.

Built Environment

- ~~Goal 2- Goal 7:~~ Have a mixture of building types, styles, and ages ~~that~~ reflects the evolution of the Town Center, and the sStation aArea over time, with human-scaled buildings, varied height, setbacks and step-backs, and attractive facades *[Previously LU Goal 3]*.
- ~~5.8~~ Buildings taller than two stories may be permitted if appropriate public amenities and enhanced design features are provided *[Previously LU 3.1]*.
 - ~~5.9~~ Locate taller buildings on the north end of the Town Center and step down building height through the center to lower heights on the south end, bordering Mercerdale Park *[Previously LU 3.2]*.

- ~~5.10~~ Calculate building height on sloping sites by measuring from the lowest point on that side of a building **[Previously LU 3.3].**
- ~~2.17.1~~ Mitigate the "canyon" effect of straight building facades along streets through the use of upper floor step-backs, façade articulation, and similar techniques, except when doing so conflicts. Use frontage design techniques to encourage distinct, high-quality design while balancing with other priorities such as providing affordable housing or encouraging low carbon development **[Previously LU 3.4].**
- ~~2.2~~ Buildings on larger parcels or with longer frontage should provide more variation of the building face to allow for more light and create the appearance of smaller-scale, more organic, village-like development pattern. Building mass and long frontages resulting from a single user should be broken up by techniques such as creating a series of smaller buildings (like Island Square), providing public pedestrian connections within and through a parcel, and use of different but consistent architectural styles to create smaller building patterns **[Previously LU 3.5].**
- ~~2.37.2~~ Building facades should provide visual interest to pedestrians. Street-level windows, building setbacks, on-street entrances, landscaping, and articulated walls should be encouraged **[Previously LU 3.6].**
- ~~5.117.3~~ Review how the average daylight plane, major site features, and major façade modulation requirements impact the maximum allowed floor area ratio during Station Subarea Plan Phase 2.
- Goal 3: Goal 8:** Allow The Station Area has a variety of housing forms for serving all life stages, including townhomes, apartments, and live-work units that are attractive to families, singles, and seniors at a range of price points consistent with the goals and policies in the Housing Element **[Previously LU Goal 4].**
- ~~3.18.1~~ Land uses and architectural standards should provide for the development of a variety of housing types, sizes, and styles **[Previously LU 4.1].**
- ~~3.2~~ Allow development of low-rise multifamily housing in the Town Center Multifamily (TCMF) subareas of the Town Center **[Previously LU 4.2].**
- ~~3.38.2~~ Allow-Facilitate the development of affordable housing within the Station Area Town Center **[Previously LU 4.3].**
- ~~3.48.3~~ Allow the development of accessible and visitable housing within the Town Center Station Area **[Previously LU 4.4].**
- ~~8.4~~ Allow options for ownership housing within the Town Center Station Area **[Previously LU 4.5].**
- ~~3.58.5~~ In Phase 2, complete an updated land capacity analysis for housing units to inform future capital facilities, transportation, and utility investments **[Added on 4/24/2026].**

Public Realm

~~Goal 6:~~ **Goal 9:** Have A variety of inviting, accessible outdoor spaces ~~with~~ provide seating, greenery, water features, and art ~~that~~ offer settings for outdoor entertainment and special events as well as for quiet contemplation **[Previously LU Goal 5]**.

~~6.19.1~~ Outdoor public spaces of various sizes in the ~~Town Center~~ Station Area are important and should be encouraged **[Previously LU 5.1]**.

~~6.29.2~~ Encourage the provision of on-site open space in private developments. This can include incentives, allowing development agreements, and as an alternative to land dedication. In addition, encourage the aggregation of smaller open spaces between parcels to create a more substantial open space **[Previously LU 5.2]**.

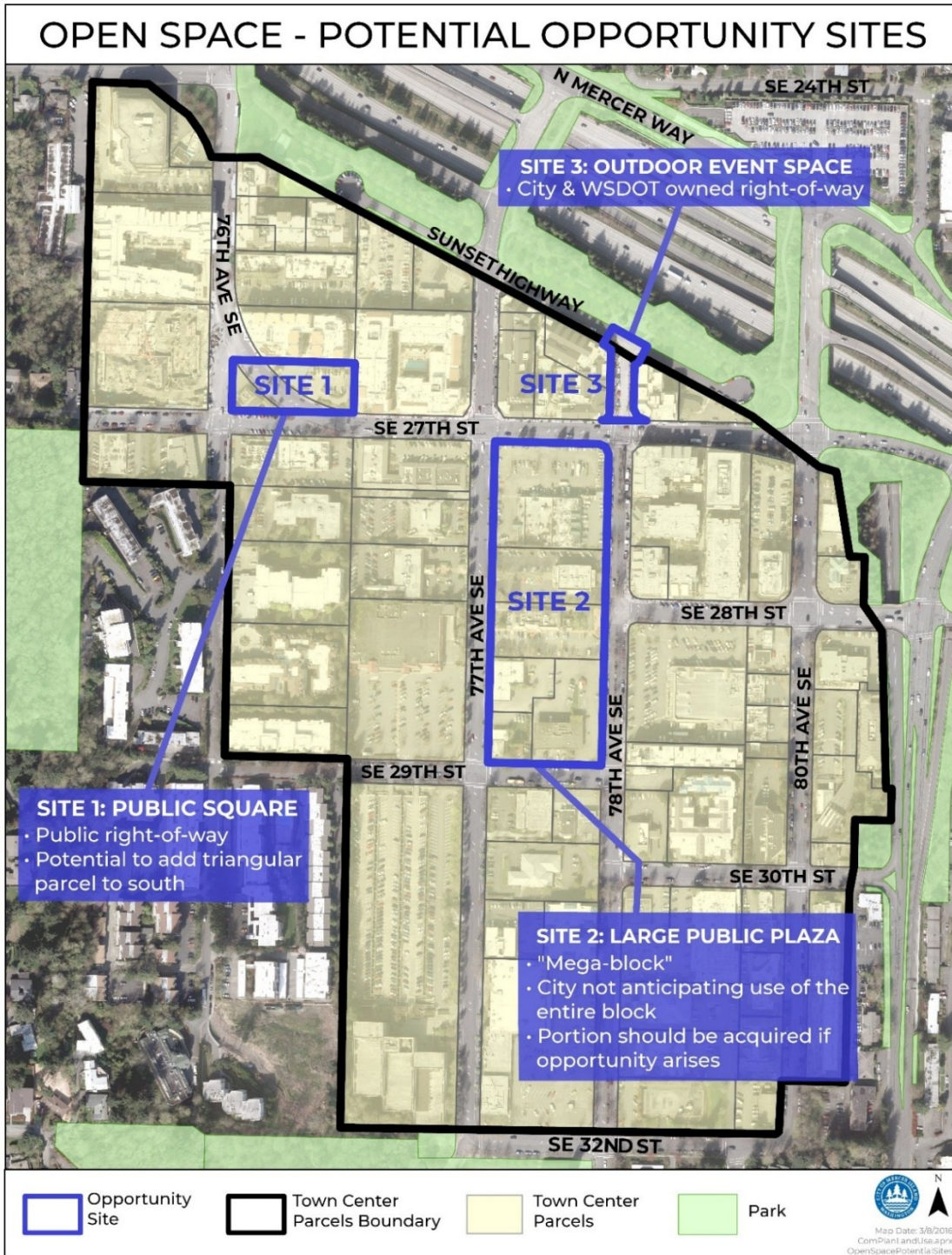
Investigate potential locations and funding sources for the development (and acquisition if needed) of one or more significant public open space(s) that can anchor the Town Center's character and redevelopment. Identified "opportunity sites" are shown in

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- 6.39.3 Figure 11 ~~Figure TC-2~~ and described below. These opportunity sites should not preclude the identification of other sites should new opportunities or circumstances arise [*Previously LU 5.3*].
- 6.49.4 In Phase 2, engage neighborhood residents and workers within the Station Area to identify critical connections to adjacent open space such as Luther Burbank Park and nearby recreational facilities to ensure access to existing community resources.
- 6.59.5 In Phase 2, work with property owners to identify additional “opportunity sites” for public open space to ensure that increased residential density is accompanied by open space investment.
- 6.69.6 Evaluate design standards to ensure private commercial, mixed-use, and residential development contributes accessible outdoor amenity space.

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FIGURE 11 OPEN SPACE – POTENTIAL OPPORTUNITY SITES



City of Mercer Island, 2016

Housing

I. INTRODUCTION

This chapter guides how the City of Mercer Island can accommodate a range of housing opportunities in the Station Area in proximity to everyday needs like employment, shopping, entertainment, and high-capacity public transit. The Housing Element of the City's Comprehensive Plan establishes a policy foundation for focused affordable housing efforts, anti-displacement measures, and addressing racially disparate impacts, which are imperative to the equitable development of the Station Area. This chapter also relies on the adequate provisions laid out in the Comprehensive Plan to eliminate barriers to abundant, diverse, and affordable housing within walking distance of the Mercer Island Light Rail Station.

At its core, this Station Subarea Plan is designed to facilitate the co-location of housing, employment, entertainment opportunities, and more next to regional light rail infrastructure. The analysis, goals, and policies in this chapter are primarily concerned with supporting low-cost housing development through local affordable housing development regulations, partnerships, and by leveraging public land and fee reductions. This chapter also recognizes the increased financial strain placed on existing residents as the Station Area evolves; as such, support via anti-displacement measures and preservation efforts for naturally occurring affordable housing are as important as supporting new residents. Ultimately, the Housing chapter works closely with the Land Use chapter to spatially align housing, jobs, and transit to bring down overall household costs for housing and transportation.

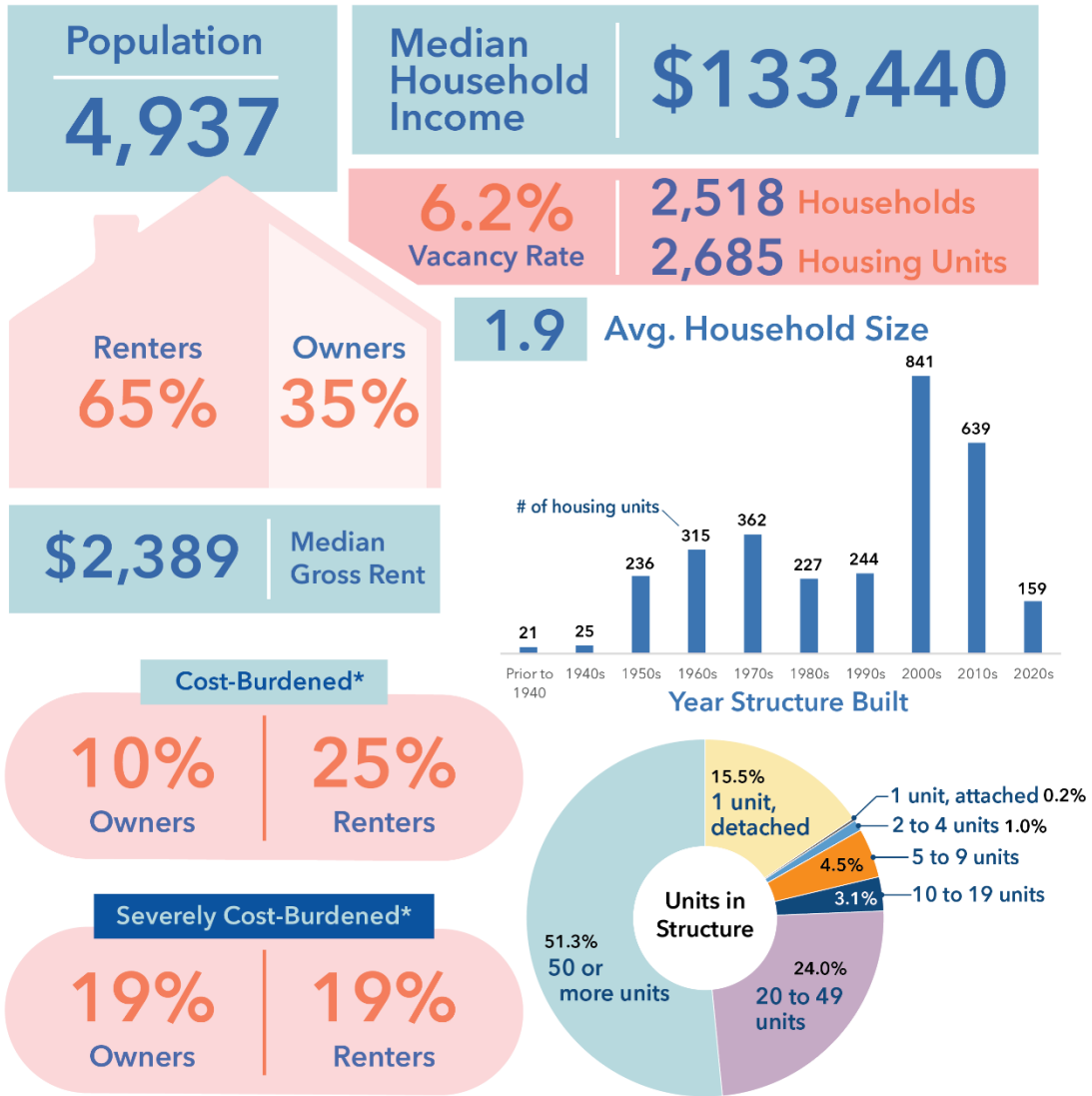
II. EXISTING CONDITIONS, TRENDS, AND EFFORTS

Past planning efforts and market trends have produced housing characteristics within the Station Area that contrast with Mercer Island as a whole. Households within the Station Area are generally smaller, younger, and less wealthy. Like the Puget Sound region at large, housing prices are outpacing incomes in this area of Mercer Island, and over 30% of households are considered cost-burdened, leaving limited funds for other spending and participating in the local economy (see Figure 12).

Historical land use policies, zoning regulations, and affordable housing efforts have led to distinct patterns in housing stock across the Station Area. Overall, residential development tends to be cheaper to rent or buy, newer, and contain smaller unit sizes compared to the citywide housing inventory. Differences among the physical and financial characteristics of housing structures are clear *within* the Station Area as well: the Phase 1 geography for this subarea plan predominantly contains multifamily structures like walk-up and mid-rise condominiums and apartments, including a mix of older buildings and those built in the past 20 years—a few containing some of the City's only income-restricted units. This contrasts with older, larger single-family detached homes that mainly exist in the Phase 2 geography which tend to be ownership only and more expensive.

FIGURE 12 STATION AREA HOUSING PROFILE

Housing Today



U.S. Census Bureau, 2023; ESRI, 2025; King County, 2026; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

*Cost-burdened households spend more than 30% of their income on housing costs. Severely cost-burdened households spend more than 50% of their income on housing costs.

OPPORTUNITY SITES

The City owns two opportunity sites within the Station Area that could be considered for affordable housing developments. As public property is rare, planning for these sites must proceed carefully to ensure that this public investment is maximized. To that end, Phase 2 will include a planning process that involves both public outreach and engaging with the development community including affordable housing organizations such as ARCH. The two opportunity sites are:

- Parcel Number 5315101235 – City-owned parking lot near the intersection of SE 27th St and 80th Ave SE.
- Parcel Numbers 5315101838 and 5315101837 – Surplus lots remaining from work on the intersection of North Mercer Way and 77th Ave SE.

III. GOALS AND POLICIES

AFFORDABLE HOUSING

- Goal 1:** Costs of development for multifamily housing, including income-restricted affordable housing are minimized in alignment with Housing Goal 2.
- 1.1 In Phase 2, explore affordable housing opportunities on surplus public property in collaboration with community members and the development community.
 - 1.2 In Phase 2, implement the Multifamily tax exemption in the Station Area.
 - 1.3 In Phase 2, implement a 50% reduction in impact fees collected for system improvements of public streets, roads, bicycle, and pedestrian facilities for developments claiming the Multifamily tax exemption in the Station Area.
- Goal 2:** A well-functioning inclusionary zoning program results in abundant affordable housing in new multifamily and mixed-use developments in alignment with the Housing Element.
- 2.1 In Phase 1, establish an inclusionary zoning program within the Town Center calibrated to regional development feasibility and market demand.
 - 2.2 Pair inclusionary zoning requirements with a fee-in-lieu program to provide flexible options for providing affordable housing units.
 - 2.3 In Phase 2, expand the inclusionary zoning program to the full Station Area.
- Goal 3:** New and enhanced affordable housing partnerships enable significant affordable housing development within walking distance of the transit station.
- 3.1 Identify potential land-holding partners interested in developing affordable housing within the Station Area such as nonprofits and religious organizations.
 - 3.2 Explore public-private partnerships to creatively finance and construct affordable housing.
- Goal 4:** Naturally Occurring Affordable Housing (NOAH) is well-preserved and supported within the Station Area.

- 4.1 In alignment with Housing Element policy 4.1, inventory and protect existing naturally occurring affordable housing through tenant protections, property acquisition, or property tax deferrals.

TRANSIT-ORIENTED AND WORKFORCE HOUSING

Goal 5: Higher density developments exist within walking distance of the transit station, limiting additional demand for residential parking and road space, while supporting the city's residential growth targets.

- 5.1 In Phase 1, Increase allowed densities in Town Center and the adjacent TCMF-6 district to maximize the number of residents who can walk to existing community businesses and services, and access regional employment centers via transit.
- 5.2 In Phase 2, initiate planning efforts in neighborhoods within the Station Area to accommodate additional required residential density throughout the subarea while considering the existing built environment and supporting diverse workforce housing.

ANTI-DISPLACEMENT

Goal 6: The City understands displacement risk throughout the Station Area and supports residents' efforts to remain in their neighborhoods.

- 6.1 During phase 2, inventory deed-restricted and naturally occurring affordable housing units within the Station Area, identifying units at high risk of redevelopment and expiration timelines for affordability covenants.
- 6.2 Work with affordable housing providers to preserve existing affordable housing.
- 6.3 During Phase 2, support community efforts for lower-cost homeownership like limited-equity homeownership models, community land trusts, and rent-to-own programs.

Economic Development

I. INTRODUCTION & EXISTING CONDITIONS

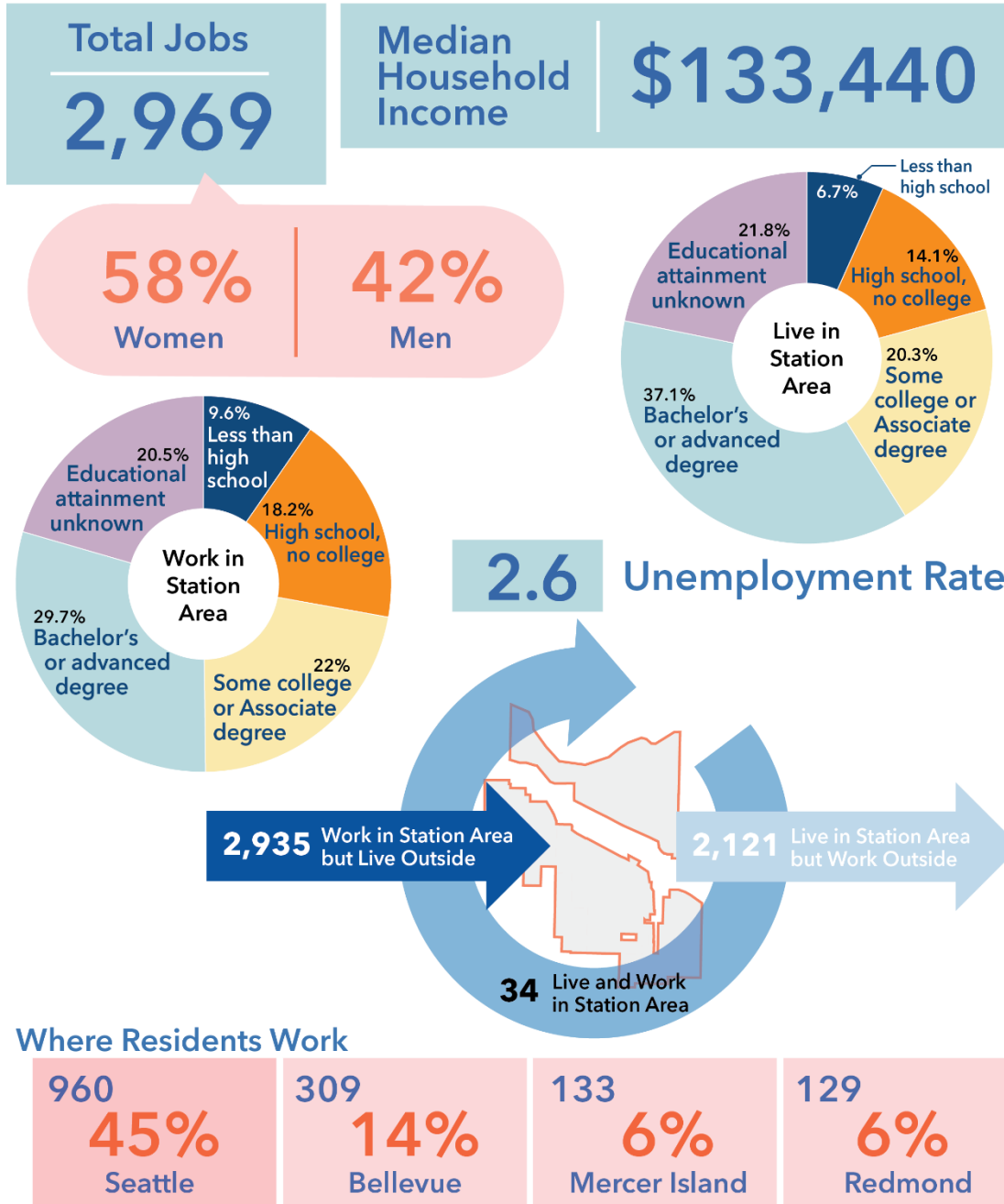
The Station Area, and Town Center in particular, will continue to serve as the economic engine for Mercer Island over the planning horizon. This chapter guides how the City of Mercer Island can leverage the light rail proximity, existing Town Center assets, and development opportunities to harness economic development and prosperity in the future. In combination with the land use chapter, the economic development goals and policies below are intended to support new and existing businesses that prop up a budding regional economy and support the everyday lives of residents.

Employment and residential uses coexist in proximity in Town Center and surrounding neighborhoods; however, most community members residing in the Station Area leave the City each day to work elsewhere in the Puget Sound. Consequently, this subarea plan is designed to facilitate a well-rounded and sustainable business environment in which residents purchase goods and services, recreate, and enjoy entertainment offerings within the Station Area. Intentional implementation of economic development goals and policies can support fiscal sustainability for the City of Mercer Island in years to come.

On the flip side, the number of employees commuting into the Station Area each day for work signals a need to coordinate economic development efforts with affordable housing ambitions outlined in the Housing Element. These out-of-City employees tend to have lower incomes and educational attainment compared to those living in the Station Area and therefore could benefit from lower-cost housing options closer to their workplace, within the Station Area, so they can fully participate in Mercer Island's local economy.

FIGURE 13 STATION AREA ECONOMIC DEVELOPMENT PROFILE

Economic Development Today

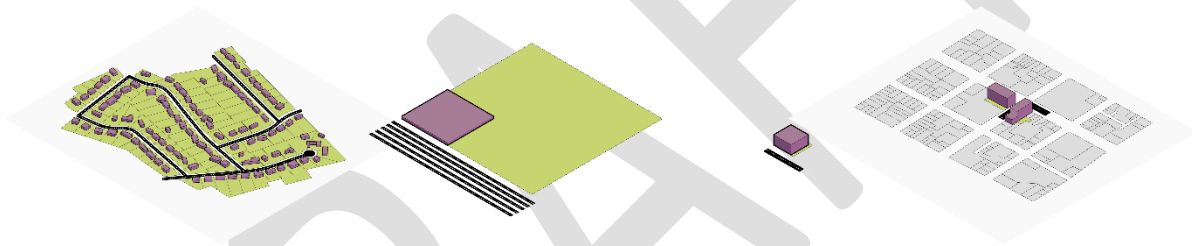


U.S. Census Bureau, 2023; Bureau of Labor Statistics, 2025; LEHD Origin-Destination Employment Statistics, 2023; Framework, 2026

Note: The data above is calculated for the Mercer Island Station Area by using [data apportionment](#).

The map in Figure 15 shows relative land value, which normalizes property value by area, in this case, land value per acre. Land value reflects development potential as well as access to amenities and services such as transit, parks, schools, and natural attributes (like waterfront). Assessing relative land value helps the City to understand the comparative productivity of different land uses, for instance how mixed-use and higher density areas perform compared to low density residential. Transit-rich areas with greater density allowances support high land values (lots of people want to live in a small area), which means more property tax generation from that area. Higher densities and transit adjacency also support more commercial productivity, resulting in more sales tax revenue. Simultaneously, as illustrated in Figure 14, denser areas require less infrastructure and allow more efficient service administration on a per unit basis. When households are spread out, each household requires significantly more infrastructure than in a denser configuration. In other words, density can support the City's fiscal sustainability over time.

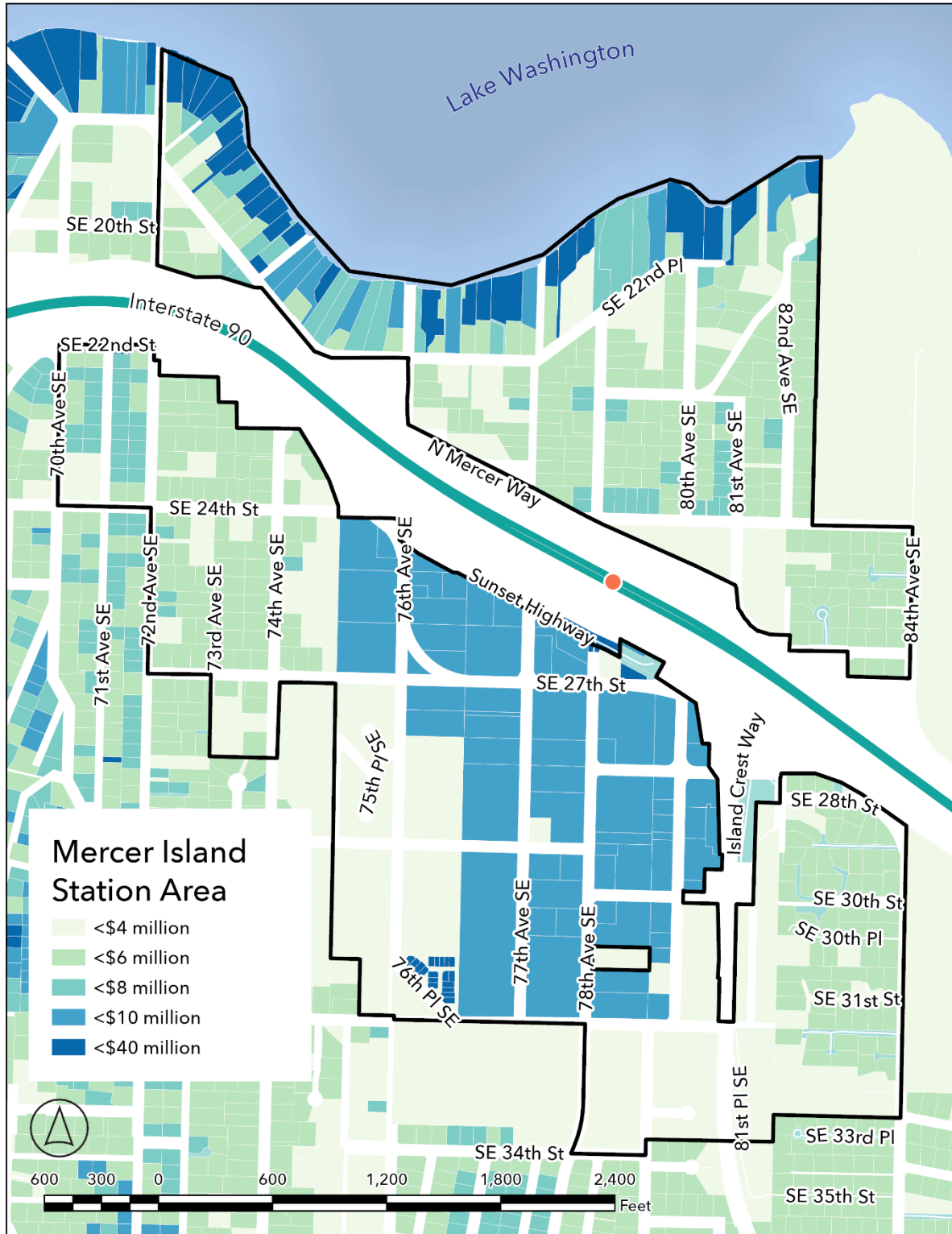
FIGURE 14: COMPARATIVE ROADWAY FOR 100 LARGE LOT RESIDENCES VS 100 APARTMENT UNITS



Framework, 2026

Mercer Island Comprehensive Plan
Station Subarea Plan

FIGURE 15 RELATIVE LAND VALUE



City of Mercer Island; King County Assessor, 2026; Framework, 2026

II. GOALS AND POLICIES

Marketing Mercer Island

- Goal 1:** The Town Center commercial area has a cohesive brand established by marketing efforts informed by public input and the policies of this element *[Previously ED 2]*.
- 1.1 Develop and promote a theme and vision to create a unique and appealing identity for the Town Center directed at drawing more residents and visitors to Mercer Island *[Previously ED 2.1]*.
 - 1.2 Develop and implement a cohesive visual brand that reflects the island's natural beauty and upscale yet welcoming character, including a logo, color scheme, and typography *[Previously ED 2.2]*.

Business Retention and Attraction

- Goal 2:** Mercer Island's Town Center is a vibrant destination attracting new businesses and supporting the growth of existing businesses *[Previously ED 3]*.
- 2.1 Attract more commercial office employers to the City *[Previously ED 3.1]*.
 - 2.2 Develop strategies to increase the percentage of workers living and working on Mercer Island focused within the Station Area *[Previously ED 3.2]*.
 - 2.3 Attract a diverse mix of businesses that complement existing offerings and fill market gaps, focusing on unique, locally owned establishments *[Previously ED 3.3]*.
 - 2.4 Create a comprehensive "best practices" section on the City website detailing steps for business setup at city, state, and county levels *[Previously ED 3.4]*.
 - 2.5 Streamline and simplify the process for new business setup, making it more intuitive and user-friendly *[Previously ED 3.5]*.
 - 2.6 Support anti-displacement efforts for businesses within the Station Area.
 - 2.7 During Phase 2, update development standards to support small, affordable commercial space in new buildings.

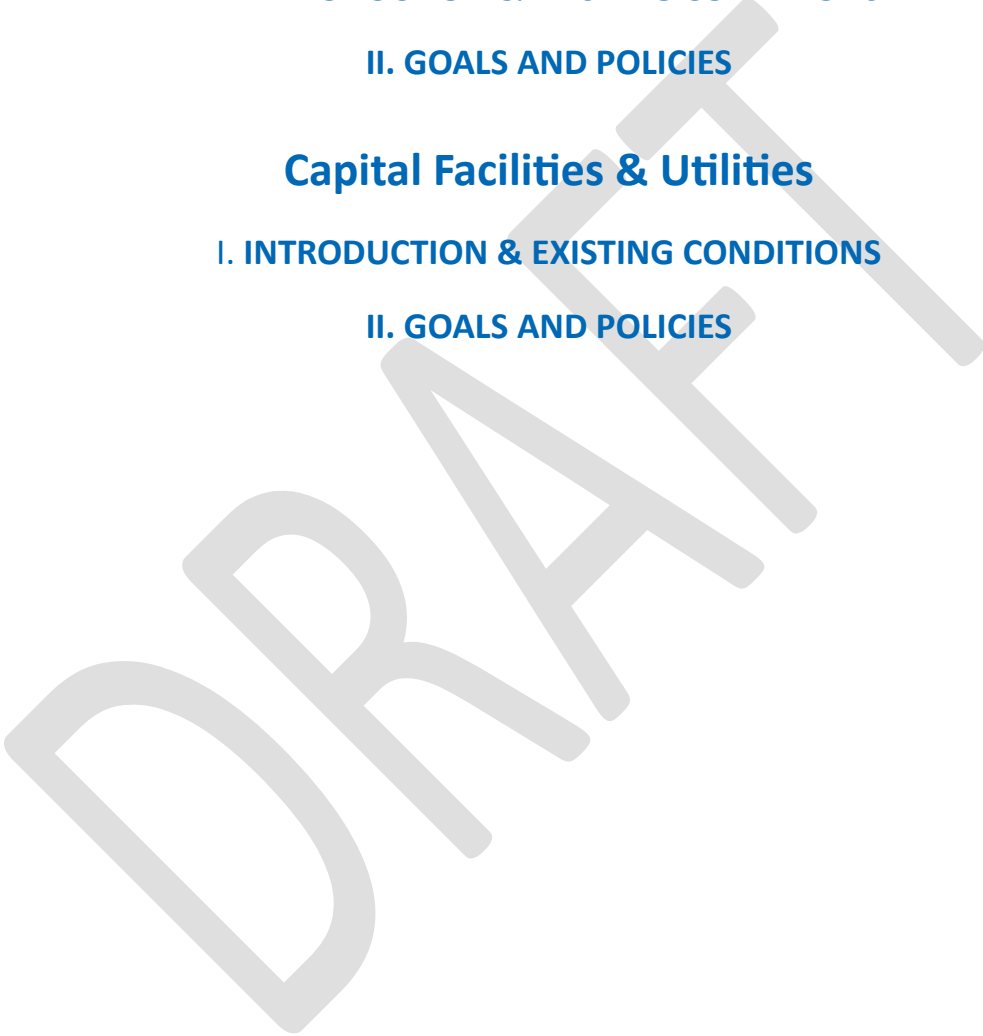
City staff and consultants will provide updated analyses, goals, and policies for Transportation, Capital Facilities, and Utilities in a future draft.

Transportation

- I. INTRODUCTION & EXISTING CONDITIONS**
- II. GOALS AND POLICIES**

Capital Facilities & Utilities

- I. INTRODUCTION & EXISTING CONDITIONS**
- II. GOALS AND POLICIES**















Implementation Program









PHASE 2 IMPLEMENTATION ACTIONS






Mercer Island City Council will need to set the scope, schedule, and budget for Phase 2. The implementation actions below sketch out key actions for City Leadership to consider in determining the Phase 2 scope, with a focus on RCW 36.70A.840 compliance, providing multiple community engagement opportunities, and determining future capital facilities and transportation investments. Ultimately, this Station Subarea Plan will be implemented over the 20-year planning horizon and additional actions will be developed and prioritized by City Council after Phase 2.

PHASE 2 IMPLEMENTATION ACTIONS

Enabling Policy	Action Type	Action #	Action Description
LU 1.1, 1.2		1	Create a public engagement plan outlining engagement activities in Phase 2.
LU 1.1		2	Engage Station Area residents to establish Station Area subdistricts.
LU 1.2		3	Engage Station Area residents to develop a Station Area vision, and subdistrict visions.
LU 4.1		4	Conduct a parking study to identify potential safety concerns in the Station Area.
LU 2.2		5	Conduct a capacity analysis for new residential and employment densities across the Station Area.
H 1.1		6	Identify surplus public property for affordable housing development.
LU 2.2 CF		7	Identify utility capacity constraints.
LU 2.2 T		8	Identify transportation capacity constraints.
LU 3.4 ED 2.3		9	Evaluate opportunities for expanded commercial activity beyond Town Center.
LU 6.1, 6.4		10	Update Land Use goals and policies to reflect priorities defined by station visioning.
H 1.1, 5.3, 6.3		11	Update Housing goals and policies to reflect priorities defined by station visioning.
ED 1.1, 2.2		12	Update Economic Development goals and policies to reflect priorities defined by station visioning.

Mercer Island Comprehensive Plan
Station Subarea Plan

LU 2.2, 3.4		13	Engage Station Area residents on density distribution and land use mix across subdistricts.
LU 5.4 T		14	Work with Station Area residents and landowners to identify and enhance multimodal connections to adjacent open spaces and community institutions.
LU 9.3, 8.2, 8.3 H 1.1, 3.1, 3.2 ED 1.2, 2.3, 2.7		15	Identify priority community development projects to support anticipated population growth.
LU 2.2, 6.4, 7.4		16	Update development code to regulate using FAR rather than height in conformance with HB 1491 (RCW 36.70A.840). Right size lot coverage, lot size, setbacks and other dimensional standards that influence building mass. Tailor by subdistrict.
LU 4.2, 5.3, 7.1		17	Introduce frontage standards.
H 1.2, 1.3		18	Implement the Multifamily Tax Exemption and associated impact fee reductions for in the Station Area.
LU 2.2, 9.3 CF		19	Update Capital Improvement Plan to reflect increased capacity demands for the Station Area.
LU 2.2, 9.3 T		20	Update Transportation Improvement Plan to reflect increased capacity demands for the Station Area.

	Public Engagement
	Evaluation & Analysis
	Policy Development
	Regulatory Update
	Infrastructure Investment