



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6937
June 3, 2025
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6937: Public Hearing on Interim Regulations Related to Unit Lot Subdivisions (SB 5258) in Title 19 MICC (First Reading, Ordinance No. 26-06)	<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:	Hold public hearing and schedule a second reading of Ordinance No. 26-06.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Molly McGuire, Senior Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26-06
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 bill is to hold a public hearing and conduct first reading of Ordinance No. 26-06 related to the renewal of the interim regulations for Unit Lot Subdivisions.

- In 2023, the Washington State legislature passed [SB 5258](#) establishing new requirements for development on residential lots in Washington cities, including Mercer Island.
- Mercer Island must permit unit lot subdivision, allowing existing “parent lots” to be split into “unit lots” that provide for individual sale and ownership of middle housing and accessory dwelling units.
- On March 4, 2025, the City Council adopted [Ordinance No. 25C-06](#) enacting interim development regulations to provide minimum compliance with SB 5258.
- The current interim regulations will expire on June 30, 2026. The City must renew the interim regulations to remain in compliance with state law.
- Ordinance No. 26-06 would renew the interim regulations established by Ordinance No. 25C-06 for six months, maintaining compliance with state law (Exhibit 1).
- At the June 2, 2026 City Council meeting, the City Council will hold a public hearing and conduct a first reading of Ordinance No. 26-06.

BACKGROUND

In 2023, the Washington State Legislature adopted [SB 5258](#). SB 5258 primarily concerns construction defect claims in condominiums. However, Section 11 of the legislation includes a requirement, codified at [RCW](#)

[58.17.060\(3\)](#), that local jurisdictions “include in their short plat regulations procedures for unit lot subdivisions allowing division of a parent lot into separately owned unit lots...”

The Department of Commerce (Commerce) [Middle Housing User Guide](#) addresses this requirement and how it aligns with the middle housing requirements in HB 1110. Commerce also recently published additional draft guidance: [Unit Lot Subdivision Fact Sheet](#). Unit lot subdivision allows the land beneath detached single family housing, accessory dwelling units or middle housing where no units are stacked on another unit, to be divided for individual sale.

Under state law (RCW 58.17.060(3)), unit lot subdivision is a type of short subdivision. The Mercer Island City Code defines a short subdivision as “a subdivision consisting of four or less lots on four or less acres.” Together these requirements will enable parent lots to be divided into up to four unit lots for individual sale and ownership. Any portion of the parent lot not included in the unit lots must be owned in common by the owners of the unit lots, or by a homeowner’s association. This commonly held land could include shared open space and driveways.

Unit lot subdivision allows unit lots to be sold separately under fee simple ownership. “Fee simple” is a legal term that refers to full ownership of land and any buildings on that land. Unit lot subdivisions can be approved prior to, during, or after development. For example, the backyard of an existing home can be divided into unit lots for sale to a developer that intends to add middle housing or ADUs to the property. Likewise, vacant land can be divided through unit lot subdivision for development and individual sale of middle housing units such as townhomes. Finally, unit lot subdivision could also be used to sell an existing detached ADU for ownership separate from the primary unit.

Unit lot subdivision can be used with all forms of non-stacked housing, including single-family, middle housing, and ADUs. Unit lot subdivision is not appropriate for stacked flats, apartments, or configurations where one unit is stacked on top of another unit. [RCW 36.70A.635](#) also requires cities to allow zero lot line subdivision. This means that attached housing forms, including townhomes and duplexes, can be built on separate unit lots with no setback between the housing units. This type of land division is commonly used for townhomes, and it can also be used with side-by-side duplexes, triplexes and fourplexes as well as other non-stacked orientations of middle housing and ADUs (see Figure 1 at the top of page 3 for examples).

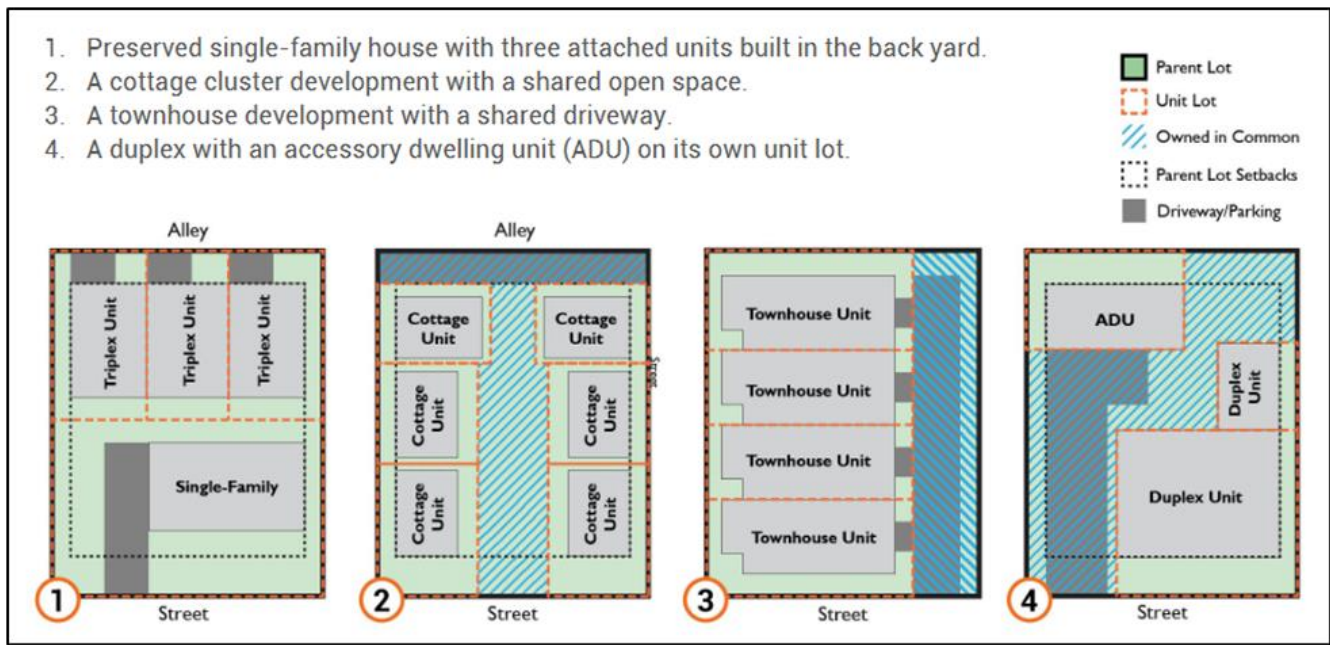


Figure 1: Unit Lot Subdivision Examples

APPROACH AND SCOPE OF WORK

Initial compliance with [SB 5258](#) unit lot subdivision requirements was achieved via adoption of interim development regulations, [Ordinance No. 25C-06](#). This initial phase focused on complying with the minimum requirements of the legislation, as described above. The City is planning a future second phase of work aimed at adopting permanent development regulations. This second phase will include additional community engagement and refinement of the interim development regulations. Currently, the Planning Commission and City Council are focused on achieving compliance with the [Growth Management Hearings Board Final Decision and Order](#). Once this work is complete, the Planning Commission and City Council will have the capacity to take this matter back up and conduct additional community outreach to adopt permanent regulations to comply with SB 5258. The interim regulations from the initial phase will need to be renewed for an additional six months to provide sufficient time to do so.

ISSUE/DISCUSSION

ORDINANCE NO. 26-06

Ordinance No. 26-06 will renew Ordinance No. 25C-06 to enact interim development regulations to comply with the provisions of SB 5258. The ordinance includes the following amendments:

- Adds a new section to the City’s subdivision regulations, MICC 19.08.080 Fee Simple Unit Lot Subdivisions. This section enables the creation of unit lot subdivisions using the City’s existing short plat process.
- Adds Preliminary Unit Lot Subdivision and Final Unit Lot Subdivision to the City’s Land Use Review Type table in MICC 19.15.030
- Adds definitions for Parent Lot and Unit Lot in MICC 19.16.010

The draft ordinance applies development standards established for the underlying zoning designation to the parent lot. This includes setbacks, maximum floor area, and other dimensional standards. Thus, unit lots do not need to individually comply with setbacks and no setback is required between housing units on separate unit lots. Additionally, unit lots do not have prescribed requirements for length, width or area. Parking

standards are also established by the development regulations for the underlying zoning designation. Parking can be provided on a different unit lot or tract from the unit lot with the dwelling, if the right to use the parking is established with an easement or on the final plat. The final plat for a unit lot subdivision must indicate that each unit lot is not a separate buildable lot and that additional development of unit lots may be limited as a result of the application of development standards to the parent lot.

NEXT STEPS

These interim regulations will continue to be renewed every six months until the capacity exists until permanent regulations can be adopted.

RECOMMENDED ACTION

Hold public hearing and schedule a second reading of Ordinance No. 26-06 on June 16, 2026.