



PLANNING COMMISSION CITY OF MERCER ISLAND

PCB 26-01
March 25, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	PCB 26-01: Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance.	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Recommendation
RECOMMENDED ACTION:	Receive Report. No Action Necessary.	

STAFF:	Adam Zack, Principal Planner
EXHIBITS:	None

EXECUTIVE SUMMARY

The purpose of this agenda item is to brief the Planning Commission on the Growth Management Hearings Board (GMHB) final decision and order (GMHB Order) related to the City of Mercer Island periodic update to the Comprehensive Plan.

- 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 ([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 number 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:
 - 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.
 - July 31, 2026 Deadline: amendments to comply with the GMHB Order must be adopted by July 31, 2026.
- The City Council has provided directions for addressing compliance with the four issues in the GMHB Order at the following meetings:
 - [January 16, 2026](#) – [AB 6838](#)
 - [February 17, 2026](#) – [AB 6865](#), [AB 6866](#), and [AB 6871](#)
 - [March 17, 2026](#) – [AB 6888](#) and [AB 6894](#)
- The City Council is projected to complete its initial direction for addressing compliance with the GMHB Order on April 21, 2026. Once completed, the direction and initial drafts for compliance with the GMHB Order will be presented to the Planning Commission.

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 ([AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update 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 number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply by 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 can 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.

Addressing these four issues is expected to constitute a substantial revision of the Comprehensive Plan, including the Land Use, Housing, Capital Facilities, Utilities, and Transportation Elements. In addition to amending the elements of the Comprehensive Plan, compliance with the GMHB Order will also require amendments to the City’s development code and may include revisions to the zoning map.

HOUSING AFFORDABILITY LEVELS

Central to the GMHB Order is accommodation of the City’s assigned housing needs. Under the GMA, counties and cities are required to plan for adequate housing to accommodate the projected housing needs for each income segment (RCW 36.70A.070(2)(a)-(d)). The GMA establishes housing affordability levels based on income segments as a percentage of the Area Median Income (AMI). The housing affordability levels are categorized as follows:

1. Extremely Low Income (less than 30% of the AMI)
2. Very Low Income (between 30 and 50% of the AMI)
3. Low Income (50 to 80% of the AMI)
4. Moderate Income (80 to 120% of the AMI)

5. High Income (greater than 120% of the AMI)

Throughout this agenda bill, these income segments will be referred to as “housing affordability levels”.

The GMA also requires counties and cities to plan for Emergency Housing, Emergency Shelters, and Permanent Supportive Housing. Permanent supportive housing (PSH) is considered a subset of the 0-30% affordable housing level because these are permanent housing units. Housing needs for emergency housing and shelters are considered their own housing need because they are temporary shelter spaces for people transitioning from homelessness.

In late 2023, the Washington State Department of Commerce (Department of Commerce) established housing needs by affordability level for each county. This data was then used by King County to allocate housing unit by housing affordability level to each City. The housing units assigned to Mercer Island by King County are shown in Table 1.

Table 1. Mercer Island Housing Needs by Housing Affordability Level.

	Housing Affordability Level								Emergency Housing ²
	Total	≤30%		>30 to ≤50%	>50 to ≤80%	>80 to ≤100%	>100 to ≤120%	>120%	
		Non-PSH ¹	PSH ¹						
Housing Units	1,239	339	178	202	488	4	5	23	237

Source: King County Ordinance 19660 approved 8/22/2023.

Notes:

1. PSH = Permanent Supportive Housing
2. Emergency Housing is its own metric and not part of the housing need or housing growth target.

The GMHB Order requires the City of Mercer Island to demonstrate through a combination of land capacity and adequate provisions (further described below) the ability to accommodate the housing units assigned in Table 1.

GMHB ORDER - ISSUE #1: LAND CAPACITY ANALYSIS

Cities are required to complete a land capacity analysis as part of the Periodic Update to the Comprehensive Plan. A land capacity analysis calculates how many housing units and how much commercial space can be accommodated under a comprehensive plan when considering existing development; vacant and redevelopable land; development regulations such as critical areas, shoreline development standards, and maximum densities; and market factors. The Comprehensive Plan and development regulations must provide sufficient land capacity to accommodate the City’s growth target and housing needs by affordability level shown in Table 1.

The GMHB order remanded the land capacity analysis back to the City. To comply with the GMHB Order, the City will need to update the land capacity analysis to review the available capacity at each housing affordability level and close any capacity gaps the updated analysis might identify. Land capacity gaps can be closed by amendments to the zoning code to allow additional housing units. The land capacity analysis update is currently underway and preliminary results were presented to the City Council on February 17, 2026 ([AB 6865](#)).

GMHB ORDER - ISSUE #2: ADEQUATE PROVISIONS

“Adequate provisions” was introduced as a new planning requirement with HB 1220 in 2021. “Adequate provisions” are a combination of mandatory provisions, policies, incentives, subsidies, and planned City

actions that, when taken together with development capacity, provide the framework for the City to meet its housing needs at each housing affordability level over the 20-year planning horizon. For example, the City code currently provides a height bonus in the Town Center to incentivize the construction of new affordable housing units. The maximum building height in Town Center is two stories, but buildings that provide affordable housing units at an established ratio may construction additional floors. This is an example of an existing policy that falls under the umbrella of “adequate provisions.”

2024 Comprehensive Plan Adequate Provisions in the Housing Element

The Housing Element of the 2024 Comprehensive Plan included the following policies to meet the “adequate provisions” requirements of HB 1220:

- Height bonus
- Multifamily Tax Exemption (MFTE)
- Reduced design review process
- Reduction or waiver of permit fees
- Reduction or waiver of parking requirements
- Fee-in-lieu
- Establish a housing fund
- Inclusionary zoning
- Leverage ARCH membership to achieve more affordable units

These policies would have been implemented in the years following adoption of the Comprehensive Plan.

August 2025 GMHB Order: Remands Adequate Provisions Requirements Back to City

The GMHB Order determined that the City was required to have implemented the “adequate provisions” policies and programs at the time of adoption of the Comprehensive Plan. The GMHB order also directed the City to perform additional analysis to ensure the “adequate provisions” will result in the City meeting its housing needs at all housing affordability levels over the 20-year planning horizon. On January 16, 2026, the City Council directed staff to develop a work plan to implement the policies from the Housing Element of the Comprehensive Plan to address the “adequate provisions” requirements of the GMHB Order. This work plan was presented to the City Council on March 17, 2026 ([AB 6894](#)).

GMHB ORDER - ISSUE #3: STATION SUBAREA PLAN

The Mercer Island Comprehensive Plan must be consistent with VISION 2050, which is the planning document for the Puget Sound Regional Council. VISION 2050 establishes multicounty planning policies (MPPs) that coordinate growth between jurisdictions. One MPP, MPP-DP-Action-8, requires cities to adopt subarea plans for light rail transit stations as follows:

“Center Plans and Station Area Plans: Each city or county with a designated regional center and/or light rail transit station area will develop a subarea plan for the designated regional growth center, station area(s), and/or manufacturing/industrial center. Cities and counties will plan for other forms of high-capacity transit stations, such as bus rapid transit and commuter rail, and countywide and local centers, through local comprehensive plans, subarea plans, neighborhood plans, or other planning tools. Jurisdictions may consider grouping station areas that are located in close proximity.”

August 2025 GMHB Order: Remands Subarea Plan to City for Completion

The GMHB Order found that the deadline for adopting a subarea plan for the area around the new light rail station was at the time of adoption of the Comprehensive Plan.

Station Subarea Plan and House Bill 1491 (TOD Bill)

In 2025, the WA Legislature adopted House Bill 1491 (TOD Bill). The TOD Bill establishes planning requirements for the areas adjacent to high-capacity transit. The TOD Bill gives cities in King County until 2029 to comply with its requirements. During the process to establish the station subarea plan, the City will designate a transit station area to help set the table for future work on TOD Bill compliance. The City Council has provided direction on the station subarea plan and TOD Bill on January 16 ([AB 6838](#)), February 17 ([AB 6865](#)), and March 17, 2026 ([AB 6888](#)).

GMHB ORDER - ISSUE #4: ANTI-DISPLACEMENT MEASURES

HB 1220 requires jurisdictions to identify displacement risk and include policies and actions in the housing element of the Comprehensive Plan to mitigate displacement associated with growth and redevelopment, particularly for low-income and vulnerable populations. Specifically, the Comprehensive Plan Housing Element must establish anti-displacement measures per RCW 36.70A.070(2)(h), which states:

“[the Comprehensive Plan must include a housing element that] Establishes anti-displacement policies, with consideration given to the preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate-income housing; [...]”

2024 Comprehensive Plan Anti-Displacement Measures

The Adopted 2024 Comprehensive Plan identified the following policies to be developed and implemented to meet the new anti-displacement policy requirements:

1. Seeking partnerships to inventory naturally occurring affordable housing (NOAH)
2. Requiring advance notice of rent increases
3. Landlord provided relocation assistance
4. Right of first refusal or tenant opportunity to purchase requirements when an apartment building is converted to a condominium
5. Requiring a displacement risk analysis for any proposed zoning changes affecting a zone where multifamily or mixed-use development is allowed

August 2025 GMHB Order: Remands Anti-Displacement Policies Back to City

Similar to the requirements for “adequate provisions,” the GMHB Order found that the anti-displacement policies were required to be adopted at the time of adoption of the Comprehensive Plan. On January 16, 2026, the City Council directed staff to develop a work plan to implement the policies from the Housing Element of the Comprehensive Plan to address the “anti-displacement” requirements of the GMHB Order. This work plan was presented to the City Council on March 17, 2026 ([AB 6894](#)).

GMHB ORDER – JULY 31, 2026 COMPLIANCE DEADLINE

The GMHB requires the City to adopt amendments to the comprehensive plan and take other necessary steps to comply with the GMHB Order by July 31, 2026. The GMHB Order also included the following key dates:

1. July 31, 2026 – Compliance due
2. August 14, 2026 – Compliance report and record due
3. September 15, 2026 – Compliance hearing

ISSUE/DISCUSSION

On January 16, February 17, and March 17, 2026, the City Council provided directions to staff for how to proceed with compliance.

JANUARY 16, 2026

The City Council provided its first direction on January 16, 2026, with the following motions:

1. Direct staff to prepare a revised land capacity analysis to evaluate residential land capacity at each housing affordability range and return to the City Council in February 2026 with the analysis.
2. Direct staff to evaluate aligning compliance with the GMHB Order and HB 1491 (2021 TOD bill) and establish the first follow-up with City Council for February 2026.
3. Confirm the guidelines for developing the modified station subarea boundary Guidelines Nos. 1-4 and direct staff to return to the City Council in February 2026 with a draft station area map.
4. Direct the staff to finalize a work plan and schedule to implement the policies from the Housing Element of the Comprehensive Plan to address the “adequate provisions” requirements to increase the supply of affordable housing and “anti-displacement policies” to reduce displacement risk. Bring the work plan and schedule to the City Council for review and approval in February 2026.
5. Direct the staff to evaluate opportunities for direct delivery of affordable housing through a combination of partnerships, fee-in-lieu programs, direct investment, the creation of a Housing Fund, and/or other mechanisms and return to the City Council in March 2026 with a preliminary report.
6. Direct staff to provide the City Council with legislative review procedural options to help the City comply with the GMHB order compliance deadline.

FEBRUARY 17, 2026

The City Council was briefed on February 17, 2026, and provided additional direction with the following motions:

1. Direct staff to pursue compliance with the GMHB Order under “Scenario 1” as described within the agenda bill, 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 will be pursued as a second phase of work.
2. Direct staff to open a public feedback period through March 13, 2026, on the modified station subarea boundary map and provide the results to the City Council at the March 17, 2026, City Council meeting.

The February 17 briefing included a presentation of the initial results of the land capacity analysis. The primary finding from the land capacity analysis is that the City will need to address the following capacity deficits: 178 units of permanent supportive housing (PSH), 335 non-PSH units affordable at 0-30% AMI, and 6 units affordable at 30-50% AMI. The City Council will provide additional direction on zoning changes and adequate provisions to close the identified capacity gaps to comply with the GMHB Order.

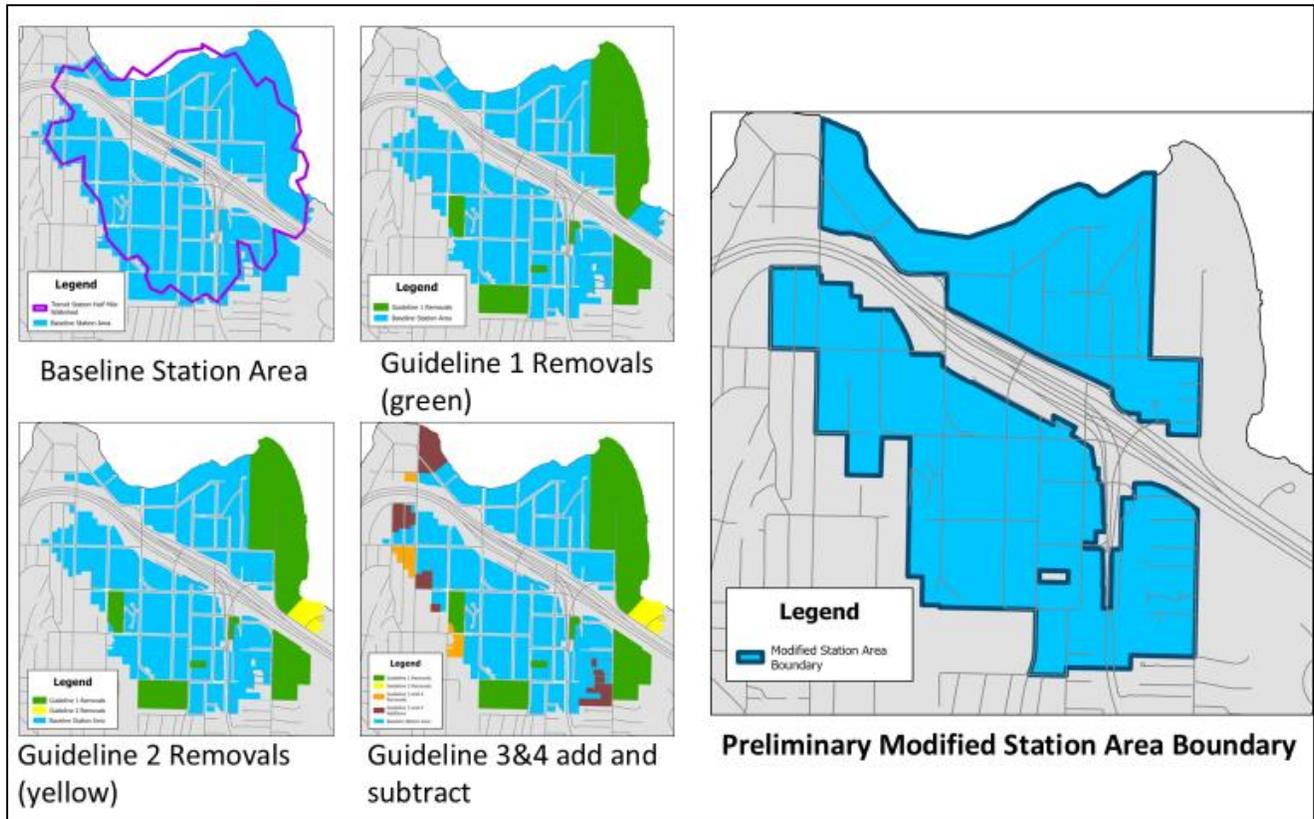
Modified Station Subarea Boundary Map

On January 16, the City Council directed staff to prepare a Modified Station Subarea Boundary Map for City Council review at their next meeting. The GMA defines the station area as the lots that are partially or fully located within a half-mile walking distance from light rail station entrances (RCW 36.70A.030 (36)). A modified station area boundary may be adopted, subject to Department of Commerce approval. Staff prepared a modified station area boundary based on the four guidelines presented on January 16. The four guidelines are listed at the top of Page 7:

- Guideline 1** Exclude city parks, open space, and the Interstate 90 corridor from the station area.
- Guideline 2** Exclude areas that would be non-contiguous from the station area after removing city parks, open space, and the I-90 corridor are removed from the station area.
- Guideline 3** Align the remaining modified station area boundary with City streets.
- Guideline 4** The modified station area boundary should follow existing zoning boundaries if City streets do not make a logical boundary.

The process for developing the modified station subarea boundary and a step-by-step description of the effect of each guideline was provided in [AB 6865](#) Exhibit 1. Figure 1 illustrates the step-by-step application of the guidelines followed by Table 3, at the top of page 9, which quantifies the process for the modified station subarea boundary.

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



Source: City of Mercer Island GIS analysis; larger maps for each step and detailed descriptions are provided in Exhibit 1.

Table 3. Station Area Modification Summary

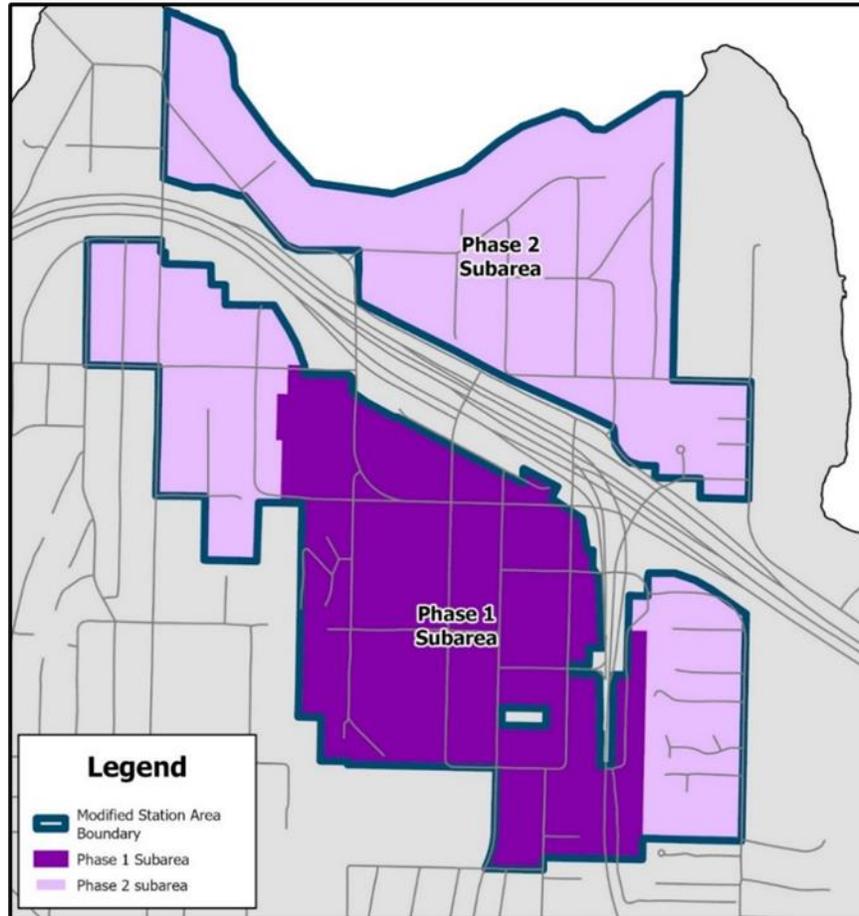
Baseline Station Area	341.6 acres
Area Removed By Guideline 1	100.4 acres
Area Removed by Guideline 2	6.85 acres
Area Removed by Guidelines 3 and 4	6.8 acres
Total Area Removed from the Baseline Station Area (Guidelines 1-4)	114.05 acres
Area Added by Guidelines 3 and 4	19.35 acres
Modified Station Area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

(Note: this total excludes rights of way)

Phased Approach

On February 17, staff presented the City Council with two alternatives for combining work on compliance with the GMHB Order and work to comply with the TOD Bill. After reviewing the alternative scenarios, the City Council directed staff to pursue “Scenario 1”, a phased approach. Scenario 1 would divide the station subarea into two phase subareas. Figure 2 shows the modified station subarea boundary and the phase subareas.

Figure 2. Modified Station Subarea Boundary and GMA Compliance Phase 1 and Phase 2 Subareas.



The Phase 1 subarea is composed of the Town Center zone and the adjacent multifamily zones. Based on the Council direction, these zones would be the only area where capacity will be added to close the identified gaps. More information about the Phase 1 subarea and “Scenario 1” is provided in [AB 6865](#).

MARCH 17, 2026

On March 17, 2026, the City Council was briefed on the following:

- Modified Station Subarea Boundary Comment Period, and
- GMA Compliance Work Plan.

Modified Station Subarea Boundary Comment Period

A comment period for the Modified Station Subarea Boundary was open from February 17 to March 13. Twenty comments on the Modified Station Subarea Boundary were received ([AB 6888](#)). After reviewing the comments submitted, the City Council directed staff to proceed with using the Modified Station Subarea Boundary during the preparation of the station subarea plan.

GMA Compliance Work Plan

Based on City Council direction received in January and February, staff prepared a work plan for City Council review. The Council approved the scope of work as presented on March 17, with [AB 6894](#). The work plan describes the tasks necessary to complete the remaining work to comply with the GMHB Order. The work plan does not establish a specific date for the Planning Commission to begin its legislative review of comprehensive plan and development code amendments to comply with the GMHB Order. The City Council will provide more direction in April and May that will clarify when the Planning Commission can expect to begin its legislative review.

NEXT STEPS

April 21, 2026 – Next City Council briefing

April 29, 2026 – Planning Commission briefing project status

May, date TBD – Planning Commission briefing on project status and City Council Direction.

Note – Extra Planning Commission meetings are expected to be scheduled when the Planning Commission legislative review.

RECOMMENDED ACTION

Receive Report. No action necessary.