



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

**AB 6943  
June 16, 2026  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6943: Renewal of Interim Development Regulations Related to Middle Housing and Accessory Dwelling Units (Ordinance No. 26-05 Second Reading)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.	

<b>DEPARTMENT:</b>	Community Planning and Development
<b>STAFF:</b>	Jeff Thomas, Community Planning and Development Director Molly McGuire, Senior Planner
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Ordinance No. 26-05
<b>CITY COUNCIL PRIORITY:</b>	n/a

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**EXECUTIVE SUMMARY**

The purpose of this agenda item is to hold a public hearing and conduct a second reading of Ordinance No. 26-05 related to the renewal of the interim regulations for Middle Housing and Accessory Dwelling Units (ADUs).

- Two previous City Council work sessions have been held on these topics, on January 7, 2025 ([AB 6556](#)) and January 21, 2025 ([AB 6600](#)). The Council provided direction at these work sessions which directly led to the adoption [Ordinance No. 25C-02](#) interim regulations for Middle Housing and Accessory Dwelling Units (ADUs) effective June 30, 2025.
- In 2023, the Washington State legislature passed [HB 1110](#), [HB 1337](#) and [SB 5258](#) establishing new requirements for development on residential lots in Washington cities, including Mercer Island.
- Mercer Island must allow two Accessory Dwelling Units (ADUs) on each lot where single-family homes are allowed (R, MF, PBZ and TC zones). ADUs can be attached, detached, or a combination and they can be a conversion of an existing building.
- Mercer Island must also allow 2 to 4 units of middle housing on each lot located in the Residential zones (R-8.4, R-9.6, R-12 and R-15). Middle housing is moderate density housing that is compatible in scale, form and character with single-family houses. The City must allow at least six of the prescribed nine types of middle housing.

- In addition, 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 ADU units.
- The current interim regulations contained in Ordinance No. 25C-02 will expire on June 30, 2026. The City must renew the interim regulations to remain in compliance with state law.
- Ordinance No. 26-05 would renew the interim regulations established by Ordinance No. 25C-02 for six months, maintaining compliance with state law (Exhibit 1).
- At the June 2, 2026 City Council meeting, the City Council held a public hearing and conducted a first reading of Ordinance No. 26-05.

## BACKGROUND

### LEGISLATIVE REQUIREMENTS

In 2023, the Washington State Legislature adopted [House Bill 1110](#), commonly referred to as the “middle housing” bill. The main provisions of HB 1110 are codified as part of the Growth Management Act (GMA) in [RCW 36.70A.635](#) through [RCW 36.70A.638](#) and require many cities in the state to allow a range of moderate density housing types in areas that have predominantly allowed detached homes. The legislature also adopted [HB 1337](#) in 2023, codified as RCW [36.70A.680](#), [681](#) and [696](#), and requiring cities to permit two accessory dwelling units (ADUs) on all lots that permit single-family homes. Finally, SB 5258 was also adopted in 2023 and codified as [RCW 58.17.060](#)(3). Among other things, this bill requires jurisdictions to allow unit lot subdivision. Together these bills were intended to increase housing options that are more affordable across income levels.

Cities were required to adopt regulations in compliance with these new GMA requirements by six months after the due date for adoption of the periodic update of the comprehensive plan (June 30, 2025 for Mercer Island). If cities did not come into compliance by the due date, the state statute would “supersede, preempt and invalidate any conflicting local development regulations.” In the case of HB 1110, the state adopted a model ordinance that will preempt any relevant local regulations if compliant regulations were not adopted by the deadline. More details on the requirements of each of these pieces of legislation is provided in [AB 6556](#).

### APPROACH AND SCOPE OF WORK

Initial compliance with [HB 1110](#), [HB 1337](#) and the [SB 5258](#) unit lot subdivision requirements was achieved via adoption of two ordinances with interim development regulations, [Ordinance No. 25C-02](#) and [Ordinance No. 25C-06](#). This approach allowed the City to adopt minimally compliant development regulations in a short timeframe to meet the compliance deadline. It also allowed adequate time for review of code amendments related to other legislative mandates that had deadlines in 2025 (including [HB 1293](#), [HB 1042](#), and [HB 1998](#)), which were also addressed through interim regulations that have since been permanently adopted under [Ordinance No. 25C-27](#), the “Omnibus Ordinance”.

This initial phase focused on complying with the minimum requirements of the legislation, as described above. This approach applied the existing dimensional standards in the residential zones to the newly permitted housing types (including floor area, lot coverage, building height, setbacks, etc.). It does not include development regulations tailored to specific housing types.

The City is planning a future second phase of work aimed at adopting permanent development regulations. This second phase will include additional community engagement, analysis of additional policy options and refinement of the interim development regulations. If development regulations or incentives related to

specific housing types or any other policy options are desired, they can be developed during Phase 2. 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 HB 1110 and HB 1337. 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

At the January 21, 2025 meeting, City Council provided direction on six policy questions, directing staff to prepare ordinances and a resolution to include the following provisions:

1. **Middle Housing Types:** permit the following six middle housing types - duplex, triplex, fourplex, townhouses, courtyard apartments, stacked flats.
2. **Alternate Density Options:** incorporate the standard density approach (Option 1 in [AB 6600](#))
3. **Unit Density and ADUs:** permit unit density with a maximum of two units per lot in the R-8.4, R-9.6, R-12 and R-15 zones and with a maximum of four units per lot permitted within ¼-mile walking distance of a major transit stop or when one unit is affordable.
4. **ADU Floor Area Maximum:** amend the maximum floor area for ADUs to 1,000 square feet.
5. **ADU Floor Area Bonus:** amend the ADU floor area bonus to apply when a single-family home with an attached ADU provides additional off-street parking.
6. **Impact Fees:** amend the City's fee schedule to apply the existing impact fee rates to middle housing and ADUs.

Items one through five listed above were incorporated into Ordinance No. 25C-02 per City Council direction and remain unchanged for the renewal under Ordinance No. 26-05. Item six was addressed in [Resolution No. 1671](#) to amend the City's fee schedule adopted by the City Council on March 4, 2025. In addition, a public hearing was held on March 4, 2025 for Ordinance No. 25C-06 to amend the subdivision code to enable unit lot subdivision as required by SB 5258.

### ORDINANCE NO. 26-05

Ordinance No. 26-05 will renew Ordinance No. 25C-02 continuing these interim development regulations for a period of six months, beginning on June 30, 2026. These interim regulations include the following:

- Amendments to MICC 19.02.010 Single-family to permit middle housing and allow more than one ADU per lot.
- Amendments to MICC 19.02.020 Development Standards to modify the Gross Floor area incentive for ADUs to specify that the incentive applies to single family homes with attached ADUs when an additional off-street parking space is provided for the ADU.
- A new section MICC 19.02.025 Middle Housing permitting the following housing types in the R-8.4, R-9.6, R-12 and R-15 zones: duplex, triplex, fourplex, townhouses, courtyard apartments, and stacked flats, subject to unit density, affordable housing and parking standards specific to these housing types.
- Amendments to MICC 19.02.030 Accessory Dwelling Units to remove the owner occupancy requirement, permit up to two ADUs per lot, increase the maximum gross floor area to 1,000 square

feet, add parking requirements and a few additional changes to comply with requirements in HB 1337.

- Amendments to MICC 19.16.010 Definitions to revise and add definitions pertinent to the above amendments.

## **NEXT STEPS**

If adopted, Ordinance No. 26-05 will take effect on June 30, 2026.

## **RECOMMENDED ACTIONS**

Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.