



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

**AB 5841  
April 6, 2021  
Study Session**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 5841: Town Center Moratorium - Commercial Feasibility Analysis Presentation	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Receive the presentation by staff and the consultant.	

<b>DEPARTMENT:</b>	Community Planning and Development
<b>STAFF:</b>	Jeff Thomas, Interim Director Sarah Bluvus, Economic Development Coordinator Elliot Weiss, Project Manager, Community Attributes Inc.
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Town Center Economic Analysis Memorandum, Discussion Draft
<b>CITY COUNCIL PRIORITY:</b>	n/a

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ 50,000
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**SUMMARY**

In June 2020, the City Council enacted a moratorium on major new construction generally in the southeast quadrant of the Town Center (TC) zoning designation. This moratorium is intended to temporarily prevent the submittal of development applications while the City considers potential updates and/or amendments to development regulations within the Mercer Island Town Center, including requirements for various types of commercial space. Specifically, the City is interested in considering a requirement for commercial uses on the ground floor of new buildings where it is currently not mandated in approximately half of the TC-3 and TCMF-3 zones as well as a small portion of the TC-4 zone.

To inform any potential updates and/or amendments to development regulations within the Mercer Island Town Center responsive to the moratorium, the City contracted with the firm Community Attributes, Inc. to analyze the demand for additional ground floor commercial uses and the feasibility of requiring such uses in new buildings. The draft report (see Exhibit 1) and presentation this evening summarizes an analysis of development feasibility across various development prototypes that would be consistent with the mandated commercial uses requirement being considered. After receiving the presentation this evening, City Council will reconvene at its April 20, 2021 Regular Video Meeting to discuss legislative options to be responsive to the moratorium and if necessary, provide direction to staff at that time.

## BACKGROUND

The current Town Center development regulations were established in June 2016 (see [Ordinance No. 16C-06](#)). Per the current code, major new development located north of SE 29<sup>th</sup> Street in the Town Center must provide ground floor street frontage commercial space for use by retail, restaurant, or personal service (e.g. barber shop, nail salon, fitness center, etc.) Between 40 and 60 percent of the ground floor street frontage north of SE 29<sup>th</sup> Street must be designed for retail, restaurant, or personal services; 40 percent is required for those major new developments that provide public parking, while 60 percent is required for those developments that do not provide public parking. Commercial space is allowed, but not required, south of SE 29<sup>th</sup> Street in the TC zoning designation.

## LEGISLATIVE HISTORY

- June 2, 2020: The City Council passed [Ordinance No. 20-12](#) which established a 6-month moratorium on major new construction south of SE 29<sup>th</sup> Street in the Town Center (TC) zoning designation. The City Council indicated that the City desires to possibly complete updates and/or amendments to development regulations within the Mercer Island Town Center, including requirements for various types of commercial space.
- July 21, 2020: The City Council completed the required Public Hearing for Ordinance No. 20-12 on the Town Center Moratorium and directed staff to prepare an amended interim Ordinance reducing the size of the geographic area subject to moratorium and include additional findings of fact.
- September 1, 2020: The City Council adopted [Ordinance No. 20-18](#) with a reduced size of the geographic area subject to moratorium and included additional findings of fact. Additionally, the City Council provided direction to staff to prepare a scope of work for a Town Center commercial analysis to inform options for resolving the moratorium and a corresponding budget appropriation request.
- November 17, 2020: The City Council completed the required Public Hearing and adopted [Ordinance No. 20-26](#) renewing the moratorium for an another 6-month period with its current geographic area as previously amended.
- December 1, 2020: The City Council adopted [Ordinance No. 20-29](#) the 2021-22 Biennial Budget. Included in the budget is a \$50,000 one-time appropriation for qualified professional services to perform a Town Center commercial analysis and support the completion of any necessary updates and/or amendments to development regulations within the Mercer Island Town Center to be responsive to the moratorium.
- December 1, 2020: The City Council approved [Resolution No. 1594](#) establishing the 2021 docket for amendments to the Comprehensive Plan and development regulations. Included in the docket is a placeholder for amending the Town Center Sub-Area Plan and corresponding development regulations as necessary to be responsive to the moratorium.

## RECOMMENDATION

Receive the presentation by staff and the consultant this evening and reconvene on April 20, 2021 to discuss legislative options to be responsive to the moratorium.