



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6838
January 16, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6838: Compliance with Growth Management Hearings Board Final Decision and Order related to the City Of Mercer Island Periodic Update to the Comprehensive Plan	<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:	Provide Direction on the four Strategies Proposed to Comply with the Growth Management Board Final Decision and Order related to the City of Mercer Island Periodic Update to the Comprehensive Plan.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jessi Bon, City Manager Jeff Thomas, CPD Director Alison Van Gorp, CPD Deputy Director Adam Zack, Principal Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Sound Transit Station ½ Mile Walk Area Map
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 item is to review with the City Council the final decision and order from the Growth Management Hearings Board (GMHB) related to the City of Mercer Island periodic update to the Comprehensive Plan and provide direction on the proposed compliance strategies.

- 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 (see [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 GMB 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 Area 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.
- The City must comply with the GMHB Order by July 31, 2026. Staff began work on the compliance strategies in 2025 and is proposing four strategies for City Council consideration:
 - **Strategy #1**: Prepare a revised land capacity analysis to evaluate residential land capacity at each housing affordability level.
 - **Strategy #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.
 - **Strategy #3**: Implement through development regulations policies from the Housing Element to address the requirements for “adequate provisions” and “anti-displacement measures”.
 - **Strategy #4**: Consider direct delivery of affordable housing in combination with partners, fee-in-lieu programs, direct investment, the creation of a Housing Fund, and/or other opportunities.

Upon receiving direction from the City Council on the various strategies to comply with the GMHB Order, staff will return in February and March 2026 with proposed amendments, implementation options, and a refined schedule for Council consideration and action. Compliance work will continue on a regular basis, with follow-on agenda items anticipated monthly, and potentially more frequently, until compliance is achieved.

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 (see [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 Area 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								
	Total	≤30%		>30	>50	>80	>100 to	>120%	Emergency Housing ²
		Non-PSH ¹	PSH ¹	to ≤50%	to ≤80%	to ≤100%	≤120%		
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

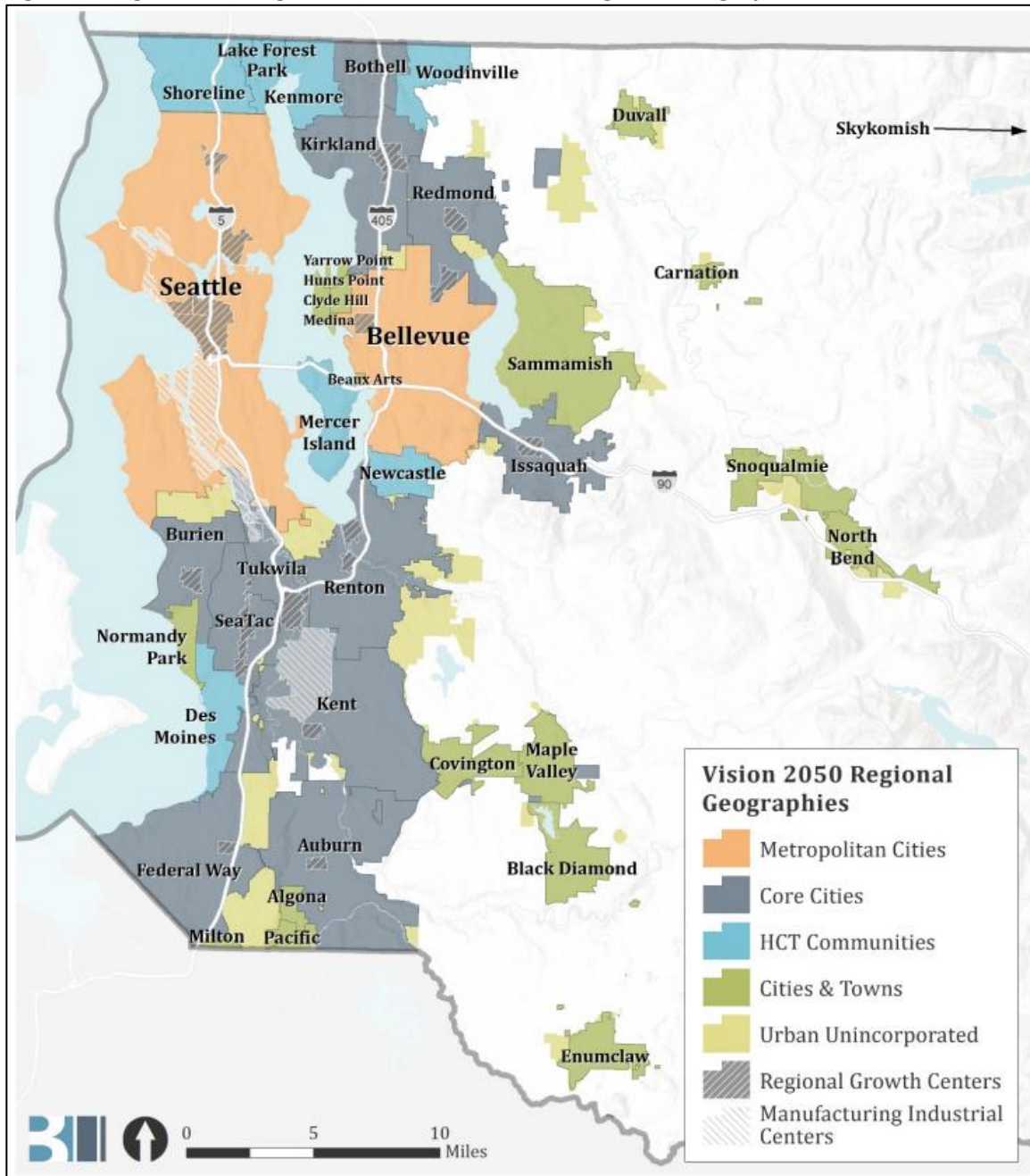
Cities are required to complete a land capacity analysis as part of the Periodic Update to the Comprehensive Plan. A land capacity analysis calculates how many housing units and how much commercial space can be accommodated under a comprehensive plan when considering existing development; vacant and redevelopable land; development regulations such as critical areas, shoreline development standards, and maximum densities; and, market factors. Land capacity must meet the City's assigned growth target and housing needs by affordability level, the process for establishing the City's growth target is further described below.

Establishing Growth Targets for the 2024 Comprehensive Plan Periodic Update

Before a City can begin the process of updating the comprehensive plan, a new round of growth targets must be assigned. The process of establishing growth targets for each city is a multi-year effort and begins with the State of Washington. The Washington State Office of Financial Management (OFM) prepares and adopts official population projections for the state that establish the total amount of growth that must be planned for over the 20-year planning horizon. The anticipated growth is then allocated to each county, which then establishes growth targets for each of their respective cities. In King County, growth targets are established through a regional planning process based on regional geographic designations adopted by the Puget Sound Regional Council (PSRC).

The PSRC, comprised of King, Kitsap, Pierce and Snohomish counties, is the regional transportation planning organization for central Puget Sound. The PRSC is responsible for coordinating planning across the four-county region and developing the region's long-term growth strategy, most recently adopted in 2020 as [VISION 2050](#). The regional geographies from VISION 2050 are shown in Figure 1 on the following page.

Figure 1. Puget Sound Regional Council VISION 2050 Regional Geographies



Source: PSRC VISION 2050.

The VISION 2050 plan categorizes cities based on their role in the regional growth strategy, particularly the capacity to accommodate population and employment growth and the relationship to transit and regional centers. The categorization guides how growth targets are distributed across metropolitan, high-capacity transit, urban, and rural communities. As shown in Figure 1, above, Mercer Island is categorized as a “High-Capacity Transit Community” due to the presence of the Sound Transit light rail station on the north end of the island.

The process to assign new growth targets occurred in 2020 and 2021. In the case of Mercer Island, the City worked with King County and the other High-Capacity Transit jurisdictions to allocate the growth targets assigned by the State.

The final agreed-upon growth targets were incorporated in the Countywide Planning Policies and adopted by King County in 2021. The City of Mercer Island ratified the growth targets on December 14, 2021 (see [AB 6029](#)), which provided the framework to begin work on the 2024 Comprehensive Plan Periodic Update.

HB 1220 (2021) – New GMA Requirement to Plan for Affordable Housing

In 2021, the Washington State Legislature passed HB 1220, which amended the GMA to require jurisdictions to plan for and accommodate housing at all affordability levels. This bill was making its way through the legislature at the same time cities in King County were affirming their growth targets.

In 2022, and as an outcome of the approval of HB 1220, a process was initiated at the state and county level to allocate housing units to each jurisdiction based on “housing affordability levels.”

HB 1220 required the Department of Commerce to calculate how many housing units - by affordability level - each county must plan for, using population projections and housing market data. From there, counties allocated the countywide housing needs by affordability level to cities.

In King County, this process was carried out by the King County [Growth Management Planning Council](#) and its [Affordable Housing Committee](#). The Affordable Housing Committee developed a methodology to allocate the housing needs at each housing affordability level to the local jurisdictions as a proportion of the existing housing growth targets. Local jurisdictions had the opportunity to comment on the allocation methodology, but ultimately the final decision was made by the King County Growth Management Planning Council and approved by the King County Council when updated Countywide Planning Policies were adopted in late 2023 (King County [Ordinance 19660](#)).

Revisiting the Land Capacity Analysis in 2023 and 2024

Mercer Island initiated an early update to its land capacity analysis; however, once the new requirements under HB 1220 were adopted and housing needs by affordability level were allocated to cities, the City was required to restart the analysis to align with the updated standards.

Under the GMA, the Mercer Island Comprehensive Plan and Unified Development Code must “[...] provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth [...]. (RCW 36.70A.115)”

The City’s total allocated housing growth is 1,239 units expected over the 20-year planning period of the Comprehensive Plan, which are further broken down by the housing affordability level as summarized in Table 1.

The GMA now also requires cities to evaluate land capacity for each housing affordability level per RCW 36.70A.070(2)(a), which requires a Housing Element that:

“(a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth, as provided by the department of commerce, including:

- (i) Units for moderate, low, very low, and extremely low-income households; and
- (ii) Emergency housing, emergency shelters, and permanent supportive housing;”

During the Comprehensive Plan periodic review completed in 2024, and as a result of the changes set forth by HB 1220 in 2021, the City prepared a Land Capacity Analysis Supplement ([AB 6385](#)) that was presented to the City Council on January 2, 2024. The City followed [Commerce guidance](#) for this analysis and considered multifamily development capacity as the appropriate capacity to accommodate housing needs for households earning less than 80 percent of the area median income (AMI). An analysis of the aggregated land capacity in the Land Capacity Analysis Supplement indicated that the City had a housing deficit of 143 units of multifamily development capacity. To address this deficit, the City increased the maximum building height in some areas of the Town Center and expanded the affordable housing requirement for development in the Town Center, which formed the final policy recommendations adopted by the City Council.

August 2025 GMHB Order: Remands Land Capacity Analysis Back to City

The GMHB Order found that the City’s approach to calculating the land capacity was not adequate to determine capacity for each housing affordability level, and that when relying on voluntary incentivize zoning, the City needed to examine how many affordable units had been created in the past and at what income levels. The GMHB Order directed the City to reevaluate land capacity to estimate expected production of housing units in each affordable housing level and demonstrate that the City is accommodating its housing needs at each housing affordability level.

GMHB ORDER - ISSUE #2: ADEQUATE PROVISIONS

“Adequate provisions” was introduced as a new planning requirement as part of the suite of policy directives that encompassed 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 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 identified the following policies to be developed and implemented upon adopted of the Comprehensive Plan to meet the “adequate provisions” requirements of HB 1220:

1. Height bonus
2. Multifamily Tax Exemption (MFTE)
3. Reduced design review process
4. Reduction or waiver of permit fees
5. Reduction or waiver of parking requirements
6. Fee-in-lieu
7. Establish a housing fund
8. Inclusionary zoning

9. Leverage ARCH membership to achieve more affordable units

Presentations and discussions with the City Council assumed that these policies would be developed and implemented over the next five years in alignment with the state five-year implementation progress report, which requires the City to demonstrate progress towards implementation of the development regulations, zoning, land use changes or other legislative or administrative action necessary to implement the Comprehensive Plan ([RCW 36.70A.130\(9\)](#)).

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.

GMHB ORDER - ISSUE #3: STATION AREA 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.

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.

AUGUST 2025 GMHB ORDER - COMPLIANCE DEADLINE

The GMHB requires the City to adopt the amendments to the comprehensive plan and take other necessary steps to comply with the GMHB Order by the following deadlines:

1. January 28, 2026 – First progress report due
2. February 27, 2026 – Second progress report due
3. July 31, 2026 – Compliance due
4. August 14, 2026 – Compliance report and record due
5. September 15, 2026 – Compliance hearing

ISSUE/DISCUSSION

COMPLIANCE STRATEGY

Upon receipt of the GMHB order in August 2025, staff began taking steps to identify the path to compliance. Staff are seeking confirmation from the City Council on four compliance strategies to set the work plan and legislative review schedule to meet the July 31, 2026 compliance deadline. The four strategies are as follows:

Strategy #1: Prepare a revised land capacity analysis to evaluate residential land capacity at each housing affordability range.

Strategy #2: 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.

Strategy #3: Implement through development regulations policies from the Housing Element to address the requirements for “adequate provisions” and “anti-displacement measures”.

Strategy #4: Consider direct delivery of affordable housing in combination with partners, fee-in-lieu programs, direct investment, the creation of a Housing Fund, and/or other opportunities.

Strategy #1: Prepare a Revised Land Capacity Analysis

Work began at the end of 2025 to prepare a revised land capacity analysis. The land capacity analysis is a study of the number and type of housing units possible under the Comprehensive Plan given existing conditions, development regulations, and market factors. During the project to comply with the GMHB Order, staff will

prepare a new land capacity analysis to consider new or amended zoning designations and to evaluate the resulting units at each housing affordability level. The new land capacity analysis must demonstrate that the Comprehensive Plan allows sufficient capacity to accommodate all of the units at each housing affordability level. The analysis will be presented to the City Council for additional review once staff has completed the initial draft.

Strategy #2A: Evaluate Aligning Compliance with the GMHB Order and HB 1491 (2021 TOD bill)

In 2025 the Washington State Legislature adopted House Bill (HB) 1491 (known as the “TOD Bill”), which established requirements for local jurisdictions to plan for transit-oriented development (TOD) in areas within a half-mile walk of any light rail station also referred to as a “station area”. A map depicting the half-mile walk is included as Exhibit 1. Mercer Island is required to adopt regulations to comply with HB 1491 by December 31, 2029. The requirements of the TOD Bill substantially overlap with the requirements in the GMHB Order and staff recommend the City Council evaluate joining the two work products under one planning effort in 2026.

Overview of HB 1491 and Comparison to GMHB Order Requirements

Under HB 1491, cities with light rail stations must designate the area within one-half mile walking distance of the light rail station as a station area (RCW 36.70A.030(32)). Within the designated station area, cities are required to:

- Allow an average of 3.5 floor area ration (FAR). Note, some areas may have a reduced FAR provided other areas have a greater FAR and the average allowed is not less than 3.5;
- Require that a minimum of ten percent of all units must be affordable (at 60% of the AMI for rental housing and 80% of the AMI for owner-occupied housing);
- Grant an additional 1.5 FAR for developments that have 100% of units as either permanent supportive housing (units affordable at 0-30% of the AMI) or workforce housing (affordable at 80% of the AMI); and,
- Allow multifamily residential and mixed-use development.

Table 2 provides a side-by-side comparison of the requirements under the GMHB Order and the TOD Bill.

Table 2. Comparison of Requirements from the GMHB Order and the TOD Bill (HB 1491)

	Subject	GMHB Order	HB 1491/TOD Bill
A	Land Capacity/Station Area Capacity	<ul style="list-style-type: none"> • Adopt a Transit Station Subarea Plan. • Evaluate land capacity and upzone to close the gaps. 	<ul style="list-style-type: none"> • Designate a station area around the light rail station • Allow multifamily and mixed-use in the station area. • Allow an average of 3.5 FAR in the station area.
B	Policies to Support Housing Development at all Affordability Levels	Implement “adequate provisions” identified in the Comprehensive Plan and evaluate to ensure housing targets at all housing affordability levels are met.	<ul style="list-style-type: none"> • Multifamily Tax Exemption in the station area. • Inclusionary zoning in the station area.
C	Compliance Deadline	July 31, 2026	December 31, 2029

The staff is requesting direction from the City Council on whether or not consider aligning the TOD planning work with the GMHB Order.

Strategy #2B: Establish Station Area Boundary Development Guidelines

If the City Council approves Strategy #2A, the next step will be the establishment of a boundary designating the station area. At a minimum, the TOD Bill requires the City to designate all lots fully or partially within one-half mile walking distance of the entrance to the light rail station (RCW 36.70A.030(36)). The one-half mile walking distance boundary (see Exhibit 2) does not, however, correspond with the City's built environment or existing zoning designations and policy decisions will need to be made to determine the final boundary map.

The City is allowed to designate a modified station area, subject to review and approval by the Washington State Department of Commerce (RCW 36.70A.840). In order to develop a modified station area, staff need direction from the City Council on the preferred methodology for determining where the modified boundary will be located. Staff proposes the following framework for City Council consideration:

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 station area boundary with City streets.
Guideline 4	The station area boundary should follow existing zoning boundaries if City streets do not make a logical boundary.

The City Council is invited to provide initial feedback on the staff-recommended guidelines and to identify any additional guidelines that should be incorporated into the framework for developing a modified station area consistent with the TOD bill and the GMHB Order.

Strategy #3: Implement through development regulations policies from the Housing Element to address the requirements for “adequate provisions” and “anti-displacement measures”.

The Housing Element includes the following policies, which fulfill the GMHB Order to adopt “adequate provisions” that will increase the supply of housing:

- Multifamily Tax Exemption (MFTE) (Policy 2.5.4)
- Permit fee reduction or waiver (Policy 2.5.6)
- Reduced parking requirements (Policy 2.5.7)
- Fee in lieu of affordable housing (Policy 2.7)
- Inclusionary zoning (Policy 2.9)

The Housing Element also includes the following anti-displacement policies that can be implemented during this project to address the GMHB Order:

- Seek partnerships to catalog naturally occurring affordable housing (Policy 4.1)
- Evaluate and adopt tenant protections such as advance notice of rent increase and relocation assistance (Policy 4.2)

Staff are seeking direction from the City Council to move each of these items forward for policy development, legislative review, and adoption as part of the project to comply with the GMHB Order. Note that several of

these items also overlap with the requirements of the TOD Bill, namely the MFTE policy, parking reductions, and inclusionary zoning.

Strategy #4: Direct Delivery of Affordable Housing

The final strategy under consideration to achieve compliance with the GMHB Order is direct delivery of affordable housing projects through a combination of partnerships, fee-in-lieu programs, direct investment, the creation of a Housing Fund, and/or other mechanisms. If the City Council supports this approach, staff will evaluate opportunities for direct delivery of affordable housing and return to the City Council with proposed program frameworks, funding options, timelines, and recommended actions to incorporate direct delivery of affordable housing in the policy response to comply with the GMHB Order.

NEXT STEPS

Upon receiving direction from the City Council on the various strategies to comply with the GMHB Order, staff will return in February and March 2026 with proposed amendments, implementation options, and a refined schedule for Council consideration and action. Compliance work will continue on a regular basis, with follow-on agenda items anticipated monthly, and potentially more frequently, until compliance is achieved.

RECOMMENDED ACTION

Alternative Motions:

Motion #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.

Motion #2A: 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.

If Motion #2A is approved, the City Council may wish to consider Motion #2B.

Motion #2B: Confirm the guidelines for developing the station area boundary [insert guideline #'s from the City Council discussion] and direct staff to return to the City Council in February 2026 with a draft station area map.

Motion #3: 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.

Motion #4: 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.