

Development Code Amendments

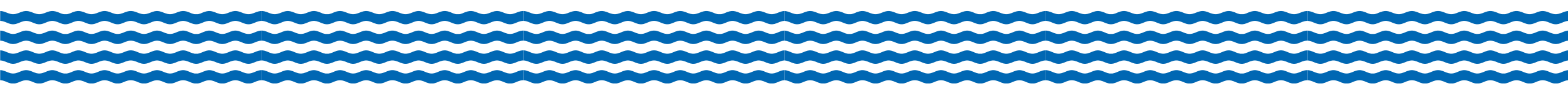
Planning Commission
May 13, 2026

Community Planning and Development
Adam Zack, Principal Planner

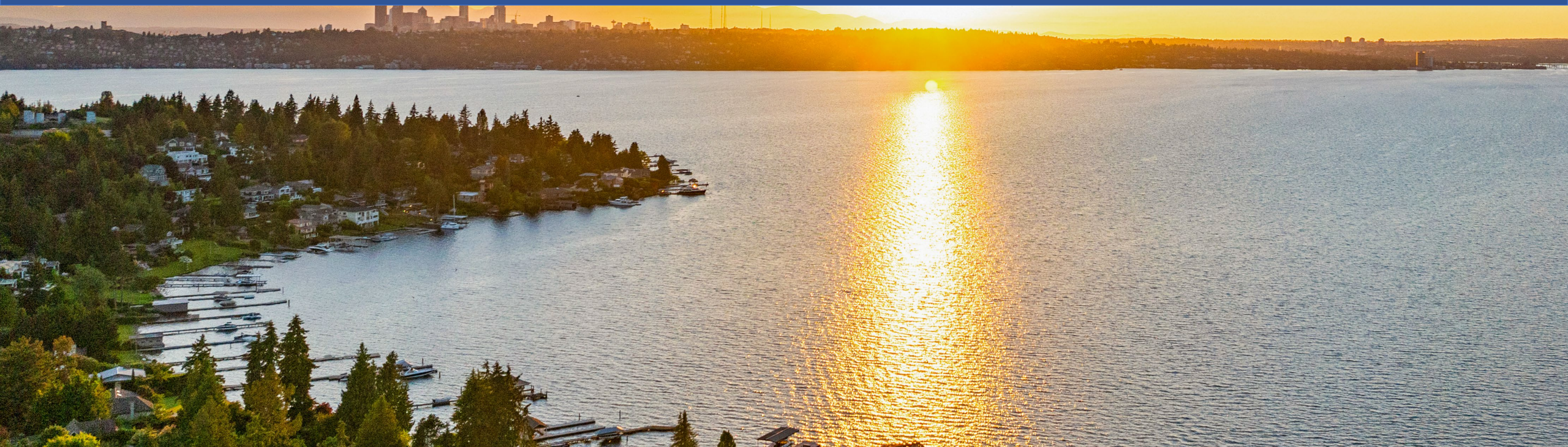


Agenda

- Development Code Amendments:
 - Phase 1 Rezone
 - Design Standards and Land Uses
 - Inclusionary Zoning
 - Fee in Lieu
 - STEP Housing



Development Code: Phase 1 Rezone



Phase 1 Zoning Amendments

Existing

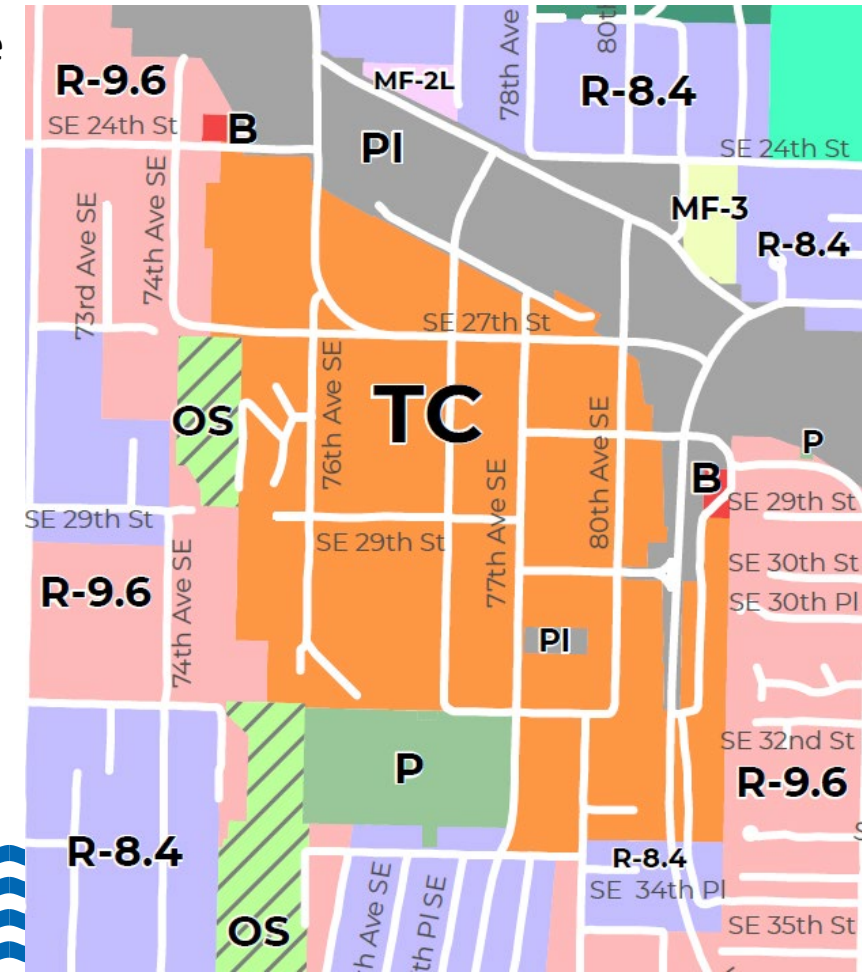


As directed by the City Council the existing MF-2 and MF-2L zones adjacent to Town Center zone will be rezoned to TC.

The MF zones will become a six-story subarea of the Town Center (TCMF-6, tan area).

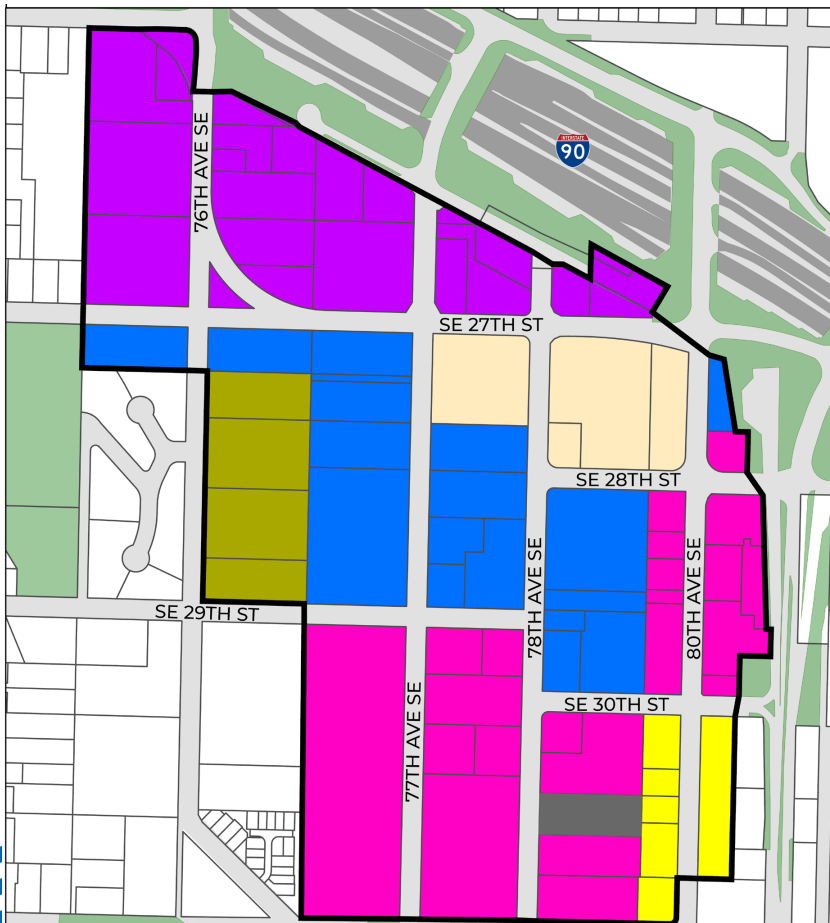
This is the extent of rezones happening under Phase 1 of the Station Subarea Plan.

Proposed



Town Center Zoning Amendments

Existing MICC 19.11.015 – Figure 1



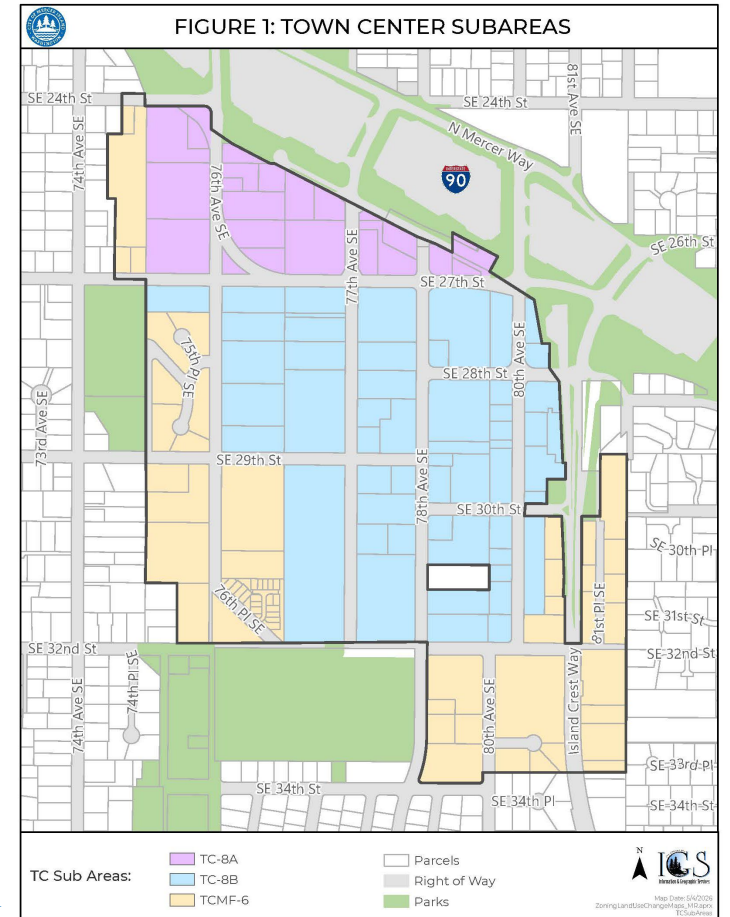
As directed by the City Council
Town Center going from six to
three subareas:

TC-8A (formerly TC-7) – 8-story
max building height, adult
entertainment allowed by
conditional use permit (no change)

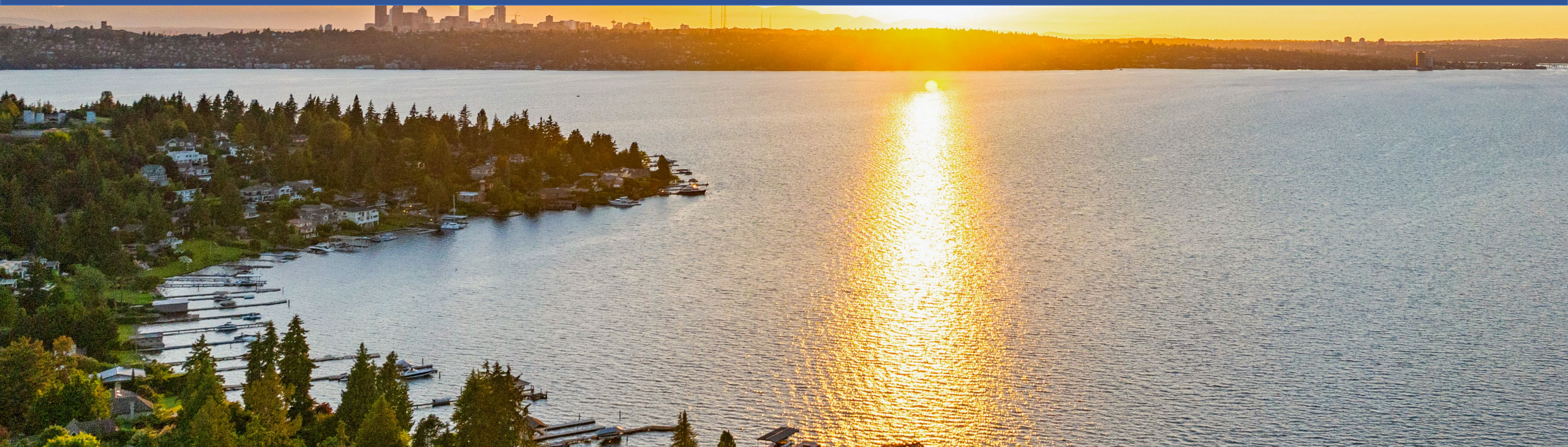
TC-8B (formerly all other Town
Center subareas) – 8-story max
building height, adult
entertainment prohibited (no
change)

TCMF-6 (formerly MF-2 and MF-2L)
– 6-story max building height

Proposed MICC 19.11.015 – Figure 1



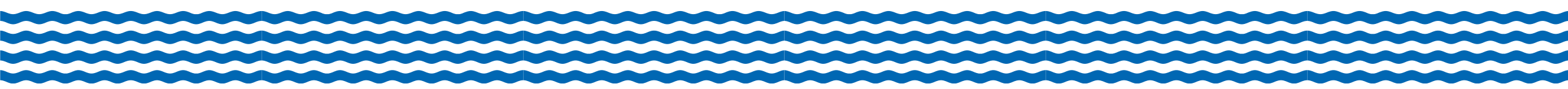
Development Code: Land Uses and Design Standards



Land Uses

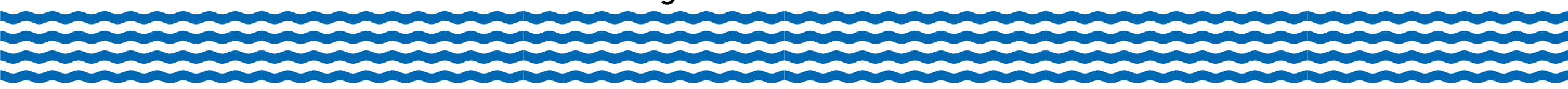
MICC 19.11.020 – Land Uses

Use	<u>TC-8A</u>	<u>TC-8B</u>	<u>TCMF-6</u>	TC-7	TC-5 TC-5 Plus	TC-3	TCMF-3	TCMF-4
Adult entertainment	<u>C</u>	<u>N</u>	<u>N</u>	C	N	N	N	N
Warehousing	<u>N</u>	<u>N</u>	<u>N</u>	N	C	N	N	N
	C — <u>Conditional Use</u> P — <u>Permitted</u> N — Not Allowed							



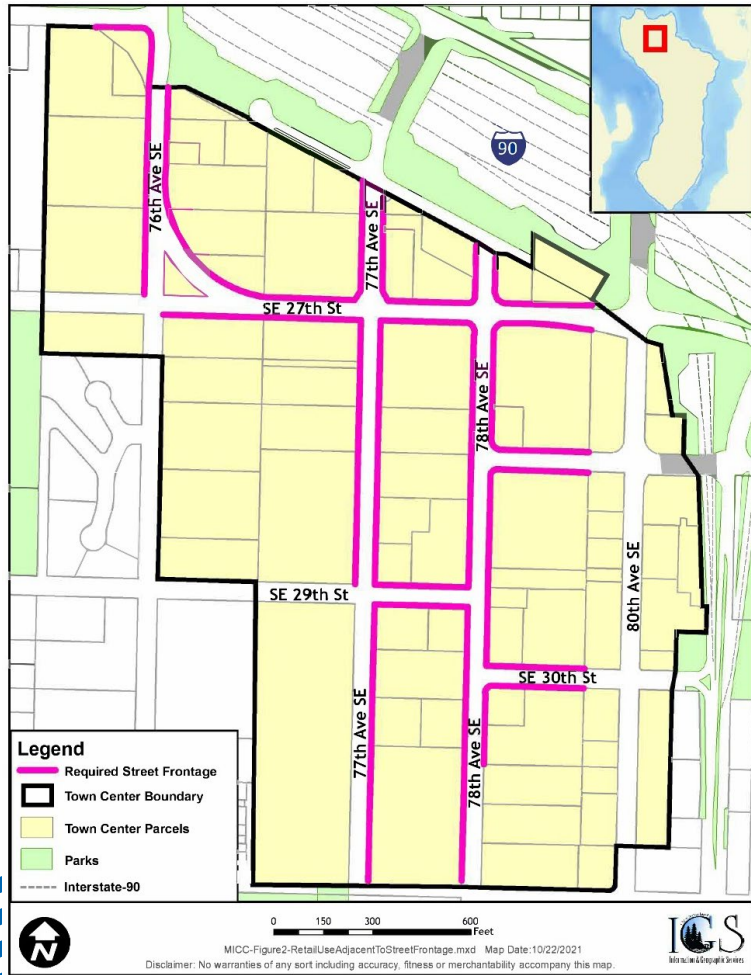
Design Standards

- Most amendments are to maintain consistency with the new maximum building height.
- Maximum Building Height Increased:
 - TC-8A and TC-8B – 105 feet (8 stories at 13 ft. per story).
 - TCMF-6 – 78 feet (6 stories at 13 ft. per story).
- “public open space” definition moved to Chapter 19.16.
- Figures 1, 2, 3, 4, and 7 will be updated to show the new Town Center boundary.

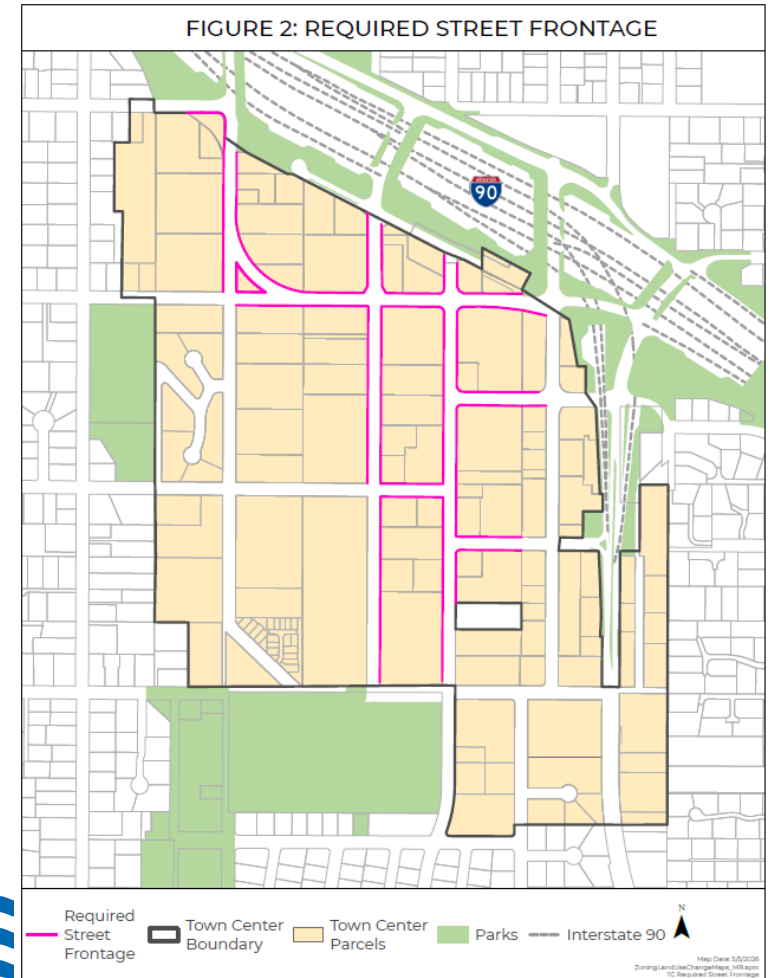


Design Standard Figures

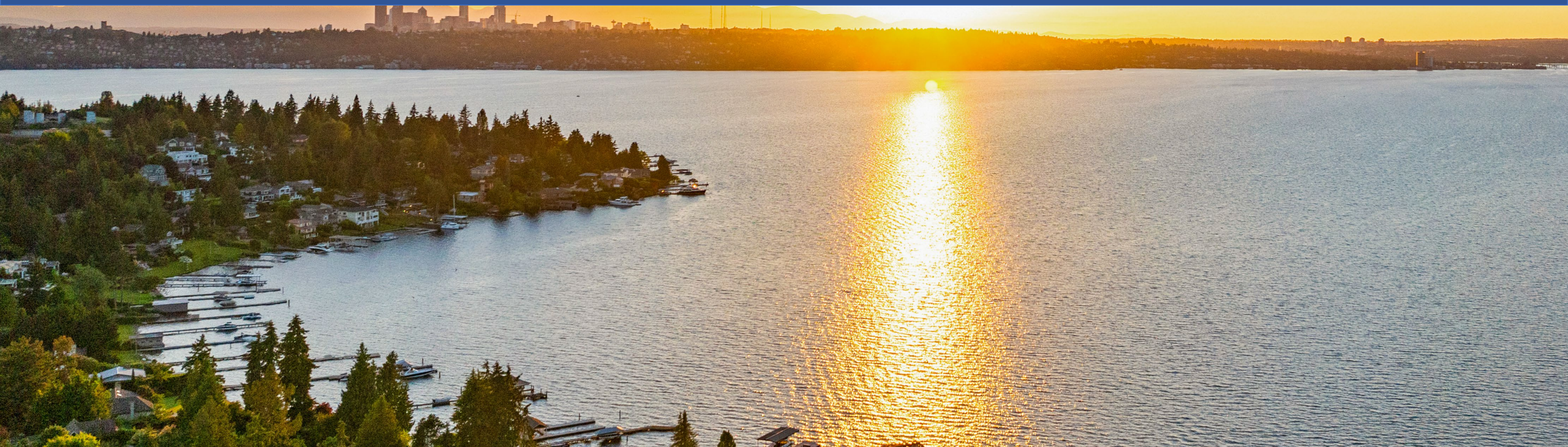
Existing MICC 19.11.020 – Figure 2



Proposed MICC 19.11.020 – Figure 2

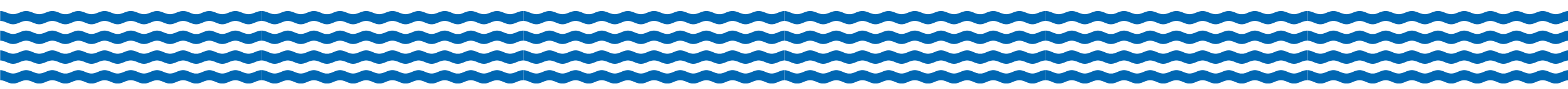


Development Code: Inclusionary Zoning and Fee in Lieu



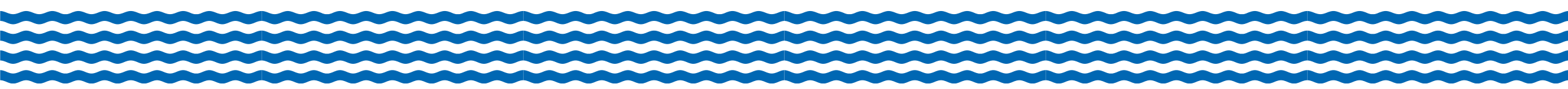
Inclusionary Zoning

- Inclusionary zoning is a type of zoning that requires a certain percentage of dwelling units be affordable housing units.
- Will apply in the TC-8A, TC-8B, and TCMF-6 subareas of the Town Center.
- 10% of units must be affordable at 50% of the area median income.
- The inclusionary requirement is in MICC 19.11.040

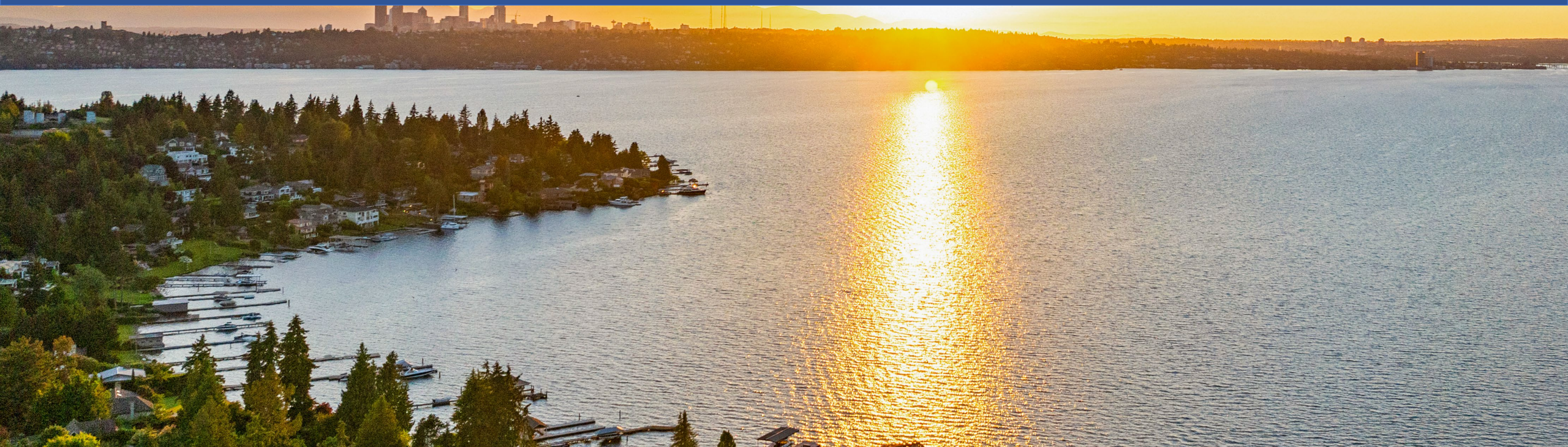


Fee In Lieu

- Allows developers to pay a fee rather than construct required affordable housing units.
- The collected fee can be used to fund lower-income dwelling units.
- The fee will be set in the fee schedule, adopted by a City Council resolution. The Planning Commission does not make a recommendation on the fee schedule resolution.
- Amendments can be found in a new section in Chapter 19.06 MICC.



Development Code: STEP Housing

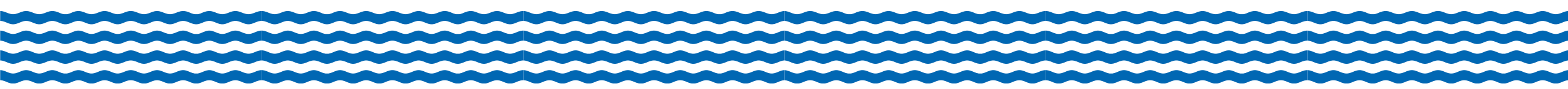


STEP Housing

- The City was appealed on whether it had documented that there is adequate capacity for emergency housing and the Growth Management Hearings Board (GMHB) found that:

“The Board concludes that the City met its obligation under RCW 36.70A.070(2)(c) to include an inventory and analysis of existing and projected housing needs for emergency housing and emergency shelters (Final Decision and Order for Case No. 25-3-0003, dated August 1, 2025, page 29, line 26).”

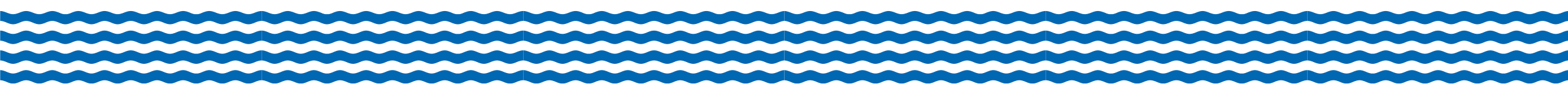
- This finding from the GMHB is based on these housing types continuing to be allowed throughout the City.
- No changes to where emergency housing and emergency shelters are allowed is proposed in the draft code amendments.



STEP Housing

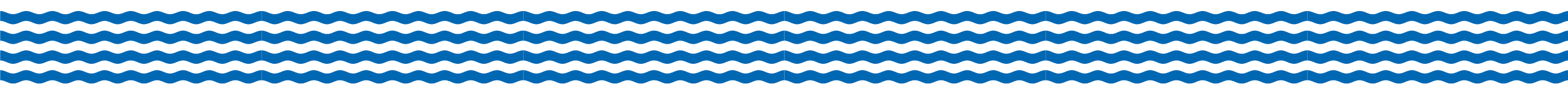
State laws also affect how the City may or may not regulate permanent supportive and emergency housing:

- [RCW 36.130.020\(1\)](#): “A city, county, or other local governmental entity or agency **may not adopt, impose, or enforce requirements on an affordable housing development that are different than the requirements imposed on housing developments generally** [emphasis added].”
- [HB 2266](#) (2026) Section 2(1)(a)(ii): “[Cities planning under GMA must allow] Indoor emergency shelters and indoor emergency housing in any zones within an urban growth area in which hotels are allowed. Nothing in this subsection allows a county or city to limit indoor emergency shelters and indoor emergency housing in a manner where the capacity of indoor emergency shelters and indoor emergency housing is insufficient to meet the projected needs identified under RCW 36.70A.070(2)(a)(ii). **A county or city must allow indoor emergency shelters and indoor emergency housing in additional types of zones when necessary to meet projected needs identified in RCW 36.70A.070(2)(a)(ii)** [emphasis added].”



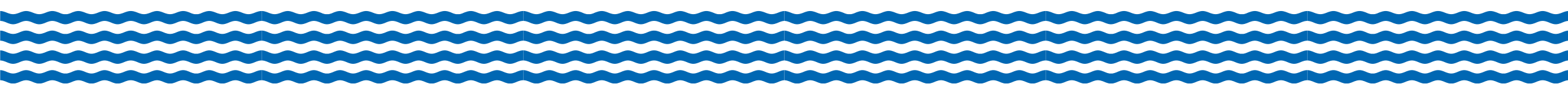
STEP Housing

- **HB 2266 Section 2(2):** “[Cities planning under GMA] may not require through development regulations, ordinances, or legal agreements any standards, conditions, or requirements for transitional housing, permanent supportive housing, indoor emergency housing, and indoor emergency shelters that are more restrictive than those required for other types of lodging or residential development within the same zone, but may apply any objective development regulations, including form-based codes, that are required for lodging or residential development including, but not limited to, density limits, dimensional standards, height restrictions, floor area ratio, setback, lot coverage, stormwater, clearing, and tree canopy and retention requirements.”
- **HB 2266 Sections 2(3) paraphrase:** Cities must use the same permit processes for STEP housing as any other residential uses in the same zone.
- **HB 2266 Section 2(4) paraphrase:** Design review for STEP housing must be an administrative process (i.e., no public hearing for design review for STEP housing).



STEP Housing

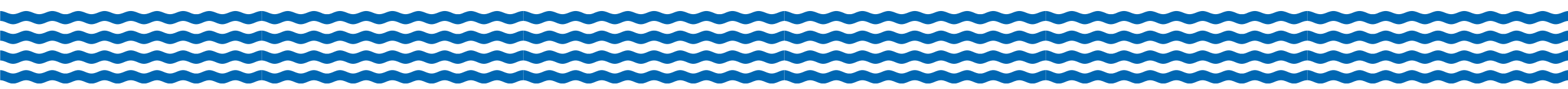
- Social Service Transitional Housing (Permanent Supportive Housing) and Special Needs Group Housing (emergency housing) will continue to be allowed throughout the City. Note: These housing types have been allowed in all zones since 2003 ([Ordinance No. 03C-08](#)).
- Conditional use permit, spacing, and operational requirements were removed.
- Emergency housing has new requirements – consistent with HB 2266.
- See all amendments in MICC 19.06.080.
- Design review will be limited to administrative process – code official design review (MICC 19.15.220).



Special Needs Group Housing (Emergency Housing) New Requirements

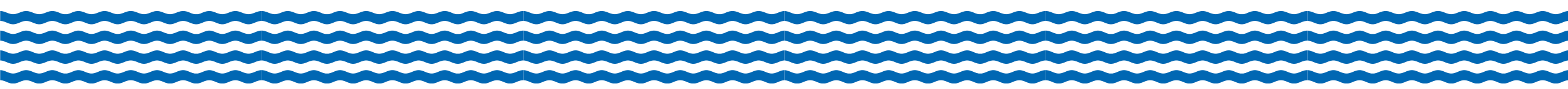
Applicants must certify the following after the permit is issued and before the certificate of occupancy is issued:

- Provide the name and headquarters address of the managing entity;
- Provide the City with a description of any other programs and applicable licenses and certifications;
- Notify residents within 500 feet;
- Conduct at least one public meeting;
- Designate at least one point of emergency contact.
- Document the sponsor's or managing agency's operational policies or procedures for admissions/exit, handling complaints from occupants, staffing, and safety.



Next Steps

- May 20 – Development Code Amendments continued
- May 27 – Capital Facilities, Utilities, and Transportation elements
- June 3 – Planning Commission public hearing
- June 10 – Planning Commission recommendation due
- June 16 – Planning Commission recommendation delivered to the City Council



Process Note – Public Hearing Notice

The public hearing notice has been:

- Published in the *Mercer Island Reporter*
- Published in the CPD Bulletin
- Mailed to property owners and residents within 300' of the proposed rezone
- Signs posted in Town Center

