
CITY OF MERCER ISLAND

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

PHONE: 206.275.7605 | www.mercerisland.gov



Housing Work Group

TO: Housing Work Group

FROM: Adam Zack, Senior Planner

DATE: June 8, 2022

SUBJECT: Housing Issue List

ATTACHMENTS: A. Housing Development Planning Framework

PURPOSE

The purpose of this memo is twofold:

- (1) Provide the Housing Work Group (HWG) with the housing planning framework established by state law, regional planning organizations, and King County, and
- (2) Provide the process by which the HWG will develop an initial housing issue list.

BACKGROUND

The HWG is a joint Planning Commission and City Council subcommittee that will prepare the initial draft of the amendments to the housing goals and policies in the Mercer Island Comprehensive Plan. Housing goals and policies guide City decision making as it relates to housing. This work will take place during the Comprehensive Plan update currently underway.

HOUSING PLANNING FRAMEWORK

The attached Housing Planning Framework summarizes the state, regional, and countywide framework and requirements for housing planning (Attachment A). The framework primarily focuses on the following:

- Growth Management Act (GMA) requirements;
- Puget Sound Regional Council's *Vision 2050*;
- King County Countywide Planning Policies; and
- The existing Housing Element.

The purpose of the Housing Planning Framework paper is to familiarize HWG with the general planning framework for housing under state law and regional planning efforts. This paper outlines the requirements

at a high-level to prepare the HWG to discuss potential amendments to housing goals and policies, with additional discussion expected later in the process. This paper is provided for background purposes only and does not make recommendations or propose specific policy responses.

ISSUE LIST PROCESS

At the first HWG meeting staff will facilitate a small-group workshop to develop an initial issue list. Issues are topics or problems the work group wants to consider throughout the drafting of housing policy amendments. The initial issue list will be refined as the work group gathers more information. Eventually, the issue list, additional information, and public input will be the basis for the first draft of amendments to housing goals and policies.

Small Group Workshop to Develop an Initial Prioritized Issue List

Objective: To collaboratively prepare an initial list of housing issues.

Process: Small group workshop to arrive at an initial prioritized list of housing issues with the following steps:

Step 1: Introductions

- Each member will share the reason they volunteered for the work group, and
- Provide a brief description of how they picture housing on Mercer Island will look like in 25 years if the Comprehensive Plan is successful.

Step 2: Individual and Group Housing Issues

- (1) Each member will start by identifying 1 to 5 housing issues. Issues are housing topics of importance such as “the city needs variety of housing types” or “new housing construction costs”.
- (2) Members will work in one group of two and one group of three to consolidate shared issues and decide on their top five issues.
- (3) Each group will share their preferred five issues and those that didn’t make the cut. When they share, they can discuss the selection process and other members can ask questions. Issues that didn’t make the cut will be added to a “Tier 2” issue list. The top five issues from each group are added to the “Tier 1” issue list.
- (4) Before moving to step 3, the group can discuss the Tiers 1 and 2 issue lists. If they would like to move an issue, they have to make a corresponding change to keep the lists balanced.

Step 3: Issue List Prioritization

- (1) Each group member will make a list of their top 3 Tier 1 issues, ranked from first to third. Members will share their rankings and staff will keep a tally.
- (2) After voting, the group will discuss the results and decide on which five issues to add to the Tier 1 primary issues list and which to add to the Tier 1 secondary issues list.

Step 4: Review Issue Lists

- (1) The group will review each level of the initial prioritized issue list: Tier 2, Tier 1 secondary, and Tier 1 primary. This review should include whether the group has questions about any issue and would like staff to conduct additional research. Step 4 will result in an agreed upon initial prioritized issue list

Step 5: Homework

- After the meeting, staff will email the work group members the initial prioritized issue list.
- Before the next work group meeting, each member should consider the following questions about the issue list:
 - Are there edits or additional context that will make the issues clearer?
 - Is something missing from the list?
- Edits and additions will be discussed at the next meeting.



HOUSING PLANNING FRAMEWORK

State, Regional, and Local Planning Framework

ABSTRACT

A summary of the general housing planning framework under state law, regional planning efforts and the existing Housing Element. This paper is a discussion primer for the City of Mercer Island Housing Work Group to supplement the Housing Needs Assessment.

Adam Zack, Senior Planner

City of Mercer Island Housing Work Group



Housing Planning Framework

June 7, 2022

City of Mercer Island, WA

Department of Community Planning and Development

Adam Zack, Senior Planner

Contents

Introduction	1
Purpose	1
Housing Element	1
Housing Needs Assessment	2
Growth Management Act	3
Capacity and Accommodating Growth	7
King County Requirements	7
Countywide Planning Policies	7
Urban Growth Capacity Report.....	8
Existing Housing Element.....	8
Neighborhood Quality	8
Housing Supply.....	9
Housing Options.....	10
Implementation Tracking.....	12
Appendix A.....	i
Selected Sections of Chapter 36.70A RCW	i
Selected Sections of Chapter 365-196 WAC.....	vii
APPENDIX B.....	i
3 HOUSING ELEMENT.....	2
I. INTRODUCTION	2
II. ACCOMMODATING GROWTH	3
III. NEIGHBORHOOD QUALITY	4
IV. HOUSING SUPPLY.....	6
V. HOUSING OPTIONS	10
VI. IMPLEMENTATION TRACKING	14

Introduction

The City of Mercer Island is updating its Comprehensive Plan as part of the state-mandated periodic review. The Comprehensive Plan update will include an update of the Housing Element to ensure that the element is responsive to housing issues the City will face in the coming years. The initial draft of amendments to the Housing Element will be drafted by the Housing Work Group. The Housing Work Group is composed of two volunteers from the Planning Commission and three City Councilmembers. Between May and December 2022, the Housing Work Group will refine a draft of amendments to the Housing Element. This paper provides a general discussion of the housing issues and topics likely to arise while drafting Housing Element amendments.

Purpose

The purpose of this paper is to familiarize the Housing Work Group with the general planning framework for housing under state law, regional planning efforts, and the existing Housing Element. This paper outlines the requirements at a high-level to prepare the Housing Work Group to discuss potential amendments to the Housing Element, with additional discussion expected later in the process. This paper does not make recommendations or propose specific housing policy responses.

Housing Element

The Housing Element is an existing element of the City Comprehensive Plan. Amendments proposed during the Comprehensive Plan update will look to refine the existing goals and policies to guide City program, budget, and capital improvement decision making. As an element of the Comprehensive Plan, the Housing Element is linked with the other elements. All Comprehensive Plan elements must be internally consistent to avoid different elements working at cross-purposes. As a result, amendments to the goals and policies in the Housing Element will be considered in concert with the other elements. For example, land use regulation decisions must consider the relevant policies from the Land Use *and* Housing elements in addition to the related policies in the other elements. In this way, the Comprehensive Plan coordinates planning and decision making throughout the City, placing housing on equal footing with other City efforts.

The Housing Element guides decision making with goals and policies. Setting housing goals and policies begins with a vision. A vision is a general statement of where the comprehensive plan ought to guide the City. The Comprehensive Plan includes the following residential community vision statement:

Residential Community – Mercer Island is principally a single-family residential community, supported by healthy schools, religious institutions and recreational clubs.

Goals articulate a desired outcome that will further the vision. Goals are more specific and targeted than a vision. The vision above describes a community that is primarily single-family homes. Housing Goal 1 establishes an objective to further this vision as follows:

Goal 1 – Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features.

Policies are a general direction that the City sets to follow when taking action to meet its goals. Policies are typically associated with a specific goal. In general, policies describe a high-level approach to achieving a goal. Housing Policy 1.1 articulates an action the City will take to further Housing Goal 1 as follows:

Policy 1.1 – Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character.

Once a vision, goals, and policies are set in the Housing Element, they are implemented through City actions. An example of how the goal and policy example above is implemented are the residential development standards established in [Chapter 19.02 Mercer Island City Code \(MICC\)](#). The development standards limit the bulk and scale of new development through requirements such as a maximum building height, maximum gross floor area, and minimum setbacks. Through implementation (i.e., development regulations and permit conditions), the concept expressed in the policy is realized (i.e., regulations ensure new development is consistent with vision, goal, and policy).

Housing policy direction established during the Comprehensive Plan update will require an implementation plan. The implementation plan for the Housing Element will include strategies to translate goals and policies into action. Implementation strategies and actions are more specific than policies and typically focus on near-term projects, budget decisions, and programs.

Housing Needs Assessment

The City of Mercer Island is updating its comprehensive plan as part of the periodic review required by the WA Growth Management Act (GMA). Specific GMA requirements and recommendations for the Housing Element are established in WAC 365-196-410 (Appendix A). The Housing Element must include a housing unit inventory and an analysis of housing needs. During the Comprehensive Plan update, the housing unit inventory and analysis of housing needs will be combined into a single document called a Housing Needs Assessment.

The Housing Needs Assessment (HNA) will describe the current housing stock in the City and evaluate how the Mercer Island Comprehensive Plan can accommodate the projected growth in housing. The City has contracted with Community Attributes Inc (CAI) to prepare the HNA. The HNA collects data and analysis to determine how housing supply and needs will change given the projected growth in the next twenty years.

In addition to analyzing housing needs, the HNA will include a list of recommended actions to address housing during the Comprehensive Plan update. The list of recommended actions can include policy recommendations, possible city programs, and other implementation actions to address identified housing needs.

This issue paper supplements the HNA with a general, high-level, discussion of housing issues and topics. Taken together, the HNA and this paper should prepare the Housing Work Group to discuss potential amendments to the Housing Element.

Growth Management Act

The GMA establishes fourteen statewide planning goals to guide the development of local comprehensive plans. The statewide planning goals are the foundation of what comprehensive plans should seek to accomplish. Statewide planning goal 4 established in RCW 36.70A.020(4) addresses housing, stating:

“Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.”

In addition to outlining the goal for planning for housing, the GMA requires the City adopt a Housing Element as part of its comprehensive plan. The GMA Housing Element requirement includes direction on what must be included in a Housing Element in RCW 36.70A.070(2) – Mandatory Elements, which states:

(2) A housing element ensuring the vitality and character of established residential neighborhoods 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;

(b) Includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences, and within an urban growth area boundary, moderate density housing options including[,] but not limited to, duplexes, triplexes, and townhomes;

(c) Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes;

(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:

(i) Incorporating consideration for low, very low, extremely low, and moderate-income households;

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

(iii) Consideration of housing locations in relation to employment location;
and

(iv) Consideration of the role of accessory dwelling units in meeting housing
needs;

(e) Identifies local policies and regulations that result in racially disparate impacts,
displacement, and exclusion in housing, including:

(i) Zoning that may have a discriminatory effect;

(ii) Disinvestment; and

(iii) Infrastructure availability;

(f) Identifies and implements policies and regulations to address and begin to undo
racially disparate impacts, displacement, and exclusion in housing caused by local
policies, plans, and actions;

(g) Identifies areas that may be at higher risk of displacement from market forces
that occur with changes to zoning development regulations and capital investments;
and

(h) Establishes antidisplacement 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; equitable development
initiatives; inclusionary zoning; community planning requirements; tenant
protections; land disposition policies; and consideration of land that may be used for
affordable housing.

In counties and cities subject to the review and evaluation requirements of RCW
36.70A.215, any revision to the housing element shall include consideration of prior
review and evaluation reports and any reasonable measures identified. The housing
element should link jurisdictional goals with overall county goals to ensure that the
housing element goals are met.

The primary focus of the Housing Element requirements in RCW 36.70A.070 is to ensure that the Comprehensive Plan addresses the housing need for all segments of the population. This includes strategies for accommodating moderate to extremely low-income households. This requirement is the reason the City is preparing a Housing Needs Assessment. The Housing Needs Assessment will identify the expected need for housing all segments of the population given the expected demographic trends in the next 20 years. A principal concern the City will need to address when updating the Housing Element is finding ways for the Comprehensive Plan to accommodate the forecasted housing need through goals and policies.

Another key set of requirements the legislature recently added to RCW 36.70A.070(2) is to establish policies to address potential racial and economic displacement, commonly referred to as gentrification. The risk of economic displacement can be lower in a community as affluent as Mercer Island, but it should still be considered when thinking about housing in the City. Rising housing costs can make it difficult for

seniors on a fixed income to age in place, younger people to live in the city they grew up in, and employees of local businesses to find housing. The Housing Needs Assessment will examine how housing prices are expected to change in the coming years, and the effects that might have on different economic segments and demographic groups within the City population. This will be a key first step in identifying ways housing goals and policies might address displacement risks in the coming 20 years.

The Department of Commerce has established additional Housing Element requirements and recommendations in WAC 365-196-410 Housing Element. The full text of WAC 365-196-410 is included in Appendix A. Requirements for housing goals and policies are spelled out in WAC 365-196-410(2)(a), which states:

[. . .]

(2) Recommendations for meeting requirements. The housing element shows how a county or city will accommodate anticipated growth, provide a variety of housing types at a variety of densities, provide opportunities for affordable housing for all economic segments of the community, and ensure the vitality of established residential neighborhoods. The following components should appear in the housing element:

(a) Housing goals and policies.

(i) The goals and policies serve as a guide to the creation and adoption of development regulations and may also guide the exercise of discretion in the permitting process.

(ii) The housing goals and policies of counties and cities should be consistent with county-wide planning policies and, where applicable, multicounty planning policies.

(iii) Housing goals and policies should address at least the following:

(A) Affordable housing;

(B) Preservation of neighborhood character; and

(C) Provision of a variety of housing types along with a variety of densities.

(iv) Housing goals and policies should be written to allow the evaluation of progress toward achieving the housing element's goals and policies. [. . .]

Affordable housing requirements are provided in WAC 365-196-410(2)(e), which states:

[. . .]

(e) Affordable housing. RCW 36.70A.070 requires counties and cities, in their housing element, to make adequate provisions for existing and projected needs for all economic segments of the community.

(i) Determining what housing units are affordable.

(A) In the case of dwelling units for sale, affordable housing has mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty percent of the owner's gross annual household income.

(B) In the case of dwelling units for rent, affordable housing has rent and utility costs, as defined by the county or city, that cost no more than thirty percent of the tenant's gross annual household income.

(C) Income ranges used when considering affordability. When planning for affordable housing, counties or cities should use income ranges consistent with the applicable county-wide or multicounty planning policies. If no such terms exist, counties or cities should consider using the United States Department of Housing and Urban Development (HUD) definitions found in 24 C.F.R. 91.5, which are used to draft consolidated planning documents required by HUD. The following definitions are from 24 C.F.R. 91.5:

(I) Median income refers to median household income.

(II) Extremely low-income refers to a household whose income is at or below thirty percent of the median income, adjusted for household size, for the county where the housing unit is located.

(III) Low-income refers to a household whose income is between thirty percent and fifty percent of the median income, adjusted for household size, for the county where the housing unit is located.

(IV) Moderate-income refers to a household whose income is between fifty percent and eighty percent of the median income where the housing unit is located.

(V) Middle-income refers to a household whose income is between eighty percent and ninety-five percent of the median income for the area where the housing unit is located.

(ii) Affordable housing requires planning from a regional perspective. County-wide planning policies must address affordable housing and its distribution among counties and cities. A county's or city's obligation to plan for affordable housing within a regional context is determined by the applicable county-wide planning policies. Counties and cities should review county-wide affordable housing policies when developing the housing element to maintain consistency.

(iii) Counties and cities should consider the ability of the market to address housing needs for all economic segments of the population. Counties and cities may help to address

affordable housing by identifying and removing any regulatory barriers limiting the availability of affordable housing.

(iv) Counties and cities may help to address affordable housing needs by increasing development capacity. In such an event, a county or city affordable housing section should:

(A) Identify certain land use designations within a geographic area where increased residential development may help achieve affordable housing policies and targets;

(B) As needed, identify policies and subsequent development regulations that may increase residential development capacity;

(C) Determine the number of additional housing units these policies and development regulations may generate; and

(D) Establish a target that represents the minimum amount of affordable housing units that it seeks to generate. [. . .]

The City will need to coordinate planning for affordable housing with plans adopted at the county and regional levels. This will mean coordination with the Puget Sound Regional Council (PSRC), King County, and A Regional Coalition for Housing (ARCH). All three organizations can provide information to help the City understand how its affordable housing goals and policies can fit within the broader context of regional planning efforts. Information from all three organizations will be incorporated into the Housing Needs Assessment.

Capacity and Accommodating Growth

A central requirement under GMA is that the Comprehensive Plan must provide adequate development capacity to accommodate the projected growth (RCW 36.70A.115). Projected growth is expressed as housing and employment growth targets. At the regional level, the Puget Sound Regional Council (PSRC) develops growth targets for Pierce, King, Kitsap, and Snohomish counties. Then, those counties work with their cities to allocate growth to each city in the County. The King County Countywide Planning Policies set the growth targets for the City of Mercer Island.

Development capacity can be understood as areas of land that can be developed and the amount of development allowed on those lands. For example, an undeveloped one-acre parcel zoned for five dwelling units per acre has residential development capacity for five dwelling units. For another example, a one-acre parcel zoned for five dwelling units per acre with a single home would have capacity for four homes because the existing home “takes up” one unit worth of capacity. King County has prepared an Urban Growth Capacity report to determine the development capacity in the City. That report is discussed in the next section of this document.

King County Requirements

Countywide Planning Policies

In addition to the statewide GMA, the King County Countywide Planning Policies (CPPs) establish requirements for the City’s Comprehensive Plan Housing Element. The King County CPPs are available online at: <https://kingcounty.gov/~media/depts/executive/performance-strategy-budget/regional->

[planning/CPPs/2021-CPPs-Adopted-and-Ratified.ashx?la=en](#) One of the principal purposes of the CPPs is to set growth targets, allocating expected growth to the jurisdictions within the County. This includes a housing growth target of 1,239 new housing units for the City by the year 2044. The City is not expected to produce these units; rather, it must provide adequate development capacity to accommodate the growth target.

Urban Growth Capacity Report

The County has prepared the Urban Growth Capacity (UGC) report to determine whether cities in the County have adequate capacity to accommodate growth targets. The UGC report is available online at: <https://kingcounty.gov/~media/depts/executive/performance-strategy-budget/regional-planning/GrowthManagement/GMPC-2021/GMPC-Meeting-062321/KC-UGC-Final-Draft-Report-June-2021.ashx?la=en>. The UGC report finds that the City has capacity for up to 1,607 housing units (UGC Report, Exhibit 31, page 51). The City's development capacity (1,607 units) is greater than the 2044 housing growth target (1,239 units), meaning the City has adequate capacity to accommodate its growth target. This means that changes to zoning and residential densities to accommodate the projected growth will not be required during the Comprehensive Plan update.

Existing Housing Element

The existing Housing Element of the Mercer Island Comprehensive Plan was last amended during the last periodic review in 2015. The full text of the Housing Element is provided in Appendix B. The Housing Element is divided into four sections: neighborhood quality, housing supply, housing options, and implementation tracking. Each of these sections have goals and policies that address different aspects of housing in the City. A goal is a statement of a desired outcome from the comprehensive plan. A policy is a rule for action directed at realizing a goal.

Neighborhood Quality

The first section of goals and policies is directed at maintaining the existing qualities of residential neighborhoods. This includes a goal and policies to ensure that new developments are compatible with existing residential development. The goal and policies in the neighborhood quality section primarily focus on preserving the character of existing development, seeking to maintain single-family neighborhoods with focused density in existing multi-family and mixed-use zones. The neighborhood quality section establishes the following goal and six policies:

Goal 1 – Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features.

- 1.1 Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character.
- 1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.
- 1.3 Promote quality, community friendly Town Center, CO and PBZ district residential development through features such as pedestrian and transit connectivity, and enhanced public spaces.

- 1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.
- 1.5 Foster public notification and participation in decisions affecting neighborhoods.
- 1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas.

Housing Supply

The second section of goals and policies in the Housing Element is directed at ensuring that the Comprehensive Plan allows sufficient development capacity to accommodate the projected population. This section includes a goal and policies directed at the supply of housing for all economic segments of the City, a key GMA requirement (RCW 36.70A.070(2)(d)). The supply of housing is currently the primary driver of housing cost, having a major influence on affordability. Housing cost will increase if supply does not keep pace with growth. Housing supply can be understood both as the existing housing stock and as the amount of development capacity allowed by zoning and land use regulations. The issue of supply is discussed later in this report.

The Housing Supply section of goals and policies establishes the following goal and nine policies:

Goal 2 – Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.

- 2.1 Through zoning and land use regulations, provide adequate development capacity to accommodate Mercer Island's projected share of the King County population growth over the next 20 years.
- 2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.
- 2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.
- 2.4 Encourage residential development in mixed use zones through regulatory tools, infrastructure improvements and incentives. Track residential development over time to ensure policies are effective.
- 2.5 Use the addition of housing in the Town Center, PBZ and CO zones to create new, vibrant neighborhoods that complement the character of existing development. Consider allowing additional types of multifamily housing in the CO zone.
- 2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.
- 2.7 Encourage infill development on vacant or under-utilized sites that are outside of critical areas and ensure that the infill is compatible with the scale and character of the surrounding neighborhoods.

- 2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.
- 2.9 Through a mix of new construction and the preservation of existing units, strive to meet Mercer Island's proportionate amount of the countywide need for housing affordable to households with moderate, low, and very low incomes, including those with special needs.

Housing Options

The third section of goals and policies in the Housing Element focuses on housing types. Different members of the community have varying housing needs that often demand varying housing types. For example, a family with aging grandparents might prefer a house with an accessory dwelling unit to allow their grandparents to live with them, sharing childcare responsibilities and reducing housing costs for seniors on a fixed income.

The housing options section includes 25 policies, divided into three subsections: affordable housing policies, local resource policies, and special needs/fair housing policies. All three subsections are listed under Goal 3, which states:

Goal 3 - Support the adequate preservation, improvement, and development of housing for the diverse economic and social segments of the Mercer Island community.

The first subsection of housing option policies under Goal 3 is affordable housing policies. These policies primarily focus on coordination with regional affordable housing strategies. The seven affordable housing policies under Goal 3 state:

- 3.1 Work cooperatively with King County, "A Regional Coalition for Housing," (ARCH) and other Eastside jurisdictions to assess the need for and to create affordable housing.
- 3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.
- 3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.
- 3.4 Work cooperatively with and support efforts of private and not-for-profit developers, and social and health service agencies to address local housing needs.
- 3.5 Work to increase the base of both public and private dollars available on a regional level for affordable and accessible housing, especially for housing affordable to very low income households, and accessible to people with disabilities.
- 3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.
- 3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.

The next subsection of housing option policies is directed at local resources. This subsection focuses on how the City will make various resources available for the development and preservation of affordable housing in the City. The twelve local resources policies under Goal 3 state:

- 3.8 Use local resources to leverage other public and private funding when possible to build or preserve affordable housing on Mercer Island and in other Eastside cities, including housing for very low income households.
- 3.9 Use regulatory and financial incentives in the Town Center and PBZ/CO districts such as density bonuses, fee waivers, and property tax reductions to encourage residential development for a range of household and ownership types and income levels.
- 3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.
- 3.11 Consider allowing the development of one innovative housing project, e.g., compact courtyard housing, attached single family housing or smaller lot housing, to examine the feasibility and desirability of additional housing options to address the changing demographics on Mercer Island. The demonstration project should include smaller single family units, accessible housing and barrier-free entries for visitability, common open space and other amenities, and be subject to strict design review. Following completion of the project, the City will engage in a policy discussion about expanding innovative housing opportunities.
- 3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and City bonding to support development of affordable housing.
- 3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.
- 3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.
- 3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.
- 3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.
- 3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.
- 3.18 Support housing options, programs and services that allow seniors to stay in their homes or neighborhoods. Promote awareness of Universal Design improvements that increase housing accessibility.
- 3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.

The final subsection of housing option policies under Goal 3 is special needs and fair housing. Special needs housing is a general term for dwellings that provide supportive housing for people with specialized requirements such as nursing homes, domestic violence shelters, or transitional housing for people recovering from addiction. Populations with special needs often require greater access to services, including healthcare, than those provided by typical single-family residences. The City is required to plan for special needs housing by the GMA. The six special needs and fair housing policies under Goal 3 state:

- 3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning Code meets the requirements of the Federal Fair Housing Act and the State of Washington Fair Housing Law to provide equal access for people with special needs and recognized protected classes (race, color, national origin, religion, sex, family status, disability).
- 3.21 Zoning should provide appropriate opportunities for special needs housing. Support should be given to organizations that offer services and facilities to those who have special housing needs.
- 3.22 Support and plan for special needs housing using federal or state aid and private resources.
- 3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.
- 3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.
- 3.25 Explore innovative ways to remove barriers to, and provide incentives for, the creation and modification of residential housing that is wholly or partially accessible to people with disabilities.

Implementation Tracking

The fourth section in the Housing Element includes goals and policies that are directed at implementation. Implementation is the process by which policies are put into effect through regulations, City programs, and budget decisions. The implementation tracking section establishes the following goal and policies:

Goal 4 – Adopt and implement specific strategies designed to achieve the housing goals outlined in this Housing Element. Continue to monitor how well Mercer Island resident's housing needs are being met.

Implementation Policies

- 4.1 Every five years, adopt a Strategy Plan and Work Program identifying strategies and implementation measures that increase the City's achievement of housing goals, including the provision of adequate accessible and affordable housing.
- 4.2 Track key indicators of housing supply, accessibility, affordability and diversity. Key indicators include but are not limited to housing production, demolition, conversion and

rezones, in addition to units affordable to moderate, low and very low income households.

- 4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.
- 4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.
- 4.5 At least once every five years, the City shall evaluate the achievements of its housing goals and policies and present the findings to the City Council. This evaluation will be done in cooperation with Countywide evaluations done by the Growth Management Planning Council (GMPC), or its successor organization, and coordinated with the development of the biannual budget.

Housing Element Related RCW and WAC Sections

Appendix A

Selected Sections of Chapter 36.70A RCW**RCW 36.70A.020 Planning Goals**

The following goals are adopted to guide the development and adoption of comprehensive plans and development regulations of those counties and cities that are required or choose to plan under RCW 36.70A.040. The following goals are not listed in order of priority and shall be used exclusively for the purpose of guiding the development of comprehensive plans and development regulations:

- (1) Urban growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
- (2) Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.
- (3) Transportation. Encourage efficient multimodal transportation systems that are based on regional priorities and coordinated with county and city comprehensive plans.
- (4) Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.
- (5) Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.
- (6) Property rights. Private property shall not be taken for public use without just compensation having been made. The property rights of landowners shall be protected from arbitrary and discriminatory actions.
- (7) Permits. Applications for both state and local government permits should be processed in a timely and fair manner to ensure predictability.
- (8) Natural resource industries. Maintain and enhance natural resource-based industries, including productive timber, agricultural, and fisheries industries. Encourage the

conservation of productive forestlands and productive agricultural lands, and discourage incompatible uses.

(9) Open space and recreation. Retain open space, enhance recreational opportunities, conserve fish and wildlife habitat, increase access to natural resource lands and water, and develop parks and recreation facilities.

(10) Environment. Protect the environment and enhance the state's high quality of life, including air and water quality, and the availability of water.

(11) Citizen participation and coordination. Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts.

(12) Public facilities and services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

(13) Historic preservation. Identify and encourage the preservation of lands, sites, and structures, that have historical or archaeological significance.

RCW 36.70A.070 Mandatory Elements

The comprehensive plan of a county or city that is required or chooses to plan under RCW 36.70A.040 shall consist of a map or maps, and descriptive text covering objectives, principles, and standards used to develop the comprehensive plan. The plan shall be an internally consistent document and all elements shall be consistent with the future land use map. A comprehensive plan shall be adopted and amended with public participation as provided in RCW 36.70A.140. Each comprehensive plan shall include a plan, scheme, or design for each of the following:

- (1) A land use element designating the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities, public facilities, and other land uses. The land use element shall include population densities, building intensities, and estimates of future population growth. The land use element shall provide for protection of the quality and quantity of groundwater used for public water supplies. Wherever possible, the land use element should consider utilizing urban planning approaches that promote physical activity. Where applicable, the land use element shall review drainage, flooding, and stormwater runoff in the area and nearby jurisdictions and provide guidance for corrective actions to mitigate or cleanse those discharges that pollute

Housing Element Related RCW and WAC Sections

waters of the state, including Puget Sound or waters entering Puget Sound.

(2) A housing element ensuring the vitality and character of established residential neighborhoods 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;

(b) Includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences, and within an urban growth area boundary, moderate density housing options including[,] but not limited to, duplexes, triplexes, and townhomes;

(c) Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes;

(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:

(i) Incorporating consideration for low, very low, extremely low, and moderate-income households;

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

(iii) Consideration of housing locations in relation to employment location; and

(iv) Consideration of the role of accessory dwelling units in meeting housing needs;

(e) Identifies local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, including:

(i) Zoning that may have a discriminatory effect;

(ii) Disinvestment; and

(iii) Infrastructure availability;

(f) Identifies and implements policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions;

(g) Identifies areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments; and

(h) Establishes antidisplacement 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; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing.

In counties and cities subject to the review and evaluation requirements of RCW 36.70A.215, any revision to the housing element shall include consideration of prior review and evaluation reports and any reasonable measures identified. The housing element should link jurisdictional goals with overall county goals to ensure that the housing element goals are met.

(3) A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.

(4) A utilities element consisting of the general location, proposed location, and capacity of all existing and proposed utilities, including, but not limited to, electrical lines, telecommunication lines, and natural gas lines.

(5) Rural element. Counties shall include a rural element including lands that are not designated for urban growth, agriculture, forest, or mineral resources. The following provisions shall apply to the rural element:

(a) Growth management act goals and local circumstances. Because circumstances vary from county to county, in establishing patterns of rural densities and uses, a county

Housing Element Related RCW and WAC Sections

may consider local circumstances, but shall develop a written record explaining how the rural element harmonizes the planning goals in RCW 36.70A.020 and meets the requirements of this chapter.

(b) Rural development. The rural element shall permit rural development, forestry, and agriculture in rural areas. The rural element shall provide for a variety of rural densities, uses, essential public facilities, and rural governmental services needed to serve the permitted densities and uses. To achieve a variety of rural densities and uses, counties may provide for clustering, density transfer, design guidelines, conservation easements, and other innovative techniques that will accommodate appropriate rural economic advancement, densities, and uses that are not characterized by urban growth and that are consistent with rural character.

(c) Measures governing rural development. The rural element shall include measures that apply to rural development and protect the rural character of the area, as established by the county, by:

(i) Containing or otherwise controlling rural development;

(ii) Assuring visual compatibility of rural development with the surrounding rural area;

(iii) Reducing the inappropriate conversion of undeveloped land into sprawling, low-density development in the rural area;

(iv) Protecting critical areas, as provided in RCW 36.70A.060, and surface water and groundwater resources; and

(v) Protecting against conflicts with the use of agricultural, forest, and mineral resource lands designated under RCW 36.70A.170.

(d) Limited areas of more intensive rural development. Subject to the requirements of this subsection and except as otherwise specifically provided in this subsection (5)(d), the rural element may allow for limited areas of more intensive rural development, including necessary public facilities and public services to serve the limited area as follows:

(i) Rural development consisting of the infill, development, or redevelopment of existing commercial, industrial, residential, or mixed-use areas, whether characterized as shoreline development, villages, hamlets, rural activity centers, or crossroads developments.

(A) A commercial, industrial, residential, shoreline, or mixed-use area are subject to the requirements of (d)(iv) of this subsection, but are not subject to the requirements of (c)(ii) and (iii) of this subsection.

(B) Any development or redevelopment other than an industrial area or an industrial use within a mixed-use area or an industrial area under this subsection (5)(d)(i) must be principally designed to serve the existing and projected rural population.

(C) Any development or redevelopment in terms of building size, scale, use, or intensity shall be consistent with the character of the existing areas. Development and redevelopment may include changes in use from vacant land or a previously existing use so long as the new use conforms to the requirements of this subsection (5);

(ii) The intensification of development on lots containing, or new development of, small-scale recreational or tourist uses, including commercial facilities to serve those recreational or tourist uses, that rely on a rural location and setting, but that do not include new residential development. A small-scale recreation or tourist use is not required to be principally designed to serve the existing and projected rural population. Public services and public facilities shall be limited to those necessary to serve the recreation or tourist use and shall be provided in a manner that does not permit low-density sprawl;

(iii) The intensification of development on lots containing isolated nonresidential uses or new development of isolated cottage industries and isolated small-scale businesses that are not principally designed to serve the existing and projected rural population and nonresidential uses, but do provide job opportunities for rural residents. Rural counties may allow the expansion of small-scale businesses as long as those small-scale businesses conform with the rural character of the area as defined by the local government according to RCW 36.70A.030(23). Rural counties may also allow new small-scale businesses to utilize a site previously occupied by an existing business as long as the new small-scale business conforms to the rural character of the area as defined by the local government according to RCW 36.70A.030(23). Public services and public facilities shall be limited to those necessary to serve the isolated nonresidential use and shall be provided in a manner that does not permit low-density sprawl;

(iv) A county shall adopt measures to minimize and contain the existing areas or uses of more intensive rural development, as appropriate, authorized under this subsection. Lands included in such existing areas or uses shall not extend beyond the logical outer boundary of the existing area or use, thereby allowing a new pattern of low-density sprawl. Existing areas are those that are clearly identifiable and contained and where there is a logical boundary delineated predominately by the built environment, but that may also include undeveloped lands if limited as provided in this subsection. The county shall establish the logical outer boundary of an area of more intensive rural development. In establishing the logical

Housing Element Related RCW and WAC Sections

outer boundary, the county shall address (A) the need to preserve the character of existing natural neighborhoods and communities, (B) physical boundaries, such as bodies of water, streets and highways, and land forms and contours, (C) the prevention of abnormally irregular boundaries, and (D) the ability to provide public facilities and public services in a manner that does not permit low-density sprawl;

(v) For purposes of (d) of this subsection, an existing area or existing use is one that was in existence:

(A) On July 1, 1990, in a county that was initially required to plan under all of the provisions of this chapter;

(B) On the date the county adopted a resolution under RCW 36.70A.040(2), in a county that is planning under all of the provisions of this chapter under RCW 36.70A.040(2); or

(C) On the date the office of financial management certifies the county's population as provided in RCW 36.70A.040(5), in a county that is planning under all of the provisions of this chapter pursuant to RCW 36.70A.040(5).

(e) Exception. This subsection shall not be interpreted to permit in the rural area a major industrial development or a master planned resort unless otherwise specifically permitted under RCW 36.70A.360 and 36.70A.365.

(6) A transportation element that implements, and is consistent with, the land use element.

(a) The transportation element shall include the following subelements:

(i) Land use assumptions used in estimating travel;

(ii) Estimated traffic impacts to state-owned transportation facilities resulting from land use assumptions to assist the department of transportation in monitoring the performance of state facilities, to plan improvements for the facilities, and to assess the impact of land-use decisions on state-owned transportation facilities;

(iii) Facilities and services needs, including:

(A) An inventory of air, water, and ground transportation facilities and services, including transit alignments and general aviation airport facilities, to define existing capital facilities and travel levels as a basis for future planning. This inventory must include state-owned transportation facilities within the city or county's jurisdictional boundaries;

(B) Level of service standards for all locally owned arterials and transit routes to serve as a gauge to judge performance of the system. These standards should be regionally coordinated;

(C) For state-owned transportation facilities, level of service standards for highways, as prescribed in chapters 47.06 and 47.80 RCW, to gauge the performance of the system. The purposes of reflecting level of service standards for state highways in the local comprehensive plan are to monitor the performance of the system, to evaluate improvement strategies, and to facilitate coordination between the county's or city's six-year street, road, or transit program and the office of financial management's ten-year investment program. The concurrency requirements of (b) of this subsection do not apply to transportation facilities and services of statewide significance except for counties consisting of islands whose only connection to the mainland are state highways or ferry routes. In these island counties, state highways and ferry route capacity must be a factor in meeting the concurrency requirements in (b) of this subsection;

(D) Specific actions and requirements for bringing into compliance locally owned transportation facilities or services that are below an established level of service standard;

(E) Forecasts of traffic for at least ten years based on the adopted land use plan to provide information on the location, timing, and capacity needs of future growth;

(F) Identification of state and local system needs to meet current and future demands. Identified needs on state-owned transportation facilities must be consistent with the statewide multimodal transportation plan required under chapter 47.06 RCW;

(iv) Finance, including:

(A) An analysis of funding capability to judge needs against probable funding resources;

(B) A multiyear financing plan based on the needs identified in the comprehensive plan, the appropriate parts of which shall serve as the basis for the six-year street, road, or transit program required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems. The multiyear financing plan should be coordinated with the ten-year investment program developed by the office of financial management as required by RCW 47.05.030;

(C) If probable funding falls short of meeting identified needs, a discussion of how additional funding will be raised, or how land use assumptions will be reassessed to ensure that level of service standards will be met;

(v) Intergovernmental coordination efforts, including an assessment of the impacts of the transportation plan and land use assumptions on the transportation systems of adjacent jurisdictions;

Housing Element Related RCW and WAC Sections

(vi) Demand-management strategies;

(vii) Pedestrian and bicycle component to include collaborative efforts to identify and designate planned improvements for pedestrian and bicycle facilities and corridors that address and encourage enhanced community access and promote healthy lifestyles.

(b) After adoption of the comprehensive plan by jurisdictions required to plan or who choose to plan under RCW 36.70A.040, local jurisdictions must adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a locally owned transportation facility to decline below the standards adopted in the transportation element of the comprehensive plan, unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development. These strategies may include increased public transportation service, ride-sharing programs, demand management, and other transportation systems management strategies. For the purposes of this subsection (6), "concurrent with the development" means that improvements or strategies are in place at the time of development, or that a financial commitment is in place to complete the improvements or strategies within six years. If the collection of impact fees is delayed under RCW 82.02.050(3), the six-year period required by this subsection (6)(b) must begin after full payment of all impact fees is due to the county or city.

(c) The transportation element described in this subsection (6), the six-year plans required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems, and the ten-year investment program required by RCW 47.05.030 for the state, must be consistent.

(7) An economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

(8) A park and recreation element that implements, and is consistent with, the capital facilities plan element as it relates to park and recreation facilities. The element shall include: (a) Estimates of park and recreation demand for at least a ten-year period; (b) an evaluation of facilities and service needs; and (c) an evaluation of intergovernmental coordination opportunities to provide regional approaches for meeting park and recreational demand.

(9) It is the intent that new or amended elements required after January 1, 2002, be adopted concurrent with the scheduled update provided in RCW 36.70A.130. Requirements to incorporate any such new or amended elements shall be null and void until funds sufficient to

cover applicable local government costs are appropriated and distributed by the state at least two years before local government must update comprehensive plans as required in RCW 36.70A.130.

RCW 36.70A.115 Comprehensive plans and development regulations must provide sufficient land capacity for development.

(1) Counties and cities that are required or choose to plan under RCW 36.70A.040 shall ensure that, taken collectively, adoption of and amendments to their comprehensive plans and/or development regulations provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth, including the accommodation of, as appropriate, the medical, governmental, educational, institutional, commercial, and industrial facilities related to such growth, as adopted in the applicable countywide planning policies and consistent with the twenty-year population forecast from the office of financial management.

(2) This analysis shall include the reasonable measures findings developed under RCW 36.70A.215, if applicable to such counties and cities.

RCW 36.70A.215 Review and evaluation program

(1) Subject to the limitations in subsection (5) of this section, a county shall adopt, in consultation with its cities, countywide planning policies to establish a review and evaluation program. This program shall be in addition to the requirements of RCW 36.70A.110, 36.70A.130, and 36.70A.210. In developing and implementing the review and evaluation program required by this section, the county and its cities shall consider information from other appropriate jurisdictions and sources. The purpose of the review and evaluation program shall be to:

(a) Determine whether a county and its cities are achieving urban densities within urban growth areas by comparing growth and development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans with actual growth and development that has occurred in the county and its cities; and

(b) Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter. Reasonable measures are those actions necessary to reduce the differences between growth and development assumptions and targets contained in the countywide planning policies and the county and city comprehensive plans with actual development patterns. The reasonable measures process in subsection (3) of this section shall be used as part of the next comprehensive plan update to reconcile inconsistencies.

Housing Element Related RCW and WAC Sections

(2) The review and evaluation program shall:

(a) Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities;

(b) Provide for evaluation of the data collected under (a) of this subsection as provided in subsection (3) of this section. The evaluation shall be completed no later than three years prior to the deadline for review and, if necessary, update of comprehensive plans and development regulations as required by RCW 36.70A.130. For comprehensive plans required to be updated before 2024, the evaluation as provided in subsection (3) of this section shall be completed no later than two years prior to the deadline for review and, if necessary, update of comprehensive plans. The county and its cities may establish in the countywide planning policies indicators, benchmarks, and other similar criteria to use in conducting the evaluation;

(c) Provide for methods to resolve disputes among jurisdictions relating to the countywide planning policies required by this section and procedures to resolve inconsistencies in collection and analysis of data; and

(d) Develop reasonable measures to use in reducing the differences between growth and development assumptions and targets contained in the countywide planning policies and county and city comprehensive plans, with the actual development patterns. The reasonable measures shall be adopted, if necessary, into the countywide planning policies and the county or city comprehensive plans and development regulations during the next scheduled update of the plans.

(3) At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

(a) Determine whether there is sufficient suitable land to accommodate the countywide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110. The zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the twenty-year planning period;

(b) An evaluation and identification of land suitable for development or redevelopment shall include:

(i) A review and evaluation of the land use designation and zoning/development regulations; environmental regulations (such as tree retention, stormwater, or critical

area regulations) impacting development; and other regulations that could prevent assigned densities from being achieved; infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater); and

(ii) Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment. The methodology for conducting a reasonable land market factor shall be determined through the guidance developed in RCW 36.70A.217;

(c) Provide an analysis of county and/or city development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans when growth targets and assumptions are not being achieved. It is not appropriate to make a finding that assumed growth contained in the countywide planning policies and the county or city comprehensive plan will occur at the end of the current comprehensive planning twenty-year planning cycle without rationale;

(d) Determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation as required by subsection (1) of this section; and

(e) Based on the actual density of development as determined under (b) of this subsection, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan.

(4) From funds appropriated by the legislature for this purpose, the department shall provide grants to counties, cities, and regional planning organizations required under subsection (5) of this section to conduct the review and perform the evaluation required by this section.

(5) The provisions of this section shall apply to counties, and the cities within those counties, that were greater than one hundred fifty thousand in population in 1996 as determined by office of financial management population estimates and that are located west of the crest of the Cascade mountain range. Any other county planning under RCW 36.70A.040 may carry out the review, evaluation, and amendment programs and procedures as provided in this section.

Housing Element Related RCW and WAC Sections

(6) The requirements of this section are subject to the availability of funds appropriated for this specific purpose. If sufficient funds are not appropriated consistent with the timelines in subsection (2)(b) of this section, counties and cities shall be subject to the review and evaluation program as it existed prior to October 19, 2017.

Selected Sections of Chapter 365-196 WAC**WAC 365-196-060 Goals**

The act lists thirteen overall goals in RCW 36.70A.020, plus the shoreline goal added in RCW 36.70A.480(1). Counties and cities should design comprehensive plans and development regulations to meet these goals.

(1) This list of fourteen goals is not exclusive. Counties and cities may adopt additional goals. However, these additional goals must be supplementary. They may not conflict with the fourteen statutory goals.

(2) Balancing the goals in the act.

(a) The act's goals are not listed in order of priority. The ultimate burden and responsibility for planning, harmonizing the planning goals of this chapter, and implementing a county's or city's future rests with that community. Differences in emphasis are expected from jurisdiction to jurisdiction. Although there may be an inherent tension between the act's goals, counties and cities must give some effect to all the goals. Counties and cities should consider developing a written record demonstrating that it considered the planning goals during the development of the comprehensive plan and development regulations.

(b) When there is a conflict between the general planning goals and more specific requirements of the act, the specific requirements control.

(c) In some cases, counties and cities may support activities outside their jurisdictional boundaries in order to meet goals of the act.

(d) Development regulations must be consistent with the goals and requirements of the act and the comprehensive plan. In most cases, if a comprehensive plan meets the statutory goals, development regulations consistent with the comprehensive plan will meet the goals.

WAC 365-196-410 Housing Element

(1) Requirements. Counties and cities must develop a housing element ensuring vitality and character of established residential neighborhoods. The housing element must contain at least the following features:

(a) An inventory and analysis of existing and projected housing needs.

(b) A statement of the goals, policies, and objectives for the preservation, improvement, and development of housing, including single-family residences.

(c) Identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes and foster care facilities.

(d) Adequate provisions for existing and projected housing needs of all economic segments of the community.

(2) Recommendations for meeting requirements. The housing element shows how a county or city will accommodate anticipated growth, provide a variety of housing types at a variety of densities, provide opportunities for affordable housing for all economic segments of the community, and ensure the vitality of established residential neighborhoods. The following components should appear in the housing element:

(a) Housing goals and policies.

(i) The goals and policies serve as a guide to the creation and adoption of development regulations and may also guide the exercise of discretion in the permitting process.

(ii) The housing goals and policies of counties and cities should be consistent with county-wide planning policies and, where applicable, multicounty planning policies.

(iii) Housing goals and policies should address at least the following:

(A) Affordable housing;

(B) Preservation of neighborhood character; and

(C) Provision of a variety of housing types along with a variety of densities.

(iv) Housing goals and policies should be written to allow the evaluation of progress toward achieving the housing element's goals and policies.

(b) Housing inventory.

(i) The purpose of the required inventory is to gauge the availability of existing housing for all economic segments of the community.

(ii) The inventory should identify the amount of various types of housing that exist in a community. The act does not require that a housing inventory be in a specific form. Counties and cities should consider WAC 365-196-050 (3)

Housing Element Related RCW and WAC Sections

and (4) when determining how to meet the housing inventory requirement and may rely on existing data.

(iii) The housing inventory may show the affordability of different types of housing. It may provide data about the median sales prices of homes and average rental prices.

(iv) The housing inventory may include information about other types of housing available within the jurisdiction such as:

(A) The number of beds available in group homes, nursing homes and/or assisted living facilities;

(B) The number of dwelling units available specifically for senior citizens;

(C) The number of government-assisted housing units for lower-income households.

(c) Housing needs analysis.

(i) The purpose of the needs analysis is to estimate the type and densities of future housing needed to serve all economic segments of the community. The housing needs analysis should compare the number of housing units identified in the housing inventory to the projected growth or other locally identified housing needs.

(ii) The definition of housing needs should be addressed in a regional context and may use existing data.

(iii) The analysis should be based on the most recent twenty-year population allocation.

(iv) The analysis should analyze consistency with county-wide planning policies, and where applicable, multicounty planning policies, related to housing for all economic segments of the population.

(d) Housing targets or capacity.

(i) The housing needs analysis should identify the number and types of new housing units needed to serve the projected growth and the income ranges within it. This should be used to designate sufficient land capacity suitable for development in the land use element.

(ii) Counties and cities may also use other considerations to identify housing needs, which may include:

(A) Workforce housing which is often defined as housing affordable to households earning between eighty to one hundred twenty percent of the median household income.

(B) Jobs-to-housing balance, which is the number of jobs in a city or county relative to the number of housing units.

(C) Reasonable measures to address inconsistencies found in buildable lands reports prepared under RCW 36.70A.215.

(D) Housing needed to address an observed pattern of a larger quantity of second homes in destination communities.

(iii) The targets established in the housing element will serve as benchmarks to evaluate progress and guide decisions regarding development regulations.

(e) Affordable housing. RCW 36.70A.070 requires counties and cities, in their housing element, to make adequate provisions for existing and projected needs for all economic segments of the community.

(i) Determining what housing units are affordable.

(A) In the case of dwelling units for sale, affordable housing has mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty percent of the owner's gross annual household income.

(B) In the case of dwelling units for rent, affordable housing has rent and utility costs, as defined by the county or city, that cost no more than thirty percent of the tenant's gross annual household income.

(C) Income ranges used when considering affordability. When planning for affordable housing, counties or cities should use income ranges consistent with the applicable county-wide or multicounty planning policies. If no such terms exist, counties or cities should consider using the United States Department of Housing and Urban Development (HUD) definitions found in 24 C.F.R. 91.5, which are used to draft consolidated planning documents required by HUD. The following definitions are from 24 C.F.R. 91.5:

(I) Median income refers to median household income.

(II) Extremely low-income refers to a household whose income is at or below thirty percent of the median income, adjusted for household size, for the county where the housing unit is located.

(III) Low-income refers to a household whose income is between thirty percent and fifty percent of the median income, adjusted for household size, for the county where the housing unit is located.

(IV) Moderate-income refers to a household whose income is between fifty percent and eighty percent of the median income where the housing unit is located.

(V) Middle-income refers to a household whose income is between eighty percent and ninety-five percent of the

Housing Element Related RCW and WAC Sections

median income for the area where the housing unit is located.

(ii) Affordable housing requires planning from a regional perspective. County-wide planning policies must address affordable housing and its distribution among counties and cities. A county's or city's obligation to plan for affordable housing within a regional context is determined by the applicable county-wide planning policies. Counties and cities should review county-wide affordable housing policies when developing the housing element to maintain consistency.

(iii) Counties and cities should consider the ability of the market to address housing needs for all economic segments of the population. Counties and cities may help to address affordable housing by identifying and removing any regulatory barriers limiting the availability of affordable housing.

(iv) Counties and cities may help to address affordable housing needs by increasing development capacity. In such an event, a county or city affordable housing section should:

(A) Identify certain land use designations within a geographic area where increased residential development may help achieve affordable housing policies and targets;

(B) As needed, identify policies and subsequent development regulations that may increase residential development capacity;

(C) Determine the number of additional housing units these policies and development regulations may generate; and

(D) Establish a target that represents the minimum amount of affordable housing units that it seeks to generate.

(f) Implementation plan.

(i) The housing element should identify strategies designed to help meet the needs identified for all economic segments of the population within the planning area. It should include, but not be limited to, the following:

(A) Consideration of the range of housing choices to be encouraged including, but not limited to, multifamily housing, mixed uses, manufactured houses, accessory dwelling units, and detached houses;

(B) Consideration of various lot sizes and densities, and of clustering and other design configurations;

(C) Identification of a sufficient amount of appropriately zoned land to accommodate the identified housing needs over the planning period; and

(D) Evaluation of the capacity of local public and private entities and the availability of financing to produce housing to meet the identified need.

(ii) The housing element should also address how the county or city will provide for group homes, foster care facilities, and facilities for other populations with special needs. The housing element should provide for an equitable distribution of these facilities among neighborhoods within the county or city

(iii) The housing element should identify strategies designed to ensure the vitality and character of existing neighborhoods. It should show how growth and change will preserve or improve existing residential qualities. The housing element may not focus on one requirement (e.g., preserving existing housing) to the exclusion of the other requirements (e.g., affordable housing) in RCW 36.70A.070(2). It should explain how various needs are reconciled.

(iv) The housing element should include provisions to monitor the performance of its housing strategy. A monitoring program may include the following:

(A) The collection and analysis of information about the housing market;

(B) Data about the supply of developable residential building lots at various land-use densities and the supply of rental and for-sale housing at various price levels;

(C) A comparison of actual housing development to the targets, policies and goals contained in the housing element;

(D) Identification of thresholds at which steps should be taken to adjust and revise goals and policies; and

(E) A description of the types of adjustments and revisions that the county or city may consider.

APPENDIX B
Existing Housing Element

3 HOUSING ELEMENT

I. INTRODUCTION

The Housing Element highlights the goals and needs of Mercer Island housing in four areas. Neighborhood quality discusses the need to balance the vitality of existing housing stock and neighborhood character with the changing housing needs of Island residents. The Housing Supply section covers changing demographic needs and both existing housing stock and projected goals for providing future housing. The section on Housing Options addresses housing needs for people of all economic segments as well as those with special housing needs. Implementation and Tracking outlines strategies for accomplishing all the City's housing goals.

GROWTH MANAGEMENT ACT

The Growth Management Act (GMA) requires the City to create a 20-year planning document. This Plan must include a Housing Element that makes provisions for existing and projected housing needs. The State's GMA housing goal is to:

"Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock."

In order to accomplish this goal, Mercer Island must promote secure and well maintained residential single family and multi-family areas, while capitalizing on opportunities to increase the supply and diversity of housing. The Mercer Island Municipal Code allows for accessory dwelling units to be integrated into single-family neighborhoods, increasing the housing supply and diversity of housing types while maintaining neighborhood character. In parts of the Town Center, development can be four or five stories tall, provided significant amenities or major site features are integral to the site design. These two policies are examples of how Mercer Island's policies support the state's housing goal.

COUNTYWIDE PLANNING POLICIES

The King County Growth Management Planning Council (GMPC) has also established housing policies that affect the City. In addition to establishing projected growth targets (see Land Use Assumptions section) the King County Countywide Planning Policies (CPPs) provide a framework to plan for and promote a range of housing choices.

Overarching Goal: The housing needs of all economic and demographic groups are met within all jurisdictions.

The countywide need for housing by percentage of area median income is shown in Table 1, located in Section IV. Housing Supply: Housing Affordability & Availability.

Mercer Island has a very limited supply of undeveloped, buildable residential land. That fact and high land values make it more difficult to provide affordable housing on the Island. The Housing Affordability and Availability section of this element describes Mercer Island's strategies and progress in addressing the need for housing affordable to households at all income levels.

In support of affordable housing development and preservation on a regional level, the City is a member of A Regional Coalition for Housing (ARCH), an intergovernmental agency that works to preserve and increase the supply of housing for low- and moderate-income Eastside households.

II. ACCOMMODATING GROWTH

LAND USE ASSUMPTIONS

Mercer Island has historically served as a residential community, and the majority of the Island's land use is single family dwellings on relatively large lots. Mercer Island residents strongly value their community for its quality family neighborhoods and accessible local services. The Island is served by Mercer Island's Town Center, which allows for diverse commercial and non-commercial land uses, and two smaller commercial areas. These commercial areas focus on the needs of the local population.

There are three general types of residential areas in Mercer Island: Single family residential neighborhoods, which is the Island's predominate land use; Town Center multifamily residential and mixed use development; and multifamily areas surrounding the Town Center.

The Housing Element is coordinated with the Land Use Element and land use map, recognizing the City's original growth target of 2,000 new housing units (2006—2031) set by the Growth Management Planning Council. Because the Growth Management Act requires jurisdictions to plan for 20 years of growth, the planning horizon and the growth target was extended to 2035 with the units to accommodate increasing to 2,320.

Planning to accommodate the City's growth target of 2,320 units by 2035 through growth in the community's housing stock is consistent with regional land use and transportation plans.

Between 2006 and 2012, 698 new housing units were constructed, counting against the growth target of 2,320 and resulting in 1,622 units that the City must plan to accommodate through 2035.

The 2014 Buildable Lands Report identifies capacity for 2,004 new housing units on Mercer Island, which is sufficient to meet the City's household growth target. Current zoning will accommodate 614 single family units (30.6 percent of total capacity), 143 multifamily units (7.1 percent of total capacity), and 1,247 units (62.3 percent of total capacity) in mixed-use and multifamily developments in the Town Center.

TARGETED HOUSING GROWTH

One strategy of this Housing Element is to focus a significant percentage of the Island's projected growth into the Town Center. This strategy puts less growth pressure on existing single family neighborhoods; provides opportunities to address some of the community's changing demographics (e.g., smaller households, aging population); and multifamily development can help meet the City's housing affordability goals.

If as predicted, a significant portion of future housing permits are for multifamily housing, it would not significantly impact Mercer Island's existing nature of being a predominantly single family community. For example, if 70 percent of the City's 20-year growth target was achieved with multifamily units as predicted in the 2014 Buildable Lands Report, the overall proportion of single family housing would only decrease from about 72 percent to 65 percent of the City's total housing supply. The change in single family to multifamily proportion is minimal because projected growth will only be a relatively small part of the predominantly single family housing supply.

This Housing Element plans for projected growth in ways that will mirror the City's existing residential character of single-family residential, multifamily residential in multifamily zones, and multifamily and mixed-use in the Town Center.

HOUSING CHARACTERISTICS

Of the 9,930 housing units reported by the 2010 Census, 73.9 percent are single family and 26.1 percent are multifamily units. Between 2006 and 2012, 74 percent of new permits issued in Mercer Island were for multifamily housing, consistent with the housing strategy since 2005 of focusing much of the housing growth in the Town Center and multifamily zones.

Mercer Island has consistently met its overall housing growth targets, and since 1992 almost 60 percent of that growth came from multi-family homes, or about the same percentage as King County overall. This corresponds to the development of mixed-use multi-family housing in the Town Center. Consequently, single-family detached homes have declined as a share of the City's total housing stock, but are still greater than in most east King County cities.

The bulk of Mercer Island's housing was built during the 1950s and 1970s. Prior to 1959, 2,783 units existed. In the next two decades (1960—1979), 3,966 units were added. Another 1,655 housing units were added between 1980 and March 2000. By 1990, housing development had slowed and shifted from large subdivisions to infilling of already built neighborhoods. After Town Center regulations underwent a significant update in 2006 and the post-recession economic pickup in the late 2000s, several buildings were constructed in the Town Center. Between 2006 and 2012, 472 new multifamily units were constructed in the Town Center, primarily in mixed-use buildings.

Generally, the oldest housing areas have a regular street grid pattern, and homes are on lots of 8,400 to 9,600 square feet. They are located on the most level terrain, including East Seattle and First Hill, north and south of I-90, and along Island Crest Way. The newer housing and the largest lot sizes (15,000 square feet and up) are along the east and west sides of the Island on narrow, curving roads, many of which are private. These neighborhoods often contain steep slopes, deep, narrow ravines and small watercourses. Due to the environmentally sensitive nature of these areas, careful development and engineering requirements make this land difficult and expensive to develop.

Most multifamily housing is located in and around the Town Center. In addition, two large complexes straddle I-90 and abut single family neighborhoods.

III. NEIGHBORHOOD QUALITY

Mercer Island is characterized by high quality neighborhoods that are well maintained and have a strong sense of pride.

There are three general types of residential neighborhoods in Mercer Island. First are single family neighborhoods which comprise the majority of the City's developed land area, and consist primarily of owner occupied housing. Second, is the Town Center and third the surrounding multifamily zones which consist of a mix of rental and ownership multifamily housing.

The single family neighborhoods are predominantly residential with scattered uses such as schools and religious buildings. Single family neighborhoods typically serve the needs only of its residents, and because of their lower density residents rely predominantly on automobiles.

The Town Center multifamily areas are intermixed with other commercial and office uses. The mix of residential and commercial uses in the downtown results in creating a neighborhood that serves the needs of downtown area residents and residents from the broader community. The compactness of this area allows more opportunity for pedestrian access and transit use by residents.

Multifamily residential outside the Town Center tend to be more auto-dependent, with on-site or adjacent amenities such as open-space that primarily serves these neighborhoods. Residents in mixed use neighborhoods and multifamily residential areas often look for more amenities within walking distance of their housing and rely more on shared open spaces. When considering strategies and policies to address neighborhood character and quality, strategies can vary depending upon the type of neighborhood.

Some level of investment, and thus change, in existing neighborhoods is natural and an indication of a healthy, stable environment. Typical investments may include new additions and improvements on existing houses, as well as new houses that are built either on vacant lots or after a house is torn down. One of the City's roles in promoting neighborhood quality is to facilitate healthy change within neighborhoods by providing for development that is compatible in quality, design, character and scale with existing land uses, traffic patterns, public facilities and sensitive environmental features. All neighborhoods in Mercer Island, but single family neighborhoods in particular, are largely dependent on automobiles as the primary transportation to jobs, transit stations, and commercial goods and services. Current and future provision and maintenance of roads, utilities and other public services are necessary to maintain residential access to all amenities.

Mercer Island single family neighborhoods pride themselves on their narrow, quiet streets and dense plantings. The City protects these neighborhoods through development regulations and other City codes which restrict the bulk and scale of buildings, control noise and nuisances, minimize the impact of non-residential uses and help preserve the natural environment. Parks, open spaces and trails also contribute to the neighborhood quality.

Through citizen boards, commissions and special task forces, the City encourages neighborhood participation in protecting and enhancing neighborhood quality. A matching grant program from the Beautification Fund encourages landscape plantings and other amenities.

GOAL 1:

Ensure that single family and multi-family neighborhoods provide safe and attractive living environments, and are compatible in quality, design and intensity with surrounding land uses, traffic patterns, public facilities and sensitive environmental features.

- 1.1 Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character.
- 1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.
- 1.3 Promote quality, community friendly Town Center, CO and PBZ district residential development through features such as pedestrian and transit connectivity, and enhanced public spaces.
- 1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.
- 1.5 Foster public notification and participation in decisions affecting neighborhoods.
- 1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas.

IV. HOUSING SUPPLY

DEMOGRAPHIC CHANGES

Mercer Island's population changed very little (just three percent) from 2000 to 2010, but the number of households grew by 15 percent. This implies smaller households, which is reflected in the City's household types. A majority of Mercer Island households (61 percent) consist of only one or two persons. This compares to 58 percent in 2000 and 49 percent in 1980, and is consistent with overall smaller households in most parts of the County.

What differentiates Mercer Island from other East King County (EKC) cities (aside from the Point Cities) is the relatively high percentage of married couples without children—35 percent of all households. As in other "maturing suburbs" (typically incorporated before 1990, little or no annexation), the City has many empty nesters who continue to live where they raised their families. And unlike most of the rest of East King County, Mercer Island experienced an actual small decline in married couples with children.

Mercer Island has a larger proportion of school-age children and senior adults and lower percentages of younger (age 20 to 44) adults. Note that, according to the Mercer Island School District, more than 100 students now live in the Town Center, a demographic believed to be rising. In addition, the 34-to-44 age group fell in proportion, while the 55-to-64 age group rose.

Simply stated, Mercer Island households were older and smaller in 2010 than they were 30 years before, and that trend is not expected to change. Mercer Island's challenge is to provide a variety of housing opportunities in a community that has limited capacity for new development and does not anticipate or desire any significant changes to its existing residential areas.

Several policies are outlined in subsequent sections of the Housing Element to address these changing needs. These include encouraging the continued use of accessory dwelling units, providing opportunities for senior housing, and enabling innovative forms of single family housing. These forms of housing, both rental and ownership, may provide some alternatives for smaller households, including households looking to downsize from single family homes. An accessory unit built into an existing home can provide a separate living unit that provides additional income to the home owner as well as more affordable living or variety in lifestyle choice for renters.

HOUSING AFFORDABILITY & AVAILABILITY

Table 1.

Household Income Type	Percent of County Median Income	2010 King Co. Income Range (4-person HH)	Percent of County Population	Percent of Mercer Island Population
Very Low	Below 30%	Below \$25,680	12%	5%
Low	30% to 50%	\$25,680 to \$42,800	12%	5%
Moderate	50% to 80%	\$42,800 to \$68,480	16%	8%
Middle	80% to 120%	\$68,480 to \$102,720	19%	7%
Above Middle	Above 120%	Above \$102,720	41%	75%

Source: 2010 HUD Family Income Limits and 2010 American Community Survey 5-year Estimates.

Mercer Island has the challenge of supplying housing affordable to all economic segments of the population. "Housing affordability" is relative to household income. It is an accepted standard that total housing costs should not exceed 30 percent of total gross household income. Typically, the lower the household income, the greater percentage of income paid to housing costs.

Average rents on the Island rose 53 percent since 2000, taking Mercer Island from one of the more affordable places to rent in EKC to one of the most expensive. Virtually none of the City's multi-family housing built since 1994 was affordable to moderate-income households. Sixteen percent of the City's rental housing is still affordable to low-income households—slightly higher than the EKC average—but 62 percent are too expensive for moderate-income households, compared to 41 percent in EKC.

While this pattern of low-income households overpaying for housing is typical throughout the region — the problem is exacerbated in Mercer Island because of the limited number of multifamily units and the high values of owner occupied homes. Many owner occupied units are currently affordable to low and moderate income owners because mortgage payments are low or homes are owned outright. However, there are many homeowners in Mercer Island who would not be able to afford to buy their homes today with their current incomes.

Outside the Point Cities, only Sammamish had a higher median household income or proportion of incomes greater than 120 percent of median in 2011. Nevertheless, "housing cost-burden" is more common (40 percent) among Mercer Island renters than the rest of EKC (37 percent). The same holds true at the higher level of "severe cost burden." Cost burden is lower among homeowners, but as in most cities, that rate increased significantly during the recent recession. As in other East King County cities, cost-burdened households are primarily lower-income and relatively young (under 25 years of age) or relatively old (65 or over).

In Mercer Island, as in most communities in East King County, the vast majority of housing affordable to low and moderate income families is rental housing.

Over the past decade price increases for both rental and ownership housing on Mercer Island have outpaced income increases. Between 2000 and 2010 average rents have increased over 53 percent, and average house values have increased 108 percent, while King County median income has increased only 30 percent. More notable is that over this period, average rents went from being toward the low end of rents in cities located in East King County, to one of the highest average rents.

Average prices of homes that sold in Mercer Island dropped more than 60 percent from 2008 to 2012, but had gained almost 40 percent in 2012 (compared to a 21 percent decline, and nine percent recovery, across all East King County cities). Ninety-seven percent (97 percent) of owner-occupied housing had a value greater than what is affordable for a median-income family. This compares to 90 percent for East King County.

Mercer Island has made significant contributions toward its affordable housing targets by providing regulatory incentives to achieve moderate-income housing, e.g., Mercer Island's Accessory Dwelling Unit (ADUs) program. The Mercer Island ADU program permitted 214 dwelling units between 1993 and 2012, considerable more than any other East King County city.

Including the affordable housing that the City has helped fund outside of Mercer Island, the City has met 23 percent of its 2012 low-income affordable housing target, and 120 percent of its moderate-income target. (A majority of the latter are accessory dwelling units (ADUs) in Mercer Island.) Overall, five percent of the City's housing units are affordable for low-income families (compared to seven percent across EKC and 15 percent countywide) and an additional six percent for moderate-income families (compared to 17 percent in EKC and 20 percent countywide). Future strategies for achieving affordability and more diverse housing types may include preservation and direct assistance of existing affordable housing, and the addition of new mixed-use and multifamily residential projects in the CO and PBZ zoning districts.

Mercer Island has adopted Town Center Development and Design Standards, which implement the Land Use and Housing vision of increased multifamily development in the Town Center. However, relatively high land costs and high construction costs in the Town Center make it more difficult to build housing affordable to households earning less than median income. Mercer Island may need to promote development of affordable housing by providing additional incentives or direct assistance.

The Town Center goals include a vision of new multifamily developments and mixed uses. Providing housing in commercial areas is essential to meet new housing unit goals. Mixed neighborhoods of residential/commercial will enhance the vitality of these areas and provide a pedestrian orientation and support for transit. The Town Center Development and Design standards seek to implement the policies established in the Land Use Element of this Comprehensive Plan.

A major challenge presented by the Growth Management Act and the Countywide Planning Policies is for Mercer Island to continue to provide housing for all economic segments of the population. Given the trend of land and housing values rising faster than income, some segments of the population are finding it harder to remain in the community. These include young adults, seniors, single parents, and people with special needs.

While it is not likely that density or zoning will change in the single family neighborhoods, housing opportunities can be established there through the addition of accessory dwelling units. Another way to create new housing opportunities is to enable development of innovative housing and smaller single

family housing types on vacant or underutilized property, as a demonstration project. The City considered a cottage housing project on a City-owned surplus lot on First Hill in 2008 but decided to sell the property to a home developer instead, who built conventional single family homes on the site. Nevertheless, the possibility of a demonstration project should be considered as a way to create new housing opportunities serving smaller households on the Island.

JOBS/HOUSING BALANCE REGIONAL CONTEXT

Until recently the Eastside cities primarily acted as bedroom communities — providing housing for people who traveled to Seattle and elsewhere in the region for work. This trend has changed dramatically as the Eastside has attracted large and small businesses and significantly increased its employment base. An increased job sector brings economic vitality and demand for housing. More and more, Eastside jurisdictions are faced with balancing the need for jobs with the need for appropriate housing for the persons filling those jobs. The balance is referred to as a jobs/housing balance.

Chart 5 of the Needs Analysis Supplement shows that East King County's jobs-housing ratio has increased from well below 1.0 in 1970 to 1.3 in 2006. While Mercer Island's ratio has also increased during this period, it remains below 1.0, indicating that the supply of housing on the Island exceeds demand generated by employment. Anticipated growth in Mercer Island through the year 2031 would slightly reduce its jobs-housing ratio, while the East King County ratio would continue to increase.

Certain employment-related information about Mercer Island's work force could have housing implications. The community's employment mix is somewhat unusual compared to other cities its size in King County. In 2012, 20 percent of its workforce works in finance, insurance, or real estate (FIRE), the highest concentration of any EKC city. Nevertheless, the average private-sector wage in Mercer Island in 2010 was 67 percent of that across all East King County cities, mainly because nearly half of the community's occupations are lower-paying, service-sector jobs. A household at the average services wage on the Island (\$39,722.00) would be able to afford housing costs of \$993.00 per month.

Although Mercer Island will continue to act as a bedroom community, it is important to recognize that the City will be impacted by the housing to jobs demand created by other Eastside cities and Seattle. The greatest issue facing Mercer Island may be providing housing opportunities affordable to local employees and responding to some of the housing demand created by regional trends.

GOAL 2:

Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.

- 2.1 Through zoning and land use regulations, provide adequate development capacity to accommodate Mercer Island's projected share of the King County population growth over the next 20 years.
- 2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.
- 2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.

- 2.4 Encourage residential development in mixed use zones through regulatory tools, infrastructure improvements and incentives. Track residential development over time to ensure policies are effective.
- 2.5 Use the addition of housing in the Town Center, PBZ and CO zones to create new, vibrant neighborhoods that complement the character of existing development. Consider allowing additional types of multifamily housing in the CO zone.
- 2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.
- 2.7 Encourage infill development on vacant or under-utilized sites that are outside of critical areas and ensure that the infill is compatible with the scale and character of the surrounding neighborhoods.
- 2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.
- 2.9 Through a mix of new construction and the preservation of existing units, strive to meet Mercer Island's proportionate amount of the countywide need for housing affordable to households with moderate, low, and very low incomes, including those with special needs.

V. HOUSING OPTIONS

HOUSING OPTIONS

Mercer Island's population is expected to increase about eight percent through 2031 depending on market factors and other conditions; perhaps more important are demographic and economic changes occurring in our community. The population of adults age 65 and over, accounting for over 19 percent of Mercer Island's 2010 population will age and may have increased mobility limitations or health care needs. In 2010, eight percent of the Island's population, including nearly 27 percent of the senior population, were reported as disabled.

Mercer Island can increase the opportunity for more diverse housing options by providing on-going housing services funding or other resources for developing housing. In addition, the City can continue to evaluate its land use regulations to assure that housing can be constructed which responds to the demographic changes and special housing needs within Mercer Island.

It is imperative that the community avoid displacing its current residents because of a lack of appropriate housing types. Young adults have little "starter housing" in which to build equity. Many residents are finding it difficult to move from their large home to a smaller home and remain in the community due to the local condo market being mostly "high-end." Single parent families have difficulty maintaining the family residence, and must leave the Island to find affordable housing. A substantial amount of the Island workforce cannot afford housing in this community.

Two currently underserved housing markets include: a) existing Mercer Island homeowners who wish to move to a smaller home while remaining in the community: and, b) young adults wishing to begin home ownership in the community where they grew up. The City should provide a mechanism to allow for a "turnover" of existing single family homeowners to new, and perhaps, younger, homeowners and ways to increase the variety of ownership opportunities for young families.

The Island has a need for more diverse housing types. These can be encouraged by several means. Density bonuses, flexible parking and development standards, or reduced development regulations or fees, might be allowed in exchange for the provisions of affordability or other public benefit. Identified Comprehensive Plan alternatives to provide greater housing options and affordability should be further examined in the City's Housing Strategy and Work Plan, and updates to the City's land use code. This Comprehensive Plan is a 20-year planning document, and these alternatives should be included in future review.

The private market is providing rental housing for those at greater than 80 percent of median income and ownership housing for those at greater than median income. It is not providing units at the low and low/moderate income levels. Special needs housing units are not being provided either.

The planning and provision of housing for all economic segments of a community is a complex issue requiring the cooperation of a wide range of governments, organizations, and institutions. In order to best serve the needs of its residents, the City should explore all possible means for cooperating at a regional level to address its housing needs. Adequate housing, for all economic segments of the population, is a basic need of King County's residents and an issue of countywide concern. Increasingly, city government is seen as a key player in addressing the housing needs of the community, especially in terms of low and moderate income families. The Growth Management Act requires communities to plan for housing for all economic segments of the community. Two key tools in this effort are local land use regulations and the local regulatory process.

Though there is increased local responsibility, housing needs and solutions cross between neighboring cities. If all communities do not work together to address housing needs, then the region as a whole, and therefore all communities, will fail to meet their housing needs. In order to best serve the needs of its residents and local employees, the City should actively look for ways to participate in regional efforts, be it planning or leveraging regional and national housing resources. Also, by participating in regional discussions, the City may learn of programs and policies that could help meet the needs of its residents.

In evaluating its proper role in providing housing, the City should maximize the use of existing organizations. There are many capable organizations (both not-for-profit and for-profit) that are willing and capable of assisting, especially in the area of development and management of housing. In addition, there are support organizations and other government agencies that can assist the City (e.g., ARCH, Washington State Dept. of Commerce).

LOCAL RESOURCES FOR HOUSING

Local resources can be a critical part of developing or preserving affordable housing. This is especially true in housing for individuals and families who cannot afford housing created through the private market. Local resources are often required as a match for other public (county, state, federal) and private funding sources, and therefore work to leverage a significant amount of funding into Mercer Island and the region that would otherwise not be available. Local resources go beyond just granted or loaned funds — credit enhancements, City bonding, and donated land are all creative ways to support low cost housing developments. Surplus public land is often cited as one of the key resources local government can use to encourage affordable housing.

SPECIAL NEEDS HOUSING/FAIR HOUSING

Some members in a community may have special housing needs due to physical or mental disabilities, health, or other circumstances. Special needs housing can be provided in a variety of structures — single family homes, multifamily dwellings, and/or institutional settings. Supportive services are typically provided on site by government or non-profit agencies or the private sector.

The provision of housing and services for the neediest residents is a regional problem whose solution typically transcends the boundaries of individual jurisdictions.

GOAL 3:

Support the adequate preservation, improvement, and development of housing for the diverse economic and social segments of the Mercer Island community.

Affordable Housing Policies

- 3.1 Work cooperatively with King County, "A Regional Coalition for Housing," (ARCH) and other Eastside jurisdictions to assess the need for and to create affordable housing.
- 3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.
- 3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.
- 3.4 Work cooperatively with and support efforts of private and not-for-profit developers, and social and health service agencies to address local housing needs.
- 3.5 Work to increase the base of both public and private dollars available on a regional level for affordable and accessible housing, especially for housing affordable to very low income households, and accessible to people with disabilities.
- 3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.
- 3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.

Local Resources Policies

- 3.8 Use local resources to leverage other public and private funding when possible to build or preserve affordable housing on Mercer Island and in other Eastside cities, including housing for very low income households.
- 3.9 Use regulatory and financial incentives in the Town Center and PBZ/CO districts such as density bonuses, fee waivers, and property tax reductions to encourage residential development for a range of household and ownership types and income levels.

- 3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.
- 3.11 Consider allowing the development of one innovative housing project, e.g., compact courtyard housing, attached single family housing or smaller lot housing, to examine the feasibility and desirability of additional housing options to address the changing demographics on Mercer Island. The demonstration project should include smaller single family units, accessible housing and barrier-free entries for visitability, common open space and other amenities, and be subject to strict design review. Following completion of the project, the City will engage in a policy discussion about expanding innovative housing opportunities.
- 3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and City bonding to support development of affordable housing.
- 3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.
- 3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.
- 3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.
- 3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.
- 3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.
- 3.18 Support housing options, programs and services that allow seniors to stay in their homes or neighborhoods. Promote awareness of Universal Design improvements that increase housing accessibility.
- 3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.

Special Needs/Fair Housing Policies

- 3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning Code meets the requirements of the Federal Fair Housing Act and the State of Washington Fair Housing Law to provide equal access for people with special needs and recognized protected classes (race, color, national origin, religion, sex, family status, disability).
- 3.21 Zoning should provide appropriate opportunities for special needs housing. Support should be given to organizations that offer services and facilities to those who have special housing needs.
- 3.22 Support and plan for special needs housing using federal or state aid and private resources.

- 3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.
- 3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.
- 3.25 Explore innovative ways to remove barriers to, and provide incentives for, the creation and modification of residential housing that is wholly or partially accessible to people with disabilities.

VI. IMPLEMENTATION TRACKING

HOUSING STRATEGIES

The City acknowledges that goals alone will not increase the production of housing. The City must use its regulatory powers and resources to encourage future development of housing that meets all of the community's needs, programs and services. An organized strategic plan and work program, adopted by the City Council, provides the direction needed to determine which strategies will work most effectively in Mercer Island. A strategy plan provides Mercer Island with more adequate time to evaluate each strategy, thereby, increasing the likelihood of adopting policies and regulations that will be effective in Mercer Island.

It is important to evaluate and track the progress made by individual City actions.

A wide array of information could be potentially collected for a data base, with key information presented in a periodic report to the Council. Information that could be relevant for the data base includes:

- Number and types of residential building/demolition permits;
- Number and types of housing units assisted through public assistance;
- Surveys on market rents and home prices;
- Vacancy rates;
- Conversion of apartments to condominiums;
- Tracking projects that will have expiring federal subsidies.

It may also be useful to try to develop some indicators that can help measure the success of the City to meet its housing needs. Examples might include vacancy rates; changes in rents/housing prices relative to changes in income; increase in housing relative to increases in employment; level of demand for homeless shelters.

The housing data base prepared by staff should be done in cooperation with efforts to monitor housing development throughout the County as called for in the Housing Technical Appendix of the King County Countywide Planning Policies. This includes both defining what information should be collected countywide, and providing the requested information on an annual basis. The City's periodic Housing Strategy and Work Plan should include the information requested by the County. Coordinating this work is currently included in ARCH's work program, and should continue to be part of its work program in the future.

GOAL 4:

Adopt and implement specific strategies designed to achieve the housing goals outlined in this Housing Element. Continue to monitor how well Mercer Island resident's housing needs are being met.

IMPLEMENTATION POLICIES

- 4.1 Every five years, adopt a Strategy Plan and Work Program identifying strategies and implementation measures that increase the City's achievement of housing goals, including the provision of adequate accessible and affordable housing.
- 4.2 Track key indicators of housing supply, accessibility, affordability and diversity. Key indicators include but are not limited to housing production, demolition, conversion and rezones, in addition to units affordable to moderate, low and very low income households.
- 4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.
- 4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.
- 4.5 At least once every five years, the City shall evaluate the achievements of its housing goals and policies and present the findings to the City Council. This evaluation will be done in cooperation with Countywide evaluations done by the Growth Management Planning Council (GMPC), or its successor organization, and coordinated with the development of the biannual budget.

