
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

CC: Jessi Bon, City Manager
Jeff Thomas, Interim CPD Director

FROM: Adam Zack, Senior Planner

DATE: July 8, 2022

SUBJECT: Housing Element

ATTACHMENTS: A. June 13 Preliminary Draft Housing Issues List
B. Housing Element Goals and Policies with Mapped Issue List Items
C. June 22 Carolyn Boatsman Issue List Reorganization
D. June 23 Kate Akyuz Issue List Reorganization

PURPOSE

To receive initial direction from the Housing Work Group (HWG) regarding desired amendments to Housing Element goals and policies.

The July 14 meeting will be the first of two work sessions during which the HWG will identify desired goals and policy amendments. This first session will focus on those issues the HWG has already added to its issue list. The second session, planned for September, will focus on the findings in the forthcoming Housing Needs Assessment that will need additional goal and policy amendments. The HWG will be provided with the Housing Needs Assessment prior to the September meeting. Each session is expected to take about an hour.

PRIOR TO THE MEETING

Please come prepared with the following:

- A list of any desired changes to the June 13 Preliminary Draft Housing Issue List (Attachment A);
- A list of Housing Element goals and policies that you think should be amended. Note: you do not need to prepare specific amendments, just identify those goals and policies that need amendment (Attachment B); and
- A list of issues not adequately addressed in the existing goals and policies (Attachment B).

ISSUES LIST

At the first HWG meeting on June 13, 2022, the HWG put together a housing issue list that highlighted the initial housing issues the work group are concerned about (Attachment A). That issue list will be a guide for topics to focus on throughout the work on the Housing Element. The HWG will continue to refine the list throughout their process, rewording, adding, or removing issues as needed.

In June, Carolyn Boatsman and Kate Akyuz emailed the HWG proposed reorganization and revisions of the draft issue list (Attachments C and D). If the HWG would like to reorganize the issues list, they can provide that guidance on July 14. The list's format and organization should be updated if the HWG finds a different format would be more useful. The issue list is primarily for the use of the group to serve as a guide during the work on housing goals and policies.

In addition to considering the organization and format, The HWG will check in on the issue list on July 14. The HWG can revisit the preliminary issue list to discuss the following:

- Are there missing issues?
- Do any issues need additional clarification?
- Should any issues be consolidated or moved to a different heading?

If the HWG makes changes to the issue list, staff will prepare an updated list for the HWG in advance of its September meeting.

HOUSING ELEMENT GOALS AND POLICIES

At this meeting the HWG will highlight which Housing Element goals and policies should be amended based on the issue list. Attachment B pairs issue list items with related goals and policies. The purpose of this document is to map out where the identified issues are considered in the existing goals and policies to help the HWG identify the following:

- Goals and policies that need to be amended to better address an issue;
- Policies that are out of date or unnecessary and should be struck; and
- Where new goals and policies are needed to address specific issues.

The input requested at the July meeting is the HWG's first take on what goals or policies need amendment and what new policies are needed. For example, at the last meeting the HWG highlighted supporting accessory dwelling units (ADU) as a desired strategy to boost the housing supply without jeopardizing residential character. At this meeting, the HWG can indicate that they want to add a new ADU policy under Goal 1 to state that policy direction. Staff is not looking for specific policy language. Work on specific policy language will begin after staff has prepared a working draft.

There are several issues from the issue list that are not addressed in the existing goals and policies. These issues are listed after the table in Attachment B. The HWG can highlight those issues that should be addressed by new policies. This is also where the group can highlight issues that are not adequately addressed in the existing goals and policies. For example, if the group would like to add a policy regarding housing near the new light rail station under Goal 2, they can add that direction to the list following the table. The initial draft of amendments the group considers at the next meeting will include proposed goals and policies to address these issues.

The HWG will be provided with the Housing Needs Assessment before the next meeting. The Housing

Needs Assessment will highlight some additional issues that need to be addressed beyond those already on the HWG's issue list. Those additional issues will be discussed in conjunction with the initial draft of goal and policy amendments based on the feedback provided at the July meeting.

NEXT STEPS

The next HWG meeting will be scheduled for late September. Prior to this meeting, staff will prepare an initial draft of goal and policy amendments for discussion based on the input provided at the July meeting and provide a briefing on the Housing Needs Assessment.

Preliminary Draft Housing Issue List

Top Ten Issues

Affordable Housing

ADUs and affordable housing

Economically feasible

Partnership funding

ARCH

0-50% AMI housing could be created using ADU/DADU inventory by recording leases with ARCH.

Residential Character

The existing residential character of Mercer Island neighborhoods should be retained.

Utilizing ARCH

Mercer Island's Interlocal Agreement with A Regional Coalition for Housing (ARCH) should be the primary mechanism for achieving affordable housing targets to the extent allowed by law.

ADUs

Residential character and vision

The growth targets are a ceiling and a floor.

Housing Diversity

A diversity of housing stock is critical for the health of the Island.

Variety of housing stock (housing choice) diversity of housing forms

Look at incentives for developing condos/townhomes

ADU regulations that might needlessly discourage participation

Need for housing options that serve downsizing seniors, young people, people who work here, and those living with disability. This would be housing that is:

- Smaller
- Considerably less expensive
- Provides personal outdoor space
- Allows walkable commute

Economic feasibility for affordable housing

Affordable housing in Mercer Island should be economically feasible.

Actions should be economically feasible

Resources for implementation

Practical commitments that we can fulfill

Arrival of light rail and how that might affect housing in that area

Housing near light rail

Insufficient housing near transit

Connection between housing and transportation

Adequate parking

Regional partnerships

Increasing (sufficient) support low income and supportive housing on a regional level

Partner with other governments, agencies, and private agencies to subsidize affordable housing

Sustainability

Historic Inequities in Housing policy

Public communication about development capacity and how much development is likely under the Comp Plan

Strategy to address historical and racial inequities

Ensure public process uses strategies to engage underrepresented groups

Other Issues

Vague goals and policies that are unlikely to accomplish anything; a Comp Plan Housing Element that does not give the reader a clear sense of what we intend to do.

Public communication about development capacity and how much development is likely under the Comp Plan

Attachment B

Housing Element Goals and Policies	Related Issues
<p>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.</p> <p>[Policies]</p> <ol style="list-style-type: none">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.	<p>Residential Character</p> <ul style="list-style-type: none">• The existing residential character of Mercer Island neighborhoods should be retained.• Residential character and vision• ADUs <p>Connection between housing and transportation</p>

Housing Element Goals and Policies	Related Issues
<p>GOAL 2: Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.</p> <p>[Policies]</p> <p>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.</p> <p>2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.</p> <p>2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.</p> <p>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.</p> <p>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.</p> <p>2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.</p> <p>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.</p> <p>2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.</p> <p>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.</p>	<p>Housing Diversity</p> <ul style="list-style-type: none"> • A diversity of housing stock is critical for the health of the Island. • Variety of housing stock (housing choice) diversity of housing forms • Look at incentives for developing condos/townhomes • ADU regulations that might needlessly discourage participation • Need for housing options that serve downsizing seniors, young people, people who work here, and those living with disability. This would be housing that is: <ul style="list-style-type: none"> ○ Smaller ○ Considerably less expensive ○ Provides personal outdoor space ○ Allows walkable commute

Housing Element Goals and Policies	Related Issues
<p>GOAL 3: Support the adequate preservation, improvement, and development of housing for the diverse economic and social segments of the Mercer Island community.</p> <p>Affordable Housing Policies</p> <p>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.</p> <p>3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.</p> <p>3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.</p> <p>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.</p> <p>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.</p> <p>3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.</p> <p>3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.</p>	<p>Residential Character</p> <ul style="list-style-type: none"> • Utilizing ARCH • Mercer Island’s Interlocal Agreement with A Regional Coalition for Housing (ARCH) should be the primary mechanism for achieving affordable housing targets to the extent allowed by law. • The growth targets are a ceiling and a floor. <p>Affordable Housing</p> <ul style="list-style-type: none"> • ADUs and affordable housing • Economically feasible • Partnership funding • ARCH • 0-50% AMI housing could be created using ADU/DADU inventory by recording leases with ARCH. <p>Regional partnerships</p> <ul style="list-style-type: none"> • Increasing (sufficient) support low income and supportive housing on a regional level • Partner with other governments, agencies, and private agencies to subsidize affordable housing

Housing Element Goals and Policies	Related Issues
<p>Goal 3: Local Resources Policies</p> <p>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.</p> <p>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.</p> <p>3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.</p> <p>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.</p> <p>3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and City bonding to support development of affordable housing.</p> <p>3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.</p> <p>3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.</p> <p>3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.</p> <p>3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.</p> <p>3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.</p>	<p>Affordable Housing</p> <ul style="list-style-type: none"> • ADUs and affordable housing • Economically feasible • Partnership funding • ARCH • 0-50% AMI housing could be created using ADU/DADU inventory by recording leases with ARCH. <p>Economic feasibility for affordable housing</p> <ul style="list-style-type: none"> • Affordable housing in Mercer Island should be economically feasible. • Actions should be economically feasible <p>Resources for implementation</p> <ul style="list-style-type: none"> • Practical commitments that we can fulfill <p>Regional partnerships</p> <ul style="list-style-type: none"> • Increasing (sufficient) support low income and supportive housing on a regional level • Partner with other governments, agencies, and private agencies to subsidize affordable housing

Housing Element Goals and Policies	Related Issues
<p>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.</p> <p>3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.</p>	
<p>Goal 3: Special Needs/Fair Housing Policies</p> <p>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).</p> <p>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.</p> <p>3.22 Support and plan for special needs housing using federal or state aid and private resources.</p> <p>3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.</p> <p>3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.</p> <p>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.</p>	<p>Housing Diversity</p> <ul style="list-style-type: none"> • A diversity of housing stock is critical for the health of the Island. • Variety of housing stock (housing choice) diversity of housing forms • Need for housing options that serve downsizing seniors, young people, people who work here, and those living with disability. This would be housing that is: <ul style="list-style-type: none"> ○ Smaller ○ Considerably less expensive ○ Provides personal outdoor space ○ Allows walkable commute <p>Resources for implementation</p> <ul style="list-style-type: none"> • Practical commitments that we can fulfill

Housing Element Goals and Policies	Related Issues
<p>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.</p> <p>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.</p> <p>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.</p> <p>4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.</p> <p>4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.</p> <p>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.</p>	<p>Economic feasibility for affordable housing</p> <ul style="list-style-type: none"> • Affordable housing in Mercer Island should be economically feasible. • Actions should be economically feasible <p>Resources for implementation</p> <ul style="list-style-type: none"> • Practical commitments that we can fulfill

Issues Not Addressed in Goals and Policies

Arrival of light rail and how that might affect housing in that area

- Housing near light rail
- Insufficient housing near transit

Sustainability

Historic Inequities in Housing policy

- Public communication about development capacity and how much development is likely under the Comp Plan
- Strategy to address historical and racial inequities
- Ensure public process uses strategies to engage underrepresented groups

Other Issues

- Vague goals and policies that are unlikely to accomplish anything; a Comp Plan Housing Element that does not give the reader a clear sense of what we intend to do.
- Public communication about development capacity and how much development is likely under the Comp Plan

Preliminary Draft Housing Issues List

Housing issue	Reason	What improvement might look like	Possible tools
Housing options for a diverse community	Downsize	Smaller unit	ADU regulations
	Work force	Less expensive	Developer incentive
	Living with disability	Near transit	-Condo -Townhome
	Younger	Accessible	
	Single	Offers outdoor space (e.g. town home)	
	More sustainable		
	Desire for personal outdoor space		
Affordable housing defined in RCW as moderate to extremely low income	We want to do a better job	Feasible for on-Island? Land prices are very high	ADU regulations Count ADU in this category
	We are required by GMA	Off Island	Contributions to partner agency such as ARCH

Desired outcomes expressed by members

1. Provide diversity of housing stock to ensure the health of the community
2. Preserve neighborhood character
3. Address lack of racial diversity due to lack of housing access
4. Provide increased sustainability in housing options
5. We should have the resources to do what we say we intend to do
6. We should make sure the public understands development capacity
7. Our public process should engage underrepresented groups
8. Sufficient parking should be provided for housing options
9. The language in the Housing Element should be clear - remove outdated goals and policies so that the intent is communicated
10. We shouldn't provide more housing units than what is required by the growth target

Draft based upon 6/13/22 meeting of the Housing Work Group

Issue	Impacts	Alternatives	Desired Outcomes
<p>Housing costs are increasing faster than median wages.</p>	<ul style="list-style-type: none"> Market-rate affordable housing in MI is not likely feasible. CMI may not be meeting state GMA requirements for affordable housing. Limited options for folks that need affordable housing, such as downsizing seniors, young professionals, and people that work on the island in median wage and below occupations. 	<ul style="list-style-type: none"> Study the feasibility question and explore the market and non-market rate policy options to address the need for affordable housing. Partner with other government agencies and private entities to subsidize housing costs. Incentivize ADUs and DADUs to increase affordable housing. Consider the possibility of increasing contribution to ARCH to mitigate for lack of local opportunity to create affordable housing. Articulate affordable housing goals and metrics for evaluating success. 	<ul style="list-style-type: none"> Housing opportunities are created that have costs near and below 1/3 of median and lower incomes. Meet or exceed state requirements for affordable housing.
<p>Single-family residential character is threatened by regional growth pressure.</p>	<ul style="list-style-type: none"> Concern that the residential character of Mercer Island will not be maintained. New state laws regarding housing policy requirements may conflict with existing Mercer Island policies and code. 	<ul style="list-style-type: none"> Update the vision statement for the Housing Element. Consider allowances that demonstrate a good faith effort to be part of a regional solution, for example, duplexes on corner lots within two miles of light rail. Create clear public communications regarding existing housing stock, goals for the future, the range of possible future additional housing units (floor/ceiling), where those units will be located, and what type of housing they will be. 	<ul style="list-style-type: none"> Single-family neighborhoods remain predominantly single-family housing. The public can articulate how much new housing will be created over the next 20 years including where it will be located and what it will look like.
<p>Limited housing diversity in the existing housing stock.</p>	<ul style="list-style-type: none"> Supply of small homes such as condos and townhomes is well below demand. Long wait lists for small homes has a cascading impact on large home scarcity as seniors that wish to downsize are delayed. Scarcity impacts the cost of both small and large homes. Limited options for folks that need smaller-scale housing such as folks living with mobility disabilities. 	<ul style="list-style-type: none"> End the Town Center moratorium and allow the development and re-development of small, affordable housing units. Revise ADU/DADU regulations to ensure they are not overly restrictive. Incentivize the development of housing options such as townhomes that allow for affordable downsizing, while maintaining some personal outdoor space. Consider creative options that have had success in other countries, such as multi-generational group housing in Town Center. 	<ul style="list-style-type: none"> Housing diversity increases. Stock of smaller homes increases.

Issue	Impacts	Alternatives	Desired Outcomes
<p>The arrival of light rail will impact housing in and around Town Center in known and unknown ways.</p>	<ul style="list-style-type: none"> Concern regarding maintaining single-family character in adjacent neighborhoods. Locating new and affordable housing near light rail creates an opportunity for walkable, low-carbon-footprint living. 	<ul style="list-style-type: none"> Create a shared community vision for how housing might increase around light rail. 	<ul style="list-style-type: none"> The community comes to a reasonable agreement about how new housing around light rail will be developed.
<p>CMI does not have an Equity and Social Justice policy to guide addressing housing equity issues.</p>	<ul style="list-style-type: none"> Lack of a systemic CIM strategy and measurable goals to address equity topics has created a vacuum in guidance for addressing specific topics, such as addressing historic inequities in housing opportunities. Some current housing requirements, such as owner-occupancy for ADUs/DADUs may render them an inequitable choice when considering affordable housing options. 	<ul style="list-style-type: none"> Develop strategies to increase the stock and diversity of affordable housing units available to all residents, regardless of their relationship to current island residents. Work with KCHA and ARCH to develop equity criteria for evaluating housing alternatives. Subsidize housing for historically marginalized communities. Ensure public process on housing topics uses strategies that will effectively engage demographic groups that are under-represented in public processes. 	<ul style="list-style-type: none"> Equity goals, strategies, and metrics for measuring success are developed.
<p>Parking demand from multi-family units and commuters in Town Center may exceed the supply provided by the buildings.</p>	<ul style="list-style-type: none"> Residential parking overflow in the retail zone may impact commerce. 	<ul style="list-style-type: none"> Increase the required parking for multi-family housing to match demand. Require that parking is included in the cost of rent to avoid off-site parking impacts. 	<ul style="list-style-type: none"> The community welcomes affordable housing with lower conflict with retail.