



# Racially Disparate Impacts Evaluation

**CITY OF MERCER ISLAND 2024 COMPREHENSIVE PLAN PERIODIC REVIEW  
HB 1220 IMPLEMENTATION**

**COMMUNITY PLANNING AND DEVELOPMENT DEPARTMENT**



City of Mercer Island, WA  
Community Planning and Development Department  
December 15, 2023

Contents

Introduction.....1

    Purpose.....1

    Report Organization.....1

    Background .....1

        RCW 36.70A.020 – Planning Goals.....2

        RCW 36.70A.070 – Mandatory Elements .....2

        House Bill 1220 .....3

        Commerce Guidance .....3

        Defining Race and Other Terms.....3

            Ethnicity and Race.....5

Population Data Review .....5

    Population.....5

        Exhibit 1. King County and Selected Cities Population. ....6

        Exhibit 2.A. 2020 Mercer Island Population by Race.....7

        Exhibit 2.B. 2020 Mercer Island Population by Race.....7

        Exhibit 2.C. Comparison of Washington State, King County, and Mercer Island  
Population by Race..... 8

    Educational Attainment.....9

        Exhibit 3. Educational Attainment for the Mercer Island and King County  
Population 25 Years and Over.....9

    Households.....9

        Exhibit 4. Select Household Demographics, Mercer Island, 2010 and 2020. ....10

    Housing Tenure .....10

        Exhibit 5. Housing Tenure, Mercer Island and Peers, 2020.....11

        Exhibit 6. Mercer Island Housing Tenure by Race or Ethnicity, 2021 ACS.....12

        Exhibit 7. Estimated Housing Units by Tenure and Number of Units in Structure.  
.....13

    Income .....13

        Exhibit 8. Estimated 2021 Median Household Income in the Last 12 Months,  
Washington State and PSRC Counties. ....14

        Exhibit 9. King County and Mercer Island Households by Income, 2021. ....14

        Exhibit 10. Estimated 2021 Median Household Income in the Last 12 Months By  
Race or Ethnicity, Mercer Island. ....15

    Workforce.....15

        Exhibit 11. Worker Inflow and Outflow, 2020. ....16

        Exhibit 12. Mercer Island Jobs by Worker Race, 2020. ....16

Exhibit 13. Mercer Island Jobs by Earnings, 2020.....	17
Demographic Change.....	17
Exhibit 14. Mercer Island Demographic Change 2010 to 2020.....	18
Exhibit 15. Racial Composition of Mercer Island and King County, 2015 and 2020. .....	19
Summary.....	19
Displacement Risk.....	21
Housing Prices.....	21
Exhibit 16. Median Home Sale Price, Mercer Island and Peer Cities, 2012 to 2021. .....	22
Exhibit 17. Change in Median Rent, Mercer Island and Peer Cities, 2010 to 2020. .....	22
Exhibit 18. Mercer Island Monthly Housing Costs by Tenure, 2021.....	23
Exhibit 19. Mercer Island Five Year Change In Renter Households By Income and Rental Units By Affordability, 2014 – 2019.....	24
Exhibit 20. Rental Units by Monthly Rent, Mercer Island, 2020.....	25
Housing Cost Burden.....	25
Exhibit 21. Estimated Housing Cost as a Percent of Household Income by Housing Tenure, 2021.....	26
Exhibit 22. Mercer Island Percent of all Households Experiencing Housing Cost Burden, 2019.....	27
Displacement Risk Mapping Tool.....	28
Exhibit 23. PSRC Displacement Risk Map.....	28
Housing Choice Vouchers.....	29
Exhibit 24. Housing Choice Vouchers by Census Tract on Mercer Island, 2022.....	30
Existing Zoning.....	30
Exhibit 25. Single-Family, Multifamily, and Mixed-Use Zones.....	31
Location of Rental Housing.....	32
Exhibit 26. Mercer Island Housing Tenure by Census Block Group.....	33
Exhibit 27. Mercer island Housing Tenure by Census Block Group.....	34
Age of Structures.....	34
Exhibit 28. Median Year Structures Built by Block Group.....	35
Exhibit 29. Median Year Structure Built by Block Group With Multifamily and Mixed-Use Zones.....	36
Development Capacity.....	36
Exhibit 30. Mercer Island Housing Capacity.....	37
Summary.....	37

Areas at Risk of Displacement.....	38
Figure 1. South End of Town Center.....	39
Figure 2. Multifamily Ones Adjacent to Town Center.....	40
Figure 3. Multifamily Zones East of Town Center.....	41
Conclusions.....	41
Policy Review.....	43
Next Steps.....	44
1. Adequate Provisions.....	44
2. Middle Housing and Accessory Dwelling Units (ADUs).....	44
Resources.....	45
Works Cited.....	45
References.....	47
<b>Appendix A: Policy Evaluation.....</b>	<b>i</b>
<b>Policy Evaluation Framework.....</b>	<b>i</b>
<b>Table A.1. Policy Evaluation Framework.....</b>	<b>i</b>
<b>Table A.2. Housing Element Policy Evaluation.....</b>	<b>ii</b>
<b>Table A.3. Land Use Element Housing Related Policy Evaluation.....</b>	<b>x</b>

## Introduction

In 2021, the Washington State Legislature adopted House Bill 1220 (HB 1220). This bill requires cities and counties to begin analyzing housing policies to identify racially disparate impacts that housing policies might have had and adopt amendments to begin undoing those impacts.

## Purpose

The purpose of this report is to analyze housing policies to identify those that might have resulted in racially disparate outcomes and identify areas at a higher risk of displacement. Evaluation, identification, and amendment of policies that result in racially disparate outcomes is required by the WA Growth Management Act (GMA) in RCW 36.70A.070(2)(e-h). The analysis in this report is for planning purposes to highlight potential amendments. Specific policy amendment proposals will be developed later in the Comprehensive Plan periodic review.

## Report Organization

This report is organized into four main sections:

1. Introduction;
2. Population Data;
3. Displacement Risk; and
4. Conclusions.

The Introduction summarizes the purpose and background for this report. The Population Data section provides demographic information and analysis to describe the current population in Mercer Island. Displacement risk is evaluated in the third section of this report, highlighting areas and populations that might be displaced as development occurs in Mercer Island. Finally, the Conclusions section provides a summary of the analysis and highlights housing policies that Mercer Island can consider amending to address the requirements of HB 1220 during its Comprehensive Plan periodic review.

## Background

In 1990, the WA Legislature adopted the GMA. This act requires cities and counties to adopt comprehensive plans. The GMA requirements are established in [Chapter 36.70A RCW](#). The GMA specifically tasks cities and counties with planning for their share of population growth, ensuring that comprehensive plans and development regulations provide adequate development capacity to accommodate the growth projected for the twenty-year planning period ([RCW 36.70A.115](#)). The GMA also requires that cities and counties periodically review and update their comprehensive plans on a set schedule. Cities in King County, including Mercer Island, are required to complete their next periodic review by December 31, 2024 ([RCW 36.70A.130](#)).

### **RCW 36.70A.020 – Planning Goals**

The GMA establishes fifteen statewide planning goals. The planning goals can be found in [RCW 36.70A.020 – Planning Goals](#). The statewide planning goal for housing (Goal 4) is established in RCW 36.70A.020(4), which states:

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.

### **RCW 36.70A.070 – Mandatory Elements**

The GMA requires cities and counties to adopt comprehensive plans with specific mandatory elements. The mandatory elements are established in [RCW 36.70A.070 – Mandatory Elements](#). One of the mandatory elements addresses housing. The housing element requirements are codified in RCW 36.70A.070(2). HB 1220 added new requirements for planning for housing that cities and counties must identify and begin to address policies that have resulted in racially disparate impacts. These requirements are established in RCW 36.70A.070(2)(e)-(h), which states:

(2) A housing element ensuring the vitality and character of established residential neighborhoods that: [ ... ]

(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. [ ... ]

## House Bill 1220

In 2021, the WA State Legislature passed Engrossed Second Substitute House Bill 1220 (HB 1220). HB 1220 enacted new requirements for counties and cities planning under the GMA to identify and make amendments that will begin to undo policies that have resulted in racially disparate impacts, displacement, and exclusion in housing (RCW 36.70A.070(2)(e-h)). These new requirements must be addressed during the comprehensive plan periodic review that cities in King County must complete by December 31, 2024. This report is a review of housing policies to address the new requirements of HB 1220, based on the WA Department of Commerce (Commerce) guidance.

### *What is a Racially Disparate Impact?*

The WA Department of Commerce Guidance for complying with HB 1220 defines the “racially disparate impacts” as:

#### **Racially disparate impacts:**

When policies, practices, rules, or other systems result in a disproportionate impact on one or more racial groups.

## Commerce Guidance

In 2023, Commerce issued guidance for how cities and counties can evaluate policies for racially disparate impacts and meet the requirements of HB 1220. This report is based on the Commerce publication “[Guidance to Address Racially Disparate Impacts](#)” dated April 2023. The first step detailed in the guidance is a data analysis to understand the demographics of who lives in the City and who does not, resulting in a population profile. Next, the guidance recommends an evaluation of displacement risk in the City to identify which households and which areas of the City are vulnerable to displacement as development occurs. Finally, the guidance provides a framework for analyzing housing policies based on the analysis in the first two steps. The policy evaluation provided in Appendix A and summarized in the Conclusions section of this report is based on the Commerce framework. This framework will help Mercer Island identify policies that may need to be amended during the Comprehensive Plan periodic review to satisfy the new requirements established by HB 1220.

## Defining Race and Other Terms

This report reviews data to better understand race and ethnicity in Mercer Island. There are many different ways to define the concepts of race and ethnicity. The American Psychological Association (APA) Dictionary of Psychology provides a comprehensive definition of the concept of race. The APA Dictionary of Psychology defines race as:

“the social construction and categorization of people based on perceived shared physical traits that result in the maintenance of a sociopolitical hierarchy. The term is also loosely applied to geographic, cultural, religious, or national groups. [ ... ]” Source: APA Dictionary <https://dictionary.apa.org/>

The most common source of racial data in this report is the U.S. Census Bureau. The U.S. Census Bureau describes how it collects data on race as follows:



The data on race were derived from answers to the question on race. The U.S. Census Bureau collects race data in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB), and these data are based on self-identification. The racial categories included in the census questionnaire generally reflect a social definition of race recognized in this country and not an attempt to define race biologically, anthropologically, or genetically. In addition, it is recognized that the categories of the race question include race and national origin or sociocultural groups. OMB requires that race data be collected for a minimum of five groups: White, Black or African American, American Indian or Alaska Native, Asian, and Native Hawaiian or other Pacific Islander. OMB permits the Census Bureau to also use a sixth category – Some Other Race. Respondents may report more than one race.

The U.S. Census Bureau also defines each of the racial categories as follows:

**White** – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

**Black or African American** – A person having origins in any of the Black racial groups of Africa.

**American Indian or Alaska Native** – A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.

**Asian** – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

**Native Hawaiian or Other Pacific Islander** – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Sometimes in this report, a racial group will be referred to as a race alone (i.e., White alone). This terminology comes from the U.S. Census Bureau, which describes “race alone” as follows:

People who responded to the question on race by indicating only one race are referred to as the race alone population, or the group who reported only one race. For example, respondents who reported a single detailed Asian group, such as "Asian Indian," would be included in the Asian alone population. Respondents who reported more than one detailed Asian group, such as "Asian Indian" and "Korean" would also be included in the Asian alone population. This is because the detailed groups in the example combination are part of the larger Asian race category.

Source: U.S. Census Bureau [Glossary](#) and “[About the Topic of Race](#)” webpage.

## Ethnicity and Race

Ethnicity and race are two different concepts. Race is a social construction based on perceived shared physical traits whereas ethnicity refers to a shared cultural heritage. The APA Dictionary of Psychology definition of ethnicity provides a contrasting definition of ethnicity compared to its definition of race provided above. The APA Dictionary of Psychology defines ethnicity as follows:

“a characterization of people based on having a shared culture (e.g., language, food, music, dress, values, and beliefs) related to common ancestry and shared history.” Source: APA Dictionary <https://dictionary.apa.org/>

Hispanic and Latino are generally considered an ethnic rather than a racial identity. When racial data are provided throughout this report, ethnicity is typically not included because of the distinction from race. This is primarily because data tables tend to focus on either ethnicity or race and persons from a given ethnicity may have one or more racial identities. The U.S. Census Bureau categorizes Hispanic or Latino as an ethnicity rather than a race explained as follows in their glossary:

The U.S. Census Bureau adheres to the U.S. Office of Management and Budget's (OMB) definition of ethnicity. There are two minimum categories for ethnicity: Hispanic or Latino and Not Hispanic or Latino. OMB considers race and Hispanic origin to be two separate and distinct concepts. Hispanics and Latinos may be of any race. Source: U.S. Census Bureau [Glossary](#).

## Population Data Review

To begin with, population data was gathered and reviewed to develop a profile of the Mercer Island population and which demographics are underrepresented compared to the larger area around the City. This data review will help to identify if specific groups might be disproportionately affected by housing policies. The population profile at the end of this section will provide a description of the Mercer Island population and those groups that are underrepresented.

### Population

The WA Office of Financial Management estimated that the City of Mercer Island's population was 25,780 as of April 1, 2022 (Office of Financial Management (OFM), 2022). The population in King County in 2022 was estimated to be 2,317,700 people (OFM, 2022). The majority of the King County population lives in incorporated cities. There are 26 incorporated cities within fifteen miles of Mercer Island. These cities range from large metropolitan center, Seattle at 762,500 people, and very small community, Beaux Arts Village at 315 people. Of those cities, Mercer Island at 25,780 people is the fourteenth largest by population.

**Exhibit 1. King County and Selected Cities Population.**

Jurisdiction	2020 Population	2021 Population Estimate	2022 Population Estimate	2023 Population Estimate
King County	2,269,675	2,287,050	2,317,700	1,347,800
Incorporated King County	2,023,409	2,039,665	2,069,540	2,098,740
Unincorporated King County	246,266	247,385	248,160	249,060
Seattle	737,015	742,400	762,500	779,200
Bellevue	151,854	152,600	153,900	154,600
Kent	136,588	137,700	137,900	139,100
Renton	106,785	107,100	107,500	107,900
Kirkland	92,175	92,900	93,570	96,920
Redmond	73,256	73,910	75,270	77,490
Sammamish	67,455	67,940	68,150	68,280
Shoreline	58,608	59,260	60,320	61,120
Burien	52,066	52,430	52,490	52,560
Issaquah	40,051	40,640	40,950	41,290
Des Moines	32,888	33,100	33,160	33,260
SeaTac	31,454	32,000	31,910	31,740
Bothell (part)	28,956	28,930	29,210	29,280
Mercer Island	25,748	25,790	25,780	25,800
Kenmore	23,914	24,050	24,090	24,230
Tukwila	21,798	22,000	22,620	22,780
Covington	20,777	20,890	21,200	21,600
Lake Forest Park	13,630	13,630	13,620	13,660
Newcastle	13,017	13,310	13,560	13,610
Woodinville	13,069	13,100	13,450	13,830
Normandy Park	6,771	6,785	6,790	6,840
Clyde Hill	3,126	3,110	3,110	3,115
Medina	2,915	2,920	2,915	2,925
Yarrow Point	1,134	1,125	1,125	1,135
Hunts Point	457	455	460	460
Beaux Arts Village	317	315	315	351

Source: OFM April 1, 2022, Population Estimates (OFM, 2022)

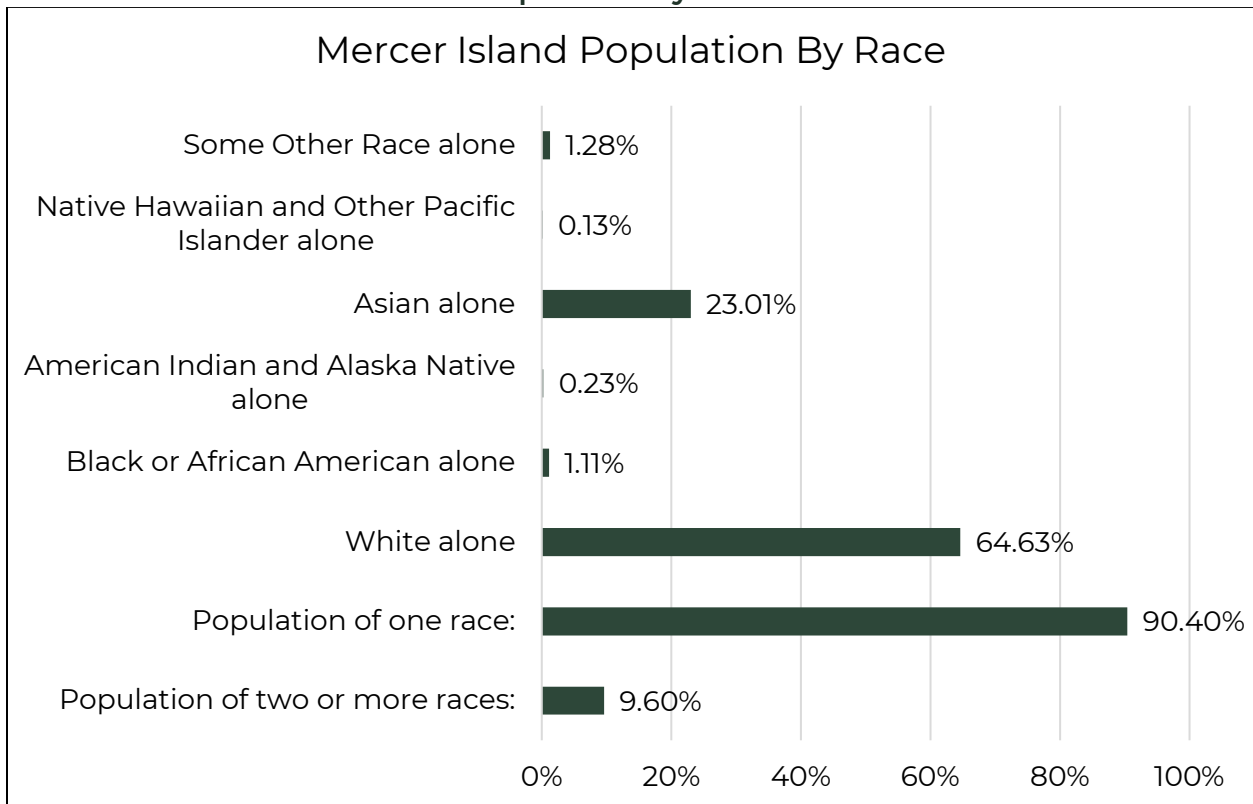
According to the 2020 Decennial Census, roughly 35 percent of the Mercer Island population are black, indigenous, and people of color (BIPOC) whereas about 65 percent of the population is white. Asian people are the second largest racial group in the City, accounting for approximately 23 percent of the City population. The next largest racial group in the City are multiracial people, making up slightly less than ten percent of the population. Black or African American people compose a little more than one percent of the Mercer Island population. American Indian and Alaska Native (AIAN) people make up less than one quarter of one percent of the population. The distribution of population by race in Mercer Island from the 2020 Decennial Census is shown in Exhibit 2.A and 2.B.

**Exhibit 2.A. 2020 Mercer Island Population by Race.**

	<b>Mercer Island Population</b>	<b>Percent of Total Population</b>
Total:	25,748	100.00%
Population of one race:	23,275	90.40%
White alone	16,642	64.63%
Black or African American alone	287	1.11%
American Indian and Alaska Native alone	59	0.23%
Asian alone	5,924	23.01%
Native Hawaiian and Other Pacific Islander alone	34	0.13%
Some Other Race alone	329	1.28%
Population of two or more races:	2,473	9.60%

Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1  
<https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL20.P1>

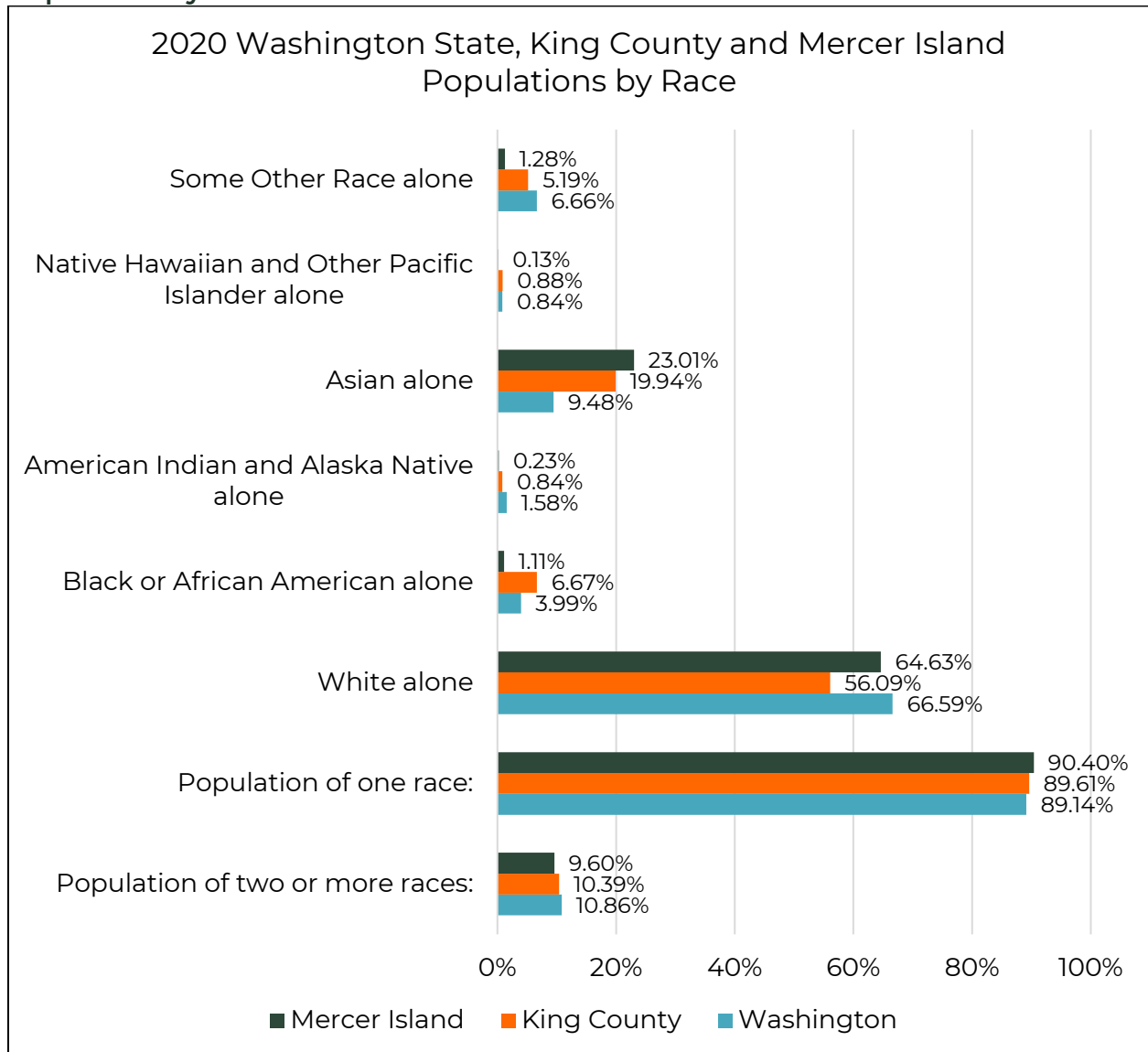
**Exhibit 2.B. 2020 Mercer Island Population by Race.**



Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1  
<https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL20.P1>

Exhibit 2.C shows the Washington State, King County, and Mercer Island populations by race. Compared with King County the Mercer Island population has a higher share of white and Asian residents. The 64 percent of Mercer Island residents who are white is eight percentage points higher than King County's 56 percent. Asian residents make up 23 percent of the Mercer Island population, around three percentage points higher than the share of Asian King County residents at 20 percent. Conversely, Mercer Island has a lower share of Black or African American, American Indian and Alaskan Native, other races, and multi-racial residents. The 1.11 percent share of Mercer Island residents who are Black or African American is five percentage points lower than King County's at 6.67 percent.

**Exhibit 2.C. Comparison of Washington State, King County, and Mercer Island Population by Race.**



Source: 2020 U.S. Decennial Census, U.S. Census Bureau, Table P1  
<https://data.census.gov/table?t=Populations+and+People&g=1600000US5345005&tid=DECENNIALPL20.P1>

## Educational Attainment

Exhibit 3 shows the educational attainment for both Mercer Island and King County according to the 2021 ACS. The Mercer Island population has a higher degree of educational attainment than King County. Nearly 83 percent of the Mercer Island population has earned an Associate’s degree or higher. This is nearly twenty percentage points higher than the King County rate of almost 64 percent. The share of people in Mercer Island with a post-graduate degree, 38 percent, is fourteen percentage points higher than King County at about 24 percent.

**Exhibit 3. Educational Attainment for the Mercer Island and King County Population 25 Years and Over.**

<b>Educational Attainment</b>	<b>Mercer Island Estimate</b>	<b>Mercer Island Percent Share</b>	<b>King County Estimate</b>	<b>King County Percent Share</b>
Less than high school diploma	308	1.70%	99,593	6.11%
Regular high school diploma	1,034	5.71%	193,659	11.88%
GED or alternative credential	84	0.46%	37,151	2.28%
Some college, less than 1 year	316	1.74%	75,175	4.61%
Some college, 1 or more years, no degree	1,379	7.61%	184,284	11.30%
Associate’s degree	952	5.25%	122,216	7.50%
Bachelor’s degree	7,118	39.29%	530,777	32.55%
Master’s degree	3,781	20.87%	285,184	17.49%
Professional school degree	1,791	9.89%	53,863	3.30%
Doctorate degree	1,354	7.47%	48,598	2.98%
<b>Total</b>	<b>18,117</b>	<b>100%</b>	<b>1,630,500</b>	<b>100%</b>

Source: 2021 American Community Survey, Table B15003.

## Households

In 2020, the average number of people per household in Mercer Island was 2.54 according to the U.S. Census Bureau Decennial Census. The average Mercer Island household is slightly larger than the average King County household, which was 2.43 persons in 2020. The U.S. Census Bureau defines a household as:

A household includes all the people who occupy a housing unit (such as a house or apartment) as their usual place of residence.

A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group

quarters. There are two major categories of households, "family" and "nonfamily."

Household is a standard item in Census Bureau population tables.

Exhibit 4 shows selected household characteristics for Mercer Island and King County from the U.S. Census Bureau American Community Survey (ACS). Mercer Island household characteristics differ from King County in some key categories. The City has a higher share of households with children compared to King County overall, this helps explain why the City has a larger average household size. At 14 percent compared with nine percent, Mercer Island has a greater proportion of households with persons over 65 than King County. King County has a larger share of one person households. The City and King County have similar proportions of households with a person living with a disability.

**Exhibit 4. Select Household Demographics, Mercer Island, 2010 and 2020.**

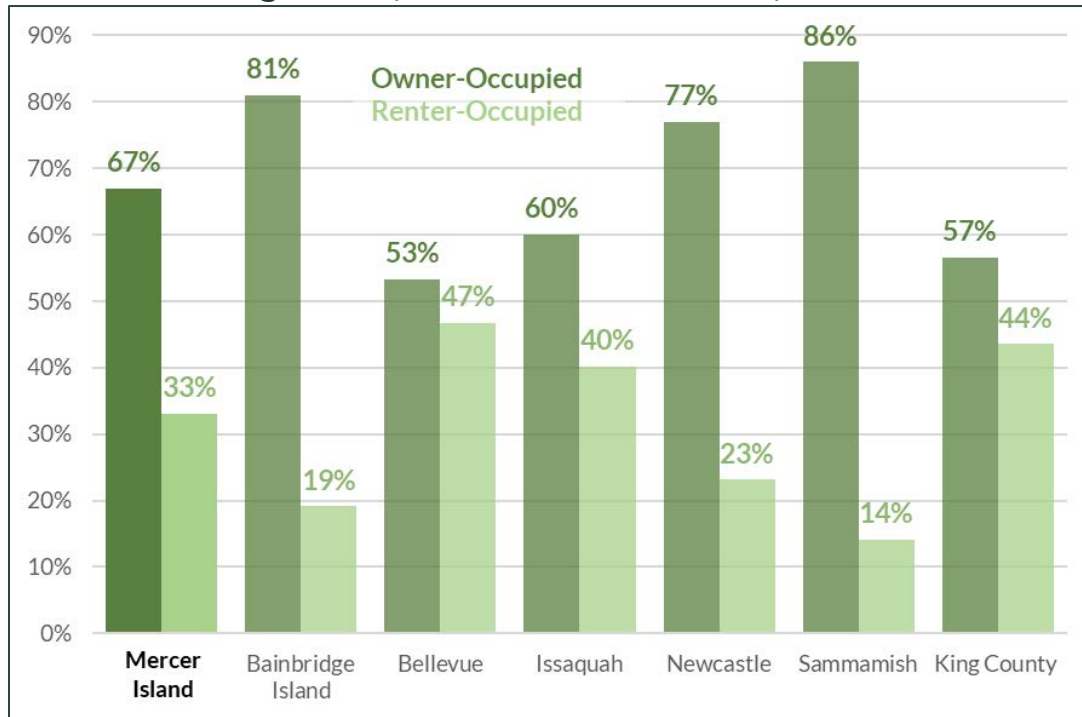
Household Characteristics	Mercer Island		King County
	2010	2020	2020
Households with Children	31%	35%	27%
One Person Household	26%	23%	30%
Persons Over 65	14%	14%	9%
Persons Living with a Disability*	8%	11%	10%

\*Data on persons living with a disability is available only as early as 2012. All other data shown is from 2010. Source: U.S. Census Bureau, American Community Survey, 2010, 2012, 2020; CAI, 2022.

## Housing Tenure

Housing tenure is the arrangement by which a housing unit is occupied. Exhibit 5 shows the owner and renter occupancy rates for Mercer Island, peer cities, and King County from the 2020 ACS. Sixty-seven percent of homes in Mercer Island are owner occupied (CAI, 2022). The City's owner-occupancy rate is higher than Bellevue, Issaquah, and King County. Sammamish, Bainbridge Island, and Newcastle have higher owner-occupancy rates than Mercer Island.

**Exhibit 5. Housing Tenure, Mercer Island and Peers, 2020.**



Source: CAI, 2022

Exhibit 6 shows housing tenure disaggregated by race. Homeownership rates across races range from 62 percent to 85 percent. The lone exception are American Indian or Alaska Native households (AIAN). Exhibit 1 shows that there are 59 people in Mercer Island of AIAN descent based on the 2020 Decennial Census, a direct count of the population. The 2021 ACS, an estimate, approximates that there are no AIAN households. The likely explanation is that many of these individuals live in a household with two or more races and that the low number of individuals in that category require a level of detail to estimate characteristics of that is beyond what the ACS can produce.



**Exhibit 6. Mercer Island Housing Tenure by Race or Ethnicity, 2021 ACS.**

Race or Ethnicity	Homeowner-ship Rate	Tenure	Households	Percent of Total
Black or African American	71%	Total	52	0.5%
		Owner-Occupied	37	0.3%
		Renter-Occupied	15	0.1%
American Indian or Alaska Native	0%	Total	0	0%
		Owner-Occupied	0	0%
		Renter-Occupied	0	0%
Asian	64%	Total	1907	19%
		Owner-Occupied	1227	12%
		Renter-Occupied	680	6%
Native Hawaiian or Pacific Islander	0%	Total	27	0.2%
		Owner-Occupied	0	0%
		Renter-Occupied	27	0.2%
Other Race	64%	Total	87	0.8%
		Owner-Occupied	56	0.5%
		Renter-Occupied	31	0.3%
Two or More Races	66%	Total	244	2%
		Owner-Occupied	162	1%
		Renter-Occupied	82	0.8%
White	68%	Total	7318	74%
		Owner-Occupied	5024	50%
		Renter-Occupied	2294	23%
Hispanic or Latino <sup>1</sup>	85%	Total	256	2%
		Owner-Occupied	219	2%
		Renter-Occupied	37	0.3%

Source: U.S. Census Bureau 2021 American Community Survey, Tables B25003, B25003B, B25003C, B25003D, B25003E, B25003F, B25003G, B25003H, B25003I.

Note:

1. The U.S. Census Bureau considers Hispanic or Latino to be an ethnicity rather than a race. Hispanic or Latino households may be of any race, see glossary of terms in this report for more information.

The ACS estimates the number of housing units by tenure and number of units in the structure. This data provides some information about the types of structures owner occupied and renter occupied housing units are in. Exhibit 7 provides the ACS estimate of the number of housing units by tenure and number of units in the structure. Overall, the City has an owner occupancy rate of 68 percent. Nearly 90 percent of owner-occupied housing units are detached single-family homes. Conversely, only about fifteen percent of renter-occupied housing units are single-family homes (1 unit, detached).

**Exhibit 7. Estimated Housing Units by Tenure and Number of Units in Structure.**

	Number of Units	Percent in Tenure Category	Percent of Total
<b>Total:</b>	<b>9,758</b>	<b>100%</b>	<b>100%</b>
<b>Owner-occupied housing units:</b>	<b>6,607</b>	<b>100%</b>	<b>68%</b>
1 unit, detached	5,882	89%	60%
1 unit, attached	81	1.2%	0.8%
2 units	10	0.1%	0.1%
3 or 4 units	10	0.1%	0.1%
5 to 9 units	100	1.5%	1%
10 to 19 units	35	0.5%	0.3%
20 to 49 units	321	5%	3%
50 or more units	132	2%	1.3%
Mobile home	36	0.5%	0.3%
Boat, RV, van, etc.	0	0%	0%
<b>Renter-occupied housing units:</b>	<b>3,151</b>	<b>100%</b>	<b>32%</b>
1 unit, detached	768	15%	8%
1 unit, attached	7	0.2%	0.1%
2 units	47	1.5%	0.4%
3 or 4 units	0	0%	0%
5 to 9 units	394	12.5%	4%
10 to 19 units	348	11%	3.6%
20 to 49 units	513	16%	5%
50 or more units	1,074	34%	11%
Mobile home	0	0%	0%
Boat, RV, van, etc.	0	0%	0%

Source: U.S. Census Bureau, 2021 ACS, Table B25032.

## Income

King County median household annual income in 2021 was estimated to be \$110,586. The median annual income in King County is more than \$26,000 higher than the state median. Of the other counties in the PSRC, King County has the highest median annual income. Mercer Island’s median annual income is \$60,000 higher than King County’s. Mercer Island is a high-income city in a high-income county by comparison to other PSRC counties and Washington state. Exhibit 8 shows the median household income for Washington state and the PSRC counties.

The U.S. Census Bureau describes household income as follows:

**Household Income** – The sum of the income of all people 15 years and older living in the household. A household includes related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living

alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household.

**Exhibit 8. Estimated 2021 Median Household Income in the Last 12 Months, Washington State and PSRC Counties.**

Location	Median Income (Dollars)
Washington State	\$84,247
King	\$110,586
Kitsap	\$87,314
Pierce	\$85,866
Snohomish	\$100,042

Source: 2021 American Community Survey Table S1903.

Mercer Island households have higher income on average when compared with King County. Exhibit 9 shows the mean and median household income in Mercer Island and King County along with the distribution of household income. The King County median household income in 2021 was \$110,586. At \$170,000, the median household income in Mercer Island was nearly \$60,000 greater than King County's. There is an even greater gap between Mercer Island and King County's mean household income. In 2021, the county's mean household income was \$154,122 and the Mercer Island mean household income was \$261,417; a difference of over \$107,000.

**Exhibit 9. King County and Mercer Island Households by Income, 2021.**

Household Income	King County Households	Mercer Island Households
Total	924,763	9,758
Less than \$10,000	4.7%	3.3%
\$10,000 to \$14,999	2.4%	0.5%
\$15,000 to \$24,999	4.3%	4.0%
\$25,000 to \$34,999	4.2%	5.1%
\$35,000 to \$49,999	7.4%	4.3%
\$50,000 to \$74,999	12.2%	8.3%
\$75,000 to \$99,999	10.3%	6.1%
\$100,000 to \$149,999	18.1%	14.3%
\$150,000 to \$199,999	12.1%	8.8%
\$200,000 or more	24.4%	45.3%
Median income (dollars)	110,586	170,000
Mean income (dollars)	154,122	261,417

Source: U.S. Census Bureau, 2021 ACS, Table S1901.

Household income can be disaggregated by race. According to the 2021 ACS, approximately 52 percent of white households in Mercer Island have an annual income of \$150,000 or more. This means about 48 percent of white households have an annual income below the median. For Asian households, the share of households earning \$150,000 or more is 48 percent. Approximately 52 percent of Asian households earn below the median income. Forty percent of Hispanic or Latino

households have an annual income of \$150,000 or more and about 60 percent earn below the median. Sixty percent of households with two or more races have an annual income at or above \$150,000 and only about 40 percent earn below the median income. Fourteen percent of black households have an annual income at or above the median. This means that about 86 percent of black households have a household income below \$150,000. Exhibit 10 shows household income by race in Mercer Island from the 2020 American Community Survey.

**Exhibit 10. Estimated 2021 Median Household Income in the Last 12 Months By Race or Ethnicity, Mercer Island.**

	Mercer Island			King County		
	Estimated Households	Estimated Share	Estimated Median Income	Estimated Households	Estimated Share	Estimated Median Income
All Households	9,758	100%	\$170,000	924,763	100%	\$110,586
White	7,441	76.3%	\$167,031	575,186	62.2%	\$113,731
Black or African American	52	0.5%	\$100,417	56,101	6.1%	\$57,437
American Indian and Alaska Native	0	0.0%	No Data	4,824	0.5%	\$62,905
Asian	1,907	19.5%	\$203,466	170,772	18.5%	\$145,800
Native Hawaiian and Other Pacific Islander	27	0.3%	No Data	No Data	No Data	\$73,531
Some other race	87	0.9%	\$63,185	32,575	3.5%	\$65,055
Two or more races	244	2.5%	\$215,417	80,411	8.7%	\$96,684
Hispanic or Latino origin (of any race) <sup>1</sup>	256	2.6%	No Data	72,028	7.8%	\$74,357
White alone, not Hispanic or Latino	7,318	75.0%	\$166,899	561,906	60.8%	\$114,054

Source: U.S. Census Bureau, 2021 ACS, Table S1903.

## Workforce

The preceding sections have evaluated the Mercer Island resident population figures. Many workers employed in Mercer Island commute from outside the City. These workers are an important part of the Mercer Island community. They include City employees, teachers, first responders, and essential workers. Ninety percent of workers employed in Mercer Island commute from off-island. Only about 10 percent

of workers employed in Mercer Island both live and work on-island. On the other hand, 93 percent of workers living in Mercer Island are employed off-island. Exhibit 11 shows the worker inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2020.

**Exhibit 11. Worker Inflow and Outflow, 2020.**

	Count	Share
<b>Workers Employed in Mercer Island</b>		
Employed in Mercer Island	6,926	100%
Employed in Mercer Island but living outside Mercer Island (inflow)	6,234	90%
Employed and living in Mercer Island	692	10%
<b>Workers Living in Mercer Island</b>		
Workers living in Mercer Island	10,482	100%
Living in Mercer Island but employed outside Mercer Island (outflow)	9,790	93.4%
Living and employed in Mercer Island	692	6.6%

Source: U.S. Census Bureau On the Map, 2020.

Exhibit 12 shows the race of workers employed on Mercer Island in 2020. Comparing the share of workers and the share of population by race from Exhibit 2 shows that White and Black, or African American workers are overrepresented in the Mercer Island workforce. At the same time, other racial groups are underrepresented in the Mercer Island workforce. The share of White workers is ten percentage points higher than the share of White people in the general population. The share of Black or African American workers in the work force is about five percentage points greater than share of Black or African American people in the general population. At 13.9 percent, the Asian share of workers is nearly ten percentage points fewer than the share of Asian people in the general population.

**Exhibit 12. Mercer Island Jobs by Worker Race, 2020.**

Worker Race	Count	Share
White Alone	5,149	74.3%
Black or African American Alone	458	6.6%
American Indian or Alaska Native Alone	35	0.5%
Asian Alone	961	13.9%
Native Hawaiian or Other Pacific Islander Alone	39	0.6%
Two or More Race Groups	284	4.1%
Total	6,926	100%

Source: U.S. Census Bureau On the Map, 2020.

The U.S. Census Bureau provides data on the monthly earnings for jobs and income range by inflow and outflow. The monthly earnings for inflow and outflow jobs are shown in Exhibit 13. Inflow jobs are those filled by people that live outside of Mercer Island that commute to the City for work. Outflow jobs are filled by people that live in Mercer Island but commute outside of the City for work. Nearly half (49.7%) of inflow jobs in Mercer Island pay less than \$3,333 a month or \$40,000 a year. This means that

many of the 6,234 workers commuting to Mercer Island for work, do so for relatively low-wage jobs. On the other hand, only 22 percent of outflow jobs pay less than \$3,333 a month or \$40,000 a year. Of note, Exhibit 9 also shows that about 45 percent of Mercer Island households earn more than \$200,000 a year, highlighting a significant difference between the income of workers that commute to Mercer Island (49 percent below \$40,000 a year) and the Mercer Island population,

**Exhibit 13. Mercer Island Jobs by Earnings, 2020.**

Earning Range	Inflow Jobs <sup>1</sup>		Outflow Jobs <sup>2</sup>	
	Count	Share	Count	Share
\$1,250 per month or less (\$15,000 or less annually)	1,572	25.2%	1,117	11.4%
\$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually)	1,526	24.5%	1,038	10.6%
More than \$3,333 per month (more than \$39,996 annually)	3,136	50.3%	7,635	78%
Total	6,234	100%	9,790	100%

Source: U.S. Census Bureau On the Map, 2020.

Notes:

1. Inflow jobs are those filled by workers that commute to the City for work.
2. Outflow jobs are those filled by workers that commute from the City to work elsewhere.

## Demographic Change

The demographics of the Mercer Island population have changed over time. In general, between 2010 and 2020, the share of persons of color in Mercer Island has risen at the same time that the share of white residents has decreased. Even as the Mercer Island population is diversifying, white people have historically been and remain the largest single racial group in the City by a wide margin. Exhibit 14 shows the changes in demographics in Mercer Island between 2010 and 2020.

**Exhibit 14. Mercer Island Demographic Change 2010 to 2020.**

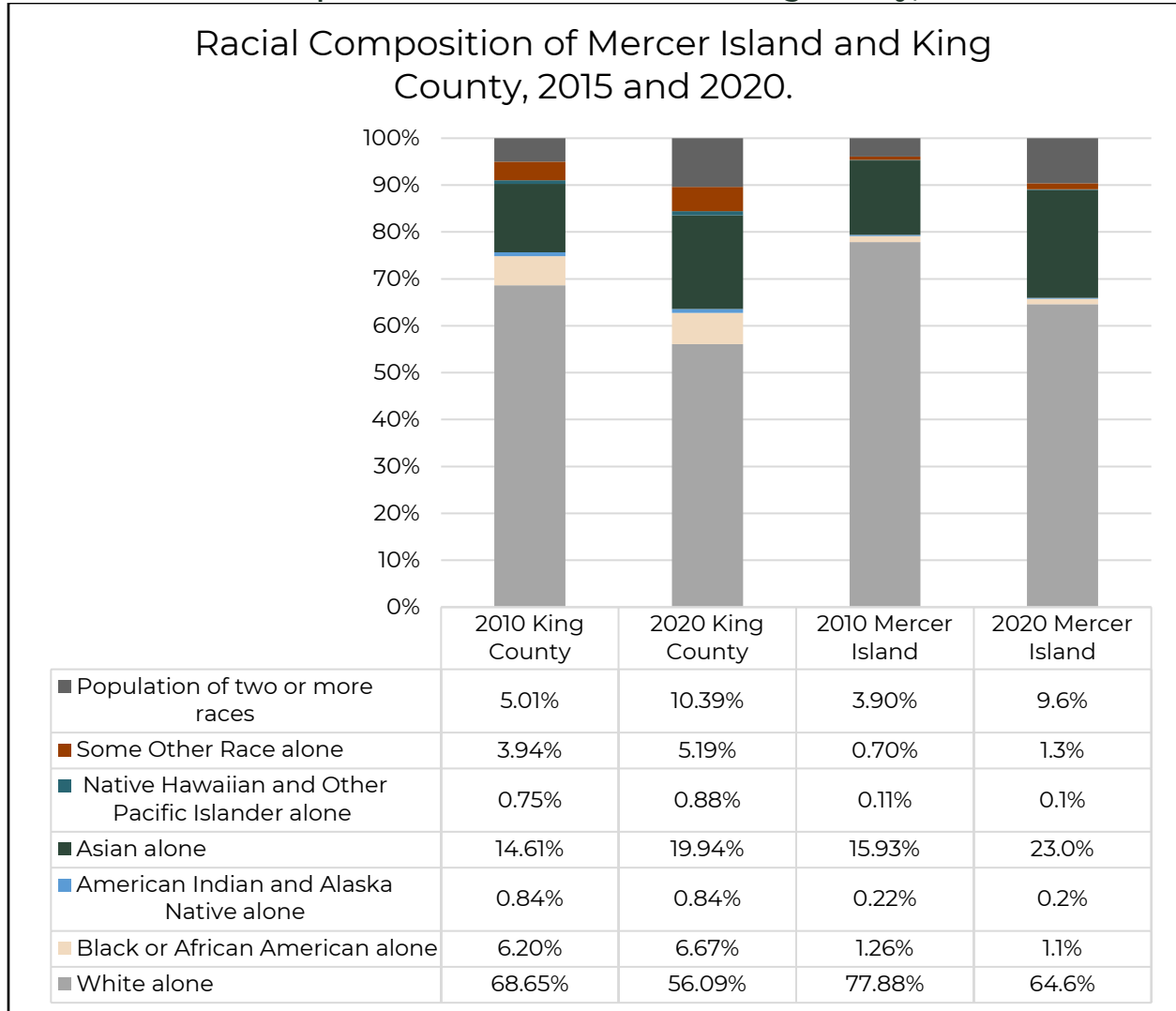
Label	2020 Pop.	% of 2020 Total	2010 Pop.	% of 2010 Total	Net Change	% Change in Total	% Point Change in Share
Total:	25,748	100.00%	22,699	100.00%	3,049	13.43%	0.00
Population of one race:	23,275	90.40%	21,813	96.10%	1,462	6.70%	-5.70
White alone	16,642	64.63%	17,677	77.88%	-1,035	-5.86%	-13.24
Black or African American alone	287	1.11%	286	1.26%	1	0.35%	-0.15
American Indian and Alaska Native alone	59	0.23%	51	0.22%	8	15.69%	0.00
Asian alone	5,924	23.01%	3,615	15.93%	2,309	63.87%	7.08
Native Hawaiian and Other Pacific Islander alone	34	0.13%	26	0.11%	8	30.77%	0.02
Some Other Race alone	329	1.28%	158	0.70%	171	108.23%	0.58
Population of two or more races	2,473	9.60%	886	3.90%	1,587	179.12%	5.70

Source: U.S. Census Bureau, 2010 and 2020 Decennial Censuses, Table P1.

Exhibit 15 compares changes in racial composition of the Mercer Island and King County populations between 2010 and 2020. The graph shows the following relative changes between King County and Mercer Island racial demographics between 2010 and 2020:

- Two or more races – King County +5.38 percentage points, Mercer Island +5.7 percentage points;
- Some other race alone – King County +1.25 percentage points, Mercer Island +0.6 percentage points;
- Native Hawaiian and other Pacific Islander alone – King County +0.13 percentage points, Mercer Island (-)0.01 percentage points;
- Asian alone – King County +5.33 percentage points, Mercer Island +7 percentage points;
- American Indian or Alaska Native alone – King County no change, Mercer Island no change;
- Black or African American alone – King County +0.47 percentage points, Mercer Island (-)0.16;
- White alone – King County (-)12.56 percentage points, Mercer Island (-)13.28 percentage points; and
- In both years the Mercer Island population had a higher share of White people by around 10 percentage points and a lower share of Black or African American people by about five percentage points compared to King County.

**Exhibit 15. Racial Composition of Mercer Island and King County, 2015 and 2020.**



Source: U.S. Census Bureau, 2010 and 2020 Decennial Censuses, Table P1.

**Summary**

The Mercer Island population has the following characteristics:

- There were an estimated 25,780 people living in Mercer Island as of 2022 (Exhibit 1);
  - 65 percent of the population is White;
  - A little more than 1 percent of the population is Black or African American;
  - 23 percent of the population is Asian;
  - A little more than 9 percent of the population is two or more races; and



- Native Hawaiian or Pacific Islander and American Indian or Alaska Native people make up less than 1 percent of the population (Exhibit 2.A);
- The following races are underrepresented in the Mercer Island population compared to King County:
  - Black or African American (6% in King County, 1% in Mercer Island);
  - American Indian or Alaska Native (0.8% in King County, 0.2% in Mercer Island);
  - Native Hawaiian or Pacific Islander (0.9% in King County, 0.1% in Mercer Island);
  - Other race alone (5% in King County, 1% in Mercer Island); and
  - Two or more races (10.4% in King County, 9.6% in Mercer Island)(Exhibit 2.C);
- The majority of the population over 25 has a college degree (Exhibit 3);
- Mercer Island has a higher share of households with children and households with people over 65 than King County (Exhibit 4);
- 68 percent of housing is owner-occupied, and 32 percent of housing is renter occupied (Exhibit 5);
- Most racial and ethnic groups have roughly the same rate of home ownership. Hispanic or Latino households have the highest rate of home ownership at 85 percent (Exhibit 6);
- Nearly 90 percent of owner-occupied housing units are detached single-family homes (Exhibit 7);
- About 83 percent of renter-occupied housing is in structures with 5 or more dwelling units (Exhibit 7);
- The median household income in King County is higher than other PSRC counties and Washington as a whole (Exhibit 8);
- Compared with King County households:
  - The median household income in Mercer Island was roughly \$60,000 more than King County's in 2022;
  - Households earning less than \$100,000 annually are a lower share of the population compared to King County (Exhibit 9);
  - Mercer Island has roughly the same proportion of households with income below \$35,000 annually; and
  - Mercer Island has a higher share of households earning more than \$200,000 by a margin of 20 percentage points (Exhibit 9 and 10);
- Most (90%) Mercer Island Residents are employed outside of the City (Exhibit 11);

- Compared with King County, Mercer Island has a smaller proportion of households with income between \$35,000 and \$200,000;
  - The share of households with annual income less than \$100,000 annually in Mercer Island (31.6%) is nearly 14 percentage points lower than the share of households in King County (45.5%) (Exhibit 9); and
- In 2020, nearly half of the jobs on Mercer Island paid less than \$40,000 a year (Exhibits 13).
- The Mercer Island population is becoming more diverse, the share of people of color in the City rose by about five percentage points between 2010 and 2020 (Exhibits 14 and 15); and
- Racial demographics in Mercer Island are changing in roughly the same proportion as King County overall (Exhibit 15).

## Displacement Risk

During the comprehensive plan periodic review, Mercer Island is required to adopt policies to begin to undo displacement and identify areas at risk of displacement (RCW 36.70A.070(2)I-(h)). According to the Commerce guidance for assessing displacement, “Displacement is when a household is forced or pressured to move from their community by factors outside of their control (Commerce, 2023).” The Commerce guidance further articulates three types of displacement:

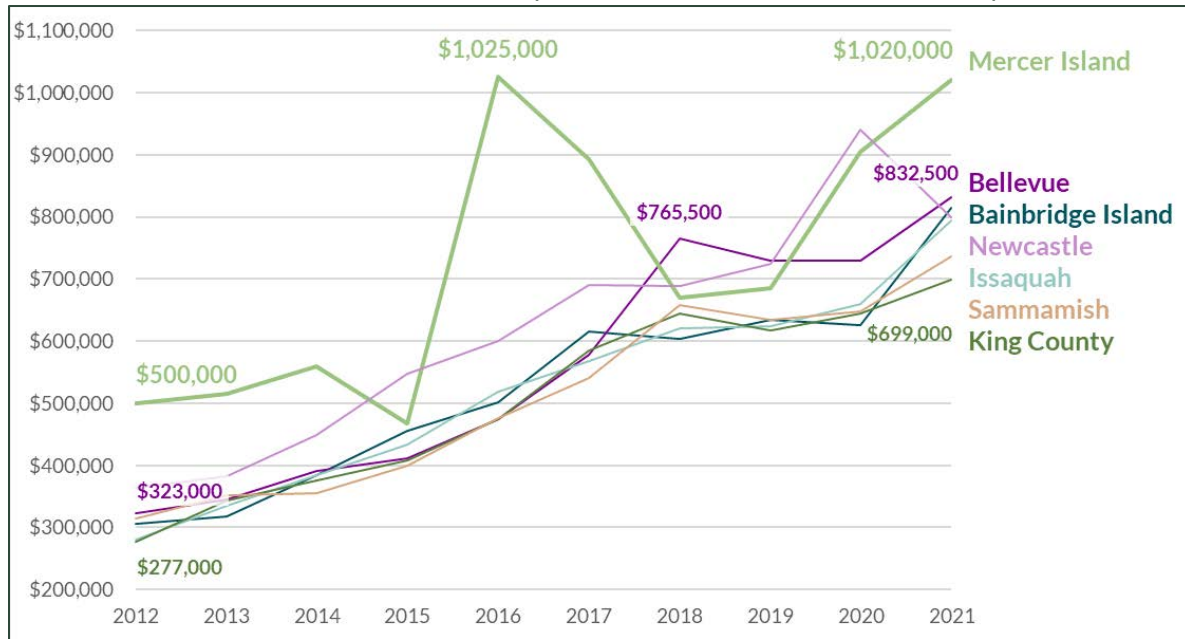
- **Economic:** Displacement due to inability to afford rising rents or costs of homeownership like property taxes;
- **Physical:** Displacement resulting from eviction, acquisition, rehabilitation or demolition of property, or the expiration of covenants on rent-or income-restricted housing; and
- **Cultural:** Residents are compelled to move because the people and institutions that make up their cultural community have left the area (Commerce, 2023).

The Comprehensive Plan and its attendant housing policies affect economic and physical displacement. The twin forces of market pressure to redevelop an area and household financial constraints can increase displacement risk. To assess displacement risk, this report will begin with evaluating which households might be at risk of displacement due to rising costs. Then, this report will analyze areas of Mercer Island more likely to have higher displacement risk due to market pressure to redevelop. The result will be profiles of households and areas of Mercer Island at risk of displacement.

## Housing Prices

The median home price in Mercer Island was greater than \$1 million in 2021. The median home price more than doubled between 2012 and 2021. Exhibit 16 shows the median home price in Mercer Island and peer cities between 2012 and 2021. Of the cities sampled, Mercer Island typically has one of the highest median home sale prices over the last nine years.

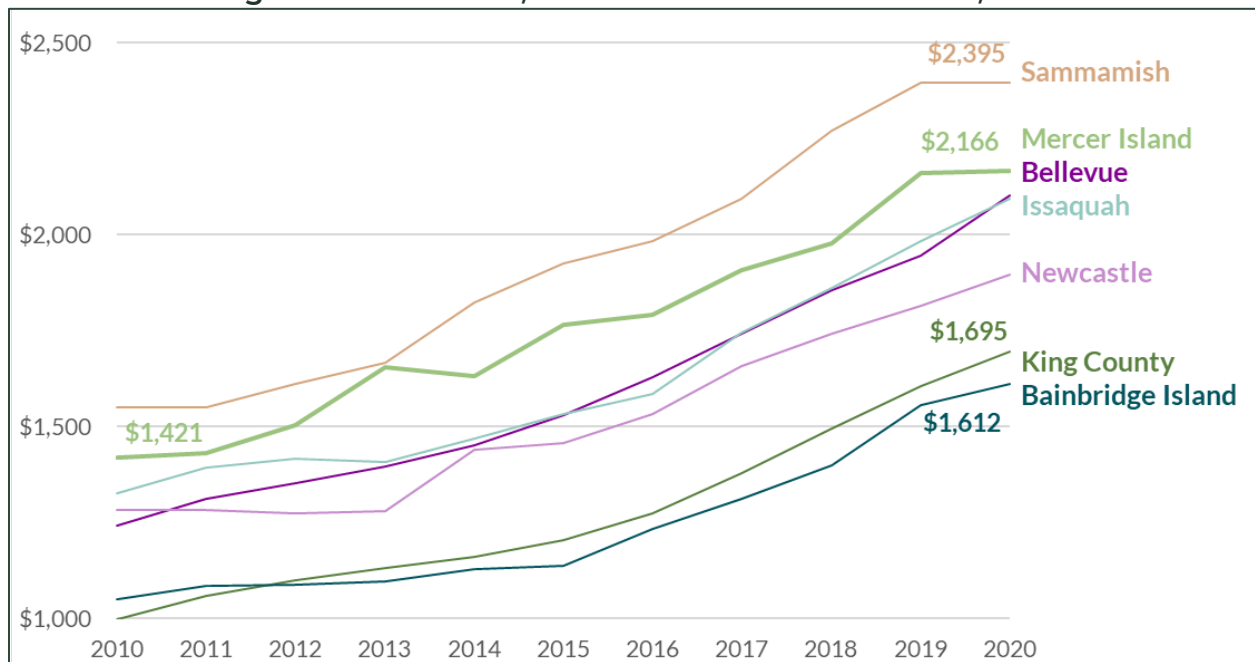
**Exhibit 16. Median Home Sale Price, Mercer Island and Peer Cities, 2012 to 2021.**



Source: Redfin, 2022; CAI, 2022.

The median cost of a rental home in Mercer Island is nearly the highest among peer cities. Exhibit 17 shows the median rental price in Mercer Island and peer cities from 2010 to 2020.

**Exhibit 17. Change in Median Rent, Mercer Island and Peer Cities, 2010 to 2020.**



Source: American Community Survey, 2010 to 2020; CAI, 2022.

Another way to track housing costs is to look at monthly housing costs. Where sale price and monthly rent gives the cost for housing on the market, it does not track the housing costs for housing that has not been on the market for some time. For example, a home that was purchased several years ago will have a different cost because it was likely bought at a different price and interest rate because these two cost factors fluctuate with the market. Monthly housing cost provides a more complete picture of housing costs across the City.

Exhibit 18 shows the estimated 2021 monthly housing costs by tenure according to the 2021 ACS. Slightly more than half (50.9%) of the 9,758 occupied housing units in Mercer Island had monthly costs greater than \$2,500 in 2021. Assuming housing costs are affordable when they are one third of household income, this means that nearly half of housing units had a monthly cost that was affordable to households earning \$90,000 annually. In 2021, the median monthly housing cost for all housing units was \$2,630. Owner-occupied housing units had a higher median monthly cost at \$3,191. Renter-occupied housing units had a median monthly cost of \$2,244.

**Exhibit 18. Mercer Island Monthly Housing Costs by Tenure, 2021.**

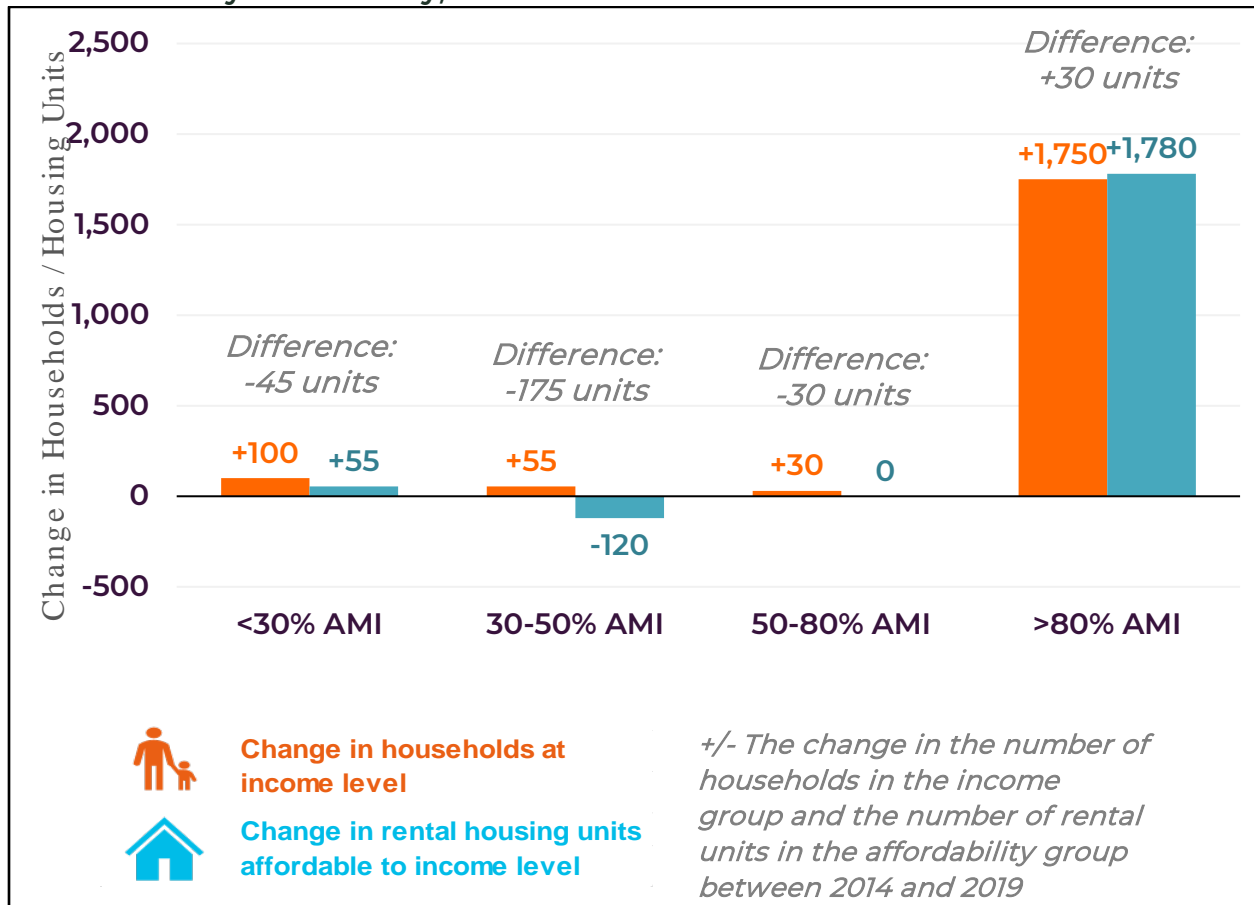
Monthly Housing Costs	Occupied housing units	Percent occupied housing units	Owner-occupied housing units	Percent owner-occupied housing units	Renter-occupied housing units	Percent renter-occupied housing units
All	9,758	100%	6,607	100%	3,151	100%
Less than \$300	62	0.6%	62	0.9%	0	0.0%
\$300 to \$499	15	0.2%	15	0.2%	0	0.0%
\$500 to \$799	145	1.5%	132	2.0%	13	0.4%
\$800 to \$999	226	2.3%	215	3.3%	11	0.3%
\$1,000 to \$1,499	1,196	12.3%	1,089	16.5%	107	3.4%
\$1,500 to \$1,999	1,684	17.3%	698	10.6%	986	31.3%
\$2,000 to \$2,499	1,235	12.7%	528	8.0%	707	22.4%
\$2,500 to \$2,999	778	8.0%	366	5.5%	412	13.1%
\$3,000 or more	4,189	42.9%	3,502	53.0%	687	21.8%
No cash rent	228	2.3%	N/A	N/A	228	7.2%
Median (dollars)	\$2,630	N/A	\$3,191	N/A	\$2,244	N/A

Source: U.S. Census Bureau, 2021 ACS, Table S2503.

Exhibit 19 shows the change in affordable rental units and households at varying income levels between 2014 and 2019 as tracked by the U.S. Department of Housing and Urban Development (HUD) in their Comprehensive Housing Affordability Strategy (CHAS). The number of housing units tracked is broken out into different affordability levels by household income relative to the area median income (AMI).

Households are divided into the same income levels. The chart shows the difference between the change in households and the change in number of units to highlight the housing unit production shortfall at each income level. During the years tracked, households earning less than 30 percent of the AMI increased by 100 households and at the same time the number of housing units affordable at that income level only increased by 55 units resulting in a shortfall of 45 units during the study period. Households earning between 30 and 50 percent of the AMI increased by 55 but the number of affordable units at that income level decreased by 120; a shortfall of 175 units. Households earning between 50 and 80 percent of the AMI increased by 30 and there was not change in units affordable at that income level. On the other hand, households earning more than 80 percent of the AMI increased by 1,750 at the same time that 1,780 affordable units were added, a production surplus of 30 units. Exhibit 19 illustrates that production of affordable units for households earning less than 80 percent of the AMI has fallen below the increase in households at that income level during the study period.

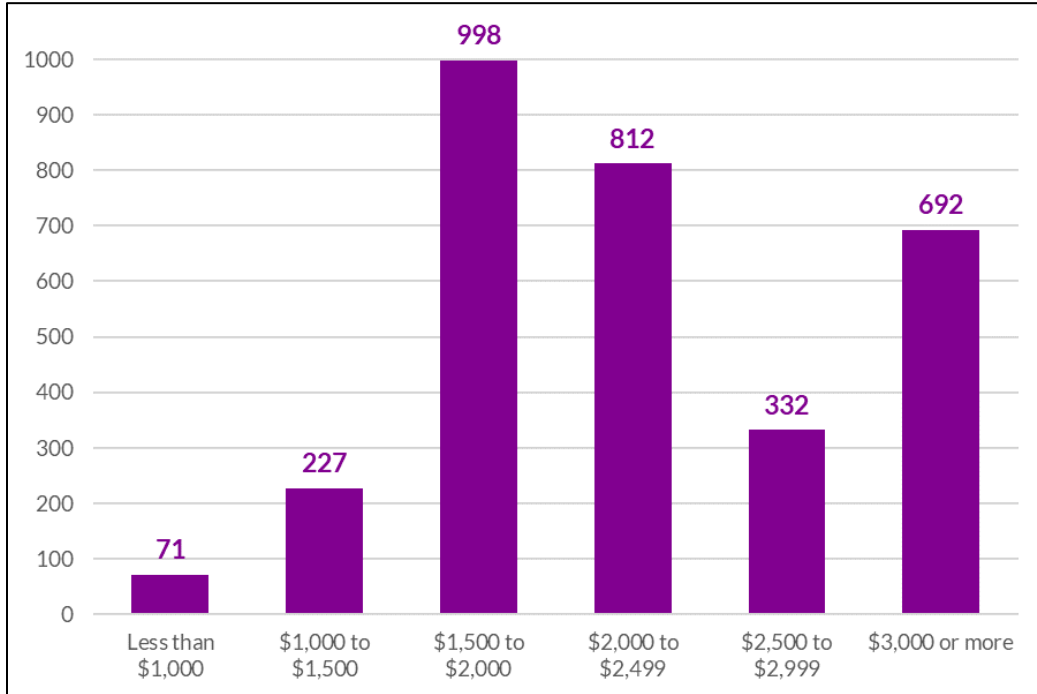
**Exhibit 19. Mercer Island Five Year Change In Renter Households By Income and Rental Units By Affordability, 2014 – 2019.**



Sources: US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 15C) & US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 14B) & US HUD, 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) (Table 15C) & US HUD, 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) (Table 14B).

Exhibit 20 shows the number of rental units by monthly rent in 2020. In that year, there were 3,132 rental units and nearly one third (31%) of them were priced between \$1,500 and \$2,000 a month. Rent in this range is affordable to households earning between \$54,000 and \$72,000. 298 rental units, a little less than ten percent, were priced below \$1,500 a month. On the highest end of the scale, 697 units or 22 percent of rentals, were priced \$3,000 and above. Households would need to earn around \$110,000 annually to afford a rental that costs \$3,000 a month without becoming cost burdened.

**Exhibit 20. Rental Units by Monthly Rent, Mercer Island, 2020.**



Source: U.S. Census Bureau 2020 American Community Survey; CAI, 2022.

## Housing Cost Burden

Housing cost burden is a figure that illustrates how many households are spending a higher proportion of their income on housing. It is calculated by comparing income and housing costs. Households are generally considered cost burdened if housing, including utilities, costs more than 30 percent of their income. Severe cost burden is when a household's housing costs are greater than 50 percent of their income. Both homeowners and renters can be cost burdened when their housing cost is disproportionately high relative to their income. Cost-burdened households have a greater displacement risk because they are already spending a higher share of their income on housing than other households.

Exhibit 21 shows the 2021 cost burden rate in Mercer Island by household income and housing tenure. Out of the 9,758 households in Mercer Island, 2,538 (26 percent) are either cost burdened or severely cost burdened. Out of the 2,538 cost-burdened households, 1,469 are severely cost burdened. In general, home owning households tend to have a lower cost-burden rate at 10 percent, compared to renting households,

of which 39 percent are cost-burdened. Renting households with income below \$75,000 annually have the highest rate of cost burden. Households earning between \$75,000 and \$100,000 annually have the highest rate of cost-burden among home-owning households at 45 percent.

**Exhibit 21. Estimated Housing Cost as a Percent of Household Income by Housing Tenure, 2021.**

		Cost Burdened		Severely Cost Burdened		
Income Range	Total Households	Households Paying $\geq 35\%$ to $< 50\%$ of Income for Housing	Percent of Households In Income Range Paying $\geq 35\%$ to $< 50\%$ of Income for Housing	Households Paying $\geq 50\%$ of Income for Housing	Percent of Households In Income Range Paying $\geq 50\%$ of Income for Housing	
Owner-Occupied	<\$35,000	509	144	28%	290	57%
	\$35,000 - \$49,999	248	79	32%	104	42%
	\$50,000 - \$74,999	419	62	15%	72	17%
	\$75,000 - \$99,999	239	108	45%	35	15%
	\$100,000 - \$149,999	795	107	13%	110	14%
	>\$150,000	4,397	118	3%	86	2%
	Total Owner-Occupied	6,607	618	9%	697	10%
Renter-Occupied	<\$35,000	753	0	0	617	82%
	\$35,000 - \$49,999	173	20	11.56%	101	58%
	\$50,000 - \$74,999	392	289	73%	43	11%
	\$75,000 - \$99,999	357	141	39%	0	0
	\$>100,000	1,476	46	3%	11	0.75%
	Total Renter-Occupied	3,151	469	15%	772	24.5%
<b>Total Households</b>	<b>9,758</b>	<b>1,114</b>	<b>11.4%</b>	<b>1,469</b>	<b>15%</b>	

Source: U.S. Census Bureau, 2021 ACS, Tables B25095 and Table B25074.

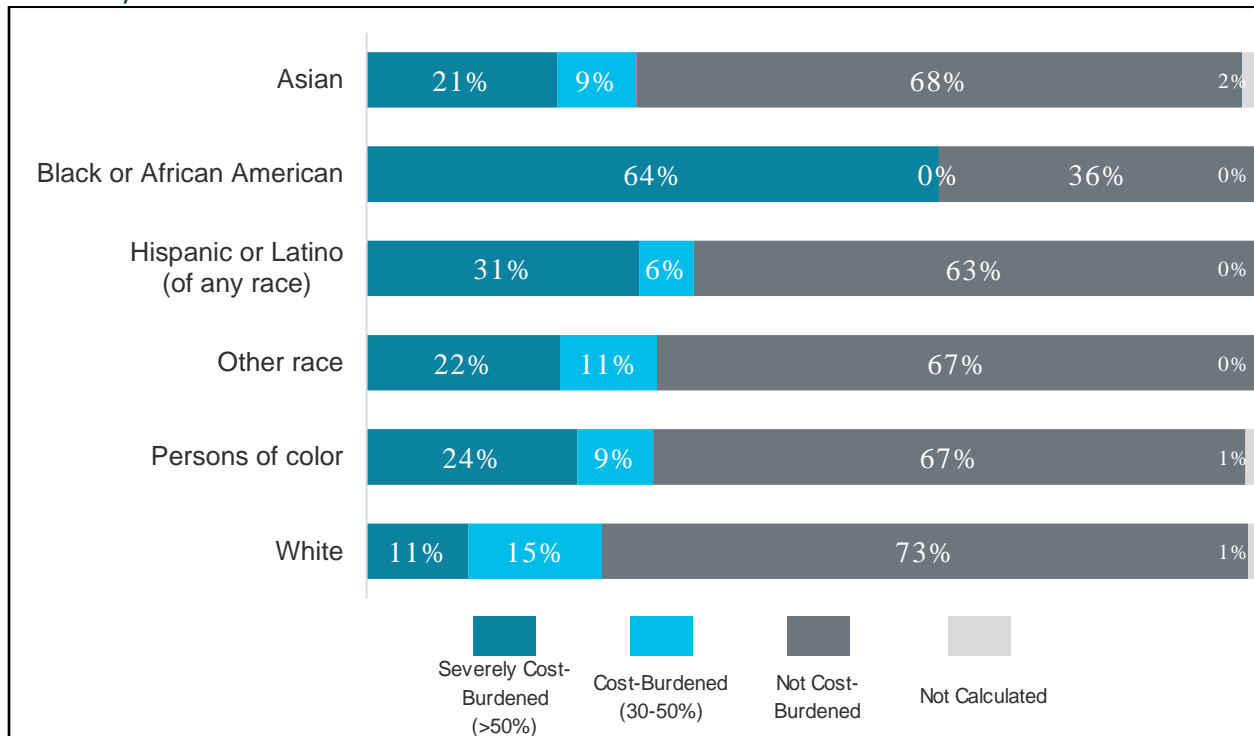
Exhibit 22 shows the housing cost-burden rate for households by race and housing tenure. This data on cost burden comes from the U.S. Department of Housing and

Urban Development (HUD) 2019 Comprehensive Housing Action Strategy (CHAS). Households of color are cost burdened at a seven-percentage point higher rate than white households (33 percent to 26 percent). The difference in severe cost-burden rate between white households and households of color is wider by almost six percentage points: 24 percent of households of color are severely cost burdened compared to 11 percent of white households.

Other observations from Exhibit 22:

- 30 percent of Asian households were cost burdened;
- 64 percent of Black or African American households were severely cost burdened. Black or African American households are cost burdened at a much higher rate than other racial groups;
- 37 percent of Hispanic or Latino households are cost burdened;
- 33 percent of households categorized as other race are cost burdened;
- 26 percent of White households are cost burdened. White households are cost burdened at the lowest rate of the groups considered in Exhibit 22;
- A majority of cost-burdened households are severely cost burdened; and
- A majority of cost-burdened households are severely cost burdened in all racial groups except for White households.

**Exhibit 22. Mercer Island Percent of all Households Experiencing Housing Cost Burden, 2019.**



Source: US HUD, 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) (Table 9); Washington Department of Commerce, 2023.



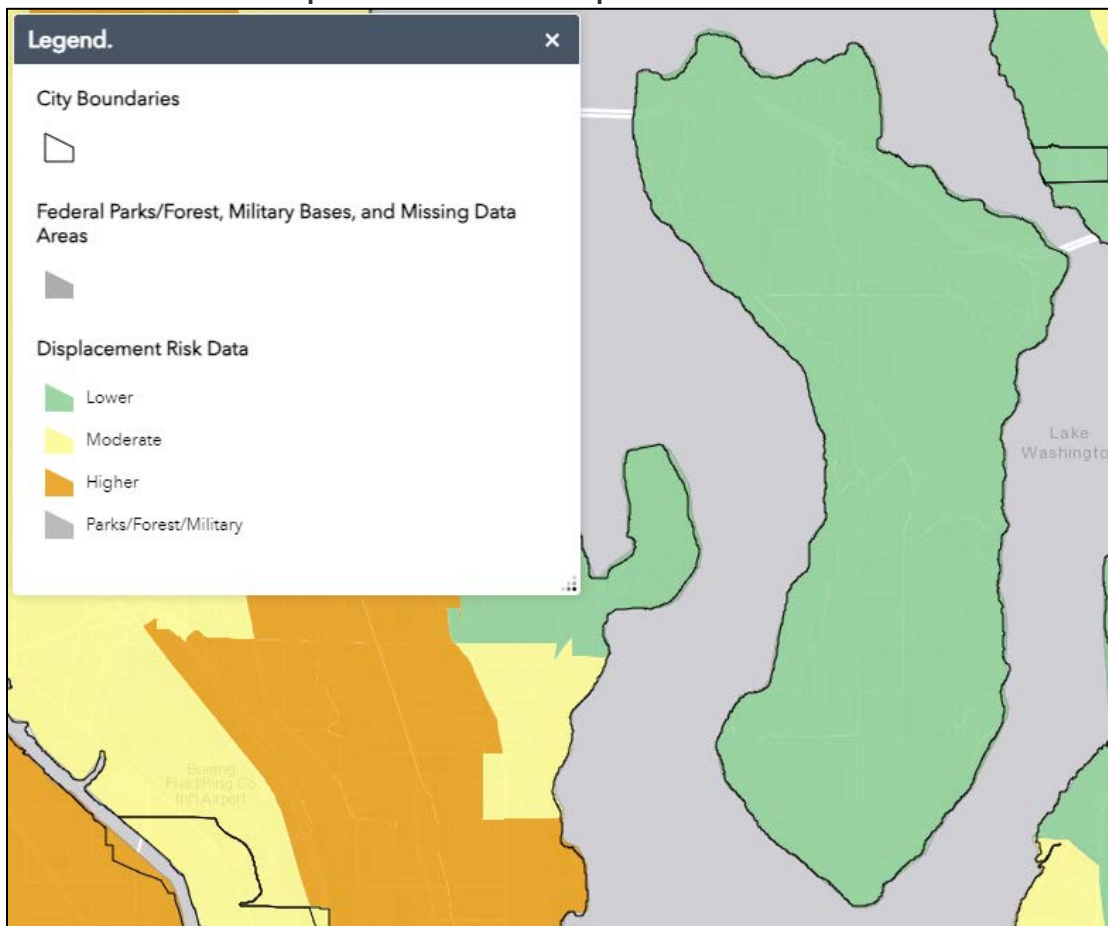
## Displacement Risk Mapping Tool

The PSRC provides a Displacement Risk Mapping Tool that identifies areas where residents and businesses are at greater risk of displacement. In the PSRC Displacement Risk Mapping Tool, risk is a composite of indicators representing five elements of neighborhood displacement risks: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. PSRC analyzed data for these five displacement indicators and compiled a comprehensive index of displacement risk for all census tracts in PSRC counties. Areas were placed into three categories:

- Lower Risk – Tracts in the bottom 50 percent of the risk score range;
- Moderate Risk – Tracts with a score in the top 50 to 90 percent range; and
- Greater Risk – Tracts with a score in the top 10 percent range.

Exhibit 23 shows the PSRC displacement risk mapping for Mercer Island census tracts. All tracts on Mercer Island were in the lower risk category, suggesting that most of Mercer Island in general has a lower risk of displacement occurring compared to other census tracts in King, Pierce, Snohomish, and Kitsap counties.

**Exhibit 23. PSRC Displacement Risk Map.**



Source: Puget Sound Regional Council (PSRC) Displacement Risk Mapping. <https://www.psrc.org/our-work/displacement-risk-mapping>.

## Housing Choice Vouchers

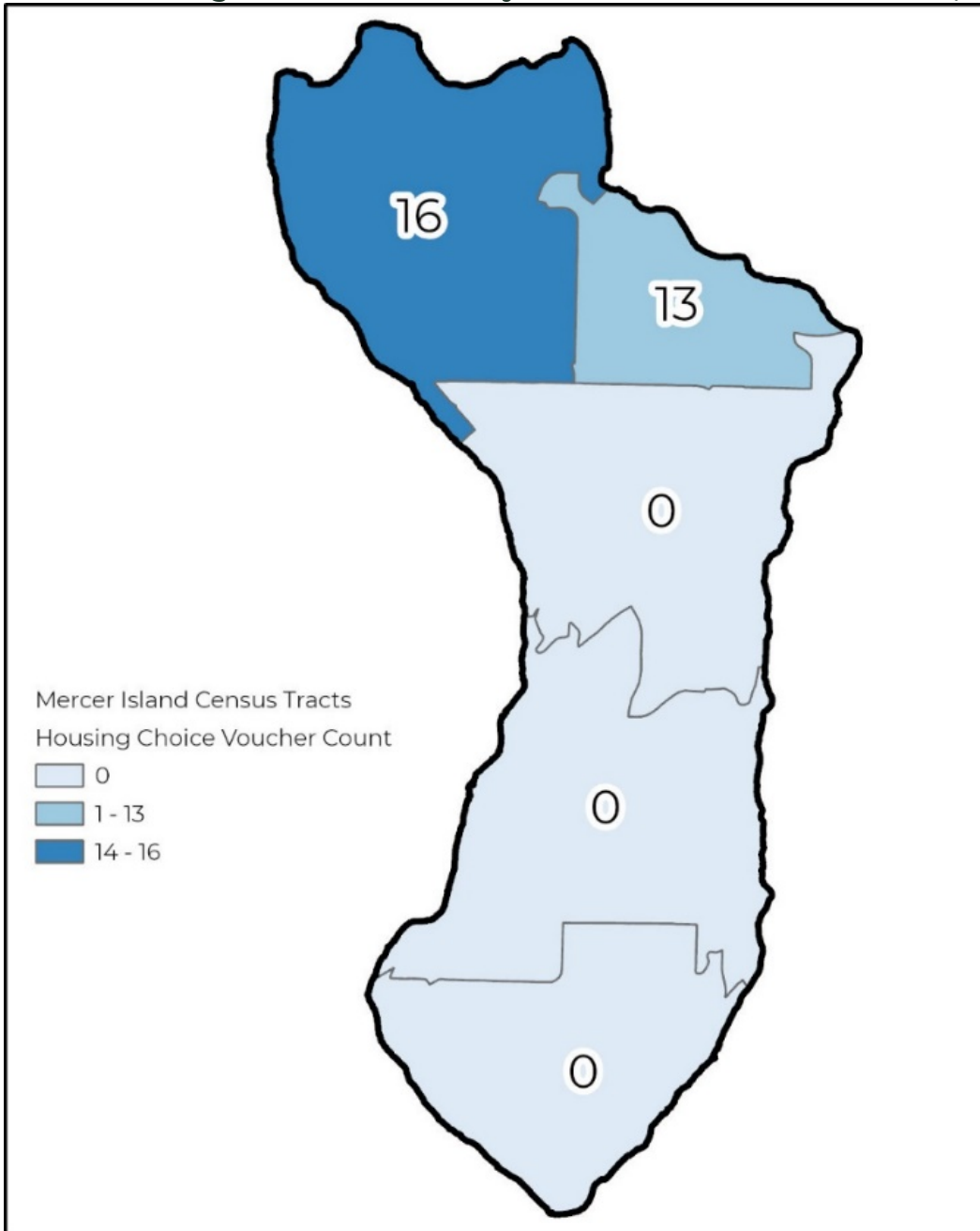
The U.S. Department of Housing and Urban Development (HUD) operates the Housing Choice Voucher program. The housing choice voucher program is sometimes referred to as 'Section 8' housing. The HUD website describes the housing choice voucher program as follows.

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program (Housing and Urban Development, 2022).

Information on where housing choice vouchers are used within the City is provided by HUD through their open data website. According to that data, there were 29 housing choice vouchers used on Mercer Island in 2022. HUD provides data on how many vouchers are used in each census tract. Exhibit 24 shows a map of the census tracts in the City and the quantity of housing choice vouchers used in each during 2022.

All 29 of the housing choice vouchers used in the City in 2022 are in the north of the island. Housing choice vouchers are only available for rental housing and the majority of multifamily housing is located in and around Town Center. There are no housing choice vouchers used in the south end of the island where the vast majority of housing is single-family residences.

**Exhibit 24. Housing Choice Vouchers by Census Tract on Mercer Island, 2022.**



Source: HUD Housing Choice Vouchers by Census Tract, 2022.

### Existing Zoning

The City's zoning regulations are the primary tool with which the City affects the size, scale, density, and type of housing development that occurs in the City. Residential development is allowed in most zones in the City. There are three general residential categories City zones can be divided into: single-family residential, multifamily residential, and mixed-use. Exhibit 25 shows the single-family, multifamily, and mixed-use zones in the City.

**Exhibit 25. Single-Family, Multifamily, and Mixed-Use Zones.**



Source: Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

Single-family residential zones establish regulations to limit most new residential development to single-family homes and accessory dwelling units (ADUs). These zones are typified by minimum lot sizes and land use controls that preclude denser residential development. Most of the land in the City is zoned for single-family residential development, with minimum lot sizes ranging from 8,400 to 15,000 square feet. These minimum lot sizes translate to densities between around five- and three-dwellings per acre.

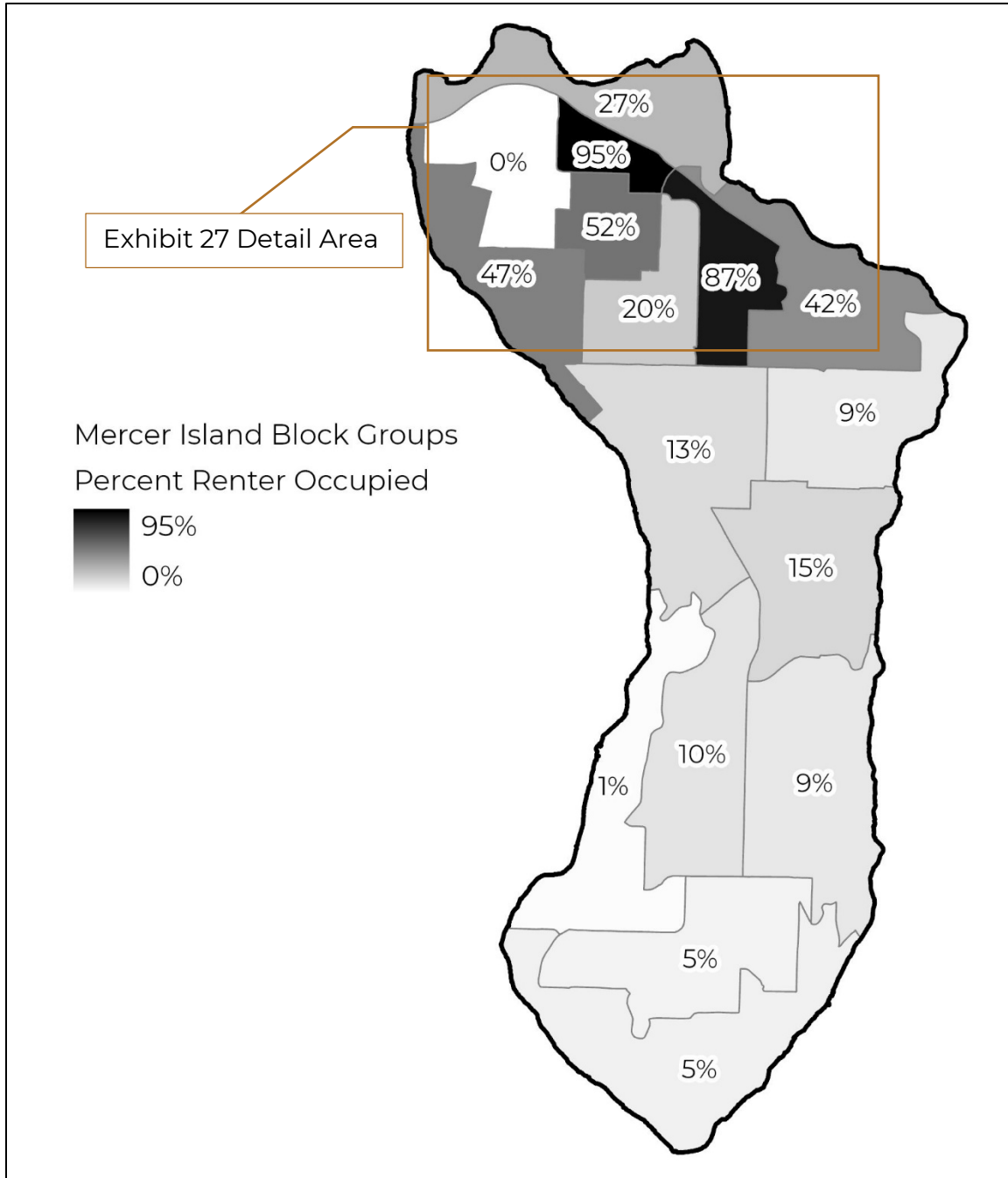
Multifamily residential zones are those that allow for denser development, including mid- and low-rise apartment buildings. All multifamily residential zones are located at the north end of the Island on the outskirts of mixed-use and commercial zones. Low- and mid-rise apartment buildings characterize most of the existing residential development in the multifamily zones. Most of the land zoned multifamily is already developed. Because the multifamily zones are largely developed, there are very few developable lots in these zones.

Mixed-use zones allow a combination of commercial and residential development. Mixed-use zones are only found in the Town Center at the north end of the island. Residential development in mixed-use zones is typically mid-rise mixed-use development with four or five stories of residential development over ground floor commercial space. Mixed-use zones allow a height bonus whereby developers are granted additional building height in exchange for a percentage of the new units being income-restricted affordable housing units. Due to this height bonus, all of the income-restricted affordable units that have been developed in recent years have been in Town Center.

### **Location of Rental Housing**

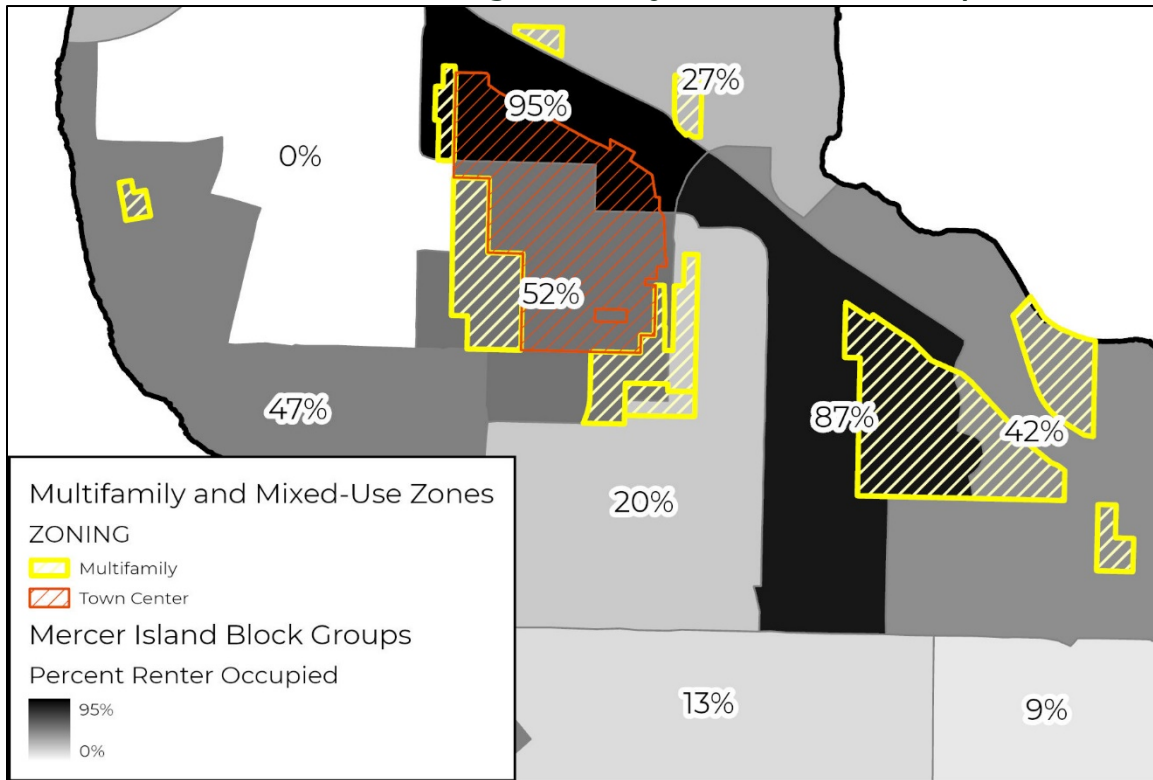
Exhibits 26 and 27 Mercer Island census block groups by housing tenure. Exhibit 27 includes an overlay showing where the multifamily and mixed-use zones are in the City. It should be noted that renter-occupied housing in this instance is not limited to apartments, it includes detached single-family homes that are rented or for rent. In general, renter-occupied housing is more prevalent in the north end of the City, where the multifamily and mixed-use zones are located. Interestingly, the only tract with no renter occupied housing is the tract immediately west of the City's densest area, Town Center.

**Exhibit 26. Mercer Island Housing Tenure by Census Block Group.**



Source: U.S. Census Bureau, 2021 ACS, Table B25003.

**Exhibit 27. Mercer Island Housing Tenure by Census Block Group.**



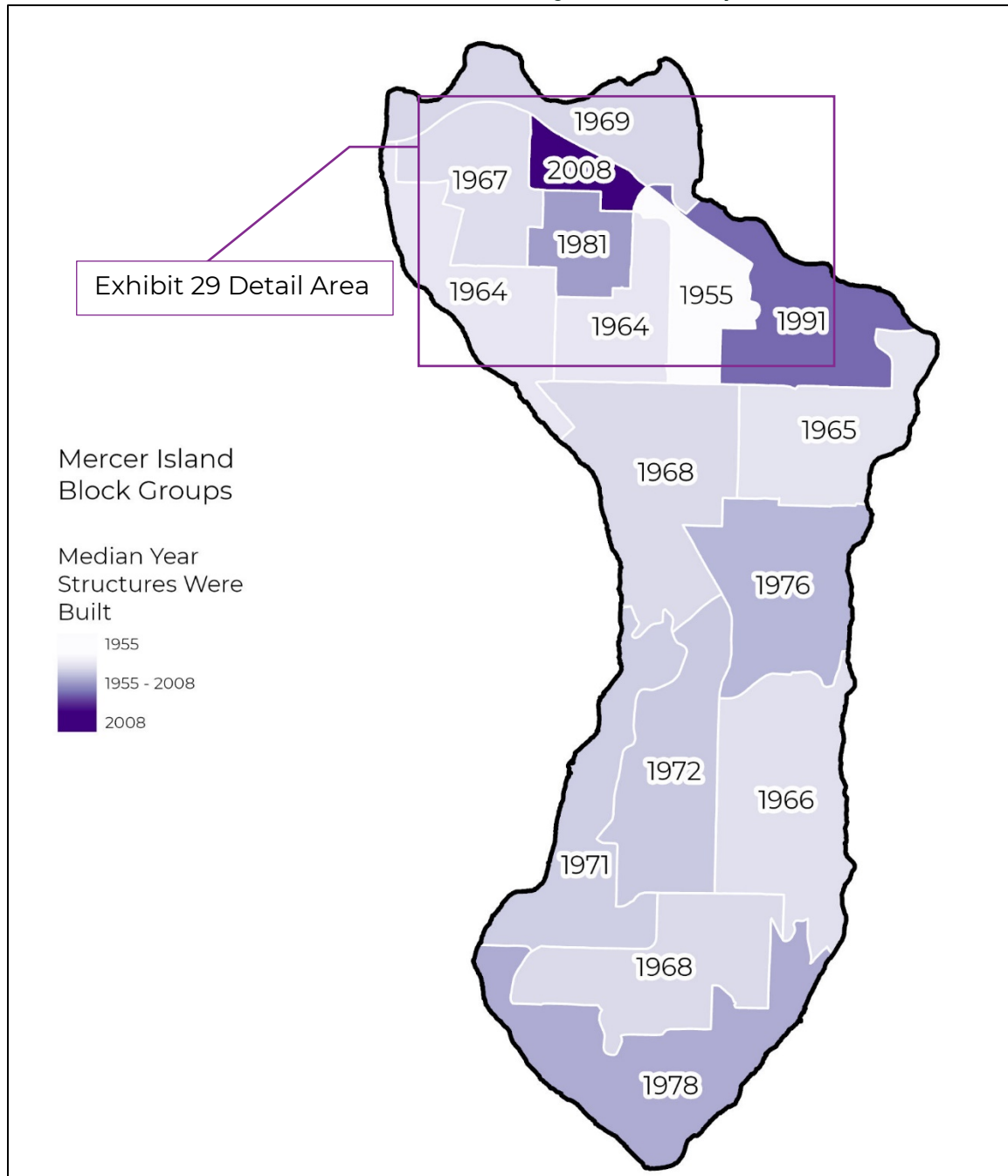
Source: U.S. Census Bureau, 2021 ACS, Table B25003 and Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

### Age of Structures

Areas with older structures are more likely to redevelop. The likelihood of redevelopment of areas with older structures increases when zoning is changed to increase development capacity above what it was when the area was originally developed. Renting households are more likely than homeownership households to be displaced as areas redevelop because they are physically displaced during construction and can be economically displaced by higher rents in newer structures.

Exhibit 28 shows the median year structures were built in each census block group island wide. Exhibit 29 shows the median year structures were built in each census block group with multifamily and mixed-use zones overlaid. Note that Exhibit 29 shows the same data as Exhibit 28 but is zoomed to the multifamily areas in the north of the island.

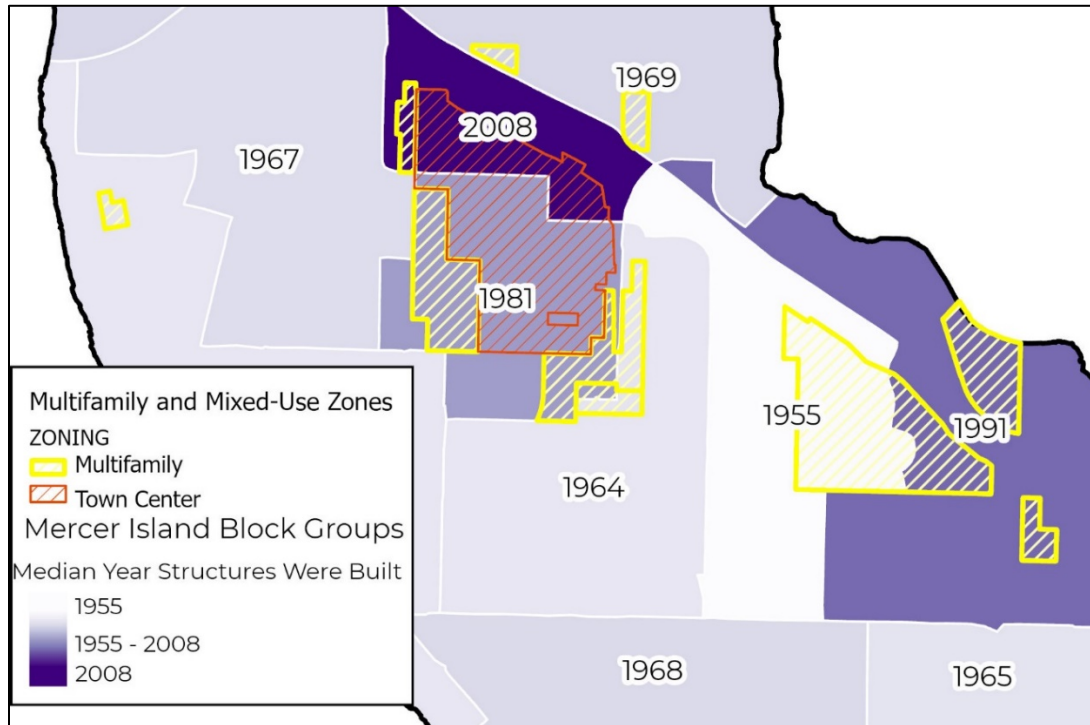
**Exhibit 28. Median Year Structures Built by Block Group.**



Source: U.S. Census Bureau, 2021 American Community Survey, Table B25037.



**Exhibit 29. Median Year Structure Built by Block Group With Multifamily and Mixed-Use Zones.**



Source: U.S. Census Bureau, 2021 American Community Survey, Table B25037 and Mercer Island Zoning Map, current through Ordinance 18C-14, Mercer Island City Code (MICC) Appendix D.

**Development Capacity**

In 2021, King County prepared an Urban Growth Capacity Report (UGC Report) which analyzed the development capacity in urban growth areas throughout the County. Exhibit 30 shows Mercer Island’s housing capacity from the UGC Report. The report finds that 1,073 of Mercer Island’s 1,428 units of housing development capacity are in multifamily and mixed-use zones. This means that the majority of the possible residential development in the City through the planning period is focused in higher-density areas.

**Exhibit 30. Mercer Island Housing Capacity.**

<b>Zone Category</b>	<b>Density Range</b>	<b>Corresponding Zones</b>	<b>Net Residential Capacity</b>
Very Low Density	2.6-3.3 dwellings/acre	R-15 and R-12	120
Low Density	4.6-6.1 dwellings/acre	R-9.6 and R-8.4	235
Medium-Low Density	22.7 dwellings/acre	MF-2L	10
Medium-High Density	26 dwellings/acre	MF-2 and MF-3	535
High Density	100.6-167 dwellings/acre	Town Center Zones	528
Total	-	-	1,428

Source: 2021 UGC Report.

**Summary**

Exhibits 16 through 30 can be summarized as follows:

- Mercer Island housing prices are higher than most neighboring cities and rising for both owner- and renter-occupied housing (Exhibits 16 and 17);
- Most housing units in Mercer Island require an annual household income greater than \$100,000 to be affordable (Exhibit 18);
- Between 2014 and 2019, the supply of units affordable to households earning less than 80 percent of the AMI did not keep up with the increase in number of households in that income range. Housing affordable to households earning between 30 and 50 percent of the AMI had the widest gap in this time period (Exhibit 19);
- 1,296 rental housing units are priced at \$2,000 a month or less, this is a little more than 40 percent of all rental units. Monthly rent at \$2,000 a month would be affordable to households earning \$72,000 a year. (Exhibit 20);
- Around 26 percent of households are housing cost burdened. More renting households are cost burdened than home-owning households. Households earning less than \$75,000 a year are cost burdened at a higher rate than other households (Exhibit 21);
- Households of color are cost burdened at a higher rate than White households (Exhibit 22);
- Black or African American households are severely cost burdened at a much higher rate than other racial groups (Exhibit 22);
- A cost-burdened household is more likely to be severely cost burdened, paying more than 50 percent of its income for housing (Exhibits 21 and 22);
- The PSRC Displacement Risk Mapping Tool categorizes all census tracts in Mercer Island have lower displacement risks compared to tracts throughout the PSRC region (King, Pierce, Snohomish, and Kitsap Counties) (Exhibit 23);

- All of the 29 HUD Housing Choice Vouchers are used in two census tracts on the north end of the island that include Town Center and the area to the east along I-90 (Exhibit 24);
- The majority of Mercer Island is zoned for single-family residential, with mixed-use and multifamily residential zones concentrated near I-90 (Exhibit 25);
- The census tracts surrounding Town Center have the highest percentage of owner-occupied housing in the City, coinciding with the areas zoned for multifamily and mixed-uses (Exhibits 26 and 27);
- The census tract that contains the north end of Town Center has the newest average building age: 2008 (Exhibit 28 and 29);
- Several of the census tracts around Town Center have both a high percentage of renter-occupied housing (Exhibit 27) and average building ages between 42 and 68 years old (Exhibit 28 and 29); and
- Most of the residential development capacity in Mercer Island is provided by the multifamily and Town Center zones (Exhibit 30).

### **Areas at Risk of Displacement**

RCW 36.70A.070(2)(g) requires cities and counties to adopt housing elements that:

“Identifies areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments”.

Displacement occurs when an area redevelops, and existing residents do not return to the area. Displacement typically results from existing residents not being able to afford to stay in the area following redevelopment due to rising costs. Though the overall risk of displacement in Mercer Island is lower than other areas in Puget Sound (Exhibit 23), some households in the City still face displacement risk. Lower-income families are at risk of displacement because the data shows that many households earning less than \$75,000 a year are cost burdened (Exhibit 21). Given their proportionally higher cost-burden rate, households of color in general and Black or African American households in particular, are also at risk of displacement as redevelopment occurs (Exhibit 22). As new development supplants older multifamily, housing costs can rise as new units tend to command higher rent. This market force can make it harder for already cost-burdened households to afford new units, driving displacement. Areas with multifamily or mixed-use development and older buildings, are more likely to redevelop and contribute to displacement.

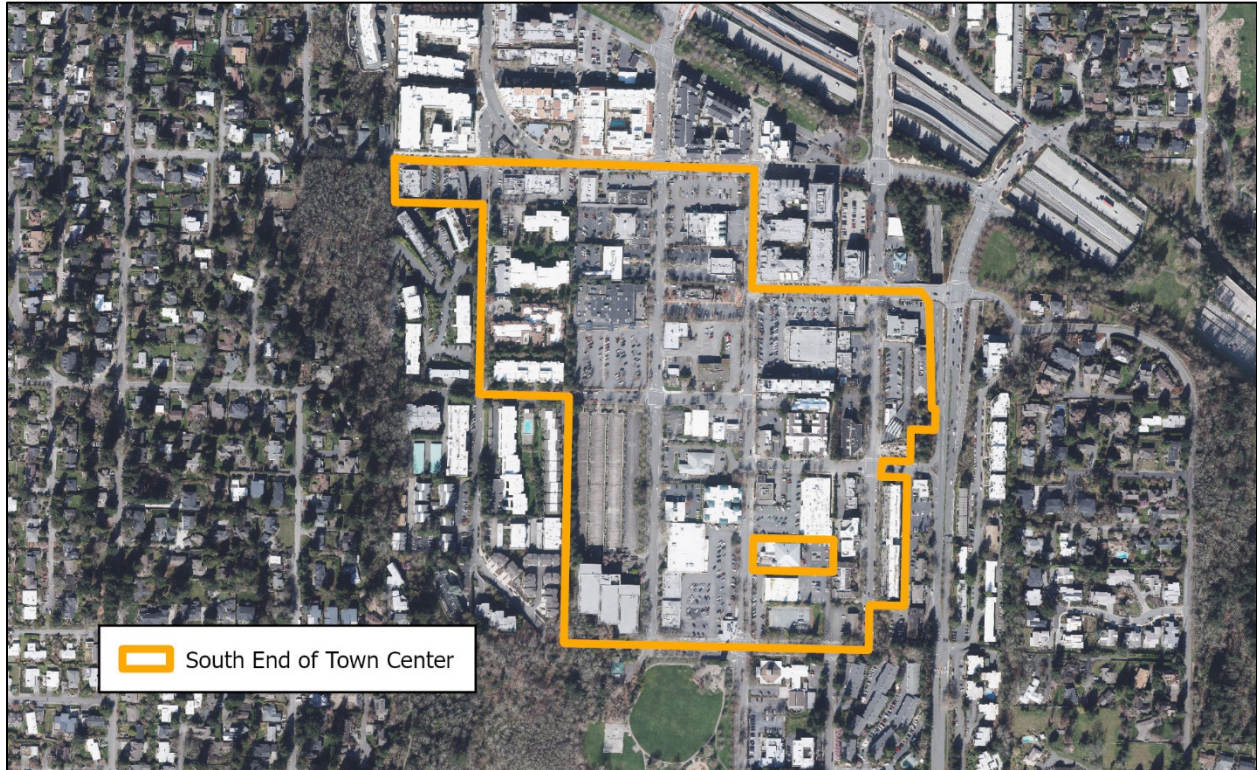
The following areas might be at a higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments:

- The south end of Town Center;
- Multifamily zones adjacent to Town Center; and
- Multifamily zones east of Town Center.

### Area 1: South End of Town Center

Figure 1 shows Area 1.

**Figure 1. South End of Town Center.**



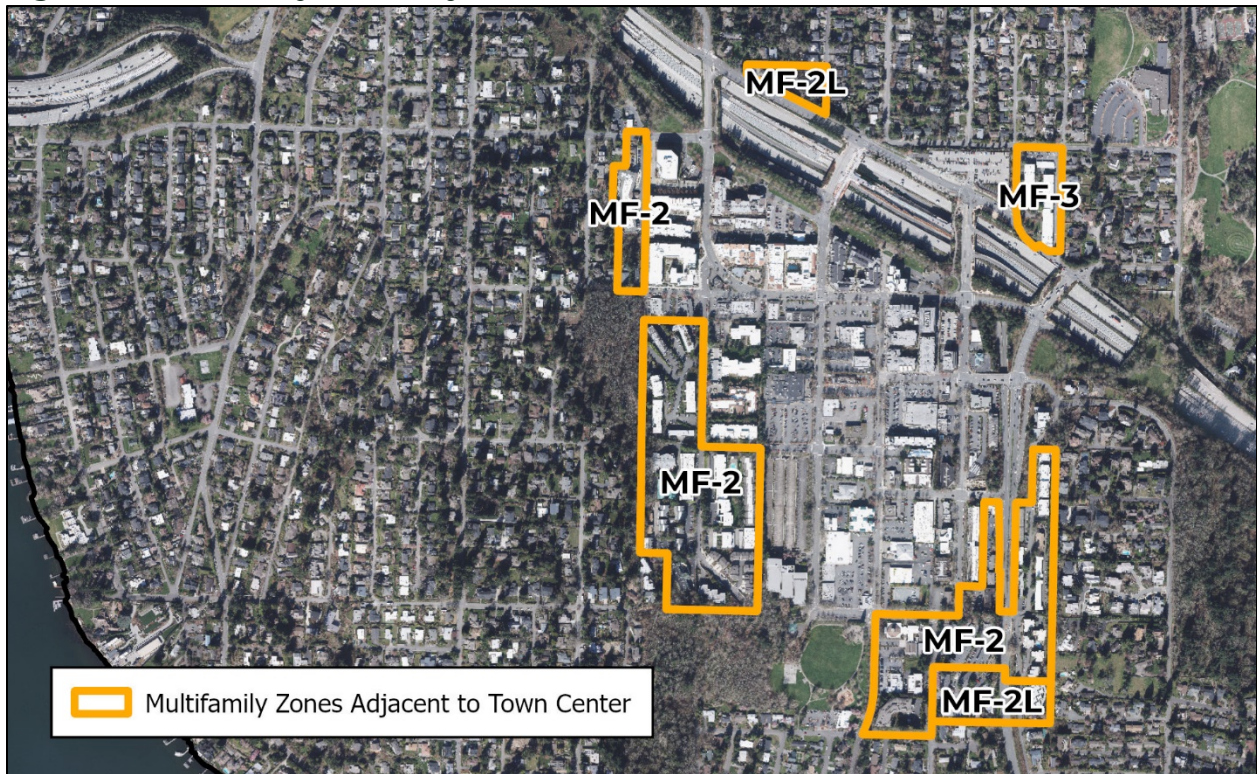
The south end of Town Center has the following characteristics:

- This area is characterized by a mix of commercial buildings and multifamily development;
- Most of this area is in a census tract where 52 percent of dwellings are renter-occupied (Exhibit 27);
- The average age of structures in this census tract is 42 years old (Exhibit 28); and
- Town Center accounts for about 37 percent of all development capacity in the City (Exhibit 30).

### Area 2: Multifamily Zones Adjacent to Town Center

Figure 2 shows Area 2.

**Figure 2. Multifamily Ones Adjacent to Town Center.**



The multifamily zones adjacent to Town Center have the following characteristics:

- These zones are next to the City's primary employment center, an Interstate 90 onramp, and the East Link Light Rail Station;
- Owner-occupied units in this area are likely to be condominiums, a lower-cost option for home ownership;
- These zones are in areas with more renter-occupied dwelling units (Exhibit 27);
- Most of these zones are in census tracts where the average building age ranges between 42 and 59 years old (Exhibit 29); and
- Multifamily zones provide a little less than 40 percent of the development capacity in the City (Exhibit 30).

### Area 3: Multifamily Zones East of Town Center

Figure 3 shows Area 3.

Figure 3. Multifamily Zones East of Town Center.



The multifamily zones east of Town Center have the following characteristics:

- These zones are near Interstate 90 and surrounded by single-family zones;
- These zones are partially separated from Town Center by a large hill and, for those areas in the northeast, Interstate 90;
- The largest multifamily development in these zones is Shorewood;
  - Shorewood is located in a census tract where the average building age is 68 years old (Exhibit 29);
  - King County Assessor's records indicate that most of the buildings at Shorewood are more than 60 years old; and
  - Shorewood is likely the reason that 87 percent of dwelling units in its census tract are multifamily units (Exhibit 27).

## Conclusions

Review of the data highlights the following impacts:

- More renting households are cost-burdened than homeownership households by a margin of 20 percentage points (Exhibit 21);
- Households of color are eight percentage points more likely than White households to be housing cost-burdened (Exhibit 22); and

- Black or African American households in Mercer Island are severely housing cost-burdened at more than double the rate of any other racial group (Exhibit 22).

Some of the likely causes of the identified impacts within the City's capacity to influence are:

- Limited housing supply;
- Access to employment:
  - On-island employment tends to be lower-paying jobs, and
  - Most households commute off-island for work, increasing transportation costs.

### Housing Supply

The housing cost-burden rate for households of color in Mercer Island can be partially explained by the limited supply of lower-cost rental housing, indication that policies which constrain the supply of housing might be causing racially disparate impacts. Exhibit 20 shows that only 297 or about 10 percent of rental units are affordable to households earning around \$54,000 or less annually. At the same time, Exhibit 21 shows that there are about 926 renting households earning below \$50,000 annually, roughly 629 more households than rental units in that price range. The lack of units affordable to households in this income range means they must choose units outside of their affordable price range or move to a lower cost area. This is likely the reason nearly 70 percent of these households are housing cost burdened.

Another disconnect between housing supplied and housing need is highlighted by Exhibits 20 and 21. In 2020, there were 998 rental units priced between \$1,500 to \$2,000 a month (Exhibit 20). These units were priced within a range affordable to households earning between \$54,000 and \$72,000 annually. In 2021, there were 392 renting households earning between \$50,000 and \$75,000 (Exhibit 21). Of those 392 households, 84 percent were housing cost burdened. This suggests that, despite there being enough total units affordable to these households, they are crowded out of that price range. The crowding highlighted by Exhibits 20 and 21 indicates that there are not enough rental housing units to allow households to find housing that can fit their budget.

During the review of housing policies, those that might limit the supply of multifamily and mixed-use housing should be considered for possible amendments. There are a few ways existing policies and their resultant development regulations can affect housing supply. First, maximum density can limit the amount of residential development possible on developable land. Maximum density is set explicitly as a maximum rate of dwellings per acre or implicitly through a minimum lot size and limiting residential uses to single-family development. Other land use regulations such as those that limit building coverage, require landscaped areas, and design standards can also limit the amount of development possible in a given area. Land

use regulations that restrict where higher-density housing is allowed can also limit how many dwelling units are possible in a given area.

### **Access to Employment**

People that work on Mercer Island do not live there by a wide margin. Nearly half of workers on Mercer Island earn less than \$40,000 annually and households in that income range are housing cost-burdened at the highest rates (Exhibits 11, 13, and 21). It is reasonable to assume that some of those workers are precluded from living on Mercer Island by the lack of housing available at their income level. Finding ways to increase supply of housing affordable to households employed on Mercer Island will begin to address the impacts identified in this report. Increasing housing affordable to on-island workers would also help to reduce the barriers to living on Mercer Island for workers already employed on-island.

At the same time, over 90 percent of workers living on Mercer Island commute to jobs outside of the City (Exhibit 11). Though these off-island jobs tend to pay more per Exhibit 13, and housing cost-burden rates reduce for higher-income households, access to transportation infrastructure is an important consideration for these workers. For lower-income households that rely on off-island employment, transportation costs can make it harder to afford increasing housing costs. Development capacity directed at boosting affordable housing supply should be located in areas with access to transportation infrastructure. Policies directed at increasing the supply of more affordable rental housing should aim to place capacity increases in areas with easy access to transportation infrastructure. This can help working people afford to continue living on Mercer Island because it can help mitigate the transportation costs that result from commuting to work.

### **Policy Review**

Cities are required to implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing (RCW 36.70A.070(2)(f)). The policy evaluation in Appendix A analyzes the existing housing policies in the Comprehensive Plan, in light of the data in this report, to identify policies that may need amendments to begin to undo the impacts identified in this report. The evaluation is based on the recommendations in the Commerce guidance.

The policy evaluation in Appendix A is a review of all housing policies in the Housing Element and Land Use Element. In this evaluation, goals and policies are placed into one of three categories. The “Supportive” category are policies that support achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing. The “Approaching” category is for policies that can help achieve the GMA goal for housing but may be insufficient or do not specifically address racially disparate impacts, displacement, and exclusion in housing. Approaching policies will need review and, in some instances, amendment. Finally, the “Challenging” category is for policies that may challenge the City’s ability to achieve the GMA goal for housing. Challenging policies are those that need amendment to address racially disparate impacts, displacement, and/or exclusion.



Based on the evaluation in Appendix A, the following policies will need to be reviewed and potentially amended during the Comprehensive Plan update:

**Housing Element** – Policies 1.1, 1.2, 1.4, 2.5, 2.7

**Land Use Element** – Goal 15, Policies 15.1, 15.2, 15.3, 15.4, 16.5, 30.6

## Next Steps

In addition to making amendments to begin addressing racially disparate impacts, the City will be required to amend housing policies to address other topics. This includes:

- Make adequate provisions for the existing and projected needs of all economic segments of the community as required by RCW 36.70A.070(2)(d), and
- Address middle housing and accessory dwelling units to comply with recent statewide legislation.

### 1. Adequate Provisions

To make adequate provisions for the existing and projected needs of all economic segments of the community the City will identify barriers to housing production and adopt policies to address those barriers. Commerce has provided guidance for identifying barriers to housing production. The Commerce guidance outlines a process of listing barriers such as high cost of land and preparing a list of potential policies to address that barrier such as making surplus city-owned land available for affordable housing development. Prior to drafting the Housing Element, staff will identify barriers to housing production and develop policy options for addressing barriers that can be considered with the draft of the element. The policy options added to the Housing Element that address the identified barriers will constitute adequate provisions for existing and projected housing needs.

### 2. Middle Housing and Accessory Dwelling Units (ADUs)

In 2023, the WA State Legislature enacted House Bills 1110 and 1337. House Bill 1110 requires development code amendments to allow middle housing types in zones that allow single-family residences. House Bill 1337 establishes required development standards for ADUs. Policy amendments may be required by these two bills. The Housing Element will be reviewed during the drafting process to ensure that it is consistent with state law.

Middle housing and ADUs tend to be more affordable dwelling units because they are smaller and carry lower land costs. Because they tend to be more affordable, middle housing units and ADUs can also be considered part of the City's strategy for accommodating housing needs.

## Resources

### Works Cited

- American Psychological Association. (n.d.). *APA Dictionary of Psychology*. American Psychological Association. <https://dictionary.apa.org/>
- Bowden, T.H. (1936, January 10). Commercial Map of Greater Seattle. *Home Owners' Loan Corporation Security Map and Area Descriptions*. map, Seattle, Washington; Kroll Map Company Inc., retrieved December 29, 2022, from <https://cdm16118.contentdm.oclc.org/digital/collection/p16118coll2/id/377>
- Bureau, U. S. C. (n.d.). *Table S1903 MEDIAN INCOME IN THE PAST 12 MONTHS (IN 2021 INFLATION-ADJUSTED DOLLARS)*. Explore census data. Retrieved January 13, 2023, from <https://data.census.gov/table?q=median%2Bincome&g=0400000US53%240500000&tid=ACSSTIY2021.S1903>
- Bureau, U. S. C. (n.d.). *B15003 Educational Attainment For the Population 25 Years and Over*. Explore census data. Retrieved February 7, 2023, from <https://data.census.gov/table?q=educational+attainment&g=1600000US5345005&tid=ACSSTIY2021.B15003>
- Bureau, U. S. C. (n.d.). *S1501 Educational Attainment*. Explore census data. Retrieved February 7, 2023, from <https://data.census.gov/table?q=educational+attainment&g=1600000US5345005&tid=ACSSTIY2021.S1501>
- Bureau, U. S. C. (2022, November 18). *Why We Ask Questions About Race*. Census.gov. Retrieved December 29, 2022, from <https://www.census.gov/acs/www/about/why-we-ask-each-question/race/>
- Bureau, U. S. C. (n.d.). *K201901 Household Income in the Past 12 Months (In 2021 Inflation-Adjusted Dollars)*. Explore census data. Retrieved December 30, 2022, from <https://data.census.gov/table?q=Income%2B%28Households%2C%2BFamilies%2C%2BIndividuals%29&g=1600000US5345005&tid=ACSSE2021.K201901>
- Bureau, U. S. C. (n.d.). OnTheMap. Retrieved December 30, 2022, from <https://onthemap.ces.census.gov/>
- Community Attributes Inc. (CAI) (2022). (tech.). *Housing Needs Assessment*. Mercer Island, Washington: City of Mercer Island.

Housing and Urban Development (HUD), U. S. D. of. (n.d.). *Housing choice vouchers by tract*. HUD Open Data Site. Retrieved January 3, 2023, from [https://hudgis-hud.opendata.arcgis.com/datasets/8d45c34f7f64433586ef6a448d00ca12\\_0/exlore?location=47.586584%2C-122.088271%2C11.77](https://hudgis-hud.opendata.arcgis.com/datasets/8d45c34f7f64433586ef6a448d00ca12_0/exlore?location=47.586584%2C-122.088271%2C11.77)

Housing and Urban Development (HUD), U. S. D. of. (2022, January 11). *Housing Choice Voucher Program section 8*. HUD.gov / U.S. Department of Housing and Urban Development (HUD). Retrieved January 3, 2023, from [https://www.hud.gov/topics/housing\\_choice\\_voucher\\_program\\_section\\_8#:~:text=increase%20landlord%20participation%3F-,What%20are%20housing%20choice%20vouchers%3F,housing%20in%20the%20private%20market.](https://www.hud.gov/topics/housing_choice_voucher_program_section_8#:~:text=increase%20landlord%20participation%3F-,What%20are%20housing%20choice%20vouchers%3F,housing%20in%20the%20private%20market.)

Office of Financial Management, April 1 official population estimates (n.d.). WA State Office of Financial Management. Retrieved December 29, 2022, from <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>.

Office of Performance, Strategy, and Budget, 2021 King County Urban Growth Capacity Report (2021). King County.

Payton, C. (2000, February). *Historylink.org*. King County Historical Bibliography, Part 03: King County Incorporations - HistoryLink.org. Retrieved January 10, 2023, from <https://www.historylink.org/File/7144>

Puget Sound Regional Council. (n.d.). *Displacement risk mapping*. Puget Sound Regional Council Displacement Risk Mapping. <https://www.psrc.org/our-work/displacement-risk-mapping>

Regional Council, P. S., Vision 2050: A Plan for the Central Puget Sound Region (2020). Seattle, Washington; Puget Sound Regional Council.

Washington State Legislature. (n.d.). *Revised Code of Washington, Comprehensive plans—Mandatory elements*. RCW 36.70A.070: Comprehensive plans-mandatory elements. Retrieved December 29, 2022, from <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.070>

Washington State Legislature. (n.d.). *Revised Code of Washington, Planning goals* RCW 36.70A.020: Planning Goals. Retrieved December 29, 2022, from <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.020>

Washington Center for Real Estate Research. (2021). *Housing Market Data Toolkit*. Housing Market Data Toolkit. <https://wcrer.be.uw.edu/housing-market-data-toolkit/>

WA Department of Commerce. (n.d.). *Mercer Island Commerce RDI Tool Export*. Affordable Housing Planning Resources. [https://www.ezview.wa.gov/site/alias\\_1976/37870/rdi\\_data\\_toolkit.aspx](https://www.ezview.wa.gov/site/alias_1976/37870/rdi_data_toolkit.aspx)

WA Dept. of Commerce. (2023, April). Guidance to Address Racially Disparate Impacts. Olympia.

Yoon, A., Lam, B., Du, G., Wu, J., & Harada, Y. (n.d.). *Mapping Race Seattle/King County 1940-2020*. Seattle/king county: Mapping race 1940-2020 - Seattle civil rights and labor history project. Retrieved December 29, 2022, from [https://depts.washington.edu/civilr/maps\\_race\\_seattle.htm](https://depts.washington.edu/civilr/maps_race_seattle.htm)

## References

Rothstein, R. (2018). *The Color of Law: A forgotten history of how our government segregated America*. Liveright Publishing Corporation, a division of W.W. Norton & Company.

UW Seattle Civil Rights & Labor History Mapping Race Seattle/King County 1940 – 2020  
[https://depts.washington.edu/civilr/maps\\_race\\_seattle.htm](https://depts.washington.edu/civilr/maps_race_seattle.htm)

UW Seattle Civil Rights & Labor History Racially Restrictive Covenants  
<https://depts.washington.edu/civilr/covenants.htm>

National Community Reinvestment Coalition (NCRC) HOLC “Redlining” Maps: The Persistent Structure Of Segregation And Economic Inequality  
<https://ncrc.org/holc/>

National Archives Residential Security Maps Archive (HOLC Redline Maps)  
<https://catalog.archives.gov/id/3620183>

ESRI ArcGIS Redlining Map  
<https://www.arcgis.com/home/item.html?id=063cdb28dd3a449b92bc04f904256f62>

“Mercer Island Memories” by Louis T. Corsaletti, Seattle Times Archive  
<https://archive.seattletimes.com/archive/?date=20000127&slug=4001630>

CDC Life Expectancy Mapping  
<https://www.cdc.gov/nchs/data-visualization/life-expectancy/index.html>

# Appendix A: Policy Evaluation

## Policy Evaluation Framework

The policy evaluation in this appendix is a review of all current housing policies in the existing Housing Element and Land Use Element of the adopted 2016 Comprehensive Plan. In this evaluation, goals and policies are placed into one of three categories. The “Supportive” category are policies that support achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing. The “Approaching” category is for policies that can help achieve the GMA goal for housing but may be insufficient or do not specifically address racially disparate impacts, displacement, and exclusion in housing. Approaching policies will need review and, in some instances, amendment. Finally, the “Challenging” category is for policies that may challenge the City’s ability to achieve the GMA goal for housing. Challenging policies are those that need amendment to address racially disparate impacts, displacement, and/or exclusion. This evaluation framework comes directly from the WA Department of Commerce Guidance on HB 1220 implementation for evaluating racially disparate impacts.

The purpose of this policy evaluation is to identify potential policy amendments. The policies labeled approaching or challenging in this policy evaluation will be considered as candidates for amendment during the current Comprehensive Plan periodic review due for completion no later than December 31, 2024.

**Table A.1. Policy Evaluation Framework.**

Evaluation	Criteria
S: Supportive	The policy supports achieving the GMA goal for housing. There is a need for the policy and/or it addresses identified racially disparate impacts, displacement, and exclusion in housing.
A: Approaching	The policy can help achieve the GMA goal for housing but may be insufficient or does not specifically address racially disparate impacts, displacement, and exclusion in housing.
C: Challenging	The policy may challenge the jurisdiction’s ability to achieve the GMA goal for housing. The policy’s benefits and burdens should be reviewed to optimize the ability to meet the policy’s objectives while improving the equitable distribution of benefits and burdens imposed by the policy.
N/A: Not Applicable	The policy does not affect the jurisdiction’s ability to achieve the GMA housing goal and has no influence or impact on racially disparate impacts, displacement or exclusion.

**Table A.2. Housing Element Policy Evaluation.**

Goal or Policy	Evaluation	Explanation
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.		
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.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.	A	The City does not require single family design review, but rather relies on adopted development standards in MICC, Chapter 19. Design review for single-family development can be an unnecessary burden on residential development and can increase total housing costs. Existing development standards control the scale and quality of development without additional design review. If this policy is retained in future drafts of the Housing Element, it should be reworked to be non-suggestive of single-family design review.
Policy 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.	N/A	N/A
Policy 1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.	A	Preservation, maintenance, and revitalization of existing housing stock can serve existing residents, some of whom may be at risk of displacement.

Goal or Policy	Evaluation	Explanation
		Preservation of the existing housing stock may need to be tempered by the need to diversify housing types available to accommodate populations historically excluded from Mercer Island. If this policy is retained in future draft of the Housing Element, it should be reworked to reflect such.
Policy 1.5 Foster public notification and participation in decisions affecting neighborhoods.	S	
Policy 1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas.	N/A	N/A
Goal 2. Provide a variety of housing types and densities to address the current and future needs of all Mercer Island residents.	S	
Policy 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.	S	
Policy 2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.	S	
Policy 2.3 Emphasize housing opportunities, including mixed-use development, affordable housing, accessible housing, and aging in place, in the Town Center.	S	
Policy 2.4 Encourage residential development in mixed use zones through regulatory tools, infrastructure	N/A	N/A

Goal or Policy	Evaluation	Explanation
improvements and incentives. Track residential development over time to ensure policies are effective.		
Policy 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.	A	The lack of defined terms in this policy can be problematic. Additionally, this policy is suggestive of two conflicting ideals – new, vibrant neighborhoods and character of existing development. If this policy is retained in future drafts of the Housing Element it should avoid using undefined terms, be reworked to confirm the addition of housing in the PBZ and CO zones as well as the conveyance of the preferred ideal.
Policy 2.6 Promote accessory dwelling units in single-family zones subject to specific development and owner occupancy standards.	S	
Policy 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.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.	S	
Policy 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.	S	
Goal 3. Support the adequate preservation, improvement, and development of housing for the	S	



Goal or Policy	Evaluation	Explanation
diverse economic and social segments of the Mercer Island community.		
Policy 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.	S	
Policy 3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.	S	
Policy 3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.	N/A	
Policy 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.	S	
Policy 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.	S	
Policy 3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.	S	
Policy 3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable and accessible housing.	S	

Goal or Policy	Evaluation	Explanation
Policy 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.	S	
Policy 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.	S	
Policy 3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.	S	
Policy 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.	S	
Policy 3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and	S	

Goal or Policy	Evaluation	Explanation
City bonding to support development of affordable housing.		
Policy 3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.	S	
Policy 3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.	S	
Policy 3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.	S	
Policy 3.16 Maintain housing developed or preserved using local public resources as affordable for the longest term possible.	S	
Policy 3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.	S	
Policy 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.	S	
Policy 3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.	S	
Policy 3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning	S	

Goal or Policy	Evaluation	Explanation
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).		
Policy 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.	S	
Policy 3.22 Support and plan for special needs housing using federal or state aid and private resources.	S	
Policy 3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.	S	
Policy 3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.	S	
Policy 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.	S	
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.	S	

Goal or Policy	Evaluation	Explanation
Policy 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.	S	
Policy 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.	S	
Policy 4.3 The City of Mercer Island shall cooperate with regional efforts to do an ongoing analysis of the regional housing market.	S	
Policy 4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.	S	
Policy 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.	S	

**Table A.3. Land Use Element Housing Related Policy Evaluation.**

Goal or Policy	Evaluation	Explanation
Goal 5 Encourage a variety of housing forms for all life stages, including townhomes, apartments and live-work units attractive to families, singles, and seniors at a range of price points.	S	
Policy 5.1 Land uses and architectural standards should provide for the development of a variety of housing types, sizes and styles.	S	
Policy 5.2 Encourage development of low-rise multi-family housing in the TCMF subareas of the Town Center.	S	
Policy 5.3 Encourage the development of affordable housing within the Town Center.	S	
Policy 5.4 Encourage the development of accessible and visitable housing within the Town Center.	S	
Policy 5.5 Encourage options for ownership housing within the Town Center.	S	
Goal 15 Mercer Island should remain principally a low density, single family residential community.	C	Having a goal to maintain lower residential densities may make it more difficult to comply with current and future GMA requirements for higher residential densities and the accommodation of affordable housing needs. If this goal is retained in future drafts of the Housing Element, it should be reworked appropriately to reflect GMA direction.

Goal or Policy	Evaluation	Explanation
<p>Policy 15.1 Existing land use policies, which strongly support the preservation of existing conditions in the single family residential zones, will continue to apply. Changes to the zoning code or development standards will be accomplished through code amendments.</p>	<p>C</p>	<p>This policy will likely require amendments to address the changes in the state law from House Bills 1110 and 1337, both enacted in 2023.</p>
<p>Policy 15.2 Residential densities in single family areas will generally continue to occur at three to five units per acre, commensurate with current zoning. However, some adjustments may be made to allow the development of innovative housing types, such as accessory dwelling units and compact courtyard homes at slightly higher densities as outlined in the Housing Element.</p>	<p>C</p>	<p>This policy will likely require amendments to address the changes in the state law from House Bills 1110 and 1337, both enacted in 2023. These bills require cities to permit residential development that will exceed three to five units per acre.</p>
<p>Policy 15.3 Multi-family areas will continue to be low rise apartments and condos and duplex/triplex designs, and with the addition of the Commercial/Office (CO) zone, will be confined to those areas already designated as multi-family zones.</p>	<p>A</p>	<p>The WA Department of Commerce guidance on HB 1220 implementation indicates that higher-density residential zoning is the primary type to accommodate affordable housing needs. Additional areas may need to be considered for multifamily development as the City continues to plan for its assigned affordable housing needs. If this policy is retained in future drafts of the Housing Element, it should be reworked appropriately to reflect GMA direction.</p>
<p>Policy 15.4 As a primarily single family residential community with a high percentage of developed land, the community cannot provide for all types of land uses. Certain activities will be considered incompatible with present uses. Incompatible uses include landfills, correctional facilities, zoos and airports. Compatible permitted uses such as education, recreation, open</p>	<p>A</p>	<p>If this policy is retained in future drafts of the Housing Element, the 'single-family' could be dropped and the policy would have the same effect.</p>

Goal or Policy	Evaluation	Explanation
spaces, government social services and religious activities will be encouraged.		
Goal 16 Achieve additional residential capacity in single family zones through flexible land use techniques and land use entitlement regulations.	S	
Policy 16.1 Use existing housing stock to address changing population needs and aging in place. Accessory housing units and shared housing opportunities should be considered in order to provide accessible and affordable housing, relieve tax burdens, and maintain existing, stable neighborhoods.	S	
Policy 16.2 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.	S	
Policy 16.3 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.	S	
Policy 16.4 Promote accessory dwelling units in single-family districts subject to specific development and owner occupancy standards.	S	
Policy 16.5 Infill development on vacant or under-utilized sites should occur outside of critical areas and ensure that the infill is compatible with the surrounding neighborhoods.	A	The lack of defined terms in this policy can be problematic. If this policy is retained in future drafts of the Housing Element, it should avoid using undefined terms.
Policy 16.6 Explore flexible residential development regulations and entitlement processes that support, and	S	



Goal or Policy	Evaluation	Explanation
create incentives for, subdivisions that incorporate public amenities through the use of a pilot program. The use of flexible residential development standards should be used to encourage public amenities such as wildlife habitat, accessible homes, and sustainable development.		
Goal 17 With the exception of allowing residential development, commercial designations and permitted uses under current zoning will not change.	S	
Policy 17.3 Inclusion of a range of residential densities should be allowed when compatible in the Commercial Office (CO) zones. Through rezones or changes in zoning district regulations, multi-family residences should be allowed in all commercial zones where adverse impacts to surrounding areas can be minimized. Housing should be used to create new, vibrant neighborhoods.	S	
Policy 17.4 Social and recreation clubs, schools, and religious institutions are predominantly located in single family residential areas of the Island. Development regulation should reflect the desire to retain viable and healthy social, recreational, educational, and religious organizations as community assets which are essential for the mental, physical and spiritual health of Mercer Island.	S	
Goal 30 To implement land use development and capital improvement projects consistent with the policies of the comprehensive plan.	S	
Policy 30.1 To focus implementation of the Comprehensive Plan on those issues of highest priority	S	

Goal or Policy	Evaluation	Explanation
to the City Council and community: Town Center development, storm drainage, critical lands protection, and a diversity of housing needs including affordable housing.		
Policy 30.2 To create opportunities for housing, multi-modal transportation, and development consistent with the City's share of regional needs.	S	
Policy 30.3 To make effective land use and capital facilities decisions by improving public notice and citizen involvement process.	S	
Policy 30.4 To continue to improve the development review process through partnership relationships with project proponents, early public involvement, reduction in processing time, and more efficient use of staff resources.	S	
Policy 30.5 To continue to improve the usability of the "Development Code" by simplifying information and Code format; eliminating repetitious, overlapping and conflicting provisions; and consolidating various regulatory provisions into one document.	N/A	N/A

Goal or Policy	Evaluation	Explanation
<p>Policy 30.6 Mercer Island has consistently accepted and planned for its fair share of regional growth, as determined by the GMPC and the King County CPPs. However, build out of the City is approaching, and could occur before 2035 or shortly thereafter. In the future, the City will advocate for future growth allocations from the GMPC which will be consistent with its community vision, as reflected in the Comprehensive Plan and development regulations; environmental constraints; infrastructure and utility limitations; and its remaining supply of developable land.</p>	<p>C</p>	<p>The GMA requires the City of Mercer Island, like all GMA planning jurisdictions, to plan for assigned housing and employment targets. This policy, with its focus on build out, will prove challenging when the City plans for required future housing needs.</p>