

ZTR21-004 Town Center Retail Requirements
Background & Legislative History
As of January 28, 2022

BACKGROUND

In June 2020, the City Council enacted a moratorium on major new construction generally in the southeast quadrant of the Town Center (TC) zoning designation while the City evaluated potential updates and/or amendments to development regulations within the Town Center, including requirements for various types of commercial space.

The current Town Center development regulations were established in June 2016 ([Ordinance No. 16C-06](#)). Per the current code, major new development located north of SE 29th Street in the Town Center must provide ground floor street frontage commercial space for use by retail, restaurant, or personal service (e.g. barber shop, nail salon, fitness center, etc.). Between 40 and 60 percent of the ground floor street frontage north of SE 29th Street must be designed for retail, restaurant, or personal services; 40 percent is required for those major new developments that provide public parking, while 60 percent is required for those developments that do not provide public parking. Commercial space is allowed, but not required, south of SE 29th Street in the TC zoning designation.

LEGISLATIVE TIMELINE

- **June 2, 2020:** The City Council passed [Ordinance No. 20-12](#), which established a 6-month moratorium on major new construction south of SE 29th Street in the TC zoning designation. The City Council indicated that the City desired to possibly complete updates and/or amendments to development regulations within the Mercer Island Town Center, including requirements for various types of commercial space.
- **July 21, 2020:** The City Council completed the required Public Hearing for Ordinance No. 20-12 on the Town Center Moratorium and directed staff to prepare an amended interim Ordinance reducing the size of the geographic area subject to moratorium and include additional findings of fact.
- **September 1, 2020:** The City Council adopted [Ordinance No. 20-18](#) with a reduced size of the geographic area subject to moratorium and included additional findings of fact. Additionally, the City Council provided direction to staff to prepare a scope of work for a Town Center commercial analysis to inform options for resolving the moratorium and a corresponding budget appropriation request.
- **November 17, 2020:** The City Council completed the required Public Hearing and adopted [Ordinance No. 20-26](#) renewing the moratorium for another 6-month period with its current geographic area as previously amended.
- **December 1, 2020:** The City Council adopted [Ordinance No. 20-29](#), the 2021-22 Biennial Budget. Included in the budget is a \$50,000 one-time appropriation for qualified professional services to perform a Town Center commercial analysis and support the completion of any necessary updates and/or amendments to development regulations within the Mercer Island Town Center to be responsive to the moratorium. The City Council also approved [Resolution No. 1594](#), establishing the 2021 docket for amendments to the Comprehensive Plan and development regulations. Included in the docket is a placeholder for amending the Town Center Sub-Area Plan and corresponding development regulations as necessary to be responsive to the moratorium.

- **April 6 and 20, 2021**: The City contracted with the firm Community Attributes, Inc. (CAI) to analyze the demand for additional ground floor commercial uses and the feasibility of requiring such uses in new buildings. On April 6, the City Council received a presentation on the findings of this analysis and commenced discussion ([AB 5841](#) and [associated presentation](#)). Further City Council discussion ensued on April 20, and the Council directed staff to complete additional analysis and to research legislative options in addition to a “no net loss” option.
- **May 4, 2021**: The City Council completed the required Public Hearing and adopted [Ordinance No. 21-09](#) renewing the moratorium for another 6-month period with its current geographic area as previously amended.
- **July 6, 2021**: Staff presented a number of legislative options to City Council ([AB 5910](#) and [associated presentation](#)). Council provided further direction to review and propose:
 - Updates to [MICC 19.11.020\(B\)](#) Retail Use Required Adjacent to Street Frontages;
 - A new TC commercial Floor Area Ratio (FAR) requirement; and
 - The applicability of a new TC “no net loss” requirement.
- **September 21, 2021**: The City Council directed staff to work with the Planning Commission to develop the necessary code amendments to [MICC 19.11.020\(B\)](#), including updating [MICC 19.11.020\(B\)](#) Figure 2 Retail Use Required Adjacent to Street Frontages; instituting a Town Center Commercial FAR requirement; and adding a selective “No Net Loss” provision ([AB 5933](#) and [associated presentation](#)).
- **September 22, and October 20, 2021**: Staff presented the necessary code amendments to implement the City Council direction to the Planning Commission for review and comment. (Video recordings: [September 22](#) and [October 20](#))
- **November 3, 2021**: The Planning Commission completed the required Public Hearing, deliberated the proposed amendments, and voted 5-1 on a recommendation to send to the City Council to not adopt the proposed amendments on November 16. ([Video recording](#))
- **November 16, 2021**: The City Council adopted [Ordinance No. 21C-27](#), which renews the moratorium for an additional 6-month period with its current geographic area as previously amended ([AB 5976](#)), held the required Public Hearing, and conducted the first reading of Ordinance No. 21C-28 ([AB 5977](#)).
- **December 7, 2021**: The City Council conducted the second reading of Ordinance No. 21C-28 and remanded the ordinance back to the Planning Commission for a new public hearing and recommendation ([AB 5985](#)).
- **January 26, 2022**: The Planning Commission participated in a working session to provide comments and questions related to the amendments proposed and direction given by the City Council in preparation for a new public hearing on February 16.