CALL TO ORDER & ROLL CALL 7:00 PM

APPEARANCES
This is the time set aside for members of the public to speak to the Commission about issues of concern. If you wish to speak, please consider the following points:

- Speak audibly into the podium microphone
- State your name and address for the record
- Limit your comments to three minutes

The Commission may limit the number of speakers and modify the time allotted. Total time for appearances: 15 minutes

APPROVAL OF MINUTES
Minutes from July 23, 2014

REGULAR BUSINESS 7:10 PM

Agenda Item #1: 2015 Comprehensive Plan Update
Discussion of changes to the Housing Element of the 2005 Comprehensive Plan, required by the Growth Management Act and to ensure consistency with regional plans.

OTHER BUSINESS
Staff Comments
Planned Absences for Future Meetings
Announcements & Communications
Next Regularly Scheduled Meeting: August 20, 2014

ADJOURN
CALL TO ORDER:
Chair Friedman called the meeting to order at 7:02 PM in the Council Chambers at 9611 SE 36th Street, Mercer Island, Washington.

ROLL CALL:
Chair Jon Friedman, Vice-Chair Richard Weinman, and Commissioners Bryan Cairns, David McCann, Craig Olson, and Suzanne Skone were present. Commissioner Steve Marshall was not in attendance. City staff was represented by Christina Schuck, Assistant City Attorney; Scott Greenberg, Development Services Director; and Travis Saunders, Planner.

MINUTES:
Vice Chair Weinman moved to approve the minutes from the July 16, 2014 meeting. Commissioner Cairns seconded the motion. The Commission unanimously approved the minutes.

APPEARANCES:
None

REGULAR BUSINESS:
Agenda Item #1 – Open Record Appeal Hearing (APL14-002)
Open record hearing regarding an appeal of a preliminary short plat approval (SUB13-008), located at 7254/7260 North Mercer Way.

Chair Friedman opened the public hearing at 7:04 PM and discussed time limits with the Appellant and the Applicant.

At 7:07 PM, Chair Friedman swore in all parties wishing to testify during the course of the hearing.

Christina Schuck, Assistant City Attorney, asked the Commissioners if they had any potential appearance of fairness or conflict of interest issues. All Commissioners responded no.

Travis Saunders, Planner, provided a staff presentation and answered questions from the Planning Commission.

Daniel Thompson, Appellant, 7265 North Mercer Way, Mercer Island WA, 98040, provided testimony.

Mario Bianchi, Lasher, Holzapfel, Sperry and Ebberson, 601 Union Street, Suite 2600, Seattle, WA 98101, representing the Applicant, provided testimony.

Daniel Thompson, Appellant, of 7265 North Mercer Way, Mercer Island WA, 98040, provided rebuttal.
Mario Bianchi, Lasher, Holzapfel, Sperry and Ebberson, 601 Union Street, Suite 2600, Seattle, WA 98101, representing the Applicant, provided rebuttal.

Christina Schuck, Assistant City Attorney, responded to legal assertions by the Appellant.

Chair Friedman opened public testimony at 8:25 PM.

Emily Thompson of 7265 North Mercer Way, Mercer Island, WA 98040 provided testimony.

Ted Misselwitz of 7250 North Mercer Way, Mercer Island, WA 98040 provided testimony.

Leif Anderson, Anderson Architecture, 20822 Damson Road, Lynnwood, WA 98036, representing the Applicant, provided testimony.

Eileen Forester, True North Land Surveying, 815 Weller Street, Seattle, WA 98104, representing the Applicant, provided testimony.

The Commission asked questions of staff, the Appellant, and the Applicant.

Chair Friedman closed the record at 9:32 PM.

The Commission discussed the appeal.

Vice-Chair Weinman provided the following motion: The Planning Commission adopts the Findings of Fact and Conclusions of Exhibit 1 for the preliminary short plat approval identified by project number SUB13-008, confirming City staff’s approval, without modification.

Commissioner Olson seconded the motion.

The Commission discussed the motion.

The motion passed 5-1, with Commissioner McCann apposed.

STAFF COMMENTS:
The City Council approved the 2014 Planning Commission Work Program.

ANNOUNCEMENTS AND COMMUNICATIONS:
The Commission discussed addressing the City Council to direct staff to develop a revision to the definition of “Tract” in MICC 19.16.010.

Vice Chair Weinman provided the following motion: Request the City Council to direct staff to narrow the definition of tract in short plats as it relates to vehicular access.

The motion was seconded by Commissioner Olson.

The Commission discussed the motion.

Chair Friedman moved to amend the motion to read: Request the City Council to direct staff
to restrict the definition of tract in short plats as it relates to vehicular access.

Commissioner Cairns seconded the amended motion.

The amended motion passed unanimously.

Commissioner Cairns provided a brief report regarding the July 21, 2014 City Council meeting.

**NEXT MEETING:**
There next regularly scheduled meeting is August 6, 2014.

**PLANNED ABSENCES FOR FUTURE MEETINGS:**
Commissioner McCann will not be at the August 6th meeting.

**ADJOURNMENT:**
The Planning Commission meeting was adjourned at 10:23 PM.

Respectfully submitted by Travis Saunders, Planner
To: Planning Commission  
From: Lindsay Brown, Planner  
Subject: Agenda Item 1 – 2015 Comprehensive Plan Update: Housing Element  
Date: August 6, 2014

2. 2005 Comprehensive Plan Housing Element with proposed changes in “track changes” format

Summary  
Planning staff has made changes to a few policies and the text of the Housing Element of the Comprehensive Plan, based on Commissioner direction during and after the July 16, 2014 Planning Commission meeting.

Changes made since July 16, 2014
I. Introduction  
The Land Use Assumptions section was updated to include the number of housing units constructed since 2006, counting against our growth target requirement of being able to accommodate up to 2,000 new housing units on Mercer Island between 2006 and 2031.

II. Planning Context  
No significant changes were made to this chapter.

III. Neighborhood Quality  
No significant changes were made to this chapter.

IV. Housing Supply  
Repetitious references to cottage or cluster housing were deleted from this chapter, and a paragraph of the Housing Affordability and Availability section was updated to reflect the history of the City’s consideration of cottage housing since 2004.

V. Housing Options  
Repetitious references to cottage or cluster housing were deleted from this chapter, and two local resources policies were changed. Policy 3.8 was updated to reflect the City’s monetary contributions to ARCH, funding affordable housing development in Eastside cities. Policy 3.11 was modified to expand the mechanisms available to the City in considering different housing types in the future, and the requirements that
demonstration projects need to be located in single family neighborhoods and at higher densities were deleted.

VI. Implementation/Tracking
No significant changes were made to this chapter.
## Policy Matrix of Proposed Changes to 2005 Comprehensive Plan - Housing Element

City of Mercer Island

<table>
<thead>
<tr>
<th>Housing Element Policies</th>
<th>If action proposed, why?</th>
<th>Proposed Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section: Housing Supply</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 2</td>
<td>Provide a variety of housing types to address the current and future needs of all Mercer Island residents.</td>
<td>Edit to be more consistent with GMA language.</td>
</tr>
<tr>
<td>2.3</td>
<td>In order to increase the supply of housing and the diversity of housing the City should emphasize housing opportunities, including mixed-use development, in the Town Center.</td>
<td>Add affordable housing and special needs housing consistent with CPP H-5(f).</td>
</tr>
<tr>
<td>2.5 MPP H-5</td>
<td>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 expanding the City’s recent Code revision allowing Retirement Homes in the CO Zone to allow other appropriate multifamily uses, maintaining compatibility with specific development conditions.</td>
<td></td>
</tr>
<tr>
<td>2.9 CPP H-1</td>
<td>Strive to meet future affordable housing goals as dictated by GMA and King County (GMPC). Based on a 2001–2022 planning target of 1,437 new units: ♦ 344 units would be needed for those families with incomes under 50% of County median income (24% of new units). ♦ 244 units would be needed for those with incomes between 50 and 80% of County median income (17% of new units).</td>
<td>Update based on updated CPPs H-1, H-2, and H-5(d).</td>
</tr>
<tr>
<td>Section: Housing Options</td>
<td>Consistency with CPP H-2.</td>
<td>Work to increase the base of both public and private dollars available on a regional level for affordable housing. (See Appendix G – Mercer Island Human Services Strategic Plan 1999–2000)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3.5 Regional Funding</td>
<td>Work to increase the base of both public and private dollars available on a regional level for affordable housing, especially housing affordable to very low income households. (See Appendix G – Mercer Island Human Services Strategic Plan 1999–2000)</td>
<td></td>
</tr>
<tr>
<td>3.8 Leverage</td>
<td>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 that will serve Mercer Island residents. Including housing for very low income households.</td>
<td></td>
</tr>
<tr>
<td>3.11 Demonstration Project</td>
<td>By Commissioner suggestion.</td>
<td>Adopt an interim ordinance enabling a demonstration project that would allow the development of one innovative housing project, e.g. compact courtyard housing, attached single family housing, or smaller lot housing, in a single-family neighborhood to examine the feasibility and desirability of allowing additional housing options to address the changing demographics on Mercer Island. Such project should include smaller single-family units, at slightly higher densities, which include common open space and other amenities, and are subject to strict design review. Following successful completion of a demonstration project, the City will engage in a policy discussion concerning extension of similar forms of housing to additional single-family areas. About expanding innovative housing opportunities.</td>
</tr>
<tr>
<td></td>
<td>3.18</td>
<td>CPP H-5(e)</td>
</tr>
<tr>
<td>---</td>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>3.19</td>
<td>CPP H-5(e)</td>
</tr>
</tbody>
</table>

### Section: Implementation/Tracking

#### Strategy Plan

| 4.1 | Adopt a housing "Strategy Plan and Work Program," at least every five years, which identifies specific housing strategies that will be considered in order to address the city's housing needs and goals. | CPP H-18 requires us to consider implementation strategies every 5 years. We should do this on a cycle immediately following buildable lands (same time horizon, simplification of data analysis). | 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 affordable housing. |

#### Production Data

| 4.2 | The City shall track production and demolition of housing on an ongoing basis. This information shall be maintained in a housing data base. | Clarifying edit, CPP H-17 compliance. | The City shall track production and demolition of housing on an ongoing basis. This information shall be maintained in a housing data base. Track key indicators of housing supply, affordability and diversity. Key indicators include but are not limited to housing production, demolition, conversions and rezones, in addition to units affordable to moderate, low, and very low income households. |
Selected Countywide Policies

H-1  Address the countywide need for housing affordable to households with moderate, low and very-low incomes, including those with special needs. The countywide need for housing by percentage of Area Median Income (AMI) is:
- 50-80% of AMI (moderate) 16% of total housing supply
- 30-50% of AMI (low) 12% of total housing supply
- 30% and below AMI (very-low) 12% of total housing supply

H-2  Address the need for housing affordable to households at less than 30% AMI (very low income), recognizing that this is where the greatest need exists, and addressing this need will require funding, policies and collaborative actions by all jurisdictions working individually and collectively.

H-5  Adopt policies, strategies, actions and regulations at the local and countywide levels that promote housing supply, affordability, and diversity, including those that address a significant share of the countywide need for housing affordable to very-low, low, and moderate income households. These strategies should address the following:
   a. Overall supply and diversity of housing, including both rental and ownership;
   b. Housing suitable for a range of household types and sizes;
   c. Affordability to very-low, low, and moderate income households;
   d. Housing suitable and affordable for households with special needs;
   e. Universal design and sustainable development of housing; and
   f. Housing supply, including affordable housing and special needs housing, within Urban Centers and in other areas planned for concentrations of mixed land uses.
H-17 Monitor housing supply, affordability, and diversity, including progress toward meeting a significant share of the countywide need for affordable housing for very-low, low, and moderate income households. Monitoring should encompass:

a. Number and type of new housing units;

b. Number of units lost to demolition, redevelopment, or conversion to non-residential use;

c. Number of new units that are affordable to very-low, low-, and moderate-income households;

d. Number of affordable units newly preserved and units acquired and rehabilitated with a regulatory agreement for long-term affordability for very-low, low-, and moderate-income households;

e. Housing market trends including affordability of overall housing stock;

f. Changes in zoned capacity for housing, including housing densities and types;

g. The number and nature of fair housing complaints and violations; and

h. Housing development and market trends in Urban Centers.

H-18 Review and amend, a minimum every five years, the countywide and local housing policies and strategies, especially where monitoring indicates that adopted strategies are not resulting in adequate affordable housing to meet the jurisdiction’s share of the countywide need.
2.1. INTRODUCTION

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

Land Use Assumptions

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

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

The Housing Element is coordinated with the Land Use element and land use map, recognizing the City’s 20-year growth target of 1,437 growth target of 2,000 new housing units set by the Growth Management Planning Council, and a local 20-year forecast of 1,856 new housing units.

The 2014 Buildable Lands Report identifies capacity for 2,271 additional new housing units on Mercer Island, which is sufficient to meet the City’s household growth target, as well as the more recently generated housing forecast.

Based on 2002 estimates of land use capacity, current zoning will allow for 1,280 accommodates 614 single family units (65.30.6% of total capacity), and 680-143 multifamily units (34.71% of total capacity), and 1,247 units (62.3% of total capacity) in mixed-use and multifamily developments in the Town Center. Between 2006 and 2012, 702 new housing units were constructed, helping the City meet its growth target and leaving a remaining capacity of 1,302 units. However, due to recent development activity and trends as of 2005, the City is reviewing assumptions about multifamily capacity in the Town Center. It is expected that
multifamily capacity is significantly higher than originally estimated.

Based on a preliminary analysis of those parcels which currently have an improvement to land valuation of .5 or less and are not in public or utility ownership, the City believes that there may be capacity in the Town Center for as many as 1,300 additional multifamily units. Future assumed densities for this preliminary figure were based on the density of recently permitted projects (2/3 mixed-use, 1/3 commercial only). This capacity is in addition to those projects which are currently under construction.

Achieving the City’s 20-year growth target of 34,372,000 households by 2031 through growth in the community’s housing stock is consistent with regional land use and transportation plans.

**Targeted Housing Growth**

One strategy of this housing element is to focus a significant percentage of the Island’s 20-year-projected growth into the Town Center and surrounding multifamily areas. This strategy puts less growth pressure on existing single family neighborhoods; provides opportunities to address some of the community’s changing demographics (e.g., more smaller households, aging population); and multifamily development can help meet the City’s housing affordability goals.

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

This Housing Element plans for projected growth in ways that will mirror the City’s existing residential character of single-family residential, multifamily residential in multifamily zones, and multifamily and mixed-use in the Town Center. It includes new and infill development of traditional and, potentially on a more limited basis, innovative single-family housing types (e.g., accessory dwelling units and compact courtyard homes) in single-family areas; as well as rental and condominium multifamily housing in the Town Center and in multifamily areas that ring the Town Center and in CO and PBZ zoning districts.

**Housing Characteristics**

Of the 8,8069,930 housing units reported by the 2010 Census, 73.97-5% are single family and 26.12%-5% are multifamily units. Between 1992 and 2002 and 2006 and 2012, 74.8% of new permits issued in Mercer Island were for multifamily housing consistent with the housing strategy since 2005 of focusing much of the housing growth in the Town Center and multifamily zones.

---

1 Appendix, Exhibit L-1
2 2014 Buildable Lands Report
While Mercer Island has issued a lower proportion of multifamily permits than other cities in East King County (overall 63%), it is an increase from the previous decade when only about 22% of new permits in Mercer Island were multifamily. Mercer Island’s housing stock includes 167 permitted accessory dwelling units, 139 persons in institutional care (nursing home), one federally subsidized Section 8 apartment complex with 59 units for seniors, and 68 units of retirement housing. There are no formal estimates of the number of group homes, however, 279 people indicated that they lived in group quarters in the 2010 Census.

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

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

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

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

In addition to the Point Cities, Newcastle (15% MF) and Sammamish (38% MF) were equal or less than Mercer Island (ARCH permit survey).

Appendix, Exhibit L-1

2014 Buildable Lands Report
II. PLANNING CONTEXT

Growth Management Act

The Growth Management Act (GMA) requires the City to create a 20 year planning document. This plan must include a housing element that makes provisions for existing and projected housing needs. The State’s GMA goal is to encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock. The State’s GMA goal is to:

- Ensure housing for all economic segments of the population of this state
- Participate in making available a fair share of affordable housing, including affordable housing for people with special needs
- Promote zoning classifications which allow a variety of residential densities and housing types
- Encourage preservation of existing housing stock
- Assure that housing complies with local, state, and federal fair housing laws

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

Policies to allow new innovative and single-family compatible housing types have been proposed for single family neighborhoods. The Town Center and CO zoning districts have also been targeted as an area for additional multi-family housing opportunities.

Countywide Planning Policies

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

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

“All jurisdictions shall provide for a diversity of housing types to meet a variety of needs and provide for housing opportunities for..."
all economic segments of the population.
All jurisdictions shall cooperatively establish
a process to ensure an equitable and
rational distribution of low-income and
affordable housing throughout the County
in accordance with land use policies,
transportation, and employment locations."

The countywide need for housing by
percentage of area median income is shown
in Table 1, located in Section IV. Housing
Supply: Housing Affordability & Availability.
The CPPs also specify the amount of
affordable housing jurisdictions should plan
for:

“Each jurisdiction shall plan for a number of
housing units affordable to households with
incomes between 50 and 80 percent of the
County median household income that is
equal to 17 percent of its projected net
household growth. In addition, each
jurisdiction shall plan for a number of
housing units affordable to households with
incomes below 50 percent of median
income that is either 20 percent or 24
percent (24 percent for Mercer Island) of its
projected net household growth."

While these goals are aggressive, they
reflect the countywide income mix of all
households.

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

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

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

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

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

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

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

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

Mercer Island single family neighborhoods pride themselves on their narrow, quiet streets and dense plantings. The City protects these neighborhoods through development regulations and other city codes which restrict the bulk and scale of buildings, control noise and nuisances, minimize the impact of non-residential uses and help preserve the natural environment. Parks, open spaces and trails also contribute to the neighborhood quality.
Through citizen boards, commissions and special task forces, the City encourages neighborhood participation in protecting and enhancing neighborhood quality. A matching grant program from the Beautification Fund encourages landscape plantings and other amenities.

Single family neighborhoods are dependent on cars as the primary transportation to jobs, transit stations, and commercial goods and services. Current and future provision and maintenance of roads, utilities and other public services are necessary to maintain residential access to all amenities.

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

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

1.2 Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.

1.3 Promote quality, community friendly Town Center, CO and PBZ district residential development through features such as pedestrian and transit connectivity, and enhanced public spaces.

1.4 Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.

1.5 Foster public notification and participation in decisions affecting neighborhoods.

1.6 Provide for roads, utilities, facilities and other public and human services to meet the needs of all residential areas. *(See Appendix G—Mercer Island Human Services Strategic Plan 1999 – 2000)*
IV. HOUSING SUPPLY

Demographic Changes

Mercer Island’s population changed very little (just 3%) from 2000 to 2010, but the number of households grew by 15%\(^5\). This implies smaller households, which is reflected in the city’s household types. A majority of Mercer Island households (61%) consist of only one or two persons. This compares to 58% in 2000 and 49% in 1980, and is consistent with overall smaller households in most parts of the County.\(^6\)

What differentiates Mercer Island from other East King County (EKC) cities (aside from the Point Cities) is the relatively high percentage of married couples without children—35% of all households\(^7\). As in other “maturing suburbs” (typically incorporated before 1990, little or no annexation), the city has many empty nesters who continue to live where they raised their families. And unlike most of the rest of East King County, Mercer Island experienced an actual small decline in married couples with children.

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

\(^5\) Appendix, Exhibits A and B
\(^6\)1980, 2000 and 2010 Census
\(^7\)Chart M-1, Needs Analysis Supplement and Appendix, Exhibit B

The Mercer Island population is expected to increase by about 10% to 19% between 2000 and 2020.\(^8\) In addition, the housing needs of some of Mercer Island residents may change significantly over the next twenty years. There was a 131% increase in the total number of seniors living on Mercer Island between 1980 (1,779 people over 65) and 2000, (4,114 people over 65) even though the total population increased only about 2%. In comparison, King County experienced a 40% increase in senior population between 1980 and 2000.

Mercer Island’s percentage of seniors has gone from 8.3% (less than the countywide average) to over 18.5%, well over the countywide average and the highest percent in East King County.

From 1980 to 2000, Mercer Island has seen a significant decrease in population aged 21 to 35 (16.0% to 8.7%). The Countywide figures for the same time period show a decrease from 29.7% to 23.7%. This indicates that Mercer Island has historically had a relatively low percentage in the 25 to 35 age group that has become even more pronounced in the last twenty years. This trend can also be seen in the 35 to 45 age group. For this age group, Mercer Island has seen a shift from having a higher percentage compared to countywide averages in 1980 (16.7% vs. 12.6%), to having a lower percentage (15% vs. 17.8%).

Mercer Island does have a relatively high percentage of married households with children, but they comprise only 30% of all households. The total percentage of

\(^8\)Puget Sound Regional Council, Residential Forecasts 12/18/03, City of Mercer Island local housing and population forecast 12/3/04.
households with children also decreased from 42% in 1980 to 35% in 2000. (30% MI households are married with children and 5% MI households are single-parent with children). A majority of Mercer Island households (58%) consist of only one or two persons. This compares to 49% in 1980 and is consistent with overall smaller households in most parts of the County.9

Simply stated, Mercer Island households were older and smaller in 2010 than they were 320 years before, and that trend is not expected to change. Mercer Island's challenge is to provide a variety of housing opportunities in a community that has limited capacity for new development and does not anticipate or desire any significant changes to its existing residential areas.

Several policies are outlined in subsequent sections of the housing element to address these changing needs. These include allowing new multifamily housing in the downtown and surrounding multifamily zones, encouraging the continued use of accessory dwelling units, providing opportunities for senior housing, and enabling innovative forms of single family housing. These forms of housing, both rental and ownership, may provide some alternatives for smaller households, including households looking to downsize from single family homes.

Innovative housing types, including compact courtyard homes and accessory units, are another way Mercer Island seeks to maintain its existing neighborhood quality while providing new opportunity. An accessory unit built into an existing home can provide a separate living unit that provides additional income to the home owner as well as more affordable living for renters.

91980 and 2000 Census
## Housing Affordability & Availability

### Table 1.

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

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

### Table 2.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Below 50%</td>
<td>Below-$32,900</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>Moderate</td>
<td>50% to 80%</td>
<td>$32,900-$52,640</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Median</td>
<td>80% to 120%</td>
<td>$52,641-$78,960</td>
<td>20%</td>
<td>14%</td>
</tr>
<tr>
<td>Above Median</td>
<td>Above 120%</td>
<td>Above-$78,960</td>
<td>41%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: 2000 Census, HUD 2000 Income Guidelines for King County, and ARCH

Mercer Island has the challenge of supplying housing affordable to all economic segments of the population. "Housing affordability" is relative to household income. **Table 1 defines the most commonly used income groups as well as the percent of Mercer Island’s and King County’s population that fell into each category in 2000**.10

It is an accepted standard that total housing costs should not exceed 30 percent of total gross household income. Typically, the lower the household income, the greater percentage of income paid to housing costs and vice-versa.

---

102000 Census

---

- In Mercer Island in 2000, 58% of households earning $35,000 per year or less paid more than 35% of their income toward housing costs. Conversely, over 60% of households earning more than $75,000 paid less than 20% of their income for housing.

Average rents on the Island rose 53% since 2000, taking Mercer Island from one of the more affordable places to rent in EKC to one of the most expensive11. Virtually none of the city’s multi-family housing built since 1994 was affordable to moderate-income households12. Sixteen percent (16%) of the city’s rental housing is still affordable to low-income households—slightly higher than the EKC average—but 62% are too

---

11 Appendix, Exhibit P-2
12 Appendix, Exhibit N-2
expensive for moderate-income households, compared to 41% in EKC\textsuperscript{13}.

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

Outside the Point Cities, only Sammamish had a higher median household income or proportion of incomes greater than 120% of median in 2011\textsuperscript{14}. Nevertheless, “housing cost-burden”\textsuperscript{15} is more common (40%) among Mercer Island renters than the rest of EKC (37%). The same holds true at the higher level of “severe cost burden”\textsuperscript{16}. Cost burden is lower among homeowners, but as in most cities, that rate increased significantly during the recent recession. As in other East King County cities, cost-burdened households are primarily lower-income and relatively young (under 25 years of age) or relatively old (65 or over). In Mercer Island, as in most communities in East King County, the vast majority of housing affordable to low and moderate income families is rental housing.

Over the past decade price increases for both rental and ownership housing on

\textsuperscript{13} Appendix, Exhibit M-2
\textsuperscript{14} Appendix, Exhibit F-1
\textsuperscript{15} See Section I, page I-10, for definitions of housing cost burden and severe cost burden.
\textsuperscript{16} Appendix, Exhibit H-4

Mercer Island have outpaced income increases. Between 2000 and 2010 average rents have increased over 53%, and average house values have increased 108%, while King County median income has increased only 30%\textsuperscript{17}. More notable is that over this period, average rents went from being toward the low end of rents in cities located in East King County, to one of the highest average rents.

Average prices of homes that sold in Mercer Island dropped more than 60% from 2008 to 2012, but had gained almost 40% in 2012 (compared to a 21% decline, and 9% recovery, across all East King County cities)\textsuperscript{18}. Ninety-seven percent (97%) of owner-occupied housing had a value greater that what is affordable for a median-income family. This compares to 90% for East King County\textsuperscript{19}.

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

In Mercer Island, as in most communities in East King County, the vast majority of

\textsuperscript{17} 2000 and 2010 Census, Appendix Exhibits P-1 and P-2,
\textsuperscript{18} Appendix, Exhibit P-1
\textsuperscript{19} Appendix, Exhibit M-2
housing affordable to low and moderate income families is rental housing. In 2000, 46% of the City's rental housing was priced below $1,000 per month and would be affordable to most moderate income families. Also, about 9% of rental housing was priced below $500 per month and may be affordable to some low income families. However, rental units accounted for only 19% of Mercer Island's housing stock. Also, over the past decade price increases for both rental and ownership housing on Mercer Island have outpaced income increases. Between 1990 and 2000 average rents have increased 78%, and average house values have increased 71%, while King County median income has increased only 46%. More notable is that over this period, average rents went from being toward the low end of rents in cities located in East King County, to one of the highest average rents.

Between 1990 and 2002 Mercer Island has made significant contributions toward its affordable housing targets through preservation and direct assistance of low-income housing, e.g. the preservation of Ellsworth House Section 8 senior apartments, and by providing regulatory incentives to achieve moderate-income housing, e.g. Mercer Island’s Accessory Dwelling Unit (ADUs) program. The Mercer Island ADU program permitted more than 167214 dwelling units between 1993 and 201202, more than twice the number of any other Eastside city considerably more than any other East King County city.

Including the affordable housing that the city has helped fund outside of Mercer Island, the city has met 23% of its 2012 low-income affordable housing target, and 120% of its moderate-income target. (A majority of the latter are accessory dwelling units (ADUs) in Mercer Island.) Overall, 5% of the city’s housing units are affordable for low-income families (compared to 7% across EKC and 15% countywide) and an additional 6% for moderate-income families (compared to 17% in EKC and 20% countywide). More recently, Mercer Island has adopted Town Center Development and Design Standards, which implements the adopted Land Use Element vision of increased multifamily development in the Town Center. The City also revised the Land Use Code to allow retirement homes in the CO Zone with revised development conditions.

Future strategies for achieving affordability and more diverse housing types may include incorporating innovative housing types in single family neighborhoods such as compact courtyard homes, preservation and direct assistance of existing affordable housing, and the addition of new mixed-use and multifamily residential projects in the CO and PBZ zoning districts.

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

During the 1970s and 1980s, Mercer Island's housing stock grew by over 40% as the last major tracts of undeveloped land were converted into single family neighborhoods. Between 1980 and 2000, Mercer Island saw

---

20 Appendix, Exhibits M-1 and M-2
only a 13% increase in housing units. Current development patterns have shifted away from large subdivisions towards "infilling" on undeveloped lots within existing neighborhoods. During this same period of growth, the average household size has consistently declined—from 3.22 persons per household in 1980, to 2.58 in 2000. Mercer Island’s 1980–2000 population change showed a total increase of about 2%.

A major challenge presented by Growth Management is for Mercer Island to continue to provide housing for all economic segments of the population. Given the trend of land and housing values rising faster than income, some segments of the population are finding it harder to remain in the community. These include young adults, the elderly, single parents, and people with special needs. In 2000, the Island’s housing consisted of 4% low income and 6% moderate income units for a total of 817 affordable units, compared to 1990 when the Island’s housing included 1,183 affordable units 21.

One reason for this net loss of affordable units comes from a change in relative affordability in the Shorewood Apartments. Shorewood Apartments once accounted for a large percentage of the Island’s affordable units. Loss of any existing affordable housing has a great impact on this limited resource. The City should actively work to preserve existing affordability, as seen in the successful preservation of the Ellsworth Senior Apartments.

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

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

While it is not likely that density or zoning will change in the single family neighborhoods, housing opportunities can be established there by allowing innovative housing types, including accessory housing units to be incorporated into residences through the addition of accessory dwelling units. Another way to create new housing opportunities is to enable development of innovative housing and smaller single family housing types on vacant or underutilized properties such as compact courtyard homes, as a demonstration project. These units should be subject to strict guidelines that protect the character of the neighborhood. Accessory units can provide affordable housing and have the added benefit of helping those on a limited income remain in their homes. The City considered a cottage housing project on a city-owned

21 1990 and 2000 Census
surplus lot on First Hill in 2008 but decided to sell the property to a home developer instead, who built conventional single family homes on the site. Nevertheless, the possibility of a demonstration project should be considered as a way to create new housing opportunities serving smaller households on the island.

Jobs/Housing Balance - Regional Context

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

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

Certain employment-related information about Mercer Island’s work force could have housing implications. The community’s employment mix is somewhat unusual compared to other cities its size in King County. In 2012, 20% of its workforce works in finance, insurance, or real estate (FIRE), the highest concentration of any EKC city. Nevertheless, the average private-sector wage in Mercer Island in 2010 was 67% of that across all East King County cities, mainly because nearly half of the community’s occupations are lower-paying, service-sector jobs. A household at the average Services wage on the Island ($39,722) would be able to afford housing costs of $993 per month.

In 1990 Mercer Island had approximately 4,000 more housing units than demanded by the number of workers within the City limits. Unlike most other Eastside cities, Mercer Island has a housing to jobs surplus. In 2000, that housing to jobs surplus was less, about 3,600 more housing units than demanded by the number of workers within the City limits. Projections show that in 2022, housing growth should be slightly greater than job growth in Mercer Island, producing a 4,500 unit housing to jobs surplus. Although Mercer Island will continue to act as a bedroom community, it is important to recognize that the City will be impacted by the housing to jobs demand created by other Eastside cities and Seattle. The greatest issue facing Mercer Island may be providing housing opportunities affordable to local employees and responding to some of the housing demand created by regional trends.

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

23 Appendix, Exhibit J-1
24 Appendix, Exhibit J-2. The average does not include public-sector wages. See Section I, page I-12 for a description of jobs included in the Services sector.
2.1 Through zoning and land use regulations, provide adequate development capacity to accommodate Mercer Island’s projected share of the King County population growth over the next 20 years.

2.2 Promote a range of housing opportunities to meet the needs of people who work and desire to live in Mercer Island.

2.3 In order to increase the supply of housing and the diversity of housing the City should emphasize housing opportunities, including mixed-use development, affordable housing, and special needs housing, in the Town Center.

2.4 Encourage residential development in mixed use zones, through regulatory tools, infrastructure improvements and incentives. Track residential development over time to ensure policies are effective.

2.5 Use the addition of housing in the Town Center, PBZ and CO zones to create new, vibrant neighborhoods that complement the character of existing development. Consider expanding the City’s recent Code revision allowing Retirement Homes in the CO Zone to allow other appropriate multifamily uses, maintaining compatibility with specific development conditions, allowing additional types of multifamily housing in the CO zone.

2.6 Promote accessory dwelling units in single-family districts subject to specific development and owner occupancy standards.

2.7 Encourage infill development on vacant or under-utilized sites that are outside of critical areas and ensure that the infill is compatible with the scale and character of the surrounding neighborhoods.

2.8 Promote the continued use of existing affordable apartments as a community asset which provides a substantial portion of affordable housing.

2.9.2.9 Strive to meet future affordable housing goals as dictated by GMA and King County (GMPC). Based on a 2001 – 2022 planning target of 1,437 new units:

- 344 units would be needed for those families with incomes under 50% of County median income (24% of new units)
- 244 units would be needed for those with incomes between 50 and 80% of County median income (17% of new units)

Through a mix of new construction and the preservation of existing units, strive to meet Mercer Island’s proportionate amount of the countywide need for housing affordable to households with moderate, low, and very low incomes, including those with special needs.
V. HOUSING OPTIONS

Housing Options

As previously noted, Mercer Island's population is expected to increase by as much as 19% over the next 20 years through 2031, depending on market factors and other conditions; perhaps more important are demographic and economic changes occurring in our community. The population of adults age 65 and over, accounting for over 8% of Mercer Island’s population will age and may have increased mobility limitations or health care needs. And some people with mental and physical disabilities who were formally housed in institutions may wish to return to their community as the trend of closing institutions continues. In 2010, 81% of the Island’s population, 2,280 persons including nearly 27% of the senior population, were reported as disabled.

Relative to King County with 15% disabled population and other Eastside cities that average 12.5% disabled population, Mercer Island has proportionately fewer persons with special needs. One reason for this may be the lack of appropriate housing options. —Mercer Island can increase the opportunity for more diverse housing options by providing on-going housing services funding or other resources for developing housing. In addition, the City can continue to evaluate its land use regulations to assure that housing can be constructed which responds to the demographic changes and special housing needs within Mercer Island.

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

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

The Island has a need for more diverse housing types. These can be encouraged by several means. Density bonuses, flexible parking and development standards, or reduced development regulations or fees, might be allowed in exchange for the provisions of affordability or other public benefit. Alternative zoning for smaller lots, cluster housing, compact courtyard homes and townhouses should be considered. The

25 2010 Census
26 2000 Census
King County requires that a minimum density be set for residential zones. Proposed Identified Comprehensive Plan alternatives to provide greater housing options and affordability should be further examined in the City’s Housing Strategy and Work Plan, and updates to the City’s land use code. This Comprehensive Plan is a twenty year planning document, and these alternatives should be included in future review.

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

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

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

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

Local Resources for Housing

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

Special Needs Housing / Fair Housing

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

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

GOAL 3: Support the adequate preservation, improvement, and development of housing for people of all economic segments.

Affordable Housing Policies

3.1 Work cooperatively with King County, "A Regional Coalition for Housing", (ARCH) and other Eastside jurisdictions to assess the need for and to create affordable housing.

3.2 Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside.

3.3 City housing goals and policies should be coordinated with regional growth, transit and employment policies.

3.4 Work cooperatively with and support efforts of private and not-for-profit developers, and social and health service agencies to address local housing needs.

3.5 Work to increase the base of both public and private dollars available on a regional level for affordable housing, especially housing affordable to very low income households. (See Appendix G - Mercer Island Human Services Strategic Plan 1999 – 2000)

3.6 Consider supporting housing legislation at the county, state and federal levels which would promote the goals and policies of the Housing Element.

3.7 Continue to explore ways to reform regulations that would either provide incentives or reduce the cost to produce affordable housing.

Local Resources Policies

3.8 Use local resources to leverage other public and private funding when possible to build or preserve affordable housing on Mercer Island and in other Eastside cities, including housing for very low income households. Use local resources to leverage other public and private funding when possible to build or preserve affordable housing that will serve Mercer Island residents.
including very low income households.

3.9 Consider using 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 types and income levels.

3.10 Provide incentives for first-time and more affordable ownership housing opportunities to meet local needs, such as condominiums and compact courtyard homes.

3.11 Consider allowing the development of one innovative housing project, e.g. compact courtyard housing, attached single family housing or smaller lot housing, to examine the feasibility and desirability of additional housing options to address the changing demographics on Mercer Island. The demonstration project should include smaller single family units, common open space and other amenities, and be subject to strict design review. Following successful completion of a demonstration project, the City will engage in a policy discussion concerning extension of similar forms of housing to additional single-family areas.

3.12 Consider establishing a means to provide non-cash subsidies such as credit enhancements and City bonding to support development of affordable housing.

3.13 If City-owned property is no longer required for its purposes, it shall be evaluated for its suitability for affordable housing.

3.14 Waive, defer, or reduce building, planning, or mitigation fees in exchange for a contractual commitment to affordable housing.

3.15 Continue to provide Community Development Block Grant (CDBG) funds for housing projects which serve low and moderate income households.

3.16 Housing developed or preserved using local public resources shall be maintained as affordable for the longest term possible.
3.17 Encourage self-help and volunteer programs which provide housing rehabilitation and development.

3.18 Support housing options, programs and services that allow seniors to stay in their homes or neighborhoods. Promote awareness of Universal Design improvements that increase housing accessibility.

3.19 Encourage energy efficiency and other measures of sustainability in new and preserved housing.

Special Needs / Fair Housing Policies

3.20 Mercer Island shall periodically review and revise policies and regulations to assure the Zoning Code meets the requirements of the Federal Fair Housing Act and the State of Washington Fair Housing Law to provide equal access for people with special needs and recognized protected classes (race, color, national origin, religion, sex, family status, disability).

3.21 Zoning should provide appropriate opportunities for special needs housing. Support should be given to organizations that offer services and facilities to those who have special housing needs.

3.22 Support and plan for special needs housing using federal or state aid and private resources.

3.23 Encourage development of emergency, transitional, and permanent supportive housing with appropriate on site services for special needs populations.

3.24 Identify regulatory methods and coordinated assistance for improving housing opportunities for frail elderly and other special needs populations in Mercer Island.
VI. IMPLEMENTATION/TRACKING

Housing Strategies

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

It is important to evaluate and track the progress made by individual City actions. A wide array of information could be potentially collected for a data base, with key information presented in a bi-annual periodic report to the Council. To the extent possible, existing information should be used (e.g. Central Puget Sound Real Estate Research Report). Information that could be relevant for the data base includes:

- Number and types of residential building/demolition permits;
- Number and types of housing units assisted through public assistance;
- Surveys on market rents and home prices;
- Vacancy rates;
- Conversion of apartments to condominiums;
- Progress on the City's Housing Work Program, including an evaluation of the effectiveness of new programs;
- Tracking projects that will have expiring federal subsidies.

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

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

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

Implementation Policies

4.1 Adopt a housing "Strategy Plan and Work Program," at least every five years, which identifies specific housing strategies that will be considered in order to address the city's housing needs and goals.

4.2 The City shall track production and demolition of housing on an ongoing basis. This information shall be maintained in a housing data base. Track key indicators of housing supply, affordability and diversity. Key indicators include but are not limited to housing production, demolition, conversion and rezones, in addition to units affordable to moderate, low and very low income households.

4.3 The City of Mercer Island shall cooperate with Countywide regional efforts to do an ongoing analysis of the regional housing market.

4.4 Periodically review land use regulations to assure that regulations and permit processing requirements are reasonable.

4.5 At least once every two-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.