

TOWN CENTER ZONING AMENDMENTS

Table with 2 columns: Field (Staff, Date, Recommendation) and Value (Jeff Thomas, CPD Director; Adam Zack, Principal Planner; April 10, 2026; Prohibit adult entertainment in the TC-8 Subarea; Prohibit warehousing in the TC-8 Subarea)

POLICY DIRECTION REQUESTED

The Town Center zone will be amended consistent with the City Council direction for Phase 1 of the Station Subarea Plan. The Town Center zone will go from six existing subareas to two. To consolidate six subareas to two, the allowed uses in the resulting TC-8 subarea need to be revised.

ALLOWED USES

Should adult entertainment and warehousing be allowed in the TC-8 subarea?

Alternatives

- Allow adult entertainment by conditional use permit in the TC-8 subarea
• Prohibit adult entertainment in the TC-8 subarea (recommended)
• Allow Warehousing by conditional use permit in the TC-8 subarea
• Prohibit warehousing in the TC-8 subarea (recommended)

BACKGROUND

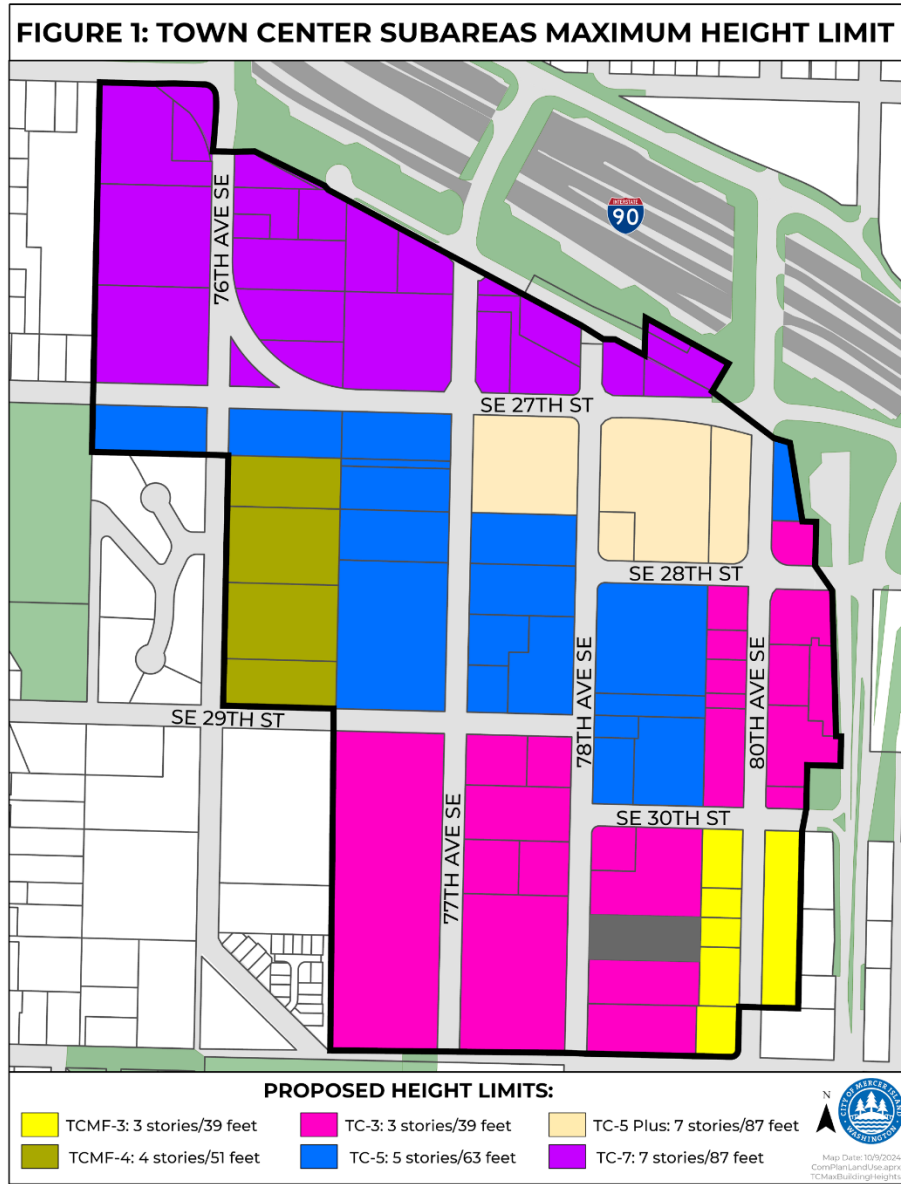
ZONING

Zoning is a regulatory system whereby a city is divided into districts or zones within which permitted and conditional uses are established. Each zone also includes regulations governing lot size, building bulk, placement, and other development standards. In Mercer Island, zoning is established in the unified land development code in Title 19 of the Mercer Island City Code (MICC). Land use, development, and design regulations for the Town Center are established in Chapter 19.11 MICC. MICC 19.11.015 further divides the Town Center zone into subareas with specific regulations for development in these areas.

TOWN CENTER SUBAREAS

The Town Center zone is currently divided into six different subareas. The subareas are TC-7, TC-5, TC-5 Plus, TC-3, TCMF-3, and TCMF-4. Each subarea is differentiated by the maximum building height and the land uses allowed. The Town Center Subareas are established in MICC 19.11.015 – Town Center Subareas. Figure 1 shows the Town Center subareas and maximum building height.

Figure 1. Town Center Subareas and Maximum Building Height.



DEVELOPMENT CAPACITY INCREASE

The City is updating its Comprehensive Plan to comply with the Growth Management Hearings Board Final Decision and Order (GMHB Order) dated August 1, 2025. One of the actions the City is taking to comply with the FDO is increasing the development capacity for low- to mid-rise multifamily and mixed-use residential units. This can be accomplished through amendments to the development code, specifically in the Town Center.

On February 17, 2026, the City Council provided direction to staff to add development capacity in the existing Town Center and adjacent multifamily zones by allowing up to eight stories throughout the Town Center zone and up to six stories in the adjacent multifamily zones. Effectively, the development capacity increase will mean the six existing Town Center subareas will need to be reduced to two: TC-8

and TCMF-6. TC-8 will be the eight-story maximum subarea throughout the existing Town Center boundary and TCMF-6 will be the six-story maximum subarea in the multifamily areas adjacent to Town Center.

ALLOWED USES

In order to increase development capacity as directed, the land use table established in MICC 19.11.020 – Land Uses will need to be amended to reconcile the differences between the existing and proposed subareas. The land use table establishes what uses are allowed in the subareas and the required permit process. Nearly all the uses allowed in the TC or TCMF subareas are the same except for “adult entertainment” and “warehousing”. Adult entertainment is allowed by conditional use permit in the existing TC-7 subarea and prohibited in the other subareas. Warehousing is allowed by conditional use permit in the TC-5 and TC-5 Plus subareas and prohibited in the TC-7 and TC-3 subareas.

ADULT ENTERTAINMENT

“Adult entertainment” is defined in MICC 19.16.010 – Definitions as follows:

Adult entertainment: An adult retail establishment or adult theater. "Adult entertainment" shall not be considered to be included under any other permitted use in this Code as either a primary or accessory use, and is not permitted in any zone unless specifically stated. For purposes of adult entertainment, the following definitions apply:

1. Adult retail: An establishment in which ten percent or more of the stock in trade consists of merchandise distinguished or characterized by a predominant emphasis on the depiction, description, simulation or relation to specified sexual activities or specified anatomical areas.
2. Adult theater: A facility used for presenting for commercial purposes motion picture films, video cassettes, cable television, live entertainment or any other such material, performance or activity, distinguished or characterized by a predominant emphasis on depiction, description, simulation or relation to specified sexual activities or specified anatomical areas for observation by patrons therein. Structures housing panoramas, peep shows, entertainment studios or topless or nude dancing are included in this definition.
3. Merchandise: Shall include, but is not limited to, the following: books, magazines, posters, cards, pictures, periodicals or other printed material; prerecorded video tapes, discs, film, or other such medium; instruments, devices, equipment, paraphernalia, or other such products.
4. Panoramas or peep shows: Any device which, upon insertion of a coin or token or by any other means, exhibits or displays a picture; an image from a film, video cassette, video disc, or any other medium; or provides a view of a live performance.
5. Specified anatomical areas:
 - a. Less than completely and/or opaquely covered human genitals, pubic region, buttock, or female breast below the top of the areola.

- b. Human male genitals in a discernibly turgid state, even if completely or opaquely covered.
6. Specified sexual activities:
- a. Human genitals in a state of sexual stimulation, and/or
 - b. Sexual intercourse, including genital-genital, oral-genital, anal-genital or oral-anal, whether between persons of the same or opposite sex or between humans and animals, and/or
 - c. Acts of human masturbation, sadism or torture in the context of sexual relationship, and/or sadomasochistic abuse in the context of sexual relationship, and/or
 - d. Fondling or other erotic touching of human genitals, pubic region, buttocks or the female breast.
7. Stock in trade: Shall mean either:
- a. The dollar value of all merchandise readily available for purchase, rental, viewing, or use by patrons of the establishment excluding material located in any storeroom or other portion of the premises not regularly open to patrons; or
 - b. The total volume of shelf space and display area in those portions of the establishment open to patrons.

WAREHOUSING

“Warehousing” is defined in MICC 19.16.010 – Definitions as follows:

Warehousing: The storage of goods and materials, including facilities available to the public for a fee.

ALTERNATIVES AND ANALYSIS

ADULT ENTERTAINMENT

Adult entertainment is currently only allowed by conditional use permit in the TC-7 subarea and prohibited throughout the rest of Town Center. There are no existing permitted adult entertainment uses established in Town Center. Allowing this use in the new TC-8 subarea would allow the use throughout subareas of Town Center where it was previously prohibited. On the other hand, prohibiting Adult Entertainment in the TC-8 subarea would effectively only change the allowed uses in one existing subarea.

Alternatives

- A. Allow adult entertainment by conditional use permit in the TC-8 subarea
- B. **Prohibit adult entertainment in the TC-8 subarea (recommended)**

Alternative A: Allowing Adult Entertainment Throughout Town Center

- This would expand the area of the City in which adult entertainment is allowed.
- Adult entertainment may be less compatible with the denser residential uses and mixed-use development planned for the TC-8 subarea. The subarea is expected to primarily redevelop with ground-floor commercial and upper-story residential uses. This mixed-use development type would likely conflict with adult entertainment uses, which are usually located in purely commercial buildings. Residents of mixed-use development may not want to share a building with an adult entertainment land use.
- Additional use-specific development regulations may be needed to address compatibility with denser residential and mixed-use development.

Alternative B: Prohibiting Adult Entertainment Throughout Town Center

- Adult entertainment would no longer be allowed in the area currently designated as the TC-7 subarea.
- The B zone would be the only zone in the City where adult entertainment is still allowed.
- No existing uses would be rendered nonconforming.

Recommendation - Alternative B: Prohibit Adult Entertainment in the TC-8 Subarea

Prohibiting adult entertainment in the TC-8 subarea would prevent potential incompatibility between the denser residential development planned for the subarea and a commercial land use. In general, adult entertainment is better suited to stand alone commercial development where compatibility with residential uses can be improved by having use-specific regulations for building access, screening, and parking. Adult entertainment uses in mixed-use buildings would be challenging to regulate for compatibility with residential uses because both would be located in the same building.

WAREHOUSING

Warehousing is currently only allowed by conditional use permit in the TC-5 and TC-5 Plus subareas and prohibited throughout the rest of Town Center. Allowing this use in the new TC-8 subarea would allow the use throughout all subareas of Town Center where it was previously prohibited. On the other hand, prohibiting warehousing in the TC-8 subarea would effectively only change the allowed uses in one existing subarea .

Alternatives

- A. Allow Warehousing as a conditional use in the TC-8 subarea
- B. Prohibit warehousing in the TC-8 subarea (Recommended)**

Alternative A: Allow Warehousing as a Conditional Use in the TC-8 Subarea

- Expands the area where warehousing is allowed within the Town Center to include the subareas beyond TC-5 and TC-5 Plus, which are currently located toward the center of the Town Center zone.
- Warehousing includes self-storage.

Alternative B: Prohibit Warehousing in the TC-8 Subarea

- Warehousing is not an allowed use, conditional or otherwise, in any other zone. Prohibiting warehousing in Town Center would prohibit any development that fits the definition in Mercer Island.

Recommendation – Alternative B: Prohibit warehousing in the TC-8 subarea

Warehousing development can occupy lots that would otherwise be suitable for midrise multifamily development. The reason the City is changing the subareas in Town Center is to increase midrise multifamily capacity to accommodate its affordable housing needs. Prohibiting warehousing in the TC-8 subarea would help to ensure that the added development capacity is reserved for midrise multifamily development rather than other nonresidential developments.

STAFF RECOMMENDATION

- 1. Include the TCMF-3 and TCMF-4 subareas in the proposed TC-8 subarea**
- 2. Prohibit adult entertainment in the TC-8 subarea**
- 3. Prohibit Warehousing in the TC-8 subarea**