



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6969
July 21, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6969: GMA Compliance – MICC, Title 19 Amendments (Second Reading, Ord. No. 26C-10)	☐ Discussion Only ☒ Action Needed:
RECOMMENDED ACTION:	Conduct a second reading and adopt Ordinance No. 26C-10.	☒ Motion ☒ Ordinance ☐ Resolution

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Community Planning and Development Deputy Director Adam Zack, Principal Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26C-10 2. Commerce Comment Letter CPD Director Response
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to complete the second reading and adoption of Ordinance No. 26C-10 that would amend the Mercer Island City Code (MICC) to implement the Comprehensive Plan amendments adopted by Ordinance No. 26-09 and complete the City's Growth Management Act (GMA) compliance efforts (Exhibit 1).

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 ([AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the Washington State Growth Management Act (GMA).
- The City Council has provided directions for addressing compliance with the four issues in the GMHB Order at the following meetings:
 - [January 16, 2026](#) – [AB 6838](#)
 - [February 17, 2026](#) – [AB 6865](#), [AB 6866](#), and [AB 6871](#)

- [March 17, 2026](#) – [AB 6888](#) and [AB 6894](#)
- [April 21, 2026](#) – [AB 6909](#) and [AB 6911](#)
- The City is required to update its Comprehensive Plan and adopt a Station Subarea Plan in order to comply with the GMHB Order.
- Development regulation amendments to implement the Comprehensive Plan and Station Subarea Plan need to be made concurrently with the Comprehensive Plan update.
- The Planning Commission was briefed and provided written comments on the proposed Comprehensive Plan amendments, Station Subarea Plan, and implementing development code amendments:
 - April 28 and May 6, 2026 – Station Subarea Plan
 - May 6, 2026 – Comprehensive Plan Land Use, Housing, and Economic Development elements;
 - May 13, 2026 – Implementing development code amendments; and
 - May 27, 2026 – Comprehensive Plan Transportation, Utilities, and Capital Facilities elements.
 - June 3, 2026 – Public Hearing Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
 - June 10, 2026 – Public Hearing and Recommendation for the Comprehensive Plan, Station Subarea Plan, and Implementing Development Code Amendments
- On June 16, the Planning Commission recommendation was presented to the City Council.
- Ordinance No. 26C-10 would adopt the Planning Commission recommended amendments to the development code (Exhibit 1).
- On June 23, 2026, the WA Department of Commerce (Commerce) provided comments on the proposed Comprehensive Plan amendments, Station Subarea Plan, and implementing development code amendments.
- On July 7, 2026, the City Council conducted a first reading of Ordinance No. 26C-10.
- The City Council made one minor amendment in response to the Commerce comments, amending the definition of “Special Needs Group Housing” to include “transitional housing” as defined in RCW 84.36.043(3)(c). This change has been incorporated into Ordinance No. 26C-10.
- A new Section 9 has been added to Ordinance No. 26C-10 to authorize the City Clerk or designee to correct scrivener’s errors to the Ordinance or exhibits. This section does not substantively change the contents of the ordinance.
- On July 8, 2026, the City responded to the June 23, 2026 Commerce Comment Letter by outlining how each of their comments will be addressed (Exhibit 2).

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

Cities and counties in Washington State are required to adopt a comprehensive plan under the GMA. The comprehensive plan is a statement of goals and policies that detail how a county or city will manage and accommodate future growth. The goals and policies of the comprehensive plan are implemented through capital investments, development regulations, and programs. The GMA requires cities and counties to periodically review and update their comprehensive plans on a ten-year cycle. Mercer Island most recently completed a periodic review and update of its Comprehensive Plan in 2024 (see [AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was

noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply with the timeline established by the GMHB Order (RCW 36.70A.300(3)(b)). The compliance timeline is one year from when the GMHB issued its decision; work must be completed by July 31, 2026. Failure to comply with the GMHB Order can result in sanctions against the City (RCW 36.70A.340).

The GMHB Order requires the City to address four issues:

1. Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
2. Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
3. Station Area Subarea Plan: Adopt a subarea plan for the area around the transit station.
4. Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

The amendments in Ordinance No. 26-09 would update the Comprehensive Plan to address the four issues required by the GMHB Order.

Land Capacity

The updated Comprehensive Plan in Ordinance No. 26-09 includes an updated Land Capacity Analysis as Appendix I. The updated Land Capacity Analysis evaluated the land capacity provided by the updated Comprehensive Plan and disaggregated the capacity by affordability level. The analysis also prompted the zoning changes proposed in Ordinance No. 26C-10, which would increase development capacity in the Town Center and adjacent multifamily zones to accommodate the City’s affordable housing needs. The combination of updated land capacity analysis and zoning changes to increase development capacity address GMHB Order Issue 1.

Adequate Provisions

Adequate provisions are incentives, mandatory provisions, and programs that can help to increase the supply of affordable housing. To help identify adequate provisions, the updated Comprehensive Plan in Ordinance No. 26-09 includes a Barriers Analysis as Appendix J. The Barriers Analysis is a study of potential barriers to affordable housing production that included recommended actions to address identified barriers. The Land Capacity Analysis in Appendix I also identified some adequate provisions that can be included in the Comprehensive Plan. The adequate provisions identified in the Barriers Analysis and Land Capacity Analysis have been incorporated into the Comprehensive Plan amendments that would be adopted by Ordinance No. 26-09. The City will address GMHB Order Issue 2 by adopting the adequate provisions included in the Comprehensive Plan. The adequate provisions include:

- Inclusionary zoning in the Station Subarea Plan Phase 1 – New development in the Town Center zone must include at least 10% of units affordable at 50% of the area median income (AMI) for rental units and 80% AMI for ownership units.
- Fee in lieu – A fee in lieu of constructing the units required by the inclusionary requirement that can help fund the affordable housing units needed below 50% of the AMI.

- Opportunity sites – surplus public property within the station area is identified as opportunity sites in the Station Subarea Plan.

Station Subarea Plan

A new station subarea plan is included in the amendments to the Comprehensive Plan that would be adopted by Ordinance No. 26-09. The Station Subarea Plan would establish area-specific goals and policies for the station area, a modified half-mile walkshed from the light rail station. It is required to be adopted concurrently with the Comprehensive Plan update, but the City has local control over most of its contents. There are two phases of the Station Subarea Plan outlined at the top of Page 4:

- **Phase 1** – Implementation will occur concurrently with adoption of the Station Subarea Plan. Phase 1 will include adoption of changes to zoning and development regulations to allow 8- and 6-story building height in the Town Center and adjacent multifamily zones.
- **Phase 2** – Implementation will follow adoption of the Station Subarea Plan, with work to be completed by 2029. Phase 2 will include compliance with the transit-oriented development requirements from the GMA.

Anti-Displacement Measures

The “anti-displacement measures” requirement from the GMHB FDO were addressed by Ordinance No. 26C-07, which was adopted on June 16, 2026. This ordinance implemented anti-displacement policies in the Comprehensive Plan Housing Element, with the following actions:

- Assessing displacement risk that may result from zoning changes to increase housing capacity;
- Require advance notice of rent increases for low-income households; and
- Require relocation assistance for low-income renting households in the event of a displacement event.

ISSUE/DISCUSSION

Adoption of Ordinance No. 26C-10 will amend the development code in Title 19 of the Mercer Island City Code (MICC) to implement the Comprehensive Plan as needed to comply with the GMHB Order by the July 31, 2026 deadline.

NEXT STEPS

July 21, 2026 – City Council second reading and adoption of the ordinances listed above.

July 31, 2026 – Compliance deadline for the GMHB Order

BACKGROUND MATERIALS AND REFERENCES

Background materials are provided on the [City’s Let’s Talk page](#). A summary of previous agenda materials is outlined below:

January 16, 2026

- **AB 6838**: Compliance with [Growth Management Hearings Board Final Decision and Order](#) related to the City of Mercer Island Periodic Update to the Comprehensive Plan Overview of City Council Planning Session.

February 17, 2026

- [AB 6865](#): Compliance with Growth Management Hearings Board Final Decision and Order Related to the City of Mercer Island Periodic Update to the Comprehensive Plan
- [AB 6866](#): GMA Compliance Public Engagement Plan
- [AB 6871](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 First Reading)

March 3, 2026

- [AB 6893](#): Compliance with Growth Management Hearings Board Order – Follow-Up Discussion on Financing Affordable Housing
- [AB 6890](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 Second Reading)

March 17, 2026

- [AB 6888](#): Final Approval of the Modified Station Subarea Boundary
- [AB 6894](#): Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan

March 25, 2026

- [PCB26-01](#): Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance

April 21, 2026

- [AB 6909](#): GMA Compliance – Policy Direction on Development Code Amendments
- [AB 6911](#): GMA Compliance – Legislative Review Process

April 28, 2026

- [PCB26-02](#): Planning Commission Legislative Review Process
- [PCB26-03](#): Briefing on Station Subarea Plan Goals and Policies

May 6, 2026

- [PCB 26-04](#): Briefing on Comprehensive Plan Elements and Station Subarea Plan

May 13, 2026

- [PCB 26-05](#): Briefing on Development Code Amendments: land capacity: zoning map, Town Center boundary and subareas, height increases, permitted uses, design standards, and consistency

May 27, 2026

- [PCB 26-06](#): Briefing Comprehensive Plan Consistency Amendments – Transportation, Utilities, Capital Facilities Elements

June 2, 2026

- [AB 6938](#): Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

June 3, 2026

- [PCB 26-07](#): Public Hearing: Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 10, 2026

- [PCB 26-08](#): Public Hearing (Continued): Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

June 16, 2026

- [AB 6947](#): GMA Compliance – Planning Commission Recommendation

July 7, 2026

- [AB 6960](#): GMA Compliance – First Reading of Ordinance No. 26-09
- [AB 6961](#): GMA Compliance – First Reading of Ordinance No. 26C-10
- [AB 6962](#): Fee Schedule Amendment – Establishing an Affordable Housing Fee in Lieu Rate

RECOMMENDED ACTION

Adopt Ordinance No. 26C-10 amending Mercer Island City Code Title 19 to implement Comprehensive Plan amendments and complete the City's Growth Management Act compliance efforts