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BEFORE THE GROWTH MANAGEMENT HEARINGS BOARD CENTRAL PUGET SOUND REGION STATE OF WASHINGTON

FUTUREWISE, KIAN BRADLEY, and TREVOR REED,

Petitioners.

Case No. 25-3-0003

FINAL DECISION AND ORDER

٧.

CITY OF MERCER ISLAND.

Respondent.

SYNOPSIS

Petitioners Futurewise, Kian Bradley, and Trevor Reed (Petitioners) challenged City of Mercer Island's adoption of Ordinance No. 24C-16, adopted November 19, 2024, and published December 11, 2024; and Ordinance No. 24C-18, adopted December 3, 2024, and published December 11, 2024.

Ordinance No. 24C-16 (hereinafter, "Comprehensive Plan Update Ordinance") was the City's periodic review and update of its Comprehensive Plan. Ordinance No. 24C-18 (hereinafter, "Interim Zoning Ordinance") was an interim zoning and official control ordinance amending certain sections of Ch. 19.11, "Town Center Development and Design Standards."

The Board concludes the adoption of the challenged ordinances did not comply with the Growth Management Act (GMA). In adopting the ordinances, the City failed to identify sufficient land capacity for permanent housing for extremely low, very low, low, and moderate-income households. The City's land capacity analysis assumed subsidies and incentives would be in place for these households within the City's medium to high density zoning categories, but the record does not show that sufficient subsidies and incentives will

FINAL DECISION AND ORDER Case No. 25-3-0003 August 1, 2025 Page 1 of 67 Growth Management Hearings Board 1111 Israel Road SW, Suite 301 P.O. Box 40953 Olympia, WA 98504-0953 Phone: 360-664-9170 Fax: 360-586-2253 be in place to house the City's full allocation of these households. The City may not delay making adequate provision for the needs of these economic segments for another five years; it was required to do so now.

In addition to the failure to identify capacity and make adequate provision for permanent housing for extremely low, very low, low, and moderate-income households, the City also did not complete the required subarea plan for the light rail station area. The City also did not adopt anti-displacement measures when it added development capacity in the Town Center.

While these failures are a serious matter, affecting not only the City but the entire region, the Board recognizes the City may need significant time and effort to address such complex issues. The Board affords the City a full year to achieve compliance with the Growth Management Act and does not, at least at this stage, enter an order of invalidity.

I. INTRODUCTION

A. The Requirement to Perform a Periodic Update of the Comprehensive Plan and, if Needed, Development Regulations.

Like all cities within King County that are either required to plan or else choose to plan under the GMA, Chapter 36.70A RCW, the City of Mercer Island was required to "review and, if needed, revise" its Comprehensive Plan and development regulations no later than December 31, 2024.¹ The purpose of this mandatory review was "to ensure the [Comprehensive Plan] and regulations comply with the requirements of [the GMA]".² Subsequent reviews of the Comprehensive Plan and development regulations would then follow every ten years.³

¹ RCW 36.70A.130(5)(a).

² *Id*.

³ *Id*.

This mandatory, decennial review and, if necessary, revision of the Comprehensive Plan and development regulations is commonly referred to as the "periodic update." The periodic update is a familiar process to the cities and counties of Washington State, having been a requirement of the GMA since at least 1997.

The periodic update is subject to numerous provisions of the GMA, notably including RCW 36.70A.070 ("Comprehensive plans—Mandatory Elements") and RCW 36.70A.130 ("Comprehensive Plans—Review Procedures and Schedules—Implementation Progress Report"), as well as many other sections of the GMA dealing with various subjects relevant to the management of growth. While the GMA's specific requirements for Comprehensive Plans can sometimes seem complex, the overarching purpose is to ensure that local jurisdictions' Comprehensive Plans (and the development regulations that implement plans) are in compliance with the goals of the GMA established by the Washington State Legislature. 6 Of particular significance to this case is GMA Goal 4 (Housing), which requires jurisdictions to: "Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock" (emphasis added).

To assist local jurisdictions in meeting the requirements and goals of the GMA, the Department of Commerce (Department) is required to provide "technical assistance" to local jurisdictions, including "information for local and regional inventories." The Department has also adopted "procedural criteria to assist counties and cities in adopting comprehensive plans and development regulations that meet the goals and requirements"

⁴ See, e.g., RCW 36.70A.130(1)(b)(D)(ii) ("The [D]epartment [of Commerce] shall review the population growth rate for a city or town participating in the partial review and revision of its comprehensive plan process at least three years before the **periodic update** is due…") (emphasis added).

⁵ Laws of 1997, ch. 529, § 10 ("Not later than September 1, 2002, and at least every five years thereafter, a county or city shall take action to review and, if needed, revise its comprehensive land use plan and development regulations to ensure that the plan and regulations are complying with the requirements of this chapter [the GMA].")

⁶ See, e.g., RCW 36.70A.320(3); -.3201.

⁷ RCW 36.70A.020(4).

⁸ RCW 36.70A.190(4)(a).

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pursuant to its authority under RCW 36.70A.190(4)(b). These Department criteria, which are adopted by administrative rulemaking, appear in Chapter 365-196 WAC. This Board is required to "consider" the Department's criteria in determining whether a local jurisdiction has complied with the requirements of the GMA, although the Board's determination is ultimately based on the Act itself, not the Department's criteria.⁹

In addition to the requirements and goals of the GMA itself, the City's planning process must also be consistent with the Countywide Planning Policies (CPPs) and Multicounty Planning Policies (MPPs).¹⁰

CPPs are adopted by King County to establish a "county-wide framework from which county and city comprehensive plans are developed." "CPPs ensure that city and county comprehensive plans are consistent with one another with regard to issues of regional significance." ¹²

MPPs are adopted by the Puget Sound Regional Council ("Regional Council" or "PSRC"), a planning agency established by an interlocal agreement among King, Kitsap, Pierce, and Snohomish Counties in 1991 for the purpose (among other purposes) of adopting multicounty planning policies pursuant to the requirements of RCW 36.70A.210(7).¹³ MPPs "establish a region-wide framework that ensures consistency among comprehensive plans and countywide planning policies."¹⁴

The City agrees that "its Comprehensive Plan and development regulations must be consistent with the CPPs and MPPs." ¹⁵

The relationship among the various levels of planning policies is illustrated below,

⁹ RCW 36.70A.320(3).

¹⁰ RCW 36.70A.210; WAC 365-196-305(3), -(8); *King Cty. v. Cent. Puget Sound Hearings Bd.*, 138 Wn.2d 161, 175, 979 P.2d 374 (1999).

¹¹ RCW 36.70A.210(1).

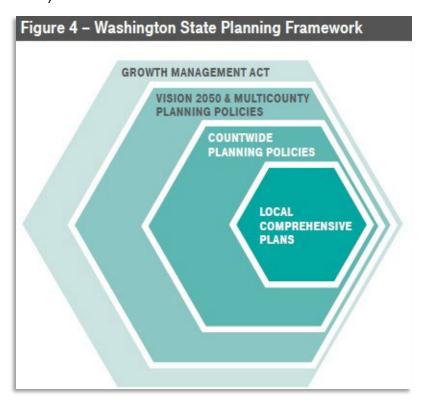
¹² King Cty. v; Cent. Puget Sound Hearings Bd, 138 Wn.3d at 167.

¹³ Ex. 322, Puget Sound Regional Council, *VISION 2050: A Plan for the Central Puget Sound Region* (Oct. 2020) at i.

¹⁴ WAC 365-196-305(8)(b).

¹⁵ City of Mercer Island's Resp Br. at 6.

from the Regional Council's *VISION 2050: A Plan for the Central Puget Sound Region* (Vision 2050)¹⁶



B. The Requirement to Follow the Regional Growth Strategy and Vision 2050.

CPPs and MPPs address a wide variety of subject matters, but the CPPs and MPPs most relevant to this case pertain to housing. Of particular importance in this case are those CPPs and MPPs that require compliance with the Regional Growth Strategy and Vision 2050.

Vision 2050 is the latest iteration of a multi-county, long-term planning document, which has been in existence in one form or another since at least 1990—although in 1990, the document was known as Vision 2020, reflecting the document's 30-year planning

¹⁶ Ex. 322, at 15.

horizon.¹⁷ Vision 2050, the iteration currently in effect, was adopted by the Regional Council on October 29, 2020.¹⁸

Among its many other functions, Vision 2050 serves as the home of the MPPs, which, as noted above, are mandatory policies that guide planning.¹⁹ In addition, Vision 2050 is also the home of the Regional Growth Strategy, which the Regional Council describes as a "cornerstone" of Vision 2050.²⁰

The Regional Growth Strategy attempts to distribute forecasted population growth among the counties of central Puget Sound that participate in the Regional Council's multicounty planning process.²¹ The Regional Growth Strategy allocates population and employment growth targets to each county based on the Regional Council's "macroeconomic forecasts for the year 2050 and Office of Financial Management assumptions about the relative shares of growth to each county."²²

Once the growth targets have been set for the central Puget Sound counties, each individual county and the cities within it engage in a countywide planning process to distribute the projected growth among the cities and counties, including setting growth targets for each city.²³ The Regional Council reviews the countywide growth targets for consistency with the overall Regional Growth Strategy.²⁴ Compliance with the growth targets is assured through the mandatory MPPs, many of which incorporate the Regional Growth Strategy by reference.²⁵

From a city's perspective, the rubber meets the road during the countywide planning process. Here, each county allocates specific, numeric growth targets to individual

¹⁷ Ex. 322, at i.

¹⁸ *Id*. at iii.

¹⁹ Ex. 322, at 43-44.

²⁰ *Id*. at 26.

²¹ *Id*. at 23.

²² Id. at 23, 27–28.

²³ Id. at 43.

²⁴ Id.

²⁵ See, e.g., Ex. 322, at 43 (MPP-RGS-1) ("Implement the Regional Growth Strategy through regional policies and programs, countywide planning policies and growth targets, local plans, and development regulations").

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jurisdictions within the county based on the projections allocated in the course the Regional Growth Strategy.²⁶ The individual jurisdictions are then required by the mandatory CPPs to comply with their specific growth targets.²⁷

C. New Requirements in the 2021 Amendments to the GMA.

In 2021, the Legislature narrowly adopted Engrossed Second Substitute House Bill (ESSHB) 1220, amending various sections of the GMA dealing with affordable housing.²⁸ Of particular significance to this case were amendments to GMA Goal 4 (Housing) and RCW 36.70A.070(2) (requirements for the "housing element" of a Comprehensive Plan).

Previously, GMA Goal 4 read:

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.

ESSHB 1220 amended GMA Goal 4 to read:

Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.²⁹

ESSHB 1220 also amended RCW 36.70A.070, the section of the GMA specifying mandatory elements of Comprehensive Plans. Relevant to this case, the bill amended RCW 36.70A.020(2)(a) to require local jurisdictions to inventory existing and projected housing needs to identify the number of units needed for "moderate, low, very low, and extremely low-income households, . . . and emergency housing, emergency shelters, [and] permanent supportive housing." (Each of these terms is a term of art, defined elsewhere in the bill.)

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²⁶ Ex. 276, 2021 King County Countywide Planning Policies, at 6.

²⁷ See, e.g., Ex. 276, at 38 (CPP H-1) ("Plan for and accommodate the jurisdiction's allocated share of countywide future housing needs...").

²⁸ Laws of 2021, ch. 254.

²⁹ *Id*. (emphasis added).

In addition, ESSHB 1220 amended RCW 36.70A.070(2)(c) to require local jurisdictions to identify sufficient land capacity for housing, including the newly defined concepts of "moderate, low, very low, and extremely low-income households" and "emergency housing, emergency shelters, [and] permanent supportive housing."

In addition, ESSHB 1220 amended RCW 36.70A.070(2)(d) to "[make] adequate provision" for the existing and projected needs of all economic segments of the community, including, once again, the defined categories of "moderate, low, very low, and extremely low-income households." Under the amended section -070(2)(d), local jurisdictions now had to "[incorporate] consideration" for these four defined categories of households, and also were required to "[document] programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations."

Other relevant new requirements in RCW 36.70A.070(2)(d) included "consideration of the role of accessory dwelling units in meeting housing needs;" "[identification] of local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing;" and "[identification] and [implementation of] policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions."

D. Changes to the Growth Targets in the CPPs in Response to ESSHB 1220.

The Department of Commerce, the Regional Council, and the counties and cities all recognized that ESSHB 1220 represented a significant change in Washington State's approach to affordable housing. Henceforth, the GMA would no longer merely "encourage the availability" of affordable housing. Instead, the GMA would require local jurisdictions to "plan for and accommodate" affordable housing. Under the amendments to RCW 36.70A.070(2), planning for and accommodating affordable housing would now mean inventorying the existing and projected needs of moderate, low, very low, and extremely low-income households, as well as emergency housing, emergency shelters, and

permanent supportive housing; and then identifying sufficient land capacity for each of those categories of housing; and then making adequate provisions for, at a minimum, the four defined categories of low-to-moderate income households (although not necessarily for the categories emergency housing and shelters and permanent supportive housing, which were included in RCW 36.70A.070(2)(a) and –(c) but excluded from –(d)).

King County moved promptly to amend its CPPs to account for the new requirements of ESSHB 1220 to "plan for and accommodate" projected growth, folding the new requirements into the County's regularly scheduled 2021 update to the CPPs.³⁰ The 2021 King County CPPs are the ones in effect at the time the City adopted the challenged ordinances in this case.³¹

CPP H-1 assigned the City its growth targets for housing. Consistent with ESSHB 1220, the City was assigned specific, numeric targets for each of the different housing categories established by the bill:³²

Jurisdictional Net New Permanent Housing Units Needed, 2019-2044								Jurisdictional	
	Total	0 to ≤ Non-PSH	30% PSH	>30 to ≤50%	>50 to ≤80%	>80 to ≤100%	>100 to ≤120%	>120%	Net New Emergency Housing Needs
Des Moines	3,800	790	415	231	227	281	318	1,538	726
Kenmore	3,070	1,063	559	483	393	75	85	412	587
Lake Forest Park	870	313	164	143	140	14	16	80	166
Mercer Island	1,239	339	178	202	488	4	5	23	237

³⁰ Ex. 276, at 37. See also Growth Management Planning Council Mot. No. 21-1 (June 23, 2021) (acknowledging new planning requirements imposed by "House Bil 1220."). The Board takes official notice of GMPC Mot. No. 21-1 pursuant to WAC 242-03-630.

³¹ Ex. 276, cover page.

³² CPP H-1, Ex. 276, at 40. Highlighting added to improve readability. PSH stands for "permanent supportive housing."

E. The City's Land Capacity Analysis for Permanent Housing.

The City's decennial update to its Comprehensive Plan involved a lengthy, complex process. Relevant to this case, the City conducted a series of studies to evaluate its existing land capacity for the different types of housing that would now be required pursuant to ESSHB 1220 and the 2021 CPPs: a Housing Needs Assessment dated November 2022;³³ a Land Capacity Analysis Supplement dated December 2023;³⁴ an Emergency Housing Land Capacity Analysis, undated but presented to the City Council on September 3, 2024;³⁵ and a Racially Disparate Impacts Evaluation dated December 2023.³⁶

The most important of these studies for purposes of the current case was the Land Capacity Analysis Supplement of December 2023 (hereinafter, LCA Supplement). The LCA Supplement contained most of the City's analysis as to where, within the City, the different types of permanent housing required by CPP H-1 could be accommodated.³⁷

The LCA Supplement assumed that certain "zone categories" would be affordable to certain income brackets, based on the following process:³⁸

In Table 4, the LCA Supplement pulled real estate data to determine the average costs, in Mercer Island, of single-family homes, townhouses and condos, and apartments.³⁹

In Table 5, the LCA Supplement correlated each of these types of housing to five zone categories: Single-family houses were correlated with the very low density and low density zone categories; condos with the medium-low density zone category; and multi-

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³³ Ex. 130, Ordinance No. 24C-16 at 223–288 (Cmty. Attributes Inc., *City of Mercer Island Housing Needs Assessment* (2022)).

³⁴ Ex. 130, at 327–390 (City of Mercer Island, WA Cmty. Plan. and Dev. Dept., *Land Capacity Analysis Supplement* (2023)).

³⁵ Ex.100, AB 6519 - 2024 Comp. Plan Periodic Update at 30–31 (Table 2: Emergency Housing Land Capacity Analysis).

³⁶ Ex. 130, at 391–457 (City of Mercer Island, WA Cmty. Plan. and Dev. Dept., *Racially Disparate Impacts Evaluation* (2023)).

³⁷ Resp. Br. at 10 ("When the [Housing Needs Assessment] was performed, the City had not yet been assigned its housing needs numbers in CPP H-1.")

³⁸ Ex. 130, at 339–343 (LCA Supplement).

³⁹ *Id.* at 339.

family apartment rentals with the medium-high density and high density zone categories.⁴⁰ Table 5 also estimated the average monthly housing cost for each of these zone categories based on real estate data.⁴¹

In Table 6, the LCA Supplement determined the level of income a household would need to afford the housing costs identified in Table 5. Table 6 expressed the needed income level as both an absolute dollar figure and as a percentage of area median income (AMI). Table 6 stated that single-family houses would require an income of 433% AMI. Condos and townhomes would require an income of 112% AMI. Apartments would require an income of 69% AMI.

In Table 7, the City related the affordability findings of Table 6 back to the different zone categories. For very low density and low density zones, the affordability level without subsidy would be 433% of AMI, since these zones would accommodate single-family houses. For medium-low density, medium-high density, and high density zones, the affordability level without subsidy would range from 69% of AMI for apartments in those zones to 112% of AMI for condos in those zones.⁴³

Finally, in Table 8, the City tied together the zone category, types of housing allowed in each zone, level of income required to live in each zone category *with* subsidies, level of income require to live in each zone category *without* subsidies, and what the City called the "assumed affordability level for capacity analysis." The "assumed affordability level" appeared to aggregate households with subsidies and households without subsidies into a single category of affordability. Table 8 then tabulated the capacity available for each zone category:⁴⁴

⁴² *Id*.

⁴⁰ *Id*. at 340.

⁴¹ *Id*.

⁴³ *Id*.

⁴⁴ Id. at 343.

Table 8. Zone Categories, Housing Types, and Income Levels Served.

Table 6. 20	ne Categories Typical		Lowest	Potential	Assumed		
Zone Category	Housing Types Allowed	Assumed Density Range	Without Subsidies	With Subsidies	Affordability Level for Capacity Analysis	Capacity	
Very Low Density	Single- Family Residences	2.6-3.3 dwellings per acre	High income (>120%)	Not feasible at scale	>120% AMI	120	
Low Density	Single- Family Residences	4.6-6.1 dwellings per acre	High income (>120%)	Not feasible at scale	>120% AMI	235	
Medium- Low Density	Apartments and Owner- Occupied Multifamily	22.7 dwellings per acre	Moderate Income¹ (>80- <120% AMI)	PSH, Extremely Low, Very Low, and Low- Income (0-<80% AMI)	0-120% AMI and PSH	10	
Medium- High Density	Apartments and Owner- Occupied Multifamily	26 dwellings per acre	Moderate Income¹ (>80- ≤120% AMI)	PSH, Extremely Low, Very Low, and Low- Income (0-<80% AMI)	0-120% AMI and PSH	535	
High Density	Apartments and Owner- Occupied Multifamily	>100 dwellings per acre	Moderate Income¹ (>80- ≤120% AMI)	PSH, Extremely Low, Very Low, and Low- Income (0-<80% AMI)	0-120% AMI and PSH	528	

Table 8 treated medium-low density, medium-high density, and high-density zone categories as affordable without subsidy to "moderate income" households, that is, those households earning between 80%–120% of AMI. According to Note 1 of Table 8, the City arrived at this determination by observing that owner-occupied multifamily housing (that is, condos) tends to be affordable to households earning at least 112% of AMI, while renter-occupied multifamily housing (that is, apartments) tends to be affordable to households earning at least 70% of AMI. To avoid overestimating the affordability of apartments, Table 8 assumed apartments would be affordable to households earning at least at 80% of AMI

(even though, according to the data, apartments would likely be affordable starting at the lower income of 70% of AMI). However, Table 8 aggregated apartments (affordable to 80% of AMI) and condos (affordable at 112% of AMI) into a single category called "moderate income," which assumed an income range of 80%–120% of AMI. Table 8 did not disaggregate the number of available apartments from the number of available condos, even though condos require a significantly higher income to be affordable.

Table 8 also treated all multifamily housing types, in all medium to high density zones, as affordable to all income levels. Table 8 reached this conclusion by relying on the "assumed affordability level for capacity analysis" column of the table. Table 8 noted that any household earning under 80% of AMI would require subsidies to live in any housing type in the city. The "assumed affordability level for capacity analysis" column of Table 8 then simply assumed the provision of the necessary subsidies. With subsidies assumed to be in place, any household could afford to live in any type of housing in any medium to high density zone. Under this logic, any apartment or condo in Mercer Island could be "assumed" to be affordable to any household at any income level, even extremely low-income households earning 0%–30% of AMI.

Even under the assumptions of the "assumed affordability level for capacity analysis," Table 8 identified only 1,073 units potentially available in the medium to high density zones. However, Table 9 reiterated the requirement in CPP H-1 to provide a total of 1,216 units for low to moderate-income households. Thus, there was a deficit of 143 low to moderate-income units.⁴⁵

Table 9, like Table 8, aggregated all the low to moderate-income levels into a single income category. Adding up CPP H-1's housing allocations for moderate, low, very low, and extremely low-income yielded 1,216 units across those four categories, the source for Table 9's statement that the City's allocated affordable housing need was 1,216 units.

⁴⁵ Id. at 344.

Table 9 also, like Table 8, aggregated all the medium to high density zone categories into a single housing category. Adding up the potentially available housing across all medium-low, medium-high, and high density zoned property yielded a total of 1,073 units across these zone categories, the source for Table 9's statement that the City had a deficit of 143 units. Under the City's analysis, those 143 units could be supplied in any form of housing (whether condos or apartments) in any medium to high density zone. 46

According to the LCA Supplement, this left the City with two needs regarding permanent affordable housing: first, a need to increase capacity in the multifamily and mixed use zones to generate 143 additional units; and second, a need to "examine its incentives and subsidies for affordable housing to ensure that it is planning for its projected housing need."47 The additional 143 units were necessary to meet the deficit identified in Table 8 and 9. The examination of subsidies and incentives was necessary because Table 8 showed that the City could only meet its housing targets by subsidizing or incentivizing housing for all households earning under 80% of AMI.

The LCA Supplement determined that the 143-unit deficit was "small enough that it can be addressed by changing the regulations in the multifamily and mixed-use zones without amending the existing zoning boundaries."48 The LCA Supplement promised that the necessary "review of incentives and subsidies will be conducted in a separate report addressing the 'adequate provisions' guidance provided by Commerce."49 No details were provided as to when this separate report would be completed.

F. The City's Comprehensive Plan Update Ordinance and Interim Zoning Ordinance.

⁴⁶ *Id*. at 344–345.

⁴⁷ *Id*. at 347.

⁴⁸ *Id*. at 349.

⁴⁹ *Id.* at 347.

The City incorporated the LCA Supplement into its Comprehensive Plan Update Ordinance.⁵⁰ It is unclear whether the promised "separate report" reviewing the City's incentives and subsidies for affordable was ever produced. No party directed the Board's attention to such a report, and the Board's own review of the record did not uncover it. Nor is such a report included in the list of reports incorporated into the Comprehensive Plan Update Ordinance.⁵¹

Still, it is apparent that the need for incentives and subsidies was not wholly ignored. Goal 2 of the Comprehensive Plan Update Ordinance did introduce several housing policies aimed at increasing affordability through the use of subsidies and incentives:

- Policy 2.4: Increase affordable homeownership options for moderate income households by increasing moderate density housing capacity.
- Policy 2.5: Encourage the construction of new permanent incomerestricted housing through approaches such as the following:
 - 2.5.1: Affordable housing incentives that require units at varying income levels to be incorporated into new construction to address the Mercer Island housing growth target and housing needs for households earning less than the area median income (AMI). Affordable housing unit requirements should be set at levels to yield more lower-income units as the benefit of the incentive increases.
 - 2.5.2: Height bonuses concurrent with any increase in development capacity to address Mercer Island's affordable housing needs:
 - 2.5.3: Incentives for the development of housing units affordable to extremely low-, very low-, low-, and moderate-income households;
 - 2.5.4: A Multi-family Tax Exemption (MFTE) linked to substantial additional affordability requirements.
 - 2.5.5: Reduced or waived permit fees for developments with affordable units.
 - 2.5.7: Reduced parking requirements for income-restricted units.

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⁵⁰ Ex. 130 at 4, 327–390.

⁵¹ *Id*. at 4.

Policy 2.6:	Evaluate potential revenue sources to fund a local affordable
	housing fund.

- Policy 2.7: Evaluate a fee-in-lieu program whereby payments to the local affordable housing fund can be made as an alternative to constructing required income-restricted housing.
- Policy 2.8: Prioritize the use of local and regional resources for incomerestricted housing, particularly for extremely low-income households, populations with special needs, and others with disproportionately greater housing needs.
- Policy 2.9: Evaluate the feasibility of establishing zoning in existing multifamily and mixed-use zones that would require developers to provide affordable housing in new high-density developments.
- Policy 2.10: Continue to participate in A Regional Coalition for Housing (ARCH) as a key strategy for addressing affordable housing needs for low-, very low-, and extremely low-income households.
- Policy 2.11: Evaluate increasing the contribution to the ARCH Housing Trust Fund 1 (HTF) at a per-capita rate consistent with other participating/member cities as a key strategy to address PSH, extremely low-, very low-, and low-income housing needs.
- Policy 2.12: Develop partnerships to address barriers to the production of affordable housing to extremely low-income households by connecting with government agencies, housing service providers, religious organizations, affordable housing developers, and interested property owners.
- Policy 2.13: Periodically meet with partners to gather feedback on actions the City can take to reduce barriers to the production of extremely low-income housing units, including PSH and emergency housing.⁵²

⁵² Id. at 112-114.

In addition to these policies regarding incentives and subsidies, the Comprehensive Plan Update Ordinance also acknowledged the need for 143 new units of housing capacity.⁵³ Those new units would be supplied by increasing the maximum building height in selected areas of the City's Town Center zone through amendments to the zoning code.⁵⁴ The necessary amendments were enacted through the second challenged ordinance in this case, the Interim Zoning Ordinance.

Relevant to this case, the Interim Zoning Ordinance provided two functions: First, it supplied the 143 new units of housing identified in the Comprehensive Plan Update Ordinance by increasing the building height in parts of the Town Center zone, from five stories to seven in the TC-5 and TC-4 Plus subareas, and from four stories to five in the TC-4 subarea. Second, it increased the required percentage of affordable housing in new development in Town Center from 10% to 15%, and "deepened" the affordability requirement for affordable housing in new development in Town Center from 60% to 50% of AMI for rental housing and from 90% to 80% of AMI for ownership housing.

Under the affordability amendments in the Interim Zoning Ordinance, bonus building heights in the Town Center zone were available as follows, with former language in strikethrough and newly inserted language underlined:

MICC 19.11.040 – Affordable Housing.

B. Affordable housing ratio. In order to qualify as significant affordable housing and in order to qualify for bonus building height over two stories, a development that contains dwelling units must provide affordable housing units equal to at least ten fifteen percent of the total units in the development. The number of required affordable units shall be rounded up to the nearest whole number.

C. Affordability level. For a three-story building the required affordable

⁵³ *Id*. at 104.

⁵⁴ *Id*.

⁵⁵ Ex. 135, at 1.

⁵⁶ *Id*., at 1–2.

housing units must be affordable at the 70 percent of median income level for rental housing or 90 percent of median income level for ownership housing. For four- and to five seven-story buildings, the required affordable housing units must be affordable at the 60 50 percent of median income level for rental housing or 90 80 percent of median income level for ownership housing.⁵⁷

G. Petitioners' Challenge to the Comprehensive Plan Update Ordinance and Interim Zoning Ordinance.

Petitioners filed their petition for review on February 4, 2025, challenging the adoption of both ordinances in their entirety. Petitioners presented five issues for the Board's review, each of which the Board treats below.

II. BOARD JURISDICTION

The Board finds the Petition for Review was timely filed, pursuant to RCW 36.70A.290 (2). The Board finds the Petitioners have standing to appear before the Board pursuant to RCW 36.70A.280(2)(a) and (b) and RCW 36.70A.210(6). The Board also finds it has jurisdiction over the subject matter of the petition pursuant to RCW 36.70A.280(1).

III. STANDARD OF REVIEW

Comprehensive plans and development regulations, and amendments to them, are presumed valid upon adoption.⁵⁸ This presumption creates a high threshold for challengers as the burden is on the petitioners to demonstrate that any action taken by a county or city is not in compliance with the GMA.⁵⁹ The Board is charged with adjudicating GMA compliance and, when necessary, invalidating noncompliant plans and development regulations.⁶⁰

⁵⁷ *Id*., at Exhibit D.

⁵⁸ RCW 36.70A.320(1).

⁵⁹ RCW 36.70A.320(2).

⁶⁰ RCW 36.70A.280, RCW 36.70A.302.

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The scope of the Board's review is limited to determining whether a county or city has achieved compliance with the GMA only with respect to those issues presented in a timely petition for review.⁶¹ The Board is directed to find compliance unless it determines that the challenged action is clearly erroneous in view of the entire record before the Board and in light of the goals and requirements of the GMA.⁶²

IV. ANALYSIS AND DISCUSSION

Issue No. 1. Did the adoption of the Land Use Element, the Future Land Use Map, the Housing Element, the City of Mercer Island Housing Needs Assessment, the Land Capacity Analysis Supplement, and the development regulations in Ordinance No. 24C-16, and Exhibits A and B, and Ordinance No. 24C-18, and Exhibits A through F, fail to identify sufficient capacity of land for emergency shelters, transitional housing, emergency housing, and permanent supportive housing violating RCW 36.70A.020(4), RCW 36.70A.030(14), RCW 36.70A.030(15), RCW 36.70A.030(31), RCW 36.70A.070, RCW 36.70A.070(2)(c) and (2)(d), RCW 36.70A.100, RCW 36.70A.120, RCW 36.70A.130(1) and (5)(a), RCW 36.70A.210, RCW 36.70A.290(2), or King County Countywide Planning Policies H-1 or H-3(a)?

Applicable Laws: 63

RCW 36.70A.020 (Planning Goals):

(4) Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

RCW 36.70A.070 (Comprehensive Plan—Mandatory elements):

(2)(c) Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive

⁶¹ RCW 36.70A.290(1).

⁶² RCW 36.70A.320(3); *Dep't of Ecology v. PUD 1,* 121 Wn.2d 179, 201, 849 P.2d 646 (1993) ("In order to find a local jurisdiction's action clearly erroneous, the Board must be "left with the firm and definite conviction that a mistake has been committed".)

⁶³ Here, the Board quotes only those laws most relevant to the argument, omitting those upon which the parties did not rely to any significant extent.

housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes;

- (2)(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:
 - (i) Incorporating consideration for low, very low, extremely low, and moderate-income households:
 - (ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;
 - (iii) Consideration of housing locations in relation to employment location; and
 - (iv) Consideration of the role of accessory dwelling units in meeting housing needs;

RCW 36.70A.100 (Comprehensive Plans—Must be Coordinated):

The comprehensive plan of each county or city that is adopted pursuant to RCW 36.70A.040 shall be coordinated with, and consistent with, the comprehensive plans adopted pursuant to RCW 36.70A.040 of other counties or cities with which the county or city has, in part, common borders or related regional issues.

RCW 36.70A.210 (Countywide Planning Policies):

- (1) The legislature recognizes that counties are regional governments within their boundaries, and cities are primary providers of urban governmental services within urban growth areas. For the purposes of this section, a "countywide planning policy" is a written policy statement or statements used solely for establishing a countywide framework from which county and city comprehensive plans are developed and adopted pursuant to this chapter. This framework shall ensure that city and county comprehensive plans are consistent as required in RCW 36.70A.100. Nothing in this section shall be construed to alter the land-use powers of cities.
- (7) Multicounty planning policies shall be adopted by two or more counties, each with a population of four hundred fifty thousand or more, with contiguous urban areas and may be adopted by other counties, according to the process established under this section or other processes agreed to among the counties and cities within the affected counties throughout the multicounty region.

CPP H-1:⁶⁴

Plan for and accommodate the jurisdiction's allocated share of countywide future housing needs for moderate-, low-, very low-, and extremely low-income households as well as emergency housing, emergency shelters, and permanent supportive housing. Sufficient planning and accommodations are those that comply with the Growth Management Act requirements for housing elements in Revised Code of Washington 36.70A.020 and 36.70A.070, that outline regulatory and nonregulatory measures to implement the comprehensive plan (Washington Administrative Code 365-196-650), and that comply with policies articulated in this chapter. Projected countywide and jurisdictional net new housing needed to reach projected future need for the planning period is shown in Table H-1.

CPP H-3:65

Conduct an inventory and analysis in each jurisdiction of existing and projected housing needs of all segments of the population and summarize the findings in the housing element. The inventory and analysis shall include:

- a) The number of existing and projected housing units necessary to plan for and accommodate projected growth and meet the projected housing needs articulated in Tables H-1 and H-2, including:
 - 1) permanent housing needs, which includes units for moderate-, low-, very low-, and extremely low-income households and permanent supportive housing,
 - emergency housing needs, which includes emergency housing and emergency shelters;

Board Discussion

- A. Brief Summary of Parties' Arguments on Issue 1.
 - 1. Brief Summary of Petitioners' Arguments on Issue 1.

Petitioners observed that the City's LCA Supplement aggregated the categories of extremely low, very low, low, and moderate-income into a single category, as the Board described above in the previous section. In other words, all households with an income of

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⁶⁴ Ex. 276, at 39 (CPP Table H-1 contains the City's growth targets and is reproduced in the previous section of this decision).

⁶⁵ *Id*. at 41–42.

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less than 120% of AMI were treated as a single category.⁶⁶ Petitioners also argued that the LCA Supplement did not analyze the capacity for the category of emergency housing.⁶⁷

Because the various income levels were aggregated, Petitioners argues that the City "fails to demonstrate how much of the identified capacity would be available specifically for STEP⁶⁸ housing and extremely low-income households. Given the higher costs and specific requirements for developing such housing, a more detailed analysis is necessary to ensure adequate capacity and to comply with the GMA."⁶⁹

2. Brief Summary of Respondent's Arguments on Issue 1.

The City acknowledged that it had aggregate extremely low, very low, low, and moderate income households into a single category for purposes of its land capacity analysis. The City argued that the Department of Commerce's guidance also aggregates the affordability categories for permanent housing. Aggregation of the income levels was appropriate at the capacity analysis stage because the City's data revealed that *all* income levels below 120 percent of AMI could only be accommodated in the medium-low density, medium-high density, and high density zones. As for emergency housing, the City argued that a land capacity analysis is not required if a jurisdiction's zoning regulations allow emergency housing in all zones that allow hotels, which is the case in Mercer Island.

⁶⁶ Petr's Br. at 5.

⁶⁷ Id.

⁶⁸ See Ex. 284, Wash. State Dept. of Comm., *STEP Model Ordinance, User Guide and Best Practices Report* (2024) at 4 ("STEP" is an acronym for emergency shelters, transitional housing, emergency housing, and permanent supportive housing); *see* RCW 36.70A.070(2) (Emergency shelters, emergency housing, and permanent supportive housing are all required elements of a Comprehensive Plan under the GMA); *see* RCW 84.36.043(3)(c) (Transitional housing is a term from Washington's property tax statute and is not required by the GMA).

⁶⁹ Pet'r's Br. at 7.

⁷⁰ Resp. Br. at 14.

⁷¹ *Id.* (citing Ex. 282, Wash. State Dept. of Commerce, Local Govt. Div. Growth Mgmt. Serv., *Book 2: Guidance for Updating Your Housing Element* (2023), at 33).

⁷² *Id.* at 15.

⁷³ *Id.* at 12 (citing Ex. 100, at 72–75).

- B. The Board Finds that the City's Land Capacity Analysis Did Not Include Sufficient Land Capacity for Existing and Projected Permanent Housing Needs by Income Level but Did Include Sufficient Land Capacity for Emergency Housing.
- The City Did Not Identify Sufficient Existing and Projected Permanent Housing Capacity for All Income Segments.

The Board finds that aggregating the income levels prevented the City from compiling an accurate inventory of its existing and projected permanent housing needs. Aggregation concealed the reality that most of the land capacity the City identified as available to all low to moderate income segments will only be available for the moderate-income segment at best. The City would need a greatly expanded program of subsidies and incentives to provide sufficient inventory for the low, very low, and extremely low-income segments, and no such program is identified or proposed in either of the challenged ordinances. The majority of the inventory identified as available for the aggregated moderate plus low-income segments is, in reality, available only for the moderate-income segments. The Board concludes the City has not met the requirement of RCW 36.70A.020(4) and RCW 36.70A.070(2)(c) to identify existing and projected housing units for the low, very low, and extremely low-income households which have been allocated to the City in CPP H-1.

The City's LCA Supplement identified a capacity of 1,073 housing units in the medium-low, medium-high, and high density zone categories. ⁷⁴ These numbers came from King County's 2021 Urban Growth Capacity (UGC) report. ⁷⁵ However, the 2021 UGC report predated ESSHB 1220, where the requirement to analyze inventory by income segment was introduced. Thus, the housing capacity that appeared in the LCA Supplement, by way of the 2021 UGC report, did not distinguish between units that would

⁷⁴ Ex. 130, at 343 (Table 8).

⁷⁵ *Id*. at 338.

be affordable to low-income households versus those that would be unaffordable without some form of subsidy or incentive.

In point of fact, virtually all of the 1,073 units identified in the LCA Supplement would need to be subsidized or incentivized in order to be affordable to any income segment below moderate income. Apartments in Mercer Island are assumed to be affordable to households earning 80 percent or more of AMI. The All households earning under 80 percent of AMI will require incentives or subsidized housing. CPP H-1 assigns Mercer Island just 32 new housing units for households earning above 80 percent of AMI, and 1,207 new housing units for households earning less than or equal to 80 percent of AMI. Thus, it is apparent that the overwhelming majority, if not all, of the 1,073 units identified in the LCA Supplement as potentially available would need to be subsidized or incentivized housing units if those units are truly to be available for purposes of meeting the City's CPP H-1 growth targets. If the units are not incentivized or subsidized, then they are not available.

The Department published guidance to cities for how to include subsidized or incentivized housing in a land capacity analysis. Exhibit 282 contains excerpts from the Department's "Guidance for Updating Your Housing Element," Version 3.4, published in August 2023—postdating and incorporating the new housing requirements of ESSHB 1220. The City and Commerce both refer to this document as Book 2.⁷⁸ As noted above, the City argued that it relied on Book 2 to support the City's decision to aggregate the income levels in the LCA Supplement.

It does not appear to the Board that the City correctly followed Book 2. Book 2 says the following with regards to the incorporation into a land capacity analysis of housing units that would be developed through optional incentivized zoning programs:

If a jurisdiction has a voluntary IZ [incentivized zoning] program, it can include that portion of capacity that is likely to use the IZ program as low-income capacity (<80% AMI). In this case, jurisdictions should examine

⁷⁶ *Id.* at n.1 at 343 (Table 8).

⁷⁷ Ex. 276, at 40 (CPP H-1).

⁷⁸ Resp. Br. at 9, n. 8.

what their current voluntary IZ program (or a neighboring jurisdiction) has produced in terms of <80% AMI housing and use those same participation rates going forward.

In other words, if records show that only 5% of development in a zone has used the voluntary IZ program, only about 5% of the future capacity can assume to use IZ. If you layer on the requirement that 10% of that development is affordable to <80% AMI, then 0.5% of the development capacity in that zone can be assumed to quality for the 0-80% AMI housing (10% of 5%).

The City uses just such a voluntary incentivized zoning program to generate affordable housing units in its TC zone. As discussed above, for example, the Interim Zoning Ordinance expanded the use of height bonuses in the TC zone in exchange for providing new affordable housing units. However, the City's voluntary incentivized zoning program certainly does not require *all* new units to be affordable. Even under the expanded affordability requirements of the Interim Zoning Ordinance, no more than fifteen percent of the total units in a new development are required to be affordable—and even then, they are only required to be affordable to households earning 50 percent of AMI for rentals or 80 percent of AMI for owner-occupied housing.⁸⁰ And none of this is a requirement. A developer could build a two-story building in the TC zone without any affordable housing units at all. Yet despite these limitations, the LCA Supplement specifically identified the incentivized zoning program in the TC zone as a subsidy or incentive the City could rely on to assume affordability of new units in the medium to high density zone categories.⁸¹

According to Book 2, when relying on a voluntary incentivized zoning program, the City should have examined how many affordable housing units its existing incentivized zoning program had actually created, and at what income levels, and it should have estimated how many more such housing units an expanded incentivized zoning program

⁷⁹ Ex. 282, at 32.

⁸⁰ Ex. 135, at Exhibit D.

⁸¹ Ex. 130, at 341-342 (LCA Supplement).

like the one in the Interim Zoning Ordinance could be expected to create, and it should have used *that* number as basis for the housing inventory in the LCA Supplement. Instead, the LCA Supplement tallied the number of units that could be built *with or without* incentives or subsidies, and treated each of those units as it would likely be built *with* incentives or subsidies—even though the City's incentive program is strictly voluntary and even though the program requires only a fraction of the total number of units within each new development to be affordable.

Not only was the City's inventory inconsistent with Commerce's guidance in Book 2, it was also inconsistent with the City's own data. The City's Housing Needs Assessment, prepared in advance of the LCA Supplement, found that only three buildings in the entire city offer rent-restricted units, yielding a total of 102 rent-restricted units among the three buildings. Of those 102 rent-restricted units, the 59 units in Grace Place are only for people aged 62 or older, and the 30 units in Island Crest Apartments are only for low income families, seniors, or persons experiencing a disability. Only the 13 units in Hadley Apartments are available to persons not falling into one of those categories. And even the 13 rent-restricted units in Hadley Apartments are only available to household earning less than 70 percent of AMI. A household earning, for example, 75 percent of AMI would be a low income household but would not qualify for a rent-restricted apartment in Hadley Apartments.

The fact that only 102 rent-restricted units have been produced under the City's current system of subsidies and incentives should have led the City to question the assumption that all or nearly all of the 1,073 units for which the City still has capacity will turn out to be a rent-restricted unit. Nothing in the record supports such an assumption.

If the City had disaggregated the income segments, and had correctly accounted for the fact that virtually all of the projected new households will require incentives or

⁸² Ex. 130, at 275 (Housing Needs Assessment).

⁸³ Id.

⁸⁴ *Id*.

subsidies, the Board is confident that a less rosy picture of the City's low-income housing inventory would have emerged. The Board is left with a definite and firm conviction that the City erred in assuming that all or nearly all of the units for which capacity exists will be low-income units, because there is no incentive or subsidy program in place that would guarantee such an outcome.

The City was required under RCW 36.70A.070(2)(c) to identify in its housing element sufficient capacity of housing for moderate, low, very low, and extremely low-income households. For the reasons stated above, it did not do so.

In addition, the City was required by RCW 36.70A.070(2)(c) to identify sufficient capacity of housing for permanent supportive housing. The City included its permanent supportive housing inventory and projected needs in the LCA Supplement, which the Board finds did not meet the requirements of the GMA, and therefore, the City also did not meet its obligation to inventory and analyze housing needs for permanent supportive housing.

2. The City Did Identify Sufficient Existing and Projected Capacity for Emergency Housing.

In addition to allocating the city 1,216 low to moderate income households, CPP H-1 also allocated the city 237 emergency housing units.⁸⁵ During an early draft of the City's Comprehensive Plan Update Ordinance, the City received a comment from the Department of Commerce in which the Department did not, at that time, see any analysis of existing and projected emergency housing units:

During our review of your draft housing element, we did not find supporting documentation indicating sufficient land capacity emergency housing and emergency shelter as required RCW 36.70A.070(2)(c). While Commerce guidance indicates jurisdictions do not need to complete a land capacity analysis (LCA) for emergency housing and emergency shelter if they allow these uses in all zones that allow hotels, 86 RCW 36.70A.070(2)(c) expressly states jurisdictions must ensure sufficient capacity for all housing types, including emergency

⁸⁵ Ex. 276, at 40 (CPP H-1).

⁸⁶ See Ex. 282, at 44.

housing and emergency shelter, is identified in the housing element. Therefore, we recommend the city consider including this information in the city's final land capacity analysis.⁸⁷

In response to this comment, the City conducted an Emergency Housing Land Capacity Analysis, undated but presented to the City Council on September 3, 2024.⁸⁸ The Emergency Housing Land Capacity Analysis followed the process prescribed in Book 2 for analyzing land capacity for emergency housing.⁸⁹

Petitioners argued that the City's process wrongly aggregated what Petitioners called the four categories of STEP housing: emergency shelters, transitional housing, emergency housing, and permanent supportive housing. The Board disagrees. First, "transitional housing" is not a housing type that is required to be included in a land capacity analysis. Second, "permanent supportive housing" was already included in the LCA Supplement and so did not need to be analyzed a second time in the Emergency Housing Land Capacity Analysis. Third, although "emergency housing" and "emergency shelters" did need to be included in the Emergency Housing Land Capacity Analysis, the Department's guidance in Book 2 stated that aggregating these two categories is acceptable for purposes of a land capacity analysis:

Both emergency housing and emergency shelter include temporary accommodations. In implementation, there may be overlap between what could be considered emergency housing versus emergency shelter. For this reason, emergency housing and emergency shelter are considered a single category and referred to throughout this guidance as "emergency housing." ⁹³

⁸⁷ Ex. 100, at 28.

⁸⁸ Ex.100, at 30–31 (Emergency Housing Land Capacity Analysis).

⁸⁹ Resp. Br. at 13

⁹⁰ Pet'r's Reply at 2.

⁹¹ RCW 36.70A.070(2)(c).

⁹² With the caveat, however, that the Board concludes the LCA Supplement itself did not comply with the requirements of the GMA for the reasons stated in the preceding section.

Like the analysis for permanent housing in the LCA Supplement, the City's analysis for emergency housing looked only at capacity based on available land and development regulations and did not include any consideration of whether subsidies, incentives, or any other form of funding would be available. Although the Board concluded, above, that disregarding subsidies and incentives was unrealistic in the context of land capacity analysis for permanent housing, the Board concludes that it is appropriate in the context of emergency housing. The GMA defines emergency housing as:

temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement. 95

Based on this definition, the Board expects that most emergency housing (including emergency shelters) would likely be furnished by professional providers rather than private actors within the housing market. The Board's expectation of professional providers is also consistent with the examples of emergency housing provided in Book 2. ⁹⁶ Given that emergency housing will likely be furnished by professional providers, the Board concludes that a land capacity analysis for emergency housing can reasonably be based on physical capacity only and may disregard subsidies and incentives. This conclusion is consistent with Book 2, which does not require any subsidy or incentive analysis for emergency housing land capacity—unlike the requirements for analyzing permanent housing capacity. ⁹⁷

The Board concludes that the City met its obligation under RCW 36.70A.070(2)(c) to include an inventory and analysis of existing and projected housing needs for emergency

Id

⁹⁵ RCW 36.70A.030(14).

⁹⁶ Ex. 282, at 46–48.

⁹⁷ Id. at 44-46.

housing and emergency shelters. The City's obligation under RCW 36.70A.020(2)(c) to include an inventory and analysis of existing and projected permanent supportive housing was folded into its LCA Supplement, which, as the Board discussed in the preceding section of this decision, did not comply with the requirements of RCW 36.70A.070(2)(c).

Issue No. 2. Did the adoption of the Land Use Element, the Future Land Use Map, the Housing Element, the City of Mercer Island Housing Needs Assessment, the Land Capacity Analysis Supplement, and the development regulations in Ordinance No. 24C-16, and Exhibits A and B, and Ordinance No. 24C-18, and Exhibits A through F, fail to document programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations and fail to adopt and implement policies to improve effectiveness and address gaps in partnerships, policies, and dedicated resources to meet the jurisdiction's housing needs violating RCW 36.70A.020(4), RCW 36.70A.070, RCW 36.70A.070(2)(d), RCW 36.70A.100, RCW 36.70A.120, RCW 36.70A.130(1) and (5)(a), RCW 36.70A.210, RCW 36.70A.290(2), or King County Countywide Planning Policy H-12?

Applicable Laws:

RCW 36.70A.070 (Comprehensive Plan—Mandatory elements):

- (2)(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:
 - (i) Incorporating consideration for low, very low, extremely low, and moderate-income households;
 - (ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;
 - (iii) Consideration of housing locations in relation to employment location; and
 - (iv) Consideration of the role of accessory dwelling units in meeting housing needs;

RCW 36.70A.130 (Review Procedures and Schedules—Implementation Progress Report):

(1)(a) Each comprehensive land use plan and development regulations shall be subject to continuing review and evaluation by the county or city

that adopted them. Except as otherwise provided, a county or city shall take legislative action to review and, if needed, revise its comprehensive land use plan and development regulations to ensure the plan and regulations comply with the requirements of this chapter according to the deadlines in subsections (4) and (5) of this section.

. . .

(5)(a) ... [O]n or before December 31, 2024, with the following review and, if needed, revision on or before June 30, 2034, and then every 10 years thereafter, for King, Kitsap, Pierce, and Snohomish counties and the cities within those counties

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- (9)(a) Counties subject to planning deadlines established in subsection (5) of this section that are required or that choose to plan under RCW 36.70A.040 and that meet either criteria of (a)(i) or (ii) of this subsection, and cities with a population of more than 6,000 as of April 1, 2021, within those counties, must provide to the department an implementation progress report detailing the progress they have achieved in implementing their comprehensive plan five years after the review and revision of their comprehensive plan. Once a county meets the criteria in (a)(i) or (ii) of this subsection, the implementation progress report requirements remain in effect thereafter for that county and the cities therein with populations greater than 6,000 as of April 1, 2021, even if the county later no longer meets either or both criteria. A county is subject to the implementation progress report requirement if it meets either of the following criteria on or after April 1, 2021:
 - (i) The county has a population density of at least 100 people per square mile and a population of at least 200,000; or
 - (ii) The county has a population density of at least 75 people per square mile and an annual growth rate of at least 1.75 percent as determined by the office of financial management.

. . .

(c) If a city or county required to provide an implementation progress report under this subsection (9) has not implemented any specifically identified regulations, zoning and land use changes, or taken other legislative or administrative action necessary to implement any changes in the most recent periodic update in their comprehensive plan by the due date for the implementation progress report, the city or county must identify the need for such action in the implementation progress report. Cities and counties must adopt a work plan to

implement any necessary regulations, zoning and land use changes, or take other legislative or administrative action identified in the implementation progress report and complete all work necessary for implementation within two years of submission of the implementation progress report.

CPP H-12:

Adopt and implement policies that improve the effectiveness of existing housing policies and strategies and address gaps in partnerships, policies, and dedicated resources to meet the jurisdiction's housing needs.

Board Discussion

- A. Brief Summary of Parties' Arguments on Issue 2.
- 1. Brief Summary of Petitioners' Arguments on Issue 2.

Petitioners raised several challenges under the "make adequate provision" prong of the new housing requirements set forth by ESSHB 1220 in RCW 36.70A.070(2)(d). First, Petitioners argued that the challenged ordinances did not document the programs and actions needed to achieve housing availability, including gaps in funding and regulatory barriers. Petitioners argued that ESSHB 1220 required "concrete steps, specific policies, programs, and implementation measure[s]," but the policies the City adopted in the housing element of the Comprehensive Plan Update Ordinance were merely "vague commitments" or promises to "comply with statewide legislation" without any plan to actual implement measures to make housing affordable to all income segments. 99

Petitioners argued that CPP H-12 required the City to address gaps in "partnerships, policies, and dedicated resources." Petitioners argued that the City had failed to identify such resources for making housing affordable. The failure to find resources was particularly harmful in the case of Mercer Island, Petitioners argued, because Mercer Island is such a

⁹⁸ Pet'r's Br. at 10.

⁹⁹ *Id*.

¹⁰⁰ *Id*. at 11.

high-cost community, where even accessory dwelling units exceed the affordability threshold for those earning less than 80 percent of AMI.¹⁰¹

Petitioners argued that the City was concentrating affordable housing in the TC zone, because that is the only zone where incentivized zoning practices have been implemented. ¹⁰² But even in the TC zone, there is no requirement for developers to provide any housing affordable to extremely low income households, those earning 30 percent of AMI or below.

Petitioners argued that the deadline for compliance with the "make adequate provisions" requirement of the GMA, RCW 36.70A.070(2)(d), was the same as the deadline for updating the Comprehensive Plan: December 31, 2024. 103

2. Brief Summary of Respondent's Arguments on Issue 2.

The City argued that it did "document gaps in local funding and barriers to housing production," as required by RCW 36.70A.070(2)(d), and that it did so in a manner consistent with the Department's guidance in Book 2.¹⁰⁴ The City identified various barriers in Table 2 of the housing element of the Comprehensive Plan Update Ordinance, and that same table listed appropriate programs and actions to overcome each barrier identified.¹⁰⁵

The core of the City's argument was that the City was not required to actually provide or identify funding for low income housing at this stage. It was merely required to document funding gaps and identify funding strategies. ¹⁰⁶ As the City argued, "[f]unding is an issue that is too large for one city. 'Meeting housing needs will require actions, including commitment of substantial financial resources, by a wide range of private for-profit, nonprofit, and government entities." ¹⁰⁷

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¹⁰¹ *Id*. at 12.

¹⁰² *Id.* at 12–13 (citing MICC 19.11.040).

¹⁰³ *Id.* at 13–14 (citing RCW. 36.70A.130(1)(a) and –(5)(a)).

¹⁰⁴ Resp. Br. at 16.

¹⁰⁵ *Id*. at 17, 22.

¹⁰⁶ *Id*. at 18.

¹⁰⁷ *Id.* at 18–19 (quoting Ex. 276, at 45).

In the City's reading of RCW 36.70A.070(2)(d), it was required only to document funding gaps and identify strategies (which it did) and make up any shortfall in the number of units identified in the course of the capacity analysis described in the preceding section. Since the LCA Supplement identified a shortfall of 143 in medium or high density zones, the City adopted the Interim Zoning Ordinance to supply those units within the TC zone by increasing height bonuses, while at the same time removing barriers to affordability and helping achieve housing availability on Mercer Island. The City argued that there was no prohibition in the GMA or CPPs against siting affordable housing in the TC zone, where it is most likely to be feasible.

Any housing obligations beyond these steps, the City argued, were not due yet. The City argued that RCW 36.70A.130(9)(a) gives larger counties and cities a longer period of time to implement their comprehensive plans. In the City's reading, implementation of the various strategies the City had identified would not be due until the first progress report under RCW 36.70A.130(9)(a) was due in December of 2029. The City argued that the Book 2 guidance was that "implementing regulations to provide sufficient land capacity must be adopted by the periodic update deadline and implementing regulations to make adequate provision for all economic segments of the community may be adopted at a later date." The City argued that the later date." The City argued that the later date." The City argued that the later date.

B. The Board Concludes that the City Was Required to Make Adequate Provisions for Existing and Projected Needs of All Economic Segments in the Most Recement Comprehensive Plan Periodic Update, Due December 31, 2024.

¹⁰⁸ *Id*. at 19.

¹⁰⁹ *Id*.

¹¹⁰ *Id*. at 20–21.

¹¹¹ *Id*. at 23–25.

¹¹² *Id.* at 25 (citing Ex. 282, at 102–103).

The Board recognizes a certain tension between the requirements of RCW 36.70A.070(2)(d), RCW 36.70A.130(1)(a) and -(5)(a), and RCW 36.70A.130(9)(a) and -(c).

Section -,070(2)(d) requires the housing element of a Comprehensive Plan to make adequate provision for housing for all economic segments.

Sections -.130(1)(a) and -(5)(a) require that the Comprehensive Plan *and* development regulations must be reviewed and, if needed, revised for compliance with the GMA by December 31, 2024, as part of the periodic update.

Section -.130(9)(a) requires certain cities to provide "an implementation progress report detailing the progress they have achieved in *implementing their comprehensive plan* five years after the review and revision of their comprehensive plan." Section -(9)(c) provides that, if the city has not "implemented any specifically identified regulations ... in the most recent periodic update in their comprehensive plan by the due date for the implementation progress report, the city or county must identify the need for such action in the implementation progress report. Cities and counties must adopt a work plan to implement any necessary regulations, zoning and land use changes, or take other legislative or administrative action identified in the implementation progress report and complete all work necessary for implementation within two years of submission of the implementation progress report."

Section -.130(1)(a) and -(5)(a) require both Comprehensive Plan updates and any necessary development regulations to be adopted by December 31, 2024. Section - .130(9)(a) requires a progress report on the implementation of the Comprehensive Plan to be submitted by December 2029—but not necessarily a progress report on the implementation of both the Comprehensive Plan and development regulations. The December 2029 progress reporting requirement for the Comprehensive Plan but not for development regulations seems to imply a possibility that development regulations might not necessarily be in place by December 2029. Indeed, Section -.130(9)(c) seems to contemplate the possibility that a city might adopt only a Comprehensive Plan but might potentially delay adoption of any development regulations until two years *after* its

Comprehensive Plan implementation report is due in December 2029, in other words, December 2031. Yet such a scenario would appear to conflict the requirement of Section - .130(1)(a) and –(5)(a) to have both the Comprehensive Plan and the development regulations in place by December 2024.

The Department offered the following interpretation in Book 2:

The GMA requires counties and cities required or choosing to plan under RCW 36.70A.040 to adopt a comprehensive plan including a housing element that identifies sufficient capacity of land for all housing needs. RCW 36.70A.115 further clarifies that those fully planning jurisdictions shall ensure that, taken collectively, the comprehensive plan and development regulations provide sufficient land capacity to accommodate their allocated housing need. Under RCW 36.70A.130(1)(a), comprehensive plans and development regulations must be compliant with the GMA when they are adopted at the periodic update.

Based on these statutory requirements, both the comprehensive plan and implementing development regulations must be adopted no later than the periodic update deadline to ensure GMA compliance. For example, if a jurisdiction's comprehensive plan identifies a residential land capacity deficit for middle housing types to serve the projected number of low to moderate-income households, then the adopted implementing development regulations must include changes to the development regulations to allow a sufficient amount of middle housing to overcome that deficit. That additional capacity should be allowed "by right" to ensure that there are minimal hurdles to building the needed capacity.

The GMA also requires fully planning jurisdictions to make adequate provisions for existing and projected needs for all economic segments of the community, including:

- Incorporating consideration for low, very low, extremely low and moderate-income households;
- Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations and other limitations;
- Consideration of housing locations in relation to employment locations; and
- Consideration of the role of ADUs in meeting housing needs.

Therefore, while GMA-compliant comprehensive plans and implementing development regulations (which must provide for sufficient land capacity) must be adopted by the periodic update deadline, actions taken to "make adequate provisions" for a jurisdiction's housing needs that do not involve changes to the implementing development regulations for meeting capacity may be taken after the periodic update deadline. Types of actions falling under this category include, for example, implementing regulation changes to remove barriers that may be contributing to market inactivity, or modifying permitting or fee structures to incentivize certain housing types to meet income needs.

In recognition that these steps may take some time to implement after the comprehensive plan and development regulations are adopted, RCW 36.70A.130(9) requires that certain jurisdictions provide the Department of Commerce with a report detailing the progress they have achieved in implementing their comprehensive plan five years after its adoption. The implementation progress report shall cover:

- The implementation of previously adopted changes to the housing element and any effect those changes have had on housing affordability and availability,
- Permit processing timelines, and
- Progress towards implementing any actions to achieve reductions to meet greenhouse gas and vehicle miles traveled requirements as provided for in any element of the comprehensive plan under RCW 36.70A.070.

If a jurisdiction required to provide an implementation progress report has not implemented any specifically identified regulations, zoning and land use changes, or taken any other legislative or administrative action necessary to implement changes in the most recent periodic update by the deadline to submit the progress report, that jurisdiction must adopt a work plan to implement such actions. Then, according to RCW 36.70A.130(9), they must also complete all work necessary for implementation of those actions within two years of the report's submission.

Given this statutory deadline, a jurisdiction should aim to implement actions required to make adequate provisions for the jurisdiction's housing needs by the due date for the five-year implementation progress report and be prepared to demonstrate progress made towards

implementing their housing element in the report. If the jurisdiction has not made additional adequate provisions (i.e., beyond basic zoning changes for capacity per RCW 36.70A.115) to accommodate its housing needs, the report must demonstrate how those actions will be taken in the next two years.¹¹³

The City relied on this Book 2 guidance to determine that it needed only to provide *capacity* and *identify gaps and strategies* in the 2024 update. Actually "making adequate provision" for housing through development regulations could be delayed until the 2029 progress report, or even, perhaps, two years after the progress report.

The Board concludes that the Book 2 guidance did not present a correct interpretation of the GMA deadlines. In enacting revisions to RCW 36.70A.130(9)(a) and - (c), the Legislature did not establish a new deadline for making adequate provisions for housing all economic segments as required by RCW 36.70A.070(2)(d). Instead, the deadline for making adequate provisions for housing, whether by means of Comprehensive Plan updates or through development regulations, remains the deadline originally set by RCW 36.70A.130(1)(a) and -(5)(a): December 31, 2024.

The Board concludes that RCW 36.70A.130(9)(a) set a December 2029 deadline to *file a report* documenting the implementation of the GMA housing requirements, not a December 2029 deadline to *achieve compliance* with the GMA housing requirements. In the Board's interpretation of Sections -.130(1), (5), and (9), a city must take action through both its Comprehensive Plan and its development regulations to meet all of the GMA's requirements by December 2024—including the requirement to make adequate provision for housing all economic segments. A city is then required to turn in a report evaluating its implementation progress in December 2029. If, by that date, the city has not already implemented specifically identified regulations, zoning, and land use changes necessary to implement its most recent periodic update to its Comprehensive Plan, then the city's

¹¹³ Ex. 282, at 102–103.

progress report must "identify the need for such action." Having identified the needed actions, the city then has a further two years to adopt them.

The December 2029 deadline in RCW 36.70A.130(9) is not a deadline to adopt development regulations to implement the Comprehensive Plan. It is a deadline to report on the success or failure of the Comprehensive Plan, including the development regulations that implement the Comprehensive Plan. If the December 2029 report reveals that implementation of the Comprehensive Plan has not been working as intended over the preceding five years, and if there are still development regulations or other implementing actions that have not yet been taken, then a narrow window is provided to adopt any necessary implementing actions—not the usual ten-year window of the next periodic update, but instead just two years after the progress report that identified the implementation failure. The additional two-year deadline established by RCW 36.70A.130(9)(c) is the window in which to correct a plan that turned out to be unsuccessful, not the window in which to implement a plan in the first instance.

The Board does not lightly disagree with the guidance provided by the Department in Book 2. On the contrary, the Board itself relied, in part, on guidance in Book 2 to inform some of the Board's own conclusions regarding Issue 1. The Board acknowledges its statutory duty to consider Departmental criteria adopted pursuant to RCW 36.70A.190(4). The Board also recognizes that an agency's interpretation of a statute is accorded great weight when that statute is within the agency's special expertise. And, although the Book 2 guidance was not adopted by rule, as is required of formal Departmental criteria pursuant to RCW 36.70A.190(4), and although Book 2 carries no legal or regulatory effect, the Board nevertheless affords the interpretations in Book 2

¹¹⁴ RCW 36.70A.320(3).

¹¹⁵ Port of Seattle v. Pollution Control Hearings Bd., 151 Wn.2d 568, 593, 90 P.3d 659 (2004).

¹¹⁶ See Wash. Educ. Ass'n v. Wash. State Pub. Disclosure Comm'n, 150 Wn.2d 612, 619, 80 P.3d 608 (2003) ("Furthermore, issuance of interpretative statements is not governed by formal adoption procedures. There is no need for formal procedures because such advisory statements have no legal or regulatory effect.")

significant weight in recognition of the Department's administrative expertise in this field. However, "an agency's view of the statute will not be accorded deference if it conflicts with the statute." Ultimately, it is for the reviewing tribunal—here, the Board—to determine the meaning and purpose of a statute.

The Board cannot agree with Book 2's interpretation that RCW 36.70A.130(9)(a) and -(c) worked to amend any part of the deadline to adopt a GMA-compliant periodic update of both a Comprehensive Plan and the development regulations necessary to implement the Comprehensive Plan. Such an interpretation would erroneously read out the deadline for a GMA-compliant periodic update established in RCW 36.70.130(1) and -(5) and would also ignore the language in Section -(9) providing an extended deadline only for such corrective actions which a progress report determines remain necessary five years after GMA compliance was required to be achieved in the first place. The interpretation in Book 2 conflicts with the statute.

In addition to the plain language of RCW 36.70A.130(1) and -(5) setting the same deadline for updating both Comprehensive Plans and development regulations, the Board also considers the requirement of RCW 36.70A.040(3)–(5) that development regulations must be "consistent with and implement the Comprehensive Plan." If the Board were to allow a periodic update to amend a Comprehensive Plan but delay any implementing development regulations by five years, then there would be a five-year gap during which the development regulations would not be implementing the Comprehensive Plan—unless, by happy coincidence, the existing, unamended development regulations just so happened to implement the amendments in the Comprehensive Plan. However, no party in this case is arguing that the City's existing development regulations have already made adequate provisions for all economic segments in Mercer Island, and the record shows the existing

¹¹⁷ *Postema v. Pollution Control Hearings Bd.*, 142 Wn.2d 68, 77, 11 P.3d 726 (2000). ¹¹⁸ *Id.*

regulations have not made adequate provisions.¹¹⁹ Therefore, because the periodic update of the City's Comprehensive Plan was required to make adequate provisions for all economic segments, the periodic update of the City's development regulations was also required to make adequate provisions for all economic segments.

The Board does agree with the Book 2 guidance in one respect: "Under RCW 36.70A.130(1)(a), comprehensive plans and development regulations must be compliant with the GMA when they are adopted at the periodic update." ¹²⁰ Ever since the adoption of ESSHB 1220 in 2021, the GMA has required comprehensive plans to "make adequate provisions" for housing all economic segments. If a comprehensive plan, together with its implementing regulations, do not "make adequate provisions" for housing by the time of the periodic update, then that plan and those regulations are not compliant with the GMA. And the time to fix the non-compliance is now, not five years from now. In five years, the City must turn in a progress report documenting the success or failure of its Comprehensive Plan. But if there is to be any hope of reporting success in five years, then implementation must begin now with the periodic update—and the GMA requires exactly that.

C. The Board Concludes that the City Did Not Make Adequate Provisions for Existing and Projected Needs of All Economic Segments.

As noted earlier in this decision, the City's capacity analysis erroneously aggregated all the low to medium income economic segments into a single segment, and then baselessly assumed that any subsidies or incentives necessary for their housing would be available. With these erroneous assumptions in place, the City identified a development capacity of 1,073 units for the low to medium income economic segments, leaving a deficit of 143 units for those segments. The Interim Zoning Ordinance then provided the missing

¹¹⁹ As the Board noted above, only 102 rent-restricted units have been produced under the City's current system of subsidies and incentives.

¹²⁰ Ex. 282, at 102 (emphasis added).

143 units through height increases. It also increased the amount and level of affordable housing that a developer must provide to take advantage of height bonuses in the TC zone.

However, as the Board found above, virtually of the low to medium income households allocated to the City will require subsidized or incentivized housing. If the City cannot show that subsidies or incentives are available for each of those units, then the City cannot claim those units in its capacity analysis.

Nothing in the record shows that subsidies or incentives will be available for each of the 1,216 low to moderate income households allocated to the City in CPP H-1. The LCA Supplement contains no such analysis. On the contrary, the LCA Supplement promised that the necessary "review of incentives and subsidies will be conducted in a separate report addressing the 'adequate provisions' guidance provided by Commerce." 121 That work was not done—possibly because the City erroneously believed that "adequate provisions" for housing did not need to be made until December 2029. In the absence of the subsidies or incentives that will be necessary to make housing affordable to the low to moderate income segments, neither the existing capacity for 1,073 units nor the newly provided capacity for 143 additional units in the Interim Zoning Ordinance constitute "adequate provisions" for housing across all economic segments. The Board concludes the City has not met the requirement of RCW 36.70A.070(2)(d) to make adequate provisions for housing all economic segments.

The City's other measures to "make adequate provisions" for housing across all economic segments also fall short. The Board agrees with Petitioners that the new policies adopted in the Comprehensive Plan Update Ordinance (summarized in the introduction to this decision) fail to make adequate provision for housing. The Board does not doubt that the policies would contribute to the supply of housing, but the record does not show that the policies, on their own, will make adequate provision for housing, which is the obligation imposed by RCW 36.70A.070(2)(d).

¹²¹ Ex.130, at 347.

To take just one example, Policy 2.5.1 is to use "affordable housing incentives that require units at varying income levels to be incorporated into new construction to address the Mercer Island housing growth target and housing needs for households earning less than the AMI. Affordable housing unit requirements should be set at levels to yield more lower-income units as the benefit of the incentive increases." This policy obviously has the potential to generate new units for households earning less than 100 percent of AMI. Indeed, it is likely that this policy underlays the Interim Zoning Ordinance's amendments to expand the optional affordable housing incentives in the TC zone. But there is no analysis in the record as to how many units, and at what income levels, Policy 2.5.1 can be expected to generate.

The same is true for all of the other housing policies in the Comprehensive Plan Update Ordinance. Each of the policies, both on its own and in the aggregate, might very well result in some quantity of low to moderate income housing units being built. But there is nothing to demonstrate that the policies will generate sufficient low to moderate income housing units necessary to meet the CPP H-1 growth targets. Vague aspirations to generate unspecified quantities of affordable housing are insufficient in a post-ESSHB 1220 world. The City's approach here is reminiscent of the former GMA Goal 4, to "encourage the availability of affordable housing to all economic segments." This approach is not consistent with the post-ESSHB 1220 GMA Goal 4, to "plan for an accommodate housing affordable to all economic segments" and the post-ESSHB 1220 requirement of RCW 36.70A.070(2)(d) to "[make] adequate provisions for existing and projected needs of all economic segments."

For the same reason, the Board does not accept that the affordable housing amendments in the Interim Zoning Ordinance satisfy the requirements of RCW 36.70A.070(2)(d). While deepening the affordability requirements in the TZ zone will likely result in some amelioration of the affordable housing shortage, the record does not show

¹²² Id., at 113.

that it makes adequate provision for housing all economic segments. The Board concludes that neither of the challenged ordinances is consistent with the requirements of RCW 36.70A.070(2)(d).

The Board does agree with the City in one respect with regards to Issue 2: There is no prohibition against concentrating affordable housing in the zones where it is most feasible to provide. The Board does not see any provision of the GMA, CPPs, or other source of law cited by Petitioners that would require the City to distribute affordable housing across all neighborhoods. As a practical matter, making adequate provision for housing all economic segments may lead the City to expand affordable housing subsidy and incentive programs beyond the medium to high density zones, or the City may choose to expand the medium to high density zones into areas of the city that currently carry other zoning designations. Such planning choices would only be practical outcomes of the law, not explicit requirements of the law itself—at least, not any law that Petitioners has called to the Board's attention with regard to Issue 2.

Issue No. 3. Did the adoption of Ordinance No. 24C-16, and Exhibits A and B, and Ordinance No. 24C-18, and Exhibits A through F, fail to develop, adopt, and include in the comprehensive plan a subarea plan for the Mercer Island light rail station area violating Multicounty Planning Policies (MPPs) DP-Action-8, MPP-RGS-8, MPP-DP-22, MPP-T-19, and associated narrative in VISION 2050 and pages 15, 27–28, and 68–72; King County Countywide Planning Policies H-3(i), H-16, and H-17; RCW 36.70A.020(3); RCW 36.70A.020(4); RCW 36.70A.070; RCW 36.70A.070(1); RCW 36.70A.070(6)(a); RCW 36.70A.100; RCW 36.70A.108; RCW 36.70A.120; RCW 36.70A.130(1) and (5)(a), RCW 36.70A.210, or RCW 36.70A.290(2)?

Applicable Laws:

MPP DP-Action-8 (Center Plans and Station Area Plan): 123

Each city or county with a designated regional center and/or light rail transit station area will develop a subarea plan for the designated

¹²³ Ex. 322, at 80.

regional growth center, station area(s), and/or manufacturing/industrial center. Cities and counties will plan for other forms of high-capacity transit stations, such as bus rapid transit and commuter rail, and countywide and local centers, through local comprehensive plans, subarea plans, neighborhood plans, or other planning tools. Jurisdictions may consider grouping station areas that are located in close proximity.

MPP-DP-22: 124

Plan for densities that maximize benefits of transit investments in high-capacity transit station areas that are expected to attract significant new population or employment growth.

MPP-RGS-8: 125

Attract 65% of the region's residential growth and 75% of the region's employment growth to the regional growth centers and high-capacity transit station areas to realize the multiple public benefits of compact growth around high-capacity transit investments. As jurisdictions plan for growth targets, focus development near high-capacity transit to achieve the regional goal.

MPP-T-19:126

Design transportation programs and projects to support local and regional growth centers and high-capacity transit station areas.

CPP H-3:¹²⁷

Conduct an inventory and analysis in each jurisdiction of existing and projected housing needs of all segments of the population and summarize the findings in the housing element. The inventory and analysis shall include:

(i) Housing development capacity within a half-mile walkshed of high-capacity or frequent transit service, if applicable;

CPP H-16:128

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¹²⁴ *Id*. at 77.

¹²⁵ *Id*. at 43.

¹²⁶ *Id*. at 106.

¹²⁷ Ex. 276, at 41–42.

¹²⁸ Id. at 46.

Expand the supply and range of housing types, including affordable units, at densities sufficient to maximize the benefits of transit investments throughout the county.

CPP H-17:¹²⁹

Support the development and preservation of income-restricted affordable housing that is within walking distance to planned or existing high-capacity and frequent transit.

Board Discussion

- A. Brief Summary of Parties' Arguments on Issue 3.
- 1. Brief Summary of Petitioners' Arguments on Issue 3.

Petitioners argued that Mercer Island has a "designated ... light rail transit station area" for its forthcoming high-capacity transit station, but the City has not adopted a subarea plan for the station area in contravention of MPP DP-Action-8. The City's failure to adopt a subarea plan for the station area led to failures to comply with the other MPPs above. 131

In addition, Petitioners argued the City did not complete the inventory and analysis of the high-mile walkshed around the forthcoming high-capacity transit station, as required by CPP H-3(i). 132 Petitioners also argued that the only zone approaching what Petitioners characterized as a requirement in CPP H-16 for 50 units per residential acre within half a mile of the station is the TC zone. Zones north of the station are not even close to this density. 133 Petitioners also argued that Policy 4.3 of the Comprehensive Plan Update Ordinance—"[a]llow the development of affordable housing within the Town Center" 134—was not sufficient to meet the requirement of CPP H-17 to support the development of income-restricted affordable housing within walking distance of planned high-capacity

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¹²⁹ *Id*.

¹³¹ *Id*.

¹³² *Id*. at 16.

¹³³ Id. at 16-17.

¹³⁴ Ex. 130, at 91.

transit.¹³⁵ These failures, too, might have been avoided had a subarea plan been prepared, because a subarea plan would have been a natural place to address each of these CPP requirements.¹³⁶

2. Brief Summary of Respondent's Arguments on Issue 3.

The City did not dispute that it produced no subarea plan for the station area of the future light rail station. Instead, the City argued that most of the cited CPPs and MPPs do not require a subarea plan. ¹³⁷ In the City's reading, CPP H-3(i) requires only an inventory and analysis, which the City provided. ¹³⁸ CPP H-16 and H-17 require only expansion of housing supply near transit investments and development and presentation of incomerestricted housing near high-capacity transit, which the City argued it meets through Comprehensive Plan Update Ordinance Policy 2.1. ¹³⁹ The City denied that CPP H-16 requires 50 units per acre near transit areas, because that number comes not from the CPPs but rather from Petitioner Futurewise's own white paper. ¹⁴⁰

The City argued that MPP-DP-22 requires only planning for densities to maximize transit, which the City argued it had done in Policies 1.9 and 2.1.¹⁴¹ Similarly, the City argued that MPP-T-19 and MPP-RGS-8 require only that the City design transportation programs and projects to support high-capacity transit station areas, and focus development near those areas, not achieve any specific result beyond those articulated in the goals and policies of the Comprehensive Plan Update Ordinance.¹⁴²

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¹³⁵ Pet'r's Br. at 17.

¹³⁶ *Id*. at 18.

¹³⁷ Resp. Br. at 26–27.

¹³⁸ *Id.* at 27 (citing Ex. 320, at 5).

¹³⁹ *Id.* at 27 (citing Ex. 130, at 112 (Policy 2.1)) ("Support the development and preservation of incomerestricted housing that is within walking distance of planned or existing high-capacity transit.").

¹⁴⁰ *Id.* at 27.

¹⁴¹ *Id.* at 28 (citing Ex. 130, at 77, 112 (Policy 1.9) ("Increase housing choices for everyone, particularly those earning lower wages, in areas with access to employment centers and high-capacity transit."),(Policy 2.1) (quoted above).

¹⁴² *Id.*

MPP DP-Action-8 indisputably does require a subarea plan, at least by its plain terms, but the City argued that this MPP did not come with a deadline by which the subarea plan had to be adopted. The City contrasted DP-Action-8's lack of a deadline with other MPPs that do contain specific deadlines for other actions, including MPP-Ec-Action-5 whose deadline to establish an "economic development element" is the 2024 Comprehensive Plan periodic update—the very deadline Petitioners argued should apply to the subarea plan. The City also observed that the Regional Council, which establishes the MPPs, commented on a draft of the City's Comprehensive Plan Update Ordinance and did not remark on the absence of a subarea plan, even when commenting upon the light rail station and the surrounding area. The City area subarea plan, even when commenting upon the light rail station and the surrounding area.

Finally, the City argued that the Legislature's adoption of Third Substitute House Bill (3SHB) 1491¹⁴⁶ has superseded the requirement of MPP DP-Action-8 to establish a subarea plan for the area around the light rail station. ¹⁴⁷ According to the City, 3SHB 1491 establishes "de facto subarea plans" within rail station areas within the same half-mile walkshed as MPP DP-Action-8. ¹⁴⁸ 3SHB 1491 gives cities until December 31, 2029 to implement a wide range of zoning changes within the walkshed of a transit station, including such changes as allowing multi-family housing at particular densities in residential zones. ¹⁴⁹

B. The Board Concludes that the City Met the Requirements of CPP H-3(i), CPP H-16, CPP H-17, MPP-DP-22, MPP-RGS-8, and MPP-T-19, but not the Requirement of MPP DP-Action-8 to Establish a Subarea Plan for the Transit Station Area.

¹⁴³ *Id*. at 29.

¹⁴⁴ *Id*. (citing Ex. 322, at 97).

¹⁴⁵ *Id.* at 30 (citing Ex. 100, at 68).

¹⁴⁶ Laws of 2025, ch.267.

¹⁴⁷ Resp. Br. at 30.

¹⁴⁸ *Id*. at 31.

¹⁴⁹ *Id*. at 30–31.

The Board concludes that the walkshed and zoning map at Ex. 320 discharges the City's obligation to inventory and analyze under CPP H-3(i). The Board concludes that CPP H-16, CPP H-17, MPP-DP-22, MPP-RGS-8, and MPP-T-19 establish vague policy goals, not specific targets, and that the City has met those vague goals with the policies articulated in its Comprehensive Plan Update Ordinance and the additional housing capacity provided in its Interim Zoning Ordinance.

The Board concludes that MPP DP-Action-9 does require a subarea plan for the transit station area. MPP DP-Action-9 does not contain a deadline specific to that MPP, but the Board concludes that the deadline to comply with the deadline for the period update, namely, December 31, 2024. RCW 36.70A.130(5) says that cities "shall take action to review and, if needed, revise their comprehensive plans and development regulations to ensure the plan and regulations comply with the requirements [of the GMA]" by that date. Compliance with MPPs is one component of compliance with the GMA. 150 If MPP DP-Action-9 had stated some deadline other than the deadline for the periodic update, then that deadline would have controlled. In the absence of an alternative deadline, however, the general deadline for the periodic update controls. Most MPPs (and for that matter, most CPPs and most of the City's own Comprehensive Plan policies) do not contain separate deadlines. That does not mean such policies are subject to some indefinite deadline or no deadline at all. It means they are subject to the general deadline of the periodic update: December 31, 2024. The Regional Council was not required to repeat the deadline of the periodic update for each and every one of the dozens, if not hundreds, of MPPs scattered throughout Vision 2050.

The Board does not agree that 3SHB 1491 mooted or superseded the requirements of MPP DP-Action-8 to establish a subarea plan for the area around the light rail station. It is true that 3SHB 1491 covers many of the same subjects a subarea plan must cover. But the GMA covers many of the same subjects a Comprehensive Plan must cover. That is no

¹⁵⁰ RCW 36.70A.210(7), .100; WAC 365-196-305(8)(b).

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30 31 32 basis for a local jurisdiction to decline to develop a Comprehensive Plan. Just as the GMA introduces a wide variety of elements that must appear in a Comprehensive Plan but does not supersede the requirement to develop a Comprehensive Plan, so does 3SHB 1491 introduce a wide variety of elements that must appear in the subarea plan required by MPP DP-Action-8 but does not supersede the requirement to develop a subarea plan. If the Regional Council determines that 3SHB 1491 has rendered subarea planning for transit station areas obsolete, then the Regional Council may remove the requirement of MPP DP-Action-8 to develop a subarea plan. Until then, the requirement remains in effect. The City erred in not developing a subarea plan as part of its periodic update.

Issue No. 4. Did the adoption of Ordinance No. 24C-16, and Exhibits A and B, and Ordinance No. 24C-18, and Exhibits A through F, fail to complete the King County Growth Management Planning Council's housing-focused review of the draft periodic comprehensive plan update violating King County Countywide Planning Policy H-26, RCW 36.70A.020(4), RCW 36.70A.070, RCW 36.70A.070(2), RCW 36.70A.100, RCW 36.70A.120, RCW 36.70A.130(1) and (5)(a), RCW 36.70A.210, or RCW 36.70A.290(2)?

Applicable Laws:

CPP H-26:

The Growth Management Planning Council or its designee will conduct a housing-focused review of all King County jurisdiction's draft periodic comprehensive plan updates for alignment with the Housing Chapter goals and policies prior to plan adoption and provide comments. The purpose of plan review is to:

- a) offer early guidance and assistance to jurisdictions on comprehensive plan alignment with the CPP Housing Chapter;
- b) ensure plans address all Housing Chapter goals and policies and include required analyses;
- evaluate the meaningfulness of plan responses to policies in this chapter, where meaningful responses can be reasonably expected to achieve a material, positive change in the jurisdiction's ability to meet housing needs; and

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d) collect data on jurisdictional implementation details to inform future monitoring and evaluation during the remainder of the planning period.

Board Discussion

- A. Brief Summary of Parties' Arguments on Issue 4.
- 1. Brief Summary of Petitioners' Arguments on Issue 4.

Petitioners argued that the City failed to complete the housing-focused review required by CPP H-26.¹⁵¹ Petitioners cited the City's request to the Affordable Housing Committee (AHC) to begin the housing focused review, followed by the AHC's letter of incompleteness, in which the AHC requested additional information from the City.¹⁵²

2. Brief Summary of Respondent's Arguments on Issue 4.

The City argued that it submitted its draft housing element to the AHC on March 15, 2024, well in advance of the December 31, 2024 deadline for the periodic update. The AHC, according to the City, "rejected the submittal entirely" and demanded additional materials—which the AHC would then take two to five months to review. The City argued that the AHC "recommended cities breach the statutory deadline of December 31, 2024 for periodic updates, in favor of submitting to the AHC process. The City argued that the process outlined by AHC would be too slow and would result in the City missing its statutory deadline for the periodic update. The City argued that CPP H-26 imposes a

¹⁵¹ Pet'r's Br. at 22-23.

¹⁵² *Id.* at 23 (citing Exs. 272, 275) (The AHC is the Growth Management Planning Council's designee, as contemplated by CPP H-26).

¹⁵³ Resp. Br. at 31 (citing Ex. 272, at 2).

¹⁵⁴ *Id*. at 31–32 (citing Ex. 272, at 1).

¹⁵⁵ *Id.* at 32 (citing Ex. 299, at PDF 55, 58, and 64). The Board finds these citations difficult to reconcile with the exhibits as filed by the City, but the Board does find the following in Ex. 299, at King Cnty. Affordable Hous. Comm. Meeting Minutes, December 5, 2024: "it won't be possible for some jurisdictions to amend before plan adoption and encouraged these jurisdictions to amend their plans in 2025 as part of an annual comprehensive plan update."

requirement on the AHC to conduct a housing-focused review but not a requirement on the City to participate in the AHC's review.¹⁵⁶ Even though the City has now completed its periodic update, the City has pledged to continue working with the AHC to have the AHC review the City's Comprehensive Plan.¹⁵⁷

B. The Board Concludes the City Was Not Required to Conduct a Housing-Focused Review Prior to Adopting Its Periodic Update.

The Board agrees with the City that CPP H-26 imposes a requirement on the AHC to conduct a housing-focused review. It does not impose a requirement on the City to conduct a housing-focused review.

As a matter of good governance, the City should make a good-faith effort to provide the AHC the materials the AHC needs to conduct its review. Even so, the GMA and CPP H-26 do not impose a legal obligation on the City here. The Board will not wade into any dispute over whether the City made a good-faith effort to cooperate with the AHC in this instance. At the end of the day, the burden is on the AHC to obtain whatever materials it thinks it needs, not on the City to supply whatever materials the AHC requests.

Issue No. 5. Did the adoption of the Land Use Element, the Future Land Use Map, the Housing Element, and the development regulations in Ordinance No. 24C-16, and Exhibits A and B, and Ordinance No. 24C-18, and Exhibits A through F, fail to comply with King County Countywide Planning Policies H-2 by not prioritizing the need for housing affordable to households with incomes less than or equal to 30 percent area median, H-7 by not supporting the development, implementation, and monitoring of strategies that achieve the goals of the countywide planning policies for housing, H-8 by not collaborating with populations most disproportionately impacted by housing cost burdens to develop, implement, and monitor strategies, H-9 by not adopting intentional, targeted actions that repair harms to Black, Indigenous, and other People of Color households from past and current racially exclusive and discriminatory land use and housing practices, H-10 by not adopting policies, incentives, strategies, actions, and regulations that increase the supply of long-term income-restricted housing for extremely low-, very low-, and low-income households

¹⁵⁶ *Id*. at 33.

¹⁵⁷ *Id*. at 34.

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and households with special needs, H-13 by failing to implement strategies to overcome cost barriers to housing affordability, H-18 by not adopting inclusive planning tools and policies to increase the ability of all residents to live in the neighborhood of their choice, H-19 by not lowering barriers to and promote access to affordable homeownership for extremely low- through low-income households, H-21 by not adopting policies and strategies that promote equitable development and mitigate displacement risk, H-22 by not implementing, promoting, and enforcing fair housing policies and practices, and H-23 by not adopting and implementing policies that protect housing stability for renter households thereby violating RCW 36.70A.020(4), RCW 36.70A.100, RCW 36.70A.120, RCW 36.70A.130(1) and (5)(a), RCW 36.70A.210, or RCW 36.70A.290(2)?

Applicable Laws:

CPP H-2:

Prioritize the need for housing affordable to households less than or equal to 30 percent area median income (extremely low-income) by implementing tools such as:

- a) Increasing capital, operations, and maintenance funding;
- b) Adopting complementary land use regulations;
- c) Fostering welcoming communities, including people with behavioral health needs;
- d) Adopting supportive policies; and
- e) Supporting collaborative actions by all jurisdictions.

CPP H-7:

Work cooperatively with the Puget Sound Regional Council, subregional collaborations and other entities that provide technical assistance to local jurisdictions to support the development, implementation, and monitoring of strategies that achieve the goals of this chapter.

CPP H-8:

Collaborate with populations most disproportionately impacted by housing cost burden in developing, implementing, and monitoring strategies that achieve the goals of this chapter. Prioritize the needs and solutions articulated by these disproportionately impacted populations.

CPP H-9:

Adopt intentional, targeted actions that repair harms to Black, Indigenous, and other

People of Color households from past and current racially exclusive and discriminatory land use and housing practices (generally identified

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through Policy H-5). Promote equitable outcomes in partnership with communities most impacted.

CPP H-10:

Adopt policies, incentives, strategies, actions, and regulations that increase the supply of long-term income-restricted housing for extremely low-, very low-, and low-income households and households with special needs.

CPP H-13:

Implement strategies to overcome cost barriers to housing affordability. Strategies to do this vary but can include updating development standards and regulations, shortening permit timelines, implementing online permitting, optimizing residential densities, reducing parking requirements, and developing programs, policies, partnerships, and incentives to decrease costs to build and preserve affordable housing.

CPP H-18:

Adopt inclusive planning tools and policies whose purpose is to increase the ability of all residents in jurisdictions throughout the county to live in the neighborhood of their choice, reduce disparities in access to opportunity areas, and meet the needs of the region's current and future residents by:

- a) Providing access to affordable housing to rent and own throughout the jurisdiction, with a focus on areas of high opportunity;
- Expanding capacity for moderate-density housing throughout the jurisdiction, especially in areas currently zoned for lower density single-family detached housing in the Urban Growth Area, and capacity for high-density housing, where appropriate, consistent with the Regional Growth Strategy;
- c) Evaluating the feasibility of, and implementing, where appropriate, inclusionary and incentive zoning to provide affordable housing; and
- d) Providing access to housing types that serve a range of household sizes, types, and incomes, including 2+ bedroom homes for families with children and/or adult roommates and accessory dwelling units, efficiency studios, and/or congregate residences for single adults.

CPP H-19:

Lower barriers to and promote access to affordable homeownership for extremely low-, very low-, and low--income, households. Emphasize:

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- a) Supporting long-term affordable homeownership opportunities for households less than or equal to 80 percent area median income (which may require up-front initial public subsidy and policies that support diverse housing types); and
- Remedying historical inequities in and expanding access to homeownership opportunities for Black, Indigenous and People of Color communities.

CPP H-21:

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Adopt policies and strategies that promote equitable development and mitigate

displacement risk, with consideration given to the preservation of historical and cultural communities as well as investments in low-, very low-, extremely low-, and moderate-income housing production and preservation; dedicated funds for land acquisition; manufactured housing community preservation, inclusionary zoning; community planning requirements; tenant protections; public land disposition policies; and land that may be used for affordable housing. Mitigate displacement that may result from planning efforts, large-scale private investments, and market pressure. Implement anti-displacement measures prior to or concurrent with development capacity increases and public capital investments.

CPP H-22:

Implement, promote, and enforce fair housing policies and practices so that every person in the county has equitable access and opportunity to thrive in their communities of choice, regardless of their race, gender identity, sexual identity, ability, use of a service animal, age, immigration status, national origin, familial status, religion, source of income, military status, or membership in any other relevant category of protected people.

CPP H-23:

Adopt and implement policies that protect housing stability for renter households;

expand protections and supports for moderate-, low-, very low-, and extremely low-income renters and renters with disabilities. 158

Board Discussion

¹⁵⁸ The CPPs cited in Issue 5 appear in Ex. 276, at 41–47.

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A. Summary of Board's Conclusions on Issue 5.

In the interests of brevity and readability, the Board will not summarize the Parties' arguments regarding each of the CPPs challenged under Issue 5.

In addition to defending its compliance with each CPP on the merits, the City also raised the same deadline defense under Issue 5 that it raised under Issue 2, namely that RCW 36.70A.130(9) extended the deadline to implement the CPPs by five years. The Board rejects that defense for the reasons given above under Issue 5. The Board concludes that RCW 36.70A.130(9) extends a five-year deadline for a progress report followed by a further two years to implement any corrective actions the progress report identifies as still necessary at the five-year mark. The deadline for implementation in the first instance is December 31, 2024, as set forth in RCW 36.70A.130(1)(a) and -(5)(a).

For the reasons discussed below, the Board concludes the City acted in compliance with each of the CPPs cited under Issue 5 except CPP H-21.

B. The Board Concludes the City Has Complied with CPP H-2.

CPP H-2 requires the City to "prioritize the need for housing affordable to households less than or equal to 30 percent of AMI." However, this CPP—unlike CPP H-1, discussed under Issue 1—does not set any specific targets that the City must meet with regards to housing the extremely low income segment. Instead, CPP H-2 supplies a non-exclusive list of example actions the City may take, including actions as vague as "fostering welcoming communities, including people with behavioral health needs" and "supporting collaborative actions by all jurisdictions." Such vague language does not demand much from the City, and so the requirement of CPP H-2 is not hard for the City to meet. Earlier in this decision, the Board quoted numerous housing policies in the Comprehensive Plan Update Ordinance. While those policies were not sufficient to satisfy the strict requirements

¹⁵⁹ Resp. Br. at 43.

of CPP H-1 and RCW 36.70A.070(2)(c) and -(d), the Board concludes they are sufficient to satisfy the requirements of CPP H-2.

C. The Board Concludes the City Has Complied with CPP H-7.

Similarly, CPP H-7 simply calls on the City to "work cooperatively" with the Regional Council and other entities that provide technical assistance to achieve the goals of the CPP housing chapter. This is not a demanding requirement, and the policies quoted earlier in this decision show that the City is committed to working cooperatively with the relevant regional entities, including especially A Regional Coalition for Housing. Certainly, there is nothing in the record to suggest the City will not "work cooperatively" with the regional entities, notwithstanding the dispute between the City and the AHC which the Board dismissed under Issue 4.

D. The Board Concludes the City Has Complied with CPP H-8.

Once again, the requirement here is to "collaborate" regarding "strategies," not to achieve any specific, defined goal. The Comprehensive Plan Update Ordinance's policies 3.1.5, 3.3, 3.4, and 3.5¹⁶⁰ all require the City engage in outreach and collaboration at the strategizing and implementation stages. The Board concludes this is sufficient to meet CPP H-8.

E. The Board Concludes the City Has Complied with CPP H-9.

CPP H-9 requires the City to adopt "intentional, targeted actions that repair harms to Black, Indigenous, and other People of Color households" arising from past and current discriminatory land use policies. CPP H-9 does not specify what those intentional, targeted actions must be, nor how completely the harms of discrimination must be repaired. The Comprehensive Plan Update Ordinance Policy 3.1 requires the City to:

- 3.1 Begin undoing racially disparate impacts by prioritizing actions that:
 - 3.1.1 Increase the supply of affordable rental housing;
 - 3.1.2 Expand tenant protections;

¹⁶⁰ Ex. 130, at 114.

- 3.1.3 Add incentives for the construction of affordable housing;
- 3.1.4 Increase capacity for multifamily and mixed-use housing and
- 3.1.5 Include intentional public outreach during the implementation of the Comprehensive Plan. 161

At least two of these policies, 3.1.1 and 3.1.3, have been implemented by the Interim Zoning Ordinance, which expanded affordable housing incentives in the TC zone. Above, the Board concluded that the Interim Zoning Ordinance was inadequate to satisfy the specific growth targets set in CPP H-1. By contrast, CPP H-9 does not set specific targets, so it is an easier requirement to satisfy. The Board concludes that the City has satisfied CPP H-9 through the Comprehensive Plan Update Ordinance and Interim Zoning Ordinance.

F. The Board Concludes the City Has Complied with CPP H-10.

For the same reasons, the Board concludes that the City has met CPP H-10. As the Board explained above, there is no doubt that the policies of the Comprehensive Plan Update Ordinance and the regulatory amendments in the Interim Zoning Ordinance will generate *some* amount of housing that is affordable to *some* of the low income economic segments. That is all that CPP H-10 requires. It does not require any specific quantum of housing.

G. The Board Concludes the City Has Complied with CPP H-13.

CPP H-13 is yet another policy that requires the implementation of "strategies" related to housing affordability, but not the achievement of any particular results. Table 2 of the Comprehensive Plan Update Ordinance lists various "actions or programs" the City will take, including evaluating new revenue sources and housing fee-in-lieu programs, streamlining design review for certain types of housing projects, and reviewing regulations to simplify requirements and reduce permit review times. These measures appear to be

¹⁶¹ *Id*.

¹⁶² Ex. 130, at 106.

strategies aimed to reducing cost barriers, and the City appears to be implementing them. Granted, the City has not produced a timeline by which these reviews will be complete, much less a timeline by which changes recommended by the reviews will be made, much less any analysis of the extent to which such changes might actually reduce housing costs. But CPP H-13 demands a process, not a result, which the City has delivered.

H. The Board Concludes the City Has Complied with CPP H-18.

As noted above, one of Petitioners' objections to the Interim Zoning Ordinance was that only the TC benefits from inclusionary zoning, specifically in the form of a height bonus for adding affordable housing units. Petitioners repeated that objection with regards to CPP H-18, which requires the City to "[a]dopt planning tools and policies whose purposes is ... [p]roviding access to affordable housing to rent and own throughout the jurisdiction, with a focus on areas of high opportunity; Expanding capacity for moderate-density housing throughout the jurisdiction, especially in areas currently zoned for lower density single-family detached housing ..." 163

The Board agrees that the Interim Zoning Ordinance concentrates incentive zoning for affordable housing in the TC zone only and does not expand moderate density housing into Mercer Island's single-family zones. However, CPP H-18 requires the City to adopt only "planning tools and policies" whose aim is to "increase" affordability and opportunity and "reduce" disparities in access to opportunity areas. CPP H-18 does not set any particular affordability, opportunity, or disparity target that the City must achieve.

The City pointed to the Comprehensive Plan Update Ordinance's Housing Policy 1.7 and 1.8, which call upon the City to fairly disperse affordable housing opportunity and Policy 5.2, which is to "Identify the regulatory amendments necessary to allow duplexes, triplexes, townhomes, and other moderate-density housing types in residential zones consistent with state law and this comprehensive plan." 164

¹⁶³ Pet'r's Br. at 29 (citing Ex. 276, at 45 (CPP H-18).

¹⁶⁴ Resp. Br. at 40 (citing Ex. 130, at 112, 115).

CPP H-18 requires planning tools and policies aimed at increasing opportunities and decreases disparities, and Policies 1.7, 1.8, and 5.2 are such tools and policies. Petitioners may question how much impact these policies will achieve in reality, but CPP H-18 does not require the policies to achieve any particular level of impact. It requires only that the policies be helpful by an unspecified amount. This is a low bar, and the Board concludes the City has cleared it.

I. The Board Concludes the City Has Complied with CPP H-19.

For the same reasons, the Board concludes the City has cleared the bar in CPP H-19. Like CPP H-18, CPP H-19 requires the City to "lower barriers" and "promote access." Emphases include "supporting" affordable homeownership "opportunities," and "remedying historical inequities." As with so many of the other policies addressed under Issue 5, CPP H-19 does not ask much from the City—merely that the City make some effort. The level of effort is not specified and measures of success are not imposed. The Comprehensive Plan Update Ordinance's policies cited above under Housing Policies 2.3 and Policy 3 with its sub-policies are all aimed to lowering barriers, promoting access, supporting opportunities, and remedying historical inequities. The extent to which these policies will or will not affect reality on the ground is not a question before the Board, because CPP H-19 does not define any particular real-world result that must be achieved.

J. The Board Concludes the City Has Not Complied with CPP H-21.

Portions of CPP H-21 require the City to adopt policies and strategies promoting equitable development and mitigating displacement risk. The City's Racially Disparate Impacts Evaluation¹⁶⁵ represents the City's efforts to do just that. The Board concludes the City has met its obligations regarding the adoption of policies and strategies.

Unlike most of the CPPs addressed under Issue 5, however, CPP H-21 also includes a more specific requirement: "Implement anti-displacement measures prior to or

¹⁶⁵ Ex. 130, at 391-457.

concurrent with development capacity increases and public capital investments."¹⁶⁶
Petitioners observed that, according to the Racially Disparate Impacts Evaluation, the Town Center contains and is also adjacent to areas identified as having a higher displacement risk. ¹⁶⁷ Therefore, any development capacity increase in the Town Center should have been accompanied or preceded by anti-displacement measures, according to CPP H-21.

As the Board discussed above, the Interim Zoning Ordinance increased the development capacity of the TC zone by 143 units in an effort to meet the growth targets CPP H-1. Under CPP HP-21, this should have triggered anti-displacement measures prior to or concurrently with the adoption of the Interim Zoning Ordinance. The record and the text of the ordinance reveal no such anti-displacement measures.

The only defense the City raised with regard to compliance with CPP H-21 was that compliance with the CPPs was not due until December 2029 under the provisions of RCW 36.70A.130(9). 168 As the Board explained above, for both Issue 2 and Issue 5, the City is incorrect on that point. Particularly here, when the CPP specifically says to "[i]mplement anti-displacement measures **prior to or concurrent** with development capacity increases," the City should have realized that its efforts to increase the development capacity of the Town Center should have included anti-displacement measures.

The City did not dispute that the Town Center both contains and is adjacent to areas at high risk of displacement, and the City did not argue that anti-displacement measures preceded or accompanied the development capacity increase implemented by the Interim Zoning Ordinance. The Board concludes the City has failed to comply with CPP H-21.

K. The Board Concludes the City Has Complied with CPP H-22.

¹⁶⁶ Ex. 276, at 47.

¹⁶⁷ Pet'r's Br. at 32 (citing Ex. 130, at 433 (Racially Disparate Impacts Evaluation)).

¹⁶⁸ Resp. Br. at 41.

CPP H-22 requires the City to "implement, promote, and enforce fair housing policies and practices." It does not specify what fair housing policies and practices are required, nor does it set any tangible goal that must be met. Petitioners did not identify any specific fair housing policies and practices that CPP H-22 requires and offered only a one-sentence argument the challenged ordinances do not contain such policies and practices. The City responded that the Comprehensive Plan Update Ordinance contains a policy with language virtually identical to CPP H-22. To the absence of any further argument, the Board concludes that the City has complied with CPP H-22.

L. The Board Concludes the City Has Complied with CPP H-23.

CPP H-23 requires the City to adopt and implement policies that "protect housing stability" for renters and "expand protections and supports" for moderate and low income renters and renters with disabilities. However, the CPP does not specify what levels of "protections" renters must receive. Petitioners offered a single-sentence argument that the challenged ordinances do not supply protection. The City responded that many of the housing policies in the Comprehensive Plan Update Ordinance do protect and support renters in the protected categories specified by CPP H-23. The Board concludes that the cited policies are sufficient to meet the vague requirement of CPP H-23 to provide protection and support in an unquantified amount and with no specific target.

Invalidity

The board may determine that part or all of a comprehensive plan or development regulations are invalid if the board:

- (a) Makes a finding of noncompliance and issues an order of remand under RCW 36.70A.300;
- (b) Includes in the final order a determination, supported by findings of fact and conclusions of law, that the continued validity of part or

¹⁶⁹ Pet'r's Br. at 32

¹⁷⁰ Resp.Br. at 41.

¹⁷¹ Pet'r's Br. at 33.

¹⁷² Resp. Br. at 42–43.

- parts of the plan or regulation would substantially interfere with the fulfillment of the goals of this chapter; and
- (c) Specifies in the final order the particular part or parts of the plan or regulation that are determined to be invalid, and the reasons for their invalidity.¹⁷³

Since 2010, the Board has treated invalidity as a remedy, not a legal issue. As such, invalidity is not required to be framed as a separate legal issue. While the Board may issue a finding of invalidity *sua sponte* in appropriate circumstances, the Board generally requires a petitioner to "expressly request invalidity as a form of relief within the [petition for review] and support that request within the briefing." The requirement to brief invalidity was repeated in the Board's prehearing order in this case. Petitioners did request invalidity in the petition for review the did not brief invalidity.

Above, the Board has found that the challenged ordinances are noncompliant as to Issues 1, 2, and 3, and as to CPP H-21 under Issue 5. The Board is concerned that the City's failure to provide capacity and make adequate provisions for housing for all economic segments does represent a substantial interference with GMA Goal 4 (housing) and the failure to develop a subarea plan for the light rail station does represent a substantial interference with both GMA Goal 4 and GMA Goal 3 (transportation). However, the Board also believes that a substantial part of the City's non-compliance arose out of a good-faith misapplication of Book 2's housing capacity calculation process (for Issue 1) plus a good-faith misunderstanding of when the City had to comply with the housing requirements of the GMA and CPPs and the subarea plan requirements of the MPPs (for Issues 2 and 3 and part of Issue 5). In addition, it is not the case that the City's previous Comprehensive Plan and development regulations were any closer to meeting the new

¹⁷³ RCW 36.70A.302(1).

¹⁷⁴ Friends of the San Juans v. San Juan Cty., GMHB No. 10-2-0012, Final Decision and Order, at 35 (Oct. 12, 2010).

¹⁷⁵ Prehearing Order, at 2 (Mar. 4, 2025).

¹⁷⁶ Pet. for Review, at 6 (Feb. 4, 2025).

requirements for housing and transportation, so invalidating the challenged ordinances would not bring the City any closer to compliance with today's requirements.

Given the Board's conviction that the City would have achieved GMA compliance but for a small number of good-faith misunderstandings, and the reality that the previous plan and regulations would also not comply with today's standards, the Board concludes that invalidity is not the appropriate remedy at this time. The Board may revisit the question of invalidity in the event of continued non-compliance.

Time for Compliance

Ordinarily, the Board gives a non-compliant jurisdiction 180 days to come into compliance. The However, in cases of unusual scope or complexity, the Board may set a longer period for compliance. The However is a longer period for compliance.

The Board believes this is a case of unusual scope and complexity. Correcting the errors identified in this decision may require the City to redo housing studies that took months. Even more dauntingly, the City may then have to make challenging decisions to accommodate the more than one thousand low to moderate income households the City has been allocated—to say nothing of the difficulties inherent in developing a subarea plan that complies not only with the MPPs but also with the new requirements of 3SHB 1491. The Board recognizes that all of this will take time.

At the same time, the City's failure to establish capacity and make adequate provisions for low to moderate income households is a serious matter, directly affecting low income households within the city and indirectly affecting households and jurisdictions across the entire multi-county region. In an effort to strike a balance between accommodating the City's need for time against the seriousness of the regional housing affordability crisis, the Board will afford the City one year to achieve compliance, with progress reports due to the Board at the six-month and nine-month marks.

¹⁷⁷ RCW 36.70A.300(3)(b). ¹⁷⁸ *Id*.

V. ORDER

Based upon review of the Petition for Review, the briefs and exhibits submitted by the parties, the GMA, prior Board orders and case law, having considered the arguments of the parties, and having deliberated on the matter, the Board finds and orders:

- The City of Mercer Island's adoption of Ordinance 24C-16 and Ordinance No. 24C-18 was clearly erroneous because the City did not identify sufficient land capacity for permanent housing, did not make adequate provision for existing and projected needs of all economic segments, did not include a subarea plan for the light rail station area, and did not incorporate anti-displacement measures when increasing development capacity.
- The City of Mercer Island's adoption of Ordinance 24C-16 and Ordinance No. 24C-18 did identify sufficient land capacity for emergency shelters and emergency housing, and did comply with all of the countywide planning policies cited in this appeal except CPP H-1 and CPP H-21 and with all of the multi-county planning policies citied in this appeal except MPP DP-Action-8.
- All other challenges to Ordinance 24C-16 and Ordinance No. 24C-18 are denied.
- The Board **remands** Ordinance 24C-16 and Ordinance No. 24C-18 to the
 City to take legislative action in accordance with the following schedule:

Item	Date Due
First Progress Report Due	1/28/2026
Second Progress Report Due	2/27/2026
Compliance Due	7/31/2026
Compliance Report/Statement of Actions Taken to Comply and Index to Compliance Record	8/14/2026
Objections to a Finding of Compliance	8/18/2026

Response to Objections	9/8/2026
Telephonic Compliance Hearing	9/15/2026
Link to be provided at a later date	10:00 am

Length of Briefs – A brief of 15 pages or longer shall have a table of exhibits and a table of authorities. WAC 242-03-590(3) states: "Clarity and brevity are expected to assist a board in meeting its statutorily imposed time limits. A presiding officer may limit the length of a brief and impose format restrictions." Compliance Report/Statement of Actions

Taken to Comply shall be limited to 30 pages, 40 pages for Objections to Finding of Compliance, and 10 pages for the Response to Objections. The parties may petition the Board for longer page limits if needed.

SO ORDERED this 1st day of August, 2025.

ALEX SIDLES, Presiding Officer Board Member

MS

RICK EICHSTAEDT, Board Chair

MARK MCCLAIN, Board Member

Note: This is a final decision and order of the Growth Management Hearings Board issued pursuant to RCW 36.70A.300.¹⁷⁹

¹⁷⁹ Should you choose to do so, a motion for reconsideration must be filed with the Board and served on all parties within ten days of mailing of the final order. WAC 242-03-830(1), -840. A party aggrieved by a final decision of the Board may appeal the decision to Superior Court within thirty days as provided in RCW 34.05.514; RCW 36.01.050. See also RCW 36.70A.300(5); WAC 242-03-970. It is incumbent upon the

parties to review all applicable statutes and rules. The staff of the Growth Management Hearings Board is not authorized to provide legal advice.

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