



### **LYNNWOOD CITY COUNCIL Work Session**

**This meeting will be held electronically via Zoom. See the City of Lynnwood website for details at**

**<https://www.lynnwoodwa.gov/Government/City-Council/City-Council-Meetings>**

**WEDNESDAY, SEPTEMBER 15, 2021 6:00 PM**

- 
1. ROLL CALL
  2. CALL TO ORDER
  3. COMMENTS AND QUESTIONS ON MEMO ITEMS
  4. WORK SESSION ITEMS
    - A. Cocoon House Update  
Nancy LaJambe, Host Home Program Coordinator, Cocoon House  
[Cocoon House Lynnwood City Council Presentation.pdf](#)
    - B. Hand in Hand for Kids Services Review  
Raniere, Outreach Coordinator, Hand in Hand  
[HiH Presentation2020 Stats.pdf](#)
    - C. Housing Action Plan Implementation - Update and Discussion  
David Kleitsch, DBS Director; Ashley Winchell, AICP, Community Planning Manager; and Kristen Holdsworth, AICP, Senior Planner  
[Staff Report 09.15.21.pdf](#)  
[Presentation 09.15.21.pdf](#)
  5. MAYOR COMMENTS
  6. COUNCIL COMMENTS
  7. EXECUTIVE SESSION
    - A. Executive Session  
Mayor Smith

ADJOURN

MEMOS FOR FUTURE ACTION

## MEMOS FOR YOUR INFORMATION

**CITY COUNCIL 4.A**  
**CITY OF LYNNWOOD**  
**CITY COUNCIL**

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**TITLE:** Cocoon House Update

**DEPARTMENT CONTACT:** Lisa Harrison, City Council

**SUMMARY:**

Update to city council on Cocoon House activities

**PRESENTER:**

Nancy LaJambe, Host Home Program Coordinator, Cocoon House

**ESTIMATED TIME:**

20

**DEPARTMENT ATTACHMENTS**

Description:

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[Cocoon House Lynnwood City Council Presentation.pdf](#)



# Introduction to the Cocoon House Connections Host Home Program

**Joseph Alonzo**

Chief Executive Officer

Pronouns: he/him/his

**Nancy LaJambe**

Host Home Program Coordinator

Pronouns: she/her/hers

# The Host Home Model

- A community-based model to house youth
- Been in service for over 20 years in various organizations across the U.S.
- Connections is a 21-day stay for youth 12-18 years
- Host homes do not need to be licensed in WA State

# Our youth

- Approximately 4000 youth homeless in Snohomish County (2019)
- How do youth become homeless or at risk of homelessness?
  - Poverty
  - Family conflict
  - Family mental or physical illness
  - Family substance use
  - Sexual orientation of the youth
  - Gender identity of the youth
  - Abuse and neglect

# What is a Connections host home?

Host homes are Snohomish community members—individuals, families or couples—who volunteer to let a youth stay in their home for 1-3 weeks.



## Why 1-3 weeks?

Often, there is a good chance of family reunification with support, and the goal is to either make that happen, when a safe and viable option, or to help find another solution.

Our East teen shelter in Monroe also works on a 21-day model.

# What are the benefits of host homes for our youth?

- Can stay in their own community
- Can continue to access their natural supports in the community
- Can benefit from a stable home environment and adults who demonstrate healthy communication and problem-solving



# Youth & Family Support

- Host Home Specialist & Case Manager provide case management for youth with wrap-around care focus
- Daily contact to check in with youth
- Two to three weekly meetings to work on needed support, next step plan and goals
- Contact with family to evaluate need for support, dovetail support with Prevention Team

# Host Home Support

- Program Coordinator check-ins 2-3 times a week when youth is in the home
- 24/7 support available by Connections staff
- Monthly Connections Community meeting to meet other host homes
- Ongoing training for host homes
- \$150 stipend available to offset expenses for stay

# What is the process to become a host home?

1. Application
2. Interview with HH Program Coordinator and Director of Family Engagement
3. Background check
4. Home safety check
5. Have homeowner's insurance/renter's insurance
6. Initial training and ongoing training
7. Meeting with HH Program Coordinator
8. Approval by Cocoon House Management

# Host homes during COVID-19

- Continue to evaluate current status of WA State guidelines and recommendations
- Host home and youth agree on protocols
- Host home and youth can be tested, vaccinated
- Cleaning supplies and necessary PPE can be provided for host home and youth

# Connections Host Home Program

- Innovative way to address growing need for emergency, short-term housing for youth under 18
- Goal is to create a diverse network of host home families throughout Snohomish County with an intentional focus on South County
- Volunteer opportunity for community members who have a heart for our youth and the desire to help in a tangible way



**Thank you!**

**COCOONHOUSE**   
Breaking The Cycle of Homelessness

**CITY COUNCIL 4.B**  
**CITY OF LYNNWOOD**  
**CITY COUNCIL**

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**TITLE:** Hand in Hand for Kids Services Review

**DEPARTMENT CONTACT:** Lisa Harrison, City Council

**SUMMARY:**

Update to city council on Hand in Hand Activities

**PRESENTER:**

Raniere, Outreach Coordinator, Hand in Hand

**ESTIMATED TIME:**

20

**DEPARTMENT ATTACHMENTS**

Description:

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[HiH Presentation2020 Stats.pdf](#)



HOPE. CONNECTION. COMMUNITY. COMPASSION.



## WHO WE ARE

At Hand in Hand, we know that families step out of crisis when they are given support, hope and opportunity.

It is our purpose to provide all three for the many children who cross our threshold.

For ten years, we have lived and breathed this purpose – working in tandem with exceptional community partners, donors and volunteers. As Hand in Hand grows and evolves, our purpose will always remain the core of our organization.



## VISION

A community where children and families feel safe and supported.

## VALUES

Compassion, connection, community,  
and hope for ALL.



# COMMUNITY IMPACT

*Hand in Hand's Outreach Program* aims to build relationships within the community through support services and community engagement events, providing youth and families with hope and opportunity.

Our purpose can be seen in every emergency food box we distribute, in each hour of academic support we provide, and in every connection we make with the families we meet.

**2015**

The Outreach program was formalized to meet the needs of children and families in Snohomish County.



**2020**

Hand in Hand's doors remained open during the pandemic, providing thousands of youth and families with basic needs resources.





# COMMUNITY IMPACT

*Hand in Hand's Safe Place shelter* allows us to provide emergency care for youth initially entering foster care. At Safe Place, each child is resourced with new clothes, shoes, toiletries, a blanket, and more.

While in our care, these youth have a bed to sleep in, warm meals when they're hungry, and space to play and have fun. Most importantly, the youth at Safe Place are cared for and are safe to just be a child.

## 2010

Hand in Hand Safe Place was founded by Todd McNeal to provide emergency shelter for youth initially entering foster care.



## 2013

The "Safe Place" Bill was passed and signed into law, allowing for the Hand in Hand Safe Place model to be used across Washington state.



## 2019

Hand in Hand re-opened the beautifully remodeled Safe Place Shelter and received the National Angels in Adoption Award.



# 2010 - 2020



CARED FOR

**1,700**

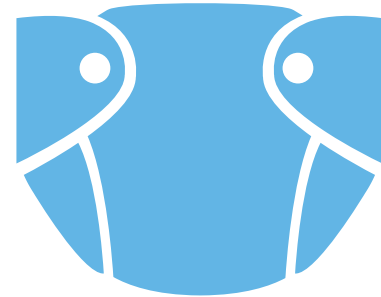
YOUTH AT SAFE PLACE



FED

**2,500**

FAMILIES



CLOTHED & DIAPERED

**1,200**

BABIES & TODDLERS



SUPPORTED

**370**

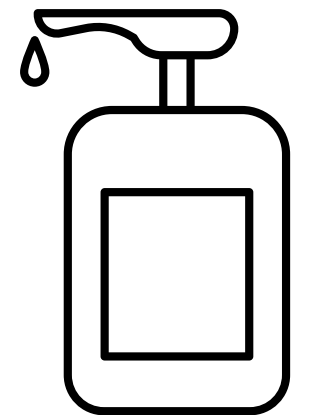
STUDENTS THROUGH  
SCHOOL OUTREACH



CLOTHED

**800**

COMMUNITY MEMBERS



PROVIDED PERSONAL  
HYGIENE ITEMS FOR

**400**

INDIVIDUALS

# HOW TO SUPPORT & GET INVOLVED

## **Monetary Giving:**

- Donations made to Hand in Hand can be used where the need is greatest. *You make a difference, become a recurring donor and give ongoing hope and opportunity to children and families!* Give today by visiting our website or click [here](#).

## **Ongoing Needs:**

- New or very gently used clothes for all sizes from toddler to adult. For storing purposes, we ask only for clothes in season.
- Shampoo, conditioner and body wash (regular and sensitive skin products).
- New shoes for children and adults.
- New socks and underwear.
- Diapers and wipes.
- Gift Cards: Fred Meyer, Costco, Walmart, Target, Gas cards, McDonalds, Old Navy, and Amazon.

## **Shopping:**

- From clothes to cleaning supplies, we are in need of items to help support the children and families we serve.

Shop from our [Amazon Wish List](#).

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9502 19TH AVE SE, SUITE F  
EVERETT, WA 98208



425.374.2461  
[WWW.HANDINHANKIDS.ORG](http://WWW.HANDINHANKIDS.ORG)

# HOW TO SUPPORT & GET INVOLVED

## Corporate Partnerships:

Does your company want to partner with Hand in Hand to help make lasting change in your community? Become a Corporate Partner and help bring opportunity to children and families in need.

For more information, contact our development team via email: [give@handinhandkids.org](mailto:give@handinhandkids.org)

## Employer Match:

Team up with your company to help children and families. *Matching companies include:*

Boeing, Fluke, Microsoft, People's Bank, Premera Blue Cross, Puget Sound Energy, Snohomish PUD, Starbucks, Wells Fargo.

\*You can check with your Human Resource department to find out if your employer matches donations.

**For additional ways to give, follow us on our social media pages for updates or contact us by email**

[give@handinhandkids.org](mailto:give@handinhandkids.org) **or** 425.374.2461

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@handinhandkids



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[WWW.HANDINHANKIDS.ORG](http://WWW.HANDINHANKIDS.ORG)

In 2020 . . .

**84.9%**

of children and adults across  
Hand in Hand programs identify as BIPOC.

**95%**

of families receiving services from Hand in Hand's  
Outreach program live at or below the poverty level.

**58.4%**

of youth who stayed at Hand in Hand's Safe Place  
shelter were 5 years of age or younger.





HOPE. CONNECTION. COMMUNITY. COMPASSION.



## **CITY COUNCIL 4.C**

### **CITY OF LYNNWOOD CITY COUNCIL**

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**TITLE:** Housing Action Plan Implementation - Update and Discussion

**DEPARTMENT CONTACT:** Kristen Holdsworth, Development and Business Services

**SUMMARY:**

Review Housing Action Plan implementation efforts and provide feedback via discussion questions

**PRESENTER:**

David Kleitsch, DBS Director; Ashley Winchell, AICP, Community Planning Manager; and Kristen Holdsworth, AICP, Senior Planner

**ESTIMATED TIME:**

60

**BACKGROUND:**

The Housing Action Plan forms the city's five-year goals and strategies to promote housing options that are safe and affordable for all community members. The presentation will provide updates on implementation efforts.

**SUGGESTED ACTION:**

Receive staff update and provide input on discussion questions:

1. The 2024 Comprehensive Plan update and Regional Growth Center Plan are projects that will span several years. How would Council like to receive updates on the project?
2. What concerns do you have about the current MFTE program? What would you consider a successful future MFTE program for Lynnwood?
3. Are there code amendments related to housing you would like to see occur early in the implementation process?
4. Should the City wait on potential state legislature changes before updating Lynnwood's ADU code?

**PREVIOUS COUNCIL ACTIONS:**

On May 24, 2021, Council adopted Lynnwood's Housing Action Plan.

**FUNDING:**

Due to its size, Lynnwood has limited funds to directly support housing development. The city's greatest resource at this time is through policies and regulations. The 2021-2022 budget

cycle included funds for several projects that support implementation of the Housing Action Plan. In addition, through SHB 1406, the City receives a return on sales and use tax to support affordable and supportive housing (currently approximately \$87,000). DBS staff are monitoring additional Department of Commerce grant funding opportunities.

#### **VISIONS AND PRIORITIES ALIGNMENT:**

- To be a welcoming city that builds a healthy and sustainable environment.
- To be a cohesive community that respects all citizens.
- To be a city that is responsive to the wants and needs of our citizens.

#### **DEPARTMENT ATTACHMENTS**

Description:

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[Staff Report 09.15.21.pdf](#)

[Presentation 09.15.21.pdf](#)

**Housing Action Plan  
Implementation Update****Staff Report**

- ☐ Public Hearing
- ☒ Work Session
- ☐ Other Business
- ☐ Information
- ☐ Miscellaneous

Staff Contacts: Kristen Holdsworth, AICP, Senior Planner

**Summary**

This report provides an update on efforts to implement the Housing Action Plan, including:

1. Regional Growth Center Planning;
2. 2024 Comprehensive Plan Update;
3. Multi-Family Tax Exemption (MFTE) Program Updates; and
4. Lynnwood Municipal Code Amendments.

It also includes a summary of funding opportunities to assist with implementation efforts.

At the upcoming Council meeting staff will provide a presentation and request input from Council through discussion questions (included at the end of this staff report).

**Staff Recommendation**

Receive update and be prepared to provide input on discussion questions.

**Project Background**

On May 24, 2021, Council adopted Lynnwood's Housing Action Plan. The Housing Action Plan forms the city's five-year goals and strategies to promote housing options that are safe and affordable for all community members. The Housing Action Plan was developed by evaluating existing conditions and future housing needs ([Housing Needs Assessment](#)), reviewing the city's current policies and practices, and working with the community.

The Housing Action Plan includes four goals and 10 strategies.

**Goals**

1. **Produce** housing that meets the needs of the community.
2. **Preserve** existing housing that is affordable and safe so that people can stay in Lynnwood.
3. **Partner** with housing educators, providers, and other groups to find equitable housing solutions and remove systemic barriers.
4. **Prepare** for continued growth and increase the quality of life in Lynnwood.

## Strategies

Below is a summary of the Housing Action Plan strategies and the goals they support.

Strategy	Produce	Preserve	Partner	Prepare
<b>Strategy 1:</b> Continue promoting housing in the Regional Growth Center (Alderwood and City Center) and along major transportation corridors.	•		•	•
<b>Strategy 2:</b> Update regulations, design standards, and subarea plans to be more flexible and responsive to changing conditions.	•		•	•
<b>Strategy 3:</b> Strategically rezone areas to increase and diversify Lynnwood's housing options.	•		•	•
<b>Strategy 4:</b> Revise the Multifamily Tax Exemption (MFTE) program.	•	•		•
<b>Strategy 5:</b> Partner with housing providers.	•		•	
<b>Strategy 6:</b> Support third-party purchases of existing affordable housing to keep units affordable.		•	•	
<b>Strategy 7:</b> Work with faith-based and nonprofit organizations.	•		•	
<b>Strategy 8:</b> Develop a rental registry program.		•		
<b>Strategy 9:</b> Encourage amenities that enhance quality of life.	•			•
<b>Strategy 10:</b> Continue community conversations about housing.			•	•

## Implementation

Due to its size, Lynnwood has limited funds to directly support housing. The city's greatest resource at this time is through policies and regulations. (For additional information refer to page 8 of the [Housing Action Plan](#)). The Housing Action Plan anticipates implementation over the next five years, dependent on availability of resources. The Development and Business Services (DBS) department has several efforts underway to implement the Housing Action Plan. Staff have continued to meet with community members to gather feedback about implementation and have presented to other organizations, such as the Economic Alliance and Verdant.

The following is a brief overview of the primary areas where DBS is working to implement the Housing Action Plan. DBS is providing this update to keep Council informed of ongoing efforts and in anticipation of conversation about next steps for these projects.

## **1. Regional Growth Center (RGC) Planning**

*Implements Housing Action Plan Strategies: 1, 2, 5, 7, 9, and 10*

### *Background*

DBS is preparing to create a subarea plan for Lynnwood's Regional Growth Center (RGC). The RGC is approximately 764 acres (about 15% of Lynnwood's land area), and generally covers the area from the Lynnwood Transit Center to the Alderwood Mall. The RGC will include two light rail stations and is bordered by Interstate-5 and Interstate-405.

The Comprehensive Plan's goals and policies focus growth in the Lynnwood RGC area to limit the amount of change in areas of the City that are mostly developed with single-family housing. A cohesive vision is needed for Lynnwood RGC's future. Existing planning efforts have either focused solely on the City Center or have included codes which allow added density in the Alderwood area. This vision will better connect the City Center and Alderwood areas; respond to the opportunities and challenges of the Lynnwood Link and Everett Link Extensions rail stations; further develop a diversified employment and tax base; and address growth and housing needs.

DBS is in the process of obtaining a consultant to help with the RGC subarea plan. Development of the Lynnwood RGC subarea plan will be occurring concurrently with the City's 2024 Comprehensive Plan update and Sound Transit's planning for the Everett Link Extension. The RGC subarea plan is an important opportunity to incorporate the Housing Action Plan's goals and strategies.

The intent of this subarea plan is to achieve the following goals:

1. Establish a community vision for the Regional Growth Center.
2. Achieve a vibrant Regional Growth Center with high quality of life for Lynnwood.
3. Realize the subarea vision through policy, development standards, and implementation strategies.
4. Meet requirements of the Regional Centers Framework and accommodate future growth allocations.

### *Next Steps*

The 2021-2022 budget cycle included Capital Budget Funds to support this project. The City issued a request for proposals (RFP) to assist with preparation of this plan and is in the process of negotiations with a consultant team. In Fall 2021, City Council will receive a briefing on the project and will be asked to approve the consultant contract.

## **2. 2024 Comprehensive Plan Update**

*Implements Housing Action Plan Strategies: 1, 3, 5, 7, 9, and 10*

### *Background*

State law (the Growth Management Act) requires cities and counties to make periodic updates to review and address substantial changes to their Comprehensive Plans. The City's next periodic update must be adopted before June 30, 2024.

Through the 2024 Comprehensive Plan, Lynnwood will decide how to accommodate population and employment growth through 2044. The Comprehensive Plan update will also help envision efforts to maintain and improve the quality of life for everyone that lives, works, and visits Lynnwood.

Many of the Housing Action Plan goals and policies will be incorporated into the 2024 Comprehensive Plan (especially the Land Use Element and Housing Element chapters). The Housing Action Plan will also serve as a foundation for consideration of additional updates, such as continuing to concentrate housing opportunities along transportation corridors and expanding missing middle housing options.

The Comprehensive Plan Update is in its early stages. Staff are conducting preliminary research to develop a project scope and work plan. Staff are also working with the community to better understand their preferences for engagement in the Comprehensive Plan update process. The pre-engagement effort is available in paper and online formats in English and Spanish. To learn more, visit the project website at [www.lynnwoodwa.gov/2024CompPlan](http://www.lynnwoodwa.gov/2024CompPlan).

### *Next Steps*

The 2021-2022 budget cycle included funding to support the 2024 Comprehensive Plan update. In Fall 2021, staff will provide a more detailed update to City Council.

## **3. Multi-Family Tax Exemption (MFTE) Program Updates**

*Implements Housing Action Plan Strategies: 1, 4, 5, 6, and 9*

### *Background*

In 2007, the City of Lynnwood adopted a Multi-Family Tax Exemption (MFTE) program. The MFTE program exempts the amount of new taxes assessed for a specified duration of time (8 or 12 years). This program was adopted by the Council to encourage housing and redevelopment of the City Center. The program is codified in Chapter 3.82 LMC.

The Lynnwood MFTE program is only allowed in the City Center. To date, Lynnwood has approved two projects through the MFTE program: Kinect @

Lynnwood and Lynnwood 40<sup>th</sup>. All other housing developed in City Center was subsidized by other programs offered by the State of Washington.

The Lynnwood MFTE program allows for both rehabilitation and new construction of projects that consist of at least 20 dwelling units. These projects may apply for two different exemption terms. The 8-Year program has an eight-year duration and does not require any dwellings units to be income restricted. The 12-Year Program has a 12-year duration and requires at least 20% of the dwelling units to be restricted to low and/or moderate income levels per RCW 84.14.010. At the completion of the twelve years, the project is no longer required to provide any income restricted units.

In 2021, the state legislature adopted SB 5287, which amends the state MFTE program in the following ways:

- Allows cities to create a new 20-year program (allows for tax exemption for 20 years with a set aside of 20% of units as low-income for at least 99 years);
- Deletes the “high cost area” provision, which revised the MFTE definition of “low-income household” and program eligibility to include households earning at or below 100% (instead of 80%) of the AMI if housing prices were equal to or greater than 130% of the state median housing price. Snohomish County was did not previously qualify as a “high-cost area” so this does not change anything for Lynnwood;
- Allows cities to require prevailing wage for construction and for contracting to be inclusive of minority and women owned businesses;
- Creates additional oversight by the Department of Commerce; and
- Allows for cities to create a 12-year extension and requires relocation assistance as part of the extension agreement.

### *Next Steps*

The adoption of SB 5287 and Lynnwood's Housing Action Plan provide an opportunity for the City to consider revisions to the MFTE program. The City could review a variety of changes, including:

- SB 5287 Updates: Review new opportunities under SB 5287 and evaluate whether Lynnwood should incorporate them into the City's program.
- Targeted Areas: A review may consider allowing the MFTE program to be extended to other designated locations beyond the City Center.
- Programs: Review the 8-, 12-, and 20-year programs for effectiveness of supporting housing construction at a variety of levels of affordability.
- Rehabilitation: To date, the rehabilitation MFTE program has not been used. Re-evaluating the rehabilitation requirements and revising location allowed could make this program a viable option to rehabilitate many of the aging apartment structures in Lynnwood.
- Additional Requirements and Goals: Other cities have applied additional requirements for MFTE projects to help meet the

community's needs. For example, the city could require more family-sized units or commercial ground floor uses.

#### **4. Lynnwood Municipal Code (LMC) Amendments**

*Implements Housing Action Plan Strategies: 1, 2, 3, 5, 6, 7, and 10*

##### *Background*

The Housing Action Plan found that the Lynnwood Municipal Code (LMC) may be limiting new development or rehabilitation of existing housing. The Plan recommended code updates to reduce inconsistencies and increase flexibility. Community engagement throughout the Housing Action Plan and after its adoption have indicated the following code issues may be potential priorities to address:

- A. **Barriers to missing middle housing** – “Missing middle” housing refers to a diversity of residential housing options that transition between single-family units and mid-rise apartments, such as duplexes, multiplexes, and townhomes. The LMC includes several instances where missing middle housing options are technically allowed but are infeasible due to conflicting code requirements and restrictive development standards. The Housing Action Plan identified several chapters of LMC that could be updated to resolve inconsistencies, respond to changing design and market conditions, and reduce added development costs that are passed along to occupants.
- B. **Nonconforming existing multifamily structures** – On August 2, 2021, Council adopted an ordinance and development agreement to allow the Whispering Pines site to be redeveloped without losing 19 income-restricted units. This site is not unique. In Lynnwood there are several similar existing apartment structures that are at their end of their useful life and will need to be rehabilitated or rebuilt. Over time, changes to the LMC have reduced the maximum number of units allowed in several zones, resulting in structures that cannot be rebuilt without a net-loss of housing units. The current process of requiring a development agreement or rezone to prevent a net-loss in redeveloped units is costly and time-intensive for the city and developers. A variety of code amendments could be reviewed to streamline the process and further the City's goals of promoting housing that meets the needs of the community.
- C. **Accessory dwelling units (ADU)** – The City amended the LMC requirements in 2016 to allow for detached accessory dwelling units. Like many cities in Washington, Lynnwood's ADU code (LMC 21.42.110(G)) is primarily based on a model ordinance produced by MRSC in 1994. The Housing Action Plan identified several ADU code requirements which limit feasibility for development. Last year, the



State Legislature attempted to revise ADU requirements, but they were ultimately vetoed by Governor Inslee due to various concerns. Staff anticipate the State Legislature will review changes to ADU requirements in the upcoming session.

#### *Next Steps*

Staff are seeking input from Council on the timing and prioritization of potential code amendments. All code amendments will include additional community engagement with developers, builders, residents, and other interested parties.

### **Funding for HAP Implementation**

Below is a summary of funding available for Housing Action Plan implementation. Staff are continuing to search for funding opportunities and evaluate its potential to align with existing implementation efforts.

#### **1. Washington State Department of Commerce (Commerce) Grants**

In late August 2021, Commerce released two grant opportunities which support Lynnwood's Housing Action Plan Implementation. City staff are evaluating which implementation strategies align with grant requirements and are preparing to submit applications for both grants. Both grants are competitive and require applications be submitted by October 7, 2021.

- The Housing Action Plan Implementation (HAPI) grant program will award to \$100,000 per jurisdiction to implement strategies within adopted Housing Action Plan.
- The Transit Oriented Development Implementation (TODI) grant program will award up to \$250,000 per jurisdiction to plan for housing in areas with frequent transit service.

Staff are also reviewing a third Commerce funding opportunity, the Affordable Housing Utility Charges and Connections grant. A total of \$34.6 million will be available for local governments or public utility districts within a jurisdiction that impose a sales and use tax. Funds will be available for system development charges and utility improvements for new affordable housing projects that serve and benefit low-income households. At this time Commerce has not indicated when they will be accepting applications for this grant. Staff will continue to monitor this and other opportunities.

More information about Commerce grants can be found at <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-grants/>.

## 2. SHB 1406 Funds

The 2019 State Legislature passed the *Encouraging Investments in Affordable and Supportive Housing Act* (SHB 1406). SHB 1406 allows cities and counties to receive a portion of the State's share of sale and use tax (sales tax) revenue. The sales tax collected is deducted from the State's portion of tax and returned to the City for the purpose of affordable housing. It does not increase tax rates for the consumer.

On May 26, 2020, Council adopted Ordinance No. 3357, authorizing the City to receive the sales and use tax in accordance with SHB 1406. The City of Lynnwood receives a tax credit rate of 0.0073%. Funds will fluctuate dependent on each year's actual sale and use tax (sales tax) revenue and are capped at a maximum of \$196,819 per year. Over the course of 20 years, Lynnwood will receive a maximum of \$3.9 million in tax credit revenue through SHB 1406. To date, Lynnwood has received approximately \$87,000.

Lynnwood may use the tax credit revenue for the following affordable and supportive housing purposes:

1. Acquisition, construction, and renovation of affordable housing and facilities providing supportive housing services.
2. Ongoing operation and maintenance of affordable housing and supportive housing facilities.
3. Rental assistance to low-income tenants.

In all uses, the assistance must be for households at or below 60% of area median income. (Source: [Association of Washington Cities](#))

The amount of tax credit revenue the City has received through SHB 1406 is relatively modest compared to actual development costs. Staff are continuing to research what other cities are using funds for. Some have decided to pool resources together while others are using for specific programs within their own jurisdiction. At this time, staff are continuing to evaluate the opportunities to leverage the funds or contribute towards costs of specific projects.

### Council Discussion Questions

At the upcoming meeting, staff intends to provide an update on several projects and then use the remaining time as a work session to receive Council input and feedback. The following "Discussion Questions" are intended to help guide discussion prior to staff finalizing the scope of projects.

#### Discussion Questions:

1. The 2024 Comprehensive Plan update and Regional Growth Center Plan are projects that will span several years. How would Council like to receive updates on the project?
2. What concerns do you have about the current MFTE program? What would you consider a successful future MFTE program for Lynnwood?

3. Are there code amendments related to housing you would like to see occur early in the implementation process?
4. Should the City wait on potential state legislature changes before updating Lynnwood's ADU code?



# Housing Action Plan Implementation Update

City Council Briefing  
September 15, 2021



# 4 Goals

## PRODUCE

Produce housing that meets the needs of the community.

## PRESERVE

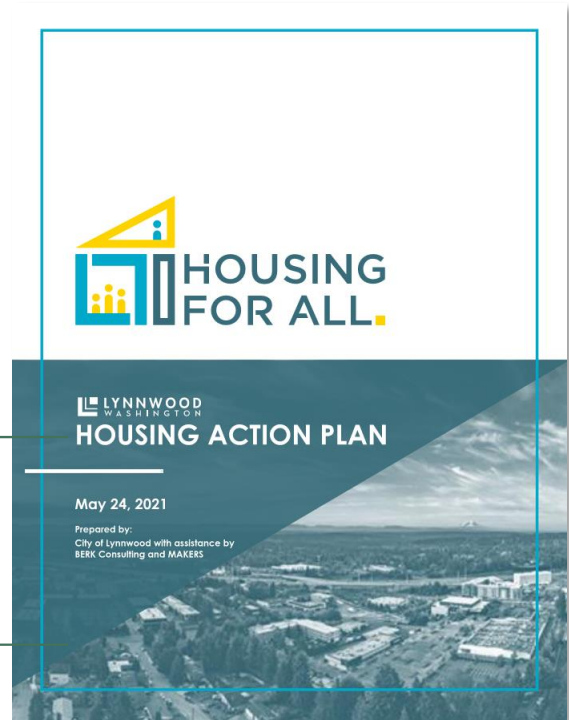
Preserve existing housing that is affordable and safe so that people can stay in Lynnwood.

## PARTNER

Partner with housing educators, providers, and other groups to find equitable housing solutions and remove systemic barriers.

## PREPARE

Prepare for continued growth and increase the quality of life in Lynnwood.

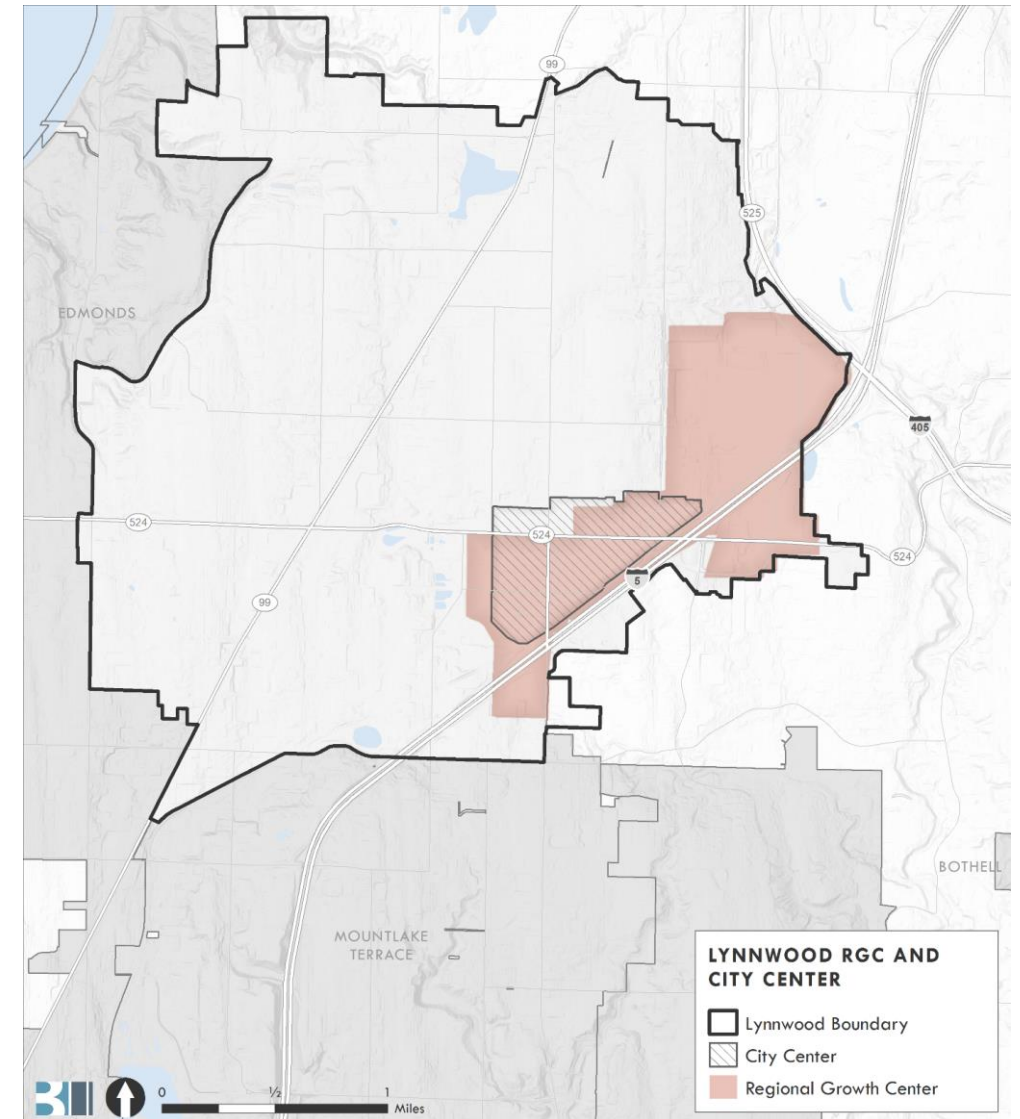


# 10 Strategies

- |   |  |    |  |
|---|--|----|--|
| 1 | Continue promoting housing in the Regional Growth Center (Alderwood and City Center) and along major transportation corridors. | 6  | Support third-party purchases of existing affordable housing to keep units affordable. |
| 2 | Update regulations, design standards, and subarea plans to be more flexible and responsive to changing conditions.             | 7  | Work with faith-based and nonprofit organizations.                                     |
| 3 | Strategically rezone areas to increase and diversify Lynnwood's housing options.   | 8  | Develop a rental registry program.   |
| 4 | Revise the Multifamily Tax Exemption (MFTE) program.   | 9  | Encourage amenities that enhance quality of life.                                      |
| 5 | Partner with housing providers.  | 10 | Continue community conversations about housing.  |

# Regional Growth Center (RGC) Planning

- Subarea Plan (746 acres)
- Includes 2 light rail stations, local transit, and bus rapid transit
- Connects City Center and Alderwood area planning
- Coordinates with 2024 Comprehensive Plan Update



# 2024 Comprehensive Plan Update

- Periodic update required by June 30, 2024
- Updates will incorporate state law changes, PSRC Vision 2050, and Countywide Planning Policies (CPPs)
- Preliminary engagement to understand how community wants to engage in the update process



[www.lynnwoodwa.gov/2024CompPlan](http://www.lynnwoodwa.gov/2024CompPlan)



# Multi-Family Tax Exemption (MFTE) Program Updates

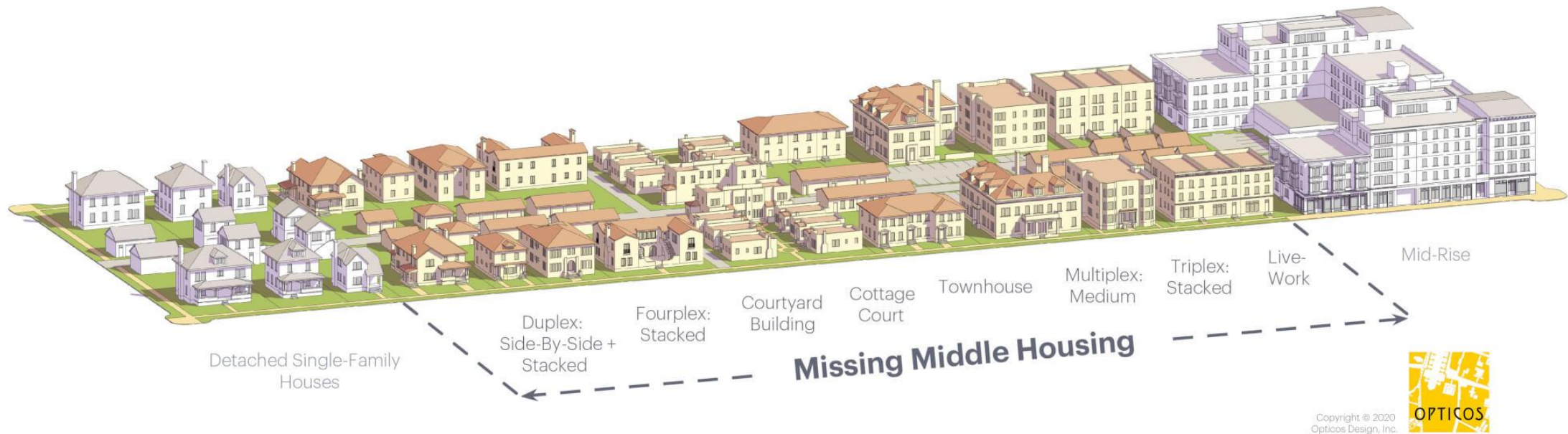
- Currently only offered in City Center
- 2021 State law changes (SB 5287)
- MFTE program evaluation could include:
  - Targeted areas;
  - Programs offered;
  - Rehabilitation requirements; and
  - Other requirements and goals to meet City's needs



# Lynnwood Municipal Code (LMC) Amendments

## Early Implementation Focus:

- A. Barriers to missing middle housing
- B. Nonconforming existing multifamily structures
- C. Accessory dwelling units (ADUs)



*Implements Housing Action Plan Strategies: 1, 2, 3, 5, 6, 7, and 10*

# Funding for Implementation

- Commerce Grants
  - Grant applications due October 7
    - Housing Action Plan Implementation (HAPI)
    - Transit Oriented Development Implementation (TODI)
  - Grant application due TBD
    - Affordable Housing Utility Charges and Connections
- SHB 1406
  - Ordinance 3357 adopted on May 26, 2020
  - Tax credit rate of 0.0073%, maximum of \$196,819 per year
  - Currently about \$87,000 in fund

# Discussion Questions

1. The 2024 Comprehensive Plan update and Regional Growth Center Plan are projects that will span several years. How would Council like to receive updates on the project?
2. What concerns do you have about the current MFTE program? What would you consider a successful future MFTE program for Lynnwood?
3. Are there code amendments related to housing you would like to see occur early in the implementation process?
4. Should the City wait on potential state legislature changes before updating Lynnwood's ADU code?

# Contact Information

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**CITY COUNCIL 7.A**  
**CITY OF LYNNWOOD**  
**CITY COUNCIL**

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**TITLE:** Executive Session

**DEPARTMENT CONTACT:** Karen Fitzthum, Executive Office

**SUMMARY:**

Receive briefing on negotiations with employee bargaining unit

**PRESENTER:**

Mayor Smith

**ESTIMATED TIME:**

30

**DEPARTMENT ATTACHMENTS**

Description:

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