

MEMORANDUM

DATE: December 23, 2020

TO: Mayor Nicola Smith
City Council

FROM: Kristen Holdsworth, AICP, Senior Planner

CC: David Kleitsch, Economic Development Director / Interim Community Development Director
Ashley Winchell, AICP, Planning Manager
Planning Commission

RE: **Lynnwood Housing Action Plan – December Update (Part 2)**

This memo provides a brief update on efforts for Lynnwood’s Housing Action Plan that have occurred since staff last presented to Council at the November 30, 2020 Work Session. Staff will attend the January 19, 2021 Work Session meeting to discuss this information and provide an update on the draft Housing Action Plan.

Housing Action Plan Strategies

Staff received a “first pass” list of potential strategies from the consultants (BERK). The “first pass” list of potential strategies (and a brief description of each strategy) are included as an attachment. They have been presented to the Planning Commission and Stakeholder Advisory Group.

The “first pass” list of strategies are being further evaluated to determine which strategies are appropriate for inclusion in the Housing Action Plan. The final strategies will be tailored to meet Lynnwood’s housing needs.

Public Engagement and Outreach

We received 707 survey responses during our second round of public engagement. A summary of survey responses is included as an attachment.

Next Steps

- January 2021 – Staff receive draft Housing Action Plan for Review
- January 19, 2021 – Council Update at Work Session
- January 21, 2021 – Planning Commission Update

Attachments

- Attachment 1: List of first pass of strategies (includes descriptions of strategies)
- Attachment 2: Overview of public engagement #2 - survey responses

Lynnwood Housing Action Plan

Potential Strategies | Screening First Pass

Overview

- The following document was prepared in advance of the Stakeholder Advisory Group meeting (Meeting #4). It contains a “first pass” list of strategies that will be further evaluated for inclusion in the Housing Action Plan. Strategies have been sorted into two columns: “Continue Evaluating” and “Do Not Include for Further Evaluation” (for inclusion in the Housing Action Plan).
- Strategies that are listed as “Do Not Include for Further Evaluation” do not substantively address Lynnwood’s housing needs at this time. However, this does not preclude the City from assessing these ideas in the future (such as through a subarea plan, if housing needs evolve, or if city boundaries change through annexation).
- The strategies that are **BOLD AND UNDERLINED** in the “Continue Evaluating” column are strategies that ranked very high during the “first pass” evaluation and have a high potential for the City to implement/yield results within the first 5 years after the Housing Action Plan’s adoption. To help focus conversation, the Stakeholder Advisory Group spent a majority of time discussing these **bold and underlined** strategies at the fourth Stakeholder Advisory Group meeting. *At this time, the City has not committed to including these strategies into the Housing Action Plan, nor has the City committed to excluding from the plan strategies that are not bolded/underlined in the “continuing evaluating” column.*
- A description of strategies is included at the end of this document.

Methodology

The original “universe of potential strategies” was compiled by the consultants and have demonstrated success in other communities. They were identified from the [Department of Commerce guidance for Housing Action Plans](#), Snohomish County Housing Affordability Regional Task Force (HART) report, other jurisdictions’ housing strategies, and community input. (This document was previously sent to the Stakeholder Advisory Group in the materials for meeting #3).

In order to develop a plan that is realistic leads to actionable results, we have developed a methodology to narrow down the number of strategies for further consideration and inclusion into the draft plan.

Strategies needed to meet three out of the five criteria in order to be included for further evaluation:

1. **The strategy maintains or increases a diversity of housing types.** The Housing Needs Assessment identified that the overwhelming majority of Lynnwood housing consists of two types of units: single family homes and small units in larger apartment complexes. Lynnwood needs more units that provide opportunities for ownership, can accommodate larger families, and can promote “aging in place” for older residents.

2. **The strategy supports/aligns with existing regional efforts (HART, MPPs, and ST).** There are several regional efforts underway that Lynnwood should continue to support, including the Snohomish County HART report recommendations, PSRC Vision 2050 Housing Element Multicounty Planning Policies, and Sound Transit's TOD Housing Policy.
3. **The strategy creates or preserves a "medium" or "high" amount of units.** Lynnwood needs about 10,000 additional housing units by 2044. While every additional unit helps meet this goal, some strategies have the potential to create more units (or preserve existing affordable units) than others.
4. **The strategy is feasible and appropriate for Lynnwood.** As previously discussed, the strategies were identified through a variety of sources. It is important that the strategies can be successful Lynnwood. This evaluation criteria was based on the level of effort and cost to implement a strategy, whether it met a specific need, and feedback we received through public engagement. Priority was given to strategies that ranked "medium" or "high."
5. **The strategy addresses the needs of renters and BIPOC community members.** Some strategies may not directly produce housing but address historic housing discrimination or future threats of displacement.

GOAL 1: PRODUCE. Produce housing that meets the needs of the community.

BOLD AND UNDERLINED strategies in the “Continue Evaluating” column ranked very high during the “first pass” evaluation and have a high potential for the City to implement/yield results within the first 5 years after the Housing Action Plan’s adoption. At this time, the City has not committed to including these strategies into the Housing Action Plan, nor has the City committed to excluding from the plan strategies that are not bolded/underlined in the “continuing evaluating” column.

Continue Evaluating	Do Not Include for Further Evaluation
<ol style="list-style-type: none"> 1. <u>Revise the Multifamily Tax Exemption (MFTE) Program</u> 2. <u>Create incentives or provide flexibility for desired unit types</u> 3. <u>Revise development standards (ie- setbacks, lot coverage, etc)</u> 4. <u>Strategically rezone areas</u> 5. <u>Revise ADU standards and streamline the process</u> 6. Increase allowed housing types in existing zones (cottages; 2, 3, 4-plexes; townhouses; micro-housing) 7. Adopt a SEPA infill exemption 8. Lobby for changes in state and federal law that will enable more consolidated and streamlined funding to support low-income housing. 9. Streamline the permitting process 10. Facilitate more efficient deal assembly and development timelines/promote cost-effectiveness through consolidation, coordination, and simplification 11. Reduce off-street parking requirements 12. Waive, reduce, or defer fees and charges for low-income housing projects 13. Create Community Benefits/Development Agreements 14. Create pre-approved ADU plans for residents 	<ol style="list-style-type: none"> 1. Reduce minimum lot sizes 2. Streamline subdivision process 3. Allow cluster zoning in single-family zones 4. Revise lot size averaging requirements 5. Protection from SEPA appeals on transportation impacts 6. Remove barriers to the development of manufactured homes and tiny house communities 7. Revise design review 8. Require a minimum density 9. Encourage PUD/PRD and cluster subdivisions 10. Simplify land use designation maps 11. Encourage micro-retail and flexible cultural space design

<p>15. Increase funding through local option taxes, fees, and levies</p> <p>16. Inclusionary zoning</p> <p>17. Remove or reduce requirement for ground floor commercial</p> <p>18. Adopt form-based code</p>	
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GOAL 2: PRESERVE. Preserve existing housing that is affordable and safe so that people can stay in Lynnwood.

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Continue Evaluating	Do Not Include for Further Evaluation
<ol style="list-style-type: none"> 1. <u>Support third-party purchases of existing affordable housing to keep units affordable</u> 2. <u>Revise the Multifamily Tax Exemption (MFTE) Program</u> 3. <u>Develop rental protections</u> 4. Strategically acquire and finance existing multifamily housing 5. Establish short term acquisition revolving loan fund to enable rapid response to preserve low income housing developments when they are put on the market 6. Implement rental inspection program 7. Preserve mobile home parks and provide relocation assistance 8. Provide income-based repair, rehabilitation, or reconstruction assistance 9. Increase investments in communities of color, historically underserved communities, and low-income communities by developing programs and policies that serve individuals and families at risk of displacement 10. Implement just cause eviction protections 11. Provide tenant relocation assistance 	<ol style="list-style-type: none"> 1. Improve tracking and monitoring of existing subsidized and “naturally occurring affordable housing” properties to preserve long-term affordability 2. Support mobile home park conversion to cooperative 3. Adopt a notice of intent to sell/sale ordinance 4. Create “Right to Return” policies for promoting home ownership 5. Provide down payment assistance 6. Provide grants/loans to directly support small businesses 7. Property tax assistance program

GOAL 3: PARTNER. Partner with housing educators, providers, and other groups to find equitable housing solutions and remove systemic barriers.

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Continue Evaluating	Do Not Include for Further Evaluation
<ol style="list-style-type: none"> 1. <u>Partner with local housing providers</u> 2. <u>Increase regional coordination and cross-sector partnerships</u> 3. <u>Work with faith-based organizations</u> 4. <u>Engage communities of color, historically underserved communities, and low-income communities</u> 5. Expand engagement of non-governmental partners to support efforts to build and site more affordable housing 6. Provide "Found Land": Surplus land and other opportunities 7. Work with community land trusts 8. Provide customized housing assistance for households with lower incomes 	<ol style="list-style-type: none"> 1. Encourage banking and insurance industry support for condominium projects as homeownership solution 2. Partner with organizations to provide foreclosure intervention counseling 3. Partner with organizations to provide homeownership counseling 9. 4. Provide prospective homeowners information about credit and personal finance

GOAL 4: PREPARE. Prepare for continued growth and increase quality of life in Lynnwood.

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Continue Evaluating	Do Not Include for Further Evaluation
<ol style="list-style-type: none"> 1. <u>Transit-Oriented Development (TOD)/Employer Oriented Development (EOD)– Continue planning for increased housing capacity around major transit and employment hubs</u> 2. <u>Adopt subarea plans with environmental reviews</u> 3. <u>Make strategic infrastructure investments</u> 4. <u>Build amenities to support quality of life</u> 5. <u>Create community awareness of housing needs and solutions</u> 6. Create a local housing trust fund 7. Adopt planned action ordinances 8. Foster community conversations about density 	<ol style="list-style-type: none"> 1. Create neighborhoods that are culturally responsive 2. Ensure needed capacity for reviews by maintaining appropriate staffing levels and providing training

Appendix: Description of Strategies

GOAL 1: PRODUCE. Produce housing that meets the needs of the community.

Continue Evaluating

1. **Revise the Multifamily Tax Exemption (MFTE) Program**

- This strategy is about retooling the existing MFTE program to address more specific needs or expanding its geographic reach. Recalibration could include addressing unit size thresholds or customizing thresholds to ownership or rental buildings.

2. **Create incentives or provide flexibility for desired unit types**

- The City can provide incentives (such as additional units) and flexibility (such as revised landscaping standards) to promote development of specific unit types that have not commonly been developed in Lynnwood (or have not been developed in certain locations). Providing incentives or flexibility can increase the likelihood that needed housing variety is developed in a timely manner, without a lot of administrative overhead, and without a lengthy approval processes.

3. **Revise development standards (ie- setbacks, lot coverage, etc)**

- Modest reductions in front and rear setback standards can help to expand possible building footprint area. In storefront and other dense urban environments, the opportunity to build a firewall up to the side property line allows greater flexibility and expansion of the possible building envelope. Likewise, communities may feature outdated lot coverage standards that encourage surface parking facilities at the expense of hidden structured or underground parking forms. Overly ambitious impervious area standards can also be detrimental to desired infill housing development.

4. **Strategically rezone areas**

- Strategic rezones to a higher intensity zone have long been another obvious strategy to expand the capacity for residential development in municipalities. Upzones within a five and ten-minute walkshed of frequent, reliable high-capacity transit would create the opportunity to build TOD with arrival of transit.

5. **Revise ADU standards and streamline the process**

- Accessory dwelling units (ADUs) are small dwelling units that are either attached to the primary dwelling or in a detached structure (DADU) that is typically placed to the side or rear of the primary dwelling. ADUs have long been an important option for communities to add variety and housing choice in single-family neighborhoods. ADUs can provide low-cost housing in established neighborhoods. They provide dwelling opportunities for extended family members and small households that prefer a neighborhood setting over apartment living. ADUs can also offer a critical source of monthly income for homeowners when rented out.

6. **Increase allowed housing types in existing zones (cottages; 2, 3, 4-plexes; townhouses;**

micro-housing)

- In many communities, the only housing choices are single-family homes on large lots or medium to large multifamily buildings. Such limited options do not reflect the wide range of needs of differing family sizes, household incomes and cultural groups. One solution is encouraging a larger variety of housing types, often referred to as the “missing middle” as they are middle-sized housing, aimed at people with middle incomes.
- They are also some of the most affordable forms of housing on a cost-per-square-foot basis. In general, these types are more affordable than detached single-family homes and offer a greater range of design and locational choices than apartment buildings can offer. They also offer more flexible ways for communities to add compatible density into established neighborhoods and provide more opportunities for residents to have stability and build wealth through homeownership.

7. Adopt a SEPA infill exemption

- A city or county planning under the Growth Management Act (GMA) can establish categorical exemptions for development to “fill in” urban growth areas. RCW 43.21C.229 allows a city or county planning under GMA to adopt an infill exemption if the comprehensive plan was already subject to environmental analysis through an environmental impact statement (EIS). Any residential, mixed-use or smaller scale commercial development that is roughly equal to or lower than the density goals of the comprehensive plan is exempt from further review. The local government must consider the specific probable adverse environmental impacts of the proposed action and determine that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan; subarea plan element of the comprehensive plan; planned action ordinance; or other local, state or federal rules or laws. By removing an extra layer of review and potential risk, a SEPA infill exemption can encourage development within the designated area.

8. Lobby for changes in state and federal law that will enable more consolidated and streamlined funding to support low-income housing.

- Funding sources can often come with many administrative and reporting requirements. Reducing the complexities of these funding programs can help developers of low-income housing reduce overhead costs and allows them more flexibility.

9. Streamline the permitting process

- Providing an efficient, predictable and user-friendly permitting process can encourage new housing construction by reducing potential confusion or perception of risk among developers as well as lowering their administrative carrying costs. There are several ways in which jurisdictions can improve the clarity, speed and consistency of the permit review process, consistent with legal requirements.

10. Facilitate more efficient deal assembly and development timelines/promote cost-effectiveness through consolidation, coordination, and simplification

- Land assembly is a process of forming a single site from a number of properties. In some areas, an individual site may not be conducive to the type of development or redevelopment desired. For example, a single site may not have enough area to make development costs

worthwhile, or they may have difficulties with access.

11. Reduce off-street parking requirements

- Parking facilities add substantial cost in the development new housing, whether it's surface or structured parking. A study conducted by the city of Portland said underground garage parking adds costs of up to \$55,000 per space, which can add up to approximately \$500 per month per dwelling unit to apartment rents. Therefore, reducing parking can help with affordability. Fewer residents are likely to own vehicles in areas within walking distance to high-capacity transit, with frequent bus service, a mixture of uses, and/or in buildings with a high share of low-income households. In suburban and small city settings, such parking facilities are more important but should be balanced with aesthetics and the impact on the yield of land.

12. Waive, reduce, or defer fees and charges for low-income housing projects.

- Many communities assess development impact fees and permit processing fees during the construction process. Revenue raised from these fees helps to cover the cost of expanding infrastructure and other public services to cover residents of new developments, as well as administrative expenses and other budgetary needs. The cumulative costs of fees can erode the financial viability of affordable housing projects. Local jurisdictions can encourage the development of new affordable housing by reducing or waiving these fees for qualifying projects. Waivers or reductions in fee revenue could undermine the ability to cover these costs if other revenue sources are not readily available. Cities, towns and counties that wish to offer fee waivers or reductions should consider careful monitoring of the program, especially in early years of operation, to ensure there are no unintended negative effects on other programs or the city's ability to meet growing demands on public services.

13. Create Community Benefits/Development Agreements

- Development agreements, or community benefits agreements, are voluntary, negotiated contracts between a developer and a city/county that specify the public benefits the development will provide and each parties' responsibilities. They can achieve affordable housing, affordable commercial space, community gathering space and other public amenities. For example, developers can agree to build out the ground floor space for small businesses and cultural anchors, making it more affordable for them to get into a new space, and then gradually afford market rent over time. The Delridge Grocery Co-op was able to lease space in a new building with "lower-than-normal startup costs" because of the development agreement laying out the need for this type of commercial space.

14. Create pre-approved ADU plans for residents

- Preapproved ADU plans offer homeowners and vendors with master plans for building ADUs. The structural details have already been approved for the appropriate residential zones and can include configuration options. If you make changes within the provided parameters, the plan is still considered "pre-approved". This grants homeowners access to an express lane program that expedites the permitting process and makes the ADU process more attractive for homeowners.

15. Increase funding through local option taxes, fees, and levies

- Cities may provide direct project funding, through grants or loans, to encourage the production of income restricted affordable housing. Securing this funding can occur in different ways:

- **A local housing tax levy**, authorized through RCW 84.52.105, can allow up to \$0.50 per \$1,000 of property tax to be allocated toward an affordable housing fund for projects serving very-low income households (50% median family income or less) if approved by a majority of the voters of the taxing district. Housing levy funds may be used for a variety of purposes detailed in an affordable housing finance plan such as for matching funding for not-for-profit housing developments. This support can improve a project's competitiveness for receiving additional financing from state or national sources. The county, city or town that imposes the levy must declare an emergency with respect to the availability of housing that is affordable to very low-income households in the district. SB 6212 (laws of 2020) expands the use of this tax to include affordable homeownership, owner-occupied home repair and foreclosure prevention programs for low-income households up to 80% of median family income as of October 1, 2020.
- **Real Estate Excise Tax (REET 2)**: A city or town planning under GMA can impose an additional 0.25% real estate excise tax ("REET 2") under RCW 82.46.035. This requires voter approval only for communities voluntarily planning under GMA. Revenues may be used only for financing "capital projects" in the capital facilities plan element of the comprehensive plan, which may include building, rehabilitating/repairing and/or purchasing affordable housing.

16. Inclusionary zoning

- Unlike voluntary incentives, inclusionary zoning (IZ) ordinances require that all new construction within a specified zone include income-restricted affordable housing. A city or county can define the percentage of units that must be subject to affordability requirements, as well as the target income level for affordability. Some communities offer an "in lieu" payment option as an alternative mode of compliance. The payment can be put into a housing trust fund for use by the city or county in supporting affordable housing production elsewhere.

17. Remove or reduce requirement for ground floor commercial

- Certain zones require residential developments to have a ground floor commercial component to promote mixed-use development. This requirement can serve as a barrier to providing higher density housing, particularly if market demand for new retail or commercial services is low and new retail space unlikely to lease.

18. Adopt form-based code

- "Form-based code" means a package of land use regulations that use physical form, rather than separation of use, as the organizing principle for the code. These land use regulations are adopted into city or county code and represent an innovative alternative to conventional zoning regulation. Form-based codes are linked to a plan that designates the appropriate form and scale of development, as well as the appearance and placement of buildings and their connection to the street, rather than only distinctions in land-use types.
- Form-based codes can be beneficial because they enable local governments to eliminate restrictive zoning, while providing the regulatory means to achieve development objectives, such as compact, pedestrian-friendly walkable neighborhoods, with greater certainty. Form-based codes can be adopted as a new zoning district or as an overlay district.

Do Not Include for Further Evaluation

1. Reduce minimum lot sizes

- Reducing minimum lot sizes is a key strategy to make efficient use of public infrastructure and increase affordability. It increases a community's capacity by allowing a greater number of dwelling units, particularly in areas close to transit and other amenities. It also provides ways to develop lots with smaller yards that do not require a lot of time or effort to maintain. In growing communities with significant vacant tracts of land, reductions in the minimum lot size carry one of the best opportunities to accommodate growth needs within compact areas. This can limit the need to expand the urban growth area and expand infrastructure to serve it. Such changes also increase opportunities for homeownership.

2. Streamline subdivision process

- RCW 58.17.095 provides that a county, city or town may adopt an ordinance providing for the administrative review of a preliminary plat without a public hearing. The ordinance may specify a threshold number of lots in a subdivision above which a public hearing must be held and may specify other factors which necessitate the holding of a public hearing. If the public hearing is waived, the planning commission or planning agency shall complete the review of the proposed preliminary plat and transmit its recommendation to the legislative body as provided in RCW 58.17.100 to approve or disapprove the preliminary plat. RCW 58.17.100 was amended to allow local governments to delegate authority to approve the final plat to the planning commission or to staff. This means that a final plat does not have to wait as long to get final approval, which reduces the cost of the development.

3. Allow cluster zoning in single-family zones

- Cluster zoning is a development option that provides density bonuses in exchange for public amenities such as open space. A cluster subdivision will typically include several houses that are grouped together on a tract of land next to undeveloped land that is held for the common enjoyment of the neighboring residents or the community at large. Grouping homes together in this manner can lower the cost of housing by making more efficient use of the land and reducing the initial investment in streets and utility lines needed to service these communities.

4. Revise lot size averaging requirements

- Lot size averaging is an innovative development technique that puts buildable land to more efficient use by allowing smaller lots on constrained sites while complying with the underlying zoning. Specifically, this technique encourages a more efficient use of land for subdivision and short subdivision development. The size of individual lots within a subdivision or short subdivision using lot size averaging can be less than the required minimum lot size, provided that the development density achieved is not greater than the gross site area divided by the underlying zone. The flexibility allowed by lot size averaging can be useful for developing single family housing on unusually shaped parcels or on properties constrained by critical areas. Smaller lot sizes may also provide more affordable housing opportunities.

5. Protection from SEPA appeals on transportation impacts

- RCW 43.21C.500 provides an option to protect SEPA decisions from appeal for impacts to transportation elements of the environment when the approved residential, multifamily or mixed-use project in a GMA city or town meets certain conditions.
- This provision is intended to encourage development within central infill areas because it is less likely to impact the state system. This is an optional process where the local SEPA

responsible official or developer may consult with WSDOT Regional Development Services offices to obtain a letter of no significant adverse impact to “transportation elements of the environment,” which include impacts to transportation systems; vehicular traffic; waterborne, rail, and air traffic; parking; movement or circulation of people or goods; and traffic hazards

6. Remove barriers to the development of manufactured homes and tiny house communities

- Manufactured homes and “Tiny House Communities” add diversity to the housing stock. Removing barriers to the development of these housing types can help serve the community’s diverse housing needs.

7. Revise design review

- For cities that choose to maintain a design review process, local governments should strive to make it as streamlined, timely, and predictable as possible. Some argue for eliminating volunteer boards and enabling professional city staff to take on this role via administrative design review. This is preferable to full design review, assuming a timely and predictable process can be maintained.

8. Require a minimum density

- Washington’s Growth Management Act (GMA) requires that communities within designated urban growth areas allow for urban densities. While a specific density isn’t specified by GMA, veteran Washington planners often mention four dwelling units per acre as the minimum urban density, though closer to seven units has been shown to support transit service.

9. Encourage PUD/PRD and cluster subdivisions

- PUDs and PRDs stand for “planned unit development” and “planned residential development”, respectively. The terms generally refer to large integrated developments that offer special design, use/housing type mix and development intensity flexibility, provided they conform to the comprehensive plan. Specifically, PUDs and PRDs typically offer flexibility in lot sizes and housing types provided the overall development meets the density provisions of the zone. Some PUDs and PRDs offer density bonuses for achieving specific goals or integrating community amenity features. PUDs and PRDs often also allow flexibility in the design of street and other public improvements, provided they meet specific criteria. Thus, PUDs and PRDs can be a good tool to integrate a greater mix of lot and housing types to meet community demographic needs while providing environmental benefits of clustering housing to help preserve sensitive natural areas and/or provide a greater amount of usable community open space.

10. Simplify land use designation maps

- Many communities use the same map for a land use map in the comprehensive plan and a zoning map in the local code. If this is the case, any zone change would need to go through the long process of amending the comprehensive plan, which occurs at most, one time per year. One way to make it easier to make changes to zoning and encourage a variety of housing types is to simplify the land use map and the implementing zoning map. Many residential land use designations could be changed to one designation for “residential” in smaller communities, or several for lower-, medium- and high-density residential. Implementing zones could provide more variety, such as low-density neighborhood residential and medium-density residential, and each zone could allow a wider diversity of housing types and lot sizes. Note that this process also changes the names of land uses and zones, so they don’t specifically say “single-family detached.”

- A key factor that should be integrated in both the land use element of the comprehensive plan and the zoning code is to clarify what the implementing zones are for each land use designation. Furthermore, providing "locational criteria" for each zone will be helpful when examining whether a proposed zone change is consistent with the comprehensive plan.

11. Encourage micro-retail and flexible cultural space design

- Preservation of existing affordable space is typically most effective for maintaining affordability, but if you must build new or adapt a space, design the ground floor with nontraditional commercial uses in mind. Making a flexible space for a range of businesses (e.g., restaurants, micro-retail) and arts organizations will reduce initial move-in/tenant improvement costs. Seattle's The CAP Report: 30 Ideas for the Creation, Activation and Preservation of Cultural Space collects building and land use code strategies to consider when designing cultural commercial space (e.g., redefining smaller arts spaces as mercantile, not assembly spaces, to avoid expensive building code requirements).

DRAFT FOR DISCUSSION

GOAL 2 PRESERVE. Preserve existing housing that is affordable and safe so that people can stay in Lynnwood.

Continue Evaluating

1. Support third-party purchases of existing affordable housing to keep units affordable

- Community-based organizations, non-profits and community land trusts can be important property owners within a neighborhood. Using public resources to empower trusted institutions can preserve or create affordable housing and space for community-serving organizations and businesses.

2. Revise the Multifamily Tax Exemption (MFTE) Program

- This strategy is about retooling the existing MFTE program to address more specific needs or expanding its geographic reach. Recalibration could include addressing unit size thresholds or customizing thresholds to ownership or rental buildings.

3. Develop rental protections

- This strategy includes identifying the appropriate role of the City and developing programs/actions to provide education, protection, and other services.

4. Strategically acquire and finance existing multifamily housing

- To better retain affordable housing, cities, counties and housing authorities can catalog naturally occurring affordable housing and housing with income restrictions or covenants that are about to expire. Cities, counties and housing authorities may then identify funds to acquire existing multifamily buildings that serve low- or moderate-income residents to avoid displacement of residents. Selected properties should be likely targets for redevelopment with residents otherwise unable to afford to stay in the neighborhood or projects with expiring affordability contracts. This practice preserves existing communities and retains long-term affordable housing stock.

5. Establish short term acquisition revolving loan fund to enable rapid response to preserve low income housing developments when they are put on the market

- Lynnwood, like many communities, is at risk of losing naturally occurring affordable housing as well as income-restricted units. A revolving loan fund is a gap financing measure that can be used to assist with acquiring existing low-income housing developments before they are sold and become higher-rent units. Revolving loan funds typically require a start up sum of money that then is self-replenishing. It utilizes interest and principal payments on old loans to issue new ones.

6. Implement rental inspection program

- Cities with high proportions of rental units are adopting rental unit registry and inspection programs to maintain their housing stock and property values and ensure that rental units are maintained to code and incorporate life safety measures such as smoke and carbon monoxide detectors. Tenants (renters) are often hesitant to report code violations for fear of landlord retribution. A proactive registry and inspection program addresses this problem by making inspection mandatory rather than just based on complaints.

7. Preserve mobile home parks and provide relocation assistance

- Mobile home parks can be prime locations for higher density redevelopment in communities with strong demand for new housing. However, they also provide relatively affordable housing to residents in lower-income brackets. Therefore, some communities use strategies to preserve mobile home parks and avoid displacing residents.
- In some cases, displacement of mobile home park residents cannot be prevented. The Washington State Department of Commerce offers a manufacture/mobile home relation assistance program that provides financial resources to assist displaced residents, particularly those who meet low-income thresholds. This is a mitigation measure that should be used only in circumstances where preventive actions to preserve mobile home parks are unsuccessful.

8. Provide income-based repair, rehabilitation, or reconstruction assistance

- Rehabilitation projects for existing housing that serves low- and moderate-income residents encourages community longevity. Need-based rehabilitation assistance helps low-income, disabled or senior residents make needed home repairs and safety upgrades by offering favorable financing terms or time-limited tax abatements to qualified homeowners. Projects that address weatherization and energy efficiency improvements can improve long-term affordability for the homeowner by reducing monthly energy costs.

9. Increase investments in communities of color, historically underserved communities, and low-income communities by developing programs and policies that serve individuals and families at risk of displacement

- Displacement refers to instances when a household is forced or pressured to move from their home against their will. In Lynnwood, Residential patterns reveal that White and Black, Indigenous, and People of Color (BIPOC) residents live in largely separate communities. The neighborhoods where a higher proportion of BIPOC residents live are more likely to be at risk of economic and cultural displacement. The City could target investments into these communities to help offset the risk of displacement and help keep people in our community.

10. Implement just cause eviction protections

- Washington state requires that tenants receive at least 20-day notice when asked to leave a property. However, state law does not require landlords to provide an explanation for the demand. This is particularly disruptive for those without longer-term lease agreements, such as month-to-month tenants. Local jurisdictions can pass just cause eviction protections that mandate that landlords provide tenants a legally justifiable reason when being asked to vacate. Legally justifiable reasons may include failure to pay on time or meet terms of the lease agreement, sale of the building or the owner's desire to assume occupancy of the unit. This protection does not avoid displacement, but it promotes rental stability and provides legal recourse for residents who are asked to vacate without reasonable justification.

11. Provide tenant relocation assistance

- Upzoned neighborhoods may see an increase in demolition of existing housing units to build newer, higher density housing types. This process displaces existing tenants who then incur moving costs. Local governments, authorized by WAC 365-196-835 and detailed in RCW 59.18.440, can pass an ordinance that requires developers, public funds or a combination of the two to provide relocation funds for these displaced tenants. Tenants at or below 50% of the county median income, adjusted for family size, qualify for available funds. Resident relocation assistance as a result of public action is required, with details outlined in RCW 8.26.

Do Not Include for Further Evaluation

- 1. Improve tracking and monitoring of existing subsidized and “naturally occurring affordable housing” properties to preserve long-term affordability**
 - Lynnwood could develop a system to track the existing and subsidized affordable housing properties to better identify potential for turnover or loss of these units.
- 2. Support mobile home park conversion to cooperative**
 - A community investment program for mobile home parks offers financial tools enabling mobile home park residents to organize and purchase the land that serves their community. Mobile home parks often house moderate- and low-income residents, and this program, which operates as a co-op, protects residents from unexpected rent increases over time. It also empowers residents to complete much-needed deferred maintenance projects. The Washington State Housing Finance Commission, in partnership with Resident Owned Communities (ROC) Northwest and ROC USA, offers the financial tools and expert guidance for manufactured-housing (“mobile home”) communities to become self-owned cooperatives. The commission works in partnership with ROC USA to provide financing for the purchase, and sometimes improvement, of the property. This financing means a bank loan with favorable terms for the cooperative.
- 3. Adopt a notice of intent to sell/sale ordinance**
 - A “Notice of Intent to Sell” ordinance requires owners of multifamily buildings to provide official notification to tenants and local housing officials. This ordinance can apply specifically to properties with rents at or below certain income levels. The notice gives public authorities the opportunity to plan for a potential purchase in the interest of preserving housing that serves low- or moderate-income residents. It also acts as a mitigation measure for residents, providing additional time to prepare for a potential need to move.
- 4. Create “Right to Return” policies for promoting home ownership**
 - A “right to return” policy works to reverse the effects of past physical displacement by providing down payment assistance for first-time homebuyers who can prove that they have been victims of displacement. Programs may prioritize cases of displacement by direct government action. In Portland, priority is given to residents of certain neighborhoods whose property, or whose parents’ property, was seized through eminent domain, which has historically impacted communities of color and low-income residents at disproportionate rates.
- 5. Provide down payment assistance**
 - Some renters desire long-term investment in a neighborhood through home ownership. Saving enough money for a down payment can take years for many households. Economic displacement pressures can push these households to relocate long before their savings accounts are enough for a home purchase. Down payment or assistance programs proactively address this barrier by offering no-interest or low-interest capital for qualified buyers. These programs typically pair with home ownership education courses to encourage financial preparedness for participants. Many programs target first-time home buyers. Home ownership is not the best fit for all households, but many renters pay a mortgage-equivalent in rent and desire the added stability offered by ownership.
- 6. Provide grants/loans to directly support small businesses**

- Small businesses and cultural anchors, especially in areas with high displacement risk, may struggle to invest in their space and keep up with rent. Washington state law establishes local governments' authority to support businesses.

7. Property tax assistance program

- Certain neighborhoods experience dramatic increases to property values that result in proportional increases to property tax values. Longtime residents who own their home but wish to stay in their neighborhood but struggle to keep up with these cost increases can be helped through a property tax assistance program. This currently exists in Washington for widows and widowers of veterans, but other states have introduced programs that offer this assistance to low-income, elderly, or disabled homeowners as well. Maryland's program extends this benefit to renters who often bear the burden of property tax payments through increased rental rates.

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GOAL 3: PARTNER. Partner with housing educators, providers, and other groups to find equitable housing solutions and remove systemic barriers.

Continue Evaluating

1. **Partner with local housing providers**

- Local governments may want to coordinate with local housing groups and non-profit developers to look for shared goals and identify ways both groups can work together. This may include identifying property, crafting incentives, developing housing assistance programs, supporting grant applications, code enforcement, property owner assistance or other programs to help increase affordability and reduce homelessness.

2. **Increase regional coordination and cross-sector partnerships**

- Sometimes the City is not the best suited organization to lead efforts. Partnering and supporting other entities can assist in a robust housing strategy.

3. **Work with faith-based organizations**

- Faith-based organizations often have resources such as land and buildings and have a desire to use those resources for the public good in line with their congregation's values. HB 1377 works as an incentive to build affordable housing on faith community owned land. Faith communities who choose to use their land to create homes for their low- and middle-income neighbors making below 80% Area Median Income receive a density bonus for the development.

4. **Engage communities of color, historically underserved communities, and low-income communities**

- Include the communities most affected by high housing costs in conversations about potential solutions.

5. **Expand engagement of non-governmental partners to support efforts to build and site more affordable housing**

- Sometimes the City is not the best suited organization to lead efforts. Partnering and supporting other entities can assist in a robust housing strategy.

6. **Provide "Found Land": Surplus land and other opportunities**

- In areas with high land costs, acquiring suitable land can add significant expense to an affordable housing project. Cities or counties may own surplus or underutilized lands that may be suitable for housing development. These public lands can be donated or leased to affordable housing developers to reduce the cost of development and help make a project more financially feasible.

7. **Work with community land trusts**

- A community land trust (CLT) is a non-profit organization, owned by a collective of community members, which buys and holds land within a neighborhood. It may raise funds through public or private sources to build structures on this land to be used for community purposes or to be

sold to low- or moderate-income residents.

- These building occupants pay a monthly land lease fee to the trust, which maintains ownership of the land itself. CLTs build community wealth by cooperatively owning land and provide affordable housing within a neighborhood. They also prevent displacement by keeping ownership of the land and property out of the private market and ensuring that new development serves community goals such as housing affordability. Public policy can support CLTs by land donation or contributing funds for land acquisition.

8. Provide customized housing assistance for households with lower incomes

- Expand funding for programs that provide families with lower incomes customized assistance. This program could create capacity to address each family's needs in a specific manner, ranging from emotional support to brokering with landlords to customized financial assistance.

Do Not Include for Further Evaluation

1. Encourage banking and insurance industry support for condominium projects as homeownership solution

- Washington State condominium laws are meant to protect condo buyers from poor construction. However, they currently create so much risk and uncertainty for developers that they have prevented production of this type of ownership opportunity.

2. Partner with organizations to provide foreclosure intervention counseling

- Foreclosure intervention counselors serve as intermediaries between homeowners and financial institutions to advocate for at-risk homeowners in need of budgeting assistance, refinanced loan terms or repaired credit scores. Cities can use affordable housing funds to support these programs, or community land trusts can step in to purchase foreclosed property, helping to restore ownership for residents.

3. Partner with organizations to provide homeownership counseling

- Provide easily accessible information about the process of buying a home to assist people who might be unfamiliar with this process in the United States.

4. Provide prospective homeowners information about credit and personal finance

- Provide easily accessible information about financing and ways to build, maintain and repair credit.

GOAL 4: PREPARE. Prepare for continued growth and increase quality of life in Lynnwood.

Continue Evaluating

1. **Transit-Oriented Development (TOD)/Employer Oriented Development (EOD)– Continue planning for increased housing capacity around major transit and employment hubs**

- At its core, transit-oriented development (TOD) is designed to better connect higher density housing options and jobs to planned transit stations or transit corridors. TOD involves a mix of uses allowing residents to commute to work and take advantage of a variety of amenities without needing a car.
- “Employer-oriented development” (EOD) is a similar concept that refers to increasing zoning to allow more homes near employment centers. Some major job centers simply do not have mass transit nearby and are also surrounded by low-density, single family zoning. Allowing more people to live near work both enriches their lives by shortening commutes and relieves government from the financial burden of paying for commuters.

2. **Adopt subarea plans with environmental reviews**

- A subarea plan is an optional element of a comprehensive plan, but it allows a community to take a closer look at a neighborhood or community and address unique local conditions and develop more customized goals, policies, land use plans and other strategies. A sub-area plan can attract higher density housing to a community that desires to increase development in its urban center or by a major transit stop.

3. **Make strategic infrastructure investments**

- One of the costs associated with development is the cost of upgrading existing or developing new infrastructure to serve development. In some cases, a community may wish to identify priorities for investment in sewer or water extensions or sidewalks to support upzones, or to catalyze development around new amenities such as transit hubs or community centers. Strategic selection of infrastructure priorities in the capital facilities element can help support housing programs.

4. **Build amenities to support quality of life**

- These could include transit stops, pedestrian safety and walkability, parks, etc.

5. **Create community awareness of housing needs and solutions**

- It is important that the community understand the diversity of people that make up this city and that meeting them where they are in what they need and can afford for housing. It is also important that the community understand that the groups who need affordable housing are part of the community and include current residents and workers. In terms of solutions, it would be beneficial for people to understand the fiscal limits of the city.

6. **Create a local housing trust fund**

- Housing trust funds are distinct funds established by local governments that receive an ongoing source of dedicated funding to support housing affordability. They can be designed to meet the most critical housing needs in each community.

7. Adopt planned action ordinances

- Planned actions provide more detailed environmental analysis during an area-wide planning phase, rather than during the permit review process. A community planning under GMA can develop a planned action EIS or threshold determination to facilitate development consistent with local plans and mitigation measures. As a result, future projects in the designated planned action area do not require SEPA determinations at the time of permit application if they are consistent with the type of development, growth and traffic assumptions, and mitigation measures studied in the EIS or threshold determination. Such projects are still required to comply with adopted laws and regulations and undergo review pursuant to the community's adopted land use and building permit procedures; however, the advanced work streamlines the development review approval process and removes a potential layer of appeal.

8. Foster community conversations about density

- Political feasibility and community acceptance of housing strategies is a big barrier to implementation. Fostering conversations with the community about housing affordability's impacts to the community, the benefits of safe and stable housing, and the impacts of unplanned growth will increase the likelihood of success.

Do Not Include for Further Evaluation

1. Create neighborhoods that are culturally responsive

- It is important to develop and design places so that they feel like home for people from a range of backgrounds. Neighborhoods in Lynnwood should include cultural icons that people from diverse backgrounds can connect with.

2. Ensure needed capacity for reviews by maintaining appropriate staffing levels and providing training

- Maintaining proper staffing levels in planning departments is key to ensuring timely permit processing. Furthermore, regular training of planning staff is critical for maintaining consistency of application of the rules as staffing changes occur. Knowing how the rules are going to be interpreted and applied from project to project helps to create much-needed predictability for permit applicants.
- Pursuant to RCW 82.02.020, cities and counties can fully recover the costs of processing permit applications. The development community is oftentimes open to fees covering staffing costs as long as predictable and timely service can be provided. Local governments can reach out to stakeholders if permit fees are a barrier to providing predictable and timely service.
- Cities and counties could also use on-call services. Having people in place in advance of permit volume increases or staffing level changes is a great way to make sure planning departments don't fall behind. To facilitate this, local governments could include budget dollars for outside services each year to ensure resources are available to planning departments during times of high permit volumes.

- Lastly, many permits are now reviewed by multiple departments including planning, traffic, engineering, and fire to name a few. Maintaining an efficient permit process requires that internal review processes are well coordinated. We often see project reviews that are held up for weeks or months because one of the reviewing department is far behind. Keeping on top of this issue will cut down on the amount of time needed to review an application.

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PUBLIC ENGAGEMENT #2: SURVEY RESULTS

Home / Services / Development & Business Services / Planning & Zoning / Ongoing Planning Projects / Housing Action Plan

Housing Action Plan



TAKE THE SURVEY IN ENGLISH, SPANISH, OR KOREAN

HELP US UNDERSTAND HOW LYNNWOOD SHOULD GROW TOGETHER	¡AYÚDENOS A ENTENDER COMO DEBEMOS CRECER JUNTOS EN LYNNWOOD!	어떻게 린우드 시가 여러분과 함께 성장 할 것인가를 알고싶습니다. 우리를 도와 주시기 바랍니다.
<p>The City is creating a Housing Action Plan to promote housing opportunities that are safe and affordable for everyone in Lynnwood.</p> <p>Take our survey by November 30 to help shape Lynnwood's future.</p>	<p>La ciudad está creando un Plan de Acción de Vivienda (Housing Action Plan) para asegurar que una variedad de viviendas esté disponible con precio accesible para las personas de todos los ingresos de Lynnwood.</p> <p>¡Hacer su encuesta antes de noviembre 30 para ayudarnos a conformar el futuro de Lynnwood.</p>	<p>본 린우드 시는 다양한 주택이 린우드 각급 소득 수준의 주민에게 경제적이고 합적 가용하도록 하는 주택 행동 계획 (Housing Action Plan) 을 수립할 예정입니다.</p> <p>린우드시의 미래를 만들어 가는 데 도움을 되도록 11월 30일까지 우리의 설문 조사에 참여하십시오.</p>

VIDEO (Below) IS AVAILABLE ON YOUTUBE IN [ENGLISH](#), [ESPAÑOL](#), AND [한국어](#)



- Inside Lynnwood Announcement
- Lynnwood Food Bank
- Heroes' Café/Lynnwood Senior Center
- Halloween Hullabaloo
- Stakeholder Advisory Group
- Lynnwood Library

www.lynnwoodwa.gov/housingactionplan

How many responses?

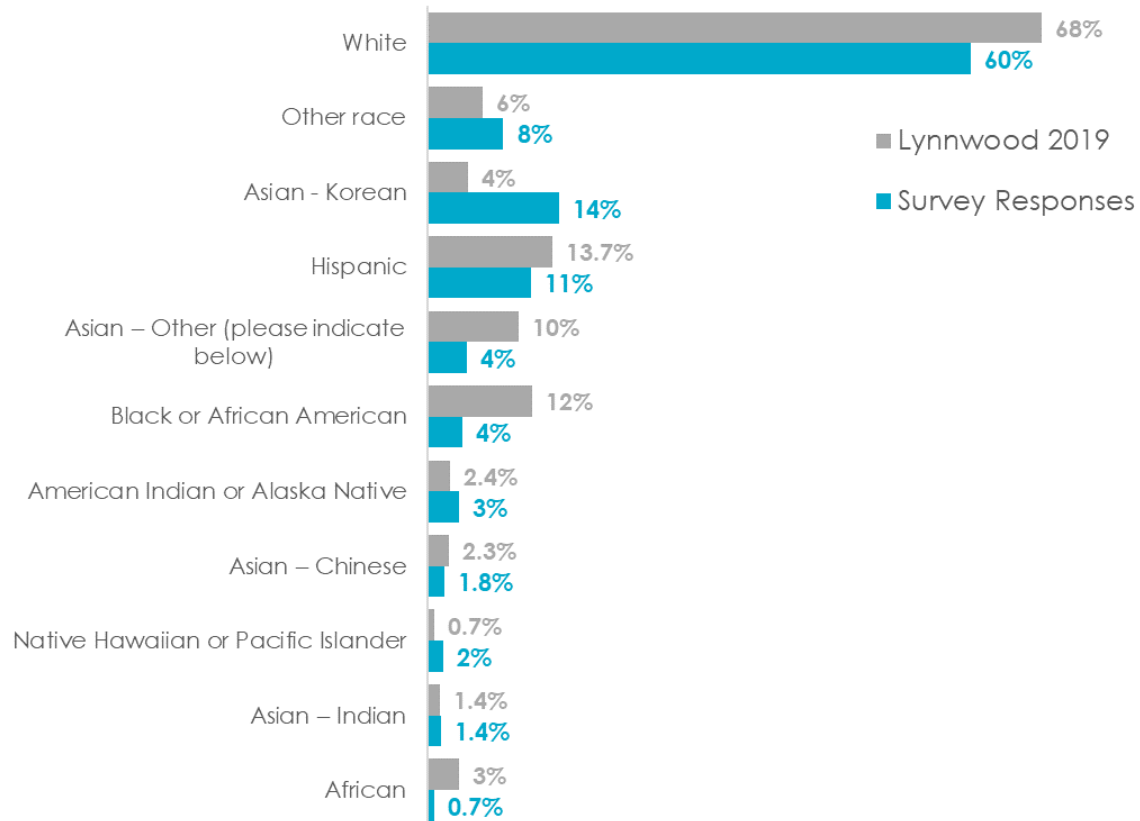
Surveys were collected online, at the Halloween Hullabaloo, the Lynnwood Food Bank, and by community partners

707 total survey responses

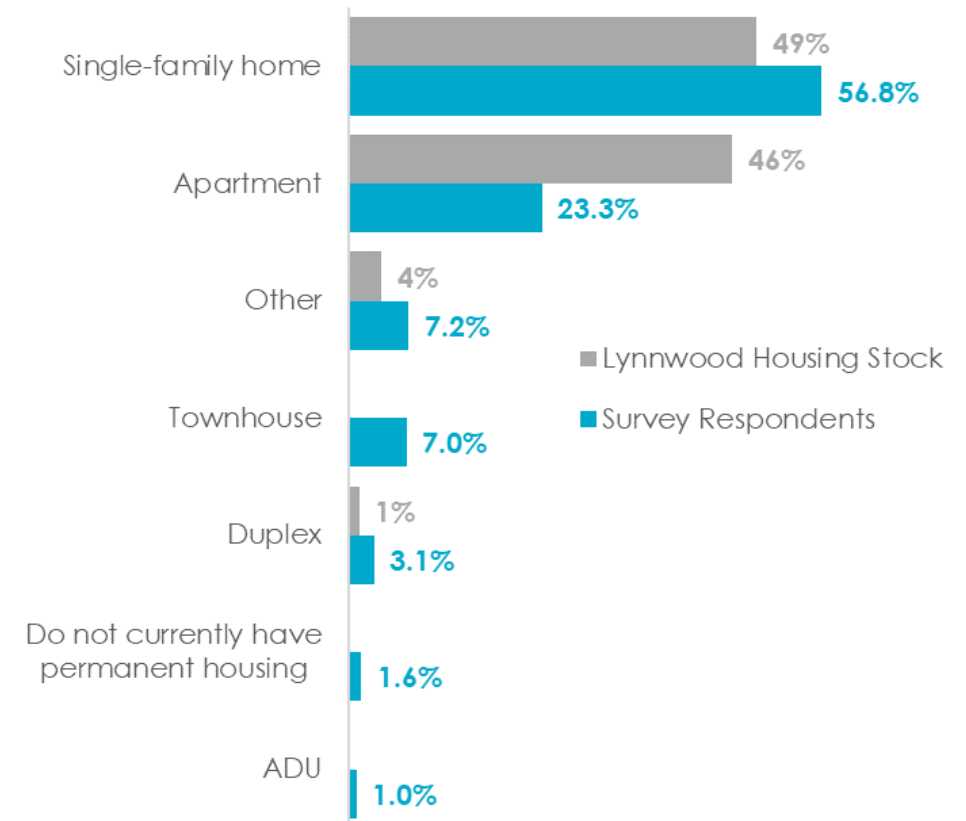
- By method: 459 online and 248 paper surveys
- By language: 595 English, 52 Spanish, and 60 Korean surveys

Who have we heard from?

Respondents, by race and/or ethnic identity



Respondents, by housing type



Who have we heard from?

- **Zip codes**

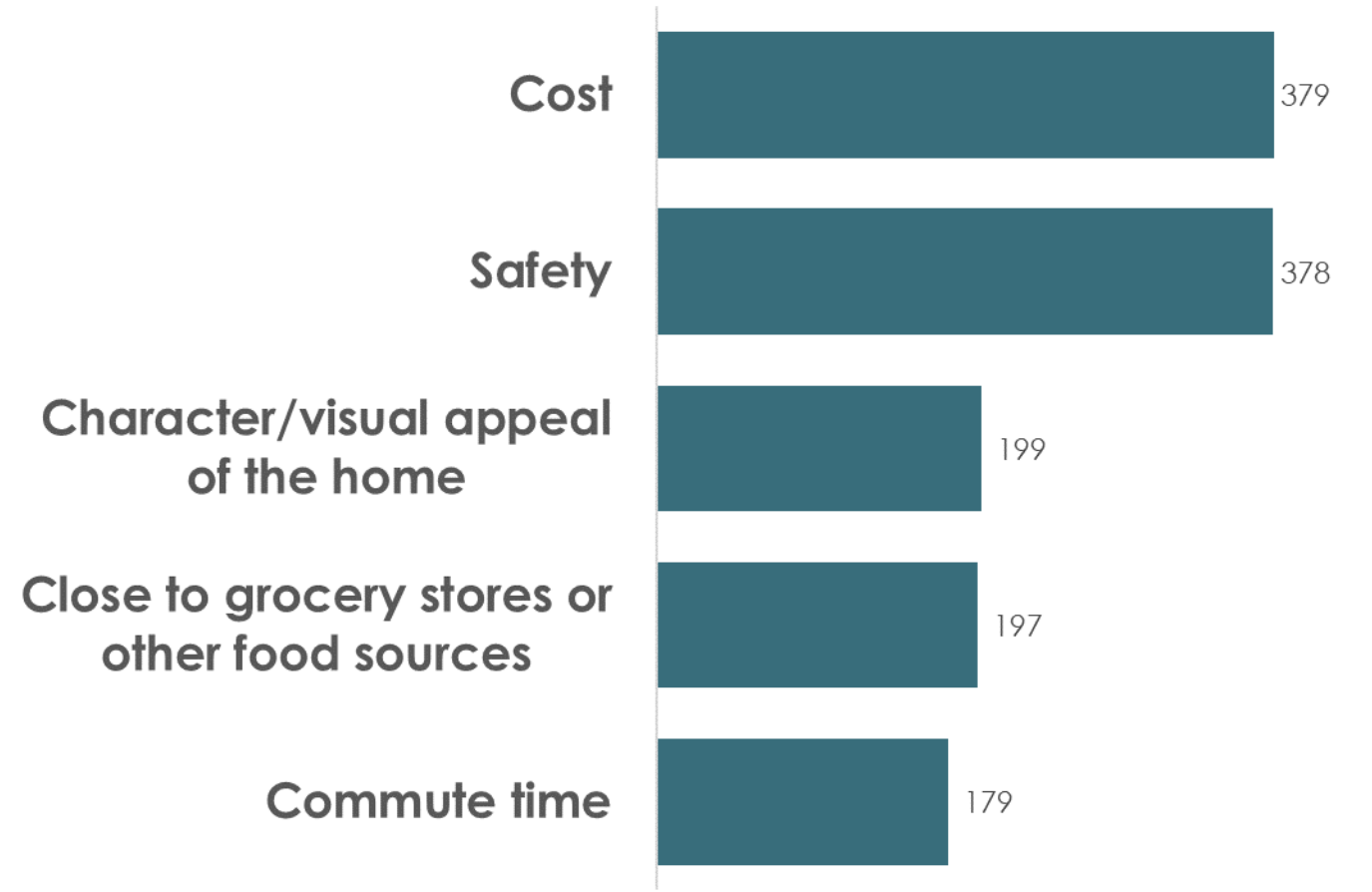
- 98036 (35%) South and east - Lynnwood golf course across I-5 to Alderwood
- 98037 (29%) Central – Meadowdale High School to Alderwood Middle School
- 98087 (19%) North – Martha Lake and Lake Serene

- **Age Brackets**

- 20-44 (41%)
- 45-64 (41%)
- 65 and older (16%)

When you are looking for a place to live, what is most important to you?

Top 5 Responses



Different Housing Types

Duplexes/Triplexes/Fourplexes

- Like that they are **more affordable** than single-family homes
- Feel that that **fit well** in existing neighborhoods
- Could see this type **throughout residential neighborhoods** in Lynnwood
- Concerns about **parking and traffic**

Different Housing Types

Townhomes

- Like that they offer **affordable home ownership** opportunities
- Could see this type **throughout Lynnwood**
- Concerns about **parking and traffic**
- Hesitations around **HOA fees and restrictions**

Different Housing Types

ADUs

- Homeowners feel that **cost and complexity** are the biggest barriers to building an ADU
- Renters express that **privacy and proximity to a landlord** are the least desirable traits of ADUs
- 17% who responded (43 people) say that they **would enjoy living in an ADU**

Different Housing Types

Agree / Disagree Statements

- The city should offer **incentives** to developers for inclusion of affordable housing
- The city should **require** developers to **build affordable housing**
- I am concerned that I will not be able to live in Lynnwood because of **housing costs**
- I would like the city to create a **rental inspection program**
- I would like to see more **renter/tenant protections** in Lynnwood

