
DEVELOPMENT & BUSINESS SERVICES

2021 ANNUAL REPORT



LYNNWOOD
WASHINGTON

Development & Business Services Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

INTRODUCTION

The Development and Business Services (DBS) department was established by the City Council with the adoption of Ordinance No. 3381. On January 1, 2021, the establishment of DBS became effective by consolidating the functions previously undertaken by the following departments:

- Community Development (Administration, Planning, Permitting and Inspections)
- Office of Economic Development (Economic Development and Tourism)
- Public Works (Development Engineering)
- Fire Marshal's Office (South Snohomish County Fire)

DBS is comprised of four divisions:

- Community Planning
- Economic Development
- Permits and Inspections
- Administration

DBS responsibilities are focused on the orderly growth and development of our community. This involves many activities, including, long-range planning and policy, land use review and approvals, permitting and inspection, business licenses, code enforcement, City Center implementation, light rail coordination, business recruitment and expansion, and tourism.

DBS staff participated in a collaborative effort to prepare a Mission Statement and to establish strategic priorities that are fundamental to community vitality, sustainability, and resiliency. The DBS Mission Statement and Strategic Goals guide DBS in serving our community and working with other City departments and partners to implement Lynnwood's Community Vision and the priorities of the Lynnwood 2018-2022 Strategic Plan.

DBS Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

DEVELOPMENT & BUSINESS SERVICES STRATEGIC PLAN GOALS:

1. Create a positive service culture for applicants.
2. Build systems, processes, and codes to work smarter and more efficient.
3. Develop staff expertise and a culture to address Lynnwood's future growth.
4. Enhance quality of life through implementing the Lynnwood Comprehensive Plan.
5. Attract businesses and development partners to succeed in Lynnwood.

ORGANIZATIONAL AND PROCESS IMPROVEMENTS

The City of Lynnwood has undertaken efficiency studies of various city departments. This effort supported Council's directive to advance Budgeting for Outcomes (BFO) and to provide operational efficiencies. Lynnwood contracted with Strategica, Inc. to conduct an efficiency study of process review for services provided by DBS. This review was completed in 2020 and led the formation of the new DBS department. DBS continued implementing process improvements and efficiencies in 2021.

DBS RE-ORGANIZATION

The report by Strategica recommended adding nine new positions to the DBS organizational structure. These positions address staffing gaps and growing demands for services provided by DBS. Mindful of the budget impacts of COVID-19, staff created a phased hiring plan to be implemented over the biennium. In 2021, DBS created and filled new positions including, a Deputy Director, Economic Development Manager, Development & Business Services Manager, Building Services Supervisor, and a Business Support Analyst.

PERMIT SOFTWARE

Strategica identified that the DBS permit software system is the backbone of the organization. Their recommendation was to either rebuild or replace the existing system to provide the required functionality. Staff continues to work on improving processes, updating submittal requirements, and documenting workflows to prepare for procurement of the new permit system in 2022.

SUBMITTAL REQUIREMENTS

In anticipation of the new permitting software, staff has begun reviewing and updating the submittal requirement checklists for the most common application types. By ensuring complete and accurate plan and application document submittals, the permit review process will be significantly improved for applicants and staff.

ELECTRONIC PLAN REVIEW

Staff has continued to refine and update procedures and standards for electronically reviewing plans through BlueBeam software to achieve consistency among the reviewers and clarity for the applicants.

PRE-DEVELOPMENT MEETINGS

Staff has established new standard operating procedures for the acceptance, scheduling, preparation, and facilitation of Pre-Development Meetings. This important step, early in the process for larger, more significant projects, helps set up the applicants and reviewers for a more successful permit review process.

BUSINESS LICENSING

Staff developed a new business questionnaire to assist in license review and approval and identify businesses that may require Cross Connection Control.

RECORDS MANAGEMENT

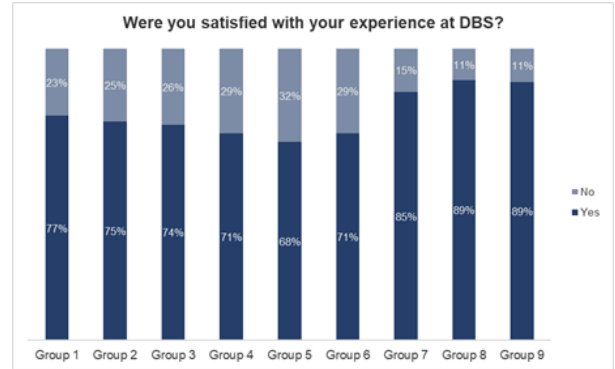
DBS is responsible for maintaining a variety of records related to permitting and receives a significant portion of the City's public records requests. Staff worked to index more than 7,777 records into AppXtender making them easily searchable by both the public and staff.

FEE STUDY

DBS initiated a Fee Study to review the fees charged for services provided at DBS. The analysis of fees takes into consideration the volume of permits processed, and staff time required to for each phase in the permit process and a comparative review of fee schedules from other jurisdictions. The Fee Study will be completed in 2022.

CUSTOMER SATISFACTION SURVEY

DBS continues to monitor customer satisfaction with DBS services through an online survey. The survey results help inform DBS process improvements, letting us know where we need to improve and what we're doing well. Overall customer satisfaction with DBS remained steady at 89%.



DEVELOPMENT ACTIVITY

Lynnwood has experienced a significant increase in development activity. With the arrival of light rail in Lynnwood's City Center, the pace of new development is likely to continue.

REGIONAL GROWTH CENTER

Lynnwood's Regional Growth Center, as designated by the Puget Sound Regional Council, is located along I-5 between Alderwood Mall and Sound Transit's future City Center light rail station. Lynnwood is preparing for future population growth and development in the Regional Growth Center through land use planning, zoning, and investments in infrastructure improvements. DBS has initiated planning with Sound Transit for the extension of light rail north to Everett.

ALEXAN ALDERWOOD

The Alexan Alderwood development is located at 2927 Alderwood Mall Blvd, which is the site of the former Edmonds School District transportation center (bus barn). On February 16, 2021, Project Design Review (PDR) and Administrative Parking Reduction (PAR) permit applications were approved to construct of 383 apartment units, 3,375 square feet of retail, and 566 parking spaces on about 9.1 acres. Construction began in Summer 2021.





AVALON ALDERWOOD

DBS has been working closely with Alderwood mall to continuously improve the property. The current expansion includes Avalon Alderwood; the redevelopment of the former Sears site with a 328-unit, six-story, mixed-use project. The project is under construction with completion anticipated in 2022. The south tower has received a temporary certificate of occupancy and the Dave and Busters tenant improvement work began in 2021.

ALDERWOOD MIXED-USE DEVELOPMENT

The Alderwood Mixed-Use Development project is currently under a redesign due to private easement restrictions. This redesign includes an 18-story, 376-unit mixed-use project with 12,000 square feet of retail located on Alderwood Mall Parkway across from Alderwood mall. DBS staff worked with the developer to facilitate land acquisition and site development.

BEECH ROAD

Adjacent to the Alderwood Mixed-Use Development project is the new street alignment for Beech Road. DBS has worked with Public Works and the Developer to design the road to accommodate future development.

LYNNWOOD PLACE – PHASE 2

Wakefield Properties and Home Depot began construction of Lynnwood Place – Phase 2 in 2020. Development of this site contains a mix of uses, including 500 units of multi-family housing, retail shops, restaurants, and a Home Depot. DBS coordinated City approval of the development agreement. Home Depot opened in 2021 and the remainder of the project is anticipated to be completed in late 2022.



CITY CENTER

Lynnwood's City Center is envisioned to become a vibrant commercial center and appealing place to live, work and play. Land use plans and zoning are in place for 9.1 million square feet of high-density, residential, office, retail and cultural development. DBS is working with other City departments to evaluate the need to update the City Center environmental review and planned action ordinance.



EMBER

Located at the corner of 40th Ave W and 198th St SW, Ember is an 8-story mixed-used development with 361 housing units and 9,000 square feet of commercial space on the first floor in two buildings. Amenities include a central courtyard and a multi-level parking garage.

COMMUNITY JUSTICE CENTER

DBS has been working collaboratively with the Police department and their design team on the Community Justice Center project. This project includes a 66,414 square foot justice center that will house a new police station, jail, offices, court facilities, a 9,910 square foot Community Recovery Center, and a 70,450 square foot two-level parking structure.



NORTHLINE VILLAGE

Northline Village by Merlone Geier Partners is located directly north of the City Center Light Rail Station. This 18-acre transit-oriented development represents private investment in City Center of over \$700 million. Northline Village will include 1,370 residential units, over 250,000 square feet of retail/entertainment space, 500,000 square feet of office space, with over an acre of dedicated park space.

KINECT @ LYNNWOOD

DBS facilitated a development agreement for a multi-family project which started construction in 2020. This project includes 239 residential units with structured parking. DBS facilitated the use of the Multiple Unit Housing Tax Exemption (MFTE) and the Transportation Impact Fee Exemption to facilitate the development. A Temporary Certificate of Occupancy was issued December 10, 2021, with a full Certificate anticipated early 2022.



LYNNWOOD CONVENTION CENTER EXPANSION AND PLAZA

The Public Facilities District has explored the concept of master planning the Lynnwood Convention Center Plaza with community amenities and exhibition space, including an expansion of the Convention Center to meet future demands of the Lynnwood Convention Center. DBS has supported the PFD with their master planning effort by providing feedback and materials on possible development scenario options.

HIGHWAY 99

Lynnwood’s Highway 99 corridor is identified in the City of Lynnwood Comprehensive Plan as a key activity center for accommodating a large amount of the projected future population and employment growth for the city. Through the Highway 99 Subarea Plan, adopted in 2011, the City envisions the area to transform from a primarily auto-oriented commercial strip to a multi-modal, multi-use corridor that features strategically placed mixed-use centers or “nodes” between stretches of diverse commercial uses.

CHICK-FIL-A HIGHWAY 99

The Chick-Fil-A will replace an existing gas station at the southeast corner of 196th St SW and Highway 99. The restaurant will include a two-lane drive-thru, outdoor seating area, landscaping, and corner pedestrian plaza.

CEDAR VALLEY SCHOOL – HOUSING HOPE PROJECT

Housing Hope intends to lease space from the Edmonds School District on the Cedar Valley School property to build between 50-80 multi-family income-restricted units for formerly homeless households on a portion of the Cedar Valley site on 56th Ave W. The rezone of this property to allow for housing was approved in 2021.

LYNNWOOD NEIGHBORHOOD CENTER – VOLUNTEERS OF AMERICA

The Lynnwood Neighborhood Center will be a 40,000 square foot community center located on 2.1 acres on 64th Ave W. The two-story community center will include preschool classrooms, multipurpose rooms, a full-sized gymnasium, and support offices. The grounds will include a playground, pedestrian amenities, trees, landscaping, and 45 new parking spaces.



HOLMAN AUTOMOTIVE GROUP

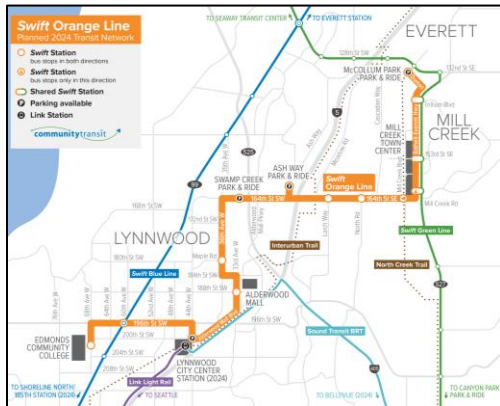
Holman Automotive Group’s re-zone request from Highway 99 Mixed Use (HMU) to General Commercial (CG) zone was approved by the hearing examiner on October 27, 2021. The site will be developed with two auto dealerships.

HARRIS FORD-LINCOLN OF LYNNWOOD

Harris Ford has applied for a right-of-way vacation of 64th Ave W from 200th to Highway 99. The current street bisects Harris Ford Property. Harris Ford has proposed this vacation as they are adding a Lincoln line of vehicles to their inventory in 2023. The City recognizes that there is a transportation safety benefit.

COLLEGE DISTRICT

Lynnwood’s College District Subarea Plan was adopted in 2002 and includes the Edmonds Community College Campus and adjacent neighborhoods. The City envisions the entire College District as one cohesive place which blends college activities, multi-family residential and community-oriented commercial facilities as one complete district. The College District Plan strives to strengthen the college’s presence and visibility along the edge of the neighborhood and improve vehicular, transit, and pedestrian access and circulation.



EDMONDS COLLEGE TRANSIT CENTER- COMMUNITY TRANSIT SWIFT ORANGE LINE TERMINUS

The Swift Orange Line Bus Rapid Transit (BRT) terminus at Edmonds College includes one Swift station, one drop-off area, one layover area, four local bus stops with layover area, a restroom facility for drivers, and associated landscaping, lighting, and signage. DBS reviewed permits for the Orange Line including construction of the new transit station at Edmonds College. This service will open in 2025 connecting Edmonds College to McCollum Park & Ride.

SOUND TRANSIT LYNNWOOD LINK LIGHT RAIL EXTENSION (ST2)

DESIGN & CONSTRUCTION

DBS coordinated the design review and issued permits for the main civil package of the project. The Lynnwood Link Extension is now under full development with guideway placement and initial construction of the parking garage. The project will deliver high-capacity transit in July 2024 with service to Downtown Seattle in 28 minutes.

During 2021, DBS continued construction inspections and permit reviews of the L350 Contract for street improvements and congestion relief to 200th Street SW and 44th Avenue West.



UPDATE SOUND TRANSIT (ST3)

DBS has continued to lead the City on coordination and planning for the ST 3 Package approved by the Lynnwood Voters in 2016. This package includes the I-405 Bus Rapid Transit (BRT) STRIDE project and the Everett Link Extension (EVLE).

- I-405 BRT: DBS has continued review of improvements including bus only ramps at I-5. This project is scheduled to open in 2027 with service to Bellevue and Burien.
- Everett Link Extension: DBS has coordinated on the planning of Everett Link for a future West Alderwood Station. This includes alternative review and guideway routes.

CITY CENTER BRANDING

DBS with Parks and Recreation began a branding effort for Lynnwood City Center. This included a virtual open house, and community member interviews. This effort will continue into 2022 with draft logo, branding statement, and taglines.

CITYWIDE DEVELOPMENT

196TH STREET TOWNHOMES

The Neighborhood Commercial (NC) site is located at 7300 196th St SW and is about 1.44 acres. On November 16, 2021, Conditional Use Permit (CUP) and Project Design Review (PDR) permit applications were approved to construct 26 townhome units with 60 parking spaces and associated recreational space.

THE ESTATES AT PINEBROOK

The Estates at Pinebrook project includes 40 new single-family homes on approximately 8 acres and connects 63rd Pl W through to 208th St SW. This project will preserve two on-site wetlands, and provide open space, a play area, and a walking trail.

NOVO ON 52ND

novo on 52nd will be constructed at the former Whispering Pines Apartments site on 52nd Ave W. This multi-family housing project includes 242 income-restricted affordable housing units.

LONG-RANGE PLANNING

PERIODIC COMPREHENSIVE PLAN UPDATE

DBS initiated the preparation of periodic Lynnwood Comprehensive Plan Update. The Washington State Growth Management Act (GMA) requires all jurisdictions in Pierce, King, and Snohomish County to update their comprehensive plans and development regulation by June 30, 2024. These updates serve to ensure that local government plans and regulations remain consistent with the GMA. DBS has undertaken a variety of policy efforts during 2021 that will contribute to the 2024 Comprehensive Plan update. These efforts include the City Center / Regional Growth Center; South Lynnwood Neighborhood Subarea Plan; and the Housing Action Plan.

ANNUAL COMPREHENSIVE PLAN AMENDMENTS

The Washington State Growth Management Act (GMA) and Lynnwood Municipal Code (LMC) provide a process for annual consideration of amendments to the City's Comprehensive Plan. Annual amendments may only consist of "relatively minor site-specific land use adjustments, text/policy revisions, etc." (Strategy I-V, 2015 Lynnwood Comprehensive Plan). Processing annual Comprehensive Plan amendments is part of the DBS annual work plan. This year the City received three proposals for amendments. On November 22, 2021, Council adopted Ordinance 3403, which adopted all three proposed amendments.

Two amendments were submitted by City staff to revise the Highway 99 and College District subarea plans to increase competitiveness for Low-Income Housing Tax Credit (LIHTC) funding. The text amendments serve as an incentive and financing tool to help implement the Housing Action Plan and to promote housing options that serve households at 80% Area Median Income (AMI) or below. Each subarea plan already allows multi-family housing, the proposals were not an expansion of permitted uses.

The third amendment was proposed by Housing Hope and Edmonds School District to change the future land use (FLU) designation of a portion of the Cedar Valley School site (with a concurrent rezone). This proposal is described in the “Highway 99” section of this report.



SOUTH LYNNWOOD NEIGHBORHOOD SUBAREA PLAN

The South Lynnwood Neighborhood Plan engaged the South Lynnwood community to establish a vision; identify projects and policies to stabilize housing for all families; provide opportunities for various land uses; improve access to busses and non-motorized transportation; and be a model for other improvements throughout the City of Lynnwood.

A Co-Design Committee was formed to support the creation of the plan. The co-design committee was comprised of residents, business owners and social service providers in the neighborhood. The plan was adopted on December 13, 2021.

HOUSING ACTION PLAN

The Housing Action Plan forms Lynnwood’s five-year goals and strategies to promote housing options that are safe and affordable for all community members. The plan was created by evaluating the City’s ongoing efforts, analyzing Lynnwood’s current and future housing needs, robust public engagement, and a 21-member stakeholder committee. The plan created four goals and ten supporting strategies. Creation of the Housing Action Plan was supported by a \$100,000 grant from the Department of Commerce. City Council adopted the plan on May 24, 2021.



BUSINESS OUTREACH



LYNNWOOD JOB FAIR

DBS partnered with the Lynnwood Convention Center and Lynnwood Chamber on August 10, 2021, to host a job fair at the Lynnwood Convention Center to assist businesses in Lynnwood and the surrounding areas fill vacant positions. There were fifty businesses offering a wide variety of employment opportunities and 115 job seekers in attendance. Additional resources were provided by Edmonds College, WorkSource, and Sno-Isle Libraries.

PARTNERSHIPS

DBS continues to build strong partnerships with other local, regional, and state organizations to support Lynnwood's goals for growth and development, business attraction and support, transportation improvements and tourism.

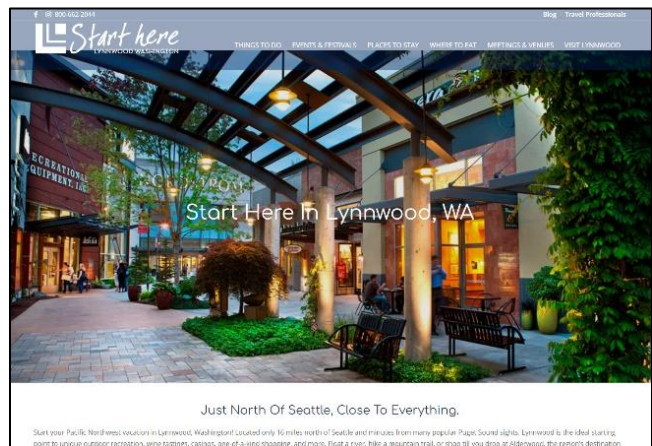
- Partner Lynnwood
- Economic Alliance Snohomish County
- Lynnwood Chamber
- Washington Economic Development Association
- Lynnwood Convention Center
- Snohomish County Parks, Recreation and Tourism
- Small Business Development Center
- Lynnwood Public Facilities District
- Snohomish County Lodging Association
- Snohomish County Tourism Alliance
- Puget Sound Regional Council

TOURISM PROMOTION

DVA ADVERTISING + PUBLIC RELATIONS

DBS continues to work with DVA Advertising & Public Relations to provide marketing services for Lynnwood Tourism. Services provided by DVA include content creation, organic and paid digital marketing campaigns, and email newsletters.

Lynnwood Tourism significantly scaled back marketing in 2021 due to the COVID-19 pandemic and reduced lodging tax funds. Tourism promotion shifted to a 100% digital media strategy in hopes to reach regional visitors wherever they may visit or research online.



GO WEST SUMMIT

Tourism Manager Murray attended the Go West Summit virtually on March 1-5 and had eight one-on-one meetings with tour operators to promote Lynnwood hotels and attractions. The tour operators expressed interest in Lynnwood as an option for future tours with the hotel options available and future light rail service.

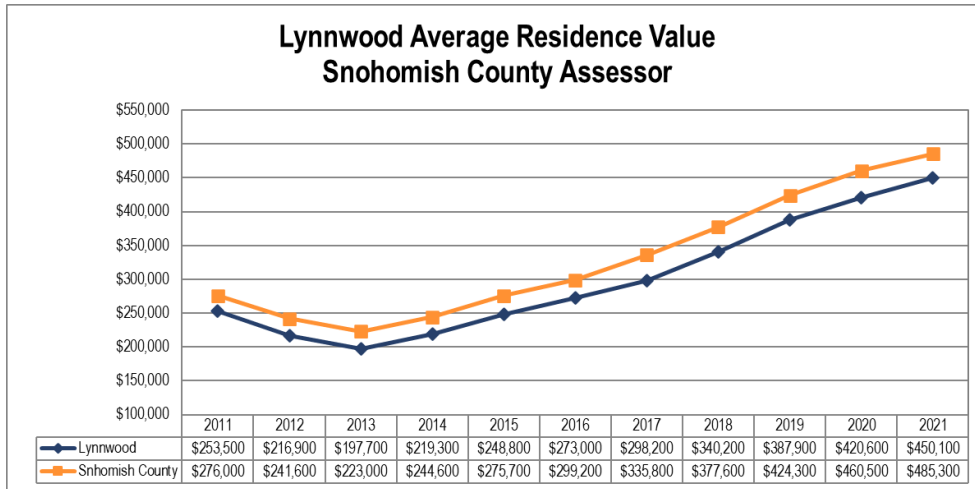
DATAFY VISITOR ANALYTICS DASHBOARD

DBS applied for a grant through the Snohomish County Lodging Tax Advisory Committee (LTAC) to purchase a Datafy Visitor Analytics Dashboard in partnership with Snohomish County's Seattle North Country tourism marketing program. Datafy uses geolocation data from visitor cell phones at geofenced points of interest to identify where visitors are coming from, how long they are staying, and what places they visit. In addition, the dashboard can track credit card activity to project spending levels by overnight guests. The City of Lynnwood was selected as a recipient of this grant and will be purchasing the analytics dashboard in 2022.

METRICS REPORT

HOME VALUE

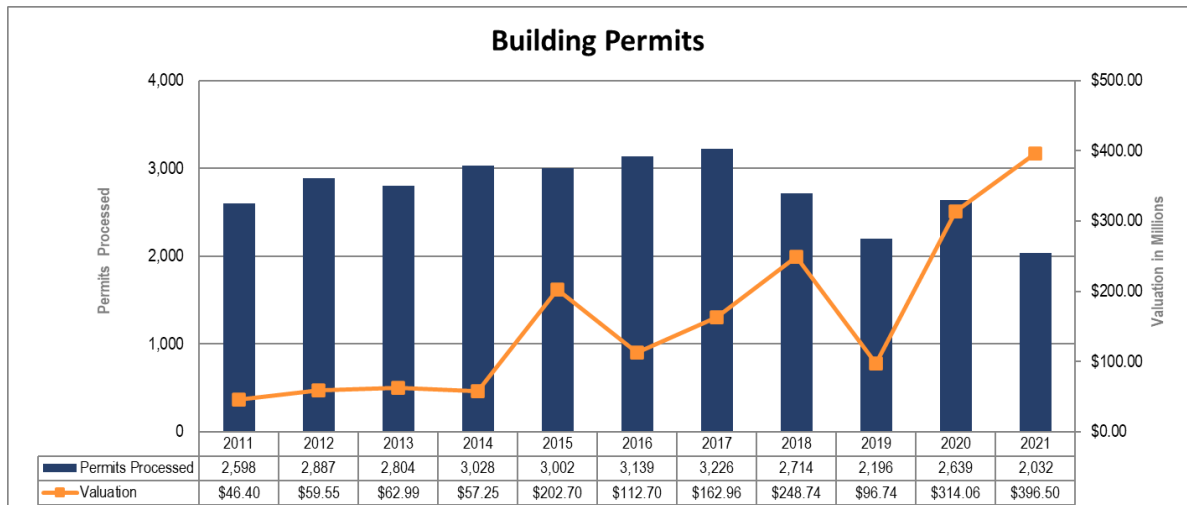
The average home value, according to the Snohomish County Assessor’s office, has been steadily increasing since 2013. The average value of a Lynnwood residence increased 7% between 2020 and 2021. The average value of a home in Lynnwood in 2020 was \$450,100, \$35,200 below the County average of \$485,300.



Although the price of housing continues to rise in Lynnwood, housing values remain below those elsewhere in Snohomish County.

BUILDING AND DEVELOPMENT ACTIVITY

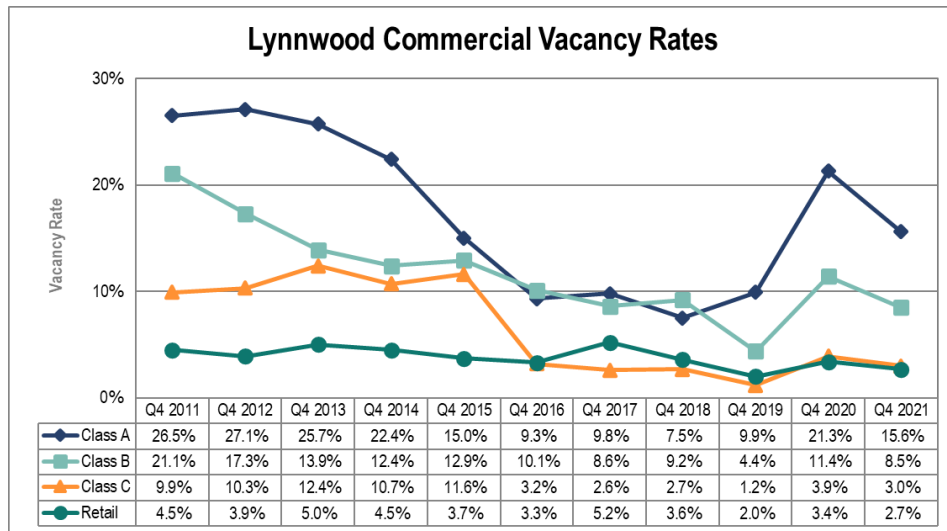
The number of building permits issued each year reflect the activities of the development community, future tax revenues and potential jobs. In 2021, 2,032 building permits were issued with a valuation of over \$396 million. This is 26.25% increase in project valuation and an 23% decrease in the number of permits issued compared to 2020. This increase in project valuation reflects the scale and volume of new development happening in Lynnwood’s City Center and Regional Growth Center.



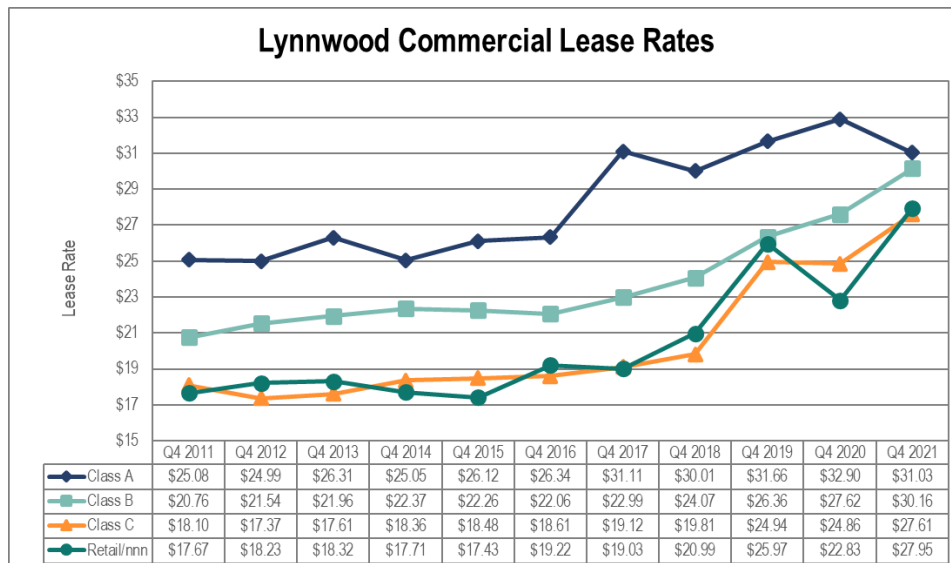
COMMERCIAL VACANCY AND LEASE RATES

Commercial vacancy rates help forecast new development, job growth and the desirability of doing business in Lynnwood. Office buildings are classified as Class A, B or C, depending on the quality of the structure and available amenities.

In 2021, vacancy rates in Lynnwood decreased after an increase in all areas in 2020. The Class A vacancy rates were 15.6% in Q4 2021, down from 21.3% in 2020. Class B vacancy rates were 8.5% in Q4 2021, down from 11.4% in 2020. Class C vacancy rates were 3% in Q4 2021, down from 3.9% in 2020. Retail vacancy rates were 2.7%, down from 3.4% in 2020. These trends reflect a strengthening of the commercial real estate market post-COVID.



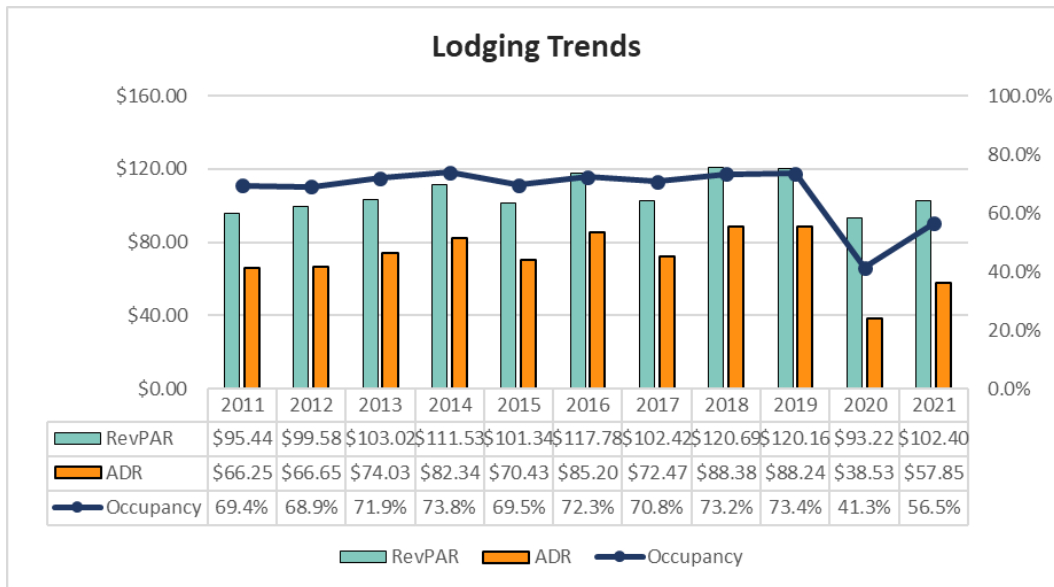
Commercial lease rates in Q4 2021 decreased for Class A and decreased for Class B and C office space and Retail spaces. Class A lease rates were \$31.03 in Q4 2021, 5.7% decrease from 2020. Class B lease rates were \$30.16, a 9.2% increase over 2020. Class C lease rates were \$27.61, an 11% increase over 2020. Retail space lease rates for Q4 2021 were \$27.95, a 22.4% increase over 2020. These trends reflect a strengthening of lease rates post-COVID.



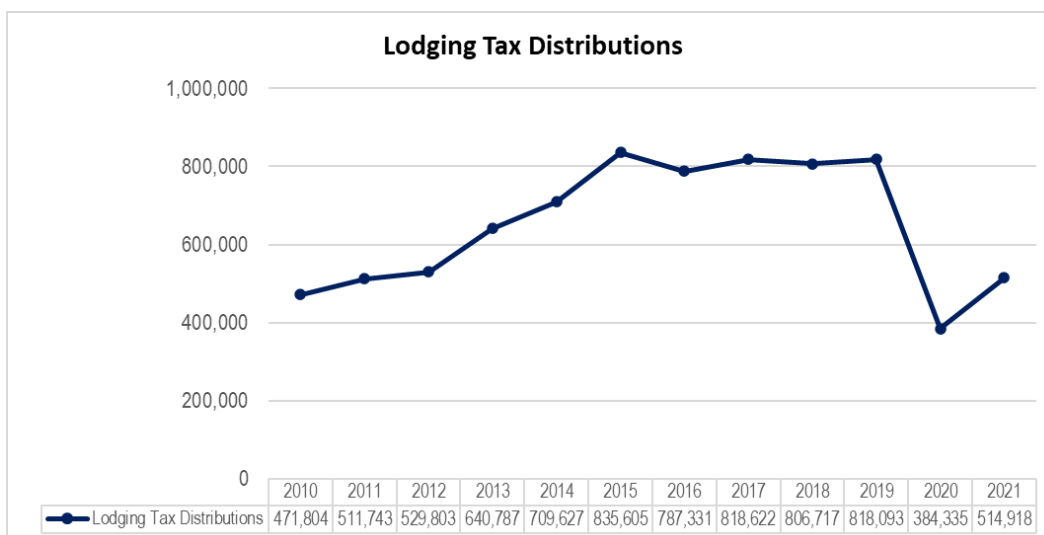
LODGING METRICS

DBS manages the Lynnwood Tourism Program. Tourism benefits Lynnwood through economic vitality created by visitor spending on lodging, food, entertainment, shopping and transportation. Tourism also creates employment opportunities and supports Lynnwood businesses that provide supplies and services.

The chart below details Lynnwood’s lodging trends since 2011. Lynnwood’s lodging metrics significantly decreased in 2020 due to the COVID-19 pandemic and the related travel restrictions and business closures. Lodging metrics increased in all areas in 2021 but remain below pre-pandemic levels. Annual occupancy rates increased 35.8%, moving from 41.6% in 2020 to 56.5% in 2021. The average Daily Rate increased 11.9%, moving from \$91.55 in 2020 to \$102.40 in 2021. Revenue per Available Room (RevPAR) increased 48.3%, moving from \$39.01 in 2020 to \$57.85 in 2021.



Lodging tax in Washington state is 4%. Two percent is distributed to Snohomish County and 2% is distributed to Lynnwood as the local jurisdiction in which the lodging tax is collected. In 2021, Lynnwood generated \$1,029,836 in lodging tax, and received a lodging tax distribution of \$514,918, an increase of 40% compared to 2020. These trends reflect a gradual recovery from COVID.



LYNNWOOD TOURISM WEBSITE METRICS

Total visits to LynnwoodTourism.com increased 42% from 26,225 in 2020 to 37,191 in 2021. Digital advertising and social media posts resumed in 2021 helping drive traffic to the site. Post-COVID and as Lynnwood focuses on new content for the website and social media in 2022, web traffic could return to pre-pandemic levels. The most visited pages included the Hidden Gems blog post and Things to Do.

