

## **CITY COUNCIL 12.C**

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

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**TITLE: Ordinance: Tax Increment Financing Program - Implementing Ordinance**

**DEPARTMENT CONTACT: Ben Wolters, Development and Business Services**

#### **SUMMARY:**

Proposed Ordinance to implement a Lynnwood Tax Increment Financing Program for City Center

#### **PRESENTER:**

Ben Wolters, Economic Development Manager; Bob Stowe, Consultant, Stowe Development Services

#### **ESTIMATED TIME:**

45

#### **BACKGROUND:**

Tax Increment Financing (TIF) is a powerful economic development tool adopted into law in Washington State in 2021(Chapter 39.114, Revised Code of Washington (RCW)). In general, our State's TIF is a financing option that allows a city, county, or port to fund publicly owned infrastructure determined necessary to encourage private development within a designated Tax Increment Area (TIA). As private development occurs because of the public agency's investment in public improvements, property values rise, and the public agency uses the newly generated property tax dollars to pay for the public improvements. After the costs are paid, the public agency retires the TIA. Sponsoring jurisdictions identify TIAs and the public infrastructure, including costs of construction by ordinance. The sponsoring jurisdiction may incur debt through bond issuance to secure financing to make public improvements in the TIA.

With the Lynnwood Link Light Rail Extension opened in 2024, the City of Lynnwood expects to see transit-oriented development building a new downtown neighborhood in Lynnwood's City Center. The City Center infrastructure is being upgraded with utility and street improvements to enable new urban growth.

The City of Lynnwood is proposing to establish a TIA to fund public improvements necessary to support this growth and development. The proposed improvements are:

**194th St and 38<sup>th</sup> Ave Ring Road** - Build two new streets along the north and west perimeters of the PFD property to provide access, circulation, and future connection to the

194<sup>th</sup> St extension for the PFD redevelopment and nearby properties in Lynnwood's City Center.

**42nd Ave Phase 1** - Construction of a new street and two intersections mid-block between 196<sup>th</sup> St and 200<sup>th</sup> St/Alderwood Mall Blvd to provide improved access, circulation, and street frontage to support the future development and mobility needs of Lynnwood's City Center.

**City Center Park** - Town Square Park will be a 1.6-acre destination urban park for residents and visitors to the area surrounded by a growing, vibrant mixed use residential and commercial neighborhood.

**Proposed Boundaries of TIA:** The proposed TIA covers approximately 67.9 total acres and 53.8 parcel acres in Lynnwood City Center. The TIA includes both The Lynnwood Events Center District and Northline Village developments plus other potential development parcels along 198<sup>th</sup> St SW between 44<sup>th</sup> Ave W and 40<sup>th</sup> Ave. W. and 196<sup>th</sup> St SW and Alderwood Mall Blvd.

Below are highlights from the Program Analysis provided to the Office of the State Treasurer on February 10:

### **Highlights**

- **TIA Size/Value:** 9 Acres/Assessed Value of \$177 Million
- **TIA Levy Rate:** \$2.6606
- **Total Public Improvement Cost:** \$66 Million including \$24 Million TIF Contribution
- **Increment Property Tax Revenue at Full Build-Out Over 25 Years (present value at 4.44%).**
  - Baseline: \$25.7 million
  - Moderate: \$18.8 million
  - Conservative: \$15.6 million

- **\$49.5 Million Additional Tax Revenue (Moderate Scenario)**
- **7,900 Temporary Construction Jobs**
- **1,184 Ongoing Jobs**

### **SUGGESTED ACTION:**

Briefing, discussion, and Council Action on proposed ordinance to implement a Tax Increment Financing Program to fund infrastructure projects in Lynnwood's City Center.

### **PREVIOUS COUNCIL ACTIONS:**

Finance Committee briefing - 09/25/24  
Council Work Session briefing - 10/07/24  
Finance Committee briefing - 01/15/25  
Finance Committee briefing - 03/26/25  
Council Work Session briefing - 04/07/25  
Finance Committee briefing - 04/23/25  
Council Work Session discussion - 05/19/25

### **FUNDING:**

The proposed TIF program is projected to contribute approximately \$24 million in bond capacity toward the cost of the three proposed projects.

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

City of Lynnwood Strategic Plan, 2022-2026.

Priority 1: Fulfill the community vision for the City Center, Regional Growth Center, and light rail service through Lynnwood.

Priority 2: Ensure financial stability and economic success.

### **DEPARTMENT ATTACHMENTS**

Description:

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[REVISED LYNNWOOD CITY COUNCIL BUSINESS MEETING 5.27.2025.pdf](#)

[Revised Lynnwood TIA Ordinance - Final \(5\).pdf](#)