LDC | Surveying Engineering Planning

DATE: July 1, 2022

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SUBJECT: Snohomish Sub-Area Land Use and Economic Analyses Report

Background

This report summarizes the Snohomish Subarea Land Use and Economic Analyses. This includes the following:

- Land Use Inventory
- Buildable Land Inventory
- Development Potential Scenarios Analysis
- Sanitary Sewer Connections Feasibility Analysis
- Market Analysis
- Annexation Cost-Benefit Analysis

Full analyses and tables are included as appendices. Excel spreadsheets and PDF maps are included as separate documents as well as reproduced in part in the appendices. Packaged GIS data and map files are available upon request.

Task 1: Land Use Inventory

The first step of analysis was to identify what land in the City of Snohomish is suitable for residential development. Suitable land is not encumbered by the following: critical areas (streams, wetlands, steep slopes, geologically hazardous areas) all associated buffers, and easements. An additional aspect to these maps is the display of parcels with their land use symbolized by Assessor's Use Codes. This helps to show how the breakdown of current uses within each subarea. The intent of this first set of maps is to depict how much land is realistically primed for future development. These maps are shown in Appendix A: Land Use Inventory Maps.

Task 2: Buildable Lands Analysis

Land Status

To identify the potential for development and redevelopment, we used the 2021 Snohomish County Buildable Lands Report methodology for determining whether an Economic Unit is vacant, partially utilized, or redevelopable. This includes disparate criteria for single-family residential and other uses. Using the combined area not encumbered by critical areas, rights-of-way, and easements, produced in Task 1, we calculated the gross buildable area for each zone for each land status. Summary tables of those figures are shown on the following two pages, and the full tables can be found in Appendix B. Buildable Land maps are available in Appendix C.

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North Corner

	Land Status	Acres
Single-Family Residential	Vacant	9.94
	Redevelopable	20.24
	Partially Utilized	56.05
	Total Gross Buildable	86.22
	Total Land Area in Zone	149.85

Business Park	Vacant	4.25
	Redevelopable	11.17
	Partially Utilized	13.40
	Total Gross Buildable	28.83
	Total Land Area in Zone	82.90

Low Density Residential	Vacant	0.00
	Redevelopable	0.00
	Partially Utilized	2.41
	Total Gross Buildable	2.41
	Total Land Area in Zone	9.62

Commercial	Vacant	0.11
	Redevelopable	1.04
	Partially Utilized	0.00
	Total Gross Buildable	1.15
	Total Land Area in Zone	12.25*

* includes land split-zoned Commercial/Low Density Residential

North Corner Gross Buildable Area	**118.61 Ac**
Total North Corner Area	**254.63 Ac**

North Lake

	Land Status	Acres
Single-Family Residential	Vacant	5.71
	Redevelopable	43.61
	Partially Utilized	91.93
	Total Gross Buildable	141.25
	Total Land Area in Zone	339.60

Business Park	Vacant	0.00
	Redevelopable	1.93
	Partially Utilized	0.00
	Total Gross Buildable	1.93
	Total Land Area in Zone	14.39

North Lake Gross Buildable Area 143.19 Ac
Total North Lake Area 367.21 Ac

Central West

	Land Status	Acres
Single-Family Residential	Vacant	0.99
	Redevelopable	16.09
	Partially Utilized	31.07
	Total Gross Buildable	48.15
	Total Land Area in Zone	123.45

Low Density Residential	Vacant	2.14
	Redevelopable	0.00
	Partially Utilized	0.00
	Total Gross Buildable	2.14
	Total Land Area in Zone	7.95

Central West Gross Buildable Area 50.28 Ac
Total Central West Area 140.82 Ac

Buildable Land and Development Capacity

We applied two reduction factors to estimate the net developable acreage for each economic unit: one for market availability, and one for site infrastructure and access. Starting with the gross buildable area for each economic unit, we calculated a market-available buildable area by multiplying the gross buildable area by 0.7, building in the assumption (from the Snohomish County Buildable Lands Report) that only 70 percent of developable parcels are likely to become market available at any point during the planning period due to some landowners being unwilling to sell. Next, for economic units that have a land status of vacant, redevelopable, or partially utilized, we subtracted from the market available land 25% of the gross buildable area. This accounts for the fact that for any economic unit with real development potential, 25 percent of it on average is required for access, utilities, and stormwater management.

Task 3: Development Potential Analysis with Redesignations/Rezones

We used the results of the Buildable Lands Analysis through the following development potential areas as outlined by the city:

- Scenario 1: Maintains existing zoning in each subarea
- Scenario 2: Mixed-use
- Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
- Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
- Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac

Assumptions

All parcels within the subarea will be under city zoning for purposes of estimating development capacity. The gross buildable areas identified through the GIS analysis in previous phases will remain buildable at the same land status for each scenario, with only zoning changed accordingly.

For Scenario 2, we discussed mixed use assumptions and locations along particular streets with City staff. Please see the Scenario 2 map in the appendix for specifics. Development potential is not calculated for the Central West subarea for Scenario 2 because the area has no existing or planned commercial node.

Numeric parameters for scenarios:

• Single-family lot minimum size	7,200 square feet
• Required parking, 1 BR	1.5
• Required parking, 2+ BR	2.0
• MF unit size split	50% 1BR, 50% 2+BR
• Square footage per parking Space, Commercial/Business Park zones	300 square feet
• Parking stall square footage	300 square feet
• Percent of partially utilized site that is developed	70% (0.7 multiplier)
• Parking to gross commercial square foot ratio	0.5

High-Level Overview

Under existing city zoning, assuming the subareas are annexed fully into the city, we estimate the following development capacities:

Residential Capacity

		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
North Corner	Single-Family	201 units	79 units	0 units	0 units	0 units
	Multi-Family	9 units	9 units	408 units	647 units	862 units
North Lake	Single-Family	324 units	143 units	0 units	0 units	0 units
	Multi-Family	0 units	0 units	642 units	963 units	1,284 units
Central West	Single-Family	107 units	N/A	0 units	0 units	0 units
	Multi-Family	15 units	N/A	227 units	340 units	454 units

Commercial Capacity

		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
North Corner	Net Employment Acreage	14.62 acres	26.6 acres	14.62 acres	14.62 acres	14.62 acres

	Commercial Square Footage	181,360 sq ft	317,883 sq ft	262,093 sq ft	262,093 sq ft	262,093 sq ft
North Lake	Net Employment Acreage	39.37 acres	0.87 acres	0.87 acres	0.87 acres	0.87 acres
	Commercial Square Footage	469,833 sq ft	18,952 sq ft	18,952 sq ft	18,952 sq ft	18,952 sq ft

Scenario maps are available in Appendix D.

Task 4: Sanitary Sewer Connection Projections – North Lake Subarea

Using sewer and topographic GIS data and specific invert elevations for sewer manholes at the north end of the current system, LDC estimated how far gravity sewer mains could be built into the North Lake subarea and how much of the adjacent land could be served by these facilities. We assumed that parcels within 300 feet of the subarea could be served by sewer but removed some parcels selected by this assumption based on topographic considerations.

These estimates are based solely on invert elevations in the existing sewer system, existing rights of way, and surface topography. Considering most of the subarea is lightly developed, it is possible that the City could acquire right-of-way that would be more favorable to gravity sewer alignment, but this was not included in the analysis.

Overall, 220 economic units (parcels and parcel amalgamations, see Buildable Land) out of a total of 270 in the subarea are potentially serviceable by gravity sewer given the constraints identified above. Out of these 220, 107 (roughly half) have development capacity, meaning their land status was calculated as vacant, redevelopable, or partially utilized in the buildable land analysis.

The total net developable acreage in the North Lake subarea drops from roughly 67 acres to 42 acres when sewer serviceability is taken into account. The residential unit yield drops accordingly across all scenarios:

North Lake vs. North Lake Sewer Serviceable Residential Capacity

	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
North Lake	334 units	512 units	642 units	963 units	1,284 units
North Lake Sewer Serviceable	205 units	351 units	387 units	581 units	775 units

Maps of the sewer-serviceable area for all scenarios are available in Appendix E.

Task 5: Market Analysis

(Full market analysis included in Appendix F of this report.)

The market analysis seeks to answer the following questions:

- Is the City's supply and type of housing produced sufficient to address current and future population needs?
- What is the demand for missing middle, multifamily, and neighborhood-serving commercial businesses in each of the three subareas?
- Is there a demand for retail within the three subareas?

Key Takeaways – Demographics

- **Housing growth will be driven by population growth.**
  - The population in the City of Snohomish has grown steadily over the last few decades and steady growth is forecasted to continue for the next twenty years. Rapid growth in Snohomish County and in the Puget Sound region has put more pressure on cities throughout the County and will likely continue to do so. This indicates a strong demand for housing across the City of Snohomish.

- **Growth in the number of seniors will result in the demand for housing types specific to seniors, such as a small and easy-to-maintain dwellings, housing with easy access to services and public transit, assisted-living facilities, or age-restricted developments.**
  - Senior households will make a variety of housing choices as their health declines, including remaining in their homes as long as they are able; downsizing to smaller single-family homes (detached and attached), accessory dwelling units, cottages, or multifamily units; or moving into group housing (such as assisted-living facilities or nursing homes). The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, home maintenance difficulties, fixed incomes, and increases in property taxes.[1]

- **Snohomish has large proportions of youth and young adults, similar to Snohomish County.**
  - Approximately 48 percent of Snohomish's population is 34 years of age or younger, which indicates that the City of Snohomish has a large share of families with children and large shares of young single adults.
  - Snohomish's families with children will have an increasing demand for housing with multiple bedrooms to meet the needs of these families (such as 3 bedroom housing units for larger families or ADUs for young adults still living with parents.
  - Most renters are single or two person households and coupled with the City's large portion of young adults, there will be an increase in demand for rental housing and smaller dwelling units such as plexes (duplexes, triplexes, fourplexes) townhomes or apartments.

[1] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

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- **Snohomish has a need for affordable rental housing and affordable homeownership options to ensure more housing stability for all income brackets, especially for those earning the median income and below.**
    - Snohomish's median household income is substantially lower (about $14,891 less) than the County.
    - Household income trends indicate that Snohomish is becoming unaffordable for household earning under $100,000 a year. The City's moderate and low-income household population is shrinking while the number of high-income earners has increased over time in both the City and the County.
    - The City saw a substantial increase in two-person households that rent which indicates a demand for smaller, first-time homeownership opportunities. This can also be seen with the increase in population of those between the ages of 20-34.
    - Those who work in Snohomish likely struggle to afford housing in Snohomish, as 92 percent of the jobs in Snohomish are filled by workers who commute into the City for employment. With employment expected to grow in the City in the next 20 years, the City will need to focus on ensuring there are affordable housing options for Snohomish's employee base.

Key Findings – Housing

The City of Snohomish has seen inconsistent surges in residential development since 2010, of which the vast majority has been detached single-family. However, there has been an uptick in multifamily development since 2017, with a significant increase in 2019 due to a 100-unit senior housing facility. The following is a summary of recent and current housing development trends.

- **Housing is becoming less affordable for both renters and homeowners.**
    - About 34 percent of the City of Snohomish's residents are spending 30 percent or more of their annual income on housing costs.
    - Renters tend to be more cost-burdened than those who own their home, but in Snohomish the number of cost-burdened households by tenure is similar. About 38 percent of renters and 31 percent of households who own are cost-burdened.
- **There is an increased demand for more attached and multifamily rental housing development in the City.**
    - About half of existing and newly permitted housing in the City of Snohomish is comprised of single-family detached housing units. Nearly 58 percent of the City's housing stock is single-family detached units, which is lower than Snohomish County overall.
    - Housing tenure levels (owner-occupied vs. rental housing) are lower than Snohomish County with 46 percent of the housing in the City classified as renter occupied. Eight-five percent of homeowners live in single-family housing.
    - Nearly 75 percent of renter-households live in multifamily and attached housing, and the rest of renter-households (25%) live in single-family detached housing.
    - Since 2010, rents for a 2-bedroom apartment have increased 124 percent.

- With about 16 percent of Snohomish's households earning less than $25,000, they are unable to afford the rent of an average 2-bedroom apartment in Snohomish.

- **Single-family housing prices are unaffordable to the majority of the City's income earners.**
  - The median home sales price in Snohomish in 2022 is about $960,000. A household would need to earn about $230,000, or 200 percent of MFI, to afford the median sales price of housing in Snohomish.
  - According to the Census, just over 13 percent of households earn $150,000 or more a year. This suggest that only 13 percent or less of Snohomish households can afford a median sale priced home in 2022.
  - On average, citywide townhomes sale prices are more affordable than average single family home prices citywide. On average, the sale price for a townhome is $631,411, but this is still unaffordable for at least two-thirds of the City's households.

- **The City has an immediate need for smaller, lower-cost housing for families, young adults, and seniors, for both owner and renter occupants. One- and two-bedroom units and more compact development options like small single-family attached units, cottage housing, townhomes, plexes, ADUs and multifamily units should be evaluated as development options throughout the City.**
  - About 20 percent of the population are those over the age of 60 years, and typically have lower incomes but they are more likely to have accumulated assets and wealth (e.g., proceeds from the sale of an existing home). This indicates that there will be increased demand for smaller housing types, with the growth of people over 60 years old because household size decreases with age. In reference to the large senior housing development recently built, it appears that varying types of developments are already emerging to meet the lifestyle preferences and needs of active older adults. At the same time, greater longevity will require supportive housing that provides assistance to the needs of the elderly population.
  - The average household size is 2.4 persons, slightly smaller than Snohomish County overall. There is a large number of young adults within the City (ages 18 to 34) living with their parents, and the number grows when looking across the entire County. While there are many factors why young adults are living with their parents, one driving force is the high cost of housing throughout the region. While homeownership rates of those under 35 years is at an all-time low, many more may be looking to rent. Plans for more housing in the City should include rental and smaller housing types with community amenities to appeal to younger and older households.
  - Those who work in Snohomish likely struggle to afford housing in Snohomish, as 92 percent of the jobs in Snohomish are filled by workers who commute *into* the City for work. This broad range of housing options will allow those who are currently commuting into Snohomish the choice to live where they work, and better offset additional household expenses such as transportation costs.

- The City of Snohomish has grown by almost 60 percent in the last 30 years, and will continue to grow in the next 20 years, as most cities in Western Washington. The county has allocated an additional 2,752 residents for the City by 2044. These residents will drive demand for approximately 1,200 new dwelling units over the 20-year period, with an annual average of about 50 dwelling units. For reference the City has, on average, produced about 40 dwelling units a year over the last 12 years.

Key Findings – Subarea Analysis

The three subareas, North Corner, North Lake, and Central West have seen very little residential development since 2010, all of which has been detached single-family. The following is a summary of residential development trends in the three subareas examined for this market analysis.

- **There has been very little residential growth in the subareas since 2010, but growth in neighboring areas indicates an increasing demand for additional housing.**
  - The only type of residential development that has occurred in the subareas is single-family detached and no residential growth has been observed since 2016.
  - North Corner has seen no residential growth since 2010, but this is likely due to a lack of buildable land and appropriate zoning for the type of developments that would be suitable near the existing commercial center just outside the subarea.
  - New development has been observed just outside the Central West Subarea including a 100-unit senior housing development and a single-family development built around 2016 with lot sizes 4,000 SF and below.

- **Housing sale prices in the subareas are still unaffordable to most of the City's income earners, indicating a demand for more diverse housing options.**
  - The City's median income earners earn just over 60 percent of the Seattle-Bellevue MFI.
  - Households earning 120% of the MFI can afford to purchase a home up to $552,000, which is much lower than the average sale price in the subareas.

- **Opportunities for more diverse housing types such as smaller attached single-family units, cottage housing, townhomes, plexes and multifamily units exist within all three subareas.**
  - Nearly 80 percent of the existing housing stock in the subareas is detached single-family. This is significantly higher than the City's overall share of detached single-family.
  - North Corner's share of single-family detached is the lowest at 55%. The subarea contains the most manufactured housing, which includes a large 60-unit mobile home park.
  - North Lake is the least diverse, as 92 percent of its housing stock is single-family detached.
  - Central West has seen the most recent development out of all three subareas and some very recent multifamily development just outside the subarea boundaries. However, the subarea lacks housing diversity and has limited potential due to its single-family zoning.

- **Residents may look to the subareas for lower-cost housing options, as housing prices are generally more affordable than the City overall.**
    - Average sales prices in the City of Snohomish overall were about $858,089, which is significantly higher than in the subareas.
    - The average citywide townhome sale price is $631,411, which is comparable to that of single-family homes in the subareas and substantially more affordable than average single family home prices citywide.
    - Average sale prices in Central West are the highest of the three subareas by about $70k-$90k.
    - Average sale prices are lowest in North Lake at $660,237.

- Since the City is fairly built out within its limits, and with homeownership becoming more unaffordable for most of the City's households, the demand is high in the subareas for a wider range of housing types to increase capacity and generate more affordable options for the city's demographics.

Key Considerations – Commercial Demand

The considerations for commercial development in the Subareas are:

- **The subareas offer some limited opportunities for commercial development** in the form of a small strip retail center or pad infill development within an existing commercial center. A limited amount of neighborhood-serving retail space for personal services, wellness/lifestyle businesses, and eating and drinking establishments could be supported by future residential growth.
    - Citywide steady rent increases have been a result of very low vacancy rates and an increased demand for retail space.
    - Vacancy rates in North Corner have been below 5 percent since 2018 and are as low as 0.5 percent in early 2022. (See page 41 of full Market Analysis for details on this figure.)

- **The location most viable for commercial development is in or near existing commercial centers.** Retail development requires high visibility and high traffic counts to be successful. Existing commercial centers provide the highest opportunity to attract potential customers and these shopping centers also draw the highest traffic counts than other uses.
    - The North Corner Subarea is the most suitable subarea to support new commercial development. Due to North Corner's location along Highway 2 that routinely sees heavy traffic, and at the interchange of Highway 9, it is highly visible and convenient for those traveling along either route. The subarea is also adjacent to an existing retail center that hosts national retail and restaurant chains like Fred Meyer, Kohl's, Home Depot, Outback Steakhouse, and Starbucks, along with smaller, more local businesses like a veterinary clinic, and a hair salon. However, due to critical areas and current zoning, the North Corner subarea lacks available land to accommodate additional commercial development. A recent Buildable Land Inventory analysis suggests that the North Corner has about 30 acres of developable land that is zoned Business Park which can accommodate new commercial development.
    - The Central West Subarea has limited potential for commercial development. Poor visibility due to powerlines and wetlands along Highway 9, a lack of existing commercial

infrastructure to attract and support additional businesses, and a lack of buildable land are all factors limiting commercial development potential and demand in the Central West subarea. However, in the event that additional residential development occurs in the area, demand for neighborhood businesses near new development could increase.

- The North Lake Subarea has the least likely potential for commercial development demand since it lacks visibility from both Highway 2 and 9, primarily consists of rural residential uses, and lacks recent residential growth to support additional businesses. Additionally, there is a lack of developable land that would be appropriate for commercial development, such as along Highway 9.

Task 6: Annexation Cost-Benefit Analysis

(Full annexation cost-benefit analysis included in Appendix G)

The following is a summary of key takeaways identified in the annexation and rezone scenario analysis.

Estimated Revenue Impacts

A baseline scenario was established a baseline scenario in which just the annexation of the unincorporated portions of the subareas occurred in 2023, under existing conditions with no rezoning. Under the baseline scenario, the first year would generate an estimated $3.8 million in increased revenues

Over the 20-year study period, North Corner will generate the most revenue all scenarios, with the exception of Scenario 2 where the subarea is rezoned to mixed-use. The potential revenue impacts range from $32 million for Scenario 1 up to $38 million in Scenario 5.

Central West will generate substantially less revenue across all scenarios, only ranging from $3.1 million in Scenario 1 to $4.9 million in Scenario 5.

Scenarios 1 and 3 will generate the least amount of revenue across all three geographies.

Law Enforcement Impacts

Impacts to law enforcement provision is minimal across all scenarios and subareas. Even if all the incorporated areas were annexed, the impact to the number of officers per square mile would only reduce from 3.8 to 3.2.

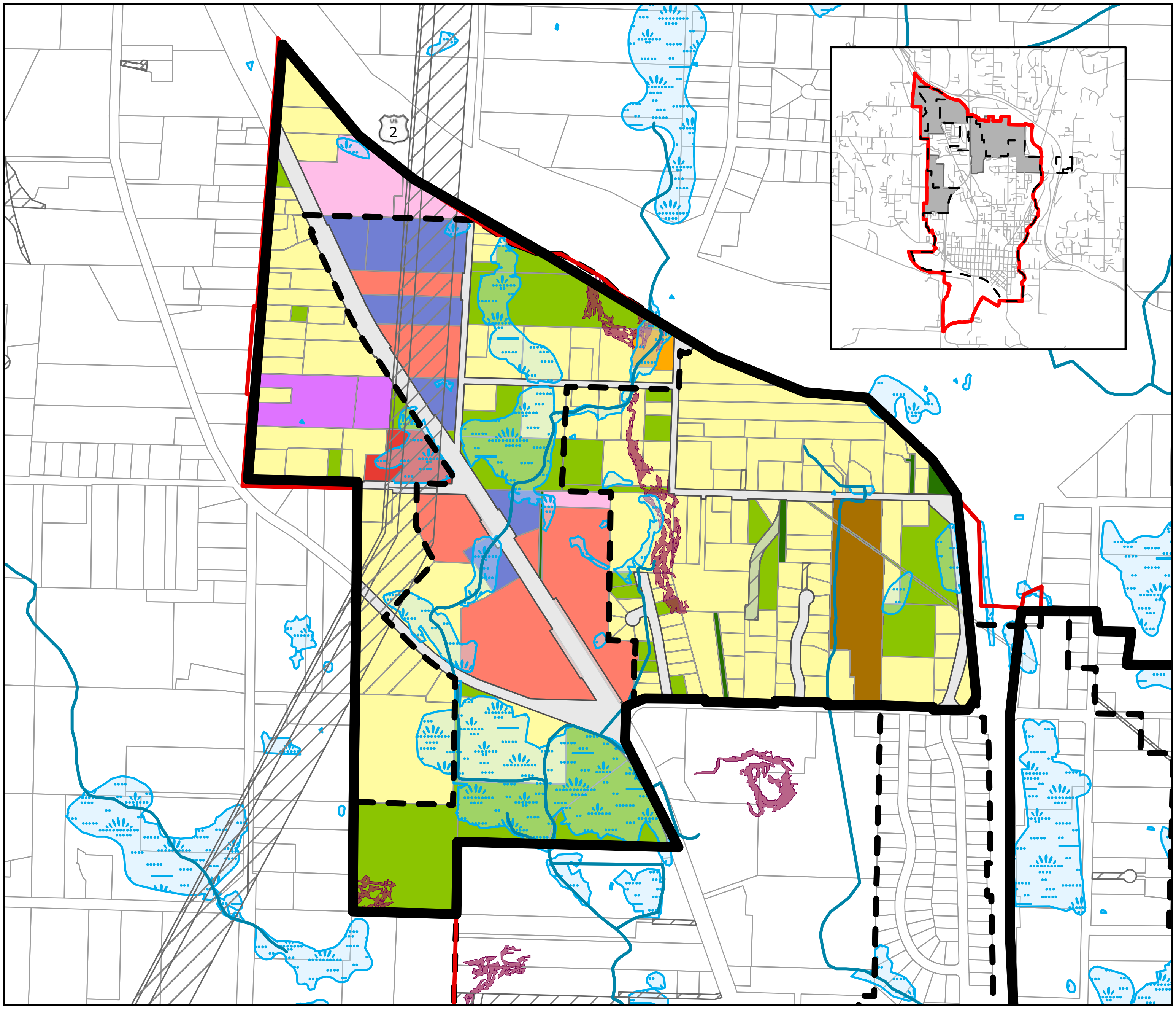
The annexation and buildout of North Corner generally would have the most impact on the number of officers per 1,000 people, but the range is minimal from pre-annexation at 1.4 to 1.1 in Scenario 5.

Street maintenance

North Lake will have the largest impact to street maintenance costs, at about $41,000 annually. North Corner is similar at about $37,000 annually. However, this only considers existing road mileage, and does not reflect the new residential and commercial buildout anticipated to occur in each scenario. The buildout will require additional sidewalks and streets.

The annual impact to street maintenance after annexation of all three unincorporated areas is $102,680 and the total impact over the 20-year period is just over $2 million.

Appendix A: Land Use Inventory Maps by Subarea



City of Snohomish - North Corner Subarea

Assessor's Use Codes, Easements, Rights-of-Ways, and Critical Areas

- Single-Family Residential
- Duplex Residential
- Mobile Home Park
- Industry
- Retail
- Service/Business Park
- Institutional
- Religious Activities (Churches, Synagogues, Etc.)
- Parks, Open Space and Undeveloped Land
- Common Areas
- UGA Boundary
- City Boundary
- North Corner Subarea Boundary
- Easement
- Right-of-Way
- Steep Slope
- Wetland
- River/Stream

City of Snohomish Washington

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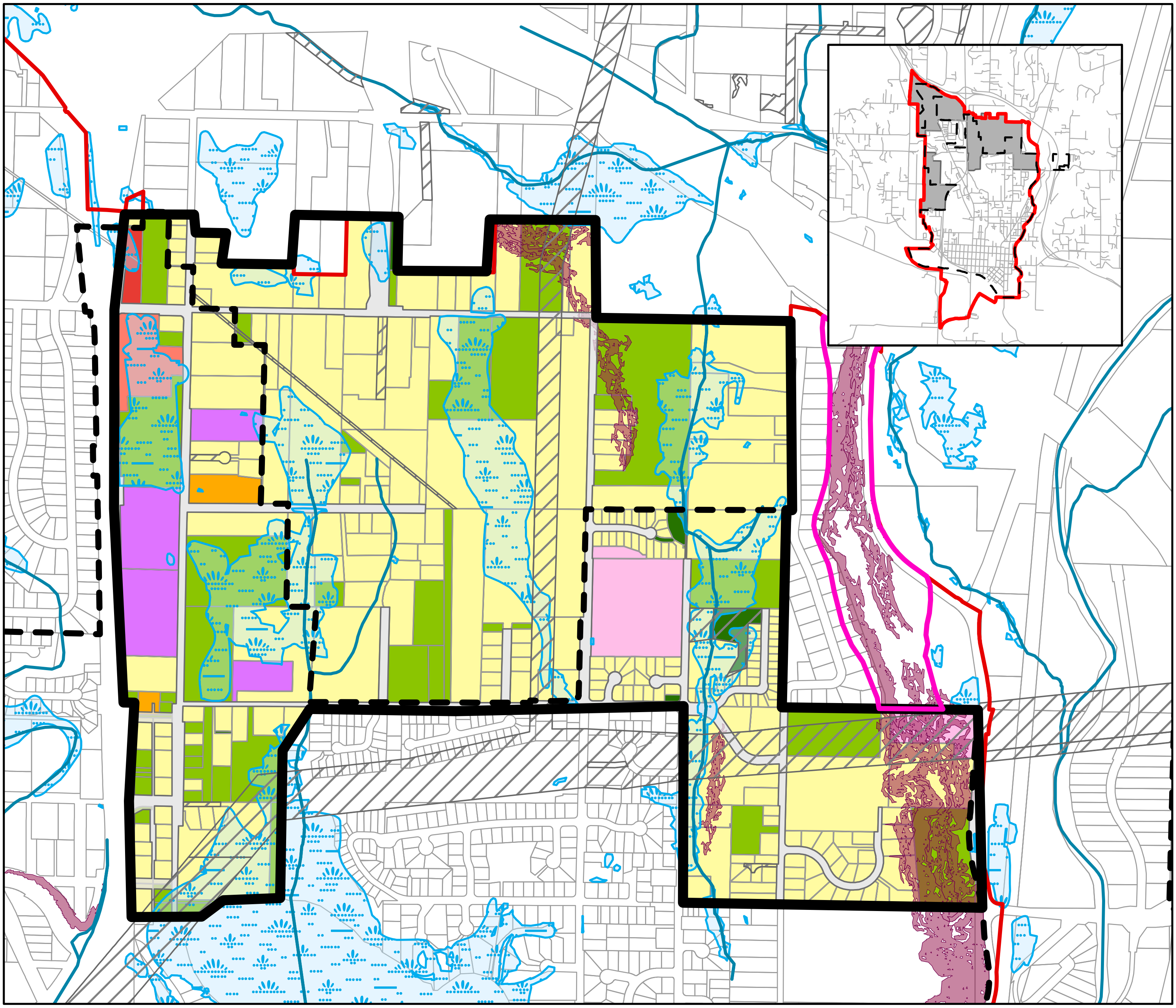

City of Snohomish - North Lake Subarea

Assessor's Use Codes, Easements, Rights-of-Ways, and Critical Areas

- Single-Family Residential
- Duplex Residential
- Retail
- Service/Business Park
- Institutional
- Religious Activities (Churches, Synagogues, Etc.)
- Parks, Open Space and Undeveloped Land
- Common Areas
- City Boundary
- UGA Boundary
- North Lake Subarea Boundary
- Easement
- Right-of-Way
- Steep Slope
- Wetland
- River/Stream
- Geologic Hazard Area

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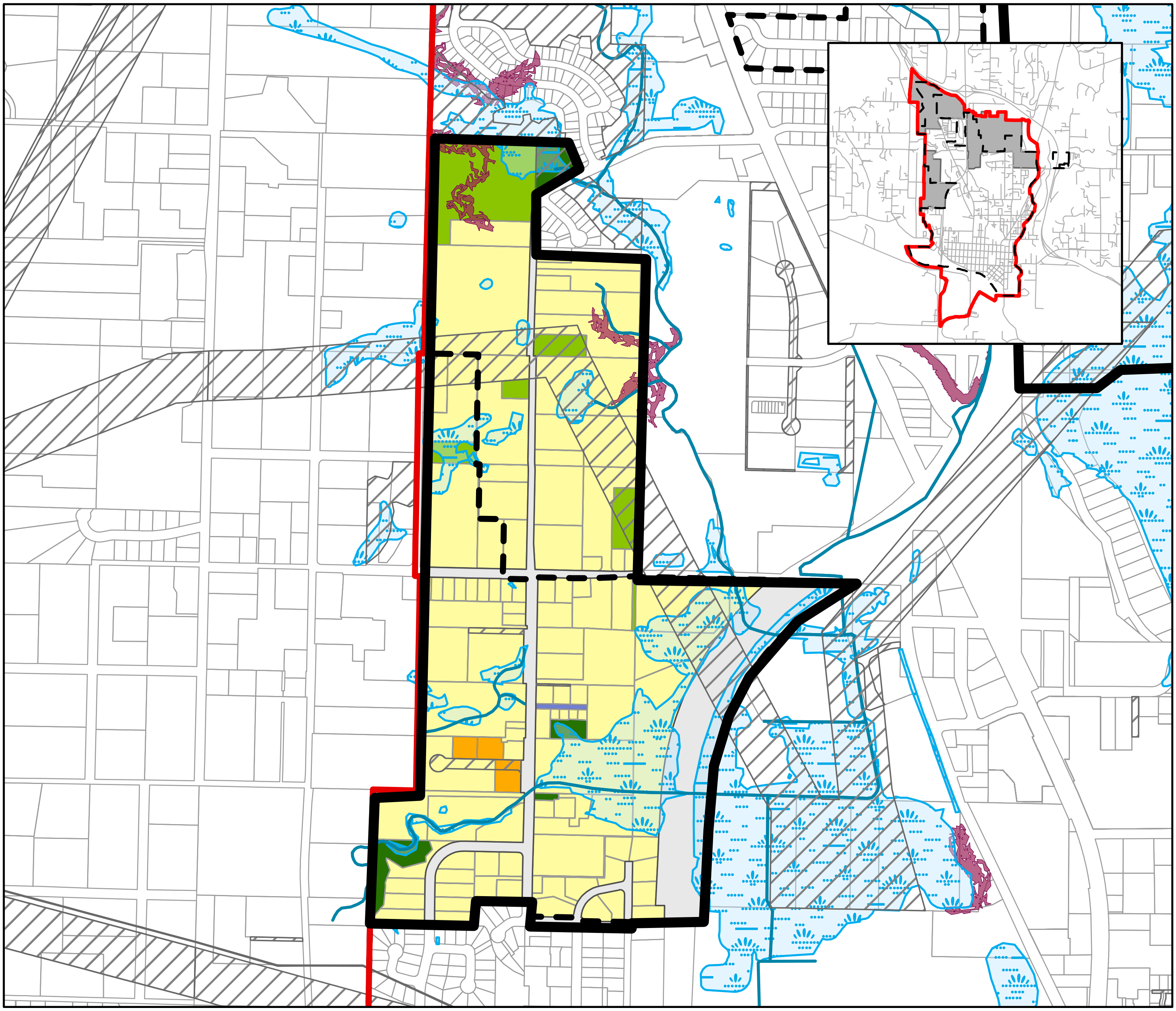

City of Snohomish - Central West Subarea

Assessor's Use Codes, Easements, Rights-of-Ways, and Critical Areas

Single-Family Residential
Duplex Residential
Parks, Open Space and Undeveloped Land
Common Areas
Industry
City Boundary
UGA Boundary
Central West Subarea Boundary

Easement
Right-of-Way
Steep Slope
Wetland
River/Stream

N

0 0.18 0.36 Mi.

Appendix B: Buildable Acreage Tables by Subarea

North Corner Subarea

ZONE	LAND STATUS	GROSS BUILDABLE ACREAGE
Single-Family Residential	REDEVELOPABLE	20.24
	PARTIALLY UTILIZED	56.05
	CONSTANT	12.95
	VACANT	9.94
Business Park	REDEVELOPABLE	11.17
	PARTIALLY UTILIZED	13.40
	CONSTANT	1.72
	VACANT	4.25
Low-Density Residential	REDEVELOPABLE	0.00
	PARTIALLY UTILIZED	2.41
	CONSTANT	0.00
	VACANT	0.00
Commercial	REDEVELOPABLE	1.04
	PARTIALLY UTILIZED	0.00
	CONSTANT	0.00
	VACANT	0.11

Total Acreage of Subarea: **254.63 Acres**

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North Lake Subarea

ZONE	LAND STATUS	GROSS BUILDABLE ACREAGE
Single-Family Residential	REDEVELOPABLE	43.61
	PARTIALLY UTILIZED	91.93
	CONSTANT	25.68
	VACANT	5.71
Business Park	REDEVELOPABLE	1.93
	PARTIALLY UTILIZED	0.00
	CONSTANT	0.00
	VACANT	0.00
Parks, Open Space, Public	REDEVELOPABLE	0.00
	PARTIALLY UTILIZED	0.00
	CONSTANT	0.00
	VACANT	0.19

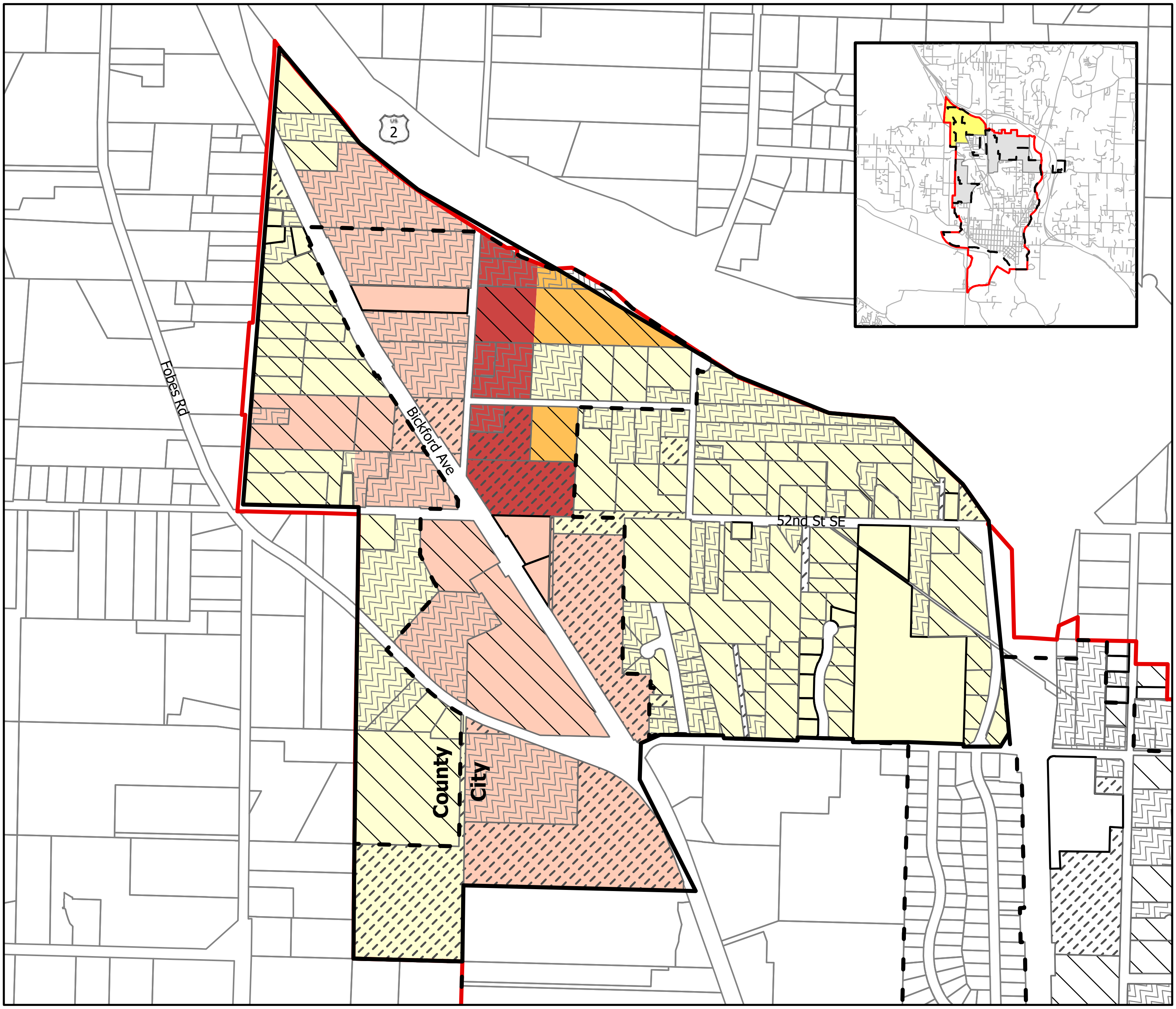
Total Acreage of Subarea: **367.21 Acres**

Central West Subarea

ZONE	LAND STATUS	GROSS BUILDABLE ACREAGE
Single-Family Residential	REDEVELOPABLE	16.09
	PARTIALLY UTILIZED	31.07
	CONSTANT	1.99
	VACANT	0.99
Low-Density Residential	REDEVELOPABLE	0.00
	PARTIALLY UTILIZED	0.00
	CONSTANT	0.00
	VACANT	2.14
Parks, Open Space, Public	REDEVELOPABLE	4.53
	PARTIALLY UTILIZED	0.00
	CONSTANT	0.00
	VACANT	0.00

Total Acreage of Subarea: **140.82 Acres**

Appendix C: Buildable Land Maps by Subarea



City of Snohomish - North Corner Subarea

Land Status by Zone

Zone

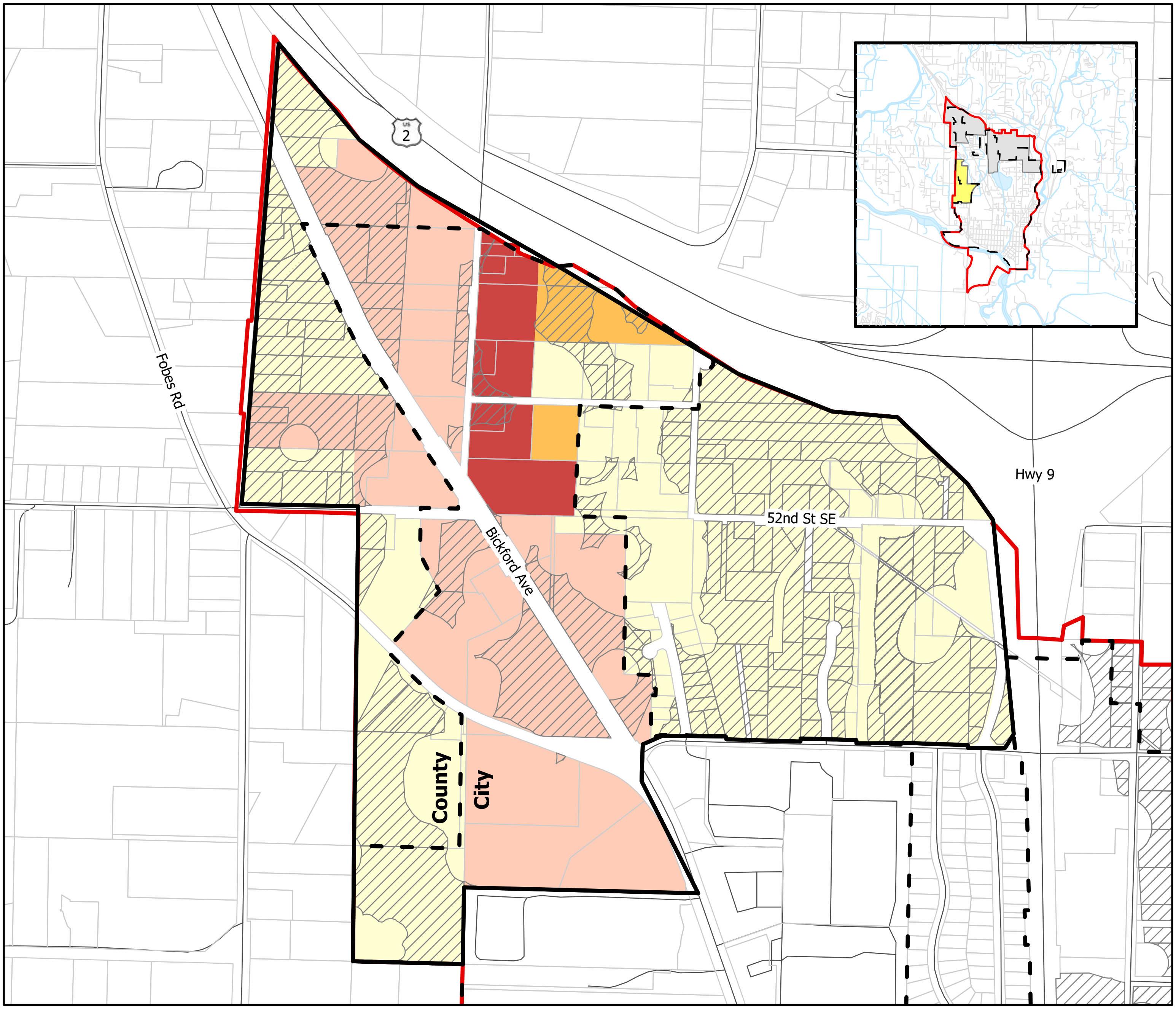
- Single-Family Residential
- Low Density Residential
- Commercial
- Business Park
- UGA Boundary
- City Boundary
- North Corner Subarea Boundary

Land Status

- Constant (15 Buildable Acres)
- Partially Utilized (72 Buildable Acres)
- Redevelopable (32 Buildable Acres)
- Vacant (14 Buildable Acres)

N

0 0.16 0.32 Mi.



City of Snohomish - North Corner Subarea

Buildable Area by Zone

Zone

Single-Family Residential - 114 Acres

Low Density Residential - 2 Acres

Commercial - 4 Acre

Business Park - 14 Acres

Boundaries

Urban Growth Area

City of Snohomish

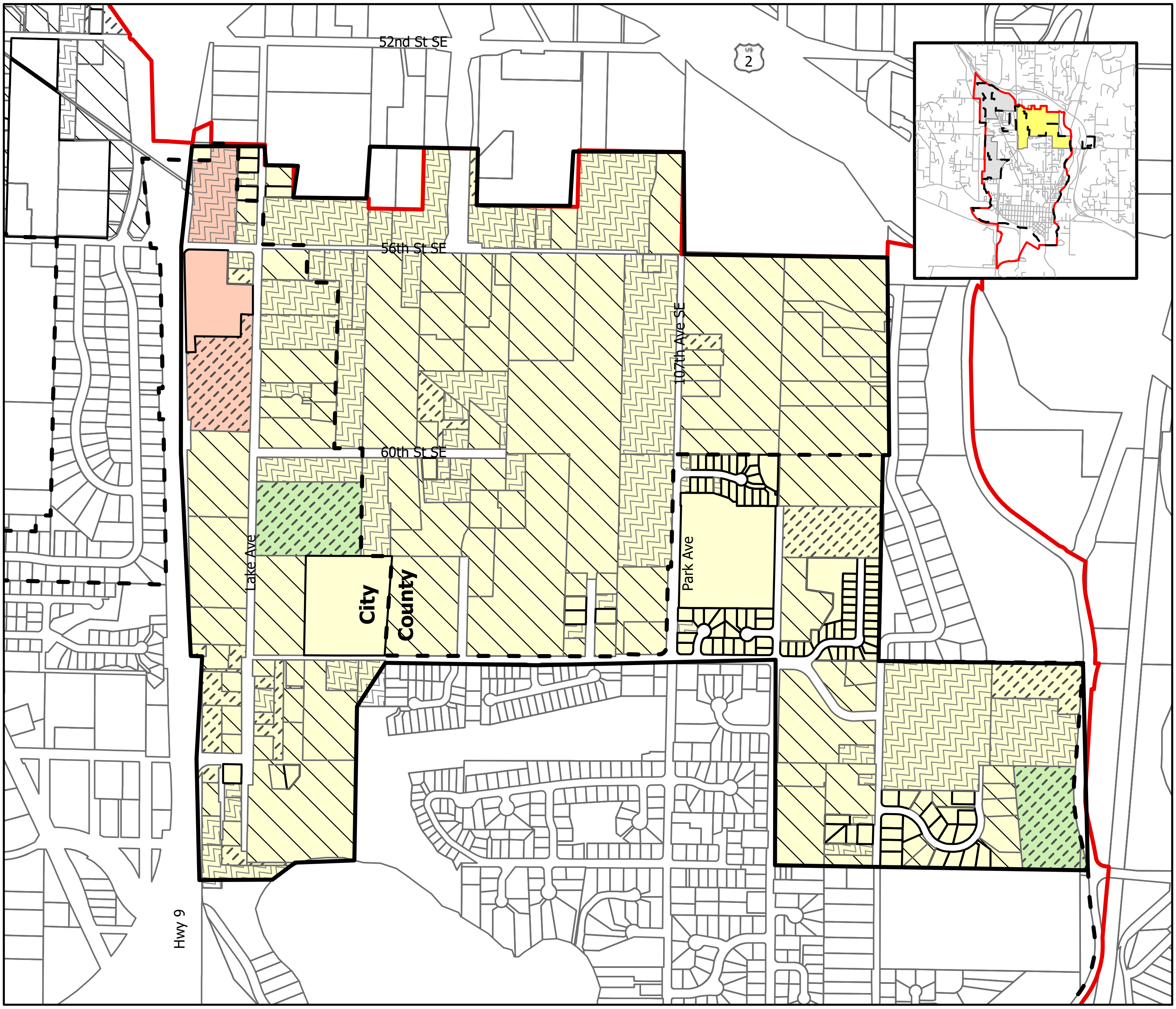
North Corner Subarea

Gross Buildable Area - 134 Acres

City of Snohomish Washington

N

0 850 1,700 Ft.



City of Snohomish - North Lake Subarea

Land Status by Zone

Zone

- Single-Family Residential
- Parks, Open Space & Public
- Business Park

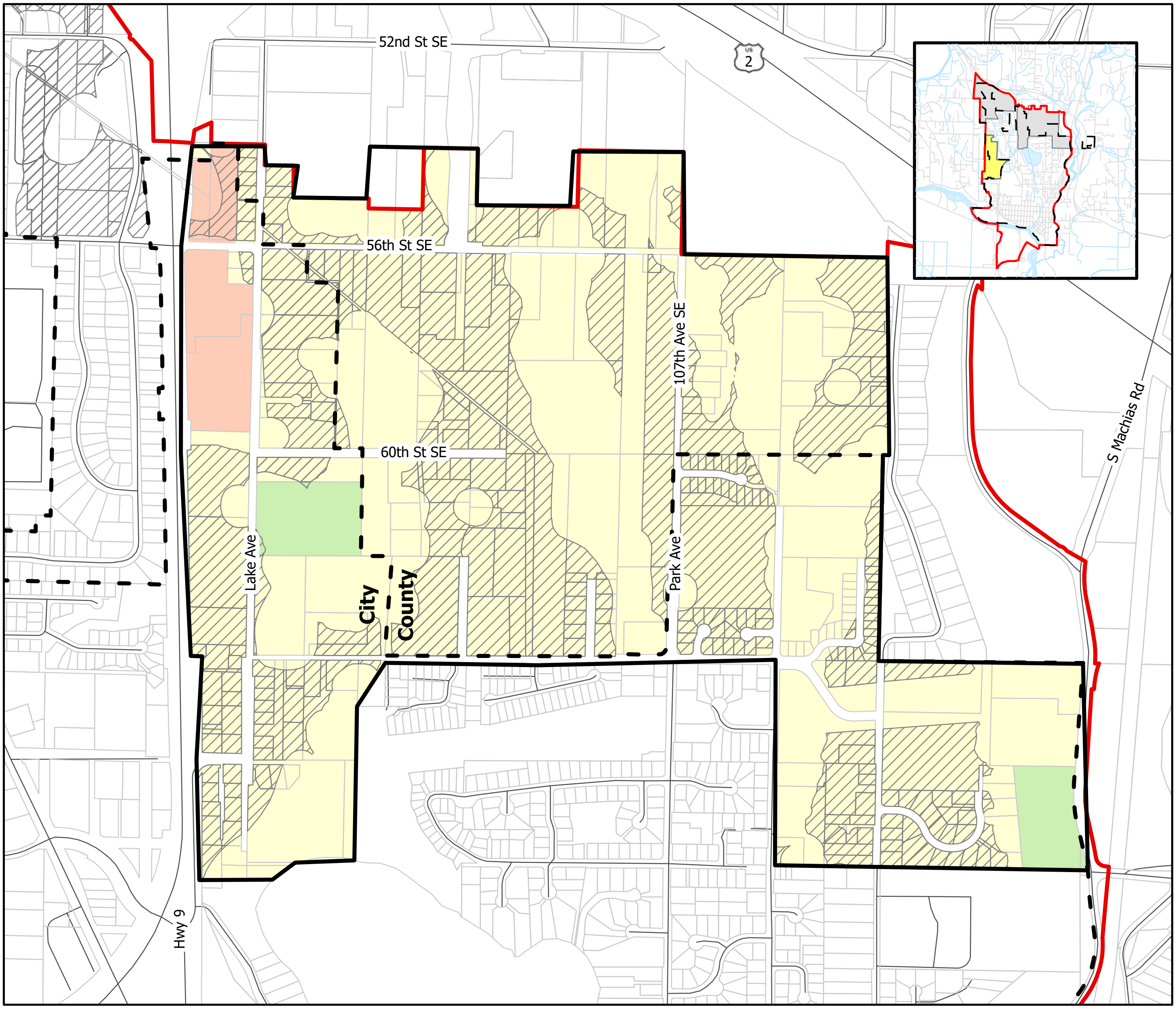
- UGA Boundary
- City Boundary
- North Lake Subarea Boundary

Land Status

- Constant (26 Buildable Acres)
- Partially Utilized (92 Buildable Acres)
- Redevelopable (45 Buildable Acres)
- Vacant (6 Buildable Acres)

N

0 0.18 0.36 Mi.



City of Snohomish - North Lake Subarea

Buildable Area by Zone

Zone

Single-Family Residential - 167 Acres

Parks, Open Space & Public - 0.9 Acres

Business Park - 1.5 Acre

Boundaries

Urban Growth Area

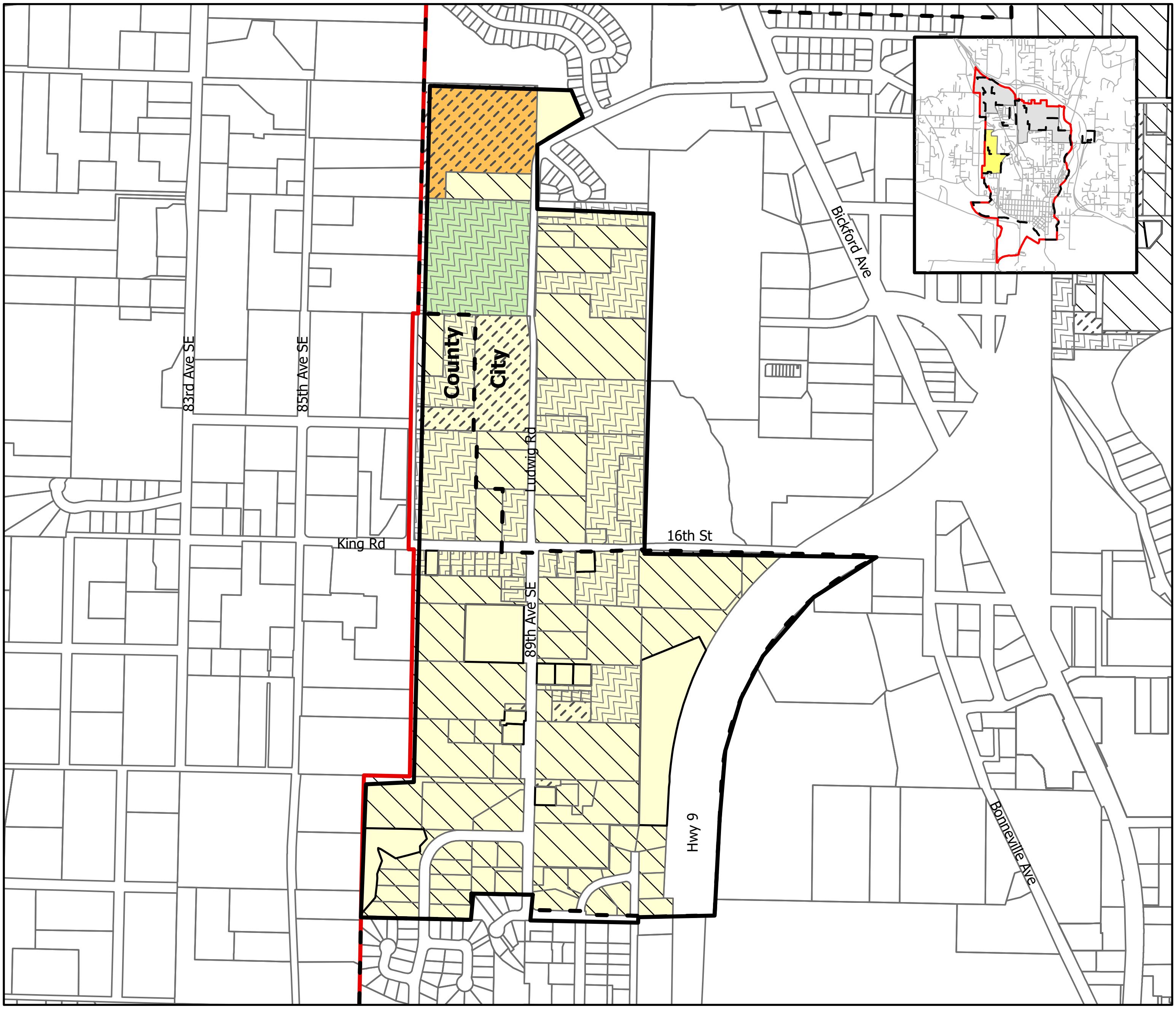
City of Snohomish

North Lake Subarea

Gross Buildable Area - 169 Acres

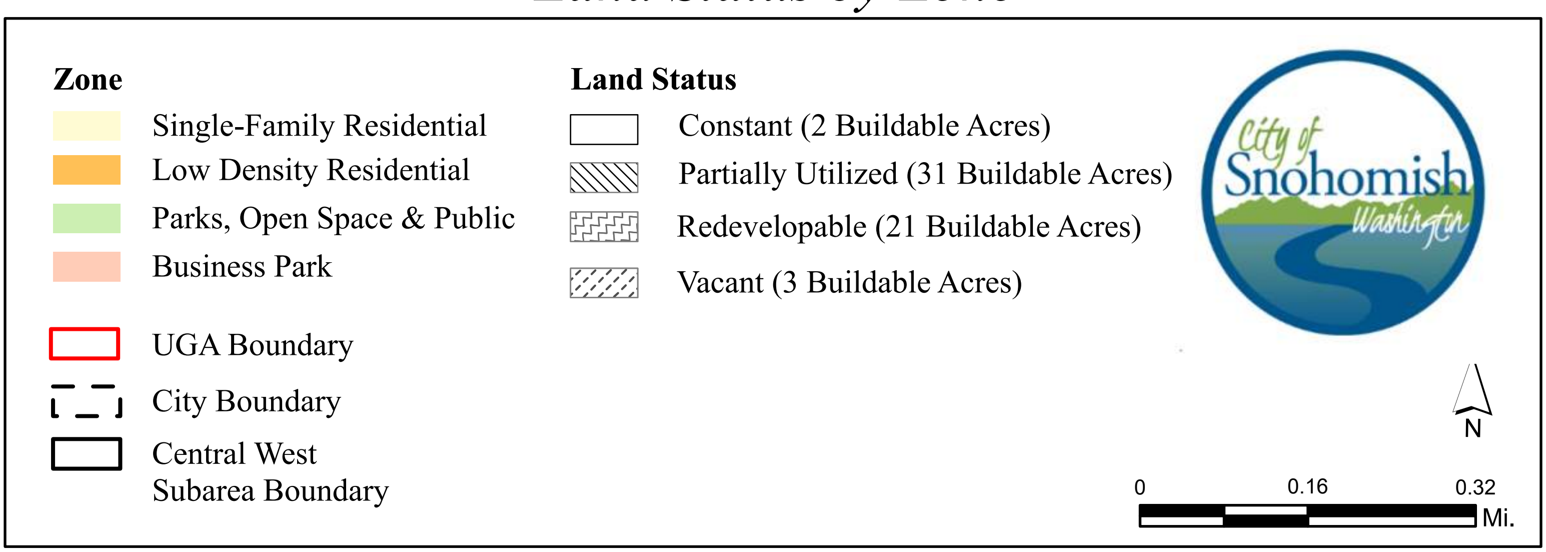
0 15,850 31,700 Ft.

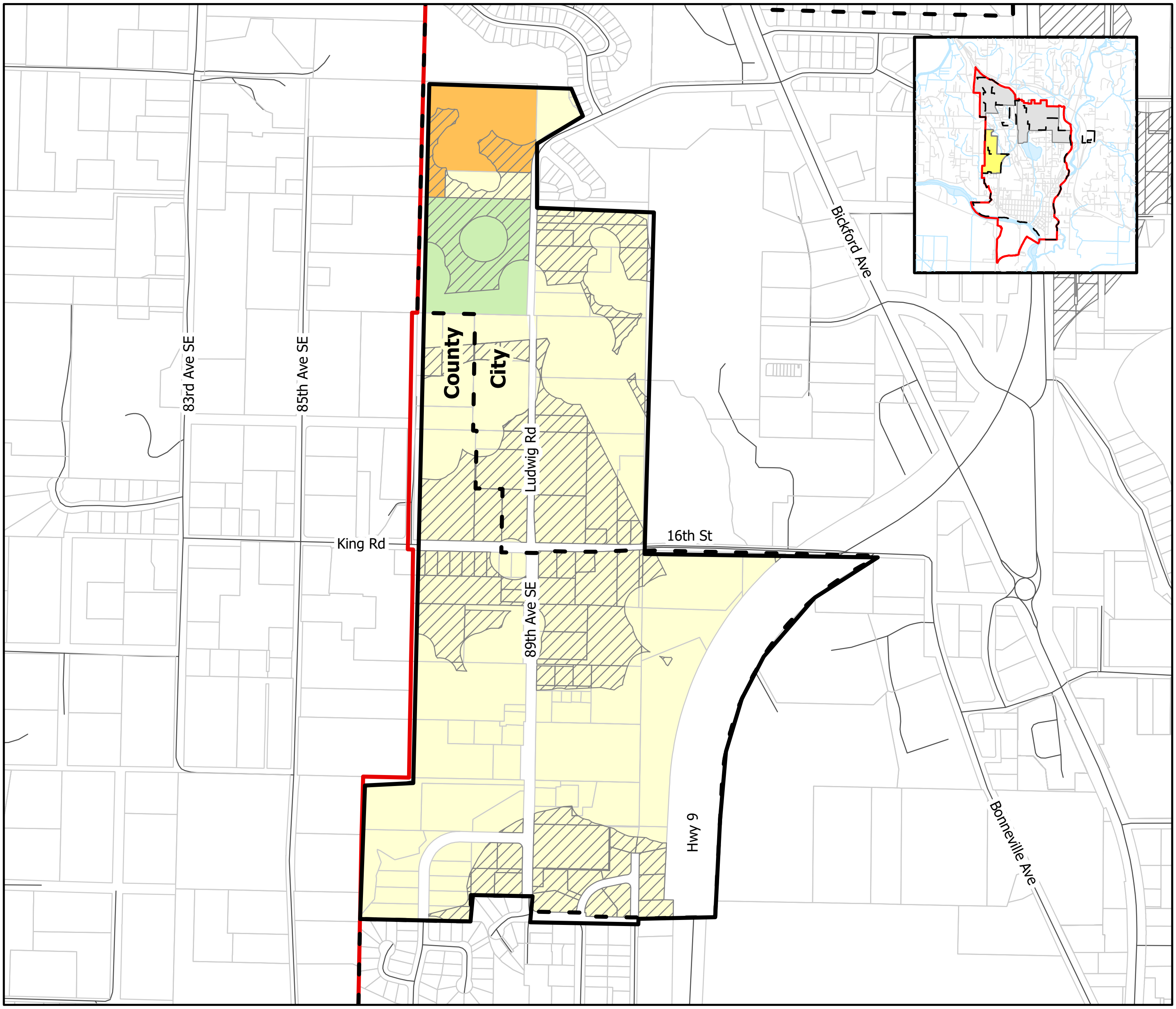
N



City of Snohomish - Central West Subarea

Land Status by Zone





City of Snohomish - Central West Subarea

Buildable Area by Zone

Zone

- Single-Family Residential - 53 Acres
- Low Density Residential - 3 Acres
- Parks, Open Space & Public - 0.8 Acres

Boundaries

- Urban Growth Area
- City Boundary
- Central West Subarea Boundary
- Gross Buildable Area - 57 Acres

N

0 830 1,660 Ft.

Appendix D: Summary of Development Potential Scenarios

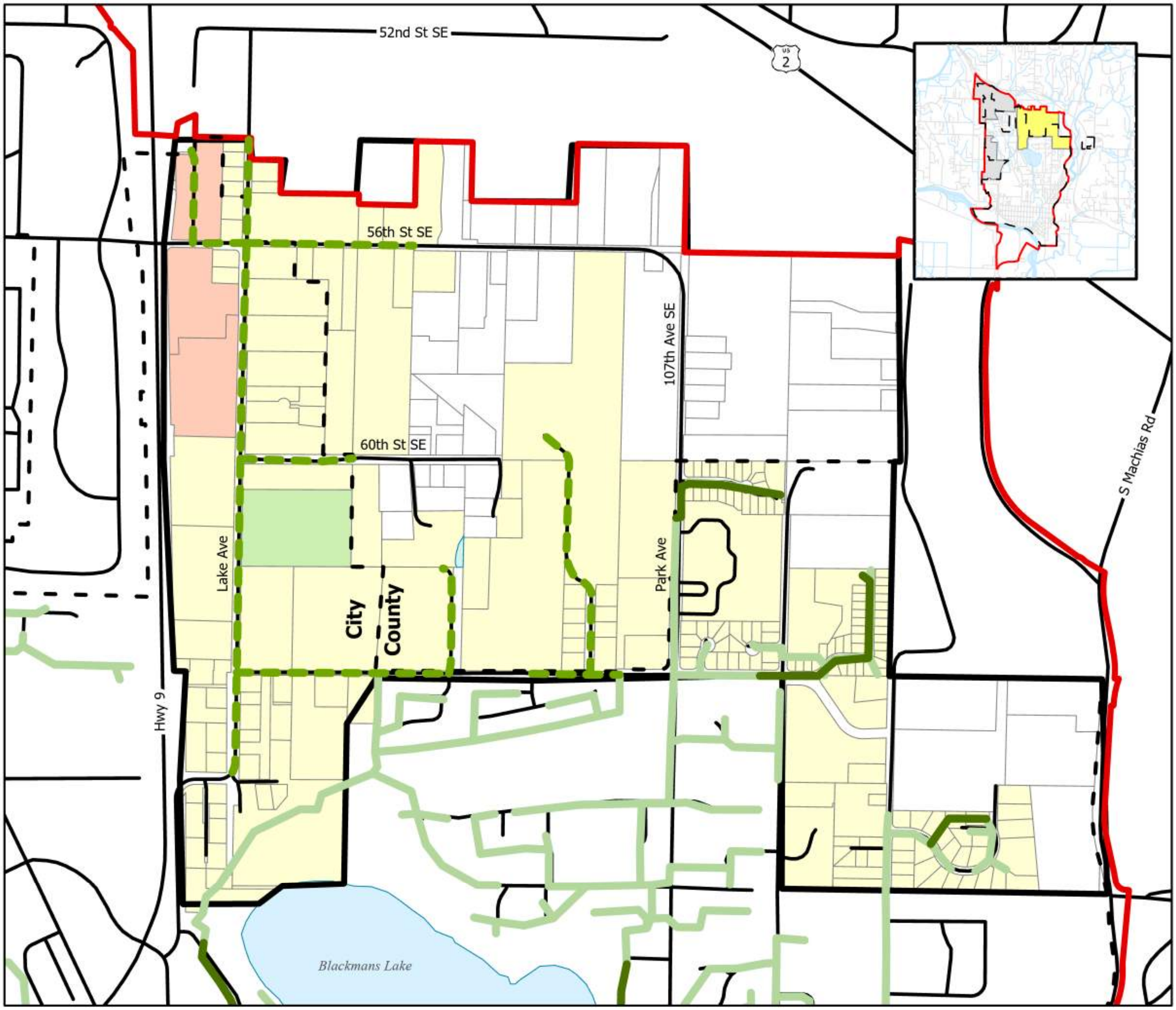
Scenario 1 (existing zoning)						
	North Corner	**North Lake**	**North Lake (Sewer Serviceable)**	**Central West**	**Total**	**Total (North Lake Sewer Serviceable)**
Net Developable Acreage, Single-Family	41.05	66.54	40.92	21.82	214.20	103.79
Single-Family Unit Yield	201	324	195	107	524.90	503
Net Developable Acreage, Employment/Mixed Use	14.62	0.87	0.87	0.00	15.49	15.49
Available Commercial Square Footage	181,360.85	13,470.08	13,470.08	0.00	194,830.93	194,830.92
Mixed-Use Residential Unit Yield	154	10	10	0	164	164
Net Developable Acreage, Multifamily	1.08	0.00	0.00	1.28	2.17	2.37
Multifamily Unit Yield	9	0	0	15	18	24
Scenario 2 (Mixed Use)						
	North Corner	**North Lake**	**North Lake (Sewer Serviceable)**		**Total**	**Total (North Lake Sewer Serviceable)**
Net Developable Acreage, Single-Family	29.07	28.91	12.70		57.98	44.23
Single-Family Unit Yield	79	143	77		222	171
Net Developable Acreage, Employment/Mixed Use	26.60	39.37	29.18		65.98	57.84
Available Commercial Square Footage	317,883.04	469,832.98	348,947.66		787,716.02	701,478.96
Mixed-Use Residential Unit Yield	262	369	274		631	559
Net Developable Acreage, Multifamily	1.08	0.00	0.00		1.08	1.08

Multifamily Unit Yield	9	0	0		9	9
Scenario 3 (All areas currently zoned single-family rezoned to 12 du/ac multifamily)						
	North Corner	**North Lake**	**North Lake (Sewer Serviceable)**	**Central West**	**Total**	**Total (North Lake Sewer Serviceable)**
Net Developable Acreage, Single-Family	0	0	0	0	0.00	0.00
Single-Family Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Employment/Mixed Use	14.62	0.87	0.87	0.00	15.49	15.49
Available Commercial Square Footage	262,093.15	18,952.08	18,952.08	0.00	281,045.24	281,045.24
Mixed-Use Residential Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Multifamily	42.13	66.54	40.92	23.10	131.77	110.00
Multifamily Unit Yield	408	642	387	227	1,277	1,068
Scenario 4 (All areas currently zoned single-family rezoned to 18 du/ac multifamily)						
	North Corner	**North Lake**	**North Lake (Sewer Serviceable)**	**Central West**	**Total**	**Total (North Lake Sewer Serviceable)**
Net Developable Acreage, Single-Family	0	0	0	0	0.00	0.00
Single-Family Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Employment/Mixed Use	14.62	0.87	0.87	0.00	15.49	15.49
Available Commercial Square Footage	262,093.15	18,952.08	18,952.08	0.00	281,045.24	281,045.24
Mixed-Use Residential Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Multifamily	44.85	66.54	40.92	23.10	134.48	112.71

Multifamily Unit Yield	647	963	581	340	1,950	1,636
Scenario 5 (All areas currently zoned single-family rezoned to 24 du/ac multifamily)						
	North Corner	**North Lake**	**North Lake (Sewer Serviceable)**	**Central West**	**Total**	**Total (North Lake Sewer Serviceable)**
Net Developable Acreage, Single-Family	0	0	0	0	0.00	0.00
Single-Family Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Employment/Mixed Use	14.62	0.87	0.87	0.00	15.49	15.49
Available Commercial Square Footage	262,093.15	18,952.08	18,952.08	0.00	281,045.24	281,045.24
Mixed-Use Residential Unit Yield	0	0	0	0	0	0
Net Developable Acreage, Multifamily	44.85	66.54	40.92	23.10	134.48	112.71
Multifamily Unit Yield	862	1,284	775	454	2,600	2,181

Appendix E: Sewer Serviceable Maps for North Lake Subarea

HQ: 20210 142nd Avenue NE, Woodinville, WA 98072 • Kent: 1851 Central Place South, Suite 101, Kent, WA 98030



City of Snohomish - North Lake Subarea

Parcels Serviceable by Sewer - Existing Zoning

Zone

- Single-Family Residential
- Parks, Open Space & Public
- Business Park

Boundaries

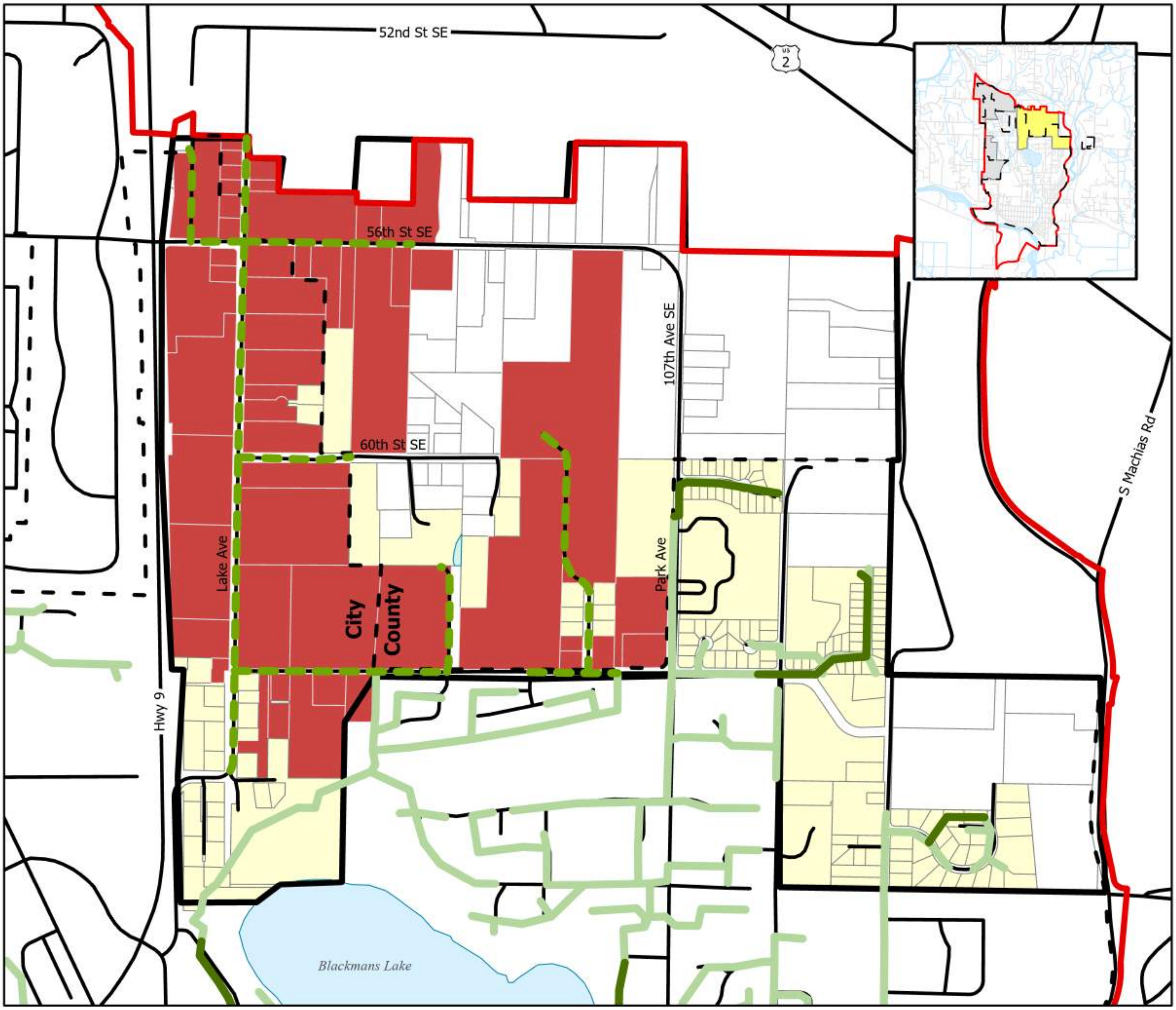
- Urban Growth Area
- City of Snohomish
- North Lake Subarea

Infrastructure

- Proposed Gravity Sewer
- Existing Gravity Sewer
- Existing Force Main

N

0 900 1,800 Ft.



City of Snohomish - North Lake Subarea

Parcels Serviceable by Sewer - Mixed Use

Zone

- Single-Family Residential
- Commercial

Boundaries

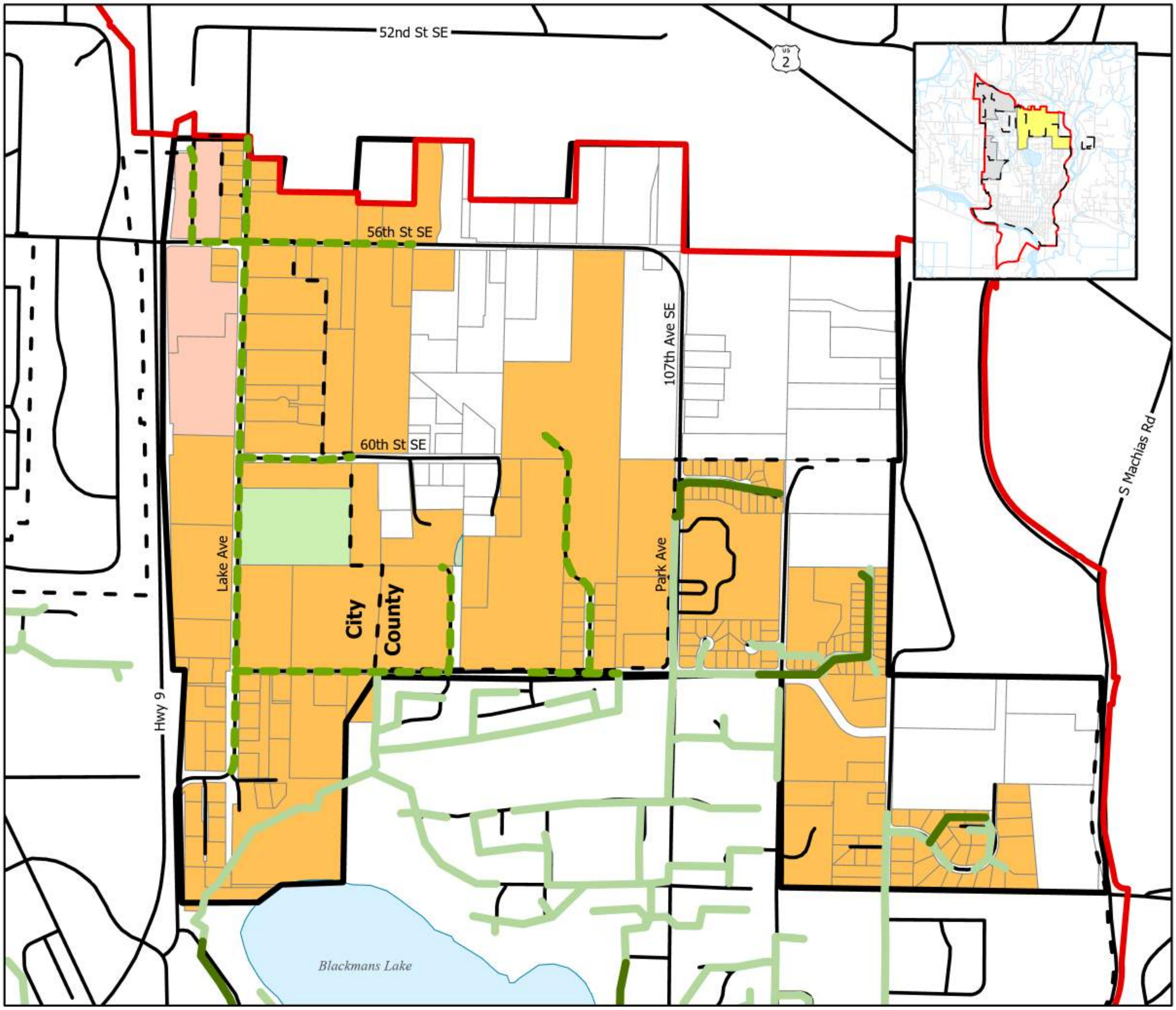
- Urban Growth Area
- City of Snohomish
- North Lake Subarea

Infrastructure

- Proposed Gravity Sewer
- Existing Gravity Sewer
- Existing Force Main

N

0 900 1,800 Ft.



City of Snohomish - North Lake Subarea

Parcels Serviceable by Sewer - 12 DU/AC

Zone

Low-Density Residential

Business Park

Parks, Open Space & Public

Infrastructure

Proposed Gravity Sewer

Existing Gravity Sewer

Existing Force Main

Boundaries

Urban Growth Area

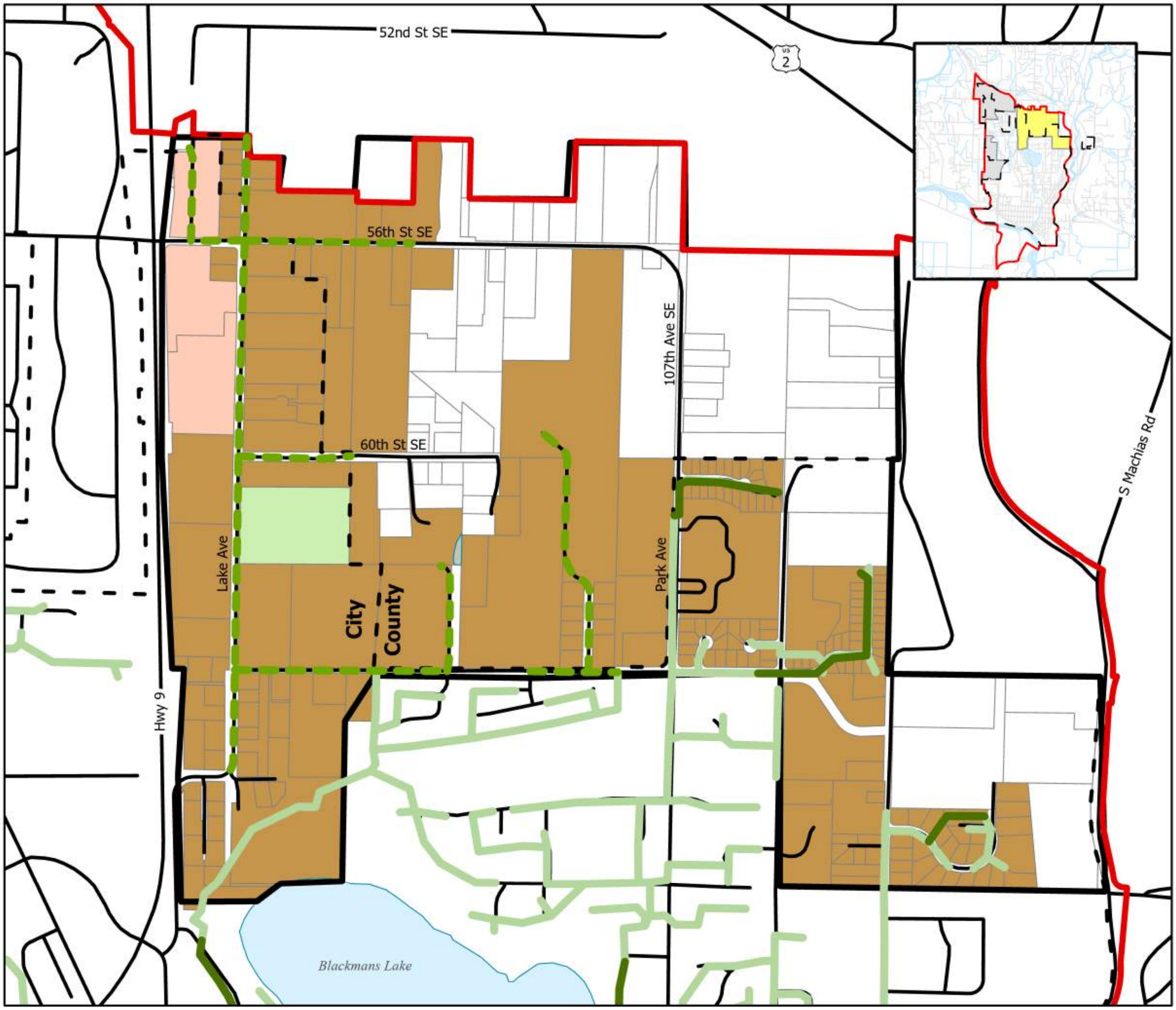
City of Snohomish

North Lake Subarea

City of Snohomish Washington

N

0 900 1,800 Ft.



City of Snohomish - North Lake Subarea

Parcels Serviceable by Sewer - 18 DU/AC

Zone

- Medium-Density Residential
- Business Park
- Parks, Open Space & Public

Infrastructure

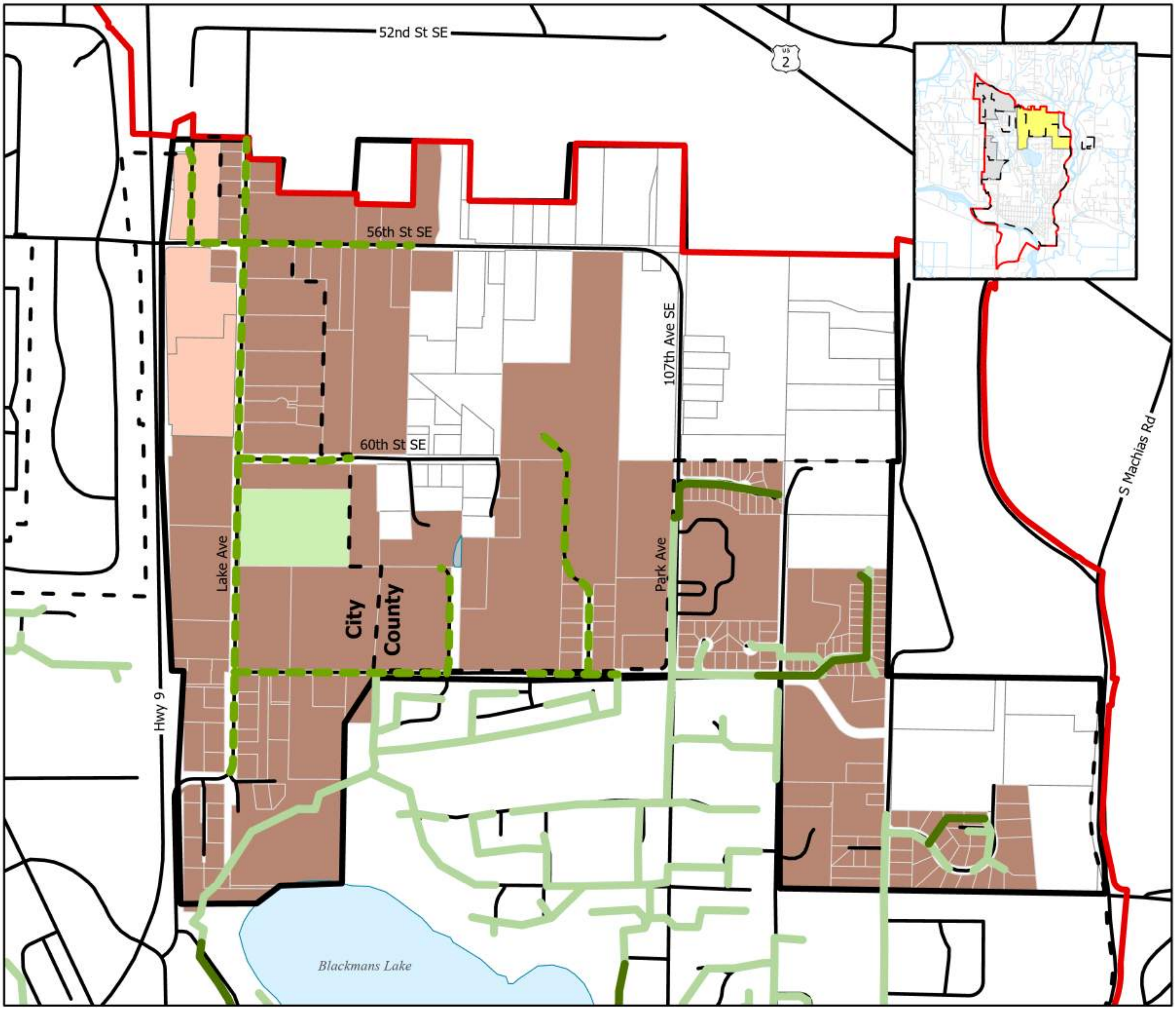
- Proposed Gravity Sewer
- Existing Gravity Sewer
- Existing Force Main

Boundaries

- Urban Growth Area
- City of Snohomish
- North Lake Subarea

N

0 900 1,800 Ft.



City of Snohomish - North Lake Subarea

Parcels Serviceable by Sewer - 24 DU/AC

Zone

- High-Density Residential
- Business Park
- Parks, Open Space & Public

Boundaries

- Urban Growth Area
- City of Snohomish
- North Lake Subarea

Infrastructure

- Proposed Gravity Sewer
- Existing Gravity Sewer
- Existing Force Main

City of Snohomish Washington

N

0 900 1,800 Ft.

Appendix F: Market Analysis

HQ: 20210 142nd Avenue NE, Woodinville, WA 98072 • Kent: 1851 Central Place South, Suite 101, Kent, WA 98030

ECONorthwest
ECONOMICS · FINANCE · PLANNING

DATE: June 29, 2022
TO: LDC and the City of Snohomish
FROM: ECONorthwest
SUBJECT: Market Analysis Results, City of Snohomish – Land Use & Economic Analyses for North Lake, North Corner, & Central West Subareas

Introduction

The City of Snohomish would like to explore what opportunities exist for increasing housing diversity and enhancing fiscal sustainability by rezoning portions of three key subareas in the City: North Lake, North Corner, and Central West. Portions of the study area are within the City of Snohomish and the remaining portions of the study area are in unincorporated Snohomish County. The predominate zoning designation and use in these areas is single-family detached. In order to make informed policy decisions, the City would like to better understand the housing market dynamics within the City as a whole, and specifically within the subareas to help identify and prioritize opportunity in higher-demand areas. This market analysis seeks to answer the following questions:

- Is the City's supply and type of housing produced sufficient to address current and future population needs?
- What is the demand for missing middle, multifamily, and neighborhood-serving commercial businesses in each of the three subareas?
- Is there a demand for retail within the three subareas?

Subareas of Focus

As mentioned above, the City would like to understand market dynamics within the City in general, but also within three specific subareas that span across city and county lines. These subareas include North Lake, North Corner, and Central West. These subareas are shown in Exhibit 1. Snohomish Subarea Map and are described in detail below.

North Lake Subarea

The North Lake subarea is shown in orange in Exhibit 1 below. The subarea is located in the northeast portion of the City of Snohomish and it is near the intersection of State Route 9 and Highway 2. The area is fairly rural in nature and includes single-family homes and a few churches and agricultural lands. The area is largely zoned as Single-Family within the city limits with a minimum lot size of 7,200 square feet and a maximum density of six dwelling units per acre (around 36 percent was estimated as being buildable). There also appears to be a considerable amount of undeveloped land but this subarea contains large swaths of wetlands throughout, that constrains development.

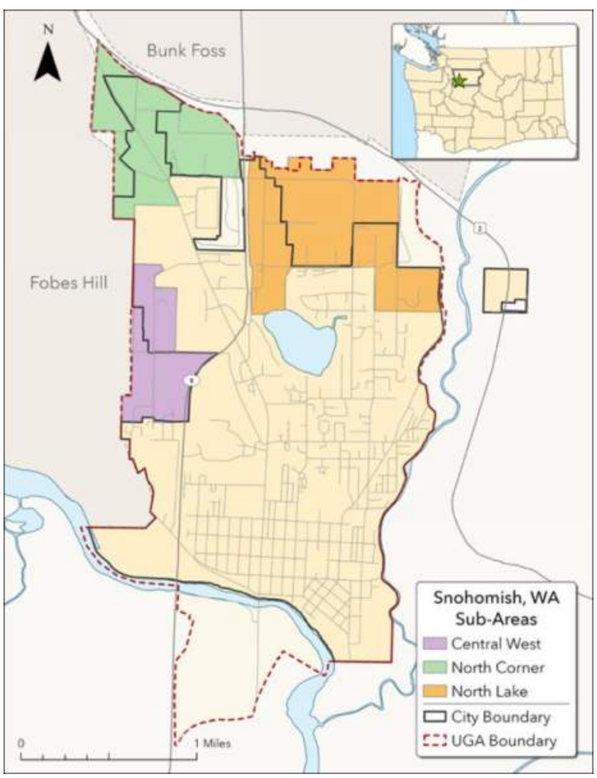
North Corner Subarea

The North Corner Subarea is shown in green in Exhibit 1 below. Located northwest of the City of Snohomish, this subarea is also near the interchange of State Route 9 and Highway 2, west of State Route 9. North Corner is more diverse in land use than the other two subareas. While still maintaining a large amount of single-family development, it also contains a mix of commercial and manufacturing sites such as storage, automobile repair and sales, cannabis retail, equipment retail and sales, and the Snohomish School District Department of Transportation. The subarea contains large swaths of wetlands throughout, that appear to be limiting the development potential of its undeveloped land particularly in areas zoned for Single-Family. North Corner is largely zoned for Business Park and Commercial within the City limits. Around 42 percent of North Corner was estimated as buildable.

Central West Subarea

The Central West Subarea is shown in purple in Exhibit 1, along the west side of State Route 9. The subarea's predominant land use is single-family development. There are a few large wetlands in the subarea. Central West is largely zoned Single-Family (around 94 percent) within the city limits. Approximately 30 percent of the subarea is buildable.

Exhibit 1. Snohomish Subarea Map
Source: City of Snohomish and ECONorthwest



Framework for Housing Demand Assessment

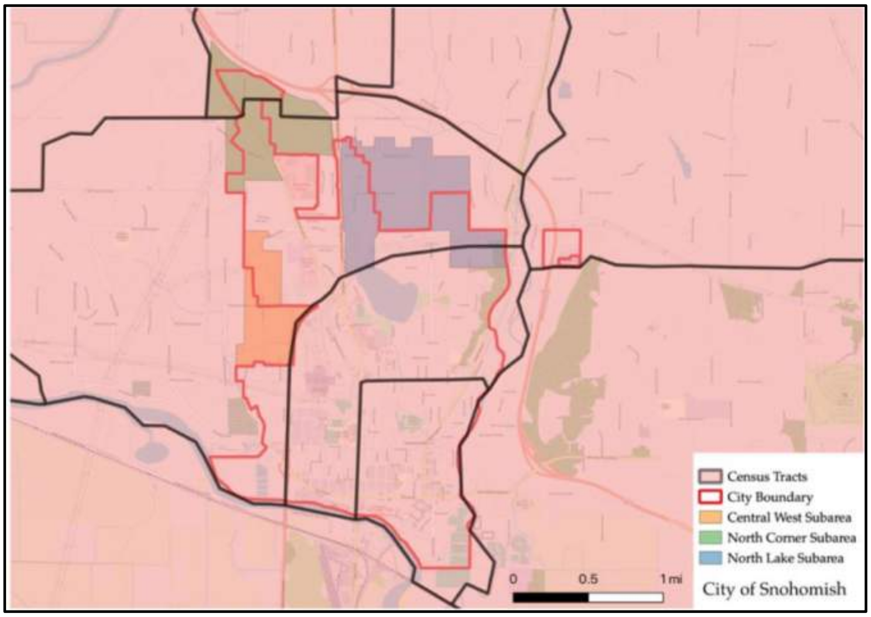
Economists view housing and commercial demand as a bundle of services for which people are willing to pay that are influenced by proximity, amenity, and daily travel behavior. Households make tradeoffs in decision making about where they choose, or can afford, to live and shop. Housing and commercial demand can be described as the *preferences* for different types of housing or commercial services, and *the ability to pay* for that housing or commercial services.

What households can get for their money is influenced by both economic forces and government policy. Moreover, households will value what they can get differently. They will have varying preferences, which in turn are a function of many factors like income, age, household composition, number of workers and job locations, number of automobiles, and so on. Housing and commercial choices of individual households are influenced in complex ways by dozens of factors. Housing and commercial markets are the result of the individual decisions of hundreds of thousands of households. While the City is interested in understanding the potential demand for more diverse housing types within the three subareas, it is important to analyze historical and current development trends and demographics in Snohomish to gain insights into the functioning of the local housing market. Understanding the dynamics of the Snohomish housing market can provide further insights into what housing demand is needed for the three subareas and what commercial businesses could potentially be supported by the residential growth.

Since the three subareas are somewhat similar to each other in terms of land uses and density and with the City fairly built out, demand will be understood more thoroughly by looking at the City as a whole rather than only assessing the three subareas.[1] Exhibit 2 demonstrates the scale of the Census Tracts relative to the city boundary and subareas and shows the misalignment with the City boundaries and subarea boundaries and the challenges with retrieving demographic information at such a small localized scale

[1] The U.S. Census Bureau only provides the needed demographic data in limited geographic areas such as Census Tracts.

Exhibit 2. Snohomish Census Tracts
Source: 2020 WA State Census Tracts and ECONorthwest



In addition to evaluating the entire City of Snohomish, the market analysis will include specific parcel based analysis of the subareas to assess the development and market trends among the three different subareas. This will help identify which portions of the three subareas are predominately zoned for single-family development that could be considered for rezoning.

Citywide Demographic and Housing Analysis

The purpose of this demographic and housing analysis is to understand the factors that will affect housing demand and development in the City of Snohomish. These demographic factors include:

- **Demographic and socioeconomic characteristics** of Snohomish's population including population growth, age trends, and household income.
- **Existing and recent residential development** including the number and mix of existing units, residential development activity since 2010, homeownership, vacancy rates, and housing costs. Our analysis will also help determine the unmet demand for different housing development types in the City.
- **Population and housing forecast** for Snohomish to understand how much growth will need to be accommodated relative to current capacity.

The housing analysis examines the existing housing characteristics and development trends to help gauge current and future demand. Housing trends analyzed include:

- **Existing housing characteristics** including the current mix of housing types, housing tenure, vacancy rates are described.
- **Recent development and housing market trends** between 2010 and 2021 were measured. Market trends associated with housing sale prices and rental rates for multifamily housing (such as a 2-bedroom apartment), townhomes, and single-family are synthesized.
- **Cost-burdened household** trends are summarized to describe housing affordability issues and whether the existing housing stock is meeting the needs of current residents.

Subarea Housing Analysis

As previously discussed, this study analyzes housing demand in the City overall along with the development and market trends in the subareas. Trends in the subareas show where the most activity has occurred and at what intensity, under current conditions. This analysis includes:

- **Existing housing characteristics** or the current mix of housing types is compared to emerging residential development trends.
- **Development trends** over the past decade are described to understand the pace and type of recent residential development in each subarea, relative to City development.
- **Market trends** that will investigate recent home sale prices and rent prices to understand how the subareas are performing relative to the City overall.

A high-level retail analysis was also performed to examine current retail conditions to help assess any potential demand for neighborhood businesses. The analysis included retail rent and vacancy trends to understand the local market conditions and the demand potential for additional retail space that could be supported by residential growth.

How this Report is Organized

This report is organized into four sections, as outlined below.

- **Section 1) Demographic and Commuting Trends and Key Findings**. This section provides a detailed look at the demographic factors that will affect housing demand within the City of Snohomish.
- **Section 2) Housing Characteristics, Market Trends and Key Findings.** This section provides a detailed look at Snohomish's existing housing characteristics, development trends, and market trends that will help indicate an increased demand and need for certain housing types.
- **Section 3) Subarea Housing Analysis and Key Findings.** The section provides a look at the housing existing housing characteristics, development trends and housing market trends within the three areas to understand what type of housing demand exists in each area.

- **Section 4) Commercial Real Estate Analysis and Key Findings.** This section documents current commercial real estate conditions and identifies market drivers and trends that will influence the market appeal and viability of retail and office uses in the three subareas.

Section 1. Demographic and Commuting Trends

Many demographic and socioeconomic variables affect housing development. However, the literature suggests that the following household characteristics are most strongly correlated with housing choice spending habits:

- **Age of householder** is defined as the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Snohomish's population ages, different types of housing will be needed to accommodate older residents.

- **Size of household**: The number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).

- **Income**: Income is an important determinant of housing choice, strongly influencing the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and household tenure (e.g., rent or own).

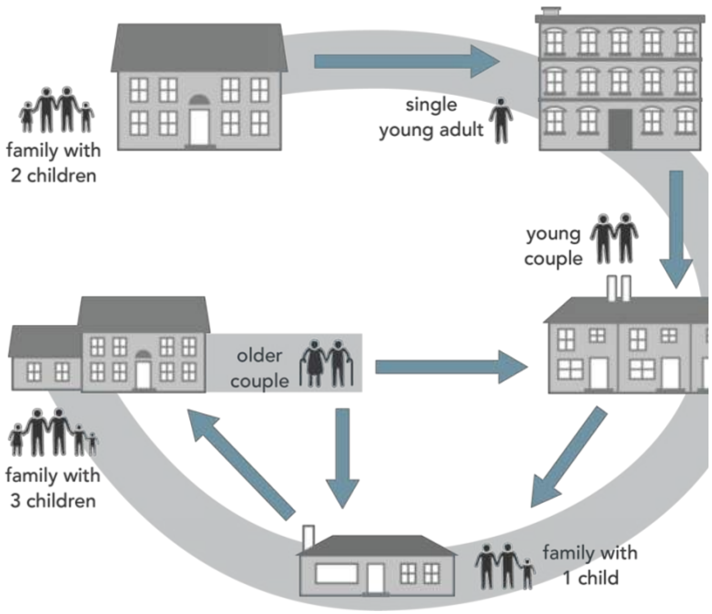
As shown in the illustration below, an individual's housing needs change throughout their life, with changes in income, family composition, and age.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family (Exhibit 3).

Families of different sizes need different types of housing.

Exhibit 3. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



The following section focuses on these and other demographic factors, presenting data that suggests how changes to these factors are likely to affect housing choice citywide.

Population Growth

Population growth and household formation will be the primary drivers of demand for housing in the City of Snohomish. The rate of population growth and household characteristics heavily influences the demand for specific housing types throughout the City and subareas. The City of Snohomish along with Snohomish County has experienced steady growth over the last several decades. The broader Puget Sound region has grown tremendously over the course of several decades and this growth extended north to Snohomish County. The City offers a high quality of life, a prime location, a small-town feel, and various community and natural amenities.

Since 1990, the City of Snohomish has added over 3,600 people (percent change increase of 56%). Snohomish County grew by 80% during the same period.

Exhibit 4. Population Growth, City of Snohomish and Snohomish County 1990-2021
Source: Washington Office of Financial Management

	Population				1990-2021
	1990	2000	2010	2021	% Change
City of Snohomish	6,499	8,494	9,098	10,160	56%
Snohomish County	465,628	606,024	713,335	837,800	80%

Population Forecast

Population in the City is forecasted to grow by about 2,752 people over the next 25 years.

Forecasted growth shows the City of Snohomish growing at a slower rate than the County overall.

Population trends show that the City of Snohomish will grow at a slower rate than it has previously experienced between 1990 and 2021.

Exhibit 5. Population Forecast, City of Snohomish and Snohomish County, 2020-2044
Source: Snohomish County Initial Growth Targets Ordinance 22-003, February 2022

	Population		2020-2044	
	2020	2044	# Change	% Change
City of Snohomish	10,126	12,878	2,752	27%
Snohomish County	827,957	1,136, 309	308,352	37%

Age Characteristics

Generally, the City of Snohomish's population is slightly younger than the County.

Exhibit 6. Median Age, City of Snohomish, Snohomish County, 2019
Source: US Census Bureau, ACS 2019 5-year

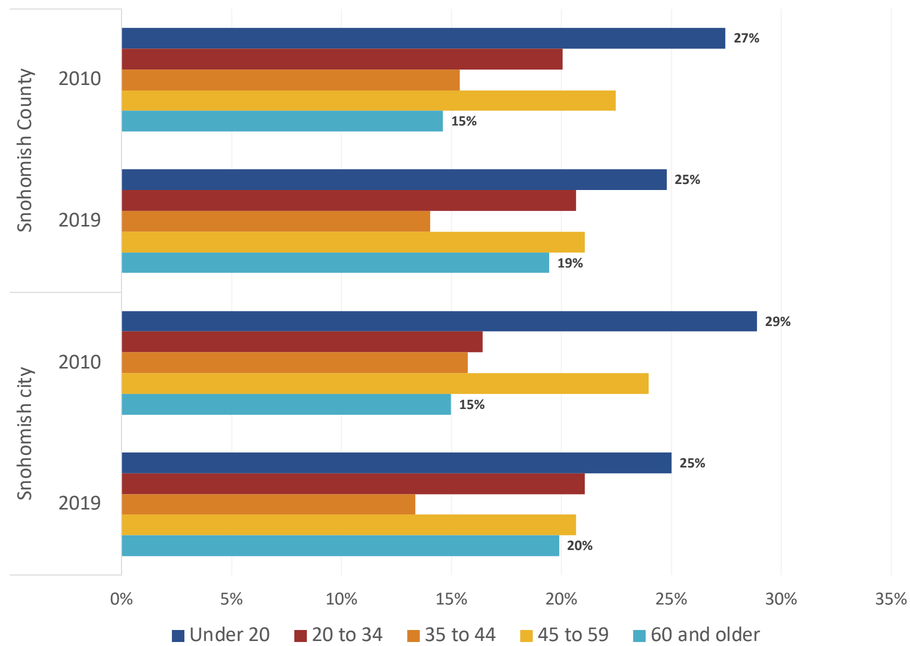
37
Snohomish city

38
Snohomish county

As of 2019, the City and County were very similar in terms of age distribution among the population, where about 46% of residents are under the age of 35.

Generally, the City's population aged 20 years and younger has decreased between 2010 and 2019, while the share of senior adults aged 60 and older has increased during the same time period. This trend is common for many urban areas and is attributed to the aging of the baby boomer generation.

Exhibit 7. Population Distribution by Age, City of Snohomish, and Snohomish County, 2006 – 2010 ACS, 2015 – 2019 ACS
Source: US Census Bureau, 2006 – 2010 ACS, 2015 – 2019 ACS



Household Characteristics

The average household size is slightly smaller in the City than in the County.

Exhibit 8. Average Household Size, Number of Persons per Household, City of Snohomish and Snohomish County, 2019

Source: US Census Bureau, ACS 2019 5-year

2.4	**2.7**
City of Snohomish	Snohomish County

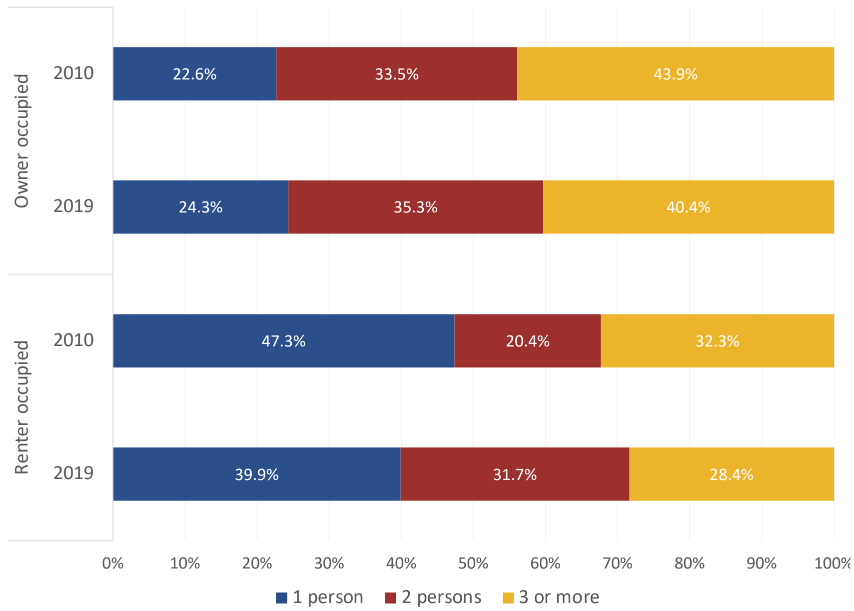
In 2019, households with three or more people account for the largest share of households that are owner-occupied in the City. One person households account for the largest share of renter-occupied households.

The percent of households with three or more people who owned homes decreased slightly between 2010-2019. Whereas households with two or more people that rented increased by more than 10 percent between 2010-2019. Single person households that rented decreased over the same time period.

Overall, about 54% of the City's housing stock is owner-occupied and 46% rent their housing.

Exhibit 9. Household Size by Tenure, City of Snohomish 2010-2019

Source: US Census Bureau, 2006 – 2010 ACS, 2015 – 2019 ACS

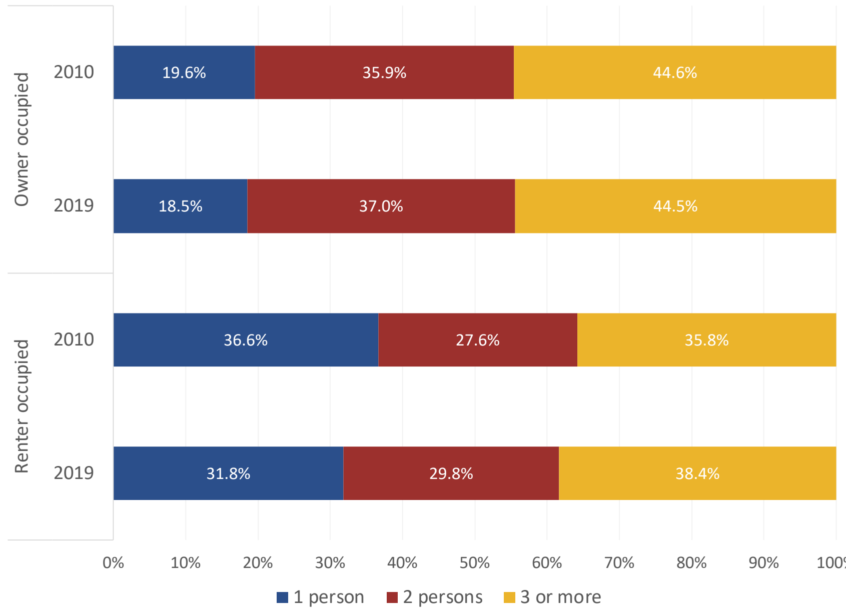


Similar to the City, households with three or more people account for the largest share of households that are owner-occupied in the County. Households with three or more account for the largest share of renter-occupied households, as well.

Household size by tenure has stayed relatively stable over the last decade in the County, with some minor changes across households that rent.

Exhibit 10. Household Size by Tenure Snohomish County, 2010-2019

Source: US Census Bureau, 2006 – 2010 ACS, 2015 – 2019 ACS



Income Characteristics

The City's median household income is substantially lower than the County median.

Exhibit 11. Median Household Income, City of Snohomish and Snohomish County, 2019
Source: US Census Bureau, 2015-2019

$71,800	$86,691
City of Snohomish	Snohomish County

Most households in the City have either an income between $25k-49k or between $100k-$149k. Between 2010 and 2019 households, in both the City and the County, households earning more than $100,000 per year grew substantially, along with households earning over $150,000 per year. The number of households earning under $75,000 per year decreased substantially. See Exhibit 13 for percent change between 2010-2019 for each income bracket. These numbers have not been adjusted for inflation.

Exhibit 12. Household Income Distribution, City of Snohomish and Snohomish County, 2006 – 2010 ACS, 2015 – 2019 ACS
Source: US Census Bureau, 2006 – 2010 ACS, 2015 – 2019 ACS

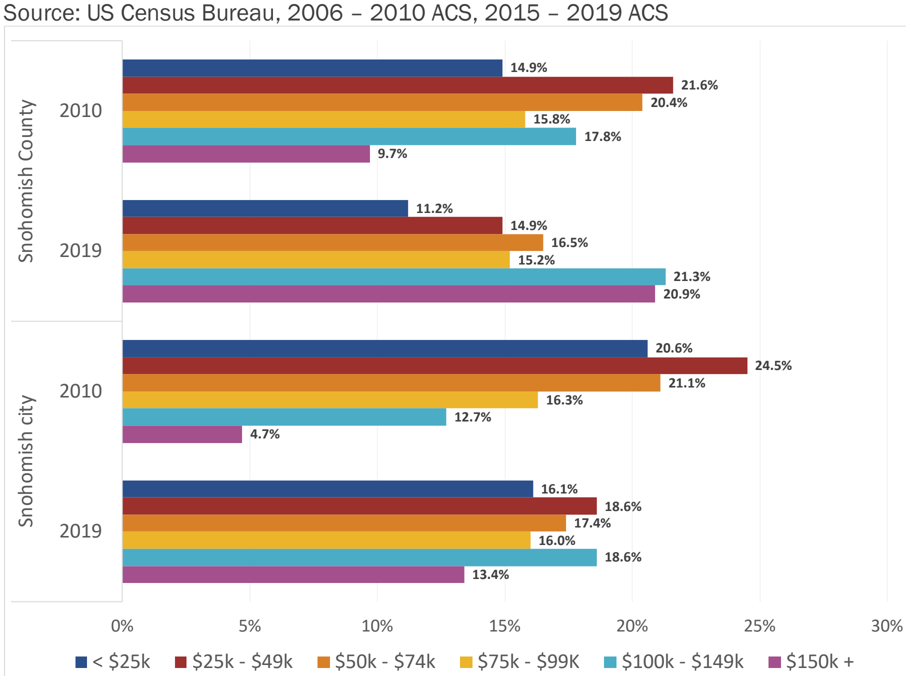


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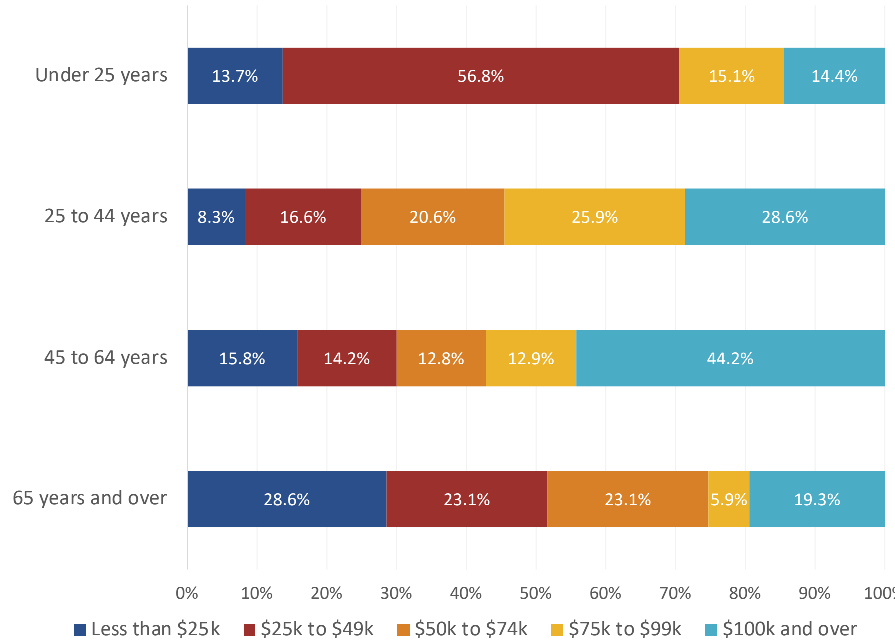
Exhibit 13. Household Income Distribution, City of Snohomish and Snohomish County, 2006 – 2010 ACS, 2015 – 2019 ACS
Source: ECONorthwest Calculations

	% Change 2010-2019	
	City of Snohomish	Snohomish County
< $25k	-24.8%	-21.8%
$25k - $49k	-31.0%	-24.1%
$50k - $74k	-19.1%	-17.5%
$75k - $99K	-3.8%	-1.8%
$100k - $149k	19.7%	46.5%
$150k +	115.5%	185.1%

Household income increases as people age, until they reach the age of 65.

Exhibit 14. Household Income by Age of Householder, City of Snohomish, 2015 - 2019

Source: US Census Bureau, 2015-2019 ACS



Employment Trends

Commuting Patterns

Commuting plays an important role in where people live and it can influence where people move. The following map illustrates inflow and outflow characteristics of workers in the City of Snohomish. Outflow reflects the number of workers living in the City but employed outside of it, while in-flow measures the workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in the City of Snohomish.

- There is almost an even balance between the number of residents that leave the area for employment and nonresidents who commute into the area for work. Roughly 5,706 workers come into the area for employment (inflow) while 4,590 residents leave the area (outflow) and 498 both live and work within the City (interior flow).
- Roughly, 92% of the jobs in the City of Snohomish are filled by workers commuting into the area for employment.
- The average commute time for residents in the City Snohomish is 30.6 minutes, and 80 percent drive alone.

Most people who live in the City of Snohomish work outside the area.

Of the 5,088 working Snohomish residents, 8% (498) live and work in the City. In comparison, 74% (4,590) live in the City but are employed elsewhere.

Exhibit 15. Commuting Flows, City of Snohomish, 2019

Source: US Census Bureau, On the Map Census

Employment Forecast

The employment growth targets show that the City is forecasted to have a 31% increase in employees by 2044.

In comparison, the County's employee base is expected to grow by 58%.

Exhibit 16. Employment Growth Targets, City of Snohomish and Snohomish County, 2019-2044
Source: Snohomish County Initial Growth Targets Ordinance 22-003, February 2022

	Employment		2019-2044
	2019	**2044**	**% Change**
City of Snohomish	5,842	7,666	31%
Snohomish County	295,816	467,634	58%

Demographic Key Takeaways

The previous sections have outlined the demographic and market drivers that will influence the type of housing development in the City of Snohomish and in the three subareas. Findings from the demographic data of the City of Snohomish include:

- **Housing growth will be driven by population growth.**
  - The population in the City of Snohomish has grown steadily over the last few decades and steady growth is forecasted to continue for the next twenty years. Rapid growth in Snohomish County and in the Puget Sound region has put more pressure on cities throughout the County and will likely continue to do so. This indicates a strong demand for housing across the City of Snohomish.
- **Growth in the number of seniors will result in the demand for housing types specific to seniors, such as a small and easy-to-maintain dwellings, housing with easy access to services and public transit, assisted-living facilities, or age-restricted developments.**
  - Senior households will make a variety of housing choices as their health declines, including remaining in their homes as long as they are able; downsizing to smaller single-family homes (detached and attached), accessory dwelling units, cottages, or multifamily units; or moving into group housing (such as assisted-living facilities or nursing homes). The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss

of mobility, home maintenance difficulties, fixed incomes, and increases in property taxes.[2]

- **Snohomish has large proportions of youth and young adults similar to Snohomish County.**
  - Approximately 48 percent of Snohomish's population is 34 years of age or younger, which indicates that the City of Snohomish has a large share of families with children and large shares of young single adults.
  - Snohomish's families with children will have an increasing demand for housing with multiple bedrooms to meet the needs of these families (such as 3 bedroom housing units for larger families or ADUs for young adults still living with parents.
  - Most renters are single or two person households and coupled with the City's large portion of young adults, there will be an increase in demand for rental housing and smaller dwelling units such as plexes (duplexes, triplexes, fourplexes) townhomes or apartments.
- **Snohomish has a need for affordable rental housing and affordable homeownership options to ensure more housing stability for all income brackets, especially for those earning the median income and below.**
  - Snohomish's median household income is substantially lower (about $14,891 less) than the County.
  - Household income trends indicate that Snohomish is becoming unaffordable for household earning under $100,000 a year. The City's moderate and low-income household population is shrinking while the number of high-income earners has increased over time in both the City and the County.
  - The City saw a substantial increase in two-person households that rent which indicates a demand for smaller, first-time homeownership opportunities. This can also be seen with the increase in population of those between the ages of 20-34.
  - Those who work in Snohomish likely struggle to afford housing in Snohomish, as 92 percent of the jobs in Snohomish are filled by workers who commute into the City for employment. With employment expected to grow in the City in the next 20 years, the City will need to focus on ensuring there are affordable housing options for Snohomish's employee base.

[2] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

Section 2. Housing Characteristics

This section provides an overview of changes in the mix of housing types in the City of Snohomish relative to Snohomish County. These trends demonstrate the types of housing historically developed. As previously mentioned, demand is closely tied to preferences and demographic factors, this section will evaluate housing growth and character, which will help to inform the types of housing demands over the next several decades.

Existing Housing Stock

As of 2019 the City of Snohomish has about 4,165 existing dwelling units.

Exhibit 17. Number of Dwelling Units, City of Snohomish and Snohomish County, 2015-2019

Source: US Census Bureau, 2015 – 2019 ACS

4,165
City of Snohomish

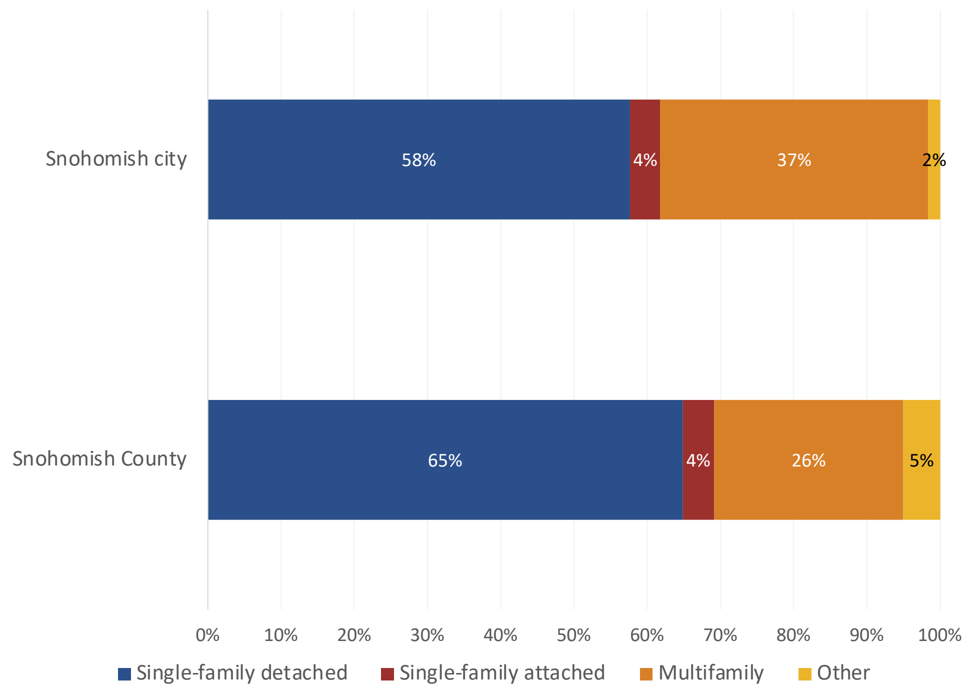
310,127
Snohomish County

In 2019, about 58% of the housing stock in the City is single-family detached, and 37% is multifamily.

Compared to the City, Snohomish County has a larger share of single-family housing and a lower share of multifamily housing.

Exhibit 18. Housing Mix, City of Snohomish and Snohomish County, 2015-2019

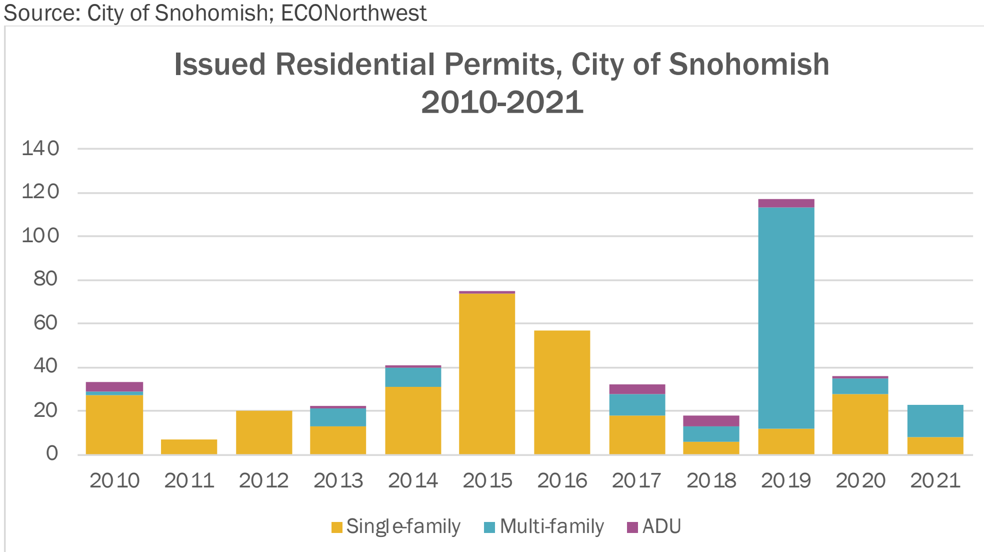
Source: US Census Bureau, 2015 – 2019 ACS



The charts in Exhibit 19 and Exhibit 20 show the number of permitted units between 2010 and 2021. Over the 2010 to 2021 period, the City of Snohomish issued permits for about 482 dwelling units, with an average of 40 units per year.

Exhibit 19. Issued Building Permits by Type of Unit, City of Snohomish, 2010-2021

Source: City of Snohomish; ECONorthwest

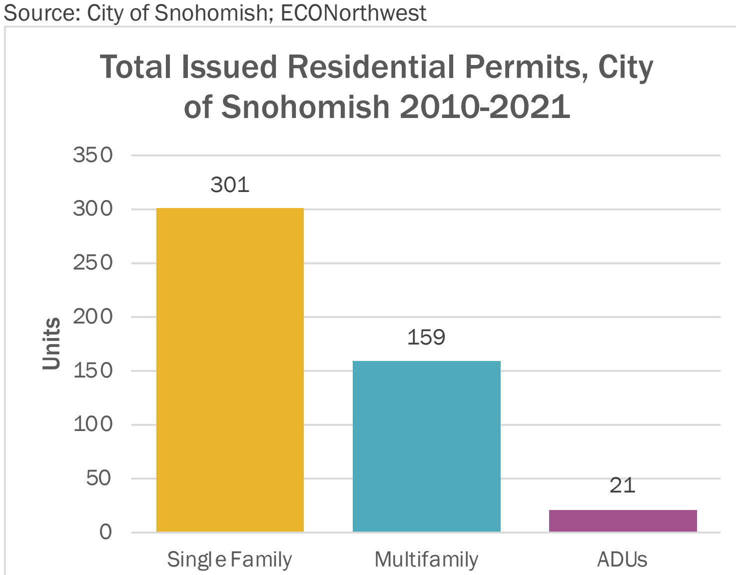


The majority (62%) of newly permitted units were for single-family detached housing.

Most of the multifamily development constructed has been small-scale 2-4 unit multifamily developments, with the exception on one large multifamily senior housing development built in 2019.

Exhibit 20. Total Issued Building Permits by Type of Unit, City of Snohomish, 2010-2021

Source: City of Snohomish; ECONorthwest



Over the 2010 to 2021 period, residential development has been inconsistent. Between 2010 and 2021 there was an average of 27 single family home permits issued per year. Due to a few large subdivisions, Riverview Highlands, Shadowood Estates, and Doug's Addition, single-family units saw a surge between 2014 and 2017, but slowed substantially afterwards. Development picked up slightly once again in 2020. Between 2010 and 2021 there was an average of 14 multifamily housing permits issued. Multifamily development saw an influx of units in 2019 primarily due to one senior housing development with 100 units. The City has issued 22 ADU building permits since 2010.

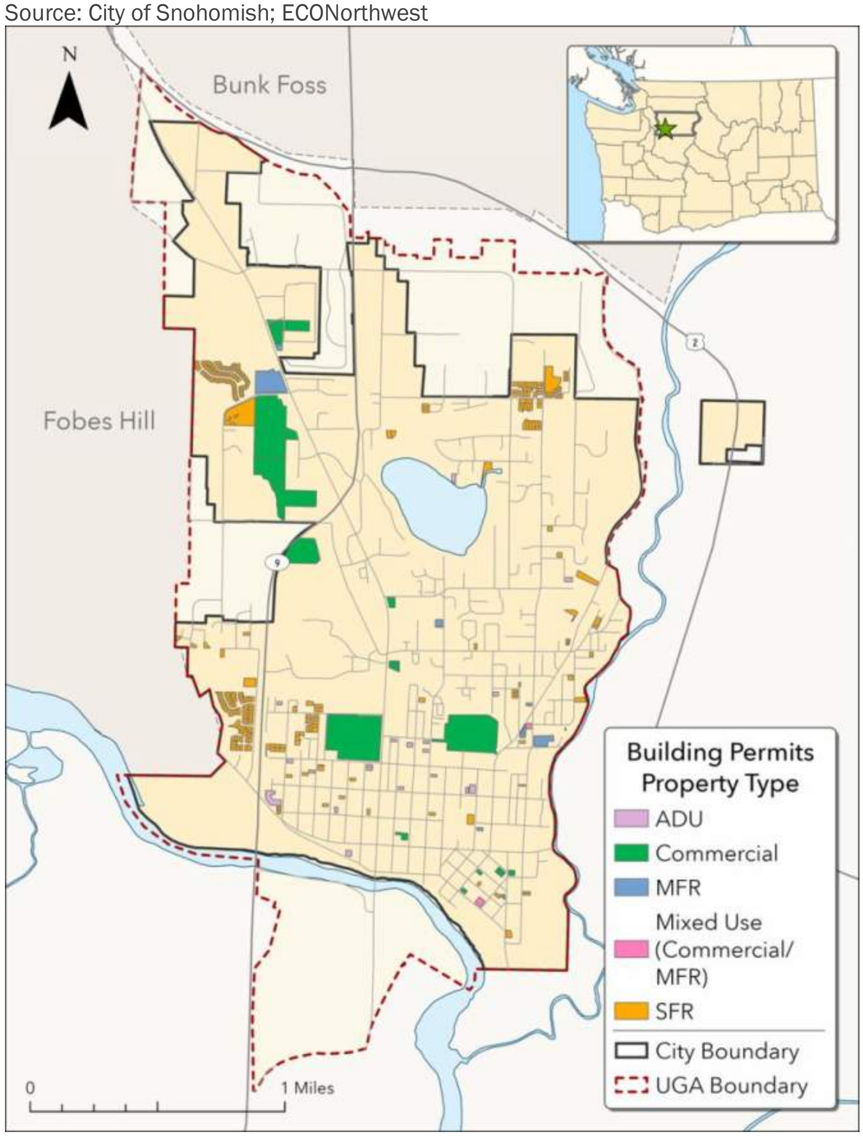
Single-family subdivisions have accounted for the majority of new homes built since 2010 in the City.

They are largely confined to the edges of the city limits, with lot sizes about 4,000 to 6,000 square feet which is comparable to lot sizes in neighborhoods adjacent to downtown.

Compared to single-family homes, very few multifamily residential units have been built since 2010, with the exception of a single senior housing development in 2019, Koz on Weaver Road, in the northwest part of the City.

Otherwise, multifamily development has occurred in the central and southern portions of the City.

Exhibit 21. Residential Development, City of Snohomish, 2010-2021
Source: City of Snohomish; ECONorthwest



Housing tenure

Housing tenure describes whether a dwelling unit is owner- or renter-occupied. Household tenure -- whether a household rents or owns their home -- can be reflective of the housing conditions in a particular area (predominance of multifamily versus single-family homes).

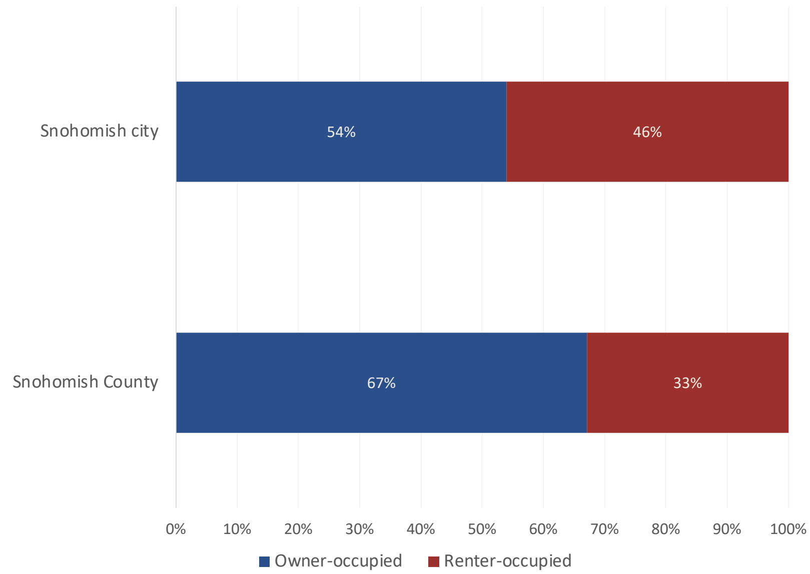
About 54% of the City's housing stock is owner-occupied.

In comparison, homeownership rates are higher in Snohomish County overall.

Around 46% of City of Snohomish residents rent their housing which is a much higher share than the county. It is important to note that the housing being built in the City has mostly been single-family detached over the last ten years which is not typically renter-occupied.

Exhibit 22. Tenure by Occupied Units, City of Snohomish and Snohomish County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS

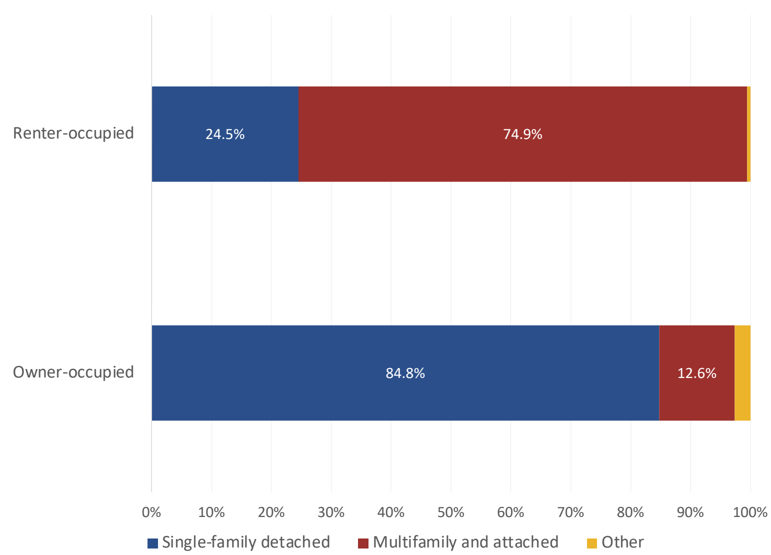


The majority of owner-occupied housing is comprised of single-family detached housing.

Multifamily housing comprises most of the rental housing.

Exhibit 23. Tenure by Type of Unit, City of Snohomish, 2015-2019

Source: US Census Bureau, 2015 – 2019 ACS



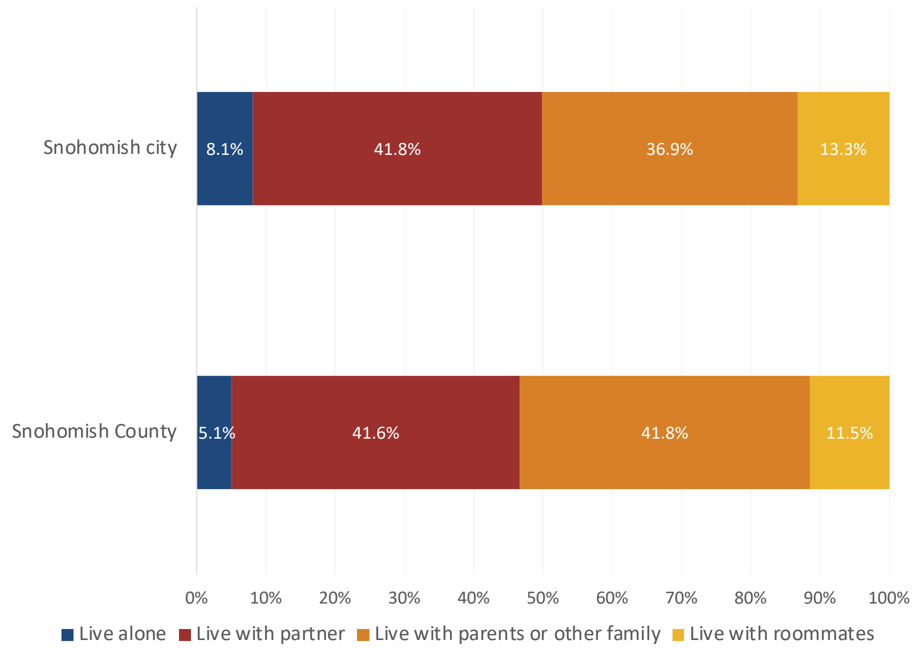
Living Arrangement

The following table looks at the living arrangement of adults 18 to 34, including their co-residence with parents, a partner, or roommates.

In 2019, the majority of adults aged 18 to 34 live with a partner (42%); however, a considerable share of adults aged 18 to 34 lived with their parents (37%). The share is even larger in the County as a whole.

A large share of younger adults age 18 to 34 living with their parents can indicate that the housing market isn't providing enough housing options for younger residents.

Exhibit 24. Living Arrangement of Adults 18 to 34, City of Snohomish and Snohomish County, 2015-2019
Source: US Census Bureau, 2015-2019 ACS



Vacancy rates

Another useful measure of housing supply and demand are vacancy rates of different housing product types. Low vacancy rates may indicate a limited housing supply with inadequate housing production to satisfy demand while in contrast, high vacancy rates imply an over-supply of housing, reduced desirability of an area, or low demand.

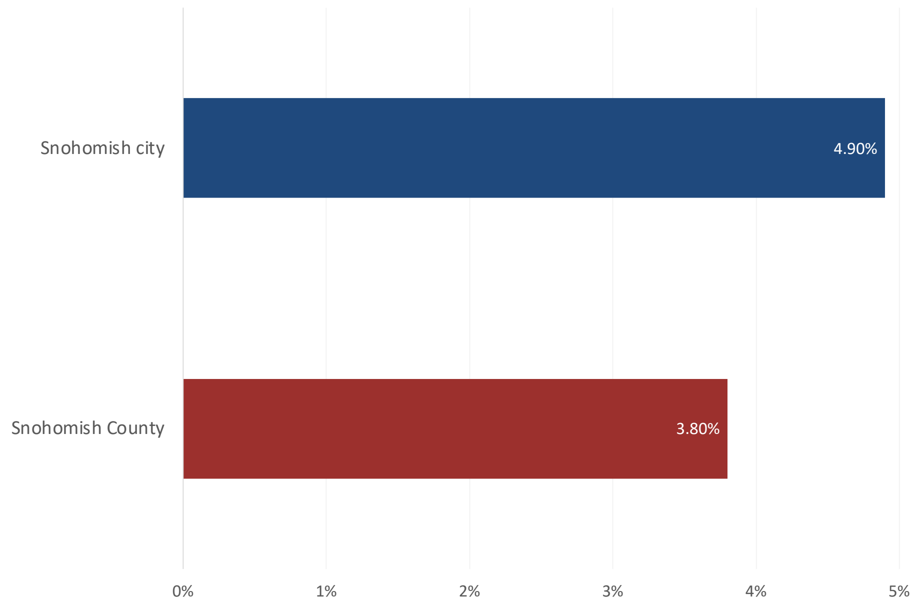
Housing market assessments often use five percent as a standard vacancy rate since it implies a balance between housing supply and demand. Average rental housing vacancy rates tend to be between seven and eight percent in the United States.[3]

[3] Source: Hagen, Daniel A. and Julia L. Hansen. "Rental Housing and the Natural Vacancy Rate." Journal of Real Estate Research, April 2010. Pages 413-434

The Census defines vacancy as: "Unoccupied housing units that are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied (e.g., for rent, for sale, or for seasonal use only)”. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others. The chart below shows the rental vacancy rate in the City of Snohomish. Ownership vacancy units are not included because it uses point in time data based on single-family units listed for sale.

In 2019, The City’s rental vacancy rates was at 4.9 percent, about one percent higher than the County overall. This means that both the City and the County have a fairly tight housing market with very few available units.

Exhibit 25. Vacancy Status, City of Snohomish and Snohomish County, 2015-2019
Source: US Census Bureau, 2015-2019 ACS



Housing Market Trends in Snohomish

This section describes changes in sales prices, rents, and housing affordability in Snohomish 2019 and more recently. Where data is available, this section compares Snohomish's housing costs to the region of Snohomish County. In the past decade, housing cost trends in the entire Puget Sound region have risen dramatically, buoyed by the strong economy, low housing production, and high demand for housing throughout the region. Price increases are also high since they are measured against the very low prices in 2010 which was a period of home price declines from the housing crisis and economic recession.

Changes in Housing Costs

According to Redfin, the average sales price for single family homes in the City of Snohomish over the past year was $858,089; however, median home prices are much higher at about $960,000 in February 2022. Relative to neighboring cities and the region, the City of Snohomish has one of the highest median home sale prices. Between 2017 and 2022, the median cost of a home more than doubled by $492,500 (105% increase) in the City of Snohomish. The extreme increase in home prices can be attributed to an increase in demand for more suburban locations close to major job centers due to the COVID-19 pandemic and increase in remote work.

The City of Snohomish has one of the highest median home sales prices in February of 2022 when compared to neighboring cities and the County.

Exhibit 26. Median Home Sale Price, Snohomish and Comparison Cities, February 2022
Source: Redfin (Snohomish, Monroe, Lake Stevens, Everett, Snohomish County)

$960K	$862K	$668K	$653K	$760K
Snohomish	Monroe	Lake Stevens	Everett	Snohomish County

Exhibit 27. Average Single-Family Home Sales Price in City of Snohomish, February 2021-February 2022
Source: Redfin

Geography	Average Price Per Square Feet	Average Unit Size (SF)	Average Sale Price	Number of Units Sold
City of Snohomish	$383	2,358	$858,089	348

Smaller sized, 2-bedroom townhomes in Snohomish offer a more affordable ownership alternative, with an average sale price of about $433,000. On average, townhomes are substantially more affordable than average single family home prices city wide.

Exhibit 28. Townhome Home Sales Price in City of Snohomish, February 2021-February 2022
Source: Redfin

Unit Type	Average Price Per Square Feet	Average Unit Size (SF)	Average Sale Price	Number of Units Sold
2	$355	1,226	$433,300	10
3	$368	1,993	$728,797	19
4	$368	1,837	$675,000	3
Average	**$364**	**1,739**	**$631,411**	**32**

Rental Housing

The median gross rent (baseline rent before any additional utility or amenity costs) was $1,067 in 2019 in Snohomish and is nearly $400 less than Snohomish County's median gross rent.

Exhibit 29. Median Gross Rent, City of Snohomish and Snohomish County, 2015-2019
Source: US Census Bureau, 2015 – 2019 ACS

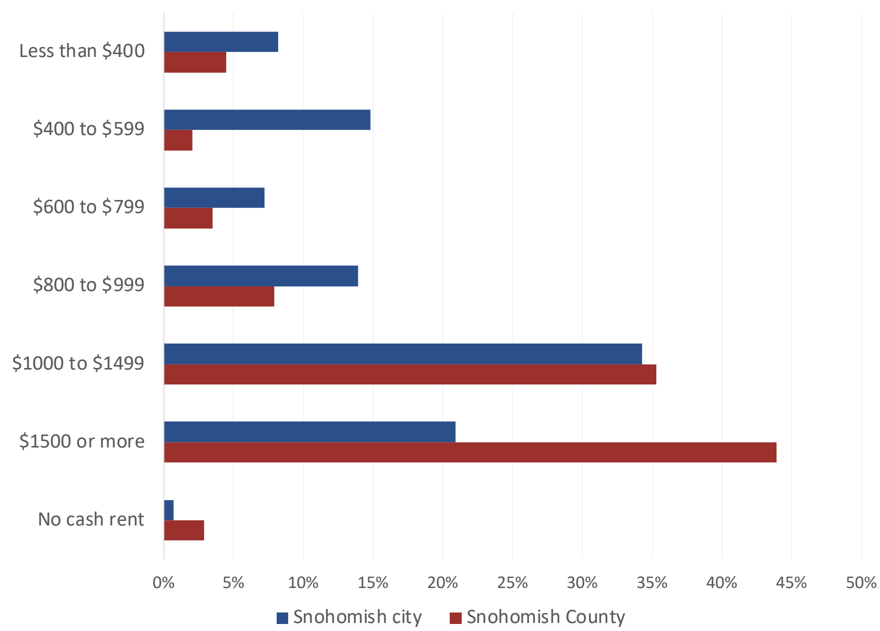
$1,067
City of Snohomish

$1,438
Snohomish County

About 45 percent of renters in Snohomish pay less than $1,000 per month in rent, compared to 20 percent of Snohomish County residents.

Rent costs noted in Exhibit 29 and Exhibit 30 are the 2019 ACS 5-year estimates and increases in rent costs have been observed since in 2022 and are noted below in **Error! Reference source not found.**.

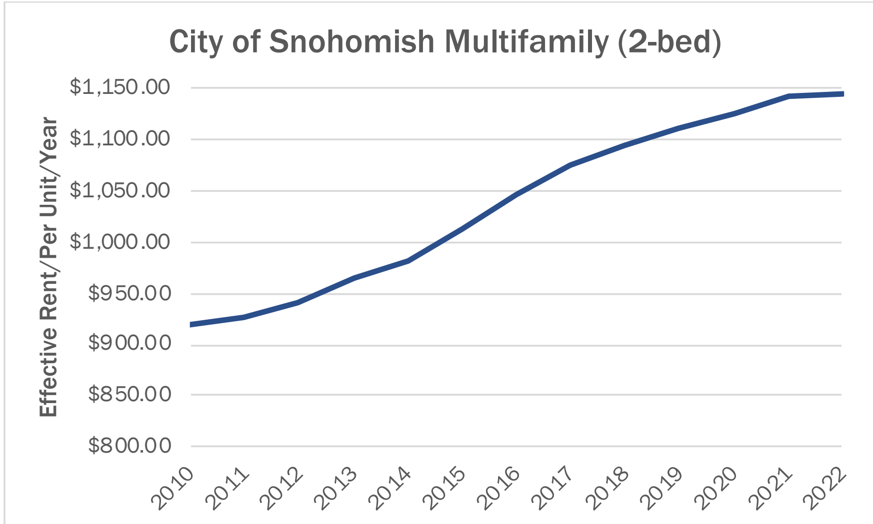
Exhibit 30. Gross Rent, City of Snohomish and Snohomish County, 2015 – 2019 ACS
Source: US Census Bureau. 2015-2019 ACS



Generally, multifamily rents in the City of Snohomish have increased year over year for a 2-bedroom apartment.

Between 2010 and 2022 Q1, rents for a 2-bedroom apartment have increased 124 percent ($225) from $919 per month in 2010 up to $1,144 per month in 2022 Q1.

Exhibit 31. Average 2-Bedroom Rent, City of Snohomish, 2010 to 2022 Q1
Source: CoStar



Housing Affordability

Housing costs are typically the largest portion of a household budget. “Housing costs” typically include mortgage or rent payment, utilities, interest and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting its community need to provide housing that is affordable to all households in a community. Housing cost burden can put low-income households in vulnerable situations and force them to make trade-offs between housing costs and other essentials like food, medicine, or transportation. This unstable condition can also lead to rental evictions, job instability, school instability for children, and homelessness. Cost burdening for owner-occupied households is less common because mortgage lenders typically ensure that a household can pay its debt obligations before signing off on a loan.

The Department of Housing and Urban Development (HUD) sets income limits each year to establish eligibility for its assisted housing programs and to define an area’s Median Family Income (MFI).[4] As of 2021, the median family income for the Seattle-Bellevue Metro Area was

[4] The City of Snohomish is included in HUD’s defined Seattle-Bellevue Metro Area. MFI is very similar to the Area Median Income (AMI) and these terms are often used interchangeably.

$115,700 for a family of four.[5] The table below shows the assumptions of what households in this metro area can reasonably afford to pay on their housing costs without being cost-burdened.

About 22 percent of Snohomish's households are cost burdened and 12 percent are severely cost burdened. When analyzing by tenure, 38 percent of renter households are cost burdened, compared to 31 percent of homeowners.

Approximately 24% of households who rent are cost burdened in the City, and 14% of renters are severely cost-burdened.

In comparison, about 21% of owner households are cost burdened and 10% of owner-occupied households are severely cost-burdened.

Overall, just over one-third of the households in the City of Snohomish are cost-burdened.

Exhibit 32. Tenure by Occupied Units, City of Snohomish, 2014-2018
Source: US Census Bureau, 2015 – 2019 ACS

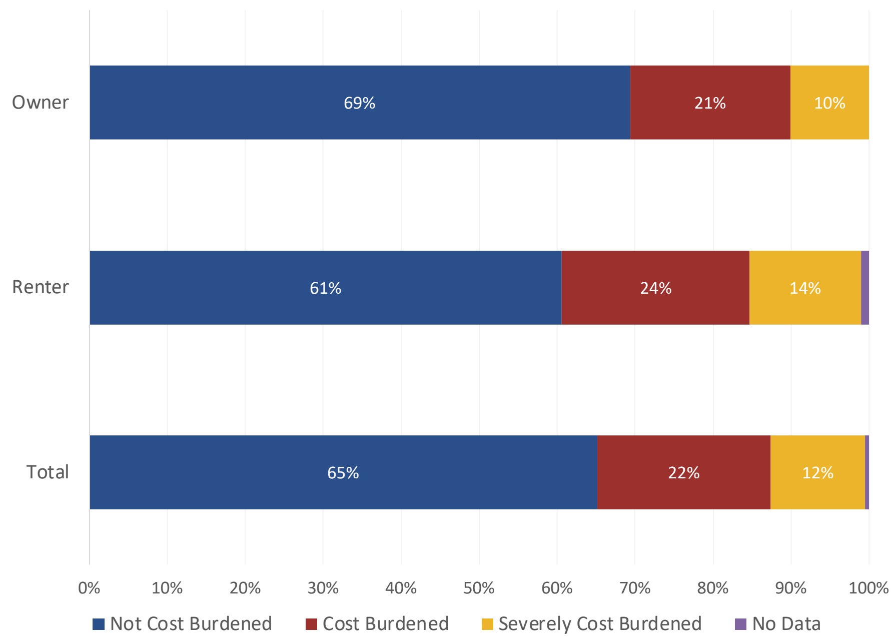


Exhibit 33 below shows that a household of four people earning the median family income (MFI) for Snohomish County ($115,000) can afford a monthly rent of about $2,880 or a home roughly valued between $403,000 and $460,000.

The median home sales price in Snohomish in 2022 is about $960,000. A household would need to earn about $230,000, or 200 percent of MFI, to afford the median sales price of housing in Snohomish. About 13 percent of Snohomish's households have income at or above $150,000, this suggest that less than 13 percent of households can afford the median sales price.

The average rent for a 2-bedroom apartment in Snohomish was $1,144 in 2022 Q1, which requires an income of about $46,000. About 16 percent of Snohomish's households have

[5] HUD: Office of Policy Development and Research; 2022 Income Limits

incomes below $25,000 and cannot afford the rent of an average 2-bedroom apartment in Snohomish.

Exhibit 33. Financial Attainable Housing, by Median Family Income (MFI) for a family of four, Snohomish County ($115,000), 2022
Source: US Department of Housing and Urban Development, Snohomish County, 2022.

If your household earns...

30% of MFI	50% of MFI	80% of MFI	100% of MFI	120% of MFI
$34,500	$57,500	$92,000	$115,000	$138,000

Then you can afford...

30% of MFI	50% of MFI	80% of MFI	100% of MFI	120% of MFI
$860	$1,440	$2,300	$2,880	$3,450
monthly rent	monthly rent	monthly rent	monthly rent	monthly rent
	OR	OR	OR	OR
	$173,000	$322,000	$403,000	$483,000
	$201,000	$368,000	$460,000	$552,000
	home sales price	home sales price	home sales price	home sales price

Housing Growth Forecast

This section describes the key assumptions and presents an estimate of new housing units that could be built in the City of Snohomish between 2019 and 2044, shown in Exhibit 34. The key assumptions are based on the best available data.

- **Population.** A 20-year population forecast (in this instance, 2019 to 2044), is the foundation for estimating new dwelling units. Snohomish County has set a population growth target for the City of Snohomish of 12,878 residents by 2044.
- **Household Size.** Exhibit 8 shows an average household size of 2.4 persons per household in the City of Snohomish. Thus, for the 2019 to 2044 period, we assume an average household size of 2.4 persons per household.
- **Vacancy Rate.** Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

  There is an average overall vacancy rate of about 3.7% (renter and owner-occupied units) in the City of Snohomish, based on data from the 2015-2019 American Community Survey. For the 2019 to 2044 forecast period, we assume a vacancy rate of 3.7%.

Population growth will drive the demand for approximately 1,200 new dwelling/housing units over the 20-year period, with an annual average of about 50 dwelling units needed in the City of Snohomish.

Some level of vacancy within a market is healthy for housing mobility, which gives households some degree of housing choice that is right for their needs.

Exhibit 34. Forecasted Demand for New Housing Units, in the City of Snohomish from 2019 to 2044

Source: Calculations by ECONorthwest based on Snohomish County Initial Growth Targets Ordinance 22-003, February 2022

Growth in Population	**2,752 persons**
Average household size	**2.4 persons**
New occupied Housing Units	**1,146 housing units**
times Vacancy rate	**3.7%**
equals Vacant dwelling units	**42**
Total New dwelling Units (2019-2044)	**1,188***
Annual average of new dwelling units	**47**

*Housing growth noted here does not reflect the impacts of underproduction[6] or housing for the homeless.

[6] Historically, the national housing market has produced more units of housing than the growth in the number of households created. Since the end of the Great Recession — 2010 to 2016— the ratio fell to only seven homes built for every 10 new households formed.

Housing Market Analysis Key Takeaways

The following is a discussion of how demographic and housing trends are likely to affect housing demand and choice in the City of Snohomish. The City of Snohomish has seen inconsistent surges in residential development since 2010, of which the vast majority has been detached single-family. However, there has been an uptick in multifamily development since 2017, with a significant increase in 2019 due to a 100-unit senior housing facility. The following is a summary of recent and current housing development trends.

- **Housing is becoming less affordable for both renters and homeowners.**
  - About 34 percent of the City of Snohomish's residents are spending 30 percent or more of their annual income on housing costs.
  - Renters tend to be more cost-burdened than those who own their home, but in Snohomish the number of cost-burdened households by tenure is similar. About 38 percent of renters and 31 percent of households who own are cost-burdened.
- **There is an increased demand for more attached and multifamily rental housing development in the City.**
  - About half of existing and newly permitted housing in the City of Snohomish is comprised of single-family detached housing units. Nearly 58 percent of the City's housing stock is single-family detached units, which is lower than Snohomish County overall.
  - Housing tenure levels (owner-occupied vs. rental housing) are lower than Snohomish County with 46 percent of the housing in the City classified as renter occupied. Eight-five percent of homeowners live in single-family housing.
  - Nearly 75 percent of renter-households live in multifamily and attached housing, and the rest of renter-households (25%) live in single-family detached housing.
  - Since 2010, rents for a 2-bedroom apartment have increased 124 percent.
  - With about 16 percent of Snohomish's households earning less than $25,000, they are unable to afford the rent of an average 2-bedroom apartment in Snohomish.
- **Single-family housing prices are unaffordable to the majority of the City's income earners.**
  - The median home sales price in Snohomish in 2022 is about $960,000. A household would need to earn about $230,000, or 200 percent of MFI, to afford the median sales price of housing in Snohomish.
  - According to the Census, just over 13 percent of households earn $150,000 or more a year. This suggest that only 13 percent or less of Snohomish households can afford a median sale priced home in 2022.
  - On average, citywide townhomes sale prices are more affordable than average single family home prices citywide. On average, the sale price for a townhome is

$631,411, but this is still unaffordable for at least two-thirds of the City's households.

- **The City has an immediate need for smaller, lower-cost housing for families, young adults, and seniors, for both owner and renter occupants. One- and two-bedroom units and more compact development options like small single-family attached units, cottage housing, townhomes, plexes, ADUs and multifamily units should be evaluated as development options throughout the City.**
    - About 20 percent of the population are those over the age of 60 years, and typically have lower incomes but they are more likely to have accumulated assets and wealth (e.g., proceeds from the sale of an existing home). This indicates that there will be increased demand for smaller housing types, with the growth of people over 60 years old because household size decreases with age. In reference to the large senior housing development recently built, it appears that varying types of developments are already emerging to meet the lifestyle preferences and needs of active older adults. At the same time, greater longevity will require supportive housing that provides assistance to the needs of the elderly population.
    - The average household size is 2.4 persons, slightly smaller than Snohomish County overall. There is a large number of young adults within the City (ages 18 to 34) living with their parents, and the number grows when looking across the entire County. While there are many factors why young adults are living with their parents, one driving force is the high cost of housing throughout the region. While homeownership rates of those under 35 years is at an all-time low, many more may be looking to rent. Plans for more housing in the City should include rental and smaller housing types with community amenities to appeal to younger and older households.
    - Those who work in Snohomish likely struggle to afford housing in Snohomish, as 92 percent of the jobs in Snohomish are filled by workers who commute *into* the City for work. This broad range of housing options will allow those who are currently commuting into Snohomish the choice to live where they work, and better offset additional household expenses such as transportation costs.
    - The City of Snohomish has grown by almost 60 percent in the last 30 years, and will continue to grow in the next 20 years, as most cities in Western Washington. The county has allocated an additional 2,752 residents for the City by 2044. These residents will drive demand for approximately 1,200 new dwelling units over the 20-year period, with an annual average of about 50 dwelling units. For reference the City has, on average, produced about 40 dwelling units a year over the last 12 years.

Subarea Analysis Housing Analysis

Housing Demand

The City of Snohomish's housing market is complex. Shortages in one kind of housing can have spill-over effects in other parts of the market—including the subareas under study. Understanding citywide consumer profiles such as who typically rents and owns a house can help us determine the housing choice and preferences of these households. Given that Snohomish is a relatively small city and portions of the subareas are within city limits, housing demand in each subarea will generally align with that of the City.

Population Forecast in the Urban Growth Area

With portions of the three subareas lying outside of the Snohomish City limits, understanding the expected growth for Snohomish's unincorporated Urban Growth Area (UGA)[7] will be important when considering annexation of these areas.

The City's unincorporated UGA population is expected to grow by 29% by 2044.

Forecasted growth for the City's unincorporated UGA growing at a slower rate than the County's total unincorporated UGA.

Exhibit 35. Population Forecast, City of Snohomish and Snohomish County Unincorporated UGA, 2020-2044
Source: Snohomish County Initial Growth Targets Ordinance 22-003, February 2022

	Population		
	2020	**2044**	**% Change**
City Unincorporated UGA	1,400	1,805	29%
County Unincoropated UGA	230,286	317,174	38%

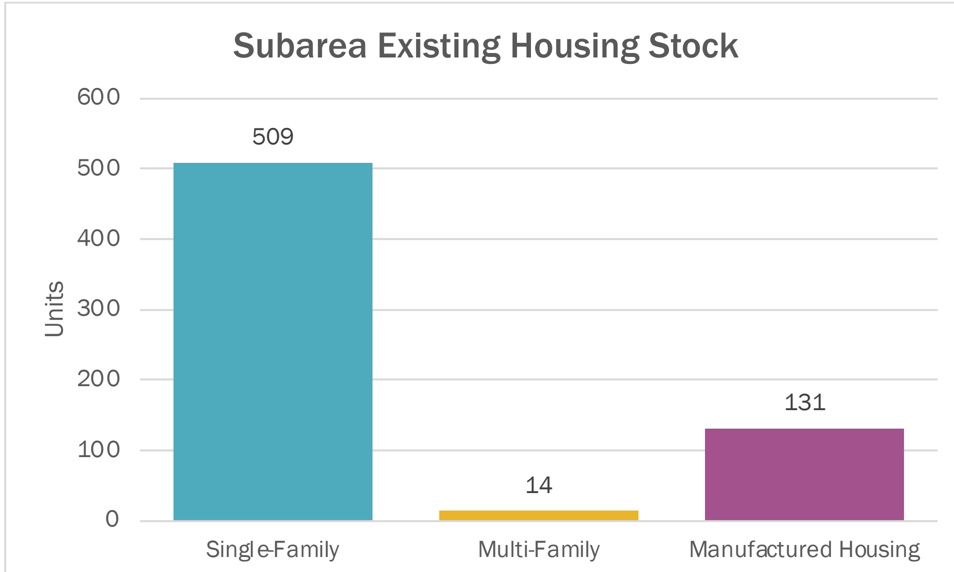
[7] RCW 36.70A.110 (1) Each county that is required or chooses to plan under RCW 36.70A.040 shall designate an urban growth area or areas within which urban growth shall be encouraged and outside of which growth can occur only if it is not urban in nature

Existing housing characteristics in subareas

Majority of the existing housing stock in all the subareas is detached single-family. About 78 percent of the existing housing stock in all the subareas is detached single-family. This is significantly higher than the City's overall share of single-family detached housing of 58 percent.

Compared to multifamily housing, there is a larger share of manufactured housing across the three subareas—mostly concentrated in the North Corner.

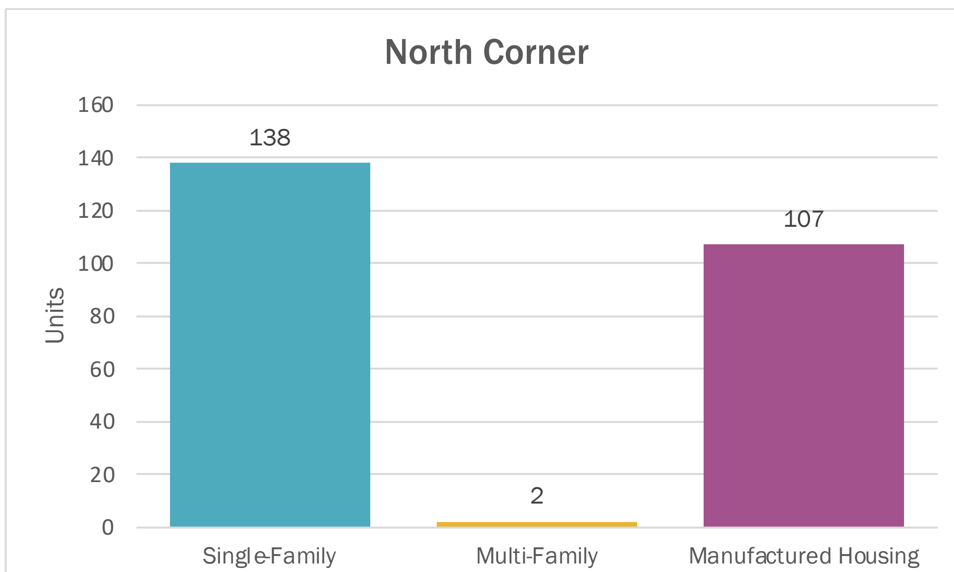
Exhibit 36. Existing Housing Stock by Type, All Snohomish Subareas
Source: LDC Parcel Data



North Corner's share of detached single-family is lower than the other two subareas, with about 55 percent single-family.

North Corner contains a large share of manufactured housing, including a 60-unit mobile home park.

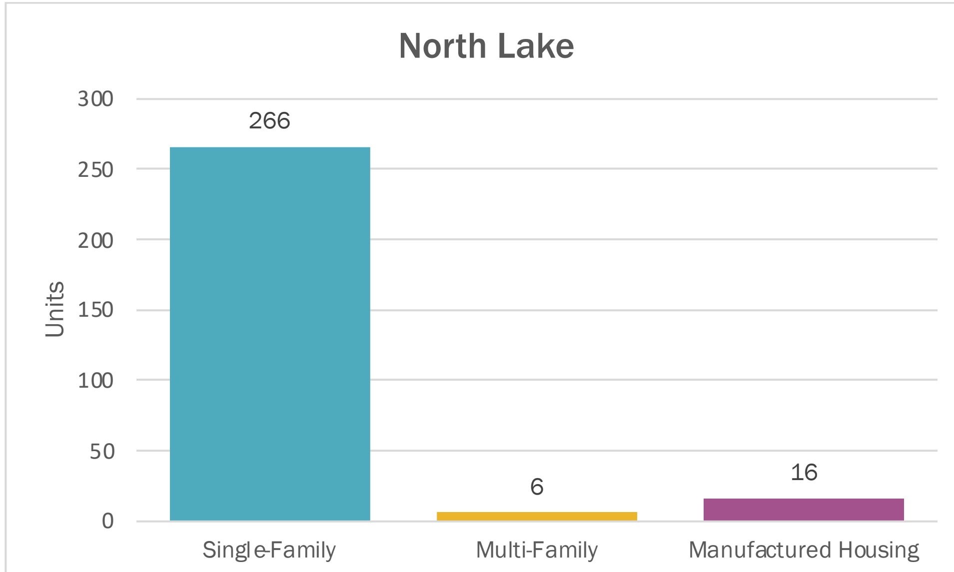
Exhibit 37. Existing Housing Stock by Type, North Corner Subarea
Source: LDC Parcel Data



Just over 92 percent of North Lake's housing stock is detached single-family.

This makes North Lake the least diverse subarea in terms of housing stock.

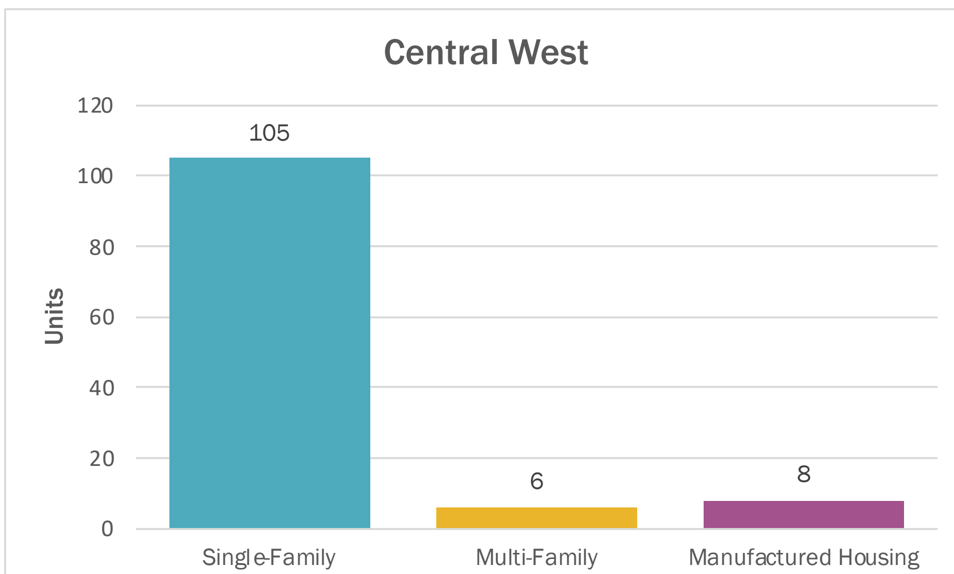
Exhibit 38. Existing Housing Stock by Type, North Lake Subarea
Source: LDC Parcel Data



Approximately 88 percent of Central West's housing stock is detached single-family.

Central West and North Lake more closely resemble each other in terms of housing stock.

Exhibit 39. Existing Housing Stock by Type, Snohomish Subareas
Source: LDC Parcel Data



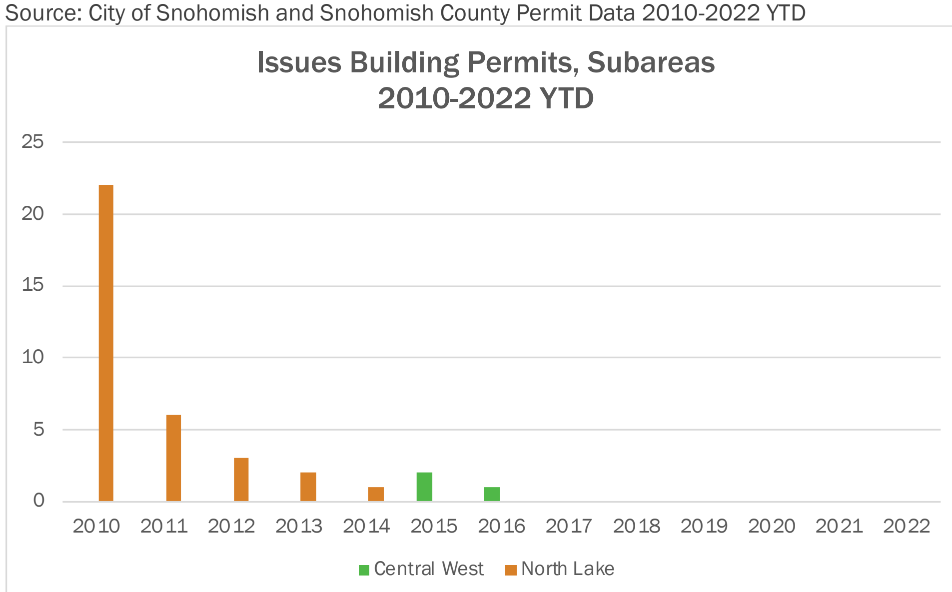
Development trends in subareas

There has been no new residential development in the three subareas since 2016 and no residential development has occurred in the North Corner area.

There has been no residential development within the portions of the subareas that are unincorporated.

Only single-family units have been built in the subareas since 2010, totaling 37 units.

Exhibit 40. Issued Residential? Building Permits, Snohomish Subareas, 2010-2022 YTD
Source: City of Snohomish and Snohomish County Permit Data 2010-2022 YTD



Market Trends

Trends show that single family homes prices are lower in the comparison subareas than city wide averages. On average, single family home prices in these subareas are about $101,000-$198,000 lower when compared to city wide prices. This is likely due to factors like size and quality of the unit, location (i.e. proximity to downtown), and nearby amenities.

Exhibit 41. Average Single-Family Home Sales Price in City of Snohomish and Subareas, February 2021-February 2022
Source: Redfin

Geography	Average Price Per Square Feet	Average Unit Size (SF)	Average Sale Price	Number of Units Sold
Central West	$394	1,990	$754,277	13
North Corner	$403	1,780	$683,800	5
North Lake	$357	1,980	$660,237	13
City of Snohomish	$383	2,358	$858,089	348

Section 3. Subarea Analysis Key Findings

The City's overall housing market will drive demand for housing in the subareas, especially as residential capacity becomes exhausted within the city limits. Findings from the subarea housing analysis are as follows.

The three subareas, North Corner, North Lake, and Central West have seen very little residential development since 2010, all of which has been detached single-family. The following is a summary of residential development trends in the three subareas examined for this market analysis.

- **There has been very little residential growth in the subareas since 2010, but growth in neighboring areas indicates an increasing demand for additional housing.**
    - The only type of residential development that has occurred in the subareas is single-family detached and no residential growth has been observed since 2016.
    - North Corner has seen no residential growth since 2010, but this is likely due to a lack of buildable land and appropriate zoning for the type of developments that would be suitable near the existing commercial center just outside the subarea.
    - New development has been observed just outside the Central West Subarea including a 100-unit senior housing development and a single-family development built around 2016 with lot sizes 4,000 SF and below.
- **Housing sale prices in the subareas are still unaffordable to most of the City's income earners, indicating a demand for more diverse housing options.**
    - The City's median income earners earn just over 60 percent of the Seattle-Bellevue MFI.
    - Households earning 120% of the MFI can afford to purchase a home up to $552,000, which is much lower than the average sale price in the subareas.
- **Opportunities for more diverse housing types such as smaller attached single-family units, cottage housing, townhomes, plexes and multifamily units exist within all three subareas.**
    - Nearly 80 percent of the existing housing stock in the subareas is detached single-family. This is significantly higher than the City's overall share of detached single-family.
    - North Corner's share of single-family detached is the lowest at 55%. The subarea contains the most manufactured housing, which includes a large 60-unit mobile home park.
    - North Lake is the least diverse, as 92 percent of its housing stock is single-family detached.

- Central West has seen the most recent development out of all three subareas and some very recent multifamily development just outside the subarea boundaries. However, the subarea lacks housing diversity and has limited potential due to its current single-family zoning.

- **Residents may look to the subareas for lower-cost housing options, as housing prices are generally more affordable than the City overall.**
  - Average sales prices in the City of Snohomish overall were about $858,089, which is significantly higher than in the subareas.
  - The average citywide townhome sale price is $631,411, which is comparable to that of single-family homes in the subareas and substantially more affordable than average single family home prices citywide.
  - Average sale prices in Central West are the highest of the three subareas by about $70k-$90k.
  - Average sale prices are lowest in North Lake at $660,237.

- Since the City is fairly built out within its limits, and with homeownership becoming more unaffordable for most of the City's households, the demand is high in the subareas for a wider range of housing types to increase capacity and generate more affordable options for the city's demographics.

Section 4. Commercial Real Estate Analysis

This section details Snohomish's commercial real estate conditions and identifies market drivers and trends that will influence the market appeal and viability of retail and office uses in the three subareas. Commercial demand is partially a function of residential growth and spending power of residences in the immediate area. Snohomish retail conditions are discussed in the following section.

Citywide Retail Trends

Historically, retail rents peaked pre-Great Recession at about $25.00 per square foot. Rents declined during the Great Recession and in 2013 rents have since steadily increased.
Since 2013, rents have increased 42 percent ($6.16) from $14.58 per square foot in 2013 up to $20.74 per square foot in 2022 Q1 but they have not increased to the pre-Great Recession peak at $25.00 per square feet.

Steady rent increases have been a result of very low vacancy rates and an increased demand for retail space.

Exhibit 42. Average Retail Rent per Square Feet, City of Snohomish, 2005 to 2022 Q1
Source: CoStar, ECONorthwest

Retail vacancies peaked after the Great Recession at about 12 percent in 2012 and rapidly declined after 2013.

Between 2013 and 2022 Q1, retail vacancies declined 9.6 percentage points. In recent years vacancies have declined to extremely low levels of 0.6 percent in 2022 Q1.

Generally, a healthy retail market will have a vacancy rate between 5 and 7 percent. Vacancy rates lower than 5 percent suggest a constrained market supply and can result in upward pressures on rents.

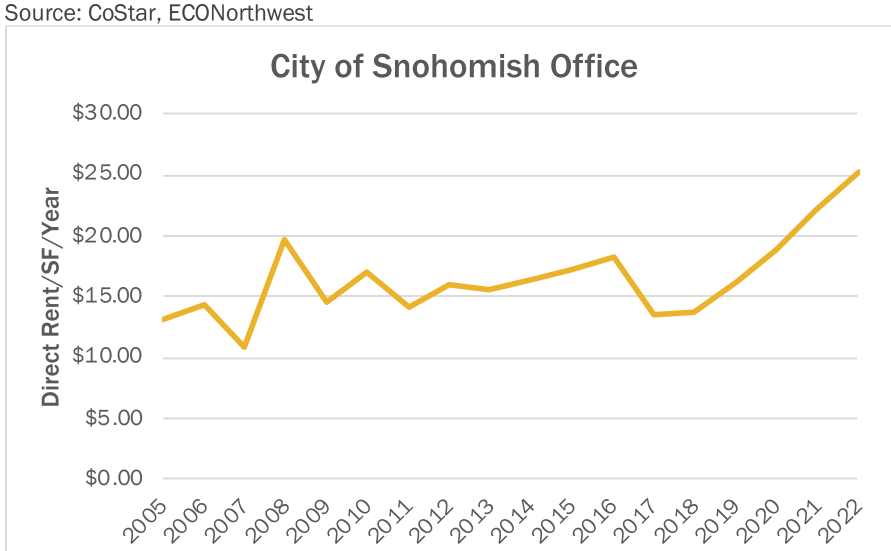
Exhibit 43. Average Retail Vacancy Rate, City of Snohomish, 2005 to 2022 Q1
Source: CoStar, ECONorthwest

Citywide Office Trends

Generally, office rents in Snohomish have increased to an all-time high in 2022 Q1.

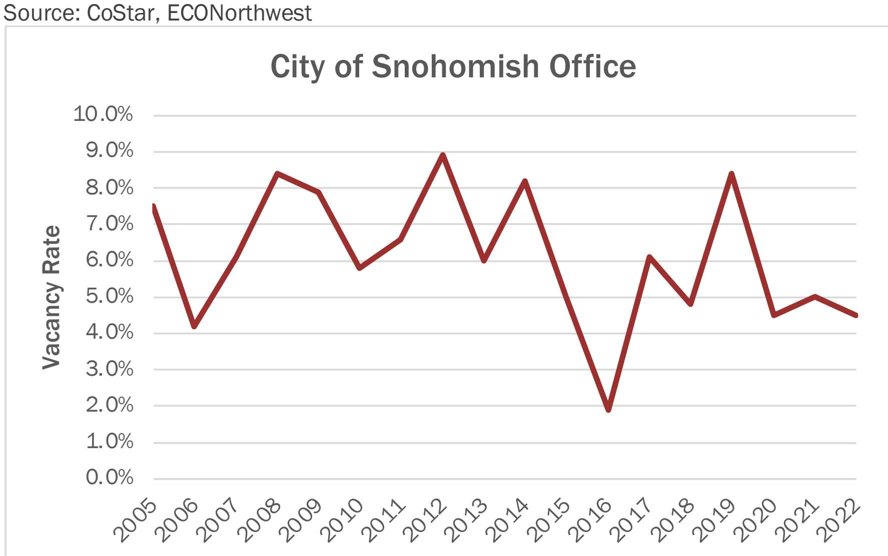
Between 2013 to 2022 Q1, rents have increased 63 percent ($9.81) from $15.49 per square foot in 2013 up to $25.30 per square foot in 2022 Q1.

Exhibit 44. Average Office Rent per Square Feet, City of Snohomish, 2005 to 2022 Q1
Source: CoStar, ECONorthwest



Between 2005 to 2022 Q1, office vacancies have fluctuated widely, but during this period vacancies have generally averaged 6.1 percent. Office vacancies in 2022 Q1 have declined to 4.5 percent.

Exhibit 45. Average Office Vacancy Rate, City of Snohomish, 2005 to 2022 Q1
Source: CoStar, ECONorthwest



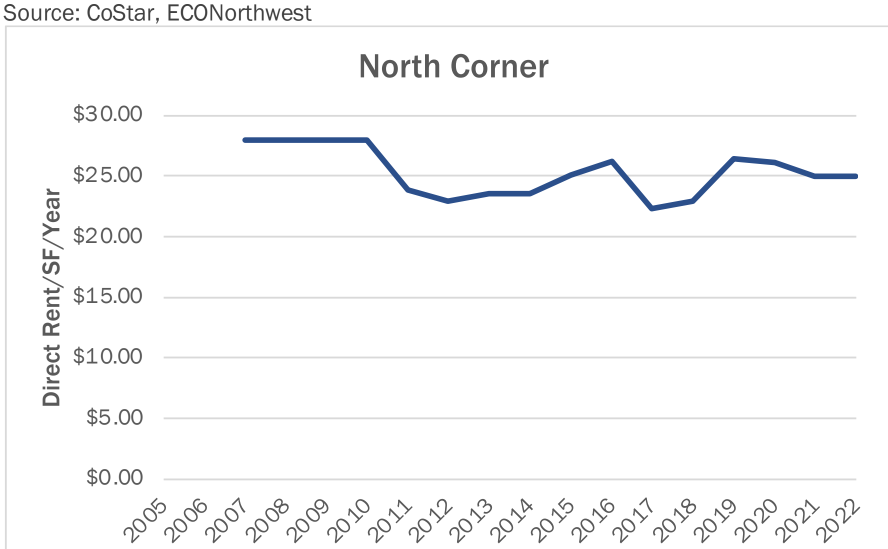
Subarea Retail Analysis

Historically rents in the North Corner have decreased from $28.00 per square foot in 2007 down to $25.00 per square foot in 2022.

Retail rents in the North Corner declined during the Great Recession and steadily increased beginning in 2012.

Between 2012 and 2022 Q1, retail rents in the North Corner have reflected market demand. Generally, low vacancies resulted in increasing rents, while high vacancies resulted in slight decreases in market rents.

Exhibit 48. Average Retail Rent per Square Feet, North Corner Subarea, 2005 to 2022 Q1
Source: CoStar, ECONorthwest



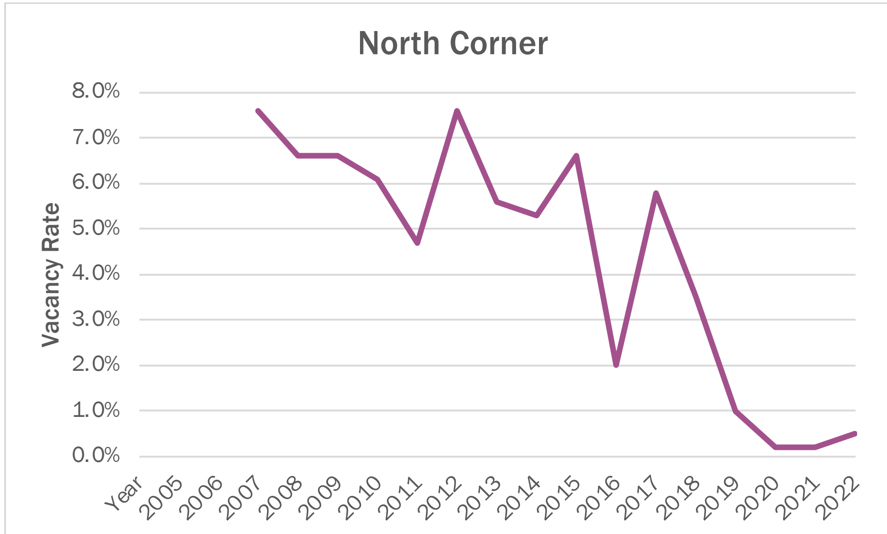
Due to limited data availability for the North Lake and Central West subarea, North Corner is the only subarea with vacancy data.

Retail vacancies peaked in 2007 and again in 2012. Generally, vacancies have declined and in recent years have declined to exceedingly low levels under 1 percent in 2022.

Typically, a healthy retail market will have a vacancy rate between 5 and 7 percent. Rates lower than this suggest a constrained market supply and future upward pressures on rents. Vacancy rates higher than 7 percent indicate a weak market or an oversupply of retail space.

Exhibit 9. Average Retail Vacancy Rate, North Corner Subarea, 2005 to 2022 Q1

Source: CoStar, ECONorthwest



Summary Trends of Commercial Real Estate

Retail

- Retail trends for the City of Snohomish of extremely low vacancy rates and increasing rents indicates there is some demand for retail space in the city.
  - Since 2013, rents have increased 42 percent ($6.16) from $14.58 per square foot in 2013 up to $20.74 per square foot in 2022 Q1 but they have not increased to the pre-Great Recession peak at $25.00 per square feet. Steady rent increases have been a result of very low vacancy rates and an increased demand for retail space.
  - Between 2013 and 2022 Q1, retail vacancies declined 9.6 percentage points. In recent years vacancies have declined to extremely low levels of 0.6 percent in 2022 Q1. Generally, a healthy retail market will have a vacancy rate between 5 and 7 percent. Vacancy rates lower than 5 percent suggest a constrained market supply and can result in upward pressures on rents.
  - Similarly, the North Corner has extremely low vacancy rates and stable rent. Trends indicate that there is also some demand of retail space in the North Corner which could possibly achieve higher rents than compared to the City.

Office

- The relatively small inventory of office space in the City of Snohomish and recent increases in rents indicate possible near-term demand for office space in the City to level-off sharp rent increases in the future.
  - Between 2013 to 2022 Q1, rents have increased 63 percent ($9.81) from $15.49 per square foot in 2013 up to $25.30 per square foot in 2022 Q1.
  - Historically vacancy rates have fluctuated between 2 and 9 percent but have generally averaged 6.1 percent between 2005 and 2022 Q1. In recent years, office vacancy rates have dipped below 5 percent—an industry standard of a healthy vacancy rate for an office market. The recent sharp increases in rents for office space and general decline of vacancy rates suggest some near-term demand for small-scale office space.
  - Development trends suggest that new office construction will generally be mixed in with retail uses to allow for more flexibility in leasing space if office does not prove to be in demand.
  - New, professional service office space in the North Corner could be successful if it is small-scale and mixed in with retail space.

Commercial Demand Considerations

The consideration for commercial development in the Subareas are:

- **The subareas offer some limited opportunities for commercial development** in the form of a small strip retail center or pad infill development within an existing commercial center. A limited amount of neighborhood-serving retail space for personal services, wellness/lifestyle businesses, and eating and drinking establishments could be supported by future residential growth.
  - Citywide steady rent increases have been a result of very low vacancy rates and an increased demand for retail space.
  - Vacancy rates in North Corner have been below 5 percent since 2018, and are as low as 0.5 percent in early 2022.
- **The location most viable for commercial development is in or near existing commercial centers.** Retail development requires high visibility and high traffic counts to be successful. Existing commercial centers provide the highest opportunity to attract potential customers and these shopping centers also draw the highest traffic counts than other uses.
  - The North Corner Subarea is the most suitable subarea to support new commercial development. Due to North Corner's location along Highway 2 that routinely sees

heavy traffic, and at the interchange of Highway 9, it is highly visible and convenient for those traveling along either route. The subarea is also adjacent to an existing retail center that hosts national retail and restaurant chains like Fred Meyer, Kohl's, Home Depot, Outback Steakhouse, and Starbucks, along with smaller, more local businesses like a veterinary clinic, and a hair salon. However, due to critical areas and current zoning, the North Corner subarea lacks available land to accommodate additional commercial development. A recent Buildable Land Inventory analysis suggests that the North Corner has about 30 acres of developable land that is zoned Business Park which can accommodate new commercial development.

- The Central West Subarea has limited potential for commercial development. Poor visibility due to powerlines and wetlands along Highway 9, a lack of existing commercial infrastructure to attract and support additional businesses, and a lack of buildable land are all factors limiting commercial development potential and demand in the Central West subarea. However, in the event that additional residential development occurs in the area, demand for neighborhood businesses near new development could increase.
- The North Lake Subarea has the least likely potential for commercial development demand since it lacks visibility from both Highway 2 and 9, primarily consists of rural residential uses, and lacks recent residential growth to support additional businesses. Additionally, there is a lack of developable land that would be appropriate for commercial development, such as along Highway 9.

Appendix G: Annexation Cost-Benefit Analysis

HQ: 20210 142nd Avenue NE, Woodinville, WA 98072 • Kent: 1851 Central Place South, Suite 101, Kent, WA 98030

DATE: June 29, 2022
TO: City of Snohomish; LDC
FROM: ECONorthwest
SUBJECT: Subarea Annexation and Rezone Analysis

Introduction

The City of Snohomish has engaged ECONorthwest and LDC to assist with a high-level analysis understanding potential revenues and expenditure impacts associated with the potential annexation of three of the City's subareas (portions of which are currently unincorporated): North Lake, North Corner, and Central West. The following memo will provide background information on the annexation process and describe potential fiscal impacts related to each area under five scenarios outlined below. Fiscal impacts will be described in terms of both potential revenues and service delivery costs.

The analysis considers five different development scenarios for each subarea that result in varying residential and commercial yields. The scenarios are as follows:

- Scenario 1: Maintains existing zoning in each subarea
- Scenario 2: Mixed-use
- Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
- Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
- Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac

Annexation and Fiscal Sustainability

The City of Snohomish desires a fiscal analysis of the annexation of three subareas, portions of which are located in the City's Urban Growth Area (UGA). Fiscal impact analysis in this context includes potential revenues generated in the annexation areas and potential costs of providing public service to the annexation areas. Fiscal impacts are only one subset of all benefits and costs, and do not include an evaluation of all economic impacts of potential development patterns, such as the number of jobs created or additional spending in the local economy, nor do they capture other considerations that are more difficult to measure such as community benefit.

ECONorthwest's study is intended to provide a high-level estimate of potential future costs and revenues for the City of Snohomish associated with annexation and rezoning. Specifically, the analysis examines both the incremental tax revenues generated by residential and commercial development in the subareas over 20 years (2023-2043) and the additional police and public works costs related to the increased level of service required to meet the needs of the additional residents over the same 20-year period.

If the City proceeds with annexation, this analysis provides a basis from which the City can begin the process of planning for any higher service demands a larger city and population might require. However, the actual implementation will be accomplished through the City's regular budget process wherein City management will revisit the balance of costs and revenues in light of updated information and the overall needs of the City at that time.

Existing Conditions

City Budget Summary

The City of Snohomish FY 2022 Budget is $65.3 million[1]. The General Fund, which funds general government operations such as parks and police, is $19.9 million. Snohomish's largest fiscal responsibility outside of the general fund is in the provision of utility services and maintenance of utility assets, funded out of Enterprise Funds which are comprised primarily of user fees. The City can set user fees at a level that will cover the cost of providing services and maintaining assets. (See Exhibit 1 below for an overview of the city's budget.)

Exhibit 1: Snohomish 2021-2022 Budget Overview
Source: City of Snohomish Budget

Fund Name	2022 Budget
General Fund	$19,947,900
Streets	$2,404,300
Park Impact Fees	$1,055,000
Visitor Promotion	$20,000
PBIA	$50,000
Tranportation Benefit District	$2,305,600
Debt Service	$123,200
Real Estate Excise Tax	$1,386,000
Muncipal Capital Projects	$2,996,000
Street Capital Projects	$3,122,000
Water Utility	$7,540,300
Wastewater Utility	$15,146,300
Stormwater Utility	$5,929,600
Fleet and Facilities	$1,999,800
Information Services	$1,142,400
Self-insurance	$10,000
Equipment Replacement	$180,000
Total 2021-2022	**$65,358,400**

Primary sources of General Fund revenues are sales taxes (48 percent of the budget), property taxes (14 percent of the total) and utility and other tax revenues (16 percent).

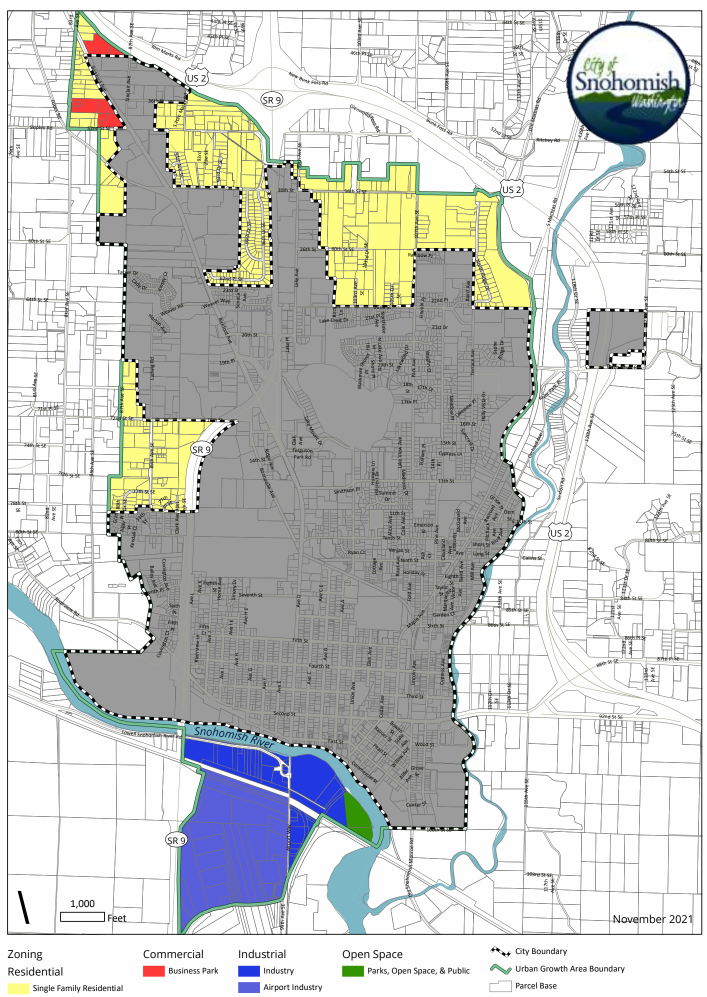
[1] City of Snohomish 2021-2022 Budget

With its general fund, the City funds general services that benefit the whole community, such as parks, planning, and cultural facilities, as well as administrative functions that support city-wide operations such as courts, finance, and elected leadership. Importantly, in an annexation scenario, these administrative functions are unlikely to be measurably impacted by increased population or land area.

Snohomish Subareas

The City of Snohomish has largely designated it's UGA as single-family residential, except for a few areas of Business Park in the North Corner subarea. Below is an overview of land use in each of the three subareas.

Exhibit 2: Urban Growth Area Zoning Map, City of Snohomish, 2021
Source: City of Snohomish



North Corner

North Corner is a largely single-family development, particularly within the unincorporated portion of the subarea. However, the subarea also contains a mix of commercial and manufacturing sites such as storage, automobile repair and sales, cannabis retail, equipment retail and sales, and the Snohomish School District Department of Transportation. It is largely zoned for Business Park and Commercial within the City limits. The subarea currently contains an unincorporated area that has approximately 134 housing units.

North Lake

The North Lake subarea is fairly rural in nature and includes single-family homes with a few religious institutions and agricultural lands. The area is almost entirely zoned as Single-Family with only a few areas of Business Park along SR-9. The subarea currently contains an unincorporated area that has approximately 81 housing units.

Central West

Central West is largely zoned Single-Family (around 94%) within the city limits, but there are a few pockets of Low Density Residential and land zoned for a future park. The subarea currently contains an unincorporated area that has approximately 65 housing units.

Exhibit 3: Existing Housing Units and Commercial SF, Subareas, Snohomish, 2021
Source: Snohomish Parcel Data Provided by LDC

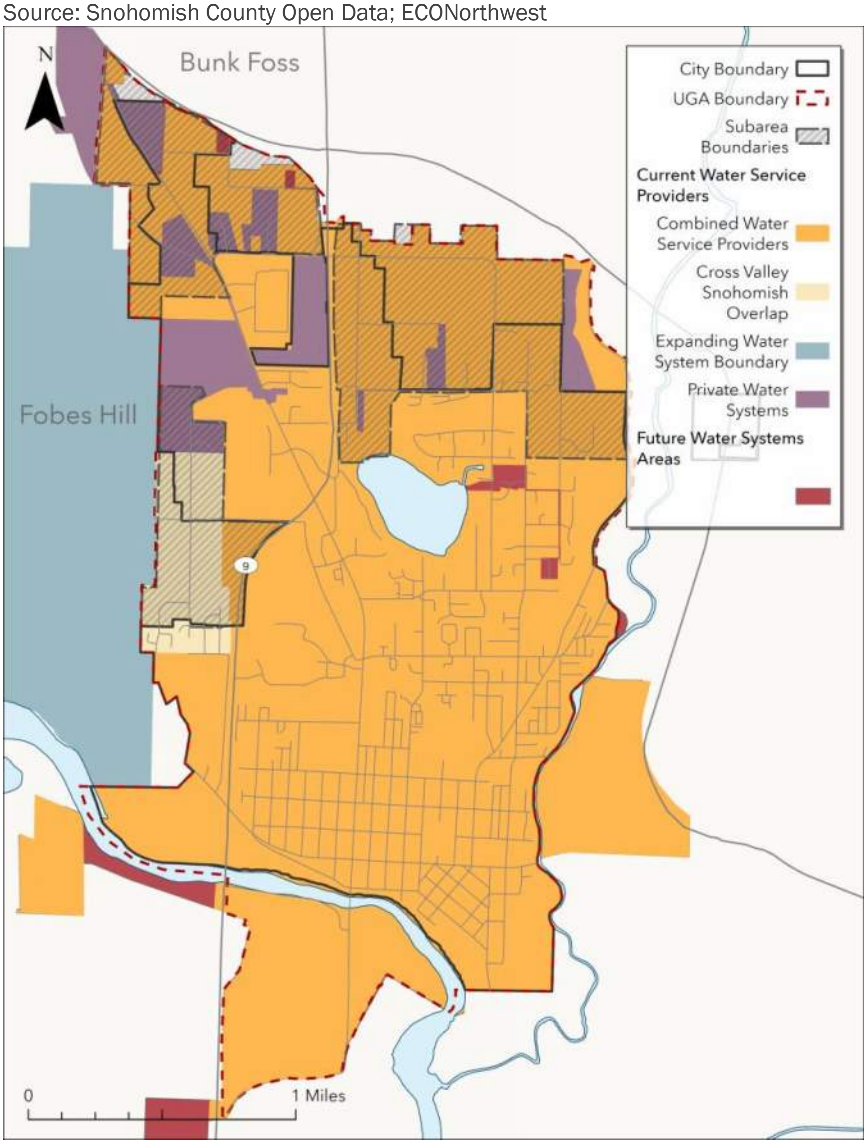
	North Corner	Central West	North Lake
Single Family	192	120	296
Multifamily	2	6	6
Commercial	2,197,166	0	1,761,130
Total	**194**	**126**	**302**

Utility Service Provider Summary

Snohomish's current water service area includes all of the Urban Growth Area (UGA), as well as several areas east of the Pilchuck River adjacent to the city limits. Within the service area are a number of small water associations. Due to substandard infrastructure all new development on properties served by water associations within the city is required to connect to the City's water system. A portion of the City's water service area on the west side of the city and UGA are in an area of overlap with the Cross Valley Water District. This area is anticipated to be served by the City eventually. Discussions with the Cross Valley Water District have been ongoing for a number of years.[2] For the purposes of this study, we will assume all future water service areas to be part of the City's system, including those held in private associations and those in the overlap area with Cross Valley Water District. The City's water service area is shown in the map below (Exhibit 4).

[2] City of Snohomish Comprehensive Plan

Exhibit 4: Water Service Area, City of Snohomish, 2022
Source: Snohomish County Open Data; ECONorthwest



Snohomish's sanitary sewer service area includes all areas within the current city limits and the UGA. The City's stormwater utility is also responsible for all areas within the city limits, which are anticipated to eventually include all portions of the existing UGA. However, the City does not collect utility taxes on stormwater, so it is expected that user fees collected will cover the cost of service. Therefore, this analysis assumes no new revenue or expenditures related to stormwater.

Snohomish is served by the Public Utility District of Snohomish County No. 1 (PUD), which operates or purchases power from electrical facilities throughout Snohomish County and the larger region. The PUD services all of Snohomish County and beyond. There will be no change to electrical service if an annexation were to occur since the subareas and the entire City are already fully serviced by the PUD.

Puget Sound Energy (PSE) supplies natural gas to the City of Snohomish, including the subareas. Extension of natural gas service is initiated by customer request. This study assumes there will be no change to gas service in the event of annexation as the subareas are already serviced by PSE as service is initiated by the customer and handled through PSE.

Snohomish currently contracts with Republic Services/Allied Waste to provide solid waste, recycling, and yard waste collection services to all residents within the city limits. Solid waste and recycling collection is a mandatory service within City limits. Unincorporated areas are serviced by Waste Management. According to state law, the franchise solid waste hauler for annexed areas must be offered a City franchise for a minimum of seven years following annexation. Below is an overview of service providers in the City of Snohomish.[3]

Exhibit 5: Utility Service Provider Summary, City of Snohomish
Source: ECONorthwest

Utility	Provider
Santiary Sewer	City of Snohomish
Stormwater	City of Snohomish
Water	City of Snohomish
Electricty	Snohomish County PUD No. 1
Natural Gas	Puget Sound Energy
Solid Waste/Recycling	Republic Services/Allied Waste Waste Management
Telecommunications	Comcast/Frontier Communications/Wave Broadband

Police, Fire, and School District Summary

The City contracts with the Snohomish County Sheriff's Office for police services, although deputies are housed in a City-owned building.[4] The Snohomish Police Department has a staff of 20 commissioned and civilian staff. The City has its own police department uniform, patch, and vehicle graphics to maintain the identity of a local police department.[5]

In 2003, the City annexed into Snohomish County Fire District #4. The City, including its UGA, is entirely within Snohomish School District #201. There will be no impacts or changes to fire service or the school district because of annexation.

Taxable Value

Since the City is interested in understanding tradeoffs related to annexing the portions of the subareas that are unincorporated, the total assessed value for each area is presented in the table below for comparative purposes.

The total assessed value of the three subareas was about $307 million in 2021. North Lake contains the highest total assessed value of the three subareas with just over $143 million.

[3] City of Snohomish Comprehensive Plan, adopted in 2016 and revised in 2021

[4] City of Snohomish Comprehensive Plan, adopted in 2016 and revised in 2021

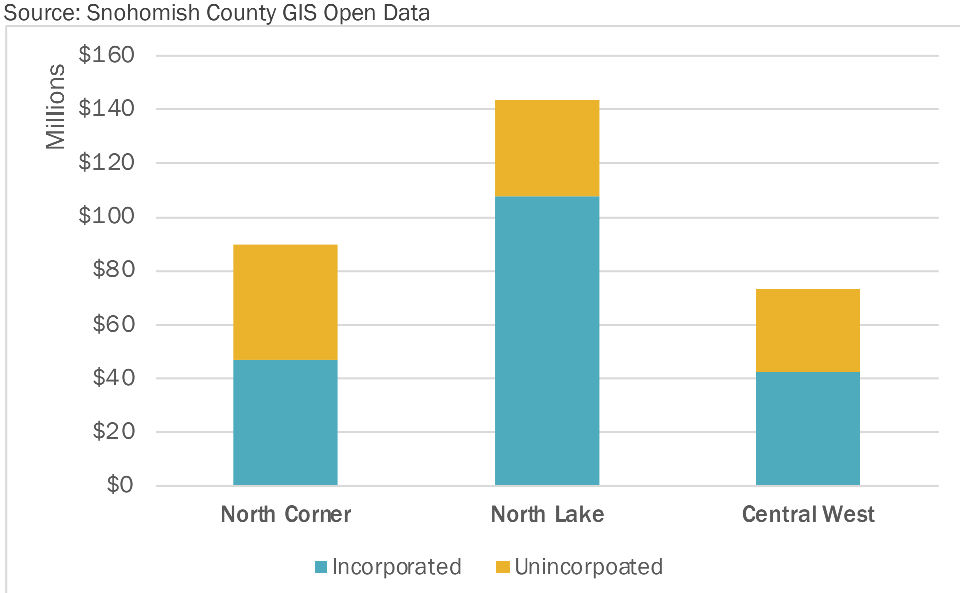
[5] City of Snohomish Police Department

However, almost $108 million of that value is already incorporated. It is significantly larger than the other two subareas. North Corner's unincorporated area is the highest, with almost $43 million in assessed value.

Exhibit 6: Snohomish Subarea Assessed Value, 2021[6]
Source: LDC Snohomish Parcel Analysis; ECONorthwest

Subarea	Acres	Assessed Value
Central West	**270.23**	**$73,380,200**
Incorporated	206.05	$42,730,920
Unincorporated	64.18	$30,649,280
North Corner	**293.19**	**$89,592,234**
Incorporated	201.91	$46,806,694
Unincorporated	91.28	$42,785,540
North Lake	**432.23**	**$143,692,761**
Incorporated	279.59	$107,800,081
Unincorporated	152.64	$35,892,680
Total	**995.65**	**$306,665,195**

Exhibit 7: Taxable Value, Subareas, City of Snohomish
Source: Snohomish County GIS Open Data



Zoning Scenarios

The fiscal impacts of proposed annexation are considered across the three subareas and under several scenarios. Each scenario first assumes annexation of the unincorporated areas within the

[6] King and Pierce County Assessor data.

subareas will occur and once the entire subarea is within city limits, it will be rezoned. Below is an overview of the scenarios analyzed.

1. Annexation of all three unincorporated areas together within the three subareas under existing conditions: North Corner, North Lake, and Central West.
2. North Corner under the following scenarios:
   - Scenario 1: Maintains existing zoning in each subarea
   - Scenario 2: Mixed-use
   - Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
   - Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
   - Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac
3. Annexation of the unincorporated area and rezone of North Lake under the following scenarios:
   - Scenario 1: Maintains existing zoning in each subarea
   - Scenario 2: Mixed-use
   - Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
   - Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
   - Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac
4. Annexation of the unincorporated area of North Lake under the assumption the area if serviceable by sewer (impacting buildable area):
   - Scenario 1: Maintains existing zoning in each subarea
   - Scenario 2: Mixed-use
   - Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
   - Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
   - Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac
5. Annexation of the unincorporated area of Central West under the following scenarios:
   - Scenario 1: Maintains existing zoning in each subarea
   - Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac
   - Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac
   - Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac

Housing and Commercial Yields

The City of Snohomish is interested in understanding the high-level costs and benefits associated with annexing the unincorporated portions of the subareas into the City limits and potential housing unit and commercial square footage yields under varying zoning scenarios for the entire subarea. In order to do this, the City has identified five zoning scenarios they would like to consider. These scenarios and their potential housing unit and commercial square footage yields are shown in the table below.

Exhibit 8: Scenario Housing Unit and Commercial Yields
Source: LDC

Scenarios	North Corner	North Lake	North Lake (Sewer Serviceable)	Central West
Scenario 1: Maintains existing zoning in each subarea				
Single-Family	201	324	218	107
Multifamily	9	0	0	9
Mixed Use Residential	154	10	10	0
Commercial (SF)	181,361	13,470	13,470	0
Total Housing Units	**364**	**334**	**229**	**116**
Scenario 2: Mixed- Use				
Single-Family	79	143	92	
Multifamily	9	0	0	
Mixed Use Residential	262	369	297	
Commercial (SF)	317,883	469,833	383,596	
Total Housing Units	**350**	**513**	**389**	**0**
Scenario 3: All areas currently zoned single-family are rezoned to multifamily at 12 du/ac				
Single-Family				
Multifamily	408	642	433	227
Mixed Use Residential	0			
Commercial (SF)	262,093	18,952	18,952	0
Total Housing Units	**408**	**642**	**433**	**227**
Scenario 4: All areas currently zoned single-family rezoned to multifamily at 18 du/ac				
Single-Family				
Multifamily	647	963	649	340
Mixed Use Residential				
Commercial (SF)	262,093	18,952	18,952	0
Total Housing Units	**647**	**963**	**649**	**340**
Scenario 5: All areas currently zoned single-family rezoned to multifamily at 24 du/ac				
Single-Family				
Multifamily	862	1,284	865	454
Mixed Use Residential				
Commercial (SF)	262,093	18,952	18,952	0
Total Housing Units	**862**	**1284**	**865**	**454**

Relative to the existing number of housing units in the subareas, shown in Exhibit 3, each scenario increases the number of housing units substantially and will have major impacts on revenue, especially, as buildout occurs.

Fiscal Impacts of Annexation

Annexation will have fiscal impacts to the City of Snohomish in terms of growth in tax revenues generated within the annexed area(s), and growth in expenditures due to increased service demands. This memo will consider both types of impacts over the period 2023 through 2043. Because of the 20-year planning horizon under consideration, assumptions about growth and inflation are incorporated into the fiscal models used as the basis of this analysis.[7] All values are discounted to 2022 dollars using a 3 percent discount rate.

Fiscal Impacts Considerations

An annexation impact analysis is simple in concept but challenging to execute in practice. Here are some issues to keep in mind:

Costs and revenues included in this analysis: This analysis specifically focuses on Snohomish's major tax streams and service costs. Population growth due to annexation and conceptual changes in zoning will impact major tax streams as well as intergovernmental revenues. User fees and other revenue sources will also be impacted, but because cities have the ability to change them to cover costs of the services they are designed to purchase, they are not included in this analysis.

Economies of Scale. Snohomish will experience economies of scale following annexation – meaning that the average cost-per-resident of providing many city services decreases as the city grows. In practical terms, the analysis framework reflects economies of scale by assuming that administrative functions will not be affected by annexation.

Marginal versus average costs. Two broad categories of approaches are used to estimate expenditures or costs in fiscal impact analyses: marginal-cost approaches and average-cost approaches. Average-cost approaches generally assume that the average cost of services remains constant so that future costs can be estimated by multiplying current average cost times the quantity of new services required. Marginal-cost approaches do not assume that cost remains constant, because some forms of public infrastructure are fixed in the short run, and diminishing returns set in as variable inputs are combined with fixed inputs. For this analysis, given the lack of detailed information on future service requirements, we used an average-cost approach.

Dealing with time. An annexation impact analysis that spans years or even decades presents challenges:

- **Timing of new growth**. The timing of development affects fiscal impacts. When development occurs it generates new revenue and creates a need for new services and infrastructure improvements. Generally, this analysis assumes straight-line growth at the annual growth rate in line with the total estimated yields related to the zoning scenarios. In some scenarios where more modest growth was anticipated for specific

[7] The long-term inflation rate used for revenues and costs is 3.5 percent. ECONorthwest March 2022 forecast.

typologies, a more realistic timeframe from buildout was selected. For example, in Scenario #2 in North Corner, only 9 multifamily housing units were expected across one acre of developable land, we assumed that buildout would occur in a 1-year period rather than a 20-year period.

- **Future changes in rates for taxes and fees**. Future changes in rates for taxes and fees, or how future governments choose to allocate their more fungible resources, will impact levels of revenue and the sources of funding for specific activities. The analysis usually assumes that the basic funding framework remains the same for the duration of the forecast period.
- **Dealing with inflation.** Conducting an annexation impact analysis requires an examination of both the short-run and long-term impacts. In particular during the current economic climate, inflation adds another degree of uncertainty and difficulty that affects revenues and costs.

Forecasted Growth

Forecasted housing unit growth assumptions are important inputs to property and real estate excise tax revenue forecasts. Forecasted population growth assumptions are important inputs to assumptions behind service delivery needs.

Forecasted growth for each scenario for the purposes of this analysis uses the 2021 Office of Financial Management (OFM) population estimate for the City of Snohomish as a baseline, which is 10,160 residents. The total population estimates for each scenario are the result of adding in the estimated number of existing residents in the unincorporated portions of the subarea (using existing housing units and the City's average household size of 2.4) and assumed new unit yields from rezoning the subareas.

The unincorporated portion of North Corner contains the largest number of existing housing units. However, Scenario 5 in North Lake will result in the largest number of housing units and population growth for the City due to the substantial increase in the allowed number of dwelling units per acre and developable area.

Exhibit 9: Estimated Population of City of Snohomish with Annexation in 2023
Source: ECONorthwest/LDC (2021 Population from OFM)

Population Growth	2023
North Corner	10,482
North Lake	10,354
Central West	10,316

Exhibit 10: Estimated Population of City of Snohomish with Annexation and New Housing Units from Rezone, 2043[8]
Source: ECONorthwest/LDC (2021 Population from OFM)

City Total Population Assuming Annexation & New Units	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
North Corner	11,356	11,321	11,462	12,034	12,551
North Lake	11,156	11,583	11,895	12,666	13,436
North Lake with Sewer Service	10,708	11,094	11,198	11,717	12,323
Central West	10,594	10,316	10,860	11,132	11,405

Revenues

Revenue impacts are primarily identified in the following sources of City revenues: property taxes, real estate excise taxes, sales tax on the construction of homes built within the subareas as they grow, and ongoing sales tax due to taxable retail sales (e-commerce) and regular construction and maintenance activities delivered within the annexation areas.

The first year following annexation would have a modest revenue impact, however there would be continual substantial increases in years following once the annexation areas are absorbed into the tax base and assumed residential and commercial buildout resulting from the rezones occur. To establish a baseline, if all the unincorporated areas were annexed under existing conditions, the first year yields an estimated $3,870,000 in increased revenues. This would represent a roughly 7 percent increase over the FY 2022 budget.

Exhibit 11: Estimated Revenue, All Subarea Annexation Areas, 2023
Source: ECONorthwest

City	Revenue (Rounded)
City Property Tax	$1,630,000
Sales Tax	$280,000
Utility Taxes	$540,000
REET	$1,350,000
State Shared Revenues	$60,000
Total	$3,870,000

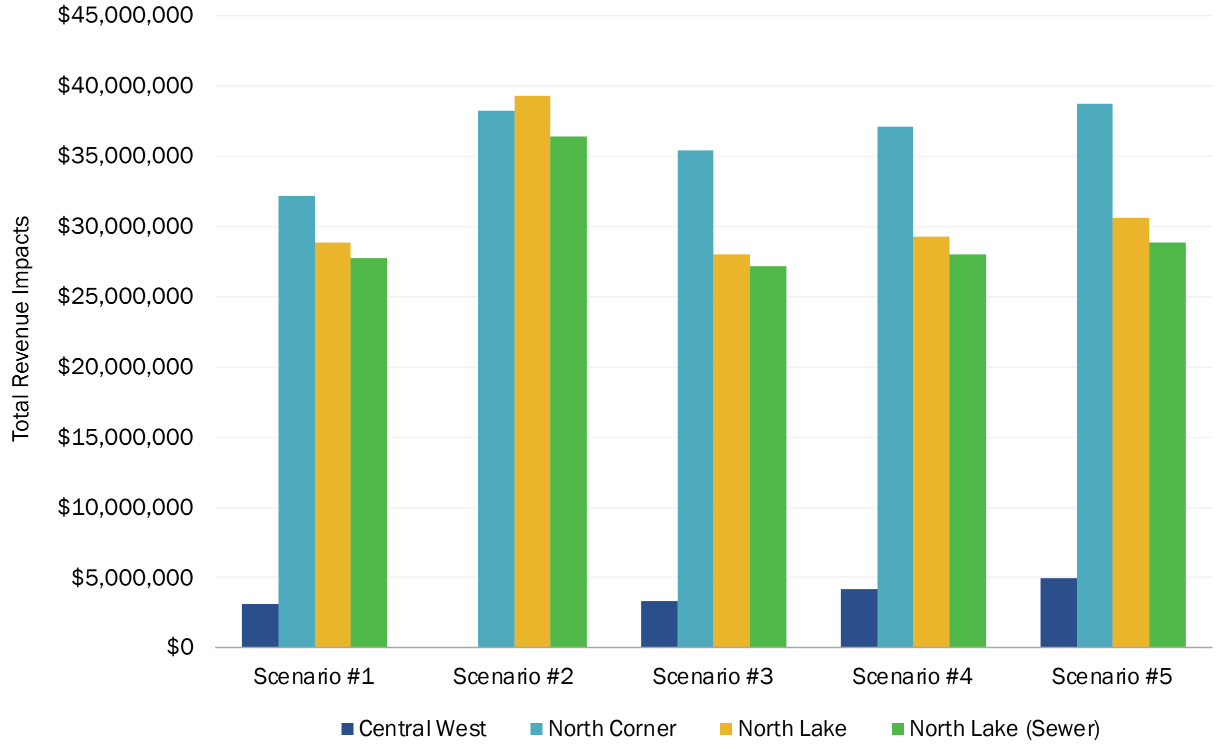
The revenue is assumed to grow gradually over a 20-year period, as subareas are built out. These trends will look similar across subareas and across scenarios, with some minor differences as explained above related to assumptions driving the development programs. Exhibit 12 below totals the revenue impacts over the 20-year period (2023-2043).[9]

The largest amount of revenue is generated in North Corner across all scenarios, with the exception of Scenario 2, largely due to the substantial amount of assumed commercial space. Scenario 2 generates substantially more revenue from North Lake and North Lake (sewer),

[9] Central West was not examined under Scenario #2.

because the mixed-used zoning, again, assumes a considerable amount of commercial development.

Exhibit 12: Total Potential Revenue Impacts, 2023-2043
Source: ECONorthwest



Property Tax

The City's levy rate in 2021 (for 2022 taxes) is 0.754 per $1,000 of assessed value. New construction (not subject to the 1 percent property tax growth factor limitation) was about 1 percent of total assessed value in 2022.

Assessed value that is annexed to the City is not subject to the 1 percent property tax growth factor limitation, similar to new construction. This analysis incorporates each annexation area's existing assessed value into the City of Snohomish's tax base and assumes that new construction will continue at the historic level of about 1 percent of total assessed value over the time period of the study.

Under each scenario and within each geography, the annexation was assumed to occur in 2023, with summary parcel information from the Snohomish County Assessor Office (number of parcels of each type, average assessed value) added to the City's property tax base beginning in 2023, and an assumed build-out of new housing units and commercial space based on the unit yields estimated under each zoning scenario.

Sales Taxes

The City of Snohomish's effective sales tax rate levied by the City is 1.2 percent. In primarily residential annexation areas, sales tax impacts of annexation occur in two ways: (1) the one-time impacts due to construction of new homes within the annexation area, and (2) ongoing impacts of home construction projects and online shopping by residents of the homes within the annexation area.[10]

Due to the substantial number of new housing units and commercial square footage added each year in most of the scenarios, the sales tax impacts from new construction represent the vast majority of total revenue. Ongoing sales taxes are assumed based on an average taxable retail sale assumption of $1,700 per year for a multifamily housing unit and $3,385 per year for a single family residence.[11]

Over the study period, North Corner will generate the most revenue at the end of the study period across all scenarios, with the exception of Scenario 2 where the subarea is rezoned to mixed-use.

Utility Taxes

The City could realize roughly $540,000 in utility taxes in the first year following annexation of all unincorporated portions of the subareas. The City of Snohomish levies utility taxes on providers of utilities within City boundaries and on the City's own utility services provided inside and outside of City boundaries. Utility taxes are passed along to consumers of the utility; it is likely that the current residents of the unincorporated portions of the subareas are already paying City utility taxes. If the City does already provides services to the households in the unincorporated portions of the subareas, then utility tax is already being collected from those customers. Therefore, this estimate is a high-end estimate.

North Corner will generate in the most utility tax revenue over the study period in nearly all scenarios (with the exception of Scenario #2 where mixed-use zoning is implemented), ranging from $2.4 million in Scenario #1 to just over $3 million in Scenario #5.

Real Estate Excise Tax

The City of Snohomish levies a real estate excise tax (REET) of 0.5 percent on the sale of homes within City limits. In 2022, REET revenues were $ $1,015,000**.** Based on the 0.5 percent REET rate, it is assumed that about $ $203 million in sales occurred, an amount equal to roughly 11 percent of the City's assessed value that year. Assuming a similar percentage going forward, North Corner will generate the most REET revenues over the 2023 – 2043 period, ranging from

[10] Washington has a destination-based sales tax, meaning the sales tax is incurred at the place of destination/delivery of the good or service.

[11] This assumption is based on Consumer Expenditure Survey Data for the western region. ECONorthwest estimated that 30 percent of spending on apparel and home furnishings are delivered through e-commerce, and thus would be taxable at the point of delivery (*i.e.*, homes within the annexation areas).

$1.9 million in Scenario #1 to $2.6 million in Scenario #5. The City uses REET revenues primarily to fund capital improvements.

Service Impacts

Population growth in the subareas due to annexation and buildout under the analyzed scenarios will have impacts on services the City provides, particularly police, street maintenance, and utilities, that the City should consider when making annexation and zoning related decisions.

Police

As discussed above, the City of Snohomish contracts with the Snohomish County Sheriff's Office for police services. However, since the City contracts with the County, the City still pays for the FTEs that work in the City of Snohomish. In FY 2021, the City paid the County Sheriff's Office approximately $3.5 million to pay for FTEs and cover all other law enforcement costs through the General Fund. The City has five sergeants and nine patrol officers. The analysis assumes 14 active officers[12] for the purposes of measuring impacts to service in each scenario given the growth in population.

Currently, there are 3.84 officers per square mile of the City and 1.4 active officers per 1,000 residents. The potential annexation would increase the population and square mileage of the City, and could place new demands on police. To understand potential new demands, this analysis examines two measures of service demand: active officers per 1,000 people and officers per square mile.

Exhibit 13 shows the impacts to service delivery, measured by the number of active officers per square mile, for each subarea after annexation. The number of active officers per square mile will not change in each scenario, as the square mileage after annexation remains constant in each one. The table also shows impacts to the number of officers per square mile if all three areas were annexed into the city limits.

Exhibit 13: Impact of Annexation on Police Service Demand Measures, Active Officers Per Square Mile

Source: Interlocal Agreement for Law Enforcement Provision and ECONorthwest

	Active Officers/Square Mile
Pre-Annexation	**3.84**
North Corner	3.54
North Lake	3.59
Central West	3.67
Annexation of all areas	**3.21**

[12] Interlocal Agreement for Law Enforcement Provisions between City of Snohomish and Snohomish County Amendment No. 3

The total populations used to determine impacts to officers per 1,000 people assumes annexation and full buildout of the subareas under each zoning scenario, totaled from 2023-2043. Thus, Exhibit 14 shows impacts to the number of active officers per 1,000 people in 2043, which represents a more visible impact in service delivery measures.

Exhibit 14: Impact of Annexation on Police Service Demand Measures, Active Officers Per 1,000 People, 2043
Source: Interlocal Agreement for Law Enforcement Provision and ECONorthwest

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Pre-Annexation	1.4	1.4	1.4	1.4	1.4
North Corner	1.2	1.2	1.2	1.2	1.1
North Lake	1.3	1.2	1.2	1.1	1.0
Central West	1.3	1.4	1.3	1.3	1.2

The most meaningful service delivery impact is seen in the increase in number of active officers per 1,000 people, which means a larger population to serve. The annexation of North Lake and the subsequent population growth under Scenario 5 would reduce the number of active officers per 1,000 people from 1.4 to 1.0, representing the largest potential impact to service delivery. Assuming an annual salary of $84,000 per year[13], this would represent a $33,600 impact.

The least impact would generally be felt in the Central West subarea and the most impact is seen generally in North Corner. It is important to note that this decrease in law enforcement service delivery would happen slowly over 20 years as residential buildout occurs. It is also important to note that the population growth due to annexation will be occurring simultaneously with growth in the existing Snohomish population – which means that the changes noted above might be more extreme when combined with the baseline population growth.

Streets

Snohomish contains about 48 miles of road. The annexation areas combined contain about 3.3 miles, which would represent about a 7 percent increase to the existing road network. Snohomish will assume responsibility for road and sidewalk maintenance in the annexation areas. The estimated cost per mile, based on 2021-2022 budget from the Streets Fund is $30,872 per mile[14]. The annual impact from annexing all three unincorporated areas would be roughly $102,680. Over 20 years, the impact is $2,053,600 from annexation of all areas.

Exhibit 15 shows the annual impacts of annexation on the street maintenance fund. Since the unincorporated area of North Lake contains the most road mileage relative to North Corner and Central West, impacts to the City's maintenance costs will be the largest.

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[13] Snohomish County Lateral Deputy Sheriff salary found: https://snohomishcountywa.gov/5484/Lateral-Deputy-Sheriff

[14] City of Snohomish Budget 2021-2022 shows the Streets Fund subtotal for street maintenance to be approximately $1,487,100.

Exhibit 15: Estimated Annual Impact of Annexation on Street Maintenance Fund
Source: City of Snohomish 2021-2022 Budget; ECONorthwest

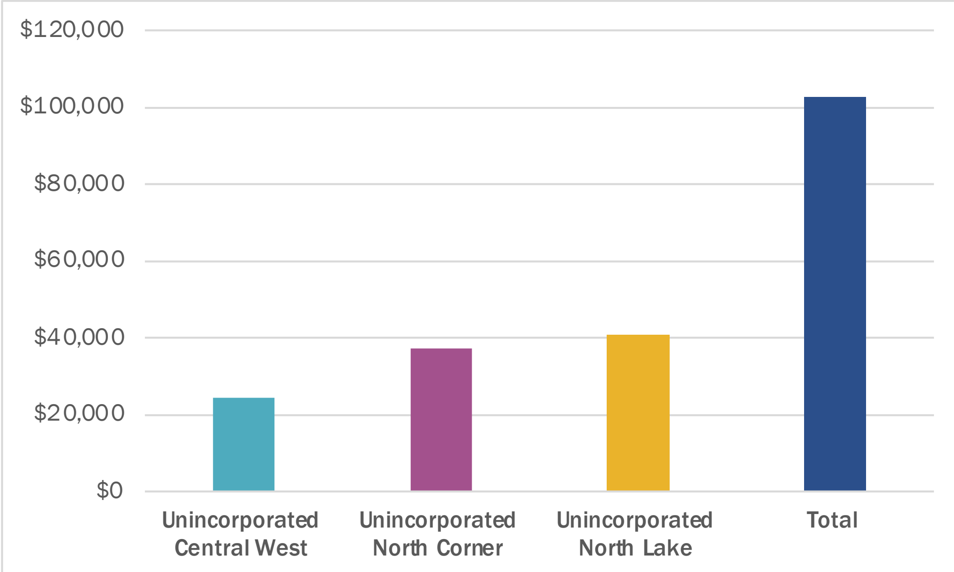
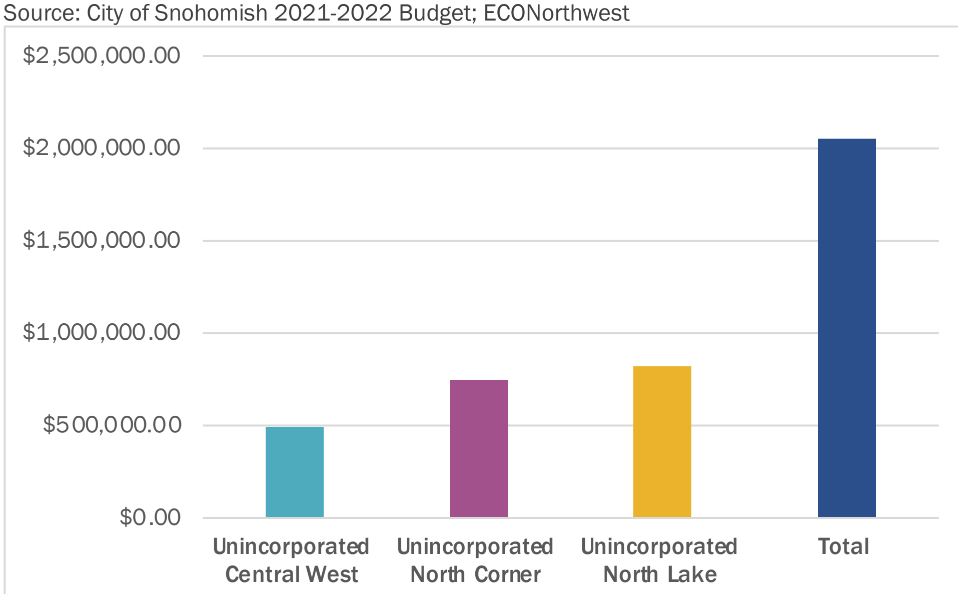


Exhibit 16: Estimated Impact of Annexation Over 20 Years on Street Maintenance Fund
Source: City of Snohomish 2021-2022 Budget; ECONorthwest



Utilities

With the exception of stormwater service in the unincorporated portions of the subareas, the subareas are currently served by the City of Snohomish for water and sewer. Costs to the City for upgrading, replacing or extending infrastructure will need to be estimated based on future plans for extending City utilities to areas currently on private water or septic systems, especially when selecting a zoning scenario. It is assumed that rates to cover operating costs or potential capital costs would be re-calculated under annexation and build-out, as rates are adjusted with regularity.

Key Findings

The following is a summary of key takeaways identified in the annexation and rezone scenario analysis.

Estimated Revenue Impacts

- A baseline scenario was established a baseline scenario in which just the annexation of the unincorporated portions of the subareas occurred in 2023, under existing conditions with no rezoning. Under the baseline scenario, the first year would generate an estimated $3.8 million in increased revenues
- Over the 20-year study period, North Corner will generate the most revenue all scenarios, with the exception of Scenario 2 where the subarea is rezoned to mixed-use. The potential revenue impacts range from $32 million for Scenario 1 up to $38 million in Scenario 5.
- Central West will generate substantially less revenue across all scenarios, only ranging from $3.1 million in Scenario 1 to $4.9 million in Scenario 5.
- Scenarios 1 and 3 will generate the least amount of revenue across all three geographies.

Law Enforcement Impacts

- Impacts to law enforcement provision is minimal across all scenarios and subareas. Even if all the incorporated areas were annexed, the impact to the number of officers per square mile would only reduce from 3.8 to 3.2.
- The annexation and buildout of North Corner generally would have the most impact on the number of officers per 1,000 people, but the range is minimal from pre-annexation at 1.4 to 1.1 in Scenario 5.

Street maintenance

- North Lake will have the largest impact to street maintenance costs, at about $41,000 annually. North Corner is similar at about $37,000 annually. However, this only considers existing road mileage, and does not reflect the new residential and commercial buildout anticipated to occur in each scenario. The buildout will require additional sidewalks and streets.
- The annual impact to street maintenance after annexation of all three unincorporated areas is $102,680 and the total impact over the 20-year period is just over $2 million.

Appendix A – Subarea Analysis

North Corner

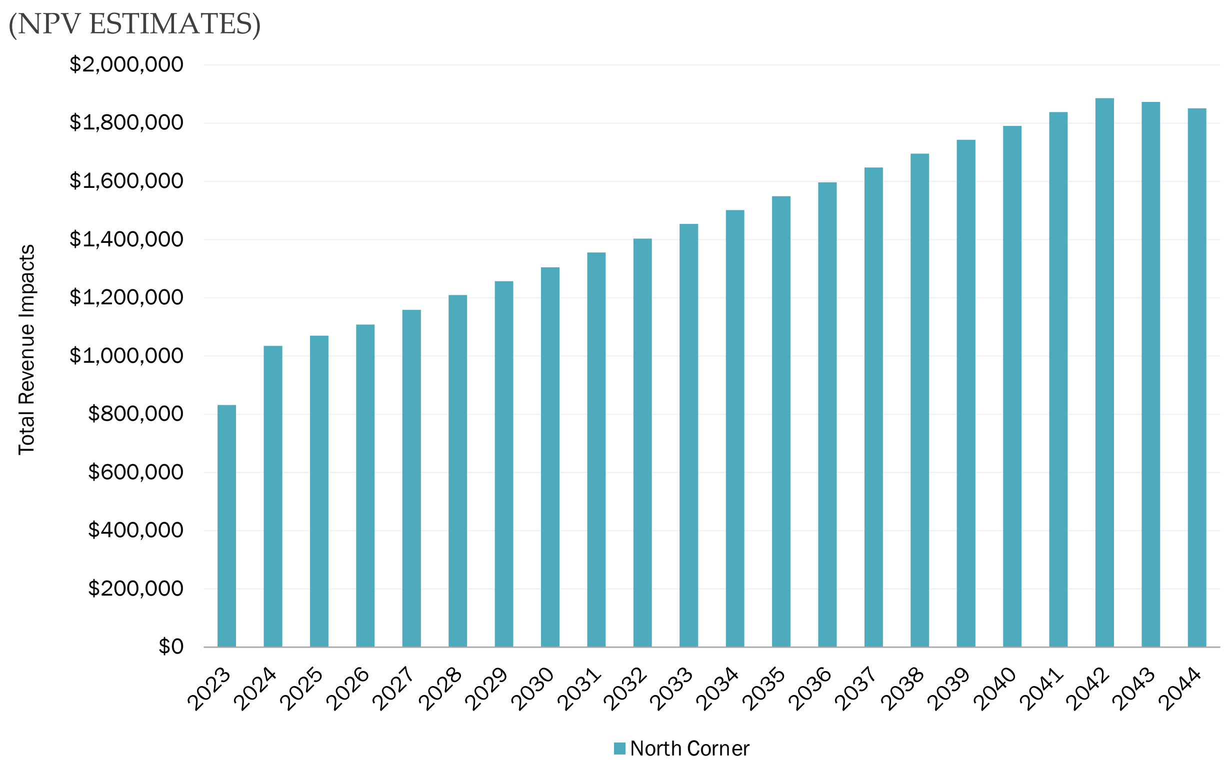
Scenario 1: Existing Zoning

Development Program 2023-2043

North Corner	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	**Total Yield**
Single-Family	134	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	**201**
Multifamily		9																				**9**
Mixed Use Residential		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	**154**
Commercial	1	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	9,068	**181,361**
Vacant	14																					**364**
Agriculture	1																					

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,690,000
Local Option Sales Tax	$26,070,000
Utility Taxes	$2,430,000
REET	$1,930,000
State Shared Revenues	$60,000
Total	$32,180,000

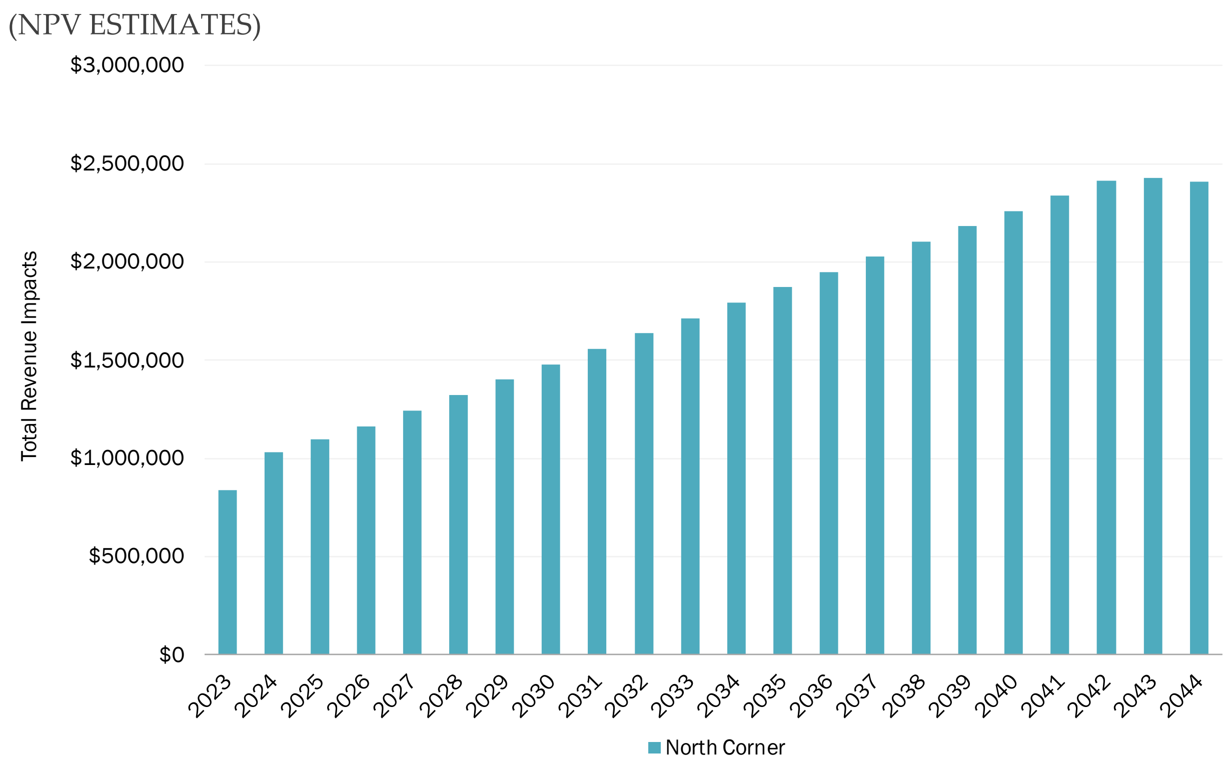
Scenario 2: Mixed-use

Development Program 2023-2043

North Corner	2,023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total Yield
Single-Family	134	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	**79**
Multifamily		9																				**9**
Mixed Use Residential		13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	**262**
Commercial	1	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	15,894	**317,883**
Vacant	14																					**350**
Agriculture	1																					

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,490,000
Local Option Sales Tax	$32,160,000
Utility Taxes	$2,910,000
REET	$1,650,000
State Shared Revenues	$60,000
Total	$38,280,000

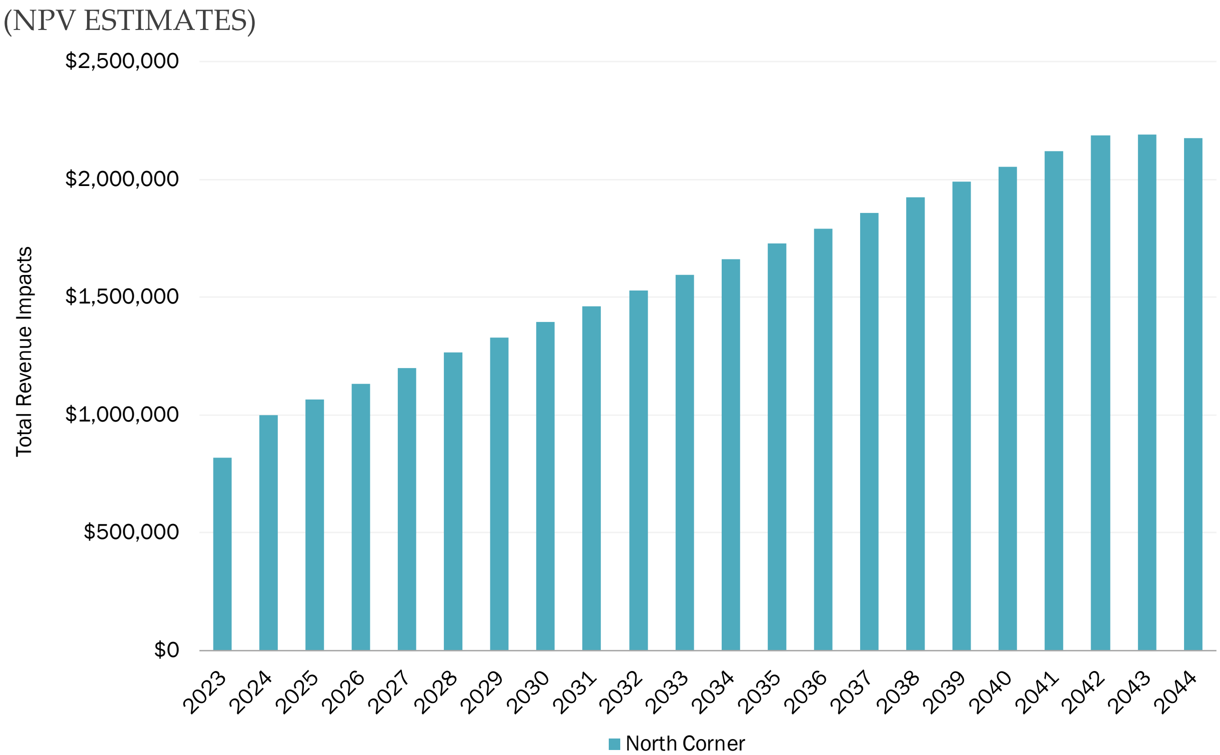
Scenario 3: All areas currently zoned single-family rezoned to 12 du/ac multifamily

Development Program 2023-2043

North Corner	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total Yield
Single-Family	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	**408**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Commercial	1	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	**262,093**
Vacant	14																					**408**
Agriculture	1																					

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,460,000
Local Option Sales Tax	$29,600,000
Utility Taxes	$2,730,000
REET	$1,590,000
State Shared Revenues	$70,000
Total	$35,450,000

Scenario 4: All areas currently zoned single-family rezoned to 18 du/ac multifamily

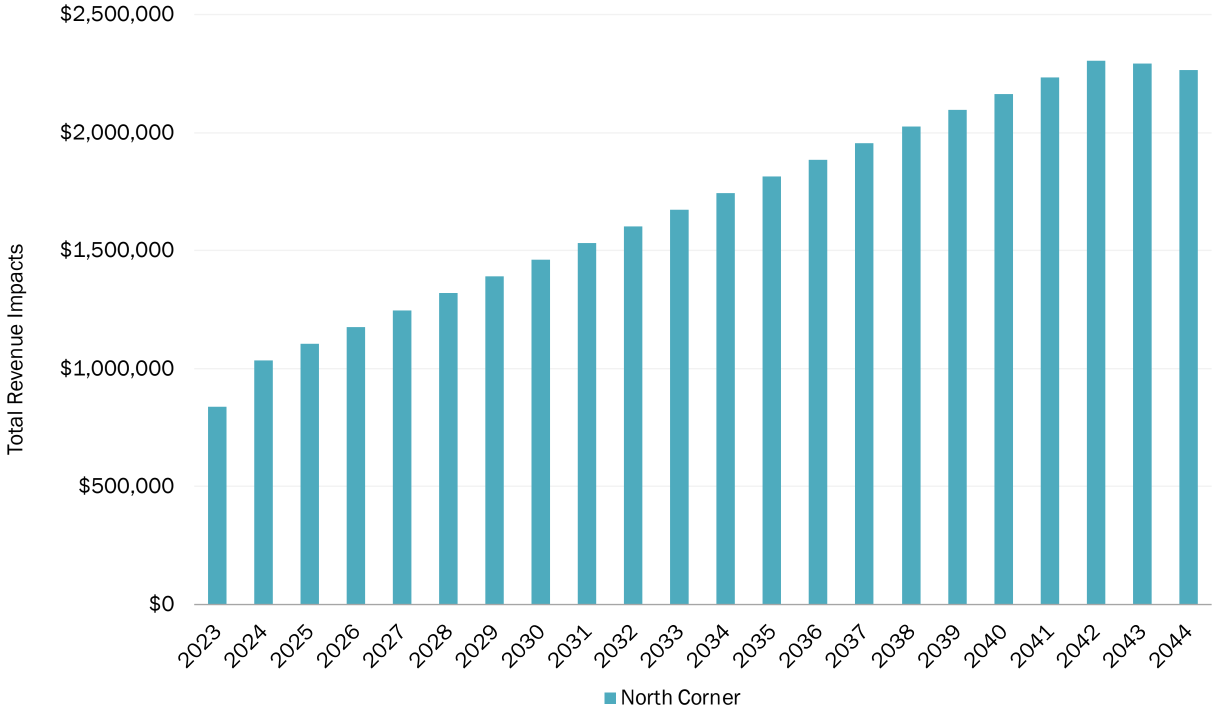
Development Program 2023-2043

North Corner	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total Yield
Single-Family	134.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	**647**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Commercial	1.00	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	**262,093**
Vacant	14.00																					**647**
Agriculture	1.00																					

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,860,000
Local Option Sales Tax	$30,150,000
Utility Taxes	$2,900,000
REET	$2,160,000
State Shared Revenues	$90,000
Total	$37,150,000

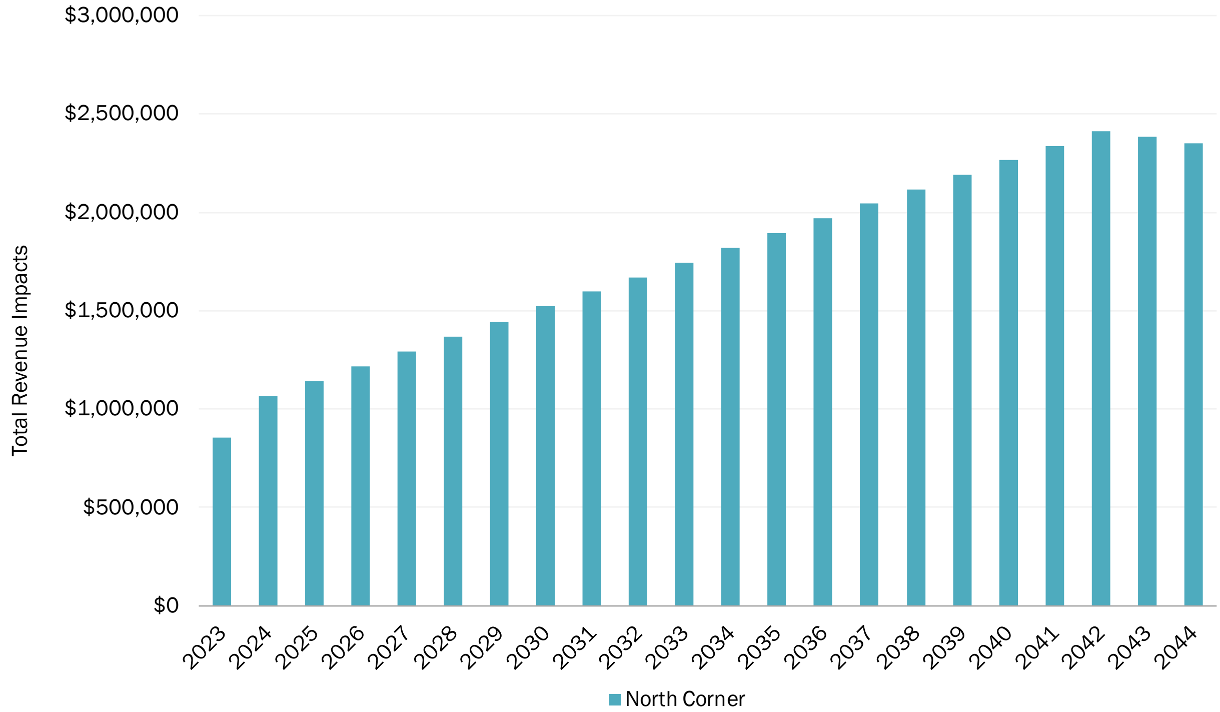
Scenario 5: All areas currently zoned single-family rezoned to 24 du/ac multifamily

North Corner	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total Yield
Single-Family	134.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	**862**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Commercial	1.00	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	13,105	**262,093**
Vacant	14.00																					**862**
Agriculture	1.00																					

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$2,220,000
Local Option Sales Tax	$30,660,000
Utility Taxes	$3,050,000
REET	$2,680,000
State Shared Revenues	$110,000
Total	$38,710,000

North Lake

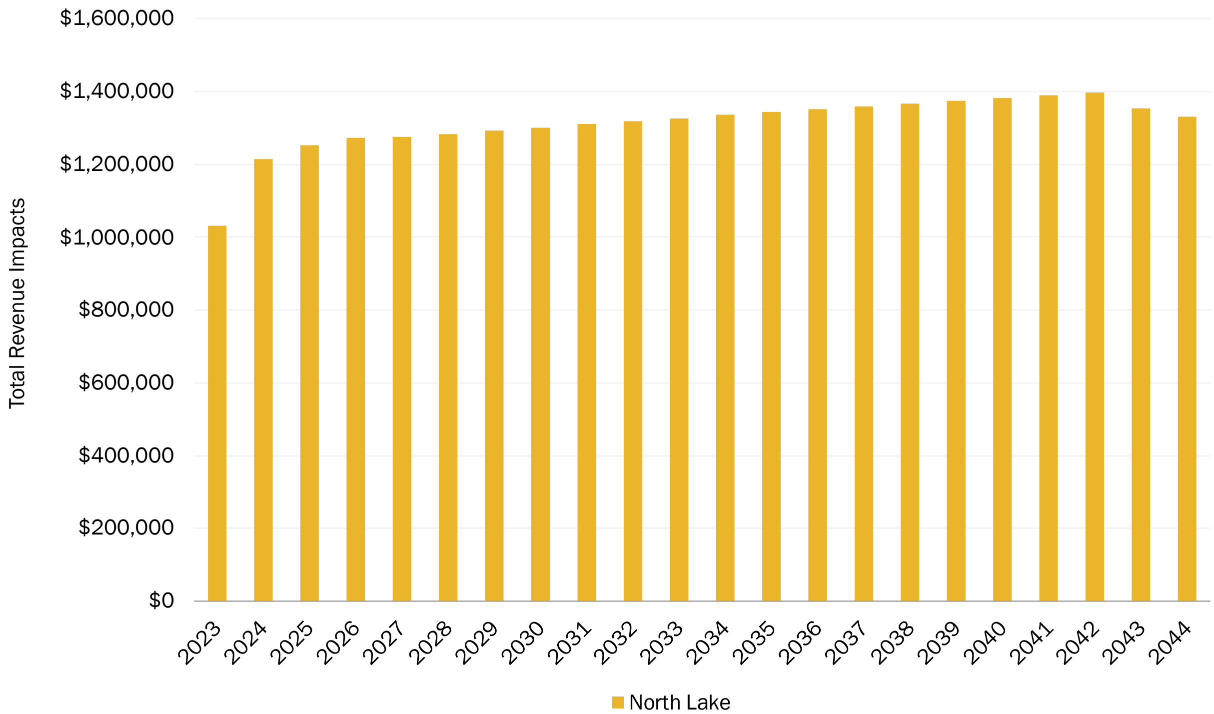
Scenario 1: Existing Zoning

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	**324**
Multifamily		-																				**0**
Mixed Use Residential		5	5																			**10**
Commercial	1	6,735	6,735																			**13,470**
Vacant	13																					**334**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,480,000
Local Option Sales Tax	$23,410,000
Utility Taxes	$2,120,000
REET	$1,810,000
State Shared Revenues	$50,000
Total	$28,870,000

Scenario 2: Mixed-use

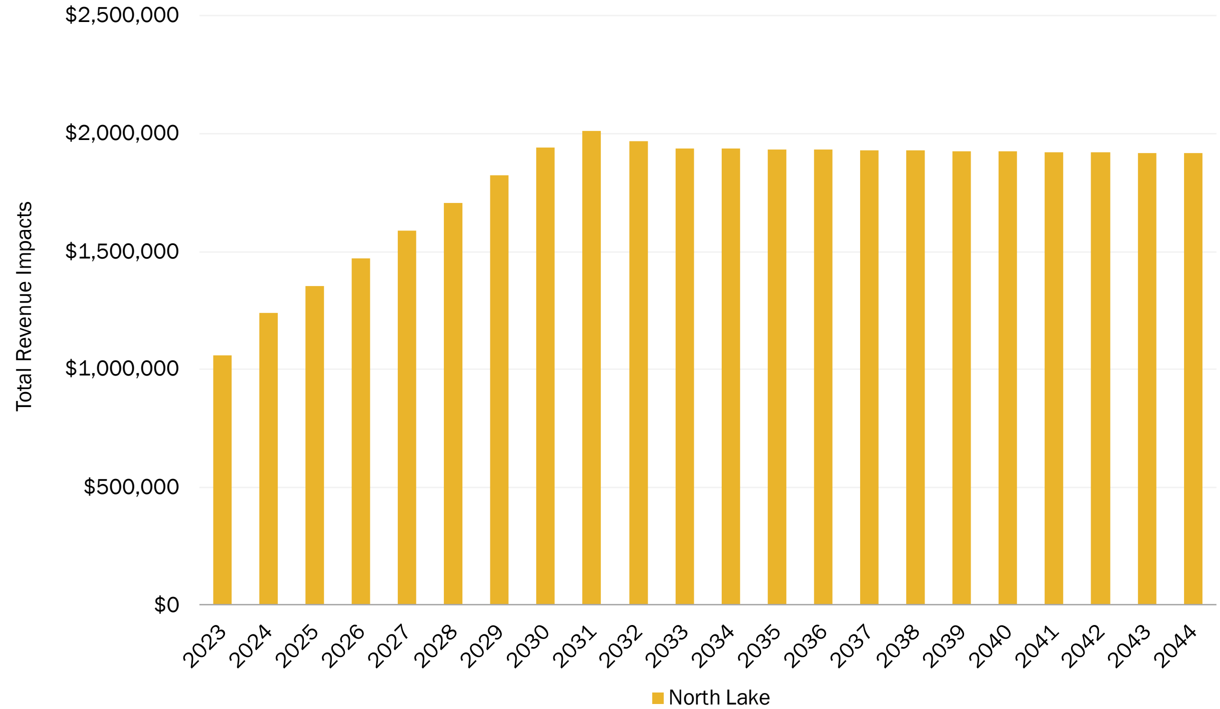
Development Program 2023-2043

North Lake	2,023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	**143**
Multifamily		-																				**0**
Mixed Use Residential		18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	**369**
Commercial	1	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	23,492	**469,833**
Vacant	13																					**512**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,120,000
Local Option Sales Tax	$33,910,000
Utility Taxes	$2,980,000
REET	$1,240,000
State Shared Revenues	$50,000
Total	$39,300,000

Scenario 3: All areas currently zoned single-family rezoned to 12 du/ac multifamily

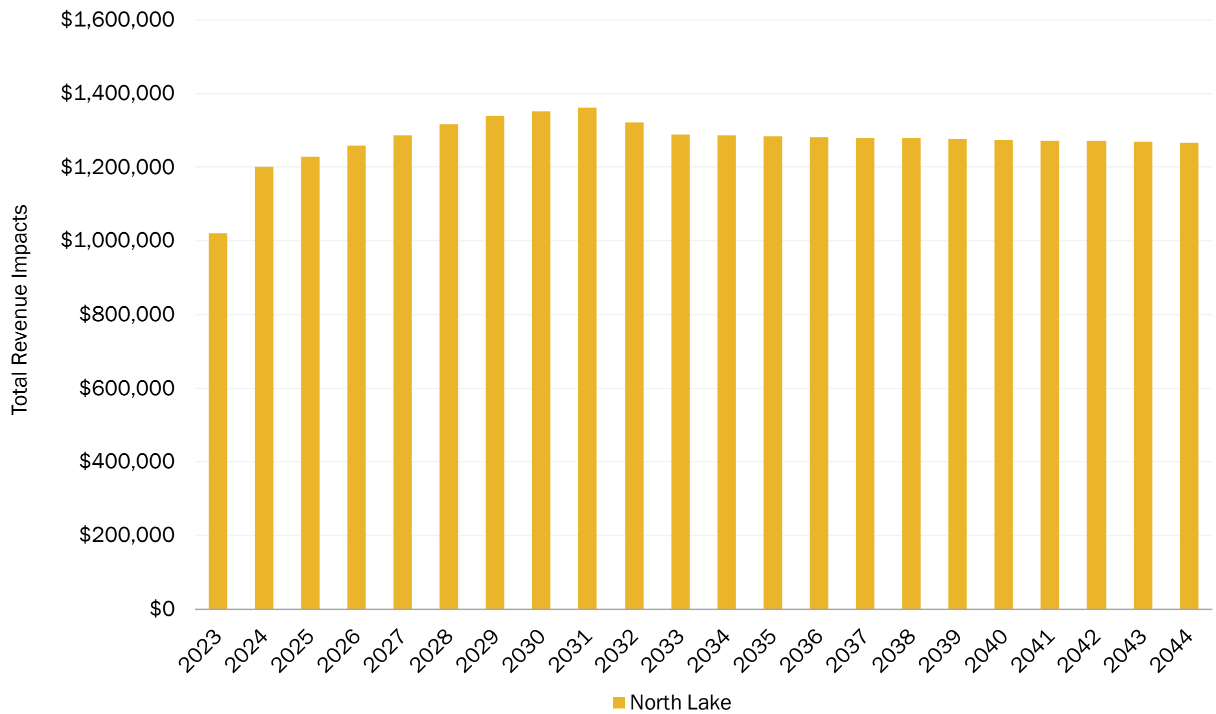
Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	**642**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13																					**642**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,140,000
Local Option Sales Tax	$23,350,000
Utility Taxes	$2,190,000
REET	$1,280,000
State Shared Revenues	$60,000
Total	$28,010,000

Scenario 4: All areas currently zoned single-family rezoned to 18 du/ac multifamily

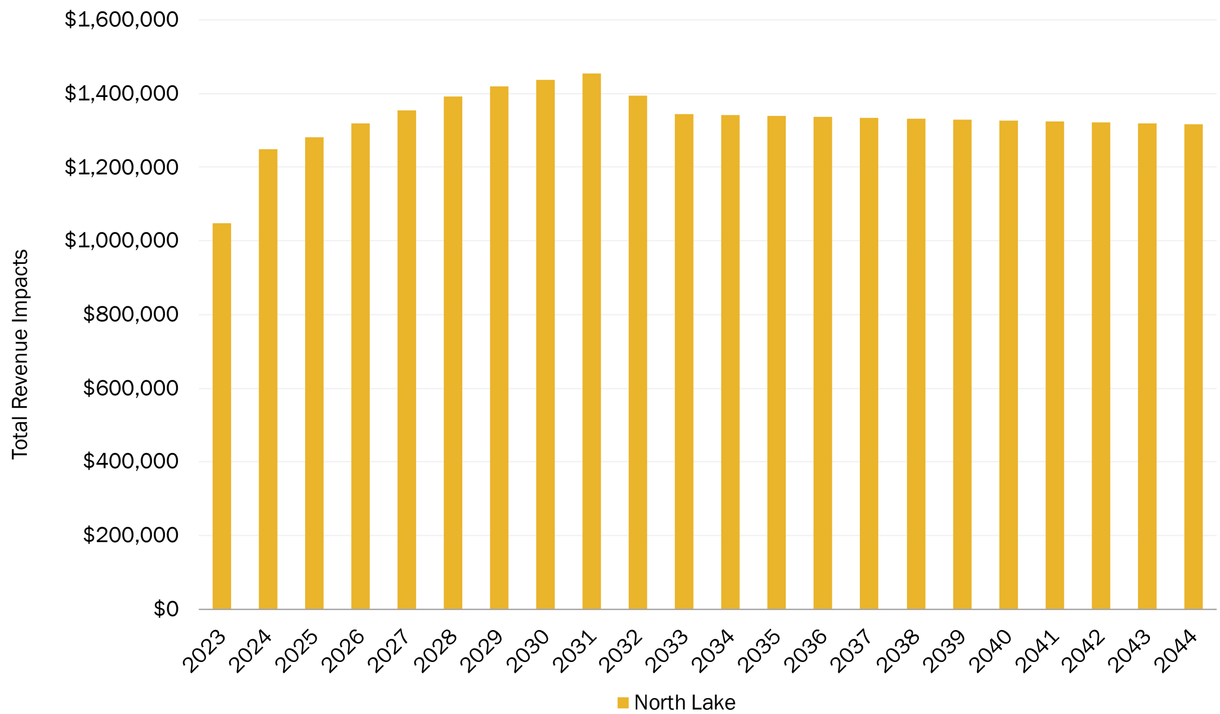
Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	**963**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1.00	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13.00																					**963**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,470,000
Local Option Sales Tax	$23,710,000
Utility Taxes	$2,330,000
REET	$1,720,000
State Shared Revenues	$80,000
Total	$29,310,000

Scenario 5: All areas currently zoned single-family rezoned to 24 du/ac multifamily

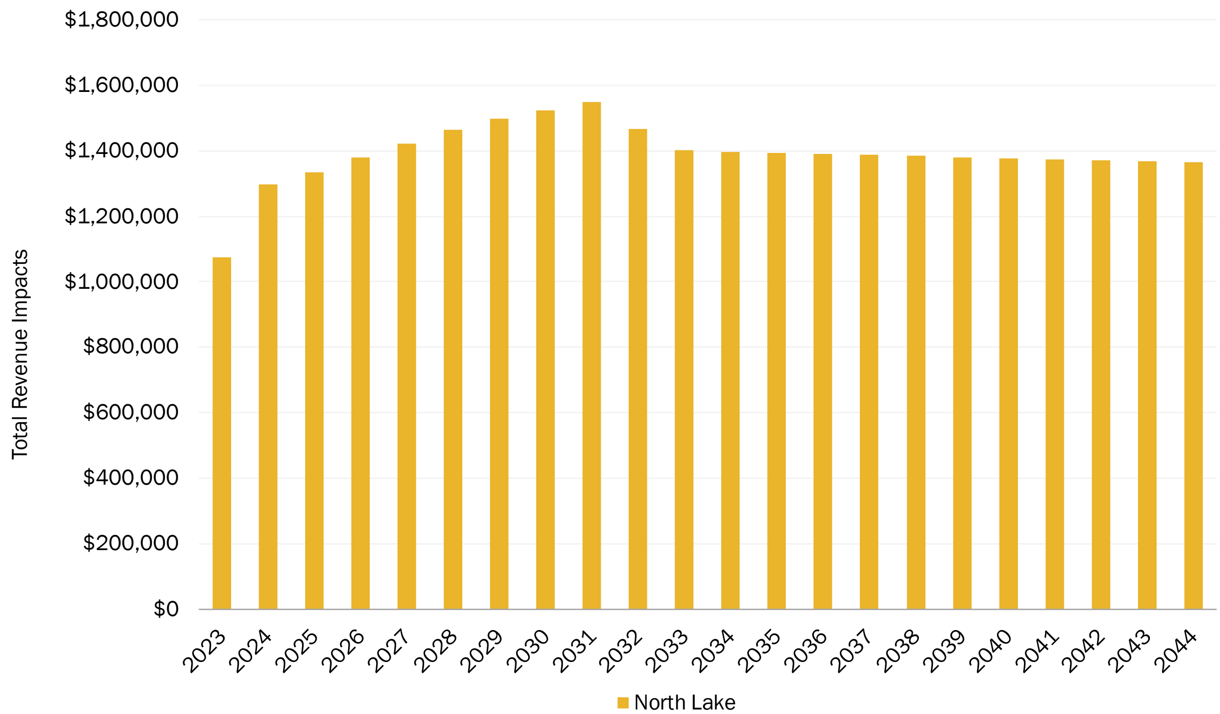
Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	**1,284**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13																					**1,284**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



North Lake (Serviceable Sewer)

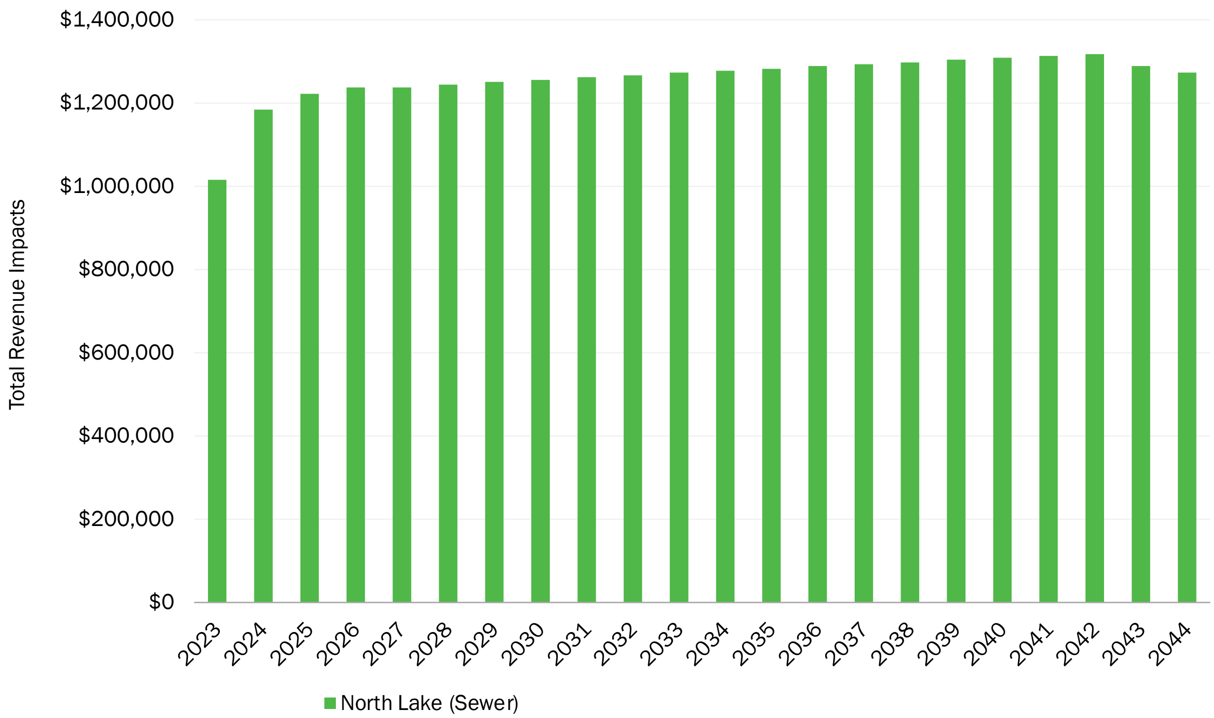
Scenario 1: Existing Zoning

Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	**Total**
Single-Family	81	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	**218**
Multifamily		-																				**0**
Mixed Use Residential		5	5																			**10**
Commercial	1	6,735	6,735																			**13,470**
Vacant	13																					**229**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043
(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,180,000
Local Option Sales Tax	$23,070,000
Utility Taxes	$2,050,000
REET	$1,380,000
State Shared Revenues	$40,000
Total	$27,720,000

Scenario 2: Mixed-use

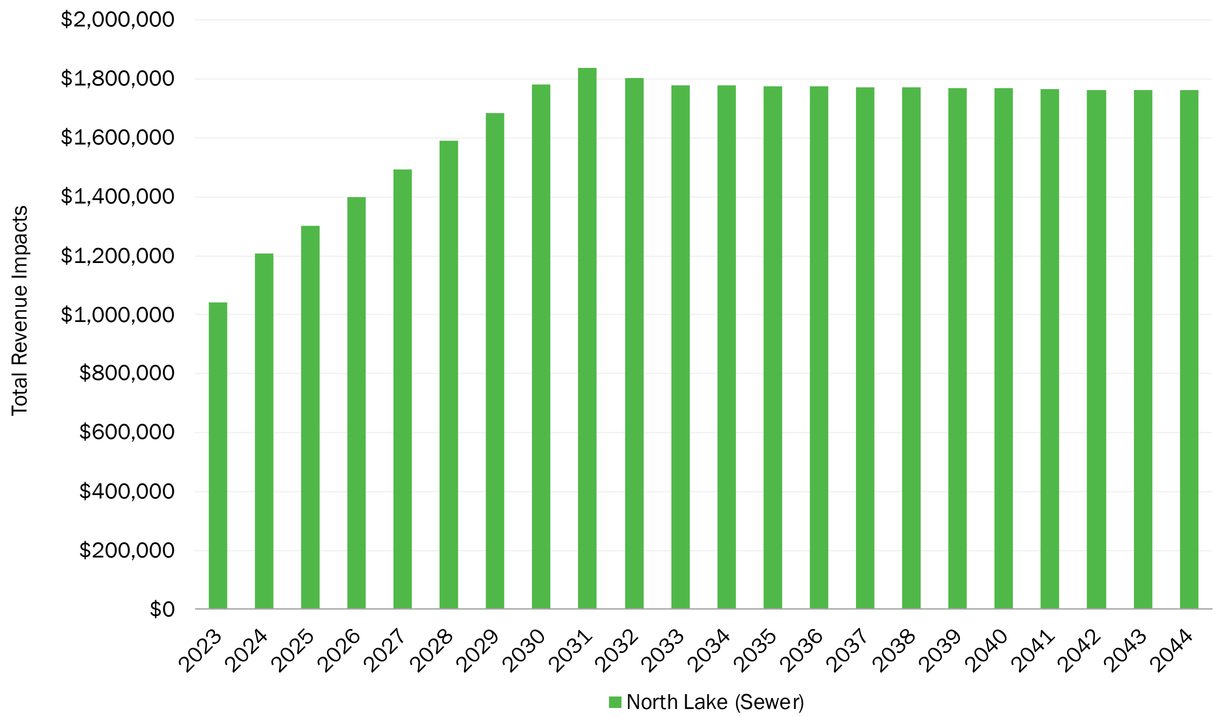
Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	**Total**
Single-Family	81	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	**92**
Multifamily		-																				**0**
Mixed Use Residential		15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	**297**
Commercial	1	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	19,180	**383,596**
Vacant	13																					**389**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$980,000
Local Option Sales Tax	$31,550,000
Utility Taxes	$2,760,000
REET	$1,060,000
State Shared Revenues	$40,000
Total	$36,390,000

Scenario 3: All areas currently zoned single-family rezoned to 12 du/ac multifamily

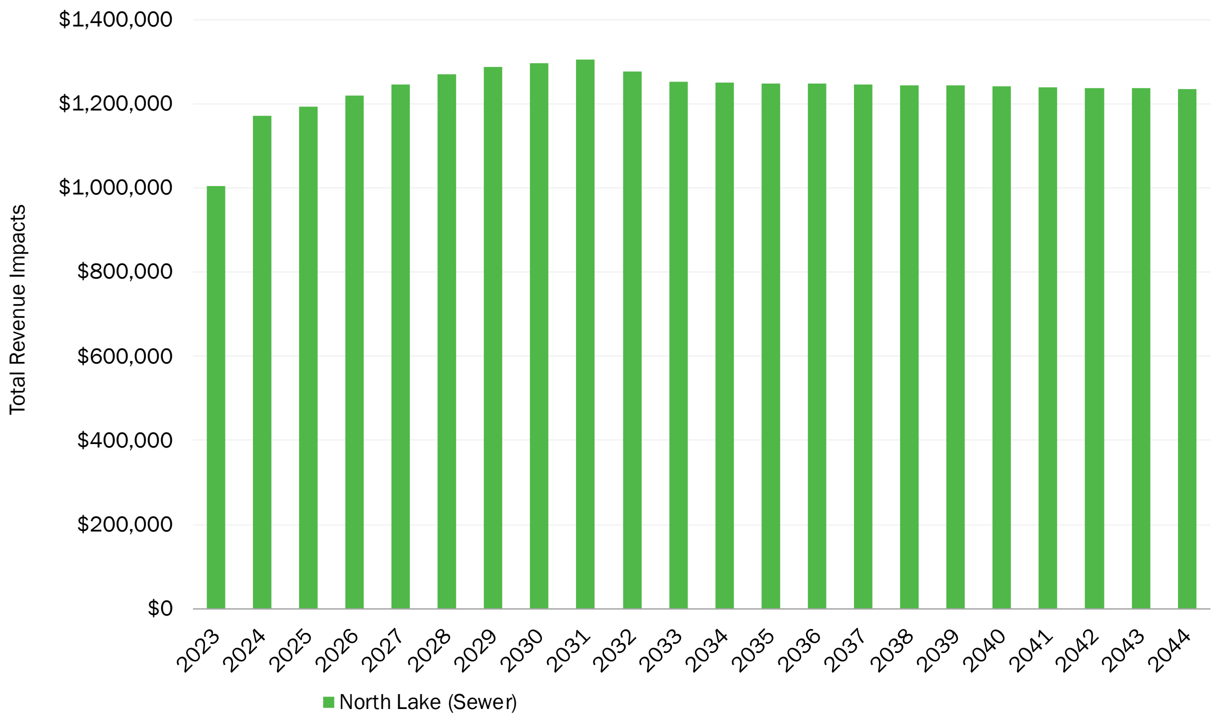
Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	**433**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13																					**433**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$930,000
Local Option Sales Tax	$23,120,000
Utility Taxes	$2,100,000
REET	$1,000,000
State Shared Revenues	$50,000
Total	$27,200,000

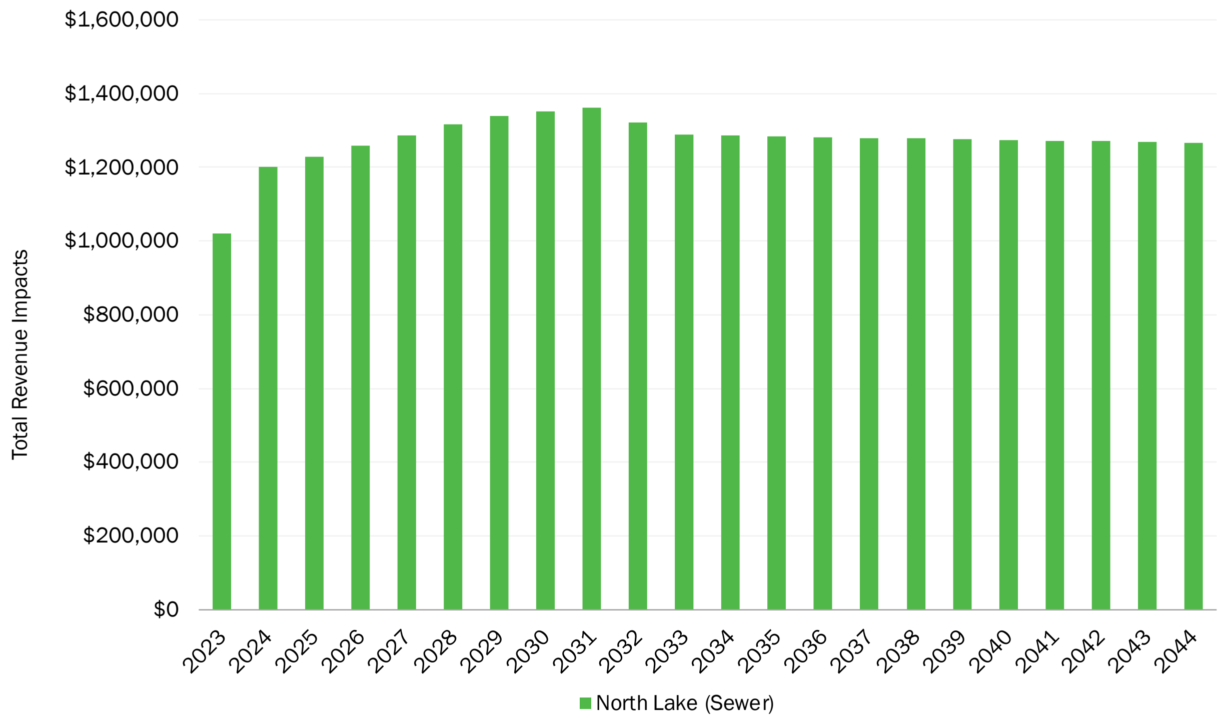
Scenario 4: All areas currently zoned single-family rezoned to 18 du/ac multifamily

Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Single-Family	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	**649**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13																					**649**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043
(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,140,000
Local Option Sales Tax	$23,350,000
Utility Taxes	$2,190,000
REET	$1,280,000
State Shared Revenues	$60,000
Total	$28,010,000

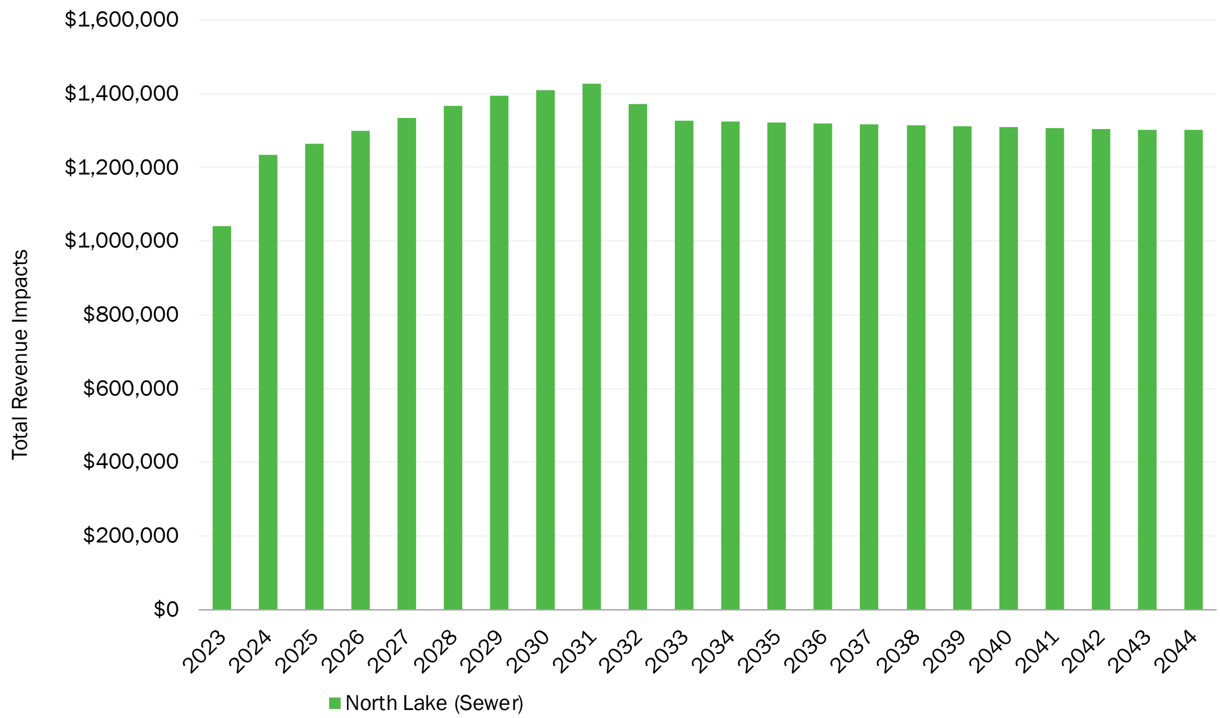
Scenario 5: All areas currently zoned single-family rezoned to 24 du/ac multifamily

Development Program 2023-2043

North Lake	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	81.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
Multifamily		43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	**865**
Mixed Use Residential		-	-	-	-	-	-	-	-	-	-											**0**
Commercial	1.00	3,790	3,790	3,790	3,790	3,790																**18,952**
Vacant	13.00																					**865**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043
(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,370,000
Local Option Sales Tax	$23,600,000
Utility Taxes	$2,280,000
REET	$1,580,000
State Shared Revenues	$70,000
Total	$28,900,000

Central West

Scenario 1: Existing Zoning

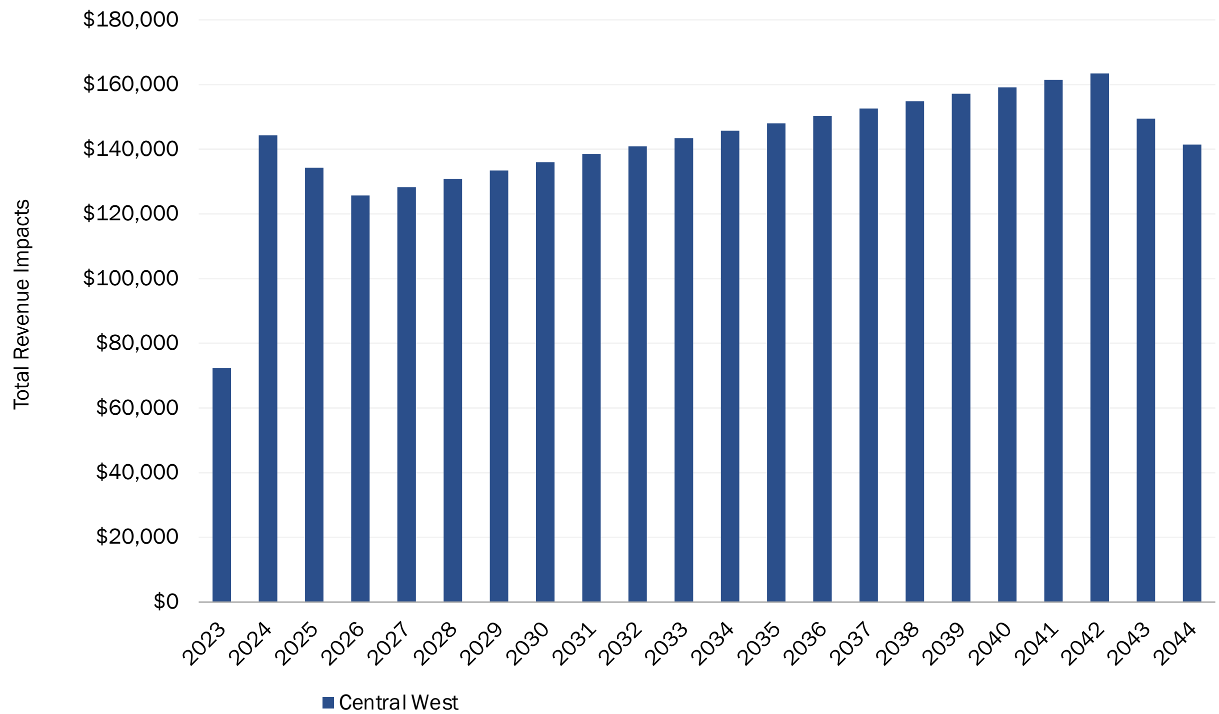
Development Program 2023-2043

Central West	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	59	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	**107**
Multifamily	6	9.10																				**9**
Mixed Use Residential																						**0**
Commercial	1	-																				**0**
Vacant	4																					**116**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Net Present Value (Rounded)
City Property Tax	$720,000
Local Option Sales Tax	$1,320,000
Utility Taxes	$250,000
REET	$810,000
State Shared Revenues	$30,000
Total	$3,110,000

Scenario 2: Mixed-use

Scenario 2 in Central West did not contain a development program.

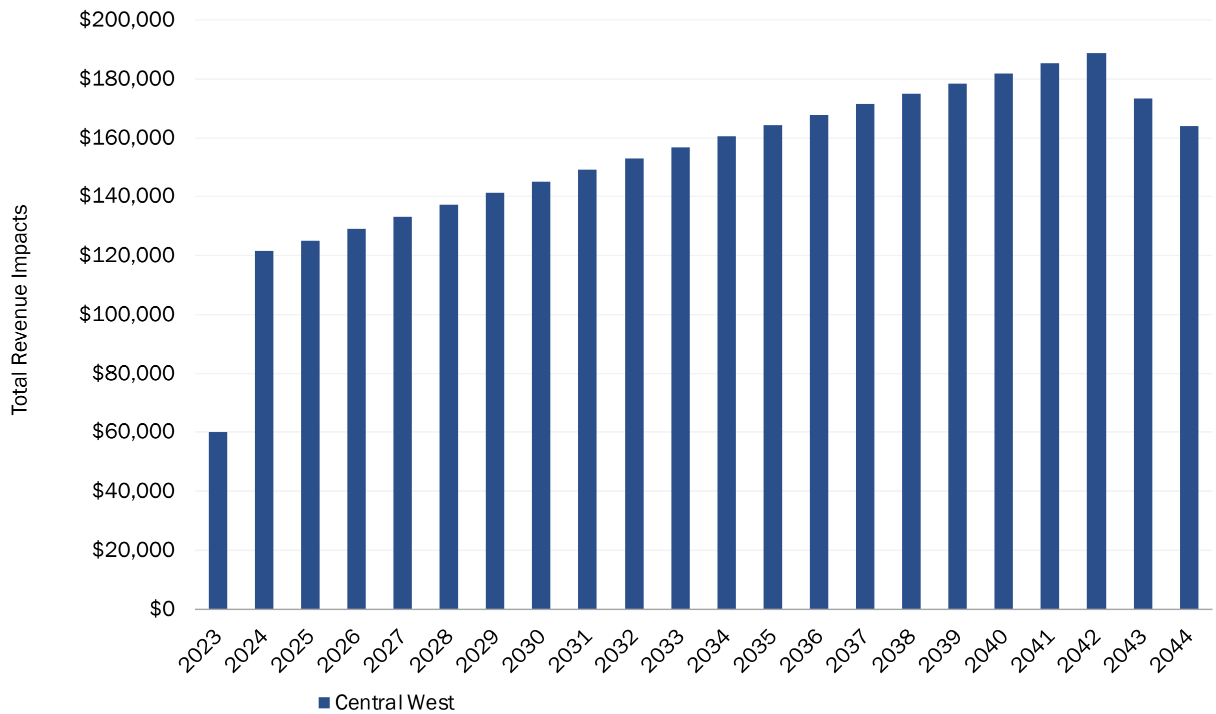
Scenario 3: All areas currently zoned single-family rezoned to 12 du/ac multifamily

Development Program 2023-2043

Central West	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Single-Family	59	-																				**59**
Multifamily	6	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	11.34	**233**
Mixed Use Residential																						**0**
Commercial	1	-																				**1**
Vacant	4																					**4**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043
(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$750,000
Local Option Sales Tax	$1,430,000
Utility Taxes	$320,000
REET	$840,000
State Shared Revenues	$30,000
Total	$3,360,000

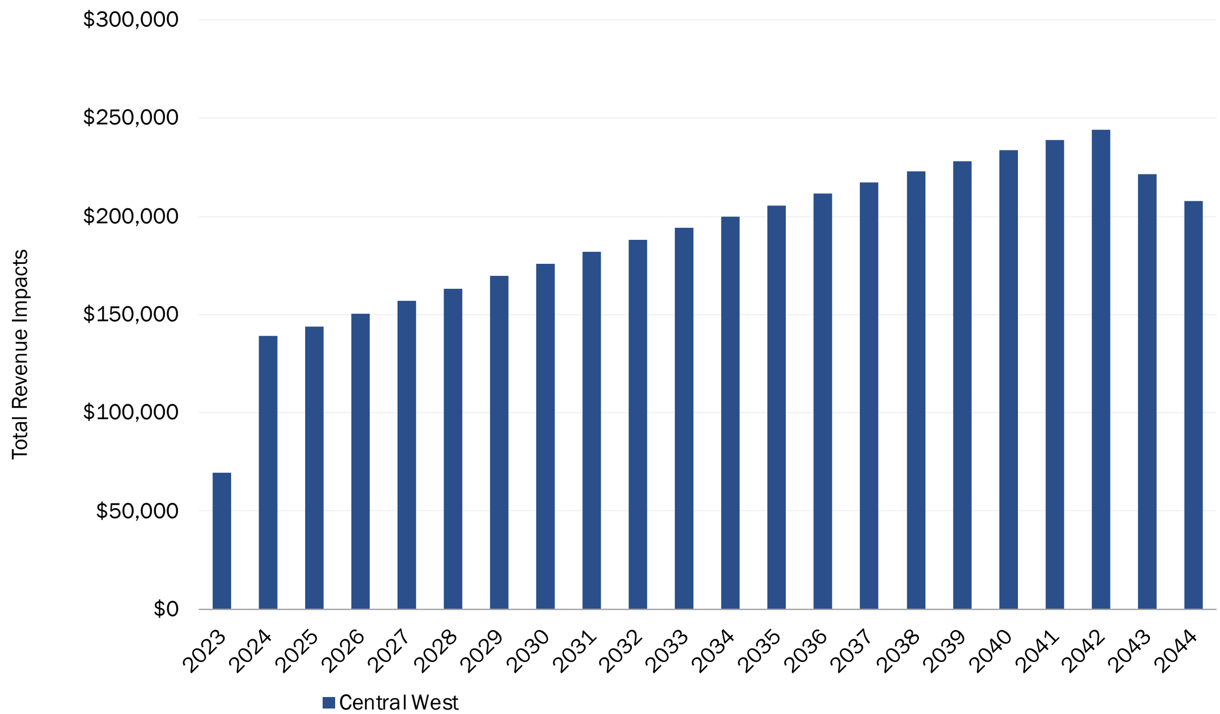
Scenario 4: All areas currently zoned single-family rezoned to 18 du/ac multifamily

Development Program 2023-2043

Central West	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	59.00	-																				**59**
Multifamily	6.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	**346**
Mixed Use Residential																						**0**
Commercial	1.00	-																				**1**
Vacant	4.00																					**4**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043
(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$930,000
Local Option Sales Tax	$1,690,000
Utility Taxes	$390,000
REET	$1,100,000
State Shared Revenues	$40,000
Total	$4,160,000

Scenario 5: All areas currently zoned single-family rezoned to 24 du/ac multifamily

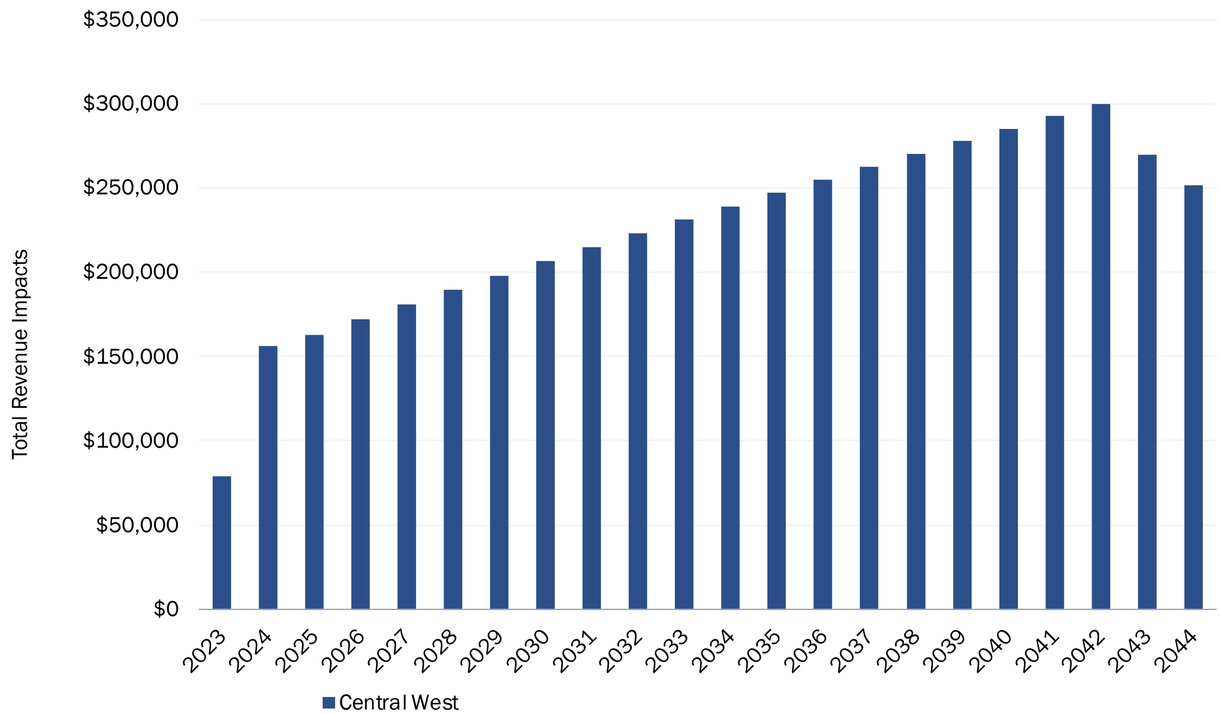
Development Program 2023-2043

Central West	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Single-Family	59	-																				**59**
Multifamily	6	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	22.68	**460**
Mixed Use Residential																						**0**
Commercial	1	-																				**1**
Vacant	4																					**4**

Note: 2023 units represent existing units annexed into city limits, buildout of new units begin in 2024.

Estimated Revenue by Year- 2023-2043

(NPV ESTIMATES)



Total Estimated Revenue by 2043

City	Present Value
City Property Tax	$1,120,000
Local Option Sales Tax	$1,950,000
Utility Taxes	$470,000
REET	$1,370,000
State Shared Revenues	$50,000
Total	$4,970,000