

## **Appendix H**

### **Applying the Community Land Trust Model in the Town of Hamilton**

# **Applying the Community Land Trust Model in the Town of Hamilton:**

A Primer and Implementation Recommendations



Commissioned by the Town of Hamilton for the  
Hamilton Public Development Authority

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## Background

The Town of Hamilton, Washington has a rich history and a community heritage of resilience in the face of both economic upheavals and the repeated Skagit River flooding. In recent years, the town and Skagit County have taken steps to mitigate the flood hazard and reduce the damage caused by floods. During the same period, a downturn in the timber industry resulted in economic hardship for many East County residents. A result of these and other developments is that many residents of Hamilton and the surrounding area have limited incomes and live with the constant threat of flooding. The flood damage itself and even some of the flood hazard mitigation policies are particularly problematic for residents of limited means, particularly renters and those who lack flood insurance.

Earlier this year, the Town, Skagit County and other organizations worked cooperatively to establish the Hamilton Public Development Authority for the purpose of planning and implementing the relocation of floodway residents to a new town site outside of the floodway. It is envisioned that the new town site will be developed to include a mix of housing, commerce and community and public facilities. It has been suggested that a portion of the residences and community facilities be developed using a *community land trust* approach. This report explains the purposes of a community land trust and how this approach to a portion of the new town site development might be implemented to further the purposes of the Hamilton PDA.

## Introduction to Community Land Trusts

### ***What is a CLT?***<sup>1</sup>

A community land trust (CLT) is a democratically controlled nonprofit organization that owns real estate to provide benefits to its local community - and in particular to make land and housing available to residents who cannot otherwise afford them.

CLTs are diverse in the types of communities they serve, the projects they undertake, and the community needs they help to satisfy, but they share some important features, including a distinctive approach to the ownership of real estate, and a distinctive approach to community-based governance.

### ***Ownership***

*Acquiring Land for the Community.* Sometimes CLTs acquire vacant land and arrange for the development of housing or other structures on it. At other times, CLTs acquire land and buildings together. In both cases, CLTs treat land and buildings differently. The land is held permanently by the land trust so that it will always benefit the community. Buildings can be owned by those who use them (e.g., resident homeowners).

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<sup>1</sup> This section is an edited version of a CLT primer developed by the Institute for Community Economics (<http://www.iceclt.org/clt/cltmodel.html>).

*Homeownership on Community Land.* Buildings on CLT land may serve different needs, but, when possible, CLTs help people to own their own homes on this land. When a CLT sells homes, it leases the underlying land to the homeowners through a long-term (usually 99-year) renewable lease, which gives the residents and their descendants the right to use the land for as long as they wish to live there.

*Still Affordable for the Next Homeowners.* When CLT homeowners decide to move out of their homes, they can sell them. However, the land lease requires that the home be sold either back to the CLT or to another lower income household, and for an affordable price (this is explained in more detail below).

## **Governance**

Membership organization. CLTs are usually organized as "membership corporations," with boards of directors elected by the members. Usually there are two groups of voting members. One group is made up of all the people who live in CLT homes (or use CLT land in other ways). The other group is made up of other people in the community who are interested in what the CLT is doing - including neighbors of CLT residents, and people who may want to have CLT homes in the future. Usually the CLT board includes three kinds of directors - those representing resident members, those representing members who are not CLT residents, and those representing the broader community interest. In this way, control of the organization is balanced to protect both the residents and the community as a whole.

## **Why a CLT?**

*In Growing Communities.* In many communities today population growth and economic investment are driving up real estate prices so that fewer and fewer working people can afford to live in the communities where they work. Fewer still can afford to buy homes in those communities. Limited public funds are available to subsidize housing costs for lower income households, but the gap between the amount of subsidy needed and the amount of subsidy available continues to widen as housing costs soar.

To address this problem, community land trusts are being developed in a growing number of communities to control housing costs by permanently limiting land costs and "locking in" subsidies so that they benefit one homeowner after another and, unlike other housing assistance programs, do not require repeated public investment each time a home is sold.

*In Disinvested Neighborhoods.* The problems of low-income neighborhoods typically revolve around disinvestment and absentee ownership. As homeownership declines older buildings are likely to be bought by absentee investors who allow the buildings to deteriorate while charging high rents. The rent paid to these absentee owners leaves the community. It is not saved by the residents, not spent in local stores, not used to improve the community. Through a CLT, however, residents themselves can capture the value they create so that it benefits their own community rather than absentee investors.

## Why a CLT approach makes sense for Hamilton's relocation project?

Relocating Hamilton's floodplain residents is going to be a challenging period of transition for many households. It may be particularly difficult for households of modest means. Results of the low-income housing needs assessment (attached as Appendix A) show that a large proportion of Hamilton's households fall into the category of low- to moderate-income (LMI), meaning that their total income is 80% or less of the median Skagit County income. A variety of housing and community services assistance is available to local jurisdictions, nonprofit service providers and individual households to address the needs of LMI persons. CLTs can obtain these resources to provide down payment assistance and other services to the LMI households and the communities in which they live.

The CLT approach is uniquely appropriate to address some of the problems that may otherwise occur as a result of the relocation process:

- Displacement of low-income residents
- Limiting the economic mobility of low-income households
- Inefficient use of public housing subsidies
- Poorly planned or implemented development
- Lack of new housing that people can afford

A CLT can help to preserve the vitality and income diversity of Hamilton as it creates and populates the new town site by offering an alternative to displacement of low-income households. By gaining control of its own land and by ensuring that a portion of its housing will always be available and affordable for persons of modest means, Hamilton can attract new investment and new residents without making it difficult (or impossible) for the town's current residents to remain.

The CLT is also a means of building or rebuilding the town's "housing tenure ladder" by multiplying the choices that low-income people have when they seek to change the type and tenure of their housing. This makes it easier for them to improve their housing in smaller, more manageable steps, bringing the benefits of homeownership within their grasp. CLTs introduce at least one new rung into the housing tenure ladder, bridging the enormous gap between tenancy and market-priced homeownership. The CLT may decide to fill this gap with multiple rungs by developing several types of housing on lands leased from the CLT: single-family houses (stick built or manufactured), duplexes, limited equity condominiums and cooperatives.

Unlike some other types of homeownership assistance programs, with the CLT approach, whenever public or private funds are used to subsidize the initial affordability of residential units, those scarce subsidies are protected, retained and recycled in those units forever. That means that additional resources are not needed in the future to re-subsidize the same housing units, again and again.

Because it is governed by a diverse board that represents the community, the CLT provides a mechanism for incorporating the town residents' vision of future development. The nature of the CLT organizational structure and governance make it responsive to community goals and objectives.

CLT housing that is made affordable with a combination of initial public and private funding and/or by public policies such as inclusionary zoning or density bonuses, stays affordable forever.



## ***Needs and eligibility of current Hamilton residents for CLT housing***

The Hamilton low-income housing needs assessment (see Appendix A) data were used to estimate the number of current Hamilton households that may be eligible for typical CLT down payment assistance. This analysis required information about each household's total income, whether or not they have been steadily employed (for households who rely on wage income) and the average purchase price of a home in Hamilton. It also required a number of assumptions about mortgage financing and CLT down payment assistance and ground lease policies.

The needs assessment shows that in the survey sample there are currently five renter and seven homeowner households that may be eligible for a typical CLT down payment assistance program (Table 1). These households' annual incomes range from \$19,200 to \$34,800, making them able to afford a mortgage \$72,277 to \$152,192, respectively.

The average purchase price of a Hamilton home in 2005 was \$154,000 (the range was from \$35,00 to \$234,000). For this simplified analysis, the average purchase price was used for each household. This means the required down payment assistance gap – the difference between the purchase price of a home and the amount of mortgage each household would qualify for – ranged from \$1,808 to \$81,723. The average down payment subsidy is \$37,667.

The sum of all down payment assistance for current eligible Hamilton households – assuming that they would all want to relocate to new homes in the new town site is \$452,006. If we adjust this figure to account for the households that did not respond to the needs assessment survey, the total amount of down payment subsidy required is \$664,448, and the total value of first mortgages is \$2,052,112. Therefore, approximately two-thirds of the investment is contributed by the new homeowner resident through a first mortgage, and one third – the down payment assistance – is provided by a mix of public and private grant-funded investment provided by the CLT. Importantly, under most circumstances, no further subsidy will be required for these homes, even through multiple sales transactions to each subsequent homeowner.

**Table 1 Eligibility and down payment subsidy costs for CLT homeownership assistance among current Hamilton residents**

Affordability analysis																	
Renters	gross annual income	\$7,200	\$7,440	\$9,000	\$15,600	\$16,800	\$18,000	\$19,200	\$25,200	\$26,400	\$30,000	\$33,600	\$39,996				
	gross monthly income	\$600	\$620	\$750	\$1,300	\$1,400	\$1,500	\$1,600	\$2,100	\$2,200	\$2,500	\$2,800	\$3,333				
	33% for housing costs	\$198	\$205	\$248	\$429	\$462	\$495	\$528	\$693	\$726	\$825	\$924	\$1,100				
	Taxes and Insurance	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140				
	available for P and I	\$58	\$65	\$108	\$289	\$322	\$355	\$388	\$553	\$586	\$685	\$784	\$960				
	can afford a mortgage of	\$10,804	\$12,034	\$20,025	\$53,835	\$59,983	\$66,130	\$72,277	\$103,014	\$109,161	\$127,603	\$146,045	\$178,810				
	Purchase price (incl.\$5,000 closing)	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000				
	GAP	\$143,196	\$141,966	\$133,975	\$100,165	\$94,017	\$87,870	\$81,723	\$50,986	\$44,839	\$26,397	\$7,955	(\$24,810)				
Owners	gross annual income	\$4,068	\$7,200	\$14,400	\$24,000	\$24,000	\$26,400	\$26,400	\$28,800	\$34,800	\$34,800	\$38,400	\$40,800	\$40,800	\$38,400	\$48,000	\$48,000
	gross monthly income	\$339	\$600	\$1,200	\$2,000	\$2,000	\$2,200	\$2,200	\$2,400	\$2,900	\$2,900	\$3,200	\$3,400	\$3,400	\$3,200	\$4,000	\$4,000
	33% for housing costs	\$112	\$198	\$396	\$660	\$660	\$726	\$726	\$792	\$957	\$957	\$1,056	\$1,122	\$1,122	\$1,056	\$1,320	\$1,320
	Taxes and Insurance	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140
	available for P and I	(\$28)	\$58	\$256	\$520	\$520	\$586	\$586	\$652	\$817	\$817	\$916	\$982	\$982	\$916	\$1,180	\$1,180
	can afford a mortgage of	(\$5,240)	\$10,804	\$47,688	\$96,866	\$96,866	\$109,161	\$109,161	\$121,456	\$152,192	\$152,192	\$170,634	\$182,929	\$182,929	\$170,634	\$219,812	\$219,812
	Purchase price (incl.\$5,000 closing)	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000
	GAP	\$159,240	\$143,196	\$106,312	\$57,134	\$57,134	\$44,839	\$44,839	\$32,544	\$1,808	\$1,808	(\$16,634)	(\$28,929)	(\$28,929)	(\$16,634)	(\$65,812)	(\$65,812)

<b>Financing Variables:</b> 5.00% Rate Finance closing costs? (y/n) no 30 Term 33% Proportion of income for housing \$35 Monthly CLT lease fee  <b>Other assumptions:</b> \$100 Monthly tax burden \$40 Monthly insurance premium	<table border="1"> <thead> <tr> <th></th> <th>Sample</th> <th>Population</th> </tr> </thead> <tbody> <tr> <td>Current floodplain renter household candidates for CLT housing:</td> <td>5</td> <td>7</td> </tr> <tr> <td>Current floodplain owner household candidates for CLT housing:</td> <td>7</td> <td>10</td> </tr> <tr> <td><b>Total current floodplain household candidates for CLT housing:</b></td> <td><b>12</b></td> <td><b>18</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>Mean</th> <th>Median</th> <th>Minimum</th> <th>Maximum</th> <th>Sum (sample)</th> <th>Sum (population)</th> </tr> </thead> <tbody> <tr> <td><b>First mortgage:</b></td> <td>\$ 116,333</td> <td>\$ 109,161</td> <td>\$ 72,277</td> <td>\$ 152,192</td> <td>\$ 1,395,994</td> <td>\$ 2,052,112</td> </tr> <tr> <td><b>Down payment subsidy:</b></td> <td>\$ 37,667</td> <td>\$ 44,839</td> <td>\$ 1,808</td> <td>\$ 81,723</td> <td>\$ 452,006</td> <td>\$ 664,448</td> </tr> </tbody> </table>		Sample	Population	Current floodplain renter household candidates for CLT housing:	5	7	Current floodplain owner household candidates for CLT housing:	7	10	<b>Total current floodplain household candidates for CLT housing:</b>	<b>12</b>	<b>18</b>		Mean	Median	Minimum	Maximum	Sum (sample)	Sum (population)	<b>First mortgage:</b>	\$ 116,333	\$ 109,161	\$ 72,277	\$ 152,192	\$ 1,395,994	\$ 2,052,112	<b>Down payment subsidy:</b>	\$ 37,667	\$ 44,839	\$ 1,808	\$ 81,723	\$ 452,006	\$ 664,448
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## Important Features of a CLT

*Acquiring Land for the Community.* Sometimes CLTs buy undeveloped land and arrange to have new homes built on it; sometimes they buy land and buildings together. In either case, the CLT treats land and buildings differently. CLT land is held permanently - never sold - so that it can always be used in the community's best interest. Buildings on CLT land, however, may be owned by the residents, local businesses and other organizations. Depending on particular circumstances, it may be advantageous for a CLT to acquire the land directly from a private owner, or it may make more sense for a municipal government to acquire land and sell it to the CLT for development.

For the Hamilton relocation project, it will be necessary to develop the new town site, including residences, businesses and community services on land that is currently undeveloped and in private ownership.

*Access for Low-Income People.* The CLT provides access to land and housing for people who are otherwise priced out of the land and housing markets. Some CLT homes are rented, but, when possible, the CLT helps people to purchase homes on affordable terms. The land beneath the homes is then leased to the homeowners through a long-term (usually 99-year) renewable lease. Residents and their descendants can use the land for as long as they wish to live there.

The Hamilton low-income needs assessment and census data show that the town has a high proportion of low-income households who would benefit from the types of housing and other community services that a CLT can provide. This is particularly true with respect to low-income homeownership opportunities. Those households with stable incomes, but that cannot afford current market-rate housing are good candidates for CLT homeownership. For some of these residents, this will be their first opportunity to invest in housing in a way that gives them a reasonable return on that investment. In many cases, CLTs find that households that can afford to rent, can also afford to buy with help from a CLT.

*Prices Stay Affordable.* When CLT homeowners decide to move, they can sell their homes. The land lease agreement gives the CLT the right to buy each home back for an amount determined limited by the CLT's resale formula. Each CLT designs its own resale formula - to give homeowners a fair return for their investment, while keeping the price affordable for other lower income people.

*Owner-Occupancy Preserved.* The land lease requires that owners live in their homes as their primary residences. When homes are resold, the lease ensures that the new owners will also be residents - not absentee owners.

*Multi-Family Buildings.* A CLT can work with various ownership structures for multi-family buildings. The CLT itself may own and manage a building as rental housing, another non-profit may own it, or the residents may own it as a cooperative or as condominiums. In each case, the CLT will ensure long-term affordability.

*Helping New Homeowners.* CLTs can provide a variety of training opportunities and other services to first-time homeowners, and can provide crucial support if homeowners face unexpected home repairs or financial problems. In these cases the CLT can often

help residents to find a practical solution, and may help to make necessary financial arrangements.

*Compatible with Transfer of Development Rights program.* The Hamilton relocation project has proposed to develop and implement a transfer of development rights (TDR) program that would extinguish development rights in the floodplain areas along the Skagit River (sending area) in exchange for creating higher density development in appropriate areas of the new town site (receiving area). TDR programs require adequate incentives to encourage developers to purchase sending area development rights. As it develops the TDR program, the PDA should consider offering significant density bonuses to developers who work with the CLT to ensure the best mix of housing that accommodates the incomes of those households that are relocating from the floodway to the new town site.

*A Flexible Approach.* CLTs have been established to serve inner-city neighborhoods, small cities, clusters of towns, and rural areas. A CLT working in a small city neighborhood may be the only local housing group, though it may collaborate with citywide and regional organizations. Other CLTs, serving larger geographical areas, may work closely with a variety of local organizations. CLTs may develop housing themselves or may hold land beneath housing produced by other non-profit or for-profit developers.

A CLT may build new homes, rehabilitate and/or relocate older homes, or acquire existing housing that needs little or no renovation. Some CLTs have bought mobile home parks to provide long-term security for mobile home owners.

In addition to providing affordable housing, CLTs may make land available for community gardens, playgrounds, economic development activities, or open space, and may provide land and facilities for a variety of community services. In rural areas, CLTs may hold land for gardens, farming, timber and firewood, and may hold conservation easements to protect open space and ecologically fragile areas.

*Conservation of Public Investment.* Fortunately, there are numerous sources of public and private investment to support subsidies (e.g., down payment assistance for first-time homebuyers). Unfortunately, the amount of any single funding source is limited at any given time, making most sources competitive. Hamilton, due to its innovative project and urgent public safety needs will probably compete well for funding low-income housing assistance; however, many traditional housing assistance programs do not preserve the public investment in housing past a pre-determined limit of 15-20 years. Under the CLT approach and its unique equity sharing arrangements, the subsidy is retained with the land from the time of initial purchase in perpetuity. No further subsidy is required to keep the home (or other land use) affordable to the next buyer (or renter, or lessee).

## How would a CLT be established?

As stated above, the CLT is a remarkably flexible form of organization for land use development. However, along with the flexibility come attendant decisions about the new CLT's form of organization and scope of activities. If it is determined that the CLT model should be used to develop a portion of the residential and/or commercial land uses in Hamilton's new town site, the sponsoring organization will have to make decisions on several of the CLT's main features.

### ***Establishing the CLT:***

*Organization.* CLTs are normally organized as new nonprofit organizations, specifically, public charities operating under section 501c3 of the Internal Revenue Code. This allows the organization maximum access to charitable gifts and grants as long as it restricts its activities to charitable purposes (e.g., housing for low-income persons, public safety, etc.). Some CLTs have started as programs of an existing nonprofit corporation. When this happens, the CLT is often "spun-off" later as it's own separate corporate entity after it has built the capacity to exist as a stand-alone organization.

*Sponsorship.* We refer to the group of individuals or organizations who are the very first involved in developing a CLT organization. It seems likely that for the purposes of the Hamilton relocation project, the initiative and energy to establish a CLT will come either from initial sponsorship by a group of grassroots organizers, an existing nonprofit organization, or a unit of local government. All three have their advantages and disadvantages, and the flexible nature of the CLT model makes it possible to transform into another organizational form as the CLT evolves and develops additional capacity.

One attractive scenario is that an existing organization, such as Skagit County Community Action, starts a CLT as a new program under its large umbrella encompassing a wide variety of social and health services. Community Action is a well-established and respected organization with a wealth of experience working with low-income clients, pursuing and managing large grants, and working in collaboration with other agencies, all units of government, and the business community.

We believe this sponsorship scenario would allow for relatively rapid start-up and service delivery due to existing organizational capacity, ability to attract and retain high-quality staff, high degree of credibility with likely funders, compatibility with existing low-income household and nonprofit housing assistance programs.

*Governance.* CLTs are traditionally governed by a tripartite board of directors. Each of the three parts contains an equal number of seats. One third of the board represents the interests of people who lease the land from the CLT; these are called *leaseholder representatives* and may, for example, consist of low-income CLT homeowners. Another third of the board represents the interests of the community who do not lease CLT land. Often, these representatives must also be paid members of the CLT

(membership dues are typically very low, in the range of \$30-50), hence, these are the *general membership representatives*. The final third of the board represent the interests of organizations that serve the public such as municipalities, local funders, nonprofit housing and social service providers and others who speak for the public interest; these are the *public representatives*.

*Service area.* CLTs develop their projects and draw their membership from a community that is geographically defined. Some CLTs serve individual neighborhoods within a larger city, while others serve large areas, including whole counties or even multiple counties. There are pros and cons associated with the choices of large or small service area. In our opinion, the advantages of a countywide service area (versus a Hamilton-only area) greatly outweigh the disadvantages – in fact, the disadvantages can largely be controlled or eliminated with careful, early planning. A CLT with a Skagit County service area can still focus on the Hamilton relocation as its first priority project, expanding services to other areas of the county after the Hamilton area has been serviced for the purposes of the relocation activities. A countywide organization has much more opportunities to raise the public and private resources necessary to fund the projects and long-term operations necessary for a successful CLT. Furthermore, the opportunities for collaboration with other organizations are likely to be much greater if the CLT has, as its mission, to serve the entire county.

## Recommended next steps

- Familiarize key individuals and organizations with additional detail about the CLT approach. Information and expertise is available from a number of sources, including Institute for Community Economics<sup>2</sup>, Burlington Associates in Community Development<sup>3</sup>, the Northwest CLT Coalition<sup>4</sup> and existing CLTs located nearby in Washington State.
- Organize a *CLT start-up committee* that can sort through issues and options for adapting the CLT approach to Skagit County. These committee members would not necessarily need to make a commitment to serve on the CLT's board, although that would serve the start-up process well.
- Identify resources to cover the CLT start-up initial costs, including both in-kind and funding. The pace of CLT start-up will largely be a function of resource allocation.
- Articulate a three-year strategy for the CLT that includes its initial mission and goals, along with a few achievable program or project objectives in a more detailed one-year plan of action.
- Introduce the CLT to the larger community, inviting members to join, contribute and serve. CLTs function best as community development organizations when supported by a broad membership from throughout the community.
- Seek the endorsement and support of key local and regional organizations, both public and private. CLTs can complement the work of other housing developers and nonprofits, adding an additional method for creating homes people can afford. The potential for collaboration and synergy will grow more quickly after other organizations recognize the CLTs role.

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<sup>2</sup> <http://www.iceclt.org/>

<sup>3</sup> <http://www.burlingtonassociates.com/>

<sup>4</sup> Contact: Melora Hiller, (206) 372-6067, [melorahiller@earthlink.net](mailto:melorahiller@earthlink.net)

## **Appendix A: Low-Income Needs Assessment Findings**



## Hamilton Low-Income Housing Needs Assessment

This section of the report presents a profile of Hamilton’s low-income households. These are households that may have limited resources to take advantage of some of the opportunities that the relocation project may offer (e.g., replacement owner-occupied housing at the new town site). They are also households that may be eligible for various forms of assistance through federal, state and local government programs and nonprofit social service providers.

The analysis presented here is designed to aid planners in determining the amount and types of assistance that may be necessary and available to help Hamilton’s low-income households transition to the new Town site (or to other locales should they so choose).

### **Methodology**

Data for this section come from 2000 Census data and a door-to-door survey that was part of a larger countywide needs assessment by Skagit County Community Action Agency. The survey attempted to interview an adult member of each low-income household in Hamilton. Because no accurate list of low-income households exists, interviewers visited each occupied housing unit in the floodplain area of Hamilton and asked screening questions to determine whether or not that household should be considered “low-income”. Interviewers made repeated visits (minimum of three) to households for which no adult occupant was at home during the previous visit.

The survey questionnaire was developed by Skagit County Community Action in collaboration with other government and nongovernmental organizations and with the help of a consultant.

In this report, low-income is a term used to represent those households for which the U.S. Department of Housing and Urban Development (HUD) would consider “low- moderate-income,” (LMI) meaning, they have household incomes that are equal to or less than 80% of the area median income.

For the purpose of this survey, LMI is defined as households with income at 80% or less of the 2004 area median income for Skagit County, adjusted for family size (Table 2).

**Table 2. Low-income limits for Skagit County**

<b>HOUSEHOLD SIZE (PERSONS)</b>	<b>INCOME LIMIT</b>
1	31,750
2	36,300
3	40,800
4	45,350
5	49,000
6	52,600
7	56,250
8	59,900

Source: US Dept. of Housing and Urban Development

*Survey response.* Interviewers visited 86 Hamilton homes; 65 were screened for income and household size. For the rest of the homes visited, no adult was home or an adult refused to be interviewed. Of those interviewed, 47 (72%) were determined to be LMI households.

*Population estimates based on the survey sample.* Based on HUD analysis of 2000 Census data for Hamilton, 59% of all 117 Hamilton households, or 69 households, are LMI. For the purposes of this report, we will assume that these numbers are still accurate in 2005. Because the LMI housing needs assessment survey collected data from 47 households, the response rate to the survey was 68% of all LMI households ( $47/69=0.68$ ). We further assume that the households surveyed are representative of the Hamilton LMI household population; therefore, total population estimates (e.g., total persons in LMI population, total number of renters/owners, etc.) are derived by applying an adjustment factor of 1.47 to all sample estimates ( $1/.68=1.47$ ). For example, the sum of persons in all sample households is 123; applying the population adjustment factor, we estimate that the total number of LMI persons in the Hamilton population is equal to  $123 \times 1.47 = 180.8$  (or 181 rounded to the nearest whole person).

## Demographics of Hamilton LMI households

Based on the needs assessment survey sample and the population adjustment factor described earlier, Hamilton has 69 LMI floodplain households, including 109 adults and 72 children (Table 3).

**Table 3. LMI Household size and composition for survey sample and estimated population**

	LMI PERSONS			
	SAMPLE		POPULATION*	
	COUNT	MEAN	COUNT	MEAN
<b>TOTAL PERSONS</b>	123	2.61	181	2.61
<b>ADULTS</b>	74	1.57	109	1.57
<b>CHILDREN</b>	49	1.04	72	1.04
<b>TOTAL LMI HOUSEHOLDS</b>	47		69	

\*Estimated by multiplying the sample county by 1.47 adjustment factor

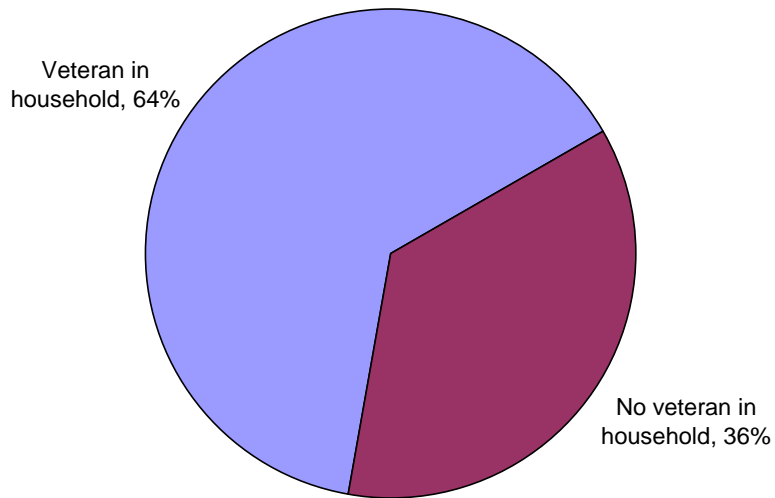
Hamilton LMI residents are primarily Caucasian, non-Hispanic English speakers (Table 4). Just 2% of LMI respondents are Hispanic; 4% are Native Americans and 2% are another race – these respondents report being of mixed race. No respondents reported speaking a language other than English at home.

**Table 4 Race, ethnicity, and language spoken at home of LMI respondents**

<b>Ethnicity</b>	<b>Number</b>	<b>Percent</b>
Hispanic	1	2%
Non-Hispanic	46	98%
<b>Race</b>		
Asian	0	0%
Native Hawaiian or Other Pacific Islander	0	0%
African American or Black	0	0%
Native American or Alaskan Native	4	9%
Other	2	4%
Caucasian or White	41	87%
<b>Language spoken at home</b>		
Other	0	0%
Spanish	0	0%
English	47	100%

Nearly two-thirds (64%) of LMI households include at least one veteran (Figure 1). The total number of veterans in the survey sample was 17, representing 23% of the adult LMI population in Hamilton.

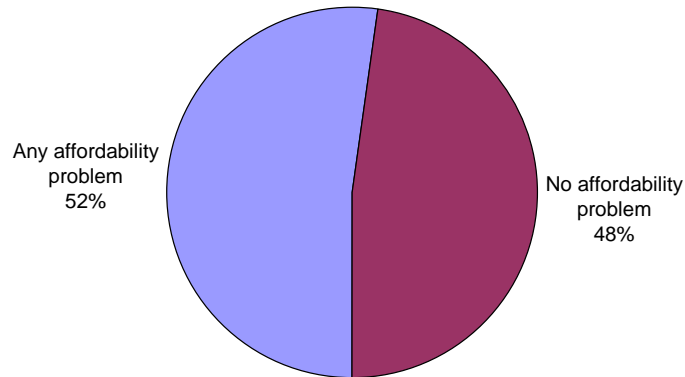
**Figure 1 Proportion of LMI households with at least one veteran**



## LMI households' housing characteristics

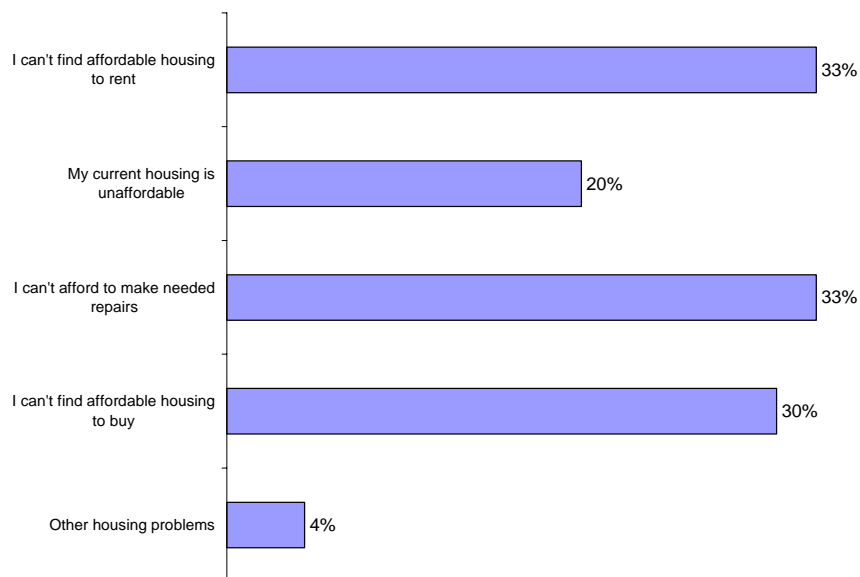
More than half (52%) of LMI households report at least one of three types of housing affordability problems: *current housing is unaffordable*, *can't find affordable housing to buy*, or *can't find affordable housing to rent* (Figure 2).

**Figure 2** Proportion of households with a housing affordability problem



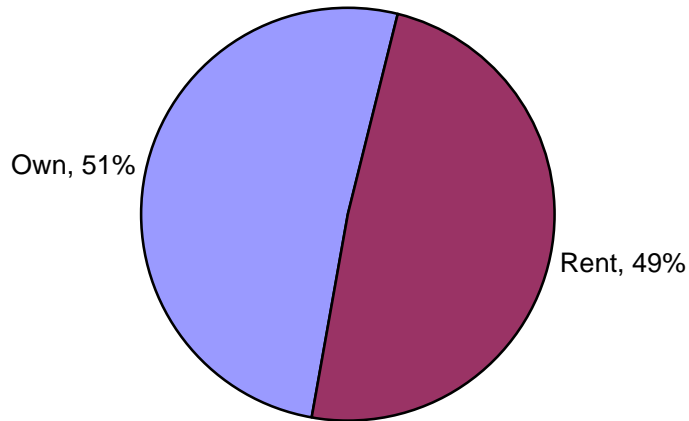
About a third of respondents report the following individual affordability problems: *can't find affordable housing to buy* (30%), *can't find affordable housing to rent* (33%), *can't afford to make needed repairs to home* (33%). A smaller proportion (20%) report that their current housing is unaffordable (Figure 3).

**Figure 3** Housing problems of LMI households



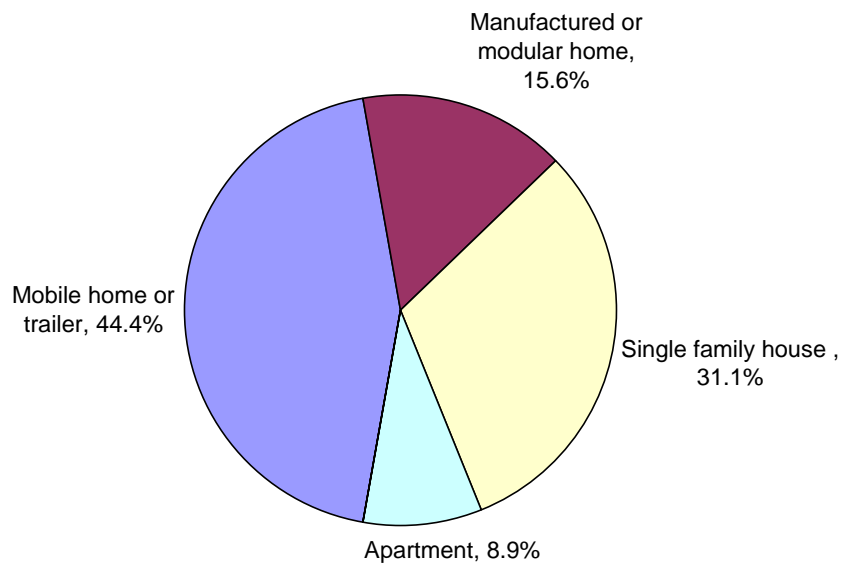
Hamilton floodplain LMI households are almost evenly divided between renters (49%) and owners (51%). The renter proportion of LMI households is just over twice that of the town's entire population (23%) as reported by the 2000 Census.

**Figure 4 LMI household tenure**

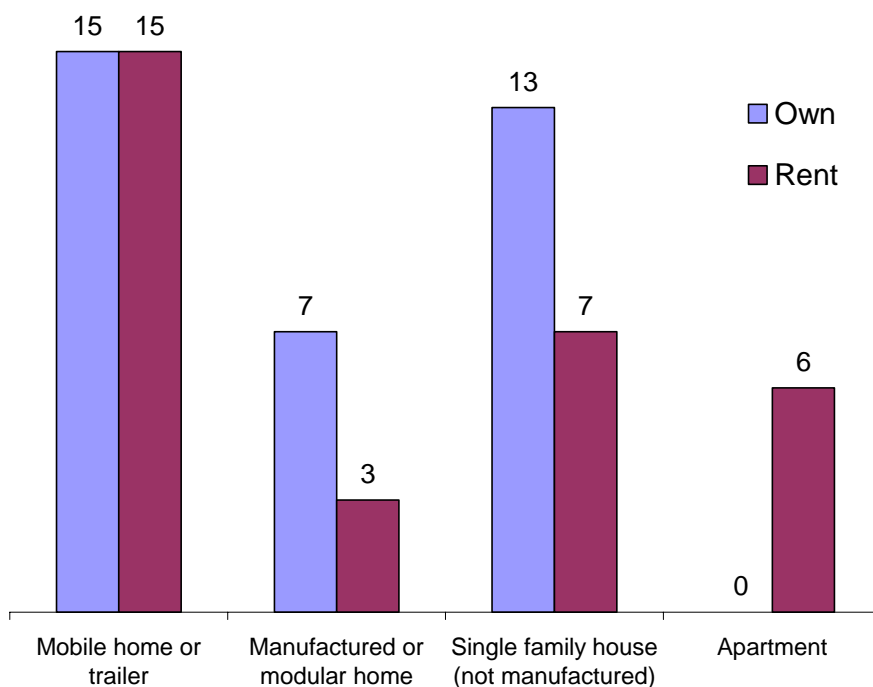


A large proportion of LMI households in Hamilton's floodplain live in mobile homes or trailers (44%). An additional 16% live in manufactured or modular housing. Less than a third live in detached, single family houses (31%), and 9% live in apartments.

**Figure 5 LMI housing type**



**Figure 6 Housing type by tenure (population estimate)**



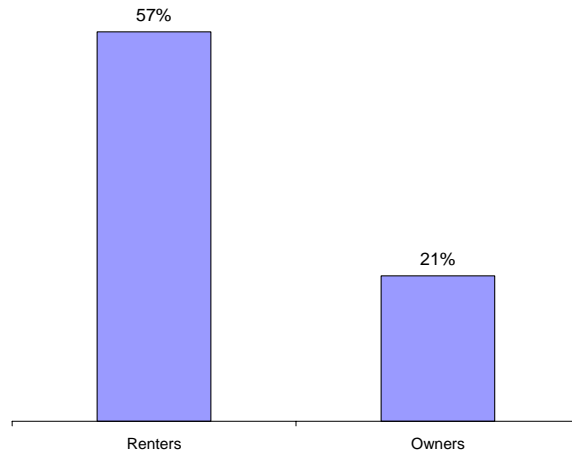
LMI renter households pay an average rent of \$453 per month and a median rent of \$400. Rental costs range from \$100 to \$850 per month (Table 5). LMI homeowners pay an average mortgage payment of \$304 and a median mortgage payment of \$198. The reason the mortgage costs seem so low is probably due to the fact that nearly half of all LMI owners live in mobile homes or trailers.

**Table 5 Housing cost statistics for LMI households by tenure**

	Monthly housing cost	
	Rent (n=23 households)	Mortgage payment (n=21 households)
Mean	\$ 453	\$ 304
Median	\$ 400	\$ 198
Minimum	\$ 100	\$ 0
Maximum	\$ 850	\$ 900

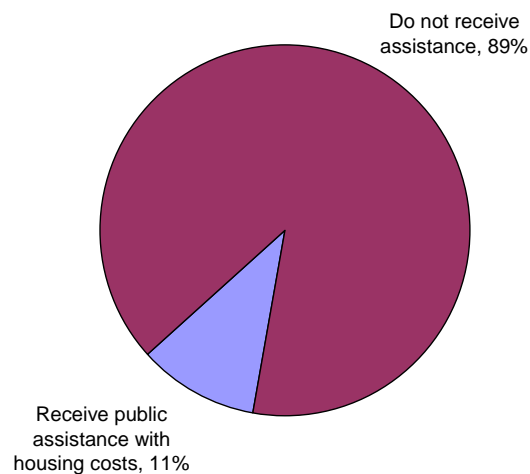
Comparing a household's monthly housing costs to income is one measure of housing cost burden. Typically, housing is considered affordable if the household's housing costs amount to 30% or less of total household income. The housing cost burden of Hamilton LMI households was calculated by dividing their monthly rent or mortgage amount by total monthly income. This analysis reveals that renters are nearly three times as likely (57%) to be living in unaffordable housing compared to homeowners (21%) (Figure 7).

**Figure 7 Proportion of LMI households with housing cost burden greater than 30%**



Despite the high proportion of LMI households that lack affordable housing, only 11% are receiving financial assistance to help them pay the rent or mortgage payments (Figure 8).

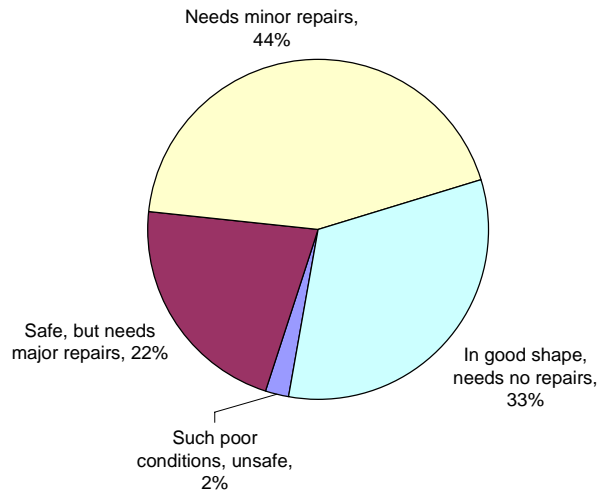
**Figure 8 Proportion of LMI households that receive some type of financial assistance with housing costs**





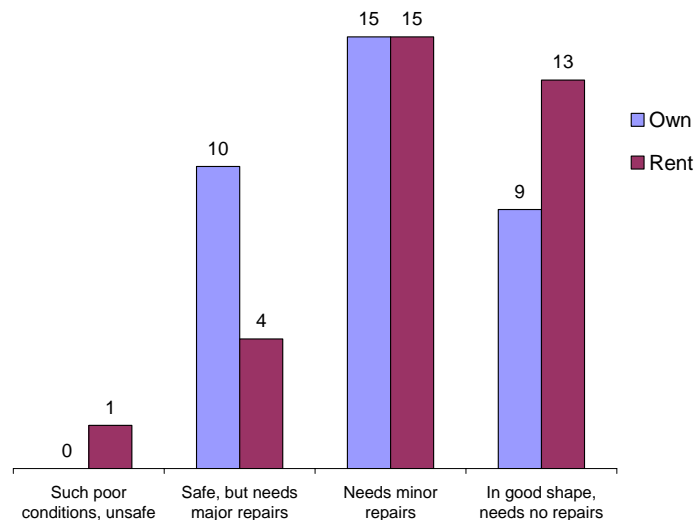
LMI respondents were asked to describe the condition of their current housing. On-third (33%) say their housing is in good shape, needing no repairs (Figure 9). Less than half (44%) say their home needs minor repairs, and 22% say their home is safe, but needs major repairs. Just 2% say their home is in such poor condition that it is unsafe.

**Figure 9 Condition of LMI housing**



Based on the survey sample, it is estimated that five LMI renter households and 10 LMI homeowner households in the floodplain reside in housing that requires major repairs (Figure 10). Thirty LMI households require minor repairs to their housing (evenly divided between renters and homeowners). Thirty LMI households require minor repairs to their housing (evenly divided between renters and homeowners).

**Figure 10 LMI housing condition by tenure (population estimate)**



## ***Income and employment***

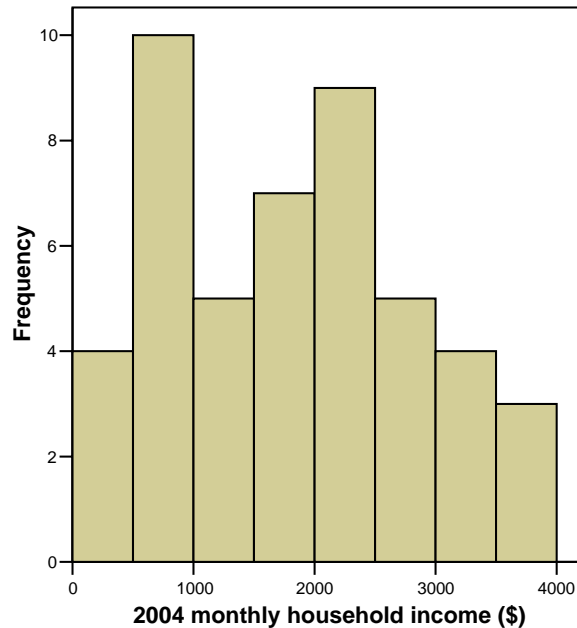
The total monthly household income of LMI households ranged from \$0 to \$4,000. Their average monthly income is \$1,766 and the median is \$1,600. Annual income estimates based on these monthly figures are shown below in Table 6. The average and median annual income of LMI households are \$21,191 and \$19,200, respectively, and they ranged from \$0 to \$48,000.

**Table 6 Total income of LMI households**

	Estimated household income (N = 47 households)	
	Monthly	Yearly (estimated)
Mean	\$ 1,766	\$ 21,191
Median	\$ 1,600	\$ 19,200
Minimum	\$0	\$0
Maximum	\$ 4,000	\$ 48,000

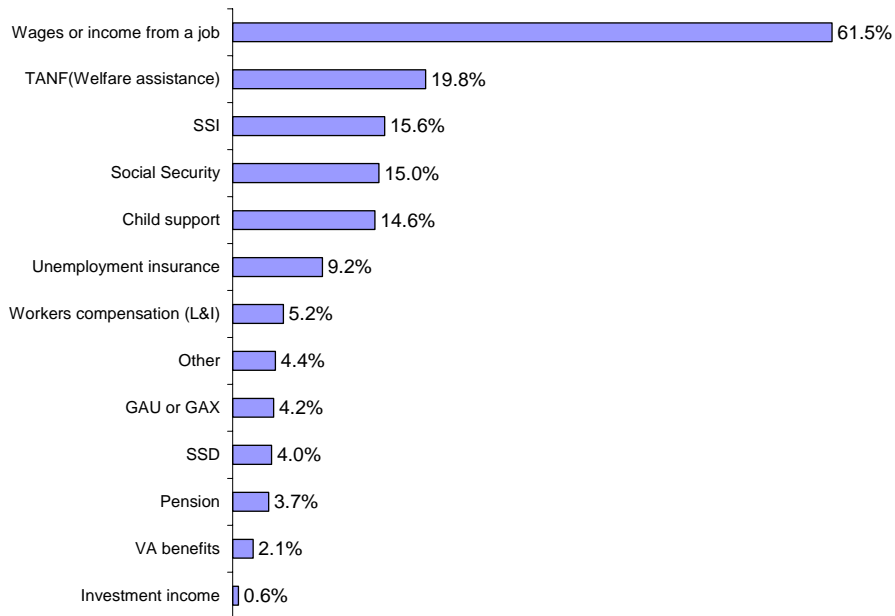
The distribution of LMI household income is bi-modal, meaning that there is concentration of households at the very low end of the income distribution and another near the average income level (Figure 11). The 2000 Census shows a similar distribution. Together, this suggests the existence of a persistent group of households living in poverty.

**Figure 11 Distribution of total household income in LMI sample**



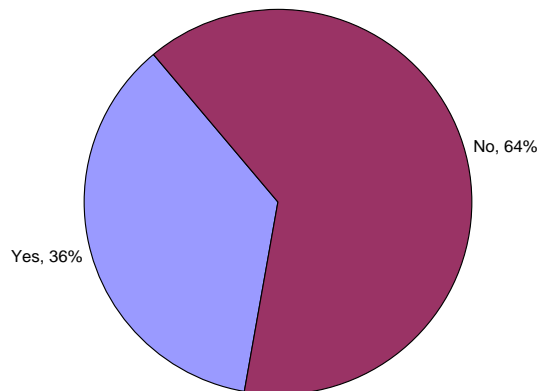
A majority of LMI households (62%) derive income from a job (Figure 12). The next most common income source is Temporary Assistance to Needy Families (TANF), which 20% of households rely on for a portion of their income. Approximately 15% of households rely on Supplemental Security Income (SSI), Social Security, or child support payments. Unemployment insurance payments are collected by 9% of LMI households.

**Figure 12 Sources of LMI household income**



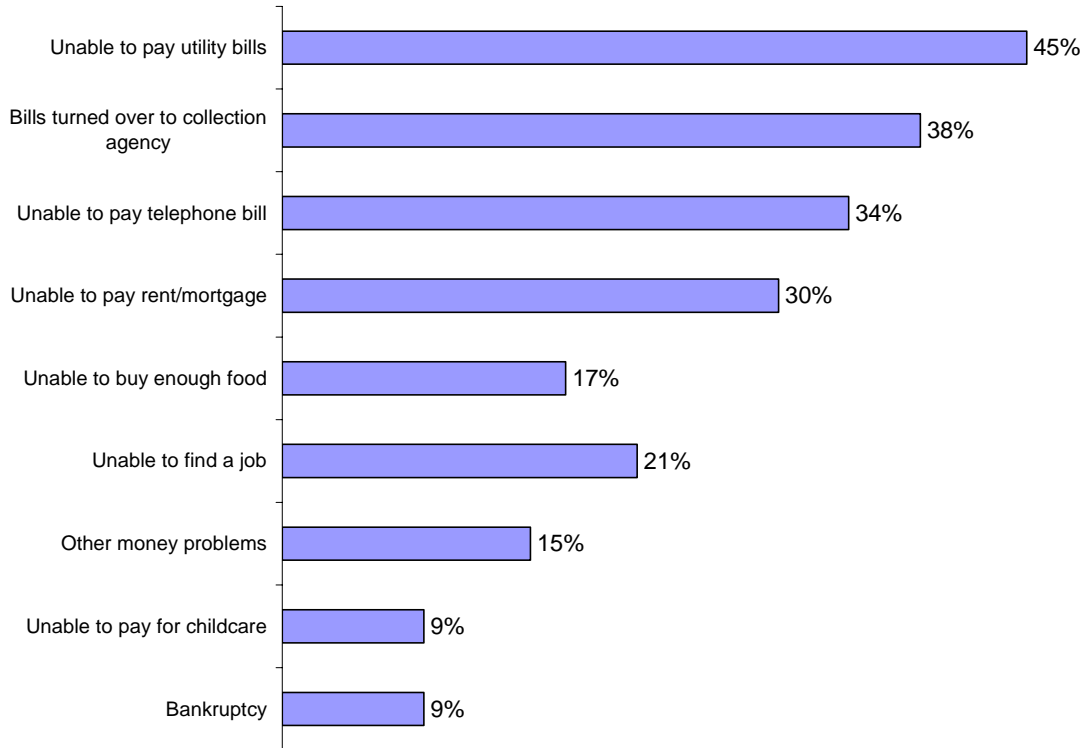
Just over a third (36%) of respondents report that *getting or keeping a good job* has been a problem for themselves or someone in their household in the past year (Figure 13). Maintaining steady employment is often a prerequisite qualification considered by bank loan officers when reviewing an applicant's request for mortgage financing.

**Figure 13 Has had problem getting or keeping a job in the last year**



Two-thirds of households experienced at least one of the finance problems listed in Figure 14 in the previous 12 months. The most frequent money problems reported are unable to pay utility bills (45%), bills turned over to collection agency (38%), Unable to pay telephone bill (34%), unable to pay the rent or mortgage payment (30%).

**Figure 14 Finance problems experienced by LMI households in last year**



**Appendix B: Low-Income Housing Resources in Skagit County**

## Low-income Housing Assistance Resources in Skagit County

### *Emergency Shelter*

<b>Friendship House</b>	
<b>Address:</b> Men's Shelter 1008 S 3 <sup>rd</sup> Mount Vernon, WA 98273	<b>Phone:</b> 360.336.2135
Women and Children's Shelter 922 S 3 <sup>rd</sup> Mount Vernon, WA 98273	360.336.2418
<b>Description:</b> Offers emergency shelters for men and women.	

<b>Skagit County Community Action Agency</b>	
<b>Address:</b> 330 Pacific Place Mount Vernon, WA 98273 <a href="http://www.skagitcap.org">http://www.skagitcap.org</a>	<b>Phone:</b> 360.416.7585
<b>Description:</b> Provides emergency shelter programs for families.	

<b>Skagit Domestic Violence and Sexual Assault Services</b>	
<b>Address:</b> 2121-B E College Way Mount Vernon, WA 98273 <a href="http://www.snonet.org/sdvsa">http://www.snonet.org/sdvsa</a>	<b>Phone:</b> 800.726.6010 360.336.9591
<b>Description:</b> Provides advocacy, crisis intervention, information and referral, support groups and shelter for domestic violence victims.	

### *Affordable Rentals*

<b>Housing Authority of Skagit County</b>	
<b>Address:</b> 2021 East College Way, Ste 101 Mount Vernon, WA 98273 <a href="http://www.awha.org/ha/skagit.html">http://www.awha.org/ha/skagit.html</a>	<b>Phone:</b> 360.428.1959
<b>Description:</b> Provides subsidized housing and other housing related services to low-income families.	

## *Affordable Home Ownership*

<b>Fremont Public Association Homebuyer Education</b>	
<b>Address:</b> 1501 N 45 <sup>th</sup> St Seattle, WA 98103 <a href="http://www.fremontpublic.org">http://www.fremontpublic.org</a>	<b>Phone:</b> 206.694.6700 206.694.6710 TTY 206.694.6869
<b>Description:</b> Offers foreclosure prevention counseling, homebuyer education and reverse equity mortgage counseling.	

<b>Habitat for Humanity International</b>	
<b>Address:</b> PO Box 2565 Mount Vernon, WA 98273 <a href="http://www.habitat.org">http://www.habitat.org</a>	<b>Phone:</b> 360.428.9402
<b>Description:</b> Provides housing for low-income families and volunteer opportunities.	

<b>Self-Help Housing</b>	
<b>Address:</b> 5373 Guide Meridian Ste E-105 Bellingham, WA 98226 <a href="http://www.rurdev.usda.gov">http://www.rurdev.usda.gov</a>	<b>Phone:</b> 888.360.0223
<b>Description:</b> Offers a sweat equity homeownership program for low-income families.	

## **Appendix C: Low-income housing assistance funding**



The information in Table 7 links Hamilton low-income housing relocation-related activities to potential funding sources. Where possible, the estimated amount of funding for certain activities is listed and justified.

**Table 7 Low-income housing assistance funding: needs and available sources**

<b>Low-income housing activity</b>	<b>Estimated need: justification</b>	<b>Funding sources</b>	<b>Estimated need: amount</b>
Buyout existing owners; restoring land to open space	35 floodplain homeowners occupy 15 mobile homes, 7 manufactured homes, and 13 single-family homes. That average sales price of a Hamilton home (including all housing types) was \$103,000 in the period 2004-2005 (to date).	<ul style="list-style-type: none"> <li>▪ FEMA Hazard Mitigation Grant Program</li> <li>▪ FEMA Pre-Disaster Mitigation Grant Program</li> <li>▪ FCAAP Grant Programs</li> <li>▪ Interagency Committee for Outdoor Recreation grant programs, to acquire and restore floodplain open space</li> <li>▪ Skagit County Flood Management Funds</li> <li>▪ CTED grant programs, including: CDBG General Purpose, Community Investment Fund, Housing Enhancement Grant, Imminent Threat and Urgent Needs Grants, Section 108 Loan Guarantee</li> </ul>	\$3,605,000
Tenant relocation	34 floodplain low-income renter households; relocation assistance = \$5,850 per household	<ul style="list-style-type: none"> <li>▪ CTED grant programs, including: CDBG General Purpose, Community Investment Fund, Housing Enhancement Grant, Imminent Threat and Urgent Needs Grants, Section 108 Loan Guarantee</li> </ul>	\$198,900

Low-income housing activity	Estimated need: justification	Funding sources	Estimated need: amount
Low- to moderate-income homeownership down payment assistance		<ul style="list-style-type: none"> <li>▪ Washington State Housing Trust Fund; provides grant funding on a competitive basis for down payment assistance.</li> <li>▪ House Key Plus CLT; This funding provides a maximum of \$25,000 per home as a second loan which is due upon sale or refinance with 3% simple interest.</li> <li>▪ Home\$tart; Personal savings account matching funds, \$3 to \$1, up to \$5,000 toward down payment (available through Federal Home Loan Bank partners).</li> <li>▪ Home Choice (Fannie Mae/WSHFC); up to \$15,000 for disabled borrowers or households with a member with a disability* (can only be used when House Key Plus CLT is not used)</li> <li>▪ Section 8 HomeOwnership Program; This option is available through some Housing Authorities. It will provide dedicated funds with which to pay a mortgage payment on a monthly basis of between \$130-\$500.</li> <li>▪ House Key Loans (WSHFC); subsidized interest rate first mortgages (currently 4.95% w/ 2 points).</li> </ul>	<b>\$ 664,448</b>

<b>Low-income housing activity</b>	<b>Estimated need: justification</b>	<b>Funding sources</b>	<b>Estimated need: amount</b>
Development of infrastructure for residential development at new town site	Streets, utilities and other infrastructure necessary for residential development at the new town site	<ul style="list-style-type: none"> <li>▪ CTED grant programs, including: CDBG General Purpose, Community Investment Fund, Housing Enhancement Grant, Imminent Threat and Urgent Needs Grants, Section 108 Loan Guarantee</li> <li>▪ Centennial Clean Water Fund</li> <li>▪ State Revolving Loan Fund</li> <li>▪ Public Works Trust Fund</li> <li>▪ Skagit County Economic Development Public Facility Grant Program</li> </ul>	Not yet estimated