



## **Council Study Session Minutes – July 26, 2010**

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At 7:30 p.m. Mayor Maxwell called the regularly scheduled Anacortes City Council study session of July 26, 2010 to order. Councilors Nick Petrish, Erica Pickett, Brad Adams, Bill Turner, Cynthia Richardson and Brian Geer were present. Kevin McKeown was absent.

### **Home Trust of Skagit**

Planning Director Ryan Larsen introduced Jim Duffield, president of the Board of Trustees of Home Trust of Skagit (HTS). Mr. Duffield introduced other members of the Board who were present: Dave Malsed, Manager; Lynn Christofersen, Treasurer; and Gabriel Olmsted, Vice President. Formed a year and a half ago, the HTS mission is to hold land in trust for affordable home ownership and other community needs in perpetuity. Mr. Duffield said HTS has applied for non-profit 501(c)3 status but is currently operating under the umbrella of Skagit County Community Action Agency. HTS has sixty members now from all over the county and intends to expand its membership greatly. Its service area is exclusively Skagit County. HTS will work with both buyer initiated scatter sites and new construction. HTS has ties to Channel Cove (formerly Southfield) in La Conner and may partner with Habitat for Humanity on new construction there as well as the existing rentals. Housing affordability for qualified low income buyers is achieved through a subsidy provided by the land trust to make up the difference between the mortgage amount a buyer qualifies for and the sale price of a home. Land trust funding may come from CDBG grants, state funds, local, city and county contributions such as 20/60 money and private donations of funds, land and/or homes. The lender may be private, the USDA, or eventually even the trust making its own revolving loans. Sweat equity may also contribute to lowering costs. Mr. Duffield said there are approximately 250 community land trusts in the nation operating on many different models. The HTS model is based on a ground lease to preserve affordability indefinitely. The renewable lease lasts for 99 years and can be inherited. HTS continues to own the land and monitors compliance with the terms of the lease. A minimal ground lease fee helps support the administrative costs of the trust. HTS has chosen a resale formula that allows homeowners to earn up to 1.5% equity per year if the real estate market goes up. Mr. Duffield gave some examples from the Orcas Island community land trust, OPAL. Mr. Petrish asked if HTS can purchase bare land and build a house or only purchase existing housing. Mr. Duffield said both. The latter is referred to as “scattered site” meaning existing homes anywhere in the county that either the trust or eligible buyers locate. To be eligible, buyers must live or work in Skagit County, earn less than 80% of area median income, have regular earned income from an employer or self-employment, and obtain mortgage financing from a participating lender. The buyer attends orientation and homebuyer education classes through HTS. The buyer is responsible for paying the mortgage as well as a small monthly administrative fee to HTS and the property taxes. The buyer has a 99-year ground lease on the land but HTS owns the land in trust forever. When the owner wants to sell, he pays off the mortgage and takes the allowed equity according to the formula while the trust keeps the land and gets back its subsidy to fund future purchases.

Mr. Geer asked about a reference to “commercial or community facilities” as well as housing. Ms. Christofersen gave an example of a property near Olympia, a former cattle ranch that will have housing as well as a working farm which is the “commercial” component of the project. Mr. Geer asked why HTS will work only with qualified lenders. Mr. Duffield clarified HTS is not trying to limit the number of lenders but wants to develop relationships with lenders who are familiar with the land trust process. Mr. Turner asked how HTS will find homes at good prices. Mr. Olmsted said they hope enthusiasm for the model will encourage sellers to participate by lowering asking prices or donating some portion of the price in return for tax credit. He added that HTS members may donate land or funds because they believe in the cause for the community good. Mr. Adams asked if HTS properties must be sold to another qualifying HTS buyer. Mr. Malsed said yes. Mrs. Richardson asked what happens if property values fall or someone defaults on a mortgage. Ms. Christofersen said the homeowner has to abide by the terms of the loan just like anyone else but added that that HTS may be able to help avert those outcomes and noted that nationally, home trust lands have the lowest default rate of any homes. Mrs. Richardson asked if the monthly administrative fee pays the property taxes on the underlying land. Ms. Christofersen said no, property taxes on both home and land are paid entirely by the homeowner. She added that whenever a trust property sells the trust also takes a percentage (probably 1%) to help cover administrative costs.

Mrs. Richardson encouraged purchasing existing, older homes to get more bang for the buck. Ms. Christofersen added that the scattered site model also distributes assisted families throughout the community and prevents stigmatization. Mr. Petrish asked if the current foreclosure rate figures in. Ms. Christofersen said many land trusts nationally have been taking advantage of that. Mr. Turner asked the rules about what kind and size of homes can be included in the program and if there are sustainable building standards. Mr. Olmsted said yes, most trusts limit how large a home can be based on family size and many also subscribe to green building standards for new construction. He noted that a trust wants to be sure a house will last at least the 99 years of the lease. Mr. Geer requested the HTS web address. Mr. Duffield said [www.hometrustedofskagit.org](http://www.hometrustedofskagit.org). Mr. Olmsted handed out membership packets to the Council. Mayor Maxwell asked if individuals have already stepped forward to provide homes or other support. Mr. Malsed said several landowners have expressed interest in working with the trust involving at least three homes in Burlington right now. He added that some Anacortes landowners have said they would sell property at a reduced rate for co-housing and that Aging In Place on Guemes Island is also interested in working with HTS. Mayor Maxwell said he had talked to a few people who may be interested and suggested that a reverse mortgage may work for some HTS properties. He applauded the efforts of Home Trust of Skagit to help meet the challenge of creating affordable housing.

### **AMC Chapter 18.16, Shoreline Master Program (SMP) Administration and Permit Procedures**

Planning Director Ryan Larsen provided a brief update on the status of the Shoreline Master Program. He reported he met with Bob Fritzen of DOE and Dan Nickel of Watershed Company to review the submitted draft. He said Mr. Fritzen's revisions are due back at noon on July 27, 2010. Mr. Larsen will meet with the Council Planning Committee in August to review the changes made by DOE and will talk with Councilors individually also. Mr. Larsen said DOE wanted mostly minor changes. He said staff hopes to bring before Council an ordinance to adopt the SMP as well as an ordinance to adopt the proposed changes to the AMC at the first meeting in September depending on the DOE timeframe.

Mr. Larsen recalled that Council delayed approving proposed changes to AMC Chapter 18.16 as part of the development regulation amendment process, agreeing to wait until the SMP was approved. He then reviewed with Council in detail two additional changes suggested by staff to make the procedural matters of the chapter more consistent with state requirements: Section 18.16.060 regarding public notice and public hearings and Section 18.16.090E regarding who must be notified. Mrs. Richardson commented that the revised 18.16.060C is preferable because it consolidates the public hearing notification requirements in the code. Mrs. Pickett asked to correct the wording of 18.16.060C to read, "Notice of Public Hearings shall be...." Mr. Larsen agreed.

### **Public Safety Update**

Police Chief Bonnie Bowers provided an update on local crime statistics. She said when the annual Uniform Crime Report (UCR) data from the FBI came in a month ago members of the public had questions about it as reported in the newspaper so the Chief decided to give more explanation as well as explain the new national incident based reporting (NIBR) program. She mentioned a number of factors that discourage criminal activity in Anacortes including low population density, age and education demographics, lack of transient population, climate, criminal justice policies in the county, public attitudes toward police officers that encourage active reporting of crime, and administrative and investigative follow up by local police departments.

Chief Bowers then showed a series of graphs depicting 2006-2009 crime statistics for local cities, unincorporated Skagit County and Washington State. She pointed out that Anacortes has a low crime rate compared to other cities in the county and explained some factors accounting for the higher crime rate in Burlington in spite of its relatively small population. She pointed out a continuing decrease in crime state wide. Looking specifically at violent crime, Chief Bowers pointed out that the state average of 3.5 per 1000 residents has been holding steady and that Anacortes has 2 or less per 1000 residents every year. She noted that those are *reported* violent crimes and may not all have actually occurred. The property crime graph also showed Anacortes well below the state average, nearly the lowest in the county and the rate continuing to fall over the past four years.

The Chief then showed a graph of Anacortes Municipal Court statistics which include misdemeanors rather than felonies. She noted the infraction rate has gone up and said the municipal court has been busy. She explained that criminal tickets are gross misdemeanors and other misdemeanors besides traffic. She pointed out criminal tickets have held steady but DUI citations have increased. She said the municipal court statistics show an increase because Anacortes has been practicing proactive crime reduction. When officers stop cars for traffic violations, especially late at night or in higher crime areas, they can often prevent or diminish the severity of related criminal activity so officers are frequently out on patrol. Chief Bowers said the auxiliary patrol also helps project a crime prevention presence in the community. In addition, the department's crime prevention unit works to educate the public to prevent crimes. The Police Department is also aggressive in investigations and follow up and works to get help for vulnerable citizens who might become victims. Chief Bowers closed with an organization chart for the department.

Mr. Adams noted the Police Blotter indicates an increase in marine crimes and asked if prevention efforts are being directed there. Chief Bowers said many of those incidents happen within marine businesses and the department is working with them on how to better secure their sites. Mr. Geer said he appreciates door check slips from graveyard shift officers who keep an eye out for businesses. Mr. Petrish asked how many crimes are committed by repeat offenders. Chief Bowers said that is less common for indexed crimes than misdemeanors, for example vehicle prowlers may be repeat offenders. Mrs. Richardson expressed her thanks to the Police Department for all their work to keep the community safe. Chief Bowers thanked the community for being proactive and watching out for their neighbors. Mrs. Richardson noted that youth activities also reduce crime. Mayor Maxwell thanked the community for being vigilant and said it pays to call if in doubt. He expressed the community's appreciation to the Police Department.

There being no further business, at approximately 8:30 p.m. Mayor Maxwell adjourned the regularly scheduled study session of July 26, 2010.