

Skagit County Public Lands Housing Suitability Study

June 24, 2024 | Final Presentation | DRAFT

Project Introduction

RFP purpose statement: Study the suitability of vacant or underutilized Skagit County-owned parcels for housing. The study will inform County facility and property management planning.

RFP research questions:

- Does Skagit County own vacant or underutilized properties which are suitable for future housing development?
- What are the challenges and opportunities associated with developing these sites into housing?
- Are there any key site characteristics that would essentially be a “showstopper” (i.e. flood, infrastructure investment, environmental, or safety issues without appropriate mitigation options, etc.)?

The Team

Public Health Staff
George Kosovich
Shelley Kjos

MAKERS
architecture • planning • urban design

Julie Bassuk
Scott Bonjukian

LELAND CONSULTING GROUP

Brian Vanneman
Jennifer Schuch

ReidMiddleton

Mark Davis
Inder Deol

THE WATERSHED COMPANY

Nell Lund
Devin Melville

Process

March 2022

Public Health Issues RFP

August 2022 - January 2023

Phase 1 Countywide Review

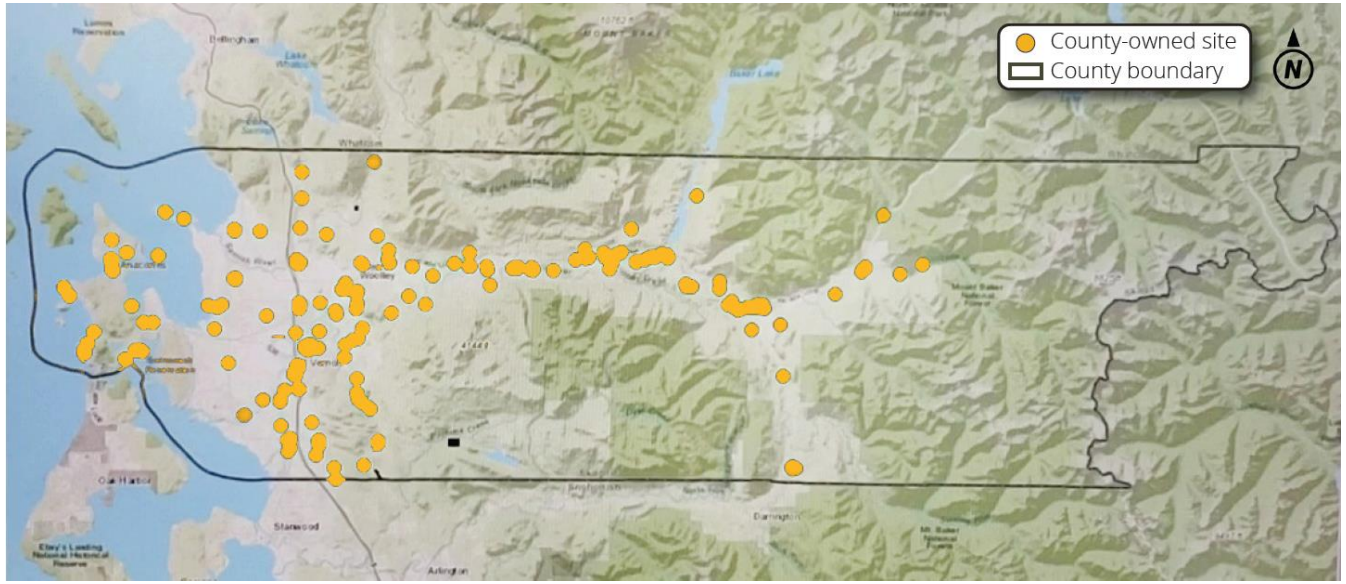
December 2023 - June 2024

Phase 2 Work Site-Specific Analysis

Phase 1 Overview

Skagit County owns approximately 282 sites, totaling 3,000 acres

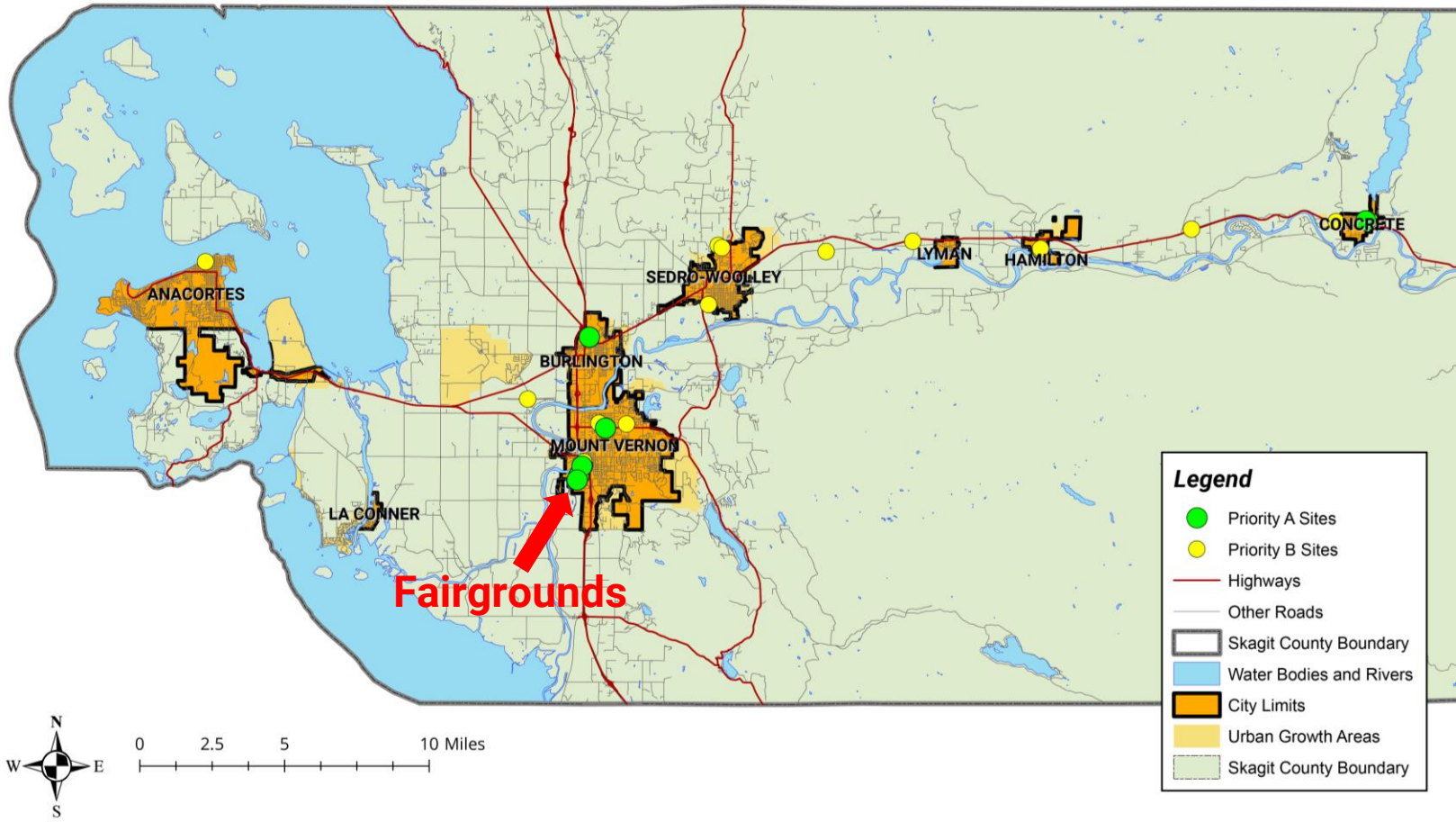
First step: Develop criteria to efficiently narrow down sites to a smaller list of the most viable housing development options



Phase 1 Analysis Results

Priority A - 6 sites
These sites are mostly unencumbered and good candidates to further evaluate for near-term housing development

Priority B - 17 sites
These sites have some promising attributes but are in less favorable locations for housing or have complex conditions that may require years to resolve

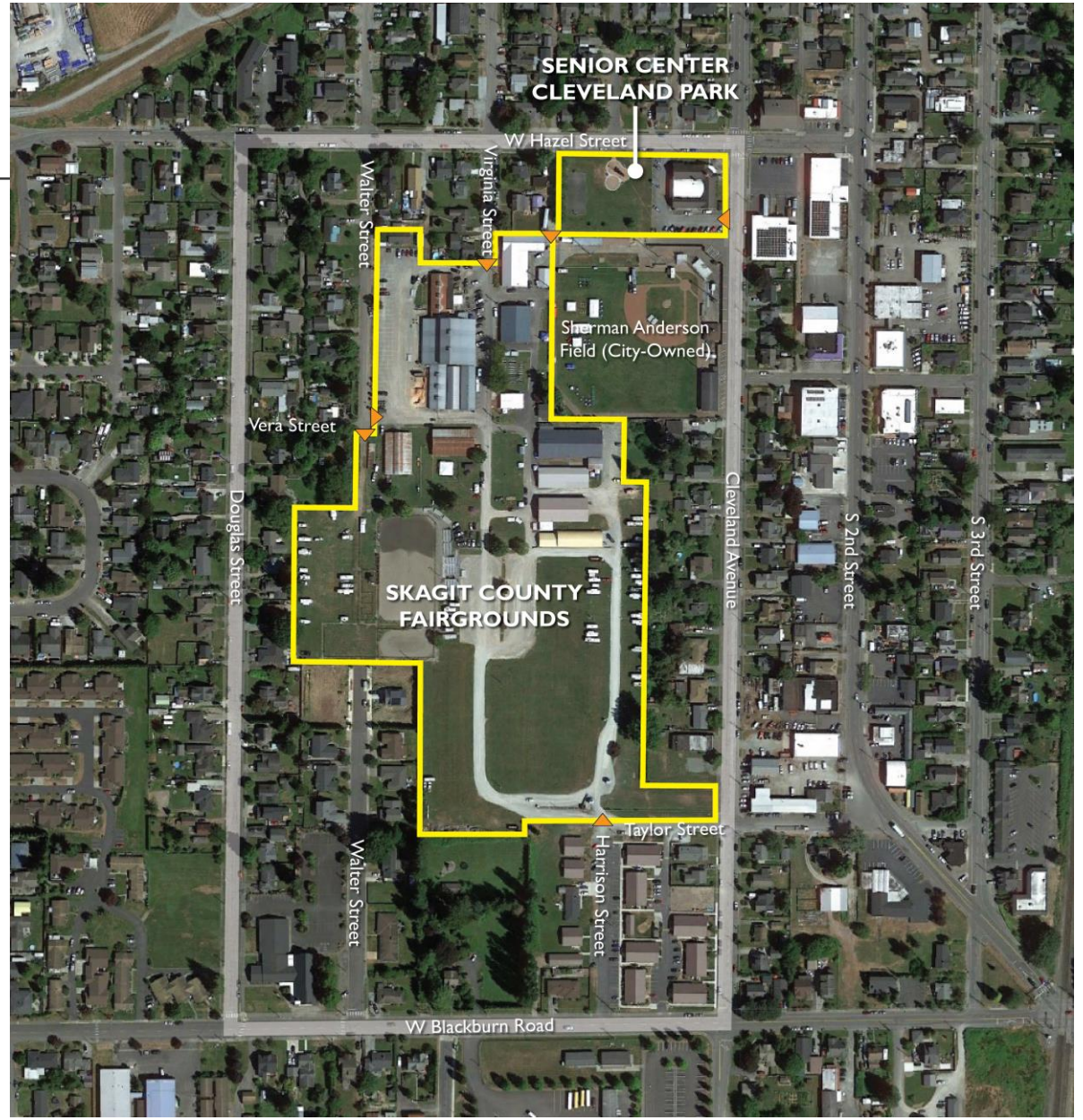


Phase 2 Overview

County selects Fairgrounds and Senior Center/Cleveland Park for deeper analysis

<u>Steps</u>

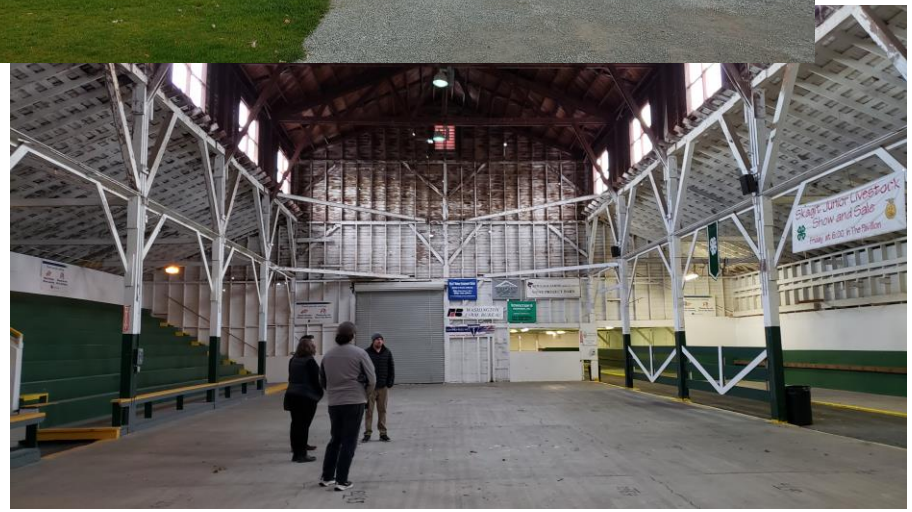
- Environmental evaluation
- Infrastructure evaluation
- Land use policy evaluation
- Test fits
- Real estate economics



Fairgrounds

- The fairgrounds has a long history and is active year-round
- The site has many cultural/recreational uses important to the community
- Site is in an advantageous location for new housing, near downtown Mount Vernon and transit hub
- Full fairgrounds replacement is needed before any redevelopment can occur
- This study is evaluating potential, not making decisions





Senior Center and Cleveland Park

- The senior center is in a converted school building that is approaching the end of its useful life
- The park is valuable to the community since there are few other parks in the neighborhood
- The site is favorable to redevelop sooner due to lower infrastructure costs

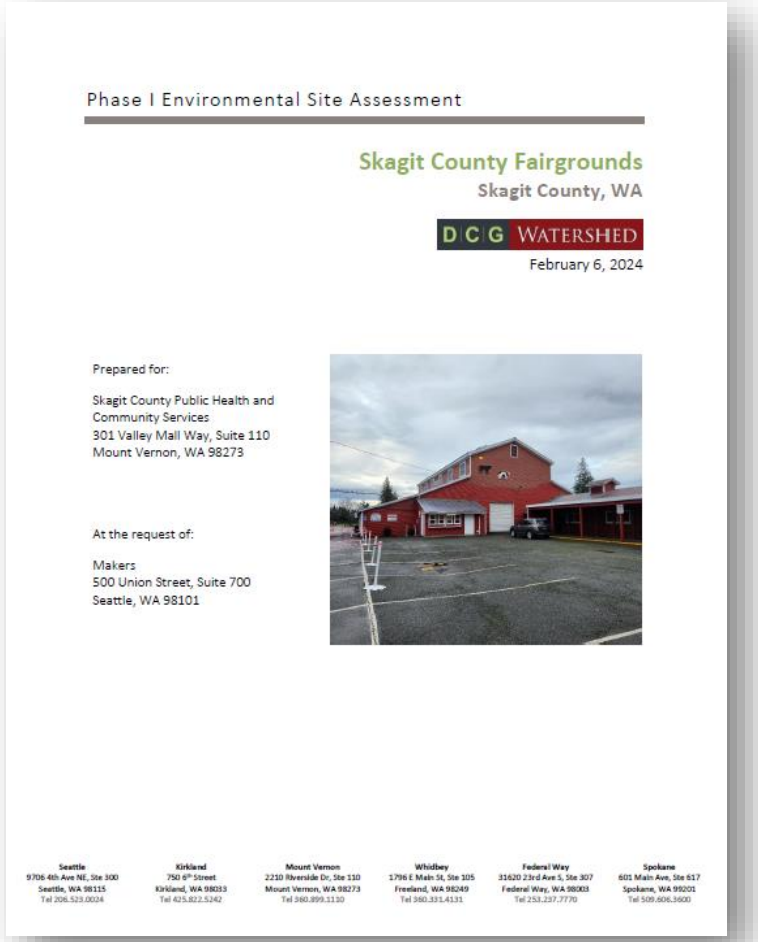






Phase I Environmental Site Assessment

- This report provides a detailed history of buildings and uses of the site
- Conclusions:
  - No major environmental issues were identified
  - No soil contamination
  - Recommend testing buildings for lead paint and asbestos



Phase I Environmental Site Assessment

Skagit County Fairgrounds

Skagit County, WA

DCG WATERSHED

February 6, 2024

Prepared for:

Skagit County Public Health and Community Services
301 Valley Mall Way, Suite 110
Mount Vernon, WA 98273

At the request of:

Makers
500 Union Street, Suite 700
Seattle, WA 98101

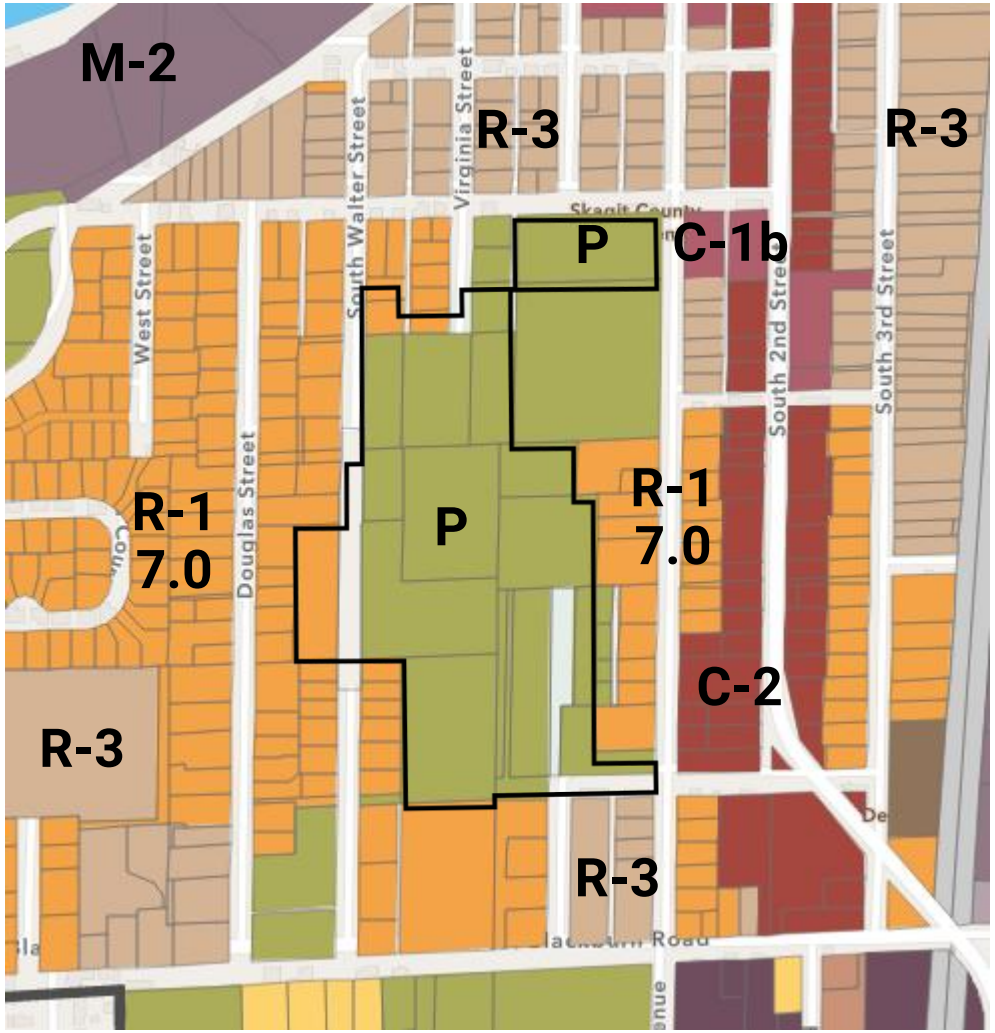
Land Use Policy Evaluation

Existing Zoning

- Public (P) zone prohibits all residential uses except emergency shelters for the homeless
- Residential R-1, 7.0 permits single-family and duplexes only

Conclusions

- Site requires a rezone to allow housing
- Development agreement likely needed to provide flexibility on multiple regulations (height, parking, affordability requirements, etc.)



Development Feasibility Analysis

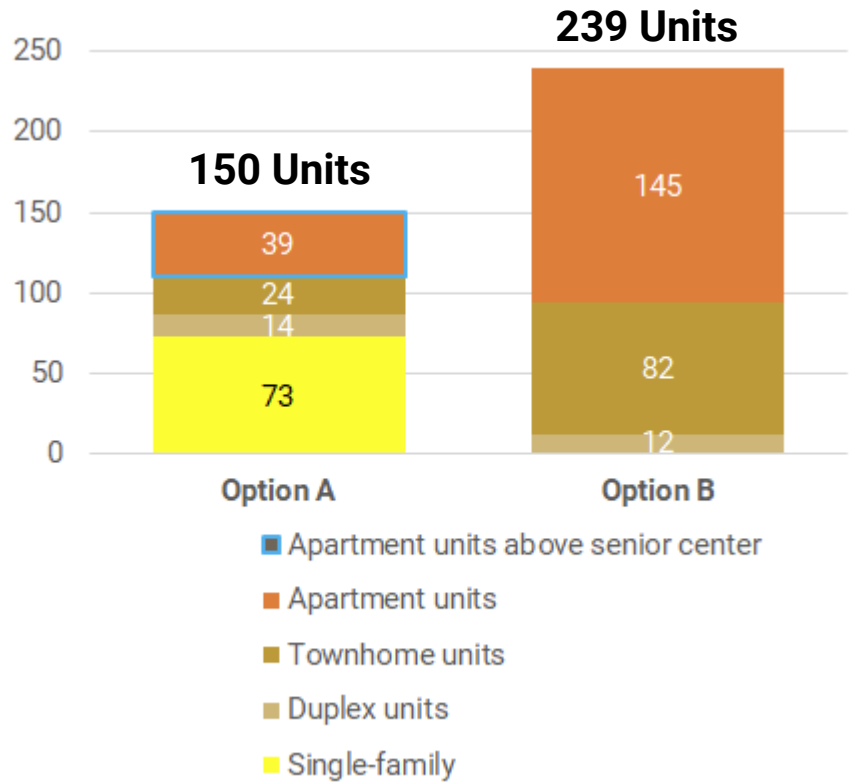
Options Summary

	Option A – Community Land Trust	Option B – Housing Supply Focus
Senior Center site	Senior center replaced in a new mixed-use building with apartments above	Renovation of existing Senior Center building
Cleveland Park site	Park is mostly retained, with some lawn area converted to parking	Park is redeveloped with an apartment building; the park function is replaced on the Fairgrounds site
Fairgrounds site: Approach	Maximize affordable housing	Maximize the total housing units and meet the City's 33% affordability requirement
Fairgrounds site: Housing mix	Community land trust with mix of single-family, duplexes, and townhomes	Private-led with mix of duplexes, townhomes, and apartments

Options Comparison







- Single-Family
- Duplexes
- Townhouses
- Apartments
- Senior Center
- Park or Landscape
- Streets and Alleys



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Housing Types



Single-family



Duplexes



Townhouses



Apartments above senior center



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Housing Types



Duplexes

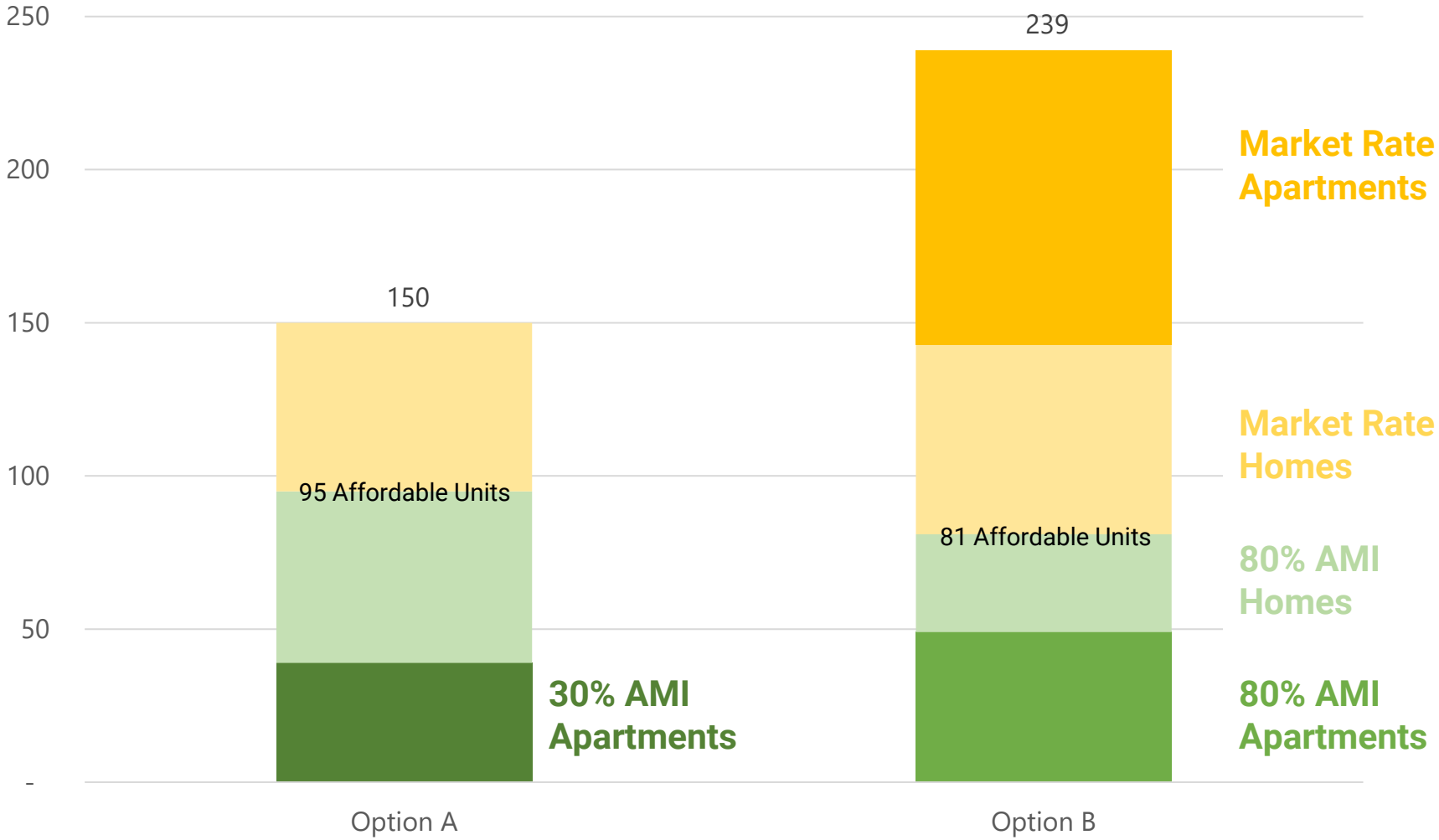


Townhouses



Apartments

Housing Affordability



Housing Development Types

	Rental Apartments			For-Sale Homes	
Type	9% Low Income Housing Tax Credit (LIHTC)	4% Low Income Housing Tax Credit (LIHTC)	Mixed-Income Apartments (Required by City Code)	Community Land Trust (CLT)	Market Rate
Affordability Target	30% AMI	60% AMI	1/3 at 80% AMI	80% AMI	TBD
Household Income	$19,000 to $27,000	$38,000 to $55,000	$51,000 to $72,000	$51,000 to $72,000	Varies

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Household Income	$19,000 to $27,000	$38,000 to $55,000	$51,000 to $72,000	$51,000 to $72,000	
Affordability Period	30 to 60 years	30 to 60 years	In perpetuity	99 years+	NA
Primary Funding Source	Fed/State LIHTC	Fed/State LIHTC	None	Fed/State Sources	None
Feasible? Assuming manageable land and infrastructure costs	Yes	Unlikely	Unlikely	Yes	Yes

30% AMI Apartments / 9% LIHTC

- Several recent and proposed 9% LIHTC projects in Mount Vernon:
  - Martha's Place
  - HASC Family Housing
  - VOA (Proposed)



Martha's Place, Mount Vernon, Completed 2023

60% AMI Apartments / 4% LIHTC

- State funding allocations are too small to make projects feasible in Skagit County
- 4% Tax Credit projects are feasible in Snohomish County because of higher renter incomes there



Cedar Point Apartments,
Arlington, WA

80% AMI Homes - CLT

- Community Land Trust (CLT) interviewed typically target 80% AMI households, but could potentially build homes at lower or higher price points
- Effective home price of ~ $250,000
- Affordable for 99 years+; future buyers must also comply with income limits.



A Home in the Summerlynd Development, by Home Trust of Skagit, Mount Vernon

Senior Center

- Reviewed cost estimates from Redmond Senior Center, RLB Construction, other projects
- New Senior Center assumed to cost 50% more than renovated Senior Center

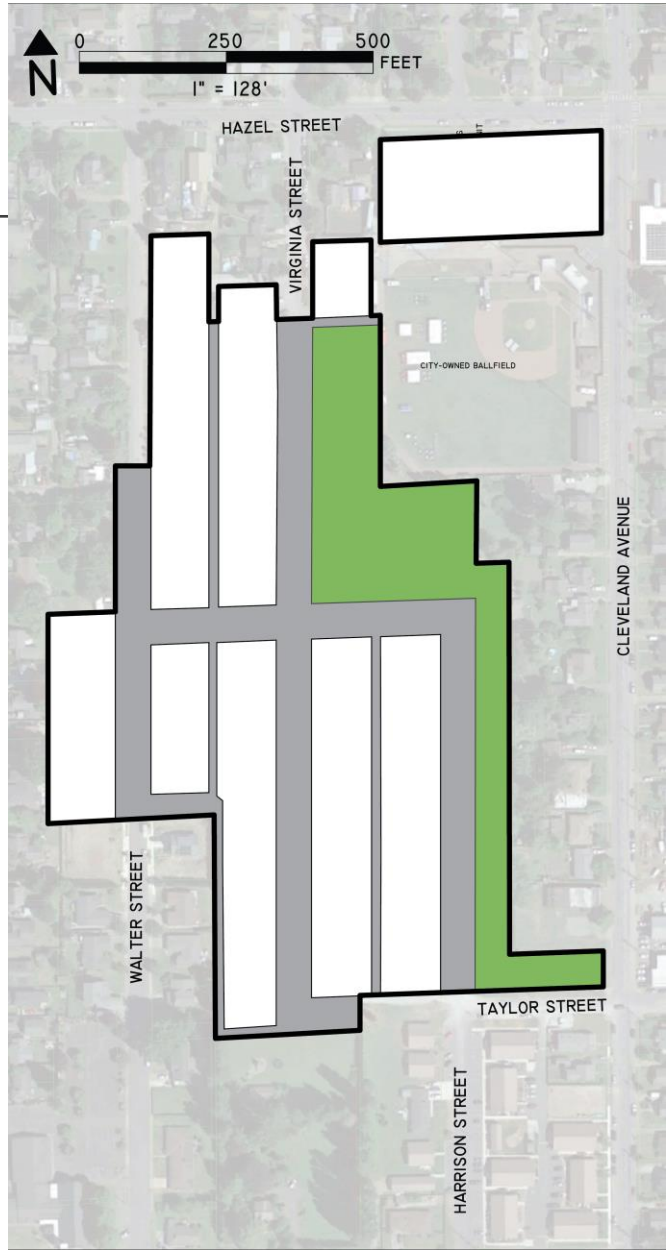


Redmond Senior & Community Center
Estimated completion in 2024

Site Prep and Infrastructure

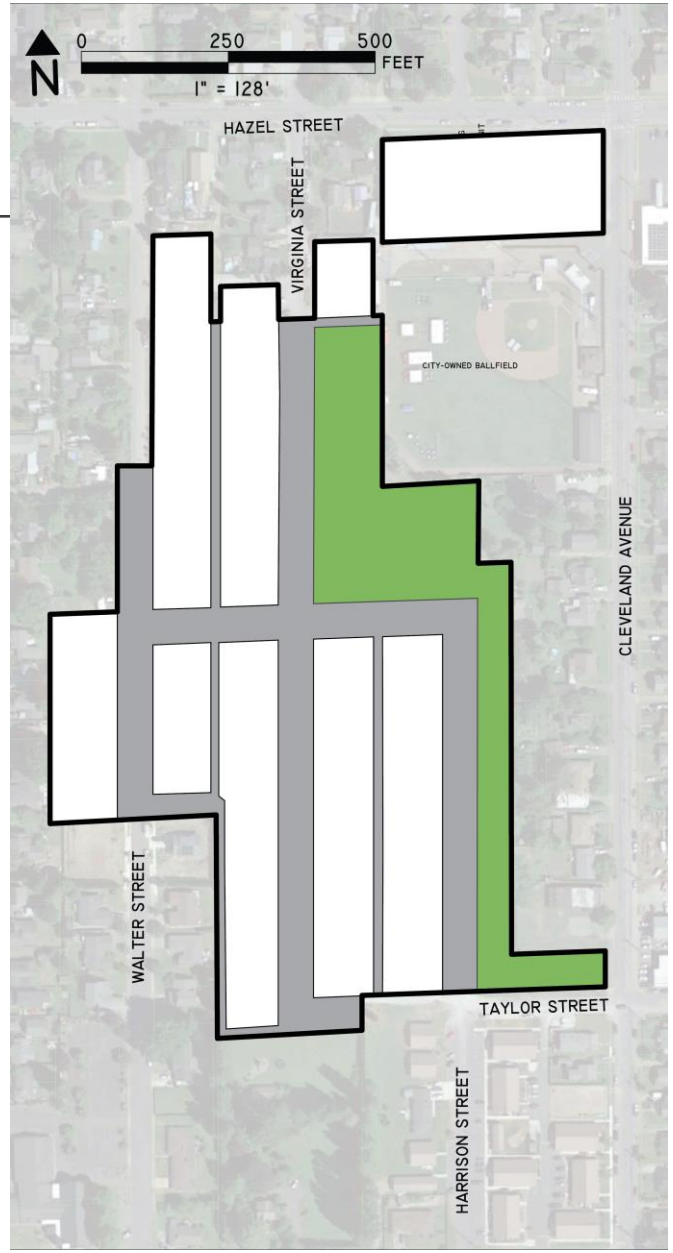
- Stormwater
  - The fairgrounds site currently has no stormwater infrastructure, where stormwater can be detained and treated before flowing off site
  - Soil infiltration is not feasible
  - An underground vault is necessary and costly

- Other costs appear to be higher than for other sites:
  - Roads, sidewalks, water, and sewer systems need to be extended throughout the site
  - Demolition of structures
  - Some grading and fill
  - Construction of new park



Site Prep and Infrastructure

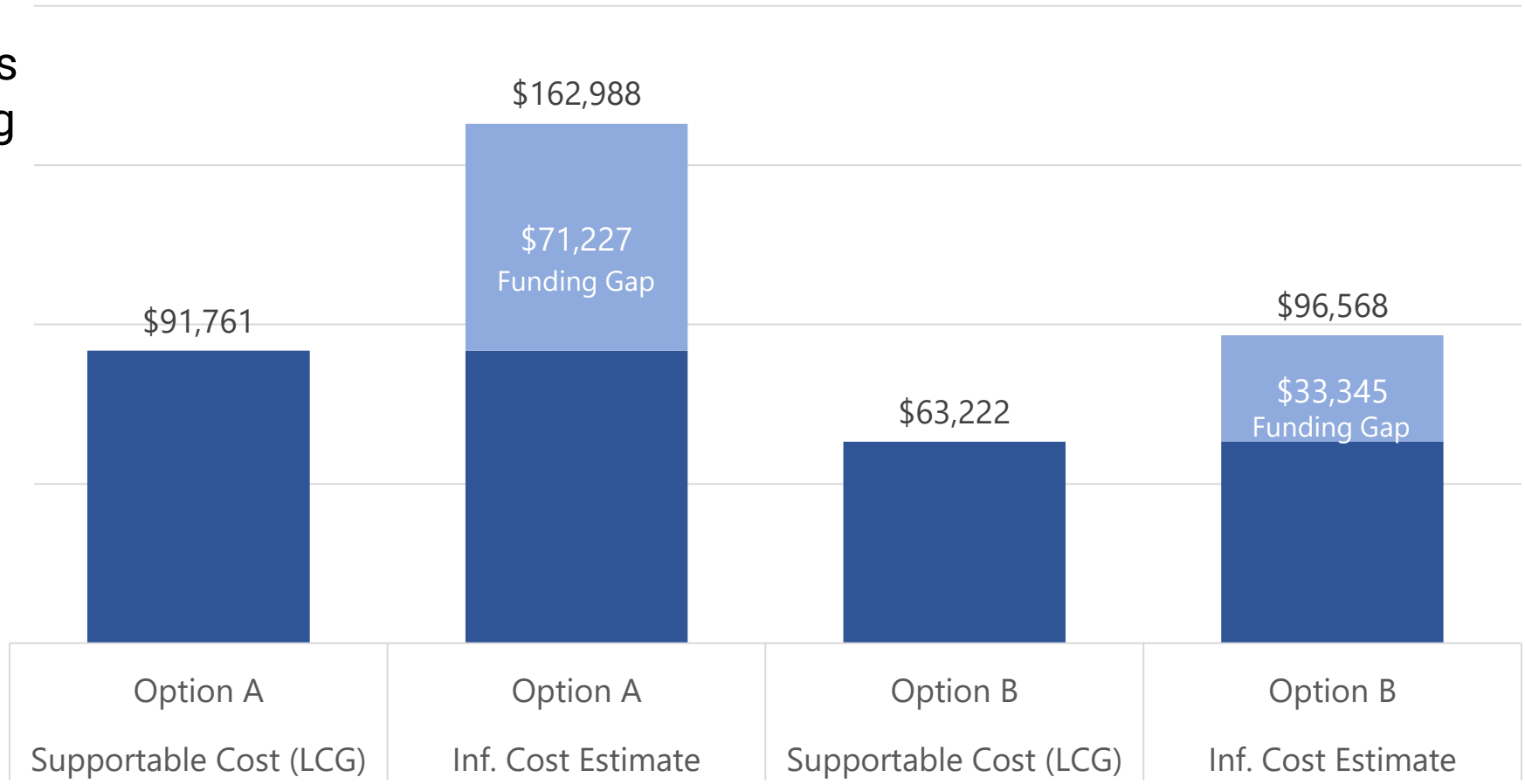
- Unknowns include cost of new Fairgrounds, flood mitigation, and off-site infrastructure
- Most infrastructure costs are associated with the Fairgrounds Site rather than Senior Center Site



Site Prep and Infrastructure Cost Per Unit

For the reasons described above, there is an infrastructure funding gap for both Options.

Sitewide, the gap is estimated to be $7 to $10 million.



Land Transactions

- The County can generate some revenue by selling or leasing land to housing developers
- Based on land sold or for-sale, we estimate this land is worth
  $6 per square foot to developers of market-rate housing
- The value of land depends on the type of housing, affordability, infrastructure requirements, etc.



Comparable land, for-sale or sold: Mt Vernon (above), Anacortes (below)



Land Transactions

- Compare the costs of acquisition shown at right to the infrastructure costs above, and cost of new Fairground.



Comparable land, for-sale or sold: Mt Vernon (above), Anacortes (below)



Conclusion and Recommendations

Key Findings

- In order to build 150 to 240 housing units on the site,
  LCG projects the following rough order of magnitude (ROM) costs:
  - Net cost to the County of $13 to $15 million
- These figures include the significant costs of building a Senior Center,
  major site infrastructure, new park, and a 20% contingency.
- All figures are ROM, preliminary, and should be tested by more specific design and cost estimation.
- These estimates do not include the cost of relocating the Fairgrounds.

Key Findings

- The site will need to be rezoned from P (Public)
  - Current R-3 and R-4 zoning does not support the mixed multifamily and middle housing development studied in the Options
  - The City, developer(s), and possibly County would need to create a new zone or PUD, and/or Development Agreements
- Unlike other affordable housing delivery methods, such as the 9% LIHTC program, the City does not provide a funding source to make up for the funding gap created by its affordability program
- Development of the site would need to be a County-City partnership (rezoning, tax exemption, infrastructure contribution, etc.)

Recommendations

1) The Senior Center/Cleveland Park site can be redeveloped independently of the fairgrounds and is more favorable to move forward sooner. Continue pre-development work targeting 40 to 60 housing units on a mixed-use site.

Considerations for this site:

- Pursue zoning to allow 4-5 stories
- Conduct site-specific design and cost estimation
- A temporary location for the Senior Center programs will need to be identified and secured
- If Cleveland Park is redeveloped, consider adding park/open space improvements to the Fairgrounds site to preserve amenities (e.g. playground, sport courts, lawn areas)
- Explore non-profit involvement to secure a Building Community Fund grant

Recommendations

2) To deliver 100 to 300 mixed-income housing units, the County should consider purchasing one or more sites in the County.

Considerations for an alternative site:

- Hire a broker to identify comparable land in Mount Vernon or Skagit County
- Focus on sites with fewer site prep and infrastructure costs. Sites that are flat, have no buildings, potential to discharge stormwater into waterways, existing adjacent roadways, will reduce costs.
- Focus on project types that are most likely to be feasible, such as 9% LIHTC, CLT, and market-rate homes
- Continue to evaluate measures to increase feasibility of 4% LIHTC and Mt. Vernon mixed-income

Considerations for the Fairgrounds site if it continues to be pursued:

- Hire a broker to identify a new Fairgrounds site within or near Mount Vernon
- If new Fairgrounds can be acquired and funded, it needs to be operational first to provide continuity in events

Recommendations

3) Continue collaborating with city partners on housing.

- The County should also continue evaluating the other Priority A and Priority B sites identified in the Phase 1 analysis, which likely have lower site prep and infrastructure costs.
- Where needed, advocate for greater zoning flexibility, e.g. more options for parking and reduced setbacks, higher lot coverage, and greater unit-per-acre limits
- Study the establishment of multifamily tax exemption (MFTE) programs, particularly in Mount Vernon to support the 33% affordability requirement for rezones and density bonuses



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Additional Slides

Summary of Revenues

	Option A2	Option B
Revenues (To County or Other Public Agencies)		
County Funds (HOME, Sales Tax, other to 9% Projects)	$2,400,000	$0
Land Sales		
Senior Center Site		
Affordable Apartments (9% LIHTC)	$700,000	NA
Mixed-Income Apts. (1/3 of Units at 80% AMI)	NA	$0
Fairgrounds Site		
CLT/Affordable For-Sale Housing	$1,620,000	$1,080,000
Market Rate For-Sale Housing	$2,030,000	$2,700,000
Mixed-Income Apts. (1/3 of Units at 80% AMI)	NA	$0
Subtotal	**$4,350,000**	**$3,780,000**
Philanthropic Contributions	$1,000,000	$1,000,000
Tax Increment Area	TBD	TBD
Grants: State, Federal, Other	TBD	TBD
Other	TBD	TBD
Total	**$7,750,000**	**$4,780,000**

Summary of Costs

		Option A2	Option B
Costs (To County or Other Public Agencies)			
County Funds (HOME, Sales Tax, other to 9% Projects)		$2,400,000	-
Senior Center		$5,400,000	$3,600,000
Framework Infrastructure (Detention Vault, Key Roadways)		$10,000,000	$7,000,000
Park			$6,008,800
Development of New Fairgrounds		TBD	TBD
Contingency	20%	$3,080,000	$3,321,760
Total		**$20,880,000**	**$19,930,560**

Summary of Costs and Revenues

	Option A2	Option B
Revenues	$7,750,000	$4,780,000
Costs	$20,880,000	$19,930,560
Funding Surplus or (Gap)	($13,130,000)	($15,150,560)

Properties – For Sale and Sold

Property / Address	City	Size (Acres)	Date	Status	Price	Price /SF	Use
Most Comparable Property							
Gunn & Blackburn Land Parcels	Mount Vernon	9.3	11/2/2023	Asking Price	$2,502,160	$6.18	Commercial
Other Properties							
4830 Edwards Way	Anacortes	9.1	11/12/2769	Asking Price	$4,500,000	$11.30	Residential / Multifamily
Markwood Apartments	Burlington	4.3	9/16/2021	Sale	$1,938,100	$10.39	Multifamily
Affinity at Burlington	Burlington	7.3	11/4/2022	Sale	$3,495,000	$11.00	Multifamily

80% AMI – Mixed-Income Apartments

- Mount Vernon City code requires that 1/3 of units on upzoned sites be offered to households at 80% AMI.
- The remaining 2/3 can be market-rate.
- However, no gap funding is provided to offset the lower revenue associated with affordable units.
- Therefore, such mixed-income projects do not appear to be feasible, and they cannot pay for land or infrastructure.

80% AMI Homes - CLT

- Multiple CLTs in vicinity:
  - Home Trust of Skagit, Mount Vernon
  - Kulshan CLT, Bellingham, Whatcom County
  - OPAL CLT, Orcas Island, San Juan County
  - Others
- Most CLT projects have involved smaller sites and fewer units, and take a long time to build out.





Kulshan CLT

Priority A Sites

Score*	Site Name	Jurisdiction	Notes
26	County Property No.243	Concrete	County buildings in Concrete. Current buildings are staying long-term, some vacant areas could be developed.
24	Cleveland Park & Senior Citizen Center	Mount Vernon	Senior center and park in downtown Mount Vernon. Excellent location, potential for mixed housing/senior center redevelopment.
24	Skagit County Fairgrounds	Mount Vernon	Fairgrounds in Mount Vernon. Will need to have relocation funding and new site before planning redevelopment.
24	Parker Building Site	Mount Vernon	1-story office building in Mount Vernon, extension of Continental Campus (UID 2). May be redevelopable with adjacent private properties. Recently became home of community court.
22	Burlington Yard	Burlington	Public works yard and has some viable vacant area on the north side of parcel. One facility tenant looking to relocate in 5 years.
20	County Property No.58	Mount Vernon	Underutilized parking per staff.

**The maximum possible score is 27 and the highest any site scored was 26. Scores were relatively evenly distributed, showing the County sites have a wide range of characteristics.*

Priority B Sites

Score	Site Name	Jurisdiction
26	County Property No.312	Hamilton
26	County Property No.212	Skagit County
24	Centennial Trail - Sedro-Wooley High School	Sedro-Wooley
24	Continental Campus	Mount Vernon
24	County Property No.60	Mount Vernon
24	County Property No.314	Hamilton
23	Skagit Valley Playfields - Soccer Fields	Mount Vernon
22	County Property No.204	Anacortes
22	Cascade Trail	Concrete & Skagit County
22	County Property No.59	Mount Vernon
21	County Property No.207	Skagit County
21	Cascade Trail - Concrete	Concrete
21	County Property No.320	Skagit County
20	County Property No.213	Skagit County
20	County Property No.67	Mount Vernon
20	Cascade Trail	Skagit County
20	County Property No.313	Skagit County

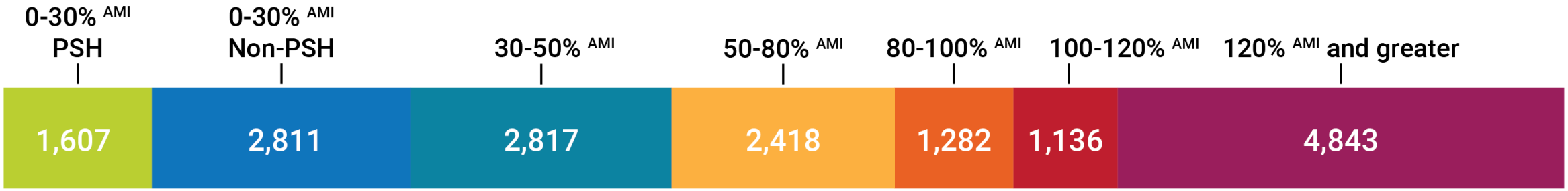
Rezone Options

Type of Standard	R-3 Zone	R-4 Zone
Permitted Residential Uses	• Duplexes • Townhomes • Multifamily with less than 75 units (more units are conditional) • Senior housing with less than 12,000 SF	• Duplexes • Townhomes • Multifamily with less than 75 units (more units are conditional) • Senior housing with less than 12,000 SF
Maximum Net Density	Base: 12 units per acre Parking bonus: 15 units per acre if at least 50% of parking spaces are enclosed Affordability bonus: 30 units per acre if at least 33% of units are affordable housing	Base: 15 units per acre Parking bonus: 20 units per acre if at least 50% of parking spaces are enclosed Affordability bonus: 40 units per acre if at least 33% of units are affordable housing
Maximum Building Height	Base: 25 feet Parking bonus: 35 feet if parking is provided below habitable stories	Base: 35 feet Parking bonus: 45 feet if parking is provided below habitable stories

Housing Affordability

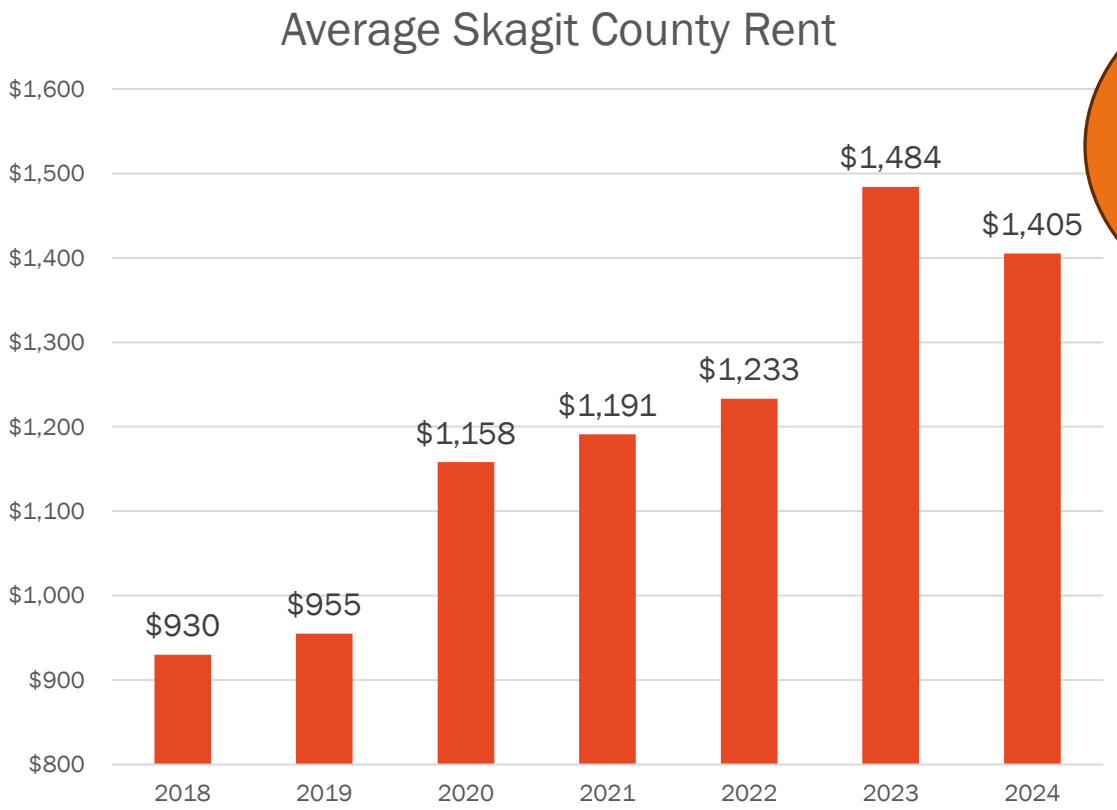
16,914 new housing units are needed in Skagit County 2020 through 2044

An additional 281 emergency shelter housing beds are also needed (temporary housing)



PSH = permanent supportive housing
AMI = area median income

Housing Affordability



Average Skagit County rent has increased 47% over the last five years

Many Skagit County renters are "cost-burdened"

- 51% spend more than 30% of their income on rent
- 26% spend at least half of their income on rent

Sources: University of Washington, Runstad Center for Real Estate Studies, HUD CHAS data for Rent Cost Burden

Interviews

- Beacon Development Group, Seattle
- Kulshan Community Land Trust, Bellingham
- Habitat for Humanity of Skagit County
- City of Mount Vernon
- Skagit County Parks Department

Real Estate Development Approach

- Understand the feasibility of development at the sites
- Consider costs and revenues associated with permitting and entitlement, site preparation, vertical construction, and rent and sale revenue
- Assume partnerships between the County and other parties, including City, and developers of affordable and market rate housing
- Recognize that the Fairgrounds would need to be relocated, but address that challenge in a future phase of work

Test Fit Approach

- Extend the existing street/alley grid and block pattern
- Maximize housing supply in at least one option, while also making development compatible with the neighborhood
- Retain Cleveland Park, or replace its function if it is developed
- Upgrade and replace the existing Senior Center, but assume it will be about the same size in the future