

Hamilton UGA Expansion Summary of Public Comments & Responses to Comments

Introduction

Members of the public submitted a total of 14 letters during the public comment period on the first Hamilton UGA proposal, which ran from December 27, 2007 to March 10, 2008. Five of those letters support of the larger UGA expansion as originally proposed. Nine were opposed to the UGA expansion as proposed. Of those nine letters, submitted by seven separate commentors, three commentors expressed potential support for a “smaller UGA.”

There was a great deal of overlap between those who submitted written comments and those who spoke at the March 4 Planning Commission public hearing, as well as in the themes of the written and spoken comments.

General Themes

Public comments in opposition to the proposed UGA expansion are based on several broad themes:

- The proposed 262 acre UGA expansion is too large and may include more area than needed to accommodate the forecast population growth. *[There were **no** specific comments in opposition to the proposed 59 acre Janicki Urban Industrial site expansion. Comments in UGA opposition focused on the Hughes and Lawson properties].* Several comments suggested alternative UGA sites such as a smaller UGA in general and potential UGA sites in Punkin Center and the Centennial Annexation.
- Concern that a new UGA adjoining the Centennial Mine would create conflicts between mining operations and future town residents as well as stormwater management and public infrastructure costs.
- Lack of detailed sanitary sewer planning for the new UGA and the likelihood that UGA public facilities and urban services costs will not be affordable to the town residents.
- The UGA Plan does not offer a workable solution to residents who cannot afford to move out of the floodway and doubts that many of the Town’s residents would actually participate in such a relocation program, primarily for economic reasons. Not enough information is provided to determine whether the relocation program for the new UGA would be affordable to current town residents.

- Potential loss of prime farmland on Cockreham Island if the old town site is returned to natural conditions, including re-connecting existing ox-bows and sloughs with the Skagit River, that could increase the groundwater level and flood risk for existing farms.

Comments in Support of UGA Expansion

1. **Michael Crawford**—20-year UGA is needed to make the Town a “viable community again.”

Department Response: Thank you for your comments.

2. **Joan Cromley (Hamilton Town Council)**—UGA, as proposed would “connect” the Town and allow for economic development.

Department Response: Thank you for your comments.

3. **Hamilton Public Development Authority (Lauren Tracy & Margaret Fleek)**—the UGA, as proposed, would create a permanent solution to the millions of dollars spent by the federal, state and local governments over the past decade to address repetitive flood losses in and around Hamilton. Would allow the Town to grow in accordance with its allocated 20 year population growth forecast, to supply affordable housing for residents, outside the floodway and floodplain, and provide for needed economic development opportunities in the Upper Skagit River Valley. Supporting documentation includes survey results of 47 Hamilton households (out of 72 households surveyed). Survey results indicate that 49% of respondents support town relocation from the floodway—provided affordable housing options and a new commercial town center are made available (28% of respondents expressed no desire to move and the remaining 23% were unsure). Removing barriers to obtaining affordable housing is the key to making the Town relocation effort successful.

Department Response: Thank you for your comments.

4. **Skagit County Department of Emergency Management**—the proposal will significantly help to protect lives, property and the environment during flood events. The proposal will significantly reduce the number of repetitive flood loss properties within Skagit County and reduce the impacts on local, state, federal and non-profit agencies ability to provide emergency services.

Department Response: Thank you for your comments.

5. **WA Department of Natural Resources**—supports the UGA expansion *if* a 40 acre DNR-managed forest parcel adjacent on three sides to the proposed UGA expansion is included in the UGA (i.e., proposes a larger UGA than proposed to date) due to concerns about potential adverse impacts on the parcel’s ability to function as forest land if adjacent to a UGA on three sides.

Department Response: Thank you for your comments. The Skagit County Planning Commission is considering a revised UGA expansion that would reduce the size of the proposed Hamilton UGA expansion from 262 acres to approximately 107 acres to include the proposed 59 acre Janicki property urban industrial expansion and the approximately 48 acre Lawson property. This revised UGA would exclude the approximately 157 acre Hughes property from consideration as an active UGA expansion and instead would seek to apply an Urban Reserve designation to that site indicating the need for additional UGA residential capacity at some point in the future. For the present time, an Urban Reserve designation and zone would most of the same natural resource management practices to continue as are allowed under the current Rural Resource-NRL designation.

6. **John Hunter (spoken comment)**—Mr. Hunter is a representative of Janicki Industries. Janicki Industries currently has specialized manufacturing operations in Sedro-Woolley but there is insufficient room for expansion at that site. The company is currently constructing a new manufacturing facility on property it owns in and adjacent to Hamilton. It has been difficult to plan for expansion of new industrial facilities while the Hamilton property was split between two different jurisdictions—the Town of Hamilton and Skagit County. Mr. Hunter supports expansion of the UGA to include the Janicki Industries property because it will place the entire Janicki Industries property in Hamilton under one jurisdiction—all within a UGA and allow for up to 400 new manufacturing jobs to be created in Hamilton when the new plant is fully operational. Mr. Hunter also indicates that the company will need housing for its employees nearby. However, he said the company does not have a position one way or the other on the residential portion of the UGA.

Staff Response: Thank you for your comments.

Comments in Opposition to UGA Expansion

1. **Friends of Skagit County (FOSC)**—opposed to UGA expansion based on concerns about the size of the UGA as proposed, lack of provision for low income housing, impacts of mining resource lands on the Centennial Annexation next to or within a UGA,

critical areas and stormwater. FOSC includes several specific comments on different aspects of the UGA expansion proposal:

- FOSC suggests that capital facility planning for a new wastewater treatment system be completed prior to or concomitant with UGA expansion.

Department Response: Thank you for your comments. UGA adoption is being considered in a phased manner by the County Planning Commission. This year, approximately 107 acres are being considered to serve as the initial phase of town relocation (including the Janicki and Lawson properties). An additional 157 acres (Hughes property) is being considered for a “reserve” designation for future UGA expansion. This action sets the stage for long range comprehensive capital facilities planning that will be phased in affordable segments but planned for the full development potential of the Town, including the reserve area and eventual residential conversion of the Centennial Annexation gravel mine site.

The Hamilton UGA Subarea Plan indicates initial cost estimates and funding sources for completion of the wastewater treatment system within the proposed 20 year planning period for UGA expansion. Detailed planning and engineering for such a system will begin upon approval of a UGA outside the floodway. Relocating the Town of Hamilton out of the floodway has been proceeding in phases over the past 20 years. The relocation of the Fire Station was accomplished first, followed by the relocation of the Town’s Well Site and Water System, along with the transfer of the Town’s Water Rights and water rights from land owned by Crown Pacific at that time. Applications for additional water rights were filed by the Centennial Annexation in the early 1990’s and the Town will be filing an application for addition water rights as long term future demand is established based on the creation of an Urban Growth Area.

The Planning Commission is proceeding to make recommendations on a modified approach, with the proposal for a smaller initial UGA; and the balance of the proposed UGA is planned to be placed in an Urban Reserve land use classification that will ultimately connect the Town Limits together in a cohesive program that makes common sense. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The design of the Wastewater Treatment facility will be carefully planned to utilize the best technology for Class A Reclaimed water, such as the membrane technology. When combined with a Surface Water Management approach that incorporates the latest low impact design standards, and street and utility standards that also optimize opportunities for environmental quality, a phased design and development program will result that is cost effective.

Post UGA Development Sequence

Skagit County Board of County Commissioner adoption of the Hamilton UGA (anticipated for 2008) represents a critical stage that initiates the next steps in Hamilton town relocation. Subsequent steps include:

- Immediately following UGA designation, the Hamilton PDA will begin soliciting public and/or private funds from the following sources to purchase UGA property:
 - Federal appropriation through Congressman Rick Larsen's office. The 2009 appropriation request will be submitted in November 2008, and may be funded by November 2009.
 - State appropriation through Governor Gregoire's office. The 2009 appropriation request will be submitted in November 2008, and may be funded by November 2009.
 - Federal and state grant programs, such as through U.S. Department of Agriculture (USDA) Rural Development and WA State Community, Trade, and Economic Development (CTED) Community Development Block Grant (CDBG). These and other programs are applicable toward the acquisition of property for public purposes, community development activities, and economic development activities. Timelines differ with each program. For example, CDBG general purpose funds are applied for between September and November, with awards in March, whereas CTED Community Economic Revitalization Board (CERB) funds are applied for, and awarded, throughout the year.
 - Private sector partners have been contacted, and will be solicited for investment if public funds are not forthcoming in a timely manner. All public-private partnerships will require strict partnership agreements that ensure Hamilton PDA chartered activities are promoted. Annexation of UGA property will not be allowed by the Town Council without assurance that areas identified for residential uses are linked with permanent removal of floodway residences from Hamilton (and other identified floodway areas).

- Negotiation for the purchase of UGA property will recommence only when UGA valuations are available and funds are in place to close sale agreement(s). Land acquisition will occur in phases, as property owner willingness and funding allow, and as floodway relocation demands dictate. Town relocation plans will not move ahead unless one of the present two owners of the proposed UGA chooses to voluntarily sell. While the Town and County have the authority to impose eminent domain to acquire the UGA properties without owner consent for a "public purpose," this option is not being considered by either jurisdiction.

In 2006 the Hamilton PDA contracted with a firm specializing in land appraisal and acquisition for public projects. The Hamilton PDA sought appraisal estimates for the property assuming a UGA zone designation. The firm,

however, refused to accommodate this request and only provided appraisal values at the current Rural Resource-Natural Resource zoning. This appraisal was considered by all parties to be substantially below the property's intended use and negotiations with the two land owners quickly broke down. Further, state and federal appropriation requests were both denied, restricting the Hamilton PDA to offering property owners three-year option agreements. This situation set back UGA site acquisition and development planning. However, once funding for site acquisition is approved, the PDA will move forward with property acquisition offers at UGA valuations.

- Immediately following UGA designation, the Hamilton PDA will begin soliciting public funds to increase the Hamilton PDA's capacity to initiate and manage individual programs. Currently, town relocation program planning has been undertaken entirely by volunteers, one contracted staff person, Skagit County staff support, and independent consultants. The Hamilton PDA has identified four distinct but inter-related program elements that each requires permanent, full-time staffing. Program elements and examples of individual project activities for each include:
 - Town Relocation Site Establishment –
 - Urban Growth Area Expansion and Relocation Site Acquisition
 - Land and Infrastructure Development
 - Commercial Center Development
 - Residential Development
 - Affordable Home Ownership Development
 - Low-Income Transitional and Rental Housing Development
 - Market Rate Housing Development
 - Floodway Acquisitions (funded by FEMA, WA State, and others) –
 - 2008 Skagit Wild & Scenic River Floodway Acquisitions – Hamilton
 - 2009 Skagit Wild & Scenic River Floodway Acquisitions – Cape Horn
 - 2010 Skagit Wild & Scenic River Floodway Acquisitions – Cockreham Island
 - Open Space Restoration
 - Skagit Wild & Scenic River Floodway Restoration Strategic Planning
 - Hamilton Floodway Area Restoration Comprehensive Planning
 - Etach Creek Area Restoration
 - Cockreham Island Levee Removal and Restoration

“Capacity-building” activities include hiring staff and professional service providers for things such as infrastructure engineering, architectural design work, legal services, and developing home ownership education courses. In addition to providing staff and technical assistance, “capacity-building” includes establishing office and technology systems, and other physical needs that enable the organization to more effectively provide services. Several grant programs have been identified that provide organizational “capacity-building”. One example is the USDA

Rural Community Development Initiative, which has a May application deadline. Procuring “capacity-building” funds is crucial for Hamilton PDA program development because the town lacks funding to support these program elements and activities, and the Hamilton PDA has no income available at present for programming. Longer-term operating income will become available for Hamilton PDA programming with development of the UGA’s commercial center, and from residential lot development.

- FOSC recommends the Town utilize a Purchase of Development Rights (PDR) program with a Density Credit Overlay in appropriate portions of the new Town/UGA to allow for additional densities rather than a strict transfer of development Rights (TDR) program.

Department Response: Thank you for your comments. The Hamilton UGA Subarea Plan indicates that a TDR/PDR program is critical to the success of the Town relocation. The Town has already adopted a preliminary PDR enabling ordinance and will continue working to refine the regulatory mechanisms needed to ensure that a feasible purchase of development rights program is adopted that is affordable to current residents of the Town.

- FOSC indicates that there is no discussion about cultural sites within the proposed UGA or evidence of consultation with local Tribes as part of the UGA expansion proposal.

Department Response: Thank you for your comments. The Hamilton UGA Subarea Plan indicates the Hamilton PDA Board includes membership from the Swinomish Tribe. The Tribes have been involved in all aspects of the UGA expansion planning process. The Town of Hamilton is strongly supportive of locating and taking appropriate action to protect cultural resources, to identify, dig, preserve, and take appropriate action to protect the resource, and work with the Upper Skagit and other interested Tribes. The Gravel Mine project included identification of a significant site along their road and there are indications that there may be additional sites at the base of the hill. The archeological record from the dig along the road was significant and the Upper Skagit Tribe gained additional funding to perform additional work. That material is now at the Burke Museum and a local museum is needed in Skagit County.

In addition, the Town is concerned about preserving the history of Hamilton. The Slipper House is the Town Museum and also serves as Town Hall. The goal of the relocation project is to relocate several of the historic buildings to the new Town site, including the Slipper House.

- FOSC states that there is no analysis of the cumulative effect of the loss of the Rural Resource-NRL parcels proposed to be re-designated as UGA.

Department Response: Thank you for your comments. Please note that a complete analysis of the proposed de-designation of Rural Resource-NRLs as part of the proposed UGA expansion is included on pages 14-17 of the Department Report that accompanied the Hamilton UGA Expansion Subarea Plan proposal.

- FOSC appears to suggest that the Town could achieve urban densities compliant with the GMA and still provide affordable housing opportunities by implementing an alternative UGA in the Punkin Center Rural Intermediate area by “*proposing incentives for re-development in a proposed UGA of more modest scope, leaving the opportunity to revisit the UGA size in the future, but with adequate infrastructure completed*”.

Department Response: Thank you for your comments. The Punkin Center UGA concept was explored during the environmental review process (See Alternative 4 in the EIS). The Punkin Center UGA concept was not recommended primarily due to the fact that the area’s existing development pattern (2.5 acre lots and smaller) would not create enough development potential to accommodate the population both of the existing Town and its twenty year forecast growth. In addition, past annexation efforts have failed in the area and since property owners must agree to annex, the likelihood of a UGA expansion in the area was deemed unsuitable.

- FOSC states that the 40-year life of the Centennial mine site within the Town limits is a concern due to the potential for expansion of the mine, impacts on road infrastructure, public safety, proximity to residential areas and stormwater runoff management.

Department Response: At the time of the annexation of the Centennial site, the land owners made commitments to relocate the Town of Hamilton. However, after the land was annexed, the owners proposed a rural development of five acre lots with access by a gravel road and with each site required to provide their own well and septic system. This was done in an attempt to avoid environmental review and urban development standards. Litigation followed for a number of years, and ultimately, the Town was determined to have the authority to require an Environmental Impact Statement on the proposed action. It was clear at that time that public water and sanitary sewer are necessary to build on this site, in part because of the location of the site directly above Carey’s Lake, a critical salmon and other fish habitat area. Strict adherence to Critical Areas buffer requirements is also a requirement of the gravel mine permit. The Town of Hamilton and Skagit County have identical critical areas buffer standards.

The land was subsequently sold to the current owners, who proposed using the mineral resource underlying the site as a gravel mine and designing the mining operation in such a way that there will always be an effective sight and noise buffer from the adjacent lands. Trucking activity impacts will be mitigated by having a direct access to State Route 20 near the site. All work on the site shall also comply with the most recent Department of Ecology stormwater management standards. Additionally, the development of the gravel mine is accompanied by a gravel mining mitigation fee that is paid per ton to the Town to help fund the design and development of the infrastructure necessary to serve the site at the end of the mining operation, approximately 40 years out. In addition to direct revenue, this private contribution helps justify grant funding for infrastructure.

Because this land is already incorporated into the Town Limits, it is strictly under the Town's land use rules, and it is not subject to Skagit County's mineral resource land rules

2. **Randy Good**—commentor is a farmer whose land is outside of the proposed UGA expansion. Mr. Good states his concern is not directly about the proposed UGA expansion, per se, but about the potential open space plan for the original town site after UGA expansion is approved. Mr. Good is concerned that his farm would become “waterlogged” by “opening a portion of the Skagit River to flow through and probably across his dairy farm” as may have been suggested in preliminary discussions about restoring the town site to a more natural condition after the new UGA is implemented and the original town site is moved. See also John and Kim Mower comments.

Department Response: Thank you for your comments. Part of the phased future implementation of the UGA relocation will include preparation of an open space plan for the original Town site after the new UGA outside of the floodway has been approved. The open space plan will examine how to go about restoring the town site to its natural conditions. That process will include involvement of all substantial property owners within or affected by the open space plan. The plan will include measures to protect prime farmland.

3. **Homer & Dorothy Hughes & Blanche Penfold**—submitted two letters opposed to UGA expansion onto their property. The Hughes’ are concerned about increased property taxes and utility assessments on their property that would be brought about due to UGA expansion. Suggests that their property does not qualify for UGA designation because the property is not currently characterized by urban growth or adjacent to an existing UGA. Suggests that dredging the Skagit River would be a better solution to resolve the repetitive flooding issues. The Hughes’ also suggest that the initial ideas about restoring the town site to a more natural condition by connecting some oxbow sloughs back with the main river channel after the town is relocated will result in the loss of hundreds of

acres of prime farmland. Appear to have some animosity regarding past discussions with PDA staff about their property.

Department Response: Thank you for your comments. Please note that a complete analysis of the proposed UGA designation compliance with the GMA as well as the Skagit County UGA Modification criteria are contained in the Department Report on the Hamilton UGA Expansion Proposal and Subarea Plan (pages 10-13). That analysis indicates the proposed UGA expansion meets the applicable GMA and Skagit County requirements for UGAs. The suggestion to dredge the Skagit River to reduce future flooding impacts is not allowed within the confines of the federal legislation authorizing the Skagit River Wild and Scenic River corridor designation.

The Skagit County Planning Commission is proceeding to make recommendations for a smaller initial UGA comprising approximately 107 acres (excluding the Hughes property) with the balance of the original proposed UGA (Hughes property) planned to be placed in a Hamilton Urban Reserve land use designation and zone that will ultimately connect the Town Limits together in a cohesive program that makes common sense. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The Hamilton PDA will attempt to re-establish negotiations by re-appraising the properties at UGA value, and by making purchase offers backed with 100% funding for immediate close.

While the property remains in the Hamilton Urban Reserve designation, property owners should experience little to no change in the cost for maintaining their property and no change in how they may use their property (tree farming, grazing, etc.), with the exception that certain, more intensive natural resource industrial uses have been removed from the proposed Hamilton Urban Reserve zoning code.

Finally, responding to fears of being forced to annex, the Town cannot annex property without the property owner first petitioning for annexation. The property owners retain control over this process and cannot be forced to annex. On the flip side, the town cannot be forced to accept an annexation petition by a property owner. As stated previously, annexation of UGA property will not be allowed by the Town Council without assurance that areas identified for residential uses are linked with permanent removal of floodway residences from Hamilton (and other identified floodway areas).

4. ***Richard & Sheryl Lawson***—opposed to UGA expansion onto their property. The Lawson's are concerned about increased property taxes and costs associated with being annexed into the Town of Hamilton brought about due to UGA expansion onto their property. Appear to have some animosity regarding past discussions with PDA staff

about their property. However, the Lawson's indicate that when a buyer for their property "*actually [has] money to make an offer—we might listen.*"

Department Response: The Hamilton PDA will attempt to re-establish negotiations by re-appraising the properties at UGA value, and by making purchase offers backed with 100% funding for immediate close.

While the property remains in the Hamilton Residential zone within the UGA, property owners should experience little to no change in the cost for maintaining their property. Following the recommendation of the Planning Commission during the hearing on the original UGA proposal, the Department has removed certain uses from the proposed Hamilton Residential zoning code that, if developed, could preclude impede or create a nuisance for future urban development.

Finally, responding to fears of being forced to annex, the Town cannot annex property without the property owner first petitioning for annexation. The property owners retain control over this process and cannot be forced to annex. On the flip side, the town cannot be forced to accept an annexation petition by a property owner. As stated previously, annexation of UGA property will not be allowed by the Town Council without assurance that areas identified for residential uses are linked with permanent removal of floodway residences from Hamilton (and other identified floodway areas).

5. ***Newell (Ray) Melton***—opposed to UGA expansion. Indicates that, as proposed, there "*should be some small affordable lots set aside for those that can afford to relocate and are willing to do so.*" However, commentor believes the size of the proposed UGA is too large and questions how many of the Town's residents would actually participate in such a relocation program.

Department Response: Thank you for your comments. The Skagit County Planning Commission is proceeding to make recommendations for a smaller 107 acre initial UGA (excluding the 157 acre Hughes property) with the balance of the original proposed UGA (Hughes property) planned to be placed in an Urban Reserve land use classification (retaining its existing Rural Resource-NRL designation) until such time that growth warrants conversion of those lands to UGA status. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The smaller 107 acre UGA size (including the Janicki and Lawson properties) should help to reduce initial costs for urban services and infrastructure for the new UGA. This in turn should lower eventual development and housing costs for town residents in the new UGA.

6. **John & Kim Mower**—commentor is a farmer whose land is within the current town limits and outside of the proposed UGA expansion. The Mower’s comments are concerned not with the UGA expansion, per se, but with the open space plan that will follow town relocation to a new UGA. The Mower’s are concerned that, post-Town UGA relocation, their farm could be harmed by restoring the area to a natural condition. See also Randy Good comments.

Department Response: Thank you for your comments. Part of the phased future implementation of the UGA relocation will include preparation of an open space plan for the original Town site after the new UGA outside of the floodway has been approved. The open space plan will examine how to go about restoring the town site to its natural conditions. That process will include involvement of all substantial property owners within or affected by the open space plan. The plan will include measures to protect prime farmland.

7. **Dwight Washburn**— submitted two letters opposed to UGA expansion, as proposed. However, Mr. Washburn suggests a smaller UGA alternative as well. Specific comments include:

- Questions how many of the Town’s residents would actually participate in such a relocation program. Suggests that the survey conducted by the Town indicates that a “*large percentage of the population would not relocate to the new town site*” for many reasons, including:
 - Inability to afford the cost of ownership in the new UGA
 - Many residents are renters with very low incomes who will not choose to relocate to the new UGA
 - Cost of living will be substantially higher in the new UGA
 - Most existing town residents prefer living at a lower density than may be allowed in the new UGA
 - Current residents like where they live and don’t mind an occasional flood
 - Many residents have already elevated their houses above flood level so they won’t sustain substantial flood damage
- The UGA Plan does not offer a workable solution to residents who cannot afford to move out of the floodway.

Department Response: Thank you for your comments. The Hamilton PDA’s founding principal is to create financial incentives that enable floodway residents of all income levels to relocate. Hamilton PDA research and experience indicates that many residents simply cannot afford to relocate, despite the costs of suffering repetitive flooding. Some key reasons residents choose to repair and remain in the floodway include:

- Insufficient income to find comparable housing (rental or ownership) outside of the floodway,
- Fear that higher living costs elsewhere (utilities and taxes) will exceed their fixed income, and
- Inability to sell due to being over-mortgaged and/or lack of private market interest.

Affordability: The Hamilton PDA is working hard to identify and address barriers to residents relocating from the floodway. As with many western Washington Counties, Skagit County is experiencing rapid growth, resulting over time in escalating housing prices that are increasingly unaffordable for low-to-moderate income earners. The affordable housing shortage is becoming of crisis proportion countywide, leaving floodways as one of the few remaining affordable housing alternatives.

Once the Hamilton UGA is adopted and land secured for town relocation, PDA programming will focus significant resources to establish different affordable housing options. One example is establishing a Residential Land Trust, whereby buyers purchase the home only and enter into a long-term (99-year) land lease with the non-profit Residential Land Trust organization. This model has been highly effective in neighboring San Juan and Whatcom Counties. In addition, various affordable home ownership and rental programs exist that subsidize home purchase costs. Consultation with a CTED Technical Team has identified the following as examples of prospective funding sources for various Hamilton PDA affordable housing programs.

- CDBG Community Investment Fund should be considered for Land Trust development.
- HUD 202 is a senior housing program, and HUD 811 is a disabled persons housing program. Also, Senior Services of Snohomish County provides contract services for housing planning, design, and funding.
- CTED Housing Trust Fund has two application periods each year. There is also a housing enhancement grant fund that includes infrastructure but no offsite costs.
- County 2060 funds could be considered for affordable housing-related costs. This revenue is from a fee payable when recording documents. A portion of the fee stays in the county and is earmarked for housing projects. The remainder goes to the State Housing Trust Fund where it is generally allocated for multi-family rental operation and maintenance costs. 2060 funds may also be used to purchase bonds for: land acquisition for future construction of affordable housing; new construction or acquisition and rehabilitation of transitional or permanent housing; and as operating funds to replace or enhance services in emergency shelters and youth shelters.
- USDA Rural Development Grant and technical assistance may be available to assist with housing options.
- Rural Opportunity Fund may help leverage Economic Initiative Grant funds.

Living Costs: Some living costs will increase with relocation out of the floodway. Property taxes, for example, will be higher if the new home is assessed higher than the existing floodway home. A comparison of Hamilton residences with and without a floodway designation done in 2006 reached the following conclusions:

- Mean Assessed Market Value of floodway residences is 51% lower than their non-floodway counterpart.
- Average annual property tax paid for a non-floodway residence is 23% higher than for a floodway residence in Hamilton (\$585 tax for floodway versus \$720 tax for non-floodway).

Tax exemptions are available for eligible senior citizens and the disabled that have a combined family income less than \$35,000. The Skagit County Treasurers Office can provide detail on the levels of exemption available and qualifying requirements.

Some utility costs may increase, while others may remain the same or decrease. For example, garbage/recycling are not currently a mandatory service in the town. With relocation, the Town Council may require this service and residents will incur this as a new utility cost. Currently, wastewater treatment is by individual septic tanks only. At the town relocation site, town-managed wastewater treatment will be mandatory. This may be phased, beginning with a Large Onsite Septic and eventually upgrading to a conventional membrane filter system similar to that of neighboring Concrete. Grant funds will be sought to finance wastewater system capital costs. This will enable the town to keep ratepayer costs as low as possible to cover operation and maintenance costs. Water rates are currently consumption-based and the rate structure is not anticipated to be revised. As such, households will continue to be charged based on their connection size and usage. Water system infrastructure capital costs will be grant funded, as they have been in the past, keeping ratepayer costs as low as possible. Natural gas is not available in town and will not be available at the relocation site. Heating options will continue to be with electric or propane supplied by private service providers. Higher building energy efficiency standards required with new construction may translate into comparable or lower heating costs than residents are currently paying.

Floodway Sales: FEMA is the primary source for money to purchase and remove floodway structures. The Hamilton PDA has already begun to actively pursue FEMA grant funds to purchase floodway residences and businesses. One limitation of FEMA grant programs is that each has a cap on funds that may be requested. To increase funds available, the Hamilton PDA is working with multiple jurisdictions to submit grant proposals. For example, Hamilton and Skagit County have both applied for FEMA Hazard Mitigation Grant Program funds in 2007, and both will apply for FEMA PreDisaster Mitigation funds in January 2009. Following a purchase, the title for the property will be transferred to the jurisdiction where the property is located, regardless of which jurisdiction served as grant applicant.

Another limitation of FEMA grant programs is property qualification. Location in the floodway is not sufficient to qualify for inclusion with a FEMA acquisition project. Properties must meet stringent FEMA benefit cost analysis requirements for cost-effectiveness. In some cases, high mortgage debts reduce a property's cost effectiveness. When this occurs, the Town, as FEMA grant recipient, is willing to negotiate with the property owner's lenders a Discounted Payoff Agreement whereby the lender accepts what is deemed cost effective to offer. In such a sale, the Town requires that both the Title and Promissory Note are cleared so that neither the Town nor the seller can be held liable for the unpaid principal balance.

Clearing liens is only one barrier for many property owners. Another barrier is finding the down payment needed to secure an alternate residence. The Hamilton PDA is addressing this by creating a Floodway Relocation and Mitigation Credit Program, adopted by Hamilton Town Council Ordinance. The intent of this program is to provide floodway property owners with a financial incentive to participate in relocation. Developers of relocation site property will be required to pay a fee in exchange for receiving additional residential density in specific zoning districts. Funds will then be made available to floodway property sellers toward purchase of a residence outside of the floodplain. This program is still under development, and it is envisioned that funds will be directly applied toward a relocation housing program of the seller's choice, rather than as a cash payment to the seller. In this manner, the Hamilton PDA and the Town of Hamilton have greater assurance that the acquisition of floodway homes is resulting in the successful relocation of residents.

- Mr. Washburn states that the Town should renegotiate the agreement with the Centennial Mine owners to obtain "*at least 50-60 acres of that site*" to plan for current and future population growth since that was the original purpose of the Centennial Annexation.

Department Response: The Centennial Mine property is now subject to a binding conditional use permit that authorized gravel mining on the site and requires payment to the Town in the form of royalties to help fund future infrastructure needed for the site for subsequent urban development beyond the 30-40 year mining period envisioned in the conditional use permit. The Centennial Mine Site will be available to accommodate future urban population growth—but not for another 30-40 years until after the gravel mine resources have been utilized.

- Mr. Washburn claims the UGA population capacity "*...numbers used by the planning department are wrong.*" Indicates that the number of new units needed is 200 according to one section of the UGA Plan and 400 in the "*financial section*" of the UGA Plan. Claims that either number significantly exceeds the projected growth for the Town over the next 20 years.

Department Response: The UGA expansion area calculations are included in the 2007 Hamilton UGA Subarea Plan (pg. 11). Those calculations are based on the need to accommodate approximately 200 units over the next twenty years based on the following rationale:

- relocate the existing population within the current Town/UGA floodway (i.e., approximately 100 existing housing units to be relocated in new UGA outside of the floodway); plus
- accommodate the future (new) population growth (approximately 120 persons or 50 housing units) allocated to the Town/UGA over the next twenty years by the Skagit County Countywide Planning Policies; plus
- provide capacity to accommodate the relocation of up to 50 existing housing units in the unincorporated portions of the floodway of the Upper Skagit River between Sedro-Woolley and Concrete who may choose to participate in a floodway relocation development credit program and relocate to the new Hamilton UGA.

Appendix D of the Hamilton UGA Subarea Plan includes the Capital Facilities Plan (CFP) for the 262 acre UGA proposal. The CFP analysis of infrastructure needs for the new UGA indicates that the UGA could accommodate up to 420 dwelling units, assuming average of four dwelling units across all 200 developable acres of the proposed UGA. These are engineering estimates only used to plan for and estimate gross costs for the needed pipes and pumps for water and wastewater treatment systems. The GMA requires planning level cost estimates and funding sources to be identified for capital facilities needed over the twenty year planning period. Engineers typically utilize maximum demand assumptions to determine the maximum size and extent of infrastructure needs over such a long period as twenty years so as to not underestimate the costs of providing those services. In fact, these estimates include the site under consideration for expansion of the Janicki industrial facilities. The 420 unit "capacity" figure is only used for preliminary capital facility planning purposes and does not reflect actual residential capacity of the proposed UGA. In fact, once UGA authorization is adopted, subsequent more detailed capital facility planning can commence for the provision of water and wastewater treatment systems for the new UGA. That analysis will reflect more detailed assumptions about actual densities and their locations (as will be spelled out in the Town's Zoning Code Update) for the new UGA.

The Skagit County Planning Commission is proceeding to make recommendations for a revised and smaller 107 acre UGA (excluding the 157 acre Hughes property) with the balance of the original proposed UGA (Hughes property) planned to be placed in an Urban Reserve land use designation until such time that growth warrants conversion of those lands to UGA status. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The smaller 107 acre UGA size (including the Janicki and Lawson properties) should help to reduce initial costs for urban services and infrastructure for the new UGA. This in turn should lower eventual development and housing costs for town residents in the new UGA. It will also likely eliminate or significantly delay the ability of the new Town UGA to accommodate the transfer of (up to 50 housing unit) development credits from unincorporated floodway units between Sedro-Woolley and Concrete as anticipated in the initial UGA expansion proposal.

- Mr. Washburn recommends that *“if the County chooses to expand Hamilton’s UGA, it should choose the 50 acre site to move the town in addition to the 60 acre Janicki site”*. [Note: it is not clear from his comments whether the 50 acre site Mr. Washburn is referring to is the Lawson property or the 50-60 acre portion of the Centennial Annexation (mine site) he references above.]

Department Response: The Skagit County Planning Commission is proceeding to make recommendations for a smaller initial UGA of approximately 107 acres (excluding the 157 acre Hughes property) with the balance of the original proposed UGA (Hughes property) planned to be placed in an Urban Reserve land use classification that will ultimately connect the Town Limits together in a cohesive program that makes common sense. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The smaller 107 acre UGA size (including the Janicki and Lawson properties) should help to reduce initial costs for urban services and infrastructure for the new UGA. This in turn should lower eventual development and housing costs for town residents in the new UGA.

- Mr. Washburn claims that dis-incorporation by the Town would not result in an additional tax burden for local residents owing to the *“efficiencies of government the county provides over the local (Hamilton) government.”*

Department Response: Dis-incorporation of the municipal town government is a probable outcome of taking “no action” on the proposed UGA expansion and relocation program and maintaining the existing floodway UGA location. Regardless of whether the Town or the County were to be the provider of government services to the residents of Hamilton, under the “no action” scenario, all taxpayers would be subject to higher costs to pay for continued flood damage to existing housing and commercial buildings in Hamilton.

- Mr. Washburn states that there will be conflicts between the Centennial Mine operation and new residents in an adjoining UGA. Further provides policy references about the MRO designation that are meant to preclude higher density development close to operating mines.

Department Response: MRO's are a regulatory tool applied by Skagit County to recognize mineral resource lands of long-term commercial significance. However, the Centennial Mine site is located within the incorporated boundaries of the Town of Hamilton and as such, is designated as an urban growth area. This does not mean that urban development, population growth and gravel mining are necessarily mutually exclusive if located within the same UGA. Indeed, the particular topography and site configuration of the Centennial Mine site includes significant sloped hillsides that act as buffers away from the areas of proposed UGA expansion and development. The mining operation agreement between the Town and the mine operators includes provisions for payments of royalties from gravel extracted from the site to the Town to help pay for future infrastructure needs such as stormwater and wastewater management and road improvements needed when the site is mined out, reclaimed, and available for future urban development.

8. ***Doug Wood (spoken comment)*** —Supports Janicki Industries but questions the town relocation goal to a new UGA. Mr. Wood believes it will be too expensive of a proposal given the low and moderate income households in Hamilton and the need for land acquisition and new infrastructure. Mr Wood believes that a more affordable and better alternative would be let people relocate to new homes in the rural area or to other cities and towns in the valley that already have the infrastructure and urban services in place such as Sedro-Woolley and Concrete.

Staff Response: Thank you for your comments. The Skagit County Planning Commission is proceeding to consider a smaller 107 acre initial UGA (excluding the 157 acre Hughes property) with the balance of the original proposed UGA (Hughes property) to be placed in an Urban Reserve land use designation until such time that growth warrants conversion of those lands to UGA status. This action sets the stage for developing the long range Comprehensive Capital Facilities Plan with a phased approach that is able to be funded in affordable segments, with an overall framework designed to accommodate the full potential for the Town, including the Urban Reserve area and the Gravel Mine site.

The smaller 107 acre UGA size (including the Janicki and Lawson properties) should help to reduce initial costs for urban services and infrastructure for the new UGA. This in turn should lower eventual development and housing costs for town residents in the new UGA.