



Home Trust of Skagit 2013 ANNUAL REPORT

2013 became a year of action for Home Trust. We were finally able to start developing waiting lists, place families into homes, become a recognized part of the housing community in Skagit County and provide quality units at Channel Cove. While a lot was done in 2012, with no funding to purchase homes we had been limited in what could be done. 2013 has been just the opposite. We received funding for both the operation of Home Trust and the purchasing of homes. We also saw the results of partnering with Skagit Habitat for Humanity and it is working quite well.

While the operating funds were available it was still a tight year financially for us in being able to operate and do the day to day business of Home Trust. 2014 is looking to be the same.

In 2013 we placed 4 families into homes in our Community Land Trust. Our goal was for five families but the one house being built by Habitat was not finished in time. Of the four homes and families there were 17 people now in homes that they own. You only have to meet and talk with them to understand how wonderful and appreciative they are to have their own house. It makes what we are trying to do worth all of the effort.

One of the most successful aspects of 2013 was the development of partnerships with various different organizations throughout Skagit County. By partnering we were able to leverage our resources into considerably more and therefore able to accomplish so much.

Some of our key partners in 2013 were:

Skagit Habitat for Humanity, we had a working agreement with Habitat going into the year for the construction of three homes and two additional ones with the completion of the first three. We also have worked together to find families to be placed in both organizations' homes, coordinated our efforts to obtain future building sites, and outreaching to the community about our programs at the Skagit Home Show and the Schmooze Fair. There has been a lot of support by each organization for the other in being effective in our missions.

The City of Mount Vernon has helped us in the funding of our homebuyer program with their Community Development Block Grant. We have also had the help of City staff in securing funds for our Summerlynd project and help in getting the plat finalized.

Leadership Skagit had one of their teams for 2013 “ETS” come to Home Trust for a project to develop the play area at Channel Cove. They went out and got over \$10,500 in donations to purchase and install the equipment. All of the equipment and the way it was installed meets or exceeds the requirements of the Consumer Product Safety Commission for playgrounds. All of this done in accordance to the original plans for Channel Cove and has been embraced by the residents, especially the kids. It is a wonderful addition to Channel Cove



Housing Authority of Skagit County had been our property manager for Channel Cove since we took it over. The work they do with the residents in providing quality facilities, finding qualified residents and the general management has been working well. In addition to doing Channel Cove the Housing Authority has a program to help some of their clients to prepare for homeownership. This is a long term program to help families get prepared for homeownership in having good credit, education about what it takes to purchase and own a home and to help get a savings going for down payment and closing. In 2013 we started working with the Housing Authority to place families into our Community Land Trust homes. In November we placed the first family.

The City of Anacortes has been another Community Development Block Grant provider for us. We anticipate doing our first home with their assistance in 2014. In addition they

are working with us to identify potential properties within the City that would be possible homes for us to purchase or develop.

Skagit County has also been a big provider of help to Home Trust especially in the form of financial assistance for home purchasing. In 2013 they also help us with the plat finalizing costs of the Summerlynd Plat in Mount Vernon.

The Job Corps has been a big help at Channel Cove and in some of the tasks at Summerlynd. It all started with their assistance in installing the play area at Channel Cove. A crew of 12 students came out and helped make the install of the play area so much easier. When the instructors saw the facility the discussion started about what else could they do for us. Mike Riddle of Mike's Toolbox (our maintenance contractor at Channel Cove) had previous experience working with Job Corps. We soon had students from the painting and facilities program working with Mike one to two days per week. It has not only reduced our cost of maintenance but has allowed us to do a lot more work in keeping up the facilities. All of this not only benefits Home Trust but it is providing actual on the job experience for the students. The quality of their work has been excellent.

Home Trust held its 5th Annual meeting on March 19, 2013 in LaConner, WA. Holding the meeting in LaConner we were able to showcase what was happening at Channel Cove. Habitat was near completion with the first two homes that they were building under our partnership and the homes were available to walk through. We had also located the area for a rain garden/bio swale on the west side of the property. We also happened to have a vacant unit that could be toured.

Jane Billingham, Washington State Master Gardener of the Year for 2012 was our featured speaker. Jane led an informative discussion about rain gardens and what we are trying to do at Channel Cove.

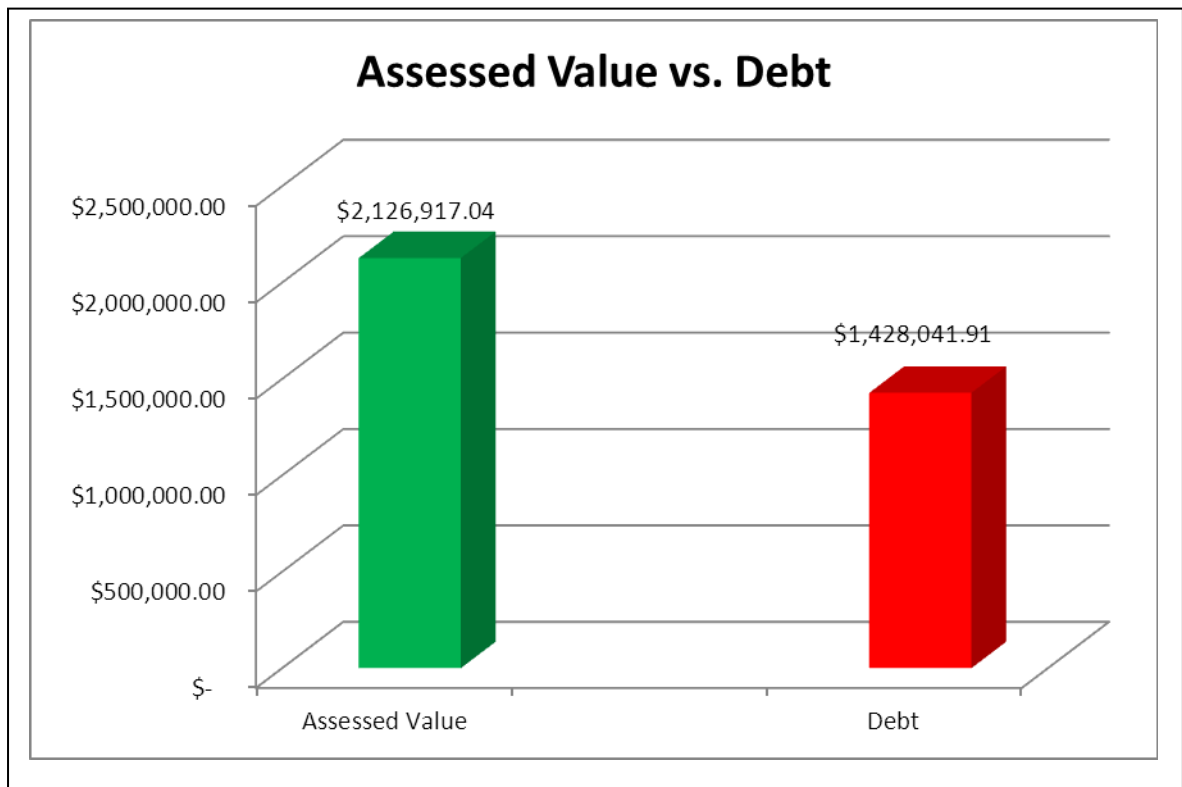
In addition to all of this we held our annual business meeting and had time to meet our members, homeowners and other guests.

Skagit County has formed a committee involved in providing affordable housing and working to curb homelessness in the County. Our Executive Director has been appointed to the committee representing the homeownership part of solving the affordable housing problem. In 2013 the committee provided an interim report and recommendations to the County Commissioners. The report is available through Home Trust and provides some real insights as to the problem facing people in the lower incomes within the county. In addition to identifying many of the problems and issues there are recommendations that can be done to start solving the problem. The report has been accepted by the Commissioners and the committee is continuing to meet to provide further solutions and implement the recommended ones.

It took a while but the first home for market rate at Channel Cove was sold in 2013. We have 3 additional homes that will be made available for future sale. The funds from the

sale are being used to increase the maintenance reserve at Channel Cove, provide funds for additional home purchases into Home Trust and provide operating funds for Home Trust. The split was approximately one third into each category. We have three homes remaining at Channel Cove that we can sell at market rate and have the proceeds available for us to us in the same manner as we did for the first home.

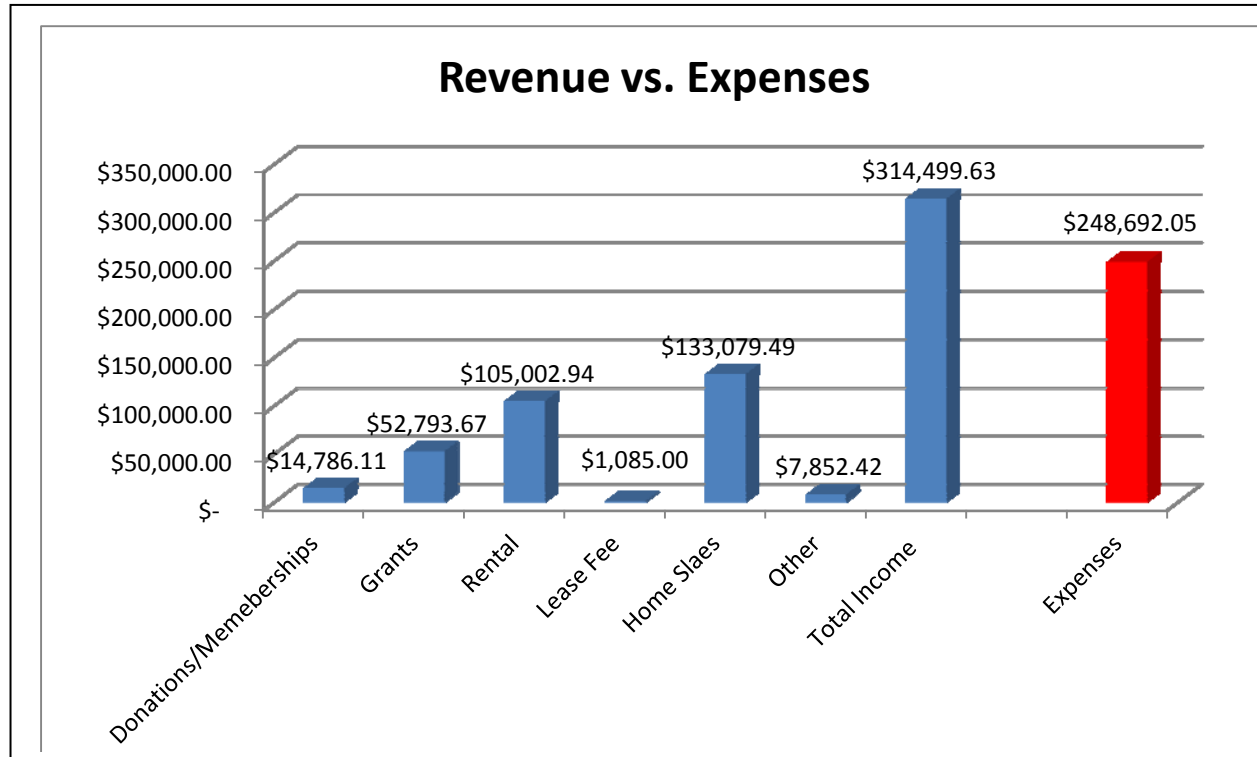
The financial health of Home Trust is good. We had sufficient funds for operating in 2013 and committed funds for the purchasing of homes in Mount Vernon. Because of the timing of some of the funds our home purchasing did not get underway until late in the summer and we were only able to place one family in Mount Vernon but the remaining funds will carry over into 2014.



We received considerable grant funds from Skagit County 2060 monies and CDBG monies from the City of Mount Vernon. These funds were used for the placing of one family and the costs associated with the purchase of the Summerlynd Plat.

The tightest operating area continues to be Channel Cove. We are working with the Department of Commerce to defer some of our debt service on Channel Cove so that we can keep Channel Cove financially sustainable. During 2013 maintenance reserves were needed to perform some of the larger maintenance items that came up during the year. With the sale of the house we replaced the funds and increased the maintenance reserve going into 2014. Future costs at Channel Cove are going to include large cost items such as roof replacement, floorcoverings etc. The Board and Finance Committee are working

on long term funding to cover these future costs. Until Home Trust took over Channel Cove no funds had regularly been placed into a maintenance reserve and we are now working to resolve that. Home Trust does place funds into the maintenance reserve each month but additional funding is still projected to be needed to meet the capital needs plan over the next 25 years.



With Channel Cove still being a big part of our operation (approx. 25%) we have a lot going on there. In 2013 two homes were built by Habitat for Humanity and families moved in. Construction was started on the third home and in early 2014 the final two homes scheduled to be built at Channel Cove will have started construction. All of these homes are part of our partnership with Habitat to build 5 homes on the ten lots designated for future construction in the original plan. Five lots will remain for future construction but it is felt that we have saturated the market for our types of homes in LaConner for the next couple of years and therefore will be moving to the Summerlynd development in late 2014.

We still have 3 market rate homes remaining to be sold at Channel Cove. With the selling of the first one in 2013 we now have a much better idea of the market and what it is going to take to sell the remaining three. A second home is planned to be sold in 2014.

Leadership Skagit raised the funds and built the play area referenced above. It has been a well-received addition to Channel Cove.

Due to their increased work load Community Action asked to terminate the contract for the maintenance work being done at Channel Cove. We had contracted with Community Action for their maintenance staff to perform the routine maintenance. The workload for them at Community Action's facilities had increased enough that it was no longer practical to continue with us. We have contracted with Mike Riddle of Mike's Toolbox to do the routine maintenance and some of the other work at Channel Cove. This has worked out to be an excellent relationship. All of the residents have complimented us on how we are maintaining the facilities and like working with Mike.

Mike brought with him an existing relationship with the Job Corps in Sedro-Woolley. We have put this to good work and are now partnering with Job Corps and Mike to provide real life working situations for the students to work under. The result is that we are getting more work done at Channel Cove and the students are able to get real time experience and training.

The last really big item for 2013 was being able to acquire the development called Summerlynd. Summerlynd is an 11 lot development in Mount Vernon near the fairgrounds that was started in approximately 2006. The development has all of the streets, sidewalks in and the utilities to each of the 11 lots. There were a few items that need to be done to finalize the plat with the City of Mount Vernon.



The original developer was caught in the recession and the property went back to the bank. The first bank was assumed by RBC bank out of Canada. When we found out about the development contact was made with RBC but did not really go too far. In late

spring the RBC decided to sell all properties they had in the United States by July 31st. We immediately started conversations with them about the property but were short the money to purchase it and the time frame was too short to complete any grants in that time. Jim and Terri Cook stepped forward and offered to be a nominee and provide the funds to purchase the property while we completed the grant application. This was done and the property was purchased from RBC on July 30th.

We will be partnering with Habitat for Humanity to build the homes and then place them into our Community Land Trust program the same as we are doing at Channel Cove. Because the construction of the homes will take at least four years it may provide an opportunity for Home Trust to build a home or two.

The plat will be finalized in the first half of 2014 and construction of the first house should start in October 2014.

All of this is being done with funds from the Community Frameworks SHOP program, which is HUD funded and funds from Skagit County in our 2060 Grant. This is one of the best examples of how we are partnering with many different agencies and groups to create affordable housing in Skagit County.

What are the major items we anticipate doing in 2014?

We are on track to build and place three families in Habitat built homes. All of these are at Channel Cove and will finish the first five homes we agreed to build. We will start construction on two homes in Summerlynd in the fall of 2014.

We are funded to do at least four scattered site homes in 2014. Three will be in Mount Vernon and one in Anacortes.

The Board of Directors will be revising the long and short term plans for the future guidance of Home Trust. They will also be looking into staffing requirements to accomplish these goals.

We will be placing the second market rate home at Channel Cove on the market to sell in 2014.

Secure funding for 2015.

Continue to use, strengthen and expand our partnerships to be better able to provide affordable housing.

We will be working with the Cities in Skagit County as they start revising their Comprehensive Plans and other housing issues.

Like 2013 the year in 2014 will be a busy one with a lot of potential accomplishments to be completed.