

PRICE GRANT
Application by Sitka Community Land Trust
20 June 2024

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NARRATIVE EXHIBIT A: EXECUTIVE SUMMARY

Sitka Community Land Trust's mission is to provide permanently affordable housing to the residents of remote Baranof Island and the surrounding area. Located on the Outside Passage of Southeast Alaska, Sitka is situated among ancient trees and volcanos, a fingernail of civilization along the edge of the world's largest intact temperate rainforest. Formerly a logging town, and then sustained by commercial fishing, Sitka has in recent years become a destination resort for sport fishing, wildlife life tours, and those looking to reconnect with nature in its rare untouched and wild form.

In addition to being older on average than many manufactured home parks nationwide, Sitka mobile's home parks are unique in that they are often built on some of the only flat-lying land between the mountains and the sea: that is to say, Sitka has oceanfront mobile home parks with magnificent mountain views, and stunning sunsets over the volcano across the water. Lots like these are already being recognized as prime vacation home property with a vacant, 12,250 square foot waterfront lot recently being listed for \$650,000. With most of Sitka's mobile home parks being commercially zoned, they are enormously at risk for being purchased and redeveloped for either personal vacation properties or high-end sport fishing lodges. Developers already have their eye on such projects, and SCLT's Program Manager Rachel Jones backed out of negotiating one such deal just last year when it became clear that, even though the investment group was willing to create mixed housing to accommodate the park's residents in the final project, there was no way to bring the project to fruition without displacing thirty families for the duration of the build period. And in Sitka, displacement means homelessness.

The tourist influx, which began before the pandemic but skyrocketed in 2022 and every year since, has brought large gains to Sitka's economy but has resulted in crushing price hikes in its already tight residential market. Despite local efforts at regulation, short-term rental units have increased and homes are being sold to second-home buyers whose residences are empty all but a month or two out of the year. The average price of a single family home has skyrocketed, with 448 square foot rebuilt garage just listed for \$450,000 because its commercial zoning allows for AirBnb use as-of-right.

Unlike other vacation towns, there is no outlying community for workforce housing from which the locals can commute. Sitka is a community in the old-fashioned sense, providing for many of its needs - concrete mixing, quarrying rock, cutting trees for lumber - locally because fuel prices are often prohibitive for shipping materials on the barge from Seattle. To have a workforce at all, locals must be able to live here. But low- and middle-income Sitkans are priced out of the private real estate market, unsubsidized affordable housing is scant, and for non-tribal citizens subsidized housing is essentially non-existent.

Like much of the country, the de facto unsubsidized affordable housing in Sitka is mobile and manufactured homes, located in mobile home parks. But, nestled between steep mountains and a sea of glacial fjords, Sitka's situation is more dire than elsewhere. Nine percent of the town's housing inventory is mobile homes, compared to six percent statewide, and the average age of the trailers is 1976. Much of Sitka's mobile home inventory is past its useful life, not built for a temperate rainforest environment, and, frankly, barely livable.

Trailer house replacement is cost prohibitive to the occupants. With no local manufacturers in the past and a lack of subsidy options, park residents could not afford to have a manufactured home shipped up from the lower 48. And, even if they were able to, the livability and longevity of such homes is impaired by the cold, wet, windy, and salty marine environment. And poor zoning regulations at the time of construction, or a complete lack of zoning regulations for MHPs that were previously outside of the City limits, has left the infrastructure of Sitka's mobile home parks in deplorable condition.

However, with creative and energetic individuals engaged in solving the puzzle of Sitka's housing needs, conditions have never been better for revitalizing Sitka's mobile home parks and creating homes that are built to withstand, and for families to thrive, in our coastal environment. Sitka's City government has made great strides in incentivizing mobile home park revitalization, allowing tiny homes on foundations in the MHPs and creating code sections specifically for converting mobile home parks into mobile home subdivisions, doing the policy-side leg work for moving trailers from personal to real property. Meanwhile, Derek James and Kris Karsuky, local contractors, have created a manufactured home facility in Sitka and are producing homes for Sitka and its surrounding villages with weather-proofing materials that meet the needs of a clammy, chilly, moss and mold friendly environment. At the same time, the Sitka Community Land Trust has gotten its permanent affordability model off the ground, nearing completion on a neighborhood of 14-affordable homes that preserve public subsidy through a limited-equity homeownership model and 99-year ground lease for preserving land affordability. Through its relationship with First Bank of Alaska, the SCLT has crafted a lending program that allows homeowners of ground-lease homes, with proper foundations, to obtain a traditional mortgage and, through the SCL and the Bank's relationship with the Alaska Housing Finance Corporation, all of SCLT's home sales have benefited from down payment subsidy that is structured to assist both the initial buyer and to remain permanently with the home for the benefit of all futures buyers. Although SCLT is aware of the need for bidding, its current builder has stated that he can continue our model with stick-built tiny homes in MHPs and would bid to do so, and the SCLT already has home designs available for this purpose. And the local mobile home manufacturer has provided a price quote that works for our financing and subsidy model as well.

The pieces are all in place, and the PRICE grant could not have become available at a better time for this community. With the City planning already completed, the SCLT's model up and running, and local contractors eager to create homes that do not have prohibitive shipping costs, the only puzzle piece left is the funding.

The SCLT is asking the PRICE Grant for \$32 million to purchase mobile home parks in high-risk ocean-front and ocean-view areas, convert them into Land Trust neighborhoods with real property rights and 99-year ground leases, provide utilities and accessibility upgrades, increase beautification, and provide subsidized weatherization and energy efficiency improvements whose cost reduction benefits stay with the homes permanently via the SCLT's limited equity model. The hope is that, with the PRICE Grant funding, the SCLT will be able to move five of Sitka's mobile home parks from being housing-of-last resort for many of Sitka's

low and moderate income residents, to being protected, revitalized, and resilient long-term neighborhoods for the people who live and work here, including and especially Sitka Tribe of Alaska members who are disproportionately low-income and mobile home park residents and are at serious risk of displacement from not just their homes but their ancestral homeland.

**NARRATIVE EXHIBIT B: THRESHOLD REQUIREMENTS AND OTHER
SUBMISSION REQUIREMENTS**

The Sitka Community Land Trust is a 501((c)(3) non-profit entity that meets the criteria for a Community Land Trust under the PRICE Grants definition. It has no pending Civil Rights Matters, and intends to submit a single, timely, application.

The SCLT has reviewed and determined that it meets the applicable regulatory provisions at 24 CFR part 570 subparts A, C, D, J, K, and O.

NARRATIVE EXHIBIT C: NEED

Sitka, Alaska, is a fingernail of civilization looking out across the Pacific Ocean from the edge of the Tongass National Forest. Despite being the State's fifth most populous city, Sitka is located on an island and not connected by road to the mainland of Alaska. Its two state highways equal about 14 miles total, one heading north and the other south, both deadend at hiking trails heads. In addition, the topography is so severe that the current project to extend one road has resulted in a landslide death and a road that is unavailable to the public due to landslide risk.

Located in a seismically active part of the Pacific ring of fire, Sitka's resident volcano, Mt. Edgecumbe has recently awoken from dormancy and threats of earthquakes, tsunamis and rain-driven landslides limit the buildable areas in town. Much of the flat land is gravel infill from Sitka's days as a World War II line of defense or is located in muskeg, the local name for peat bogs where home foundations must be floated on pilings that are hammered down to the bedrock, sometimes reaching 15-20 feet deep. Sitka is the medical and Coast Guard hub for outlying villages and towns in the ABC islands, but to continue to have habitable dwellings for its workforce and for the Tlingit people who have called this island home for the last 10,000 years, sustainable, climate appropriate infill within already identified low-hazard zones is critical.

As identified by the Baranof Island Housing Authority (BIHA), the Tribal Designated Housing Entity for the Sitka Tribe of Alaska (STA), revitalization of Sitka's mobile home parks is the "low hanging fruit" of unsubsidized, affordable housing for tribal members and non-tribal citizen Sitkans alike. Projects to develop new land are inhibited by massive public ownership of the surrounding forest and the remaining unbuilt flatlands requiring environmentally unfriendly and enormously expensive draining of peat bogs. In March of 2024 BIHA published a comprehensive study outlining the pressing housing needs for Sitka's Alaska Native population who make up 24.4% of the city's citizens. (BIHA, *Sitka Tribal Housing Needs Assessment* (March 2024) at 6.) Incorporating this data, and pulling from other sources, the City and Borough of Sitka presented on the city's pressing housing needs at the April 2024 Housing Summit hosted by the City, BIHA, and STA.

The data presented by these governmental entities comports with the Land Trust's experience in offering affordable homeownership opportunities, namely that the cost to build housing units coupled with rising interest rates is making it impossible to build housing units on Baranof Island that are affordable to locals without substantial public subsidy. "Development and construction costs are extremely high in Sitka due to a variety of factors, including topography, geology, and hydrology, transportation of materials by barge, and a critical shortage of local workers in the construction trades. The gap between the costs of developing new housing and affordable rent and mortgage payments is so large that the market cannot produce new units at a cost that is affordable to most Tribal citizens and residents of Sitka in general." (BIHA report at 25).

This comports with SCLT's experience in qualify residents for the most recent four homes in its limited-equity neighborhood. Even with the grading work and utilities done at public expense through grant programs, the land price removed from the purchase price, and

with down payment assistance, single income families can no longer afford three bedroom homes through the SCLT's program. These families are between a rock and a hard place because "while households with lower incomes are at the greatest disadvantage in Sitka's housing market, many moderate-income households are also struggling to buy their first home, rent year-round, or maintain homes that they have lived in for decades. These households may exceed limits on income or assets to be eligible for assistance, but are still not able to afford down payments, mortgages with high interest rates, or the cost of home repairs." (BIHA report at 23).

Because much of Sitka's flat lying land is muskeg (peat bogs) the work to grade, fill, and install utilities is often cost prohibitive. For example, in 2020 the City commissioned a study for the development of 60 residential lots on an area of low-lying city owned land, and as of March 2024, the per lot price for the City to break even on developing road and utility infrastructure would be \$525,000 per lot. (BIHA Report at 25). Such prices are simply not affordable for Sitkans.

Residential infills sites are often areas that were flattened out for industry in previous, poorly regulated eras, and residential development can often be limited by contaminated sites and expensive remediation. The SCLT handled a costly remediation effort of an old industrial site for its current neighborhood, remediation efforts costing \$85,000. As such, when investigating the potential for use of the PRICE Grant in Sitka, SCLT concluded that rehabilitation of existing infrastructure and homes within Sitka's pre-existing mobile home parks, many of which are built on gravel fill provided by the US Army Corps of engineers during World War II, is the most viable way forward for producing healthy, safe low- to-medium- income units that does not require a large amount of red tape to open public lands, expensive engineering for peat bogs, expensive remediation of formerly industrial lots, or mitigation of landslide risk on hillside lots.

BIHA's study and the City's presentation at Sitka's Housing Summit both identified rehabilitation of mobile homes parks as "low hanging fruit" for producing safe and healthy LMI units within the next 1-5 years. Under its "short-term solutions and priorities" heading BIHA explains:

"Mobile homes represent nine percent of Sitka's housing stock, and they are one of the most affordable year-round housing options available to Tribal households. However these units are in poor condition, are difficult to maintain, and expensive to heat. They are located on privately-owned land that is prime for redevelopment. The long-term future of Sitka's mobile home parks is at risk. Securing mobile home parks and replacing existing units should be a community priority"

What BIHA means by "at-risk" is that Sitka is increasingly becoming a resort town for both wealthy independent travelers and cruise ship tourists alike. Since 2022, Sitka's number of vacationers has increased from 385,000 to an expected 590,000 in 2024 taxing the already strained resources of this small, coastal city. With many of Sitka's MHPs having been developed

before the current zoning code went into place, the parks are hit with the double threat of being located on waterfront property that is highly valuable and being in commercial zones that allow redevelopment into lucrative fishing lodges.

SCLT employee Rachel Jones, was involved in 2023 with a developer's effort to purchase a commercially zoned, waterfront mobile home park for redevelopment. The deal only failed because the local citizens involved were unwilling to displace the dozens of families housed in the park. Another commercial zoned park just sold in 2024 and a third is currently listed on the MLS. The threat of residents becoming homeless is pressing, and Sitka's Tlingit community is especially at risk, with BIHA reporting that, already, 30% of Sitka's Native Households "reported opening their homes overnight to a person or persons experiencing homelessness in the past year." (BIHA report at 17). For both Tribal members and Sitka's population in general, "mobile homes are a critical source of de facto affordable housing in the community but they are in poor condition and expensive to heat. They are also located on privately-owned, unrestricted property that is prime for redevelopment for higher-value residential use. Sale of a mobile home park could result in a steep increase in lot rent, or eviction of unit owners, creating a crisis for households with low income." (BHIA report at 28).

The homes in Sitka's mobile home parks are emphatically unable to be moved safely, being some of Sitka's oldest housing stock, not designed for Alaska generally or Southeast Alaska's temperate rainforest climate specifically, and are well past their expected design lifetime. (BIHA report at 11). With an average build date of 1976, the SCLT expects that up to half of the homes in this pilot project will need to be replaced. (BIHA report at 11). The SCLT also expects that substantial neighborhood utilities upgrades will be necessary. Having obtained all the records that are available for local mobile home parks from the City building official, it is clear, the electric, sewer, and water lines do not meet modern standards and risk creating a "spaghetti" mess of electrical lines and a "Swiss cheese" set of holes into City mains if the subdivision of mobile home parks into individually owned real estate lots is not handled in a coordinated fashion. The SCLT already has experience working with the City and Borough of City to design and implement neighborhood mains to work with city infrastructure, appropriately sizing transformers, and creating access easements in its current neighborhood to create utilities systems that serve the needs of community residents without straining City resources.

The half of Sitka's mobile homes that can be salvaged are likely to need substantial subsidies for climatization and energy efficiency upgrades. In all cases, the SCLT will need to pour a foundation in order for each home to become real property, and will need to subsidize wet-climate appropriate roofing, siding, and insulation options such as 50 year asphalt shingle roofs, modern concrete lap siding, double pane windows, and R30 insulated floors. These durability and energy efficiency features were not available in the 1960s and 1970s when many of Sitka's mobile homes arrived from down south. Similarly, being unprepared for 300 days a year of rain and gusts of 120 mph winds, these homes are extremely energy inefficient in Sitka's environment. Nearly all of Sitka's mobile homes were installed before upgrades to the hydroelectric power grid made electric heat possible and before heat pump technology was

developed. The homes are heated with heating oil that must be barged in from Seattle. This is inefficient, environmentally unsound, and very costly for residents. Upgrading all the homes in Sitka's PRICE project to electric heat pumps and electric hot water heaters will improve energy efficiency, aid in environmental sustainability, and free up thousands of dollars for households to meet their other basic needs or begin to build wealth.

With the PRICE main grant, the SCLT will convert five mobile home parks in the Partially Disadvantaged Economic Justice Area of Sitka, Alaska into Land Trust Neighborhoods. Through structural upgrades and the subdivision process, the SCLT will help residents obtain real estate rights to their homes. This real estate standing will be protected by a 99-year ground lease, removing the risk of displacement from redevelopment into vacation homes or lodges, and improving both neighborhood infrastructure and individual home livability.

In converting current ownership of the land beneath the trailers to a Community Land Trust model of ownership, the SCLT will resolve a number of barriers to the revitalization of mobile home parks in Sitka. First, by coordinating neighborhood-wide infrastructure improvements, the SCLT can operate through the Manufactured Home Park subdivision code or the Planned Unit Development code to create a utilities layout that serves all members of the neighborhood and doesn't leave any homes cut off by homeowners one-by-one installing their own lines. The SCLT also has experience with creating a homeowner's association for its neighborhoods, delineating responsibilities between itself and the HOA for maintenance of neighborhood livability, and collecting and preserving repair and maintenance set asides to help with coordination and financing of community-wide repair projects down the road. By pouring foundations and obtaining separate land and home deeds for each lots, the SCLT will be able to help each homeowner move from a personal property ownership model to real property ownership, opening up financing options via traditional mortgages, including VA Loans, the USDA Rural Development Program, and other subsidies through the Alaska Housing Finance Corporation's variety of programs. For new builds, on vacant or abandoned lots, removing the cost of the land from the purchase price preserves affordability of all land trust homes into perpetuity. By having a single, established entity, with a well developed process for removing these barriers, low and moderate income Sitkans, who are disproportionately STA Tribal citizens, will be able to gain the benefits of homeownership.

**NARRATIVE EXHIBIT D:
SOUNDNESS OF APPROACH REVIEW**

The Vision:

The SCLT's primary vision and goal for creating a PRICE Grant program is to move five at-risk mobile home parks from the for-profit lot-rent system to the limited-equity land trust model.

This will include four components, with legal work and construction work occurring at both the neighborhood and individual home level.

- (1) **Neighborhood Level Land Trust Conversion:** At the neighborhood planning level, the SCLT will engage with the City and Borough of Sitka's Planning Department and Planning and Zoning Commission, both of which are supportive of mobile home park revitalization and have been a major asset in assisting with planning for the SCLT's current limited-equity neighborhood. The planning and legal work will follow the pre-existing code provisions for creating either a manufactured home subdivision or a planned unit development, depending on each neighborhood's layout, need for shared parking, common space, etc. The end result will be Land Trust Neighborhoods within which all lots have land deeds and, once foundations are poured (see item 4) separate home deeds. The SCLT will also work with its legal advisors to adapt our Homeowners Association Covenants, Codes, and Restrictions, ground leases, and by-laws to each neighborhood, and engage in homeowner education in so that the neighborhood is able to take over HOA management at the end of the grant period, with the SCLT maintaining a seat on the HOA Board as the landowner.
- (2) **Neighborhood Infrastructure Renovations:** Following the planning process, the SCLT will work with the City to implement updated electrical, water, and sewer systems in line with the outcome of each manufactured home subdivision or planned unit development design and plat. As with the SCLT's current neighborhood, neighborhood mains will be installed as needed so that all lots have adequate electrical, water, and sewer service to modern code standards. Once the below ground infrastructure is complete, the SCLT will work with the homeowner's association to fund and coordinate green space, green fencing, and other beautification measures as well as accessibility improvements.
- (3) **Unit Level Land Trust Conversion:** Following the subdivision process, SCLT will assist those owners who are interested in doing so with obtaining deeds for their home, separate from the land deeds, as already is done in SCLT's current neighborhood. This will be an **opt-in program** allowing homeowners to join the SCLT'S limited-equity model of ownership in exchange for a subsidized foundation that allows them to obtain a real property deed, subsidized energy efficiency and climatization upgrades, and long term housing stability through a 99-year ground lease. Residents who want to maintain

full equity rights to their home will not be forced into the land trust model and will continue with a lot-rent situation with the added protection that the land will not be sold for redevelopment, and the added obligations of joining the homeowner's association and giving the SCLT a right-of-first refusal to buy their home at its appraised value at any future sale. The SCLT's limited-equity model is explained in detail in the affordability narrative.

(4) Unit Level Renovations: For homeowners who opt-in to the SCLT's limited-equity model, the landtrust will provided replacement homes for pre-1976 trailers and subsidized roof, siding, insulation, and energy efficiency renovations for salvageable post-1976 homes, with sufficient subsidy that all homeowners will meet the 30% housing-to-income affordability ratio provided by HUD. The proposed structure for replacing and renovating trailers is addressed in the affordability narrative.

The Timeline:

Year 1:

- The SCLT will enter into purchase and sale agreements with 5 MHP owners for purchase of their property, subject to environmental review and other grant requirements. Based on test pits at two mobile home parks in conjunction with a private market deal that fell through, the SCLT anticipates that it will be able to contract on five parks that need minimal environmental remediation, and perhaps some grading work for seawall protection and landslide berms. The SCLT has experience with both remediation and geotechnical work for landslide mitigation.
- The SCLT will expand its project management department to include a full-time project manager and full-time assistant project manager specifically for the Mobile Home Revitalization project to hold responsibility for the construction and renovation planning, implementation, and completion for all five neighborhoods. This will be separate from the project manager for the SCLT's current neighborhood.
- The SCLT will complete necessary environmental reviews, close the land purchases with grant money, and leave all current contracts in place for residents for two years, in compliance with Alaska law.
- The SCLT will expand its Program Management department as well. The Program manager will oversee all aspects of client management, home improvement and valuation tracking, and neighborhood policy and procedures development, grant tracking, and HOA implementation. Two Assistant Program Manager will have primary responsibility for interfacing with clients, supervised by the Program Manager, for helping clients understand how their rights and obligations will change if they choose to move their unit into the land trust model.

- The SCLT will work with the City and Borough of Sitka to begin the process for turning all five parks into manufactured home subdivisions or planned unit developments through the appropriate process. This will begin with a needs assessment for each community, and then the process will depend upon the layout of the internal roads and utilities within each park. The City's Planning Department has assured the SCLT that current code is adequate to meet the needs of this program, and they are eager to work with the SCLT for mobile home park revitalization. This will include working with the Planning and Zoning Departments and a surveyor to lay out lot lines and working with the utility department to plan adequate infrastructure upgrades. Approval would be assessed by the City's Planning and Zoning Commission, of which two of the five members are themselves mobile home park residents.
- Construction and/or placement of homes on vacant or abandoned lots begins.

Year 1 End-of-Year Targets:

- All lots secured with environmental reviews complete.
- Subdivision needs assessment started for all neighborhoods.
- Client education on the difference between a mobile home park and a land trust neighborhood begins, with pre-sale community meetings, point of sale community meetings, and a start of the subdivision process meeting for each neighborhood. Client educational materials developed and provided for each phase.
- Design work by an engineering firm will be contracted to determine water, sewer, and electrical needs of each park and develop plans for upgrades
- Design work for locally sourced manufactured homes and tiny homes on foundations is complete.
- Research is complete on sourcing replacement mobile homes from the lower 48 which meet the environmental and code requirements of Sitka. One replacement trailer will be on order.
- Neighborhood needs assessments will begin to determine the level and type of need of each building. The result of this work will be a complete inventory of the structural and energy efficiency needs of each building or lot

Year 2

- Park site plans and subdivision plats will be developed and subdivision plats will be drawn by a contract engineering firm.
- When engineering is complete and permits issued, utilities upgrades will commence, along with road work, landslide berms and/or seawall construction.

- Home construction begins
- The Homeowner's Association Structure is implemented, with each land deed and ground lease requiring membership. All homeowners whether in a personal property or real property situation will be required to join, the cost of the HOA dues will be deducted from the lots rent so there is no monthly increase for homeowners.
- Clients are educated on the subsidy-limited equity model and are free to opt-in to it or not. The project management team will prioritize homes based on need, with highest need/lowest income having priority.

Year 2 End-of-Year Targets:

- 6 new homes total are completed on vacant or abandoned lots.
- Neighborhood needs assessments will be finished with a complete inventory of the structural and energy efficiency needs of each building.
- Park site plans will be fully developed and approved by the Planning Commission
- Subdivision plats will be recorded, with individual deeds for each home lot.
- Utilities upgrades, home site work, road work, landslide berms and/or seawall construction continues.
- The Homeowner's Association Structure is implemented, with each land deed and ground lease requiring membership. All homeowners whether in a personal property or real property situation will be required to join, the cost of the HOA dues will be deducted from the lots rent so there is no monthly increase for homeowners.
- Clients are educated on the subsidy-limited equity model and are free to opt-in to it or not. The project management team will prioritize homes based on need, with highest need/lowest income having priority.
- Home replacement and renovations needs assessment is complete and sequencing of individual home projects is outlined and bid in compliance with Federal law.

Year 3:

- Neighborhood wide upgrades for Utilities, climate remediation, green spaces, and road upgrades continue.
- The home renovation program begins in earnest for salvageable homes, putting in foundations, energy efficiency and fully electric heat and hot water, and subsidized roofing, siding, and insulation. Target is 6 home renovations per year.
- Continued purchase and limited-equity sale of 6 new homes, including replacement of pre-1976 and unsalvageable post-1976 homes. The SCLT will assist each household with determining whether moving to a new lot when the manufactured home is finished, or moving briefly to place a new home on their lot is viable. This work will also include assisting clients with securing financing

and subsidy sources that ensure that their new payments, with reduced lot rent from the ground lease, will not exceed 30% of household income.

- Client education and legal work for limited equity model continues as each renovation and/or new home is brought into the limited equity model.

Year 3 End-of-Year Targets:

- Neighborhood-wide utility and site work upgrades nearing completion.
- 12 new homes installed.
- 6 homes renovated.

Year 4:

- All utilities and road infrastructure complete; landslide berms and seawall work complete.
- ADA accessibility improvements, bike lanes, sidewalks, landscaping, and playground improvements begin.
- New home program adds 6 homes.
- Renovation program completes 6 homes.
- As neighborhood-wide upgrades come to completion, the HOA begins to take over small self-governance items like lawn-mowing, hedge pruning, and snow removal. The SCLT maintains developer-level supervision of the HOA but client education in self governance, effective meetings, record keeping, etc. ramps up with the goal of self-governance at the end of the grant period.

Year 4 End-of-Year Targets

- Accessibility and beautification projects complete.
- 18 new homes installed.
- 18 renovated home complete.

Year 5:

- Accessibility, bike lane, sidewalk, landscaping, and playground improvements continue.
- New installation holds steady at 6 per year.
- Renovation program holds steady at 6 per year.

Year 5 End-of-Year Targets

- All neighborhood-wide improvements complete.
- All HOA's operational and taking on increased responsibility.
- 24 new homes complete.
- 24 renovated complete.

Year 6:

- New installation increases to 9 per year.
- Renovation program holds steady at 6 per year.

Year 6 End-of-Year Targets

- 33 new homes.
- 30 renovated homes.

Year 7:

- New installation at 9 per year.
- Renovation program holds steady at 6 per year.

Year 7 End-of-Year Targets

- 42 new homes.
- 36 renovated homes.

Year 8:

- New installation installs all final replacement homes, up to 10.
- Renovation program holds steady at 6 per year.

Grant close out:

1. All mobile home parks converted to real estate subdivisions with separate land and home deeds for each home.
2. All neighborhood-wide infrastructure, accessibility, and beautification improvements complete.
3. HOA for each neighborhood has taken over self-governance of the community, with the SCLT as a voting member due to being the landowner.
4. Capital Investment Fund started by PRICE Grant has been recycled through XX homes, and continues on with \$1mm of recaptured funds from resale. This working capital fund will ensure that the work of the grant carries on until all units have been upgraded to modern weatherization and energy efficiency standards, or replaced with new weather appropriate
5. Once that happens, the remainder of the working capital fund will be used to purchase another mobile home park to continue the program, and the remaining funds following any sale will be dispersed evenly to the HOAs to bolster their repair and maintenance funds for down the road.

Budget

The SCLT created this Project specifically for the PRICE Program and accepts, if awarded, that PRICE funding will be the primary source of funding. However, new build homes with foundations will qualify for the Land Trust's financing program through First Bank of Alaska. First Bank and the USDA Rural Development Program have provided mortgages for SCLT clients, allowing the SCLT to produce homes either via construction loans that are paid off by the client's mortgage or, more affordably, through the creation of a working capital fund that is spent down to build or purchase a home and then replenished when the home is sold to a client. This allows an initial investment in a working capital fund, to be leveraged indefinitely for the creation and sale of new homes over and over again, as explained in the permanent affordability section.

Trailer park acquisition - 5 parks at \$3mm each:	\$15mm
Environmental Review - 5 parks at \$40k each:	\$200k
Environmental Remediation - 5 parks at \$50k each:	\$250k
Utilities Upgrades in Park - 5 at \$400k each:	\$2mm
Open Space, playground install - 5 at \$40k ea:	\$200k
Paths, ramps, rockwork, sidewalks - 5 at \$100k ea:	\$500k
Bushes, trees, shrubs, dirt - 5 at \$30k ea:	\$150k
Legal costs for HOA, subdivision - 5 at \$30k each:	\$150k
Working Capital Construction/Purchase fund for 6 homes:	\$1.5mm
Construction/Purchase funds for Y1 and Y2 units:	\$3mm
Insulation for salvageable units: 48 at \$10k each	\$480k
Roofing for salvageable units: 48 at \$20k	\$960k
Electric heat pumps for salvageable units: 48 at \$10k	\$480k
Electric hot water for salvageable units: 48 at \$2000	\$96k

Project management: \$1,320,000

- **Full-time Project Manager**
 - **\$90k for 8 years = \$720,000**
- **Full-time Assistant Project Manager**
 - **\$75k for 8 years = \$600,000**

Indirect at 15% of budget (\$26,286,000-(\$26,286,00.00 * 1.15)): \$3,942,900

TOTAL BUDGET: \$30,228,900.00

Short and Long Term Impacts of Eligible Activities of the Land Trust Model

Purchase of Mobile Home Parks

Due to Sitka's isolation and dramatic topography, nearly all of the buildable land in the community has already been built upon. Residential infill projects are underway, but with intense tourism interest and high costs to build due to the need to ship items via barge from Seattle, short-term rental units and high-end second homes are the only models bringing private investment into town. Sitka's cruise ship passenger load has increased from around 100,000 people per year pre-pandemic to 590,000 visitors anticipated in 2024; even with legislation limiting units in residential zones, its short-term rental unit inventory has increased dramatically over the last ten years. The risk that Sitka's mobile home parks, many of which are waterfront and/or situated with ocean views, will be purchased by developers to build high-end second homes or sport fishing lodges is enormous. Developers have been trying to negotiate contracts on three of these parks, to the SCLT's knowledge, over the last two years and it has only been local desire to not displace residents that has prevented their sales so far. But with aging owners looking to off-ramp, and aging facilities that need substantial investment to meet modern habitability standards, it is only a matter of time before development pressure exceeds altruism.

Allowing interested owners to off-ramp into a model that protects their residents, and promises improved housing options and infrastructure is a highly desirable end-of-life outcome for Sitka's mobile home parks. And redevelopment of current parks instead of building new ones is critical because the unbuilt land in Sitka is either extremely steep and at enormous risk of landslides or consists of peat bogs, which are environmentally threatened globally by the scotch and gardening industries, and enormously expensive to drain for road and utility installation. Preservation of Sitka's ocean-front and ocean-view mobile home parks, and their conversion into protected Land Trust property for at-least 99 years will ensure that Sitka's

current options for affordable housing remain and that approximately 100 Sitkan households are not displaced and rendered homeless for the development of second homes and tourist lodges. And because Sitka's Alaska Native population is disproportionately low-income and disproportionately lives in mobile home parks, preserving and rehabilitating them will ensure that Sitka Tribe of Alaska members are not displaced, in a situation where displacement most often means leaving their ancestral homeland, often permanently.

Infrastructure Improvements

Because Sitka's mobile home parks were built before the modern utilities and subdivision codes went into place, the actual layout of electrical and sewer lines by the original park owners is largely unknown. The SCLT has received complete records of parks ownership and layouts from the City's building and planning departments, but they are lacking detail and out of date. Anecdotally, electrical service, water mains, and sewer mains are often not up to City standards, and where they have been upgraded there is a risk of a "spaghetti string" of electrical wires situation because the lines are handled internally and not through a subdivision planning process.

The SCLT providing the central coordination and working with the city for comprehensive planning for utility upgrades in each PRICE Grant park will ensure that the neighborhoods are served by community mains that are laid out thoughtfully, to serve each unit, and that they are tied into City mains in a way that does not tax the City infrastructure. The SCLT has done this planning work for its current neighborhood and implemented underground electrical wires for its neighborhood, with access easements protecting City and SCLT ability to repair lines. This has made the SCLT's neighborhood more sightly and safer than much of Sitka, where overhead power lines often fail during fall wind storms with routine gusts of 85mph knocking trees into the lines. In the current "spaghetti string" set up, mobile home park owners are at risk from downed lines during intense fall storms, which are increasing in frequency and intensity as Sitka's climate warms.

Having the SCLT coordinate and retain landownership for the neighborhood mains provides advantages over independent development by private lot owners because the City has found that placing lines in an ad hoc fashion often ends up with "Swiss cheese" holes in City mains, owners on interior lots cut off by lines that do not reach their land and a lack of utility easements, and a tragedy-of-the-commons issue in which neighbors, without a central coordinating body, fail to work together to create and maintain efficient utilities systems. Having the SCLT coordinate the utilities upgrade in conjunction with the City's Planning and Public works department resolves these coordination issues, and the simultaneous formation and implementation of a Homeowners' Association for each neighborhood ensures community input and on-going self-governance of the systems for the long term. This will include small but mandatory contributions to a repair and maintenance fund by all community members to ensure that there is non-public funding for repairs into the future.

Finally, switching all project units from heating oil to electric heat and water heating systems has the short term impacts of beautification, better air quality, and significantly reduced

bills for residents, by not requiring them to ship in heating oil to stay warm in Sitka's wet, dark winters and intensely stormy autumns. It also contributes to long term sustainability by making the upgraded homes fully carbon neutral: as with all of the SCLT's current homes, all appliances will be run off of electricity from the City's hydroelectric facility at the Blue Lake Dam, which also supplies Sitka's drinking water. This helps reduce pollution in the immediate term by reducing the amount of oil shipped in, and contributes to long term heat-security for residents because they are not reliant on a heating fuel that is sourced from thousands of miles away. A coordinated replacement effort, organized by the SCLT, will ensure that residents can access other subsidy programs for electric heat-pump and electric water heater installation, and the SCLT's limited-equity calculation (explained in the affordability section) ensures that any subsidy provided by the PRICE grant or other programs stays with the homes and does not result in an owner windfall of public money upon resale.

Subdivision and Real Property Ownership

By coordinating the subdivision process and the acquisition of separate land and home deeds for its clients, the SCLT's mobile home park rehabilitation project will provide the immediate effects of creating housing stability for low and moderate income Sitkans, with the 99-year land leases ensuring that Sitkans in general and STA members especially will not be displaced for the foreseeable future.

Moving client households from personal property ownership of their homes to real property ownership by pouring foundations and obtaining a plat and deed serves economic justice purposes for the short and long term as well. Historically mobile home owners, as personal property owners, have suffered unfavorable loan terms and have been excluded from both traditional mortgage financing and subsidized mortgage programs like the USDA's Rural Development home loans. By coordinating the moves to real property across all lots, and providing subsidized installation of foundations, the SCLT will assist mobile home park owners, who are disproportionate Alaska Native, with building equity in real property to establish and grow their personal financial security. The balance between a client's personal financial growth and the public interest in permanently affordable housing is addressed in the Affordability and Equity section below.

But the most clear immediate impact is that the move from a month-to-month lot rent situation with current rates in the \$400 per month range to a 99-year ground lease with lot rent and fees not exceeding \$150 per month, will free up around \$250 per month or \$3,000 per year that can improve the client's cost of living or go toward equity payments on their home. And by becoming real property, with upgraded infrastructure and utilities, the value of the home will appreciate significantly as well. Even with the SCLT's cap of 25% on appreciation to the homeowner who sells, these owners will see a significant equity return on their homes compared to the resale options for personal property.

Improved Housing Stock

Sitka's mobile homes were not made for Southeast Alaska's cold, wet, windy environment. In speaking with contractors about this project, they have anecdotally shared stories of rain falling inside the walls of mobile home units, toxic mold growing underneath units due to a lack of foundation, enormously under-insulated homes that make heating incredibly expensive, deteriorate siding such that a simple window replacement might result in needed to rebuild a entire wall, and roofing and other weatherization materials that are more appropriate for the hot, dry American southwest than the sideways freezing rain, 85mph hail, and salty ocean spray that splatters across these homes in fall storms.

With better materials now available nationwide and public projects for weatherization having been implemented in the state, specifically Anchorage's weatherization program for mobile homes through the U.S. Department of Energy and Alaska Housing Finance Corporation, models for mobile home improvements to meet climate needs are available. And with an Alaska Native owned local manufacturer using climate appropriate materials within the City, replacement and renovation of homes has become sustainable from both cost and environmental and economic justice perspectives, resulting in improved homes that support the local economy as well.

The SCLT expects \$240 to \$260 per square foot as the cost for locally made manufactured homes to replace against trailers, for a sale price of around \$165,000 including fees and closing costs. This price analysis comports well with our experience building stick-built homes on a 99-year land lease model. A smaller, two bedroom house sold for \$242,000 in July of 2023 and our latest three bedroom sold for \$293,000 in March of 2024. With Price Grant subsidy for subdivision, foundation work, utilities and road improvements, and heat and water heater upgrades, we anticipate that 600 square foot locally manufactured homes would appraise for \$190,000 to \$220,000 on the open market, consistent with our three-bedroom stick built homes coming in at \$340,000 just a few months ago. With increased public subsidy for these replacement units, we expect the sale price to appraisal gap for the PRICE grant homes to be around \$50,000 without down payment assistance and up to \$90,000 with subsidy, keeping the public subsidy with the improved home for the duration of the home's usable life.

Affordable Rentals

During the first two years of the project, before the the Subdivision, replat, and deed processes are complete the SCLT will install new manufactured and/or stick built homes on vacant or abandoned lots within the parks that it purchases. A drive through of some of the prime waterfront properties shows that lots are underutilized, with up to 10% of units either not containing a home or containing a fire or water damaged home that must be demolished. In order to begin providing affordable housing options as soon as possible, the SCLT's application requests \$3million for demonization and utilities upgrades to existing lots and the purchase and installation of up to 12 manufactured homes in the first two years after the SCLT closes on the

parks. These homes, which cannot be sold as limited equity Land Trust homes at the time of installation because the subdivision and deed process will not be complete, would come into the SCLT's inventory of affordable rental homes.

In 2024 the SCLT was granted \$2.17 million in Congressionally Directed Spending to build 4-6 rental units at its current property, and it is implementing the necessary financial practices to manage program income in advance of those units being complete. Any affordable rentals from the PRICE Grant award would similarly come into the SCLT's inventory, with housing costs capped at 30% of household income. It is anticipated that clients who are brought into the SCLT's affordable rental program as renters will receive financial stewardship to work towards becoming SCLT homeowners in the long run. The SCLT will work closely with BIHA to ensure that Alaska Native recipients of Indian Housing Block Grants and other programs have access to the SCLT's affordable rental units.

Balancing Permanent Affordability and Client Equity

The SCLT's Model Generally

Affordable homeownership is the primary mission of the Sitka Community Land trust, which it achieves in three ways.

First, by obtaining subsidy for neighborhood-wide improvements and implementing an Homeowner's Association with repair and maintenance set aside for the future the SCLT solves tragedy of the commons issues to create a neighborhood that is liveable for all residents. The cost of these improvements, because they are funded with public money or or private donations are excluded from the base rate of the home upon resale, keeping the value of grading work, utilities infrastructure, accessibility and beautification improvements, and landslide and sea encroachment mitigations with the homes.

Secondly, by maintaining ownership of the land in the nonprofit entity, the SCLT excludes the rapidly appreciating cost of the land in Sitka from the base rate of the home, keeping the public subsidy of land donated from the City for our current neighborhood or land purchased with public funding should the SCLT be awarded the PRICE grant, with the home as well.

Finally, the SCLT's 25% cap on equity appreciation at resale strikes a balance between the homeowner's interest in building equity in the home, with the public interest in permanently affordable housing.

As an example, the SCLT currently has a 3-bedroom home available for resale. With the cost of site development and land price excluded from the home, along with public down payment subsidy, the SCLT was able to sell this home initially for \$275,000. At the time, the home itself appraised for \$340,000, which reflected a \$65,000 retention of public investment in the home.

Now that the home is going for resale, the public subsidy is preserved by keeping the base rate at the \$275,000 that the first owner paid. In doing so, the owner gets to keep all of the equity they have saved up in the home including any out-of-pocket down payment (down payment assistance is excluded from the base rate and remains with the home), the equity portion of the mortgage payments, and any extra equity payments they have made. To that base rate the owner can add 25% of the appreciation on the home, that is the difference between the appraised value at the time of first sale and at the time of current sale. For the SCLT's current resale, the home has appreciated to an appraised value of \$390,000, a \$50,000 increase. In exchange for their good stewardship of the home, the homeowner can add 25% of this appreciation or \$12,500 to the base rate of the home. This brings the list price to \$287,500 for a \$390,000 home. The public subsidy has not only stayed with the home, but it has grown in value from \$65,000 off the initial sale price to \$102,500 below market rate on the resale price.

Additionally, the SCLT's pricing model protects against depreciation due to the ability to bring public resources into home resales. Because the SCLT is a Community Housing Development Organization, it anticipates that its buyers will soon be eligible for Alaska Housing and Finance Corporation subsidies of up to \$70,000 per home.

For eligible buyers, these subsidies will make the base rate of a resale home lower than it was at the original sale, allowing low-income buyers to purchase homes on resale even though they are struggling to afford new SCLT homes at current interest rates. This ability to use further public subsidy to decrease the base rate upon resale protects the seller, the buyer, and the public interest from a depreciation in the home's value.

This is the model that will apply to new build and replacement homes should the sCLT be awarded PRICE grant funding.

Applying the SCLT's Limited-Equity Model to PRICE Grant Mobile Home Renovations

Once the subdivision, plat, and land deeds for each neighborhood are complete, and the assessment of renovation needs for each neighborhood is finished, owners will have the option to opt-in to the SCLT's limited-equity model in exchange for public subsidy to improve their home.

Following the recording of a manufactured home subdivision plat, residents will be given the option to join the land trust, receiving a foundation placed under their home, subsidized weatherization and heating from PRICE or other energy efficiency and weatherization programs, and SCLT assistance in obtaining a real property deed to the home. In exchange the homeowner agrees to the SCLT's ground lease provisions, joins the neighborhood's HOA, and most importantly, and the part that will require the most client education, agrees to the SCLT's limited-equity provisions.

When residents move their home from a month-to-month lot rent to a long term ground lease, their monthly payment will drop to \$150 per month, inclusive of HOA fees and repair and maintenance set aside, or whatever reduced amount is necessary to ensure that their monthly

housing costs payments are not over 30% of household income. The immediate savings free up money for clients to either meet other cost-of-living needs or to invest in equity in the home once it converts to real property. The SCLT's ground lease contains tenant protections, limiting rate increases to no more than every two years and capped at a 3% increase. These protections stay with the home and cannot be exceeded upon resale.

To ensure that the value of PRICE Grant and other subsidy remains with the home, the SCLT's "base rate" process will need to be adapted to a 3-appraisal proceed. It will proceed as follows:

Step 1: Client Education

- During the ramp-up phase, while subdivision planning is on-going, the SCLT Assistant Program Manager, supervised by the Program Manager, will adapt the SCLT's homebuyer orientation materials, debt-to-income worksheets, and other educational materials to the PRICE program and specific neighborhood.
- The SCLT will host educational events and also work one-on-one with clients to ensure that they have the knowledge they need to make informed decisions about whether to opt-in to the limited-equity land trust model.
- The SCLT anticipates that the few owners who have substantially upgraded homes with foundations may choose to retain full equity. These clients will still benefit from neighborhood-wide upgrades, SCLT assistance with obtaining a real property deed for their home, and lot rent reduction to ensure that their housing costs do not exceed 30% of household income, if needed.

Step 2: Notice of Intent

- After the neighborhood needs assessment is complete, homes will be ranked by need and income, with the most needy homes approached for replacement or renovation first.
- The client initiates the process by providing a "Notice of Intent to Become a Land Trust Home"
- This notice triggers an "Initial Appraisal" and energy efficiency evaluation, at SCLT cost.
- The initial appraisal becomes the Base Rate for the home

Step 3: Ground Lease

- Following the appraisal, the owner signs a 99-year ground lease for their lot, securing housing stability for them and bringing the home into the Land Trust model with a right of first refusal for the SCLT upon resale and agreement to the limited-equity model securing the public interest in the property.
- The SCLT invests in the property, undertaking PRICE Grant subsidized foundation installation and other necessary repairs to make a foundation viable for

the home. This is a public subsidy that is excluded from the Base Rate, retaining the public value in the home.

- The owner obtains the real property deed on the upgraded house.
- Now that the unit is real property, the SCLT and owner will determine what weatherization and heating upgrades are necessary to achieve a 5 plus or 6 star energy rating. The costs for these upgrades will be paid by the SCLT via PRICE Grant or other weatherization or energy efficiency upgrades funding, or by the owner through a cash-out loan against the home which is now real estate. If the cash provision will place the owner above the 30% cost of housing threshold, then it will not be required, and improvements will be fully subsidized.
- Once an agreement is reached on cost sharing for the home upgrades, the SCLT will bid and supervise completion of the work, including electric heat pump, electric hot water, roofing, siding, and insulation.

Step 3: Setting the final Base Rate and

- Once all work is complete, an inventory of the owner's equity contributions to the upgrades is added to the Base Rate so that the owner will recoup 100% of their investment upon resale.
- A second appraisal is performed after the foundation, deed, and energy efficiency upgrades have been performed, setting the starting value for the 25% appreciation cap upon resale.
- By distinguishing the base rate from the appraisal value at this point in time, the value of the PRICE grant subsidies accrues to the home and stays with it, not transferring to the owner upon resale, except for those improvements that the owner paid out of pocket.

Step 4: Resale

- At resale, a third appraisal is performed, to determine the amount of appreciation since the PRICE funded work was complete.
- The difference between the projection completed on appraisal and the resale appraisal is the appreciation value that is subject to the SCLT's limited equity cap that 25% is added to the Base Rate to determine the resale list price.
- The homeowner is permitted to sell the home for the base price, plus any cash or equity that they put toward improvements at the foundation/energy efficiency phase, plus 25% of the application in appraisal value. This allows the homeowner to build equity through their home payments and their contribution to subsidized improvements, but keeps the value of the public subsidy with the discounted price of the home.

An example:

A post-1976 manufactured home homeowner wants to move their property into the land trust's limited equity model. Upon Notice of Intent to Join the SCLT, the home appraises for **\$60,000** as-is as personal property of the homeowner. **This is the base rate.** Upon resale, the owner retains the value of the asset as-is at the time of the transition into becoming a Land Trust limited-equity property.

The SCLT helps the homeowner install a foundation using grant money, and is able to obtain a deed to the home, converting it into real property. The homeowner now owns real property, on a proper foundation, and has a 99-year land lease. The homeowner is protected against eviction. The value of the foundation is fully subsidized as a condition of bringing the home into the SCLT model, so the homeowner does not put in any money and does not get equity credit for it. At this point, lot rent is significantly reduced from \$350-\$400 month-to-month rent and becomes \$150 or so in rent on a 99-year ground lease plus HOA fee and maintenance and repair set aside. Over a 10 year ownership period the client will save \$250 per month or \$30,000.

For weatherization and energy efficiency upgrades, the SCLT and the homeowner split the cost of a heat pump, roof repairs, and improved insulation to reach an appropriate energy star rating. This costs \$40,000 which is split evenly by the homeowner and the SCLT. The homeowner, because they now have a real property interest in the property, is able to pay for their share with a \$20,000 loan against the home. The \$20,000 principal amount, as an equity investment in the home on the part of the homeowner, will be added to the base rate at resale. Interest payments are excluded.

The home, now with a deed and all energy efficiency improvements, appraises for **\$100,000** as real property. This is the **starting appraisal value** for calculating the limited-equity add-on at resale.

10-year later the homeowner wants to sell. With the neighborhood improvements and the increasing value of ocean view property in Sitka, the home has appreciated to a **resale appraisal value** of **\$140,000**. To avoid the client getting a windfall from the PRICE grant's public subsidy of both the neighborhood and home improvements, but still allow some appreciation for the homeowner's efforts to maintain the home, the owner can add 25% of this appreciation to their base rate. Because the home's appraisal following public subsidy of a foundation and energy efficiency improvements was \$100,000 and it has appreciated to \$140,000 the homeowner can secure 25% of the \$40,000 increase or \$10,000 by adding it to their base rate on the resale price.

The ultimate resale price is the pre-subsidy appraisal price of \$60,000, plus the \$20,000 of equity investment that the owner made through taking out the improvement loan for energy efficiency and weatherization, plus the \$10,000 of appreciation. This yields a \$90,000 resale price.

In the ten years of Land Trust ownership the homeowner has built wealth by adding \$30,000 to their equity through investment and limited-equity appreciation and has also saved approximately \$30,000 moving from month-to-month rent to a 99-year ground lease. This is a \$60,000 increase in the client's wealth over the 10 year period. At the same time, the resale value of the house captures the public subsidy of the foundation and the PRICE and other subsidized improvements by remaining well below market rate with the home appraising for \$140,000 but being sold for \$90,000. \$50,000 of public investment in the home, stays with the home, keeping it permanently affordable for all future buyers. This limited equity formula strikes a fair balance between the homeowner's need to build equity for financial stability and compensation for their care of the property, and the public and future buyer's interest in permanent affordability by ensuring that the public subsidy yields permanent savings. Here, the SCLT's investment of \$20,000 in publicly financed foundation work and \$20,000 in energy efficiency improvements is preserved and expanded upon in the \$50,000 of cost savings to the buyer.

Further, if the new buyer is also eligible for down payment subsidy, of say \$40,000 through the HOME program for example, the \$90,000 purchase price would be reduced to a \$50,000 purchase price (which could be financed with USDA rural development or First Bank's loan program for land trust homes) which reduces purchase plus, and therefore new Base Rate, below the initial appraisal amount, tying even more public subsidy into the home's price calculation permanently.

Improving Affordability for Owners who do not want to Opt-in to the Limited Equity Model

The SCLT anticipates that there will be some owners who have substantially improved their homes such that they do not want to opt-in to the limited-equity model, prefer to recapture their full appreciation upon resale.

For these owners, the SCLT will reduce their lot rent to ensure that their housing is no more than 30% of the household income. If the homeowner has or installs a foundation at their own cost, the SCLT will provide assistance with obtaining a deed to the home as well. In exchanged for the reduce lot rent and the assistance with obtaining a deed, the homeowner will incur two obligations: joining the Homeowner's Association with their lot rent adjusted to include HOA fees within the 30% cap, and agreeing to give the SCLT a first right of refusal to purchase the home at its appraised value should it be sold. This would allow the owner to benefit

from 100% of their equity investment and appreciation, but still ensure that the home joins the SCLT's permanent affordability program in the long run. For these owners, the same protections as an SCLT ground lease, with rent increases not more often than every other year and capped at a 3% increase, will apply.

Similarly, owners who have home trailer homes that are not their permanent residence, but are lease to subtenants, will be required to comply with the SCLT's increased lease protections for tenants, as well as the SCLT's right-of-first refusal provision.

Alignment with civil rights law and tenants protections

By moving most homesite, and eventually all home sites to a 99-year Groundlease model, clients receive protections that greatly exceed those of state and federal tenants rights laws. Unlike the lot-rent model in which a trailer owner who is evicted but cannot physically move their trailer simply "abandons" their personal property and loses the entire value of the home, the SCLT's model gives the owners fee simple property rights in the home, ensuring that their equity investment is protected like all other homeowners. They cannot be evicted from the home, because they own it in fee simple, and they cannot be evicted from the 99-year ground lease without having the right to sell the home as real property and collect their equity investment.

Most importantly, the SCLT's PRICE program will not involve tenant displacement. For pre-1976 trailers and new trailers that cannot be salvaged, the SCLT will offer the clients the option of month-to-month rent of the units it builds in house with PRICE grant funding. The rent for the temporary displacement period will be *de minimis*, as the SCLT assists the client with moving toward real property ownership of the new home. These in-house rental homes, built with the Year 1 and 2 grant funding, will remain available to prevent displacement through the grant period, and will only move to become long term affordable rentals once the need for temporary housing during trailer replacement has passed.

For these replacement home clients, the SCLT's expectation is that their housing cost will decrease while their protections and rights to the equity in their homes and risk of loss from evictions substantially decreases. To keep housing costs as low as possible, the SCLT expects to assist client with obtaining sustainable subsidy via the HOME program and will provide reduced ground lease fees to bridge the gap between their current lot rent and an affordable mortgage for the family.

For example, a family who is currently paying \$450 per month in lot rent and \$500 on a personal loan for the trailer, and needs a new manufactured that costs \$150,000 to build and put a foundation in for would be able to afford monthly payments of \$790 (provide that they also meet the 30% income cap), financing all \$150,000 of the home purchase price if they get a USDA rural development loan at current rates and their ground lease, HOA fees, Insurance, and property taxes are each \$40 per month, \$160 altogether. If the family obtains HOME down payment subsidy at \$40,000 their mortgage on \$110,000 is \$557 for a total housing cost of \$717

per month. They'll will save \$233 per month or \$2796 by per, while simultaneously obtaining real property rights, the financial protein of having a mortgage instead of a personal loan on their home, the guarantee of a 99-year land lease, and the opportunity to build equity and benefit from appreciation of both the neighborhood and new home investment, while simultaneously living in a new, weather appropriate, energy efficient home that is designed for the local environment.

Having moved out of traditional lot-rent tenancy and into real property ownership, these households will also have access to financing options for additions, home improvements, or even cash-out loans for other investments that they have been barred from through the personal property nature of most mobile homes. Because Sitka's mobile home residents are disproportionately Alaska Native, this resolves an economic justice issue for Native households being blocked from the equity and ownership protections that a mortgage affords versus a personal property loan, which has many fewer asset seizure protections and are often accompanied by a personal guarantee that the borrow cannot get out from under expect through bankruptcy. Additionally, because all of the Land Trust homes will have traditional foundations, they will be able to access real estate subsidy programs such as HOME and HOP that are not available to a personal property ownership model.

Increasing Accessibility

All of Sitka's trailer parks are along bus routes operated by the Sitka Tribe of Alaska. But the internal roads are often in poor condition, lacking side walks or bike lanes, making them inaccessible from a safety perspective. Road improvements and sidewalk or bike lane installation will increase access for community shuttle services, such as those run by the hospital and elder care organizations, to pick up and drop-off directly at residents' homes. And the roads will be safer for clients needing accessible access to Sitka's roads, trails, and bus stops.

Some of the current lots, or undeveloped areas of existing mobile home parks are large enough for the smaller of the SCLT's single family home models, which can be adapted to persons with disabilities. All SCLT projects include wheelchair access for homes on grade, and our plans are highly adaptable to meet the needs of disabled applicants.

Regarding overcrowding, increased affordability and access to subsidy is intended to make homeownership more affordable, ideally allowing household members to spread out into more than one home where possible. For households that must stay together, especially those with older individuals, and young children, adapting floor plans to accommodate bunk beds and additional bathrooms is possible.

Increasing Economic Opportunity

In addition to the cost savings outlined in the CLT's affordability model, our location on an island necessitates the use of all local labor. Complying with federal wage regulations, and being able to work through the winter, unlike many parts of Alaska, allows SCLT projects to provide a living wage to locals year-round. This is an enormous benefit for families whose income options, including fishing and the tourism industry, are often highly seasonal, making it very hard to make ends meet in the winter when income is lowest and fuel needs are highest.

The SCLT as an organization also hires locally, and has a requirement for low-income board members. It has also hired staff who were low income, and as grant funding increases, will be increasing its payroll amounts to ensure that all employees are making a living wage.

The SCLT hires contractors and subcontractors to build homes. These contractors currently employ 10 to 15 skilled tradesmen and laborers. The work of the SCLT adds a significant amount of work in the residential construction industry in Sitka. With PRICE funding we will not only provide powerful economic advantage to the homeowners in the mobile home parks, we will add another 20 year-round jobs in the construction industry. In a small town, this is a big deal.

The Build America Buy America is having a very disruptive impact on the construction industry in Alaska. It is our understanding from colleagues around the State that this act drives up construction costs by as much as 40%. We have budgeted accordingly.

Environment and Resilience (15 points)

Sitka's housing hazards are topographic, geographic, climate and weather related. With warming seas and waterfront mobile home parks, the need for sea walls to protect public investment in affordable homes is a possibility, which will be assessed for each location through thorough geographic study. Most of the waterfront mobile home parks are at a high enough elevation, with the land rising steeply out of the sea, that they are not in current flood zones, but could become so with rising sea levels over the next century.

The more immediate need is to ensure that all of the residents of SCLT project parks are protected from landslide risk. With trees that have shallow root systems and over 300 days of rain per year, soil slippage during torrential fall storms and felled trees from gusts of wind up to 85 mph present substantial risks. The SCLT has experience with building berms and taking down hazardous trees at its current neighborhood site, and would expect to work with the City and local geengineers to ensure that any PRICE funded mobile home communities were equally well protected.

Although not located in an official hazard zone, Sitka is in a geologically active area with earthquakes producing tsunami warnings every few years. Improvement of mobile home park road infrastructure will ensure that all residents, including those with accessibility needs, will be

able to respond to evacuation warnings and can be accessed by community organizations providing evacuation assistance in a timely fashion.

The more persistent hazard, however, is less dramatic. Sitka's soggy, chilly-but-not-usually-frozen rainforest climate lends itself to the kind of cold that aches in one's bones and promotes the growth of mold. Older mobile homes were built without the benefit of materials that can withstand the temperate real forest environment and the heating oil, wood fires, mold growth, dry rot, and other threats to breathing and health are a persistent environmental justice issue. Sitka has some of the cleanest air in the world, but mobile home park residents are impacted by local conditions within their homes that deny them this benefit.

Along with the soggy weather, is the presence of soggy soil - specifically peat bogs - through Sitka's low lying flat lands. Homes in these areas require specialized foundations of poured concrete supported by pilings that go down through the peat and into the bedrock. These foundations provide stability to prevent home subsidence and flexibility for earthquake resilience, without destroying the natural environment of the muskeg. The engineering knowledge for designing and creating such foundations is available locally, and with a local manufactured home producer now operational, the ability to ensure that mobile homes are constructed to work seamlessly with Sitka unique foundation needs exists.

The final, and potentially most dramatic environmental hazard is that Sitka's resident volcano, Mt. Edgecumbe, located 15 kilometers across the sea, has recently awakened from dormancy with clusters of minor earthquake swarms and intrusion of magma into the main chamber. Ancient Tlingit oral traditions record the last time fire and ash flew from the mountain, and remind Sitkans that the risk of significant ash debris is renewed today. Many mobile homes, designed for the American southwest, were not built with roofing that is adequate for Sitka's snow load, and would not be adequate to withstand ash load either. The same improvements for roofing weatherization to protect against snow load, and in egress and egress for tsunami evacuation would protect from volcanic ash and in a volcano evacuation situation as well. Evacuation mitigation would include well designed community parking areas, as with the SCLT's current neighborhood, that allow cars quick ingress and egress, instead of vehicles being squeezed on to each owner's lot, squished in between homes and creating a gridlock situation in an emergency.

Sitka's mobile home parks are also disproportionately in commercial and not residential zones, meaning that many are surrounded by industrial activities that affect noise and pollution levels locally, including exhaust fumes from heavy equipment. Turning these parks into neighborhoods with thoughtful landscaping, green fencing, and bike and walking paths to connect to town will increase the property value and livability for residents, including switching out chain link fences for green screens of hedges to separate residential from commercial or industrial use areas.

Another barrier to environmental justice is that Sitka's electricity is fully renewable, being serviced by the Blue Lake Dam on the Blue Lake River, which was built in a fashion and location that specifically avoided harming any salmon runs. However, low income residents have

difficulty switching to fully renewable power, because replacing the older heating-oil run heating and hot water systems is expensive. The the startup costs for a good electrical heat pump system are around \$4000 and the hot water heater is around \$2000. With shipping and installation costs, this is cost prohibitive for most low-income residents even though they would have more resilient and less expensive heat and hot water post-installation. With public subsidy, conversion to fully renewable energy is perhaps the greatest cost-benefit outcome of the SCLT's proposed program - supporting energy efficiency, local energy self-sufficiency, and fully renewable energy that is sustainable and reduces households' cost-of-living.

Green space is an issue in all mobile home parks in Sitka as well. Although the Sitka General Code requires play yard space, most parks were built before the land they are on was incorporated into the City and not in compliance. In many, play yard space is taken up by additional ones or shipping containers that are rented out as storage. Moving into a land trust ownership model with an HOA to govern the common spaces, will allow the client mobile home parks to be revitalized as neighborhoods with self governance and control over the common spaces, instead having them done away with to maximize income for the park owner. The PRICE Grant would subsidize the revitalization of green community spaces and the SCLT would transition long term management of those spaces over to the Homeowner's Association to ensure that the spaces are meeting the community's needs. This could include anything from simple open spaces, to playground structures, to community gardens and tool sheds, and shared ownership chicken coops, in compliance with zoning regulations.

Community Engagement (10 points)

To achieve community engagement in the planning process for this project, the SCLT has been in close contact with the Sitka Housing Network, of which it is an active member. Formed following a housing conference hosted by the City, STA, and BIHA in April of 2024, the housing network is serving as a centralization data-sharing and coordination group to ensure that housing organizations, providers, contractors, legislators, and others in Sitka and at the State level are coordinating efforts to solve Sitka's housing affordability issues cooperatively and creatively. With members including BIHA and the Chamber of Commerce, as well as individual mobile home park residents and members of Sitka's Planning Department and Planning and Zoning Commission, the SCLT has been able to engage diverse perspectives in planning this grant application, and would continue working closely with the housing network and the community members they reach throughout the Network for the duration of the PRICE project, especially during the planning, subdivision, and client outreach and education phases.

The SCLT will work especially closely with BIHA to ensure that client education models and ownership processes are culturally appropriate for STA Tribal members, and that the inheritance provisions in the SCLT's programs comport as well as possible with both Alaska law and the Tribe's inheritance system. The SCLT also has strong relationships with the Sitkan's Against Family Violence women's shelter, which is finding it difficult to place its low-income, female head-of-household families in safe permanent living situations, and with the Sitka

Homeless Coalition to find pathways to help its unhoused clients transition for the Coalition's shelter and temporary housing options into long term affordable housing.

The SCLT has and will continue to work closely with The City and Borough of Sitka for planning and implementing its subdivision process, and with First Bank of Alaska and the USDA rural development program for financing options for both construing loans and client mortgages. The SCLT also has a strong working relationship with AHFC for continuing to seek subsidies for its homebuyers that can be permanently tied into its home prices.

Finally, the SCLT is performing outreach to park owners and residents to host public meetings during the comment period, and if awarded funding, to keep open lines of communication during the design process. The SCLT will form a Homeowners Association for each neighborhood that will coordinate communication about the resident's long term vision for the neighborhood, and perform outreach about each residence's needs on an individual basis.

The SCLT has support in its work from The City and Borough of Sitka, the Rasmuson Foundation, The Alaska Community Foundation, First Bank, Wells Fargo, Hames Corp, the Denali Commission, and the Alaska Housing and Finance Corporation. Our organization is the leader in the community land trust model of home ownership in the State of Alaska and the funding we receive from these organizations is a testament to leadership we have shown,

To ensure equal access, public meetings will be held at the ADA accessible Harrington Centennial Hall in downtown Sitka, and the SCLT and/or STA will provide shuttle service to the meetings for MHP residents needing transportation, and notices will be provided in communitywide newspaper, radio, public library, social services, City hall, and other heavily trafficked locations.

Alignment with existing community plans and policies

With no possibility for commuter towns, surrounded by federally protected wilderness, and nestled on the side of mountains as they slide into the sea, Sitka's housing crisis is more heightened than elsewhere in the State and Country. If residents are displaced from Sitka they become homeless and ultimately must leave the island, often never able to return as housing prices, due to pressure from short term rentals, vacations homes, and lodges, is ever increasing. For STA citizens this effectively means permanent eviction from their ancestral homeland of 10,000 years.

The City and Borough of Sitka has actively been adopting code provisions to encourage mobile home park revitalization including allowing stick built tiny homes on foundations in mobile home parks, and anticipating the need to move mobile home parks toward a real estate equity model with code provisions for mobile home park subdivision.

This comports with Sitka's "Comprehensive Plan 2030" which sets a primary goal to: "Expand the range, affordability, and quality of housing in Sitka while maintaining attractive, livable neighborhoods."

Using data collected from 2015-2018, the City explains the affordability problem, which has only gotten worse as Sitka has become a resort town post-pandemic:

The median value of an owner-occupied home was \$338,600 in 2015, which is the highest in Alaska by 35%. The multi-listing service recorded an average price of \$359,866 for 54 single-family homes in 2016. The national median value is \$178,000 and the median state value is \$250,000.

The section provides more data on Southeast Alaska median home values for various communities, distribution of housing price ranges, and data for single-family homes sold from 2011 through 2016. The median adjusted rent which includes utilities was \$1,227 for Sitka in March 2017. This is 7% higher than the state and southeast Alaska, except for Juneau. The HUD Fair Market Rent estimates for 2017 were \$989 for 1 bedroom, and \$1,984 for a 4 bedroom. Since 2014, the FMR has risen. Further data is provided for median rent measurements for Sitka as well as select locations; FMR data for southeast Alaska; and FMR trends for Sitka from 2010 through 2017.

The general rule of thumb for the percentage of income a household should devote to housing costs is 30%, which is supported by the HUD, US Census Bureau, and AHFC. This applies more so to households with lower incomes as compared to households with more disposable income. Since 2006 through 2015, the percentage of homeowners over-burdened by costs rose from 37% to 47%.

The SCLT's proposed project addresses this need by comporting with the following goals set by the City:

- Reduce minimum lot sizes for higher density because mobile home park will have lot sizes suitable to shape of manufactured homes and will not require that homes be moved
- Encourage higher density development because mobile home parks are higher density than usual single family home neighborhoods
- Seek grant funding to support affordable housing development because the SCLT uses public funding for homes in a way that attaches the subsidy to the home into perpetuity
- Collaborate with mobile home owners and park owners to encourage/require park upkeep in a manner that does not cause undue hardship to homeowners. The SCLT achieves this by becoming the owner of the park land, and creating a program that allows residents to improve their home and become equity owners with minimal displacement.
- Encourage housing stock rehabilitation. This goal is met through both rehabilitation and replacement.

Narrative Exhibit E
Capacity Review

Key Staff Experience

After three years in the construction industry, Randy Hughey earned undergraduate and graduate degrees in Vocational Education from Oregon State University. After a full career in vocational education, serving as a teacher and administrator, Randy began consulting around the State in Vocational Education and in Project Management. He served as Co-PM of an 8,500 square foot, \$2.9 million vocational shop building in 2014, gaining much knowledge from an experienced and formally trained PM. After joining the board of the Sitka Community Land Trust, Randy soon began to apply his skill set to affordable housing. As Project Manager, Randy led the initiative to convert a brownfield site to affordable housing beginning in 2017. In this effort much experience in environmental remediation was gained. In 2019, the SCLT was cleared to begin construction. The first home on the site was completed in 2020 and from that time forward the SCLT has had two homes under construction and a third in the pipeline at all times. Every home has been completed on time and within budget.

Current staff, Randy Hughey and Rachel Jones, have deep experience with this project, Randy having been on staff with the SCLT for 8 years and Rachel having been a board member for nearly 5 years, and now onboarding as staff. Our current organization chart has a program manager and project manager both reporting to the executive director, however at present Mr. Hughey is both the project manager and the Executive Director. We hope that with the training obtained by the OAE grant and the door that opens to other funding opportunities, we will be able to break these roles out in the next 2 years or so and have a separate program manager position filled.

Mr. Hughey has seen the project from the initial formation of the community land trust through land acquisition, negotiations with the city, procurement of contractors, initial site work, environmental review, stubbing in of utilities, and now building the neighborhood proper. His knowledge and experience with project development, with contractors, and with city processes in Sitka is comprehensive. In his lengthy career in education, Mr. Hughey taught construction trades, was the founding director of the Sitka Education Consortium, wrote and managed numerous State and Federal grants, and worked to establish a wide range of vocational training programs in Sitka.

Ms. Jones has been onboard with the SCLT since the construction of the first home, and has been valuable bringing development, project management, and legal skills to the team. Although a lawyer by training, Ms. Jones has been involved in development and renovation projects in Sitka since 2011. Along with her contractor husband, Mrs. Jones has helped restore a 99 foot 1942 Army Harbor Tugboat, has managed the restoration and rental operations of a historic 1930s home in downtown Sitka, and has been the legal and financial manager for a project repurposing a defunct Church in downtown Sitka into 22 housing units. She has also

advised the Youth Advocates of Sitka regarding Fair Housing, ADA, and zoning issues regarding their group-home for trafficked young people, and she has been involved in reviewing procurement contracts, zoning matters, and construction timelines for the Sitka Homeless Coalition as well. Ms. Jones received postgraduate legal training in entity choice for “sharing economy” businesses including housing cooperatives through the Sustainable Economies Law Center in Oakland, California, and she is eager to expand her training to include a deeper skill set for nonprofit fund accounting and other program management areas.

Susan Jones is a recent addition to the SCLT team as the Administrator. She is a seasoned Real Estate Broker with extensive experience and commitment to professional excellence. She holds a Post-Baccalaureate Paralegal Degree from Barry University and a Bachelor’s in Criminal Justice with a Minor in Sociology from the University of North Texas. Susan is licensed as a Real Estate Broker in Alaska and New Hampshire and is an active member of the National Association of Realtors. Her professional credentials include certifications from the Graduate Realtor Institute (GRI), Certified Residential Specialist (CRS) and Certified Buyer Representative (CBR). Beyond her professional achievements, Susan is deeply involved in community service. She serves as a Board Member for the Friends of the Sitka Animal Shelter and the New Archangel Dancers, where she also performs. Her commitment to education and the arts extends to her role as a Real Estate Advisor and Lease Coordinator at Sitka Fine Arts Camp and her prior involvement with Affordable Housing Education and Development (AHEAD).

Our Board of Directors is actively engaged in the work of providing affordable housing in Sitka. The board is comprised of technically skilled Sitkans who provide supervision and support to the staff and who also take on meaningful tasks in completing our mission. In addition to board members, our committees have members of the community who have particular skills which are needed. Below is a brief summary of the active committees and a brief statement of the skill sets of the members:

The SCLT’s Design Committee provides guidance on house floor plans and finishes and overall neighborhood layout and amenities. Will Peterson, the Board President and Tlingit artist, has contributed to website and advertising outreach for the neighborhood and designed the neighborhood sign. Caitlin Woolsey, a neighborhood member and Committee volunteer, has a Graduate degree in architecture from Stanford, and was one of the original designers of the neighborhood. Maureen O’Hanlon, a Board member for over five years, has an undergraduate degree in architecture from Yale and has provided input on various iterations of the neighborhood as it has changed over time to meet City requirements and grant funding opportunities. Margaret Frank’s is a recent addition to the SCLT, eager to help with the plans for our upcoming apartment building. Margaret has a Graduate degree in architecture and is midway through her certification.

Andrew Hinton, another community volunteer, is the Executive Director of Sitka Homeless Coalition, another organization working on housing issues in Sitka.

The Sitka Community Land Trust's Finance Committee handles budgetary and planning decisions. Board member, Sarah Allison, is Branch Manager and a commercial loan officer at our partner, First Bank's, Sitka Branch. Bobby Pendleton is her assistant manager, an SCLT Boardmember, and a homeowner in our SUs' H'eeni Shaak Community. Carol Voisin, the SCLT's Board Treasurer, is a retired college instructor, former city council member in Ashland, Oregon. This team has provided excellent guidance to staff for getting formalizing the SCLT's financial procedures in preparation for managing large federal, state, and other grants

The SCLT's Homebuyer Selection Committee was initiated once the number of applicant outpaced the SCLT's ability to provide homes, with the goal of setting criteria for choosing applicants that comports with state and federal Fair Housing laws and also ensure that the SCLT's chooses homebuyers for whom its homes are indeed affordable. -Sarah Allison, Carol Voisin. And Willoughby Peterson, and Maureen O'Hanlon were founding members of this committee as well as Rachel Jones, an attorney with Fair Housing law experience, before she became staff.

The SCLT's Strategic Development Committee is focused on fundraising and political initiatives. It includes Will Peterson, Carol Voison, and Bobby Pendleton, who have connections in the Alaska Native Community, experience with municipal level politics, and contacts in the local banking community, respectively. Additionally, Board Member Zaide Allen is a local business woman with deep ties in the Sitka community, and Board Member and SCLT homeowner Annette Evansm is an early childhood educator who is affiliated with the local school district. These Committee members are well positioned to provide outreach and education about the SCLT's programs to a wide breadth of the Sitka Community.

Grant Experience

The Rasmuson Foundation is an Alaskan private foundation which does a great deal of good in our State. The Sitka Community Land Trust has received 5 separate grants from the Foundation beginning in 2014. The largest of these grants was for \$499,000 and paid for the site work and utility installation of the 14-home Sus Heeni Shaak neighborhood. The SCLT expended these funds carefully and to the complete satisfaction of the Rasmuson Foundation.

Currently the SCLT has grants from the Alaska Housing and Finance Corporation (AHFC), the Denali Commission, and HUD. AHFC and the Denali Commission are quasi-state entities which

use pass-through federal funding. The SCLT is currently managing these grants to the satisfaction of the granting entities. The Denali Commission grant of \$225,000 is being used to do architectural, environmental, and engineering planning for the construction of a small apartment building. The HUD grant is for \$2.17 million to build the small apartment building. This HUD grant is the first grant directly from the Federal government which the SCLT has obtained. Given our experience with AHFC and the Denali Commission, we have demonstrated the capacity to successfully manage large Federal grants.

Promoting racial equity

The SCLT has been working closely with STA/BIHA on housing Justice in Sitka. The SCLT has created a seat for STA/BIHA specifically on our Selection Committee and representatives from BIHA have been supportive and helpful in preparing this application, including sharing their needs data. We will work with them to advertise to Alaska Native clients who may be in a position to buy a land trust home.

Environmental Review

The Sitka Community Land Trust has considerable experience in the environmental review and remediation process. We have just completed environmental assessments levels 1 and 2 on a recently acquired site. Contaminate was found, samples were sent to the lab and the level of contamination fell well below the threshold of treatment. The Department of Environmental Conservation (DEC) recommends simply leaving the material on site.

Our Board President, Willoughby Peterson, has a degree in Environmental Science and his understanding of the DEC process and the meaning of the lab results was a significant benefit to the organization. Will's help in the future evaluation of mobile home parks will be helpful.

In an early phase of development, while installing utilities, the SCLT uncovered contaminants which, when tested, required remediation. Staff oversaw the removal and shipping of the contaminate to a DEC approved site. It was expensive and slowed down our house construction timeline a great deal, but we got the work done in compliance with health and environmental standards.

The Sitka Community Land Trust has the experience necessary to manage environmental assessments of mobile home parks.

Familiarity with Cross-Cutting Federal Requirements

Having received \$2.16 million in Congressionally Directed spending in 2024 for the construction of a 4-6 unit affordable rental unit, the SCLT has brought on Rachel Jones and Susan Jones who both have experience with federal regulatory compliance in the housing arena. The SCLT is doing a complete review of its policies and procedures to ensure compliance with Davis-Bacon wages for the apartment complex. It has implemented and trained its applicant Selection Committee on applicable Fair Housing, nondiscrimination, and civil rights provisions and received advice from its specialist Land Trust legal counsel in doing so. And the SCLT has hired a bookkeeper with local experience preparing organizations for completing a federal single audit in compliance with 2 CFR 200. The SCLT's financial and accounting practices are in compliance with GAAP principles, and audit preparation is progressing smoothly. And the SCLT has specifically structured its home-sale program so that it is not a lender. The SCLT builds homes in-house with either construction loan or internal working capital and then sells the home to a preselected buyer. It does not lend construction funds to the buyer to build their home.

Exhibit F
Match or Leverage

Leverage

While the SCLT does not not have other grants presently lined up for this project, we have confirmed with First Bank of Alaska that manufactured homes on foundations will be eligible for the financing for current SCLT houses provided in conjunction with the Alaska Housing Finance Corporation.

What this means is that if the PRICE grant allows the SCLT to set up a revolving Capital fund of \$1mm to build five manufactured homes per year for the grant, we will complete 40 new builds (on vacant lots or replacement homes) for the life of the grant. Each home will be sold to a LMI client for the cost to build, plus a small developer fee, less any subsidy (specifically we have become a CHDO in the last year and are applying for HOME down payment subsidy funding currently).

If each home appraises at \$200,000 when built, recycling the money through 40 homes creates \$8,000,000 of home equity per \$1,000,000 of initial investment. Additionally, the owners benefit by saving approximately \$20,000 in construction loan interest and over ten years, and \$30,000 in saved lot rent from moving to a ground lease.

Funding Risk

The SCLT has created this project specifically for the PRICE grant. If not awarded any funds, the project will be tabled until the SCLT is able to secure other funding for the project. This would likely be applying for a CDBG or further Congressionally Directed Spending in fiscal year 2025, and would result in a project that is scaled back to one or two parks at a time.

Similarly, the proposed project is scalable to 20%, 40%, 60%, or 80% of the currently proposed budget, corresponding with the purchase of 1, 2, 3, or 4 parks instead of the five that we believe is our capacity level. In all cases, we would scale both the budget and the deliverables (number of homes built, replaced, revitalized) accordingly.

Exhibit G Long-term Effect

The Long Term effects of SCLT mobile home park rehabilitation project, if awarded PRIce funding, is that, depending on the level of funding granted 1-5 of Sitka's mobile home parks will be truly revitalized.

As an initial matter, they will be preserved as affordable housing into perpetuity, secured from the looming threat of being sold off as high-end ocean-front and ocean-view property for second homes, short term rentals, and lodges. Because the land will be owned indefinitely by the SCLT, the risk of it being sold for profit for redevelopment is removed.

Secondly, the SCLT's proposed program converts the target mobile home parks from an insecure lot rent structure with no guarantee of stability for its residents into a permanent neighborhood, with clients on renewable 99-year land leases. This permanently increases community cohesion and along with the implementation of a homeowner's association for each neighborhood, promotes self-governance for long term livability.

The utilities, infrastructure, green space, and play yard improvements are another long term impact that will transform the target parks into true neighborhoods. And with HOA fee contributions and a repair and maintenance set-aside, their quality is supported into the future. Moving from expensive lot rent, to a lower ground lease and HOA fee situation ensure that clients' monthly payment drop while simultaneously ensuring that the payments go toward neighborhood sustainability and not to owner profits.

Finally, the improvement or replacement of each manufactured home and its conversion into real property will assist the SCLT's clients with building wealth, protecting their investment in their home with real property instead of personal property rights, and ensures that clients cannot be displaced without the protections of the foreclosure process, instead of an eviction process. Because the clients will have improved, real property homes, on foundations their home value will increase substantially and they will be able to access financing programs for home improvements or refinancing from which they were previously excluded. This especially benefits Alaska Native households which are disproportionately low-income, mobile home park residents and excluded from these wealth-building financial products.

At the same time, by agreeing to the SCLT's equity appreciation cap, the homes stay affordable into perpetuity, at least for the duration of the 99-year ground lease and, with the option to renew into the indefinite future. Striking a strong balance between the owner's interest in financial stability and the public interest in public subsidy remaining permanently with the home. And by replacing and renovating manufactured homes with new materials that are specifically designed for Sitka's wet, chilly climate, the SCLT will ensure that the homes have a longer, healthier lifespan than traditional manufactured home materials would afford.

**Attachment A:
Advancing Racial Equity**

Experience Promoting Racial Equity

Randy Hughey

It is nearly impossible for non-Native Americans from anywhere in the lower 48 to understand the plight and the pain of the Alaska Native people. Randy Hughey gained a great deal of insight into this by living and teaching in rural Alaskan Native villages for six years.

While in their twenties, Randy and his wife moved to Nuiqsut, Alaska, deep in the arctic, just inland of the polar ice cap. They stayed, learned, and were immersed in Inuit life. They came to understand the difficulties of the Inuit, who had had regular contact with the western world only since the 1950s. In village Alaska, the school is the center of community life and the Hugheys received a cultural education of at least as much impact as any education they gave. For young people from Oregon, just out of college, it was a life changing experience.

After 3 years in the Arctic, the Hughey family moved to the Tlingit village of Angoon in Southeast Alaska. There was a different pain and a different joy in Angoon, despite nearly 200 years of cultural assimilation. In Angoon, the Hugheys encountered a sophisticated and artistic culture, with 10,000 years of continuous occupation of traditional village sites. In spite of the forced assimilation of boarding schools and cultural genocide, the Tlingit people have retained much of their land, their art, and their language.

After 3 years in Angoon, the Hugheys moved to Sitka and have stayed for 34 years. Sitka is just 67 miles from Angoon so many of the Tribal citizens in Sitka are related to the families the Hugheys knew in Angoon.

Teaching Native Alaska students in the villages and here in Sitka, has given Randy Hughey the heart and the experience to work closely with the Tribal citizens of Sitka to create better housing conditions.

Susan Jones

Susan has a longstanding commitment to fair housing practices, engaging with diverse communities here in Sitka and as a Realtor, she is required to uphold The Fair Housing Act, protecting equal access to housing opportunities for all individuals. She has received training and education on fair housing laws and practices. This education includes understanding implicit bias, cultural competence, and how to recognize and combat discriminatory practices in real estate transactions. These efforts are essential to creating a more inclusive and equitable real estate industry that serves all individuals and communities fairly.

Rachel Jones

In her legal practice, Rachel successfully advocated for African American students being suspended or expelled from NYC schools through NYU's Expulsion Defense program. She worked for two years with the East Bay Community Law Center's welfare clinic doing both direct services work to assist primarily African American clients with aid denials in front of administrative law judges, and lobbying working to advocate against a welfare family cap at the California State Senate and US House of Representatives. Her lobbying work included a bipartisan coalition by the East Bay Community Law Center, a pro choice entity, and Feminists for Life, a pro life entity, to join together against racist policies that financially coerced poor African American and Hispanic women into pursuing abortions of pregnancies they otherwise wanted to keep.

Rachel has worked for Earth Justice, participating in litigation efforts regarding coal burning power plant emissions, the National Center for Youth law advocating against poorly supervised pharmaceutical interventions for children in Nevada state foster care, and she completed a post-graduate fellowship with the Sustainable Economies Law Center in Oakland, California focusing on equitable business and homeownership models. She participated in clinical advocacy work helping Veterans obtain disability benefits for traumatic combat injuries.

In Sitka, as a Magistrate Judge she conducted hearings in Spanish, and adjusted her courtroom procedures to accommodate and ensure that the rights of litigants with disabilities were protected, including one litigant with locked-in syndrome who at the time of his hearing could only communicate with eye movements. As a member of the public and board member for Youth Advocates of Sitka she lobbied against zoning decisions that unlawfully discriminated against trafficked youth, who were disproportionately disabled and Alaska Native, in the citing of a transitional housing facility. As a certified mediator, Rachel has also helped landlords and low income tenants sidestep the formal eviction process to resolve payment issues in a mutually constructive way.

Attachment B
Affirmative Marketing Narrative

As a small, close knit community, the SCLT's current neighborhood is well known in Sitka, with many more applicants than the organization current has homes for. The SCLT invites the community to open house walkthroughs for each completed home prior to owner buy-in and has found many of its next buyers through these events.

Sitka has one local newspaper and one local radio station, which have been excellent partners in providing updates on the SCLT's construction and funding activities, and have provided time for in-depth interviews to help the community understand the SCLT's non-traditional homeownership model.

The Sitka Housing Network, with members from the City, housing related non-profit organizations, local and state legislative offices, and private citizens was very helpful in discussing this application and, should the grant be awarded, would aid in the outreach effort to potential clients.

In particular, partnering with the Sitkan's Against Family Violence shelter and the Sitka Homeless Coalition to assist unhoused Sitkans with moving from those organization's temporary housing and into long term permanently affordable rentals and homeownership opportunities is a viable avenue for outreach. The Executive Director for the SHC sits on the SCLT's Design Committee and Program Manager Rachel Jones is on the SHC's Board of Directors.

Finally, the SCLT has a good relationship with both the Sitka Tribe of Alaska and the Baranof Island Housing Authority. Our Board President, Will Petersen is an STA member, and the STA's governing body has made a resolution in support of this application. BIHA's executive director Cliff Richter, Project Manager Lucas Goddard have expressed support for the project and Communications Director Robin Sherman attended SCLT's work session for the application, providing very valuable input. The SCLT would hope to continue to work closely with STA and BIHA to serve their Alaska Native Clients who are disproportionately impacted by the lack of quality, affordable housing in Sitka. The SCLT hopes that this would especially include outreach to STA Tribal members residing outside of Sitka, many of whom told BIHA in its housing study that they would like to return to their ancestral homeland, but expressed that affordable housing was a major barrier to doing so.

Attachment C
Affirmatively Furthering Fair Housing

To affirmatively further fair housing, the SCLT will affirmatively market its new build homes as available to persons with disabilities, including mobility accessibility needs. All of the SCLT's homes can be adapted for accessibility, and the SCLT's planned neighborhood improvements include the improvement of roads, and additions of sidewalks and bike lanes for accessibility.

To ensure compliance with the FHA and other housing legislation, the SCLT Selection Committee has received training and legal advice, and has also created a designated seat for STA/BIHA on the committee. BIHA's housing report indicated that Sitka's Alaska Native population is disproportionately impacted by the age and climate based deterioration of the town's mobile home inventory, and that mobile home revitalization is low-hanging fruit for serving Sitka's Alaskan Native citizens.

Sitka has other communities of color, including families of Mexican and Philippino national origin. Although most of these potential clients have English fluency, the SCLT is prepared to provide information and client education in Spanish, and to obtain translation services for other languages.

A primary goal of the SCLT's proposed program is to move mobile homes parks from being after-thought communities in commercial zones, to being fully integrated, self-governing, beautiful and livable neighborhoods that are screened from nearby commercial and industrial uses and have long term home and financial stability built right into the ownership structure.

Finally, the SCLT intends to work closely with STA and BIHA to ensure that Alaskan Native citizen are able to access the SCLT's program, make the move from personal property homes to real property homes, and feel secure that they can live affordably in Sitka for the long term and, for those tribal members located outside of Sitka, provide financially viable housing options for returning home.

**ATTACHMENT D:
ELIGIBLE APPLICANTS DOCUMENTATION**

The SCLT is eligible as an “other” type of applicant, specifically a non-profit, EIN 35-22107.
Our SAM Unique Entity ID: CMWECNBAY284

ATTACHMENT E: EVIDENCE OF PARTNERSHIP LETTERS
(not applicable)

**ATTACHMENT F: MATCH OR LEVERAGE DOCUMENTATION
(not applicable)**

