



# OFFICE OF NATIVE AMERICAN PROGRAMS CASE STUDY



## **The Swinomish Indian Tribal Community (SITC) Tallawhalt Housing Project**

The Tallawhalt II Subdivision (T2) includes 16 single-family houses, 6 elder cottages, and 30 townhouse apartments on the Swinomish Reservation in La Conner, Washington.

# Table of Contents

Map.....2

Background.....3

First Steps.....4

How it Began.....5

Design Process.....7

Homeownership Program.....7

Rental Housing .....8

Financing.....9

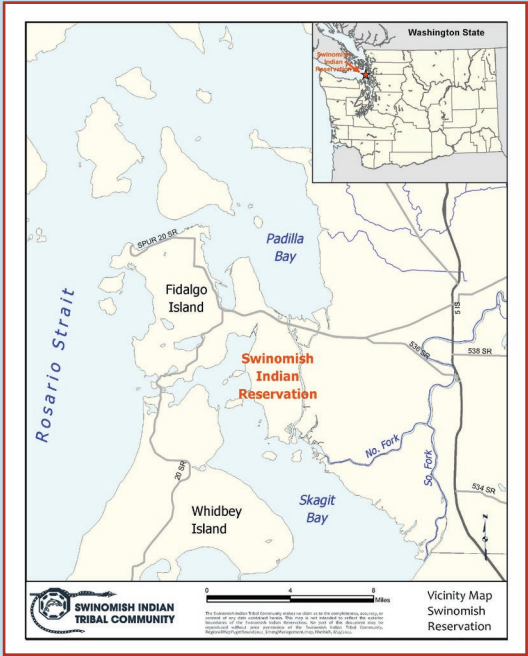
Results.....10

Lessons Learned.....10

Future Plans.....11

Timeline.....12

## ***Swinomish Indian Tribal Community (SITC)***





## Background

The Swinomish Indian Tribal Community (SITC) is a federally recognized Tribe in Washington State. They represent descendants of the Swinomish, Samish, Lower Skagit, and Kikiallus Tribes or Bands of Indians, who occupied lands and waters in the Skagit River basin, the Samish River basin, and northern Puget Sound since time immemorial.

The Swinomish Reservation is located on the southeastern peninsula of Fidalgo Island, west of the Swinomish Channel and adjacent to low-lying mainland areas of western Skagit County. The Swinomish Reservation consists of 7,450 upland acres and 2,900 acres of

tidelands. Tribal headquarters is located in the historic Swinomish Village.

The Tallawhalt II Subdivision (T2) includes 16 single-family houses, 6 elder cottages, and 30 townhouse apartments. The first phase of the development are single-family homeownership units built with Section 184 Indian Home Loan Guarantee funds. The first homeowner moved into their newly constructed home in April 2023. The elder cottages and the first 15 townhouse apartment sites began development in 2023 and are funded through the American Rescue Plan (ARP).



Swinomish Indian Tribal Community La Conner, WA



# First Steps

**Reduce stress by developing template documents ahead of deadlines.** As you learn what documents you may need for loan or grant applications, develop them in advance.

***“There’s nothing worse than finding you need to document. You have to go draft it on the fly. You have to get it through approval channels, and then you have to execute it, and you needed it yesterday.” - Liz Miller, Housing Development Manager***

**Always keep the goal of providing safe, affordable housing opportunities for your tribal members in mind.** That will keep you motivated to adjust your projects based on the obstacles the world throws at you.

**Find federal, state, local partners, as well as banks and lenders, that you are comfortable with who understand your situation or are willing to learn.** To succeed, you will need to ask questions. You might need to ask the same question every week. Those are the partners and experts who are going to work with you when adjustments are needed.





## How It Began

Tallawhalt Division I added 22 new homeownership units in 2008. The community needed additional affordable housing at a variety of price points for a range of household types and sizes.

In August 2018 the Swinomish Senate voted to move forward with pursuing HUD Section 184 funding for additional homeownership units. The initial plan offered down payment assistance, credit counseling, and included a tribally backed loan option for those who were not quite qualified for Section 184 but were expected to be able qualify within a certain period of time. The program was offered to those who want to purchase or construct a home.

**Planning Begins.** In 2018, Bank2 (now Chickasaw Bank) presented to the tribal community about 184 Single Close Construction Loans. Dozens of households attended the program and learned about funding homeownership housing through 184 lending. The initial planning group included the Tallawhalt Committee, the Lands and Realty and the Legal Department. This group met regularly to keep the project moving forward. The land was already available: the committee initially proposed 50 total single-family houses for the 4.1 acres of tribal trust land, within the Swinomish Village Urban Residential District.



Tribal trust land that became Tallawhalt II.



As the site engineering began in 2018-2019, SITC held a number of public meetings to inform residents. The selected infrastructure team, funded through Indian Health Service and tribal general funds, were all local businesses: Tuttle Engineering and Reese Construction, with the project managed by Gary Nelson of Nelson Construction.







**A Pandemic Stops Work.** In March 2020, Washington State enacted some of the strictest COVID-19 pandemic-related policies, which SITC followed. The Tribe shut down and furloughed all but essential staff. Construction stopped until the Swinomish Senate approved safety measures in June 2020. Construction on T2 began again in July 2020, but the stoppage and the effects of the pandemic immediately increased infrastructure cost. The planning team had to reduce the number of proposed housing units from 50 to 27.

Among the community at large, the pandemic increased an existing overcrowding problem.

As tribal members lost employment or families lost breadwinners, more tribal members moved in with friends or relatives. In response, the Senate declared a housing crisis in April 2021. This triggered the following activities:

- Creation of a Housing Division within the Office of Planning and Community Development and approval to hire a housing development manager.
- Approval to conduct a housing needs assessment and develop a Housing Strategic Plan to guide the next 10 years of development.
- Creation of a Swinomish Site Preparation Assistance Grant Program to provide additional support to tribal members wishing to build a primary residents on Reservation.
- Allocation of \$6.5 million in ARP funds to the construction of 6 elder cottage and 15 townhouse apartments.

## Tallawhalt II single family homes, elder cottages & townhouse apartments

FUNDING SOURCE	USE	AMOUNT
Indian Health Service	Infrastructure	 <b>\$618,000</b>
SITC	Infrastructure	 <b>\$1,432,000</b>
Indian Health Service	Service Connections	 <b>\$400,000*</b>
SITC	Service Connections	 <b>\$51,000.00*</b>
Section 184 Indian Home Loan Guarantee	16 Loans for Single-family Homes	 <b>NOT TO EXCEED: \$6.5 million</b>
American Rescue Plan	Engineering and Construction for Elder Cottages and Apartments	 <b>\$6.5 million</b>

*\*includes the whole development*



**Infrastructure**  
*Estimate vs Actual*

2019 estimated cost:

**\$1,050,000**

2021 actual cost:

**\$2,050,000**

An increase of:

**\$1,000,000**



## Design Process

In January 2021, T2 was officially assigned to Planning and Community Development. By August, the position of the housing development manager had been filled and work began with future homeowners.

To provide homebuyers with a variety of sizes of units and price points, the Tallawhatch Committee selected three stick-built and two manufactured housing designs. The manufactured designs included an optional standalone garage at additional cost. The stick-built designs included garages.

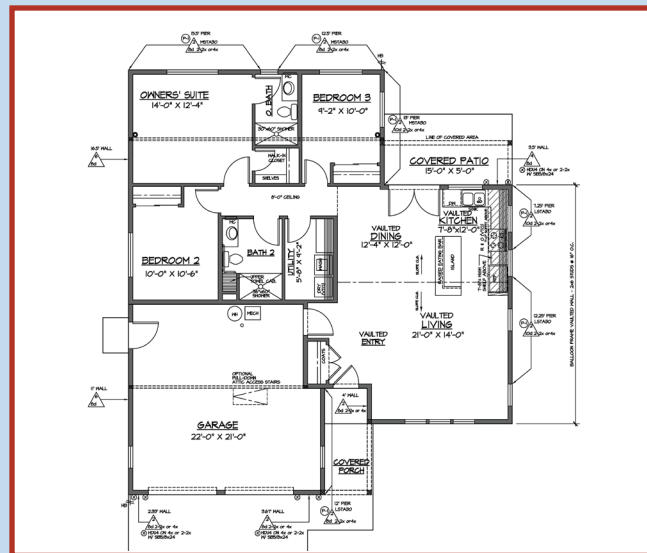
At the time of design selection, the three stick-built models cost between \$341,000 – \$378,000.

## Homeownership Program

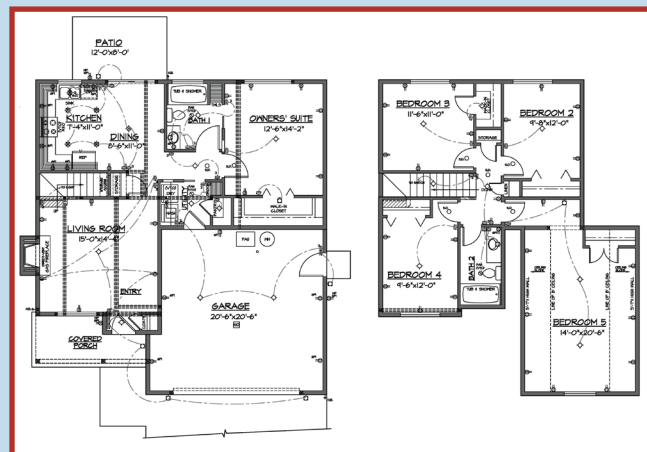
Initially, the homeownership plan included the following steps:

- Household prequalifies for lending in order to participate.
- Prospective homebuyers chose housing lots on a first-come, first-served basis and decided on a house model.
- Homebuyers apply for an individual Section 184 home loan.
- The Site Prep Assistance program would provide homebuyers with \$20K toward financing, contingency and interim payments. This was a total of \$36k to be added into each lending package.

### Sample of Stick-Built Model Plans



**3 bed/2 bath 1 story = 1,769 sq ft**  
**Cost to construct: \$341,000**



**4/5 bed, 2 story = 2,309 sq ft.**  
**Cost to construct: \$378,000**



By September 2021, 16 households prequalified and began selecting their lots and models.

Lots 1-7 on the site were larger than all of the other lots. Those were removed from the selection process and approved to be developed with another funding source. They would become the apartments and cottages.

Pandemic shutdowns of factories and other businesses and other world events led to massive supply chain difficulties, materials shortages, and price increases. At the same time, the Federal Reserve announced historic rate increases to combat inflation.

As homebuyers moved forward in their application process, mortgage rates rose from the 3% range in January 2022 to just over 7% in October 2022. The rise in interest rates decreased the buying power of applicants. In some cases, they had to change to a less expensive housing model. The lack of

supply in the stick-built housing industry drove increased interest in manufactured housing, which, in turn, raised the price of manufacturing. In fact, the cost increased so much that the manufactured models were no longer a lower cost alternative. It became less expensive for the T2 homebuyers to opt for stick-built models.

## Rental Housing

SITC set aside \$6.5 million from its ARP funding. That funding is addressing need for rental and elder housing by developing the 15 townhouse apartments and 6 elder cottages in the Tallawhatch II development across from the single-family homes. The units, which completed construction in the summer of 2024, began to welcome renters at the end of 2024.

The cottages are 2-bedroom, 1-bath units at 900 square feet. They include a laundry closet, an attached carport and secure outdoor



The first two townhouse buildings and cottages. As of spring 2025, 40 people lived in these 16 units. The third apartment building will be completed and occupied by June 2025.



storage. The ADA-compliant cottages feature lower counters and wider doorways.

The 15 townhouses are the first part of a 30-unit development. There are additional lots behind the first construction site planned for later multifamily housing units. The townhouse apartments include 3-bedroom (1,805 square feet) and 2-bedroom (1,397 square feet) options. All have first-floor garages. Living room, kitchen, and ½-bath are located on the second floor, and bedrooms and a full-bath are on the third floor. The 3-bedroom unit includes a master bedroom with its own bath for a total of 2.5 bathrooms.

## Financing

Initially, the program relied on homebuyers who qualified for their own Section 184 loans. As costs jumped and budgets had to

be revised, the Tribe decided to take out 16 Section 184 single-close loans – the tribal book of loans.

Under this scenario, the Tribe makes the initial payments to the bank. The homebuyers either assume the loan immediately or, if unable, sign a year lease. They are expected to take over the lease from the Tribe within 3 years. At that point forward, the homebuyer makes the payments to the bank.






Combining the loans created an advantageous economy of scale. The number of loans allowed for the bank to offer a stable interest rate. Additionally, because all loans are active simultaneously, the general contractor is able to work on and purchase materials – an additional economy of scale – for more than one lot at a time.

### INDIVIDUAL LOAN










### TRIBAL BOOK OF LOANS

#### INDIVIDUAL as borrower

-  Rate based on applicant's ability to pay.
-  Applicant navigates documentation process with multiple agencies.
-  One contract per participant: The contractor-participant must approve construction draws, a headache for project management.
-  Contractor works on one lot at a time.
-  Payments start 60 days after closing regardless of construction completion.

#### TRIBE as borrower

-  Rate based on Government's ability to pay.
-  Tribe navigates documentation process with BIA & other agencies.
-  One contract covers all homes : the Tribe is project manager.
-  Tribe provides draw inspections & facilitates bank & contractor payments.
-  Contractor can plan & order supplies for entire project.
-  Bank can advocate to HUD for the project & keep the financing costs down.
-  Contingency and 6 months of payments added to the lending package: reduces the amount of cash up front to close.



The Tallawhatch II single-family homes in summer of 2023.

## Results

- SITC took out 16 loans to kickstart single-family home development process.
- It closed on loans for families on 16 lots.
- It developed a new Housing Strategic Plan to guide future development in process.
- Tribe created the Site Preparation Assistance Grant to facilitate the building of homes on the reservation.

## Lessons Learned

- Meet regularly with staff and oversight committee(s).
- Keep leadership informed and seek required approval for changes, without weighing them down with day to day decisions.
- Despite the best planning, external circumstances can throw you for a loop. Flexibility and creative adjustments often are needed to keep moving forward.
- Having a HUD-approved lease form expedites the leasing process.
- Be organized and consistent with your project files.
- Utilize the strengths of your team. Allow them to do the work you hired them for.



## Future Plans

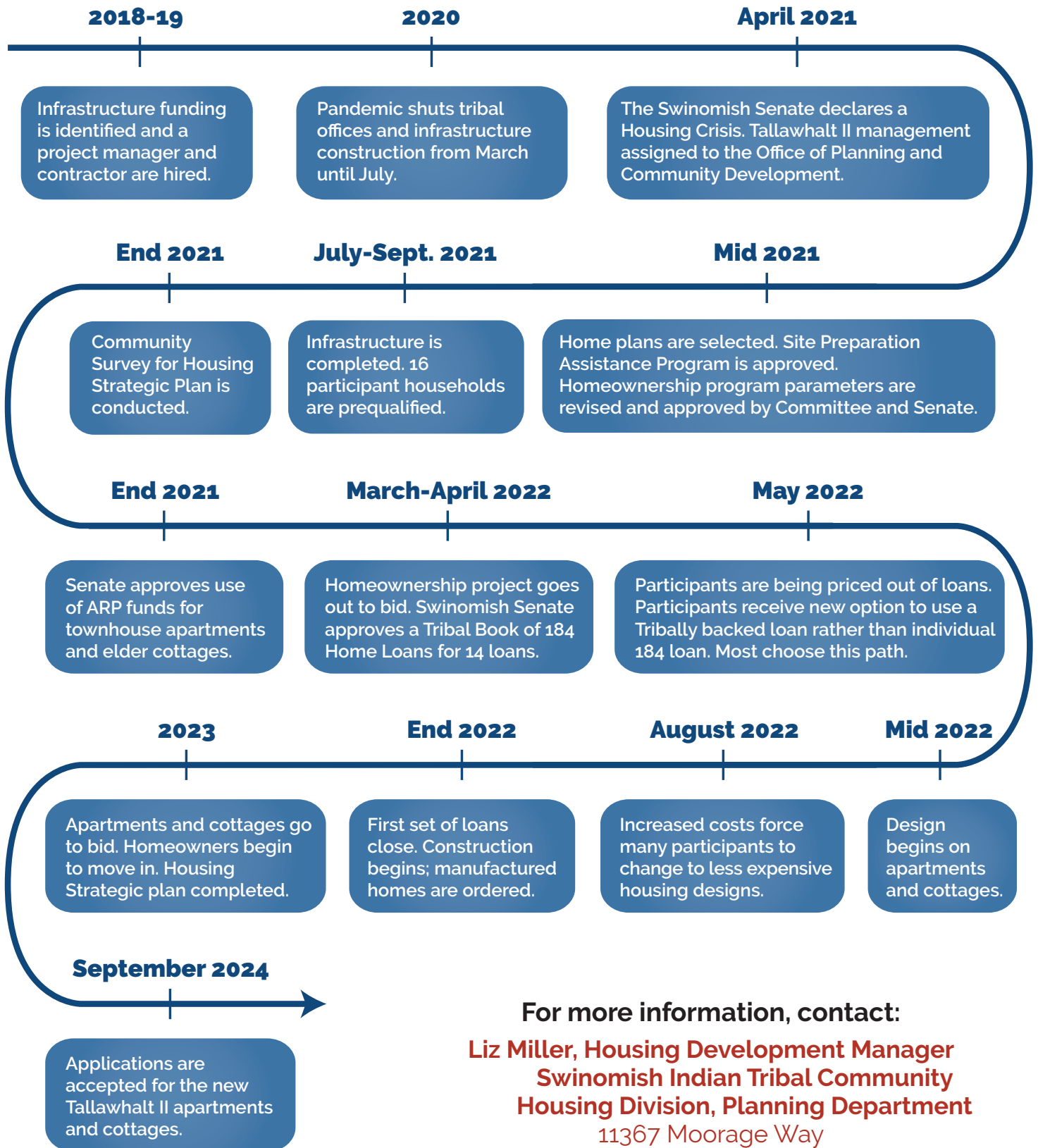
The Housing Division will manage the completed apartments and cottages. To prepare for that, the team connected with Enterprise Community Partners and received a Section 4 Capacity Building Grant for technical assistance in growing their capacity in property management.

- The grant allowed department staff to receive relevant training in property management and provided time and resources to develop the policies and procedures for the property management program.
- The Housing Division acquired Doorways software to manage the rentals, homeowner units and assistance programs they are responsible for. It was chosen because it seemed to be able to handle the variety of tasks including the Homeowner Assistance Fund and USDA Rural Preservation fund (for homeowner rehabilitation).



Aerial view of the Tallawhalt II development, Summer 2024.

# Timeline



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