

## Board Meeting Notice

TO: CDC Board Members  
Scott Winship, **Chair**  
Shari Bell-Beals, **Vice Chair**  
Gary Hawkinson, **Secretary**  
Mike Miller, **Treasurer**  
Kyle Denbrook  
Ray Velkers  
Gar Hansen  
Hollie Johnson

FROM: Bryan Schmid, Affordable Housing Supervisor  
Pierce County Human Services

### **CDC BOARD MEETING FOR June 15, 2021**

A regular meeting of the Community Development Corporation will be held **TUESDAY, June 15, 2021 at 8:00 A.M.**

The CDC Board Meeting will be conducted via Zoom. There is a link to join via app/web browser and there is also an option to call in. Please let us know if you run into any issues.

You are invited to a Zoom webinar.

When: **June 15, 2021 at 8:00 AM**  
Topic: **CDC Board Meeting**

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. <https://piercecountywa.zoom.us/j/99477035348>

Or join by phone:

(253) 215 8782 or  
(877) 853 5247 (Toll Free) or  
(888) 788 0099 (Toll Free)

Webinar ID: 994 7703 5348

**COMMUNITY DEVELOPMENT CORPORATION  
MEETING AGENDA**

**June 15, 2021**

**Call to Order -**

**Review and approve May 18, 2021 CDC Board meeting minutes:**

**Housing Resolutions:**

- H-2021-30     KWA
- H-2021-31     Borrower A
- H-2021-32     Borrower B

**Other Business:**

- March Financials / Vouchers
- Late Payment Reports

**Staff Updates:**

- Board Appointments
- Annual Financial Submission

**Future Business:**

- County Budget 2022-23 impact to the CDC
- Affordable Housing NOFA

**Public Comment Period:**

**Adjourn**

**MINUTES OF THE  
COMMUNITY DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS MEETING**

May 18, 2021  
8:00 am

A meeting of the Board of Directors of the Community Development Corporation was held virtually on Zoom. The link to join via app/web browser:

<https://piercecountywa.zoom.us/j/99477035348>

The meeting was called to order by Director Winship, Chair, at 8:00 a.m.

Those present were: Directors Winship, Velkers, Hawkinson, Hanson, Denbrook, Johnson, Miller & Bell-Beals

Absent: None

Staff in attendance: Bryan Schmid, Laura Charbonneau, Shannon Shuman, Lucy Newman, Gary Westcott, Arlene Whittington, Robyn Lee, & Vy Yun

Guests: Chris Piotrowski, Dana Larson-Pierce County Planning and Public Works

**UNFINISHED BUSINESS**

Director Winship, Chair, requested CDC Board Members review the minutes of the April 20<sup>th</sup>, 2021, meeting. With no questions, Director Hawkinson moved to approve the minutes, and the motion was seconded by Director Miller. The vote was unanimous, and the minutes were adopted.

Staff noted a change to the agenda, the current Resolution H-2021-21 has been tabled. Resolution H-2021-20 will change to H-2021-21, considering H-2021-20 was assigned in April.

**NEW BUSINESS**

**CDC Resolutions:**

**Resolution CDC-2021-003** was presented for approval to enter into a contract with Pierce County Planning and Public Works (PPW) for a side sewer loan program. The CDC Board commenced discussion and questions asked included:

- Board: What is a dry sewer line? PPW Staff: Title 18 is a dry sewer line which is set in place to prepare the areas for sewer accessibility when it is available.
- Board: What prompted this? PPW Staff: These initiatives were targeted towards the Executives actions to help businesses open in Pierce County.
- Board: Why has the CDC done little or no loans within this program? PPW Staff: The original program was residential side-sewer in which the homeowner would need

repairs. Tacoma has a similar program and they are seeing aging in the systems in which need repairs.

- Board: Do you see the CDC has time, energy, and personnel to do the program?  
Staff: This is a limited program which does not require the extensive underwriting. We just set up on our CDM program to manage payments. We are wrapping up the TCRA, City of Tacoma, projects which will free up some time. As the County goes into budget for 2022-2023, we are considering expanding staff and new positions in the next two years. The Exhibit B programs appear to be sufficient with setup and annual fees. The contracts between the CDC and PPW will be reviewed annually.
- Board: What is the source of funding for the loans? PPW Staff: Sewer service fees, connection charges, and \$250 application fees. When we begin seeing extent of cost, we will adjust the fees to the borrower.
- Board: What is the horizon for expanding lines? PPW Staff: We base expansion based on engineering assessment. Over the next few years, engineers plan on adding 2-3 expansion projects. We are currently about 40% connected.
- Board: What would be the incentive to connect as opposed to septic? PPW Staff: Many times, there may not be an incentive unless there is a failing septic. If you are in an area where septic is contaminating water sources, it could become a mandate.
- Board: Basically, we will setup borrower for payments and loan servicing.
- Board: Noted, as an incentive to connect with sewer, a house must be marketed as a two-bedroom when it is actually larger due to the limited septic tank holding set for a two-bedroom. If it is connected to sewer, it would be valued higher.
- Board: Is there an income cap? PPW Staff: There is no income cap, just need to be current on property taxes, property owner's residence, proof of income, and proof of home insurance.
- Board: If there is a default will the County handle foreclosure? PPW Staff: The CDC would notify us, and we would lien the property. With the sewer loan program, we are already the have a lien. The CDC is requested to handle process. Foreclosures do not typically occur. The bank will come in and pay lien.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Denbrook. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

### **CDC Housing Resolutions:**

**Resolution H-2021-021 Applicant A** was presented for approval for a \$80,000 CDBG loan under the home rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Have we received a bid for the work that needs to be done? Staff: No, it has gone out to bid; however, we do have a cost estimate for the work to be done at \$74,747.01.
- Board: When they go out to bid, how long are the prices of the bid good for? Staff: The bids are typically good for 45 days. Which may now prove to be challenging.

- Board: Do we put contingencies in our packages? Staff: Yes, we usually try to build in 10%.
- Board: Just a thought, have you considered beefing up the contingency with material prices continuing to increase? Staff: We could consider increasing. Currently, the contingency has sustained.

With no further questions from the Board, the resolution was moved to approve by Director Bell-Beals and seconded by Director Hawkinson. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

**Resolution H-2021-022 Borrower A** was presented for approval to foreclose on the CDC HOME Loan under the housing rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Currently is it legal to begin a foreclosure? Staff: Yes, the loan is in default because the vesting of the property has changed, due to the property being quit claimed to the son.
- Board: What do you foreclose on? Staff: We would foreclose on the deed.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Hawkinson. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

**Resolution H-2021-023 Borrower B** was presented for approval to write off a CDC HOME loan under the housing rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Has anyone been out to the house to see the condition and value of the house? Staff: The value has recently increased due to the market; however, the house is in definite need of repairs.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Hawkinson. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

Staff noted the following two Resolutions were tabled due to their current mortgages being in forbearance. The question that needs to be addressed with the CDC Board is – *Can we still file a deed with an active forbearance?*

The CDC policy does not address this. Staff will need to address and bring this to the Board for discussion. Since COVID hit, there are quite a few borrowers utilizing the forbearance option to prevent foreclosure.

**Resolution H-2021-024 Applicant C – Tabled**  
**Resolution H-2021-025 Applicant D – Tabled –**

**Resolution H-2021-026 Applicant E** was presented for approval for a loan assumption on the initial resolution H-19-047 for \$150,000 HOME loan under the mobile home replacement loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Will homeowner's insurance be a part of payment? Staff: Yes, we will hold escrow.
- Board: Debt ratios are very low. Was it discussed to seek other financing to complete this project? Staff: No, in looking at credit, it did not appear she would be a good candidate for other financing.
- Board: Does household income include fiancé? Staff: Yes, the fiancé will not be vested, it is her name alone. She makes a roughly \$1,124/month. (\$824/mo from Social Security & \$300/mo rent)
- Board: How much money are you looking at a used car? Staff: She is looking at \$200-\$250/month for son's car payment. With her current debt, and if she were to pay her son's car payment, she will still be able to make a loan payment.
- Board: How old is the son? Staff: 26 years
- Board: There are dealerships that will finance anyone, why are we tailoring our loan around the car? Staff: We are not tailoring around the car. However, since we project a year out, it was factored into account when evaluating payment capacity.
- Board: Does the son work? Staff: The son works small side jobs only.
- Board: Did they already buy the mobile home? Staff: The initial loan has been approved by the Board. The mother died in the process of picking out the mobile home and, since then, the children have been sorting out the probate. That is why it has taken a while.
- Board: Typically, we base this on the condition of the mobile home. So, since it has been two years since the initial approval, how bad is the current condition of the mobile home? Staff: It is bad. We approved a loan in 2019, finished signing loan documents, and recorded the deeds of trust; however, shortly before the work was to begin, the borrower passed away. At this point, we would either:
  - Enter into a new contract with the mobile home, or
  - If we didn't do it, we would write off the soft costs already incurred and reconvey the deeds of trust.
- Board: The idea of the CDC is to help those in need. So, while it does seem a bit dangerous, this would be an eligible household.
- Board: It appears we are riding on the coattails of a previous application. Staff: Yes, however, she could reapply and still be eligible through HUD.
- Board: Without the fiancé's income and he not being present in the home, I would have a different view of this. However, he needs to be on the loan and on title.
- Board: Do we have a bid on the new double-wide? Staff: There are smaller models that fit into the \$180K, the challenge is that it is a year out before delivery. There is a supply shortage. Once the loan is signed, the price is locked in.
- Board: Do they put a down payment for the mobiles? Staff: Typically, the company would; however, with our program, they are not requiring. HUD will not allow to front money, unless it is for demo that has been completed. The home needs to be delivered.
- Board: Why does the fiancé need to be involved to begin with? Staff: We need to consider household income for HUD purposes. That is why there was a discussion with the homeowner of \$700 in case the boyfriend was not in the picture.

- Board: We are having a hard time making a decision, should we table and bring back to board with just her?
- Board: With his income are we over the income guideline? Staff: No.
- Board: With both incomes, they qualify with the program. I appreciate that we are here to help people out; however, I believe that there needs to be a sacrifice of a car if you want a home. Let's make the payment realistic.
- Board, if the boyfriend is gone, then what? Staff: We are talking an increased difference of \$192/mo for a fully amortized loan of \$180K, 1%, over 30 years. His income was used to receive a higher payment. I think at this point it may be best to table this resolution and return next month with different scenarios:
  - Income vs. totality
  - What is the sole income of the borrower

If we look at household income, we are looking at a \$900 payment. If we look at just the borrower, it would be \$350 or less.

With no further questions from the Board, Director Hawkinson moved to table this resolution until the next Board meeting and seconded by Director Miller. Vote was unanimous, with one abstention, the current resolution was not adopted, and the motion was passed with a majority vote.

**Resolution H-2021-027 Borrower C** was presented for approval amended terms and conditions of a loan through the affordable housing loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Does VADIS feel they can get a house for that much? Staff: they have been looking all over the County. They have even offered \$40K over asking and with cash, with no success in today's market.
- Board: How long can we continue extending? Staff: Currently we are under a regulatory waiver, our normal timeline would be two years. All regulatory waivers are through the end of 2021.
- Board: Is that why we have December 2021 as our date? Staff: yes, we cannot hold off indefinitely. We feel until the end of the year should be sufficient time.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Bell-Beals. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

**Resolution H-2021-028 Borrower D – Tabled**

**Resolution H-2021-029 Borrower E – Tabled**

### **GENERAL CDC BUSINESS:**

Staff presented the February 2021 financials and vouchers. Board: Why is cash balance \$100K higher than last year. Staff: It has to do with timing. Board: Expenditures, half the cost. Is that also have to do with timing? Staff: That has to do with the allocation. During January and February, as with the rent in January/February for 2020. Similarly, some County items are charged monthly, quarterly, etc.- another timing issue. With no further questions from the Board, Director Denbrook moved to approve the February 2021

financials and vouchers, this was seconded by Director Velkers. The vote was unanimous, motion carried, no abstentions and the February financials and vouchers were accepted.

Late payment report was not presented, just a brief summary of fairly good standing.

### **PROJECT UPDATES:**

#### **Board Appointments:**

- Gar Hansen will finish his 1<sup>st</sup> term June 20<sup>th</sup>, 2021 – Gar continues to search for candidates for the position.
- Ray Velkers will finish his 2<sup>nd</sup> term September 1<sup>st</sup>, 2021. Staff will be processing Chris Piotrowski's appointment confirmation with Council, with the hope to be confirmed in August.

#### **American Rescue Plan Funding/Potential CDC Impact:**

- Pierce County Executive and Council are working to determine the plan for the America Rescue Plan Act funding and what it means. To include the CDC involvement with the assistance for homeownership and rehab activities.
- HUD will be allocating additional HOME funds of roughly \$5 million. More information to come.

### **FUTURE BUSINESS:**

**County Budget 2022-2023 impact to the CDC:** The budget process has started. We have submitted FTE counts and we may be able to present impacts in July.

**Affordable Housing NOFA – May 2021:** This will be released in May. Applications will be due June 25<sup>th</sup>. We will be reviewing presentations in September.

**Korean Women's Association (KWA):** The Board approved funding in 2019 and 2020. They are preparing an application for HUD on 202 loan. They requested an updated approval letter. They need a time extension. Depending on what the Board wants, we can present this next month. Staff asked if any director has any objections to seek a verbal opposition. Staff noted that this is an important project.  
Board: Where is the project? Staff: 15<sup>th</sup> and Tacoma Avenue, there will be 86 units, and \$2.12 million from the CDC. A preapproval letter is needed.  
Staff: Recommendation to approve a letter to allow them to proceed with the loan application. Otherwise, they will not get funding until January next year. If we don't extend time to obtain Capital 202 grant, they will not continue with the project.

**STAFF UPDATES:**

We are vacating the space and continuing with the remote working. Soundview will provide access for shared offices, printing, copying, etc. The future may more likely be in a hybrid mode. Staff is still fully remote, and our address is changing to 3602 Pacific Avenue #202, Tacoma WA 98418.

- Board: Will the drop box be moved? Staff: The CDC will not be moving the lockbox. We anticipate opening the office to the public, which is tentatively set for July 1<sup>st</sup>, 2021.
- Board: What about files? Staff: The CDC staff will be relocating active files to Soundview. Presently they are still at 1305 Tacoma Ave.
- Board: Does this affect Board meetings? Staff: It really depends on the Open Public Meetings Act which requires a public place to meet. Since April 2020, we have been operating under an emergency OPMA. Unless there is an emergency order extension, then we would be required to return to in-person meetings. I think we would like to continue virtual because the attendance appears to be greater. Hopefully, there will be some sort of legislative action to continue with virtual meetings. It is all up to the legislature and governor.

**PUBLIC COMMENT:**

- No public comments

**ADJOURN**

There being no further business, the regular meeting was a motioned to adjourn by Director Velkers and seconded by Director Miller. The next meeting being Tuesday, June 15<sup>th</sup>, 2021. The meeting was adjourned at 10:00 am.

Certified by:

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Board Chair

\_\_\_\_\_

Date

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Secretary

\_\_\_\_\_

Date

Prepared by:

\_\_\_\_\_

Robyn Lee