

**Community Development Corporation
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

CDC BOARD MEETING FOR NOVEMBER 2019

A Regular Board meeting of the Community Development Corporation will be held **TUESDAY, November 19th, 2019 at 8:00 A.M.**

This meeting will be held at **PIERCE COUNTY HUMAN SERVICES BUILDING, 3602 PACIFIC AVENUE, TACOMA, WA 98418 (Soundview Conference Room 1, 2nd floor).**

Board packets will be distributed at the meeting.

**COMMUNITY DEVELOPMENT CORPORATION
MEETING AGENDA**

November 19, 2019

Call to Order -

Review and approve October 15, 2019 CDC Board meeting minutes:

2020 Staff Budget Presentation:

- General Discussion
- Questions

General CDC Business:

- August 2019 Financials and Vouchers

Staff Updates:

- N/A

Future Business:

- Final Budget Approval – December 2019

Public Comment Period:

Adjourn

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

October 15, 2019
8:00 a.m.

The regular meeting of the Board of Directors of the Community Development Corporation was held at the Pierce County Human Services Soundview Building, 3602 Pacific Avenue, 2nd Floor, Soundview Conference Room 1.

The meeting was called to order by Director Winship, Chair, at 8:06 am.

Those present were:

Directors Winship, Miller, Hawkinson, Denbrook, Bell-Beals, Hansen, and Johnson

Absent: Director Velkers

Staff in attendance were:

Bryan Schmid, Laura Charbonneau, Shannon Shuman, Lucy Newman, Stacie Killmer, Sheree Clark, John Barbee, and Vy Yun

Guests:

Mary Bushnell – Vadis

Deanna Wentz – Vadis

Peter Ansara – Korean Women's Association (KWA)

Beth Boram – Beacon Development Group for KWA

Michael Pollowitz – Foundation for the Challenged (FFC)

David Puszczewicz – Homeownership Center of Tacoma

Christina Jarman – Homeownership Center of Tacoma

Gomer Roseman – Habitat for Humanity

Patti Jamieson – Habitat for Humanity

Janne Hutchins – LASA

UNFINISHED BUSINESS

Director Winship, Chair, requested CDC Board Members review the minutes of the September 17th, 2019, meeting. With no questions Director Denbrook moved to approve the minutes, and the motion was seconded by Director Bell-Beals. The vote was unanimous, and the minutes were adopted.

Staff provided an overview of the Affordable Housing Notice of Funds Availability (NOFA) process. The NOFA was published in June 2019. Applications were received in early August 2019. An evaluation committee rated the applications and determined which applications came to the CDC for approval of a HOME loan and which applications went to the 2060 Steering Committee for approval of a 2060 loan. HOME requirements focus on: home buyers, affordable housing for low income families up to 80% of median, geographical location, time sensitivity, the underwriting and feasibility. 2060 projects can only serve households with income below

50% of median. The 2060 funds do not have timing requirements so projects early in development were recommended for 2060 funding.

Affordable Housing Notice of Fund Availability (NOFA) Presentations:

Vadis:

Mary Bushnell, Vice President of Program Services with Vadis Housing, gave her presentation in support of the acquisition and rehabilitation of a single-family home. The targeted population is adults with developmental disabilities.

The CDC Board commenced discussion. Questions asked and applicant responses included:

- Director Miller asked why is only \$10,000 in agency funds are committed for this project. Mary responded they generally do most of the sources at Pierce County for funding. They contribute what they can at the time. They are limited to what they can do with the cost of housing going up so much.
- Director Miller asked if there is a project identified site and Mary answered they do not buy the house until they receive funding.
- Director Hawkinson asked how long their waiting list is. Mary answered they currently have enough to fill three homes.
- Director Hawkinson asked how many projects they have planned in the next 12 months. Mary answered they do 1, sometimes 2, a year.
- Director Denbrook asked how they handle ongoing operating costs. Mary answered they are a well-established company and have good resources. They are careful with their money. They do employment services so they have a good base. Every dollar attached to housing goes into an account just for housing. They have a big infrastructure that easily supports the housing division.
- Director Miller asked who oversees the house. Mary answered she does, but she does not live there.
- Director Winship asked if they work with various service providers to provide residential services. Mary responded yes, they are currently working with five residential service providers.
- Director Mike Miller asked if the people in the houses also working in the program. Mary answered some of them are people they've supported through employment services, but it is not a prerequisite. Deanna added they have more employed in the community than they house. They support over 1,000 individuals in employment.
- Director Hawkins asked how the long-term maintenance costs are dealt with. Mary answered they have a maintenance team. Director Winship asked if a new roof was part of that program and Mary answered absolutely, the money is already set aside. They make sure they have enough money in the housing account to take care of any house that they have.

Korean Women's Association (KWA):

Peter Ansara, Chief Executive Officer with KWA, gave his presentation proposing to develop 81 units of new affordable housing for seniors. The building will include 33 studios and 47 1-bedroom units near downtown Tacoma. The targeted population are seniors, of which 20% will be reserved to disabled seniors, 10% reserved for veterans, and 10% for frail elderly.

The CDC Board commenced discussion. Questions asked applicant responses included:

- Director Winship asked what the age bracket is for senior housing. Beth answered 62 and older.
- Director Winship asked if public transportation is targeted for the residents. Pete answered it is a mix of them (KWA) providing the transportation and public transportation. They have meal and nutrition sites and they bus people all over the city.
- Director Winship asked if they have facility in Salishan and Pete answered yes, it's a Section 202 project.
- Director Miller asked if construction budget is being worked on. Beth explained there is a preliminary construction cost estimate. They are in the very beginning of design and the cost estimate will be developed with the design.
- Director Miller asked if there is anything on the land. Beth answered it is vacant land.
- Director Miller asked if they will go for tax credit this year. Beth answered they are going for the 4% program. It is not competitive in the same way as the 9%. They will go in for the tax credit once the HUD 202 award is secured in 2020.
- Director Miller asked if they are using bank financing with construction. Beth answered yes, but they have not discussed with what bank.

Foundation for the Challenged (FFC):

Michael Polowitz, Lead Developer with Foundation for the Challenged, gave his presentation in support for the acquisition and rehabilitation of a single-family home. The targeted population is adults with developmental disabilities. This home will be located in Pierce County and serve three extremely low-income individuals with a developmental disability.

The CDC Board commenced discussion. Questions asked and applicant responses included:

- Director Winship asked if most of the houses they do are on the western side of the mountains. Michael answered most of their work from Vancouver to Bellingham, but they do some work in Spokane.
- Director Miller asked how many projects are in Pierce County. Michael answered they have four houses in Pierce County that are funded by the county.
- Director Hawkinson asked if they are single-resident homes. Michael answered yes, they do 3 and 4 persons per house.
- Director Miller asked for clarification that it is one house – three people. Michael answered yes.

Homeownership Center of Tacoma (HCT): Northwest

David Puszczewicz, Executive Director with Homeownership Center of Tacoma gave his presentation in support of the acquisition and rehabilitation of four single-family homes to be sold. The targeted population is low-income first-time homebuyers.

The CDC Board commenced discussion. Questions asked and applicant responses included:

- Director Miller asked if there were targeted areas yet. David answered they just finished closing on a house in Parkland and they have one they just finished in Spanaway. They are now looking for new opportunities to build multi-family ownership housing.

- Director Winship asked how many units it would be for multi-family housing. David answered they are looking at townhomes, but their pipeline of buyers is growing, and they cannot develop it fast enough. Townhomes tend to be more entry level housing. It's tough to build an affordable new single family house.
- Director Winship asked if each of the homeowners would own a unit, like condos. David answered yes, they would own it and preferable townhomes.
- Director Hawkinson asked how long owners typically stay and do they move forward in purchasing a second home. David answered most people tend to stay for a while. Christina added very few want to move before 5 years and some stay the full 30 years. She says this is about family wealth building. This is part of their education course – a building tool that they will capitalize on, take equity, and move on.
- Director Winship asked if the right to first refusal to repurchase is at fair market value. David answered yes, they have an independent appraisal.

Habitat for Humanity:

Gomer Roseman, Director of Site Development & Construction, with Habitat for Humanity gave his presentation in support for the Canterwood Project for funding to build 2 single family homes for sale in the Gig Harbor area. The targeted population is low-income first-time homebuyers.

The CDC Board commenced discussion. Questions asked and applicant responses included:

- Director Hawkinson asked if the restriction is 50% of median and Patti answered yes. ,
- Director Hawkinson asked if they are looking for these to be ADA type. Gomer answered no, the idea is universal design.
- Director Miller asked about the roads. Gomer said there is an existing road about six inches too narrow for the fire marshal. There is a level spot for turnaround. He says the road will not take much work, but there are septic systems that will need to be installed.
- Director Bell-Beals asked if there are only two houses on the street. Gomer answered there are three houses, but two the CDC is assisting with. There were two parcels that they purchased with 2060 money and they were gifted another parcel that was adjacent to it. They will all be low income - two will be under 50% with 2060 money, and the other will be under 80%.
- Director Miller asked if the line of credit dedicated to building these houses is with Columbia Bank. Patti responded it is their on-going line of credit. Gomer added they get a fair amount of gift and kind. Director Miller comments that he has not seen too many times that banks will let you use your line of credit to build.
- Director Winship asked if Habitat is looking at any other development, such as Key Peninsula or Gig Harbor area? Gomer answered they have one another property on the Ken Peninsula – someone donated a mobile home and they hope to have a family moved in by Thanksgiving.
- Director Bell-Beals asked if families have been chosen for the homes. Gomer answered not yet. Typically, it's a little bit farther down the road. They will need to recruit for families from Gig Harbor churches and service groups. Usually, families do not get matched until after the building permit is issues.

LASA:

Janne Hutchins, Executive Director, with LASA gave her presentation in support for the rehabilitation on two duplexes currently owned by LASA, in the unincorporated Pierce County area. The targeted population, of these four units, is to formerly homeless families with income below 50% area median income.

The CDC Board commenced discussion. Questions asked and applicant responses included:

- Director Hawkinson asked if there are residents in the Parkland home. Janne answered yes, they are living with the condition. They are receiving credit on the humidifier.
- Laura asked if the budget was for 140th St? Janne answered and the floor on Sheridan.

NEW BUSINESS

CDC Housing Resolutions:

Resolution H-2019-041 VADIS the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$106,166 HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Miller asked if we offer and they do not accept can we reallocate that money? Bryan answered the money would go to next year or it could go to another agency.
- Director Winship asked if we do not give them what they've requested, will they make that up with their own funds? Bryan answered presumably or from other funding source.

With no further questions from the Board, the resolution was moved to approve by Director Denbrook for \$199,674 (additional \$93,508 from LASA) and seconded by Director Hawkinson. Vote was unanimous, motion carried, and resolution was adopted.

Resolution H-2019-042 KWA the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$1.5 million HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Miller would like to see the construction letter from bank.
- Director Hansen asked if the city has looked at it. Bryan answered they have an application in with the city and they will announce their award in a week or two.
- Director Johnson asked if they will put commercial space in the bottom level. Laura answered she did not see a non-residential space. Bryan added the space will be for common room.
- Director Miller would like to add that the cost estimates be readdressed before funding.
- Director Hansen asked at what point would we fund. Bryan answered we would not fund until all permanent financing sources are secured, and we had contractor bid penciled out for the entire deal.

- Director Bell-Beals asked when will we know if they get the HUD 202 dollars. Bryan answered the timeline shows July 2020.
- Director Hansen asked if they have the funding to pay the upfront costs. Bryan answered yes, they are solid financially.

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, and resolution was adopted.

Resolution H-2019-043 Foundation for The Challenged the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$150,000 HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion. Questions asked staff responses included:

- Director Denbrook asked if their budget is higher than it needs to be. Bryan answered part of it is that they are looking at homes with a price range of up to \$500,000. They also do extensive rehab on the house to made it ADA compliant.
- Director Winship asked if the \$21,000 in reserves is for repairs and maintenance or the project itself. Laura answered they are sourcing their operating reserves.

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, and resolution was adopted.

Resolution H-2019-044 Homeownership Center of Tacoma the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$440,000 HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion. Questions asked staff responses included:

- No questions

With no further questions from the Board, the resolution was moved to approve by Director Denbrook and seconded by Director Bell-Beals. 0 voted yes, 7 opposed. Motion failed.

Resolution H-2019-045 Habitat for Humanity the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$80,000 HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion, questions asked, and staff responses included:

- Director Bell-Beals commented that she is all for this one.
- Director Miller would like to make two condition
 - Letter from bank regarding availability of line of credit.
 - Updated budget when we get closer to execution of project.

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, and resolution was adopted.

Resolution H-2019-046 LASA the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$93,508 HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2019. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Hawkinson asked if LASA is the only immediate need and Bryan answered yes.
- Director Bell-Beals asked how the project ranks so high. Bryan answered the criteria for ranking the projects is not underwriting. They have factors that scored them high, such as the high-need population served and that they have a site and area ready to go.
- Director Hawkinson asked what the timeframe is. Bryan answered about 6 months.
- Director Miller if we've done anything with them before and what was the experience. Bryan answered through the 2060 program, they did rehab on the Flatt Meadows project. He says it was a struggle, but it was completed. Laura added they do not rank high in monitoring.
- Director Johnson asked what happens if it is not completed in 6 months. Bryan answered the 6 months is an estimate. In the written agreement, we would outline a timeline. They cannot draw until they meet the milestones. He is not worried about any statutory challenges.
- Director Denbrook is concerned the real cost of the scope is higher. Bryan answered if the capital needs assessment comes back with more work, we can reassess. Bryan says they would have to pay for the assessment. It is reimbursable through the grant if the project moves forward.
- Director Hawkinson asked if we can put something in play to monitor their management of funds. Bryan answered yes.
- Director Winship asked how LASA is staffed. Bryan answered they probably operate on a very thin margin.
- Director Hansen asked if the funds (\$93,000) will fix the flooring and take care of the needed repairs. Bryan answered the capital needs assessment will answer that.
- Director Bell-Beals asked where the residents will go while the work is being done. Laura answered they will not be relocating.

- Director Denbrook would rather the funds go to Vadis or Homeownership Center. His gut is saying LASA cannot handle it and it will come back and they will need to redistribute the funds. He would rather distribute the funds now to a place where he knows it will be used. Director Bell-Beals supports that.

With no further questions from the Board, the resolution was moved to approve by Director Hawkinson and seconded by Director Hansen. 2 voted yes, 3 opposed, 1 abstained. Motion failed.

Resolution H-2019-047 YWCA was presented for approval to increase the loan terms of Resolution H-2018-031 from 30 years to 40 years and increase the interest rate from 0% to

3.5% on a HOME Loan under the HOME Affordable Housing Funding. The application was received in response to the Affordable Housing Notice of Fund Availability (NOFA) issued by the Department of Human Services in June of 2018. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Hawkinson asked if it's a balloon; interest to pay the debt off. Bryan answered yes, it improves the pricing they can get for their tax credits. It relates to interest rate on soft-debt and how that affects the pricing.

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

Resolution H-2019-048 (Applicant A) was presented for approval for a loan increase on a CDBG loan under the home rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Director Winship asks if it's an increase from 42 to 48 percent and Shannon responds that is correct. The scope of work did not change, there were some small modifications to four different line items.

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

Resolution CDC-2019-007 was presented for approval for a loan increase to add \$225,000 to contract for four additional loan projects. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Denbrook asked if they generate the leads that lead to the loans? Bryan answered yes, we collect the loan applications, loan documents, do the inspections, coordinate bidding and contractors, and do the underwriting. They do not come to the Board for approval and we do not do the environmental review. Once the loan is completed, it goes to TCRA for loan servicing.
- Director Miller asked why four more projects? Bryan answered the need for City of Tacoma to spend their Community Development Block Grant (CDBG) dollars or risk losing them.
- Director Denbrook asked if the admin amount is increasing with the contract increase and Bryan answered yes, it is.

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

GENERAL CDC BUSINESS:

Staff reviewed the July 2019 Financials and Vouchers with the Board. The CDC Board questions and staff responses included:

- Director Denbrook asked if rent is being allocated to cost pool and not being charged directly to line items. Lucy responded yes and Stacy explained that some things are charged to rent, but if we can charge it through a cost pool, then we do. Director Denbrook asked if it is an overall positive or negative for the CDC. Bryan answered the cost pools are based on FTE's expenditure and transactions. The CDC transactions are very few, mainly around staff inputting timecards. In theory, it should be less.
- Director Bell-Beals asked if rent expense went down \$10,000 and operating expense column went up \$16,00. Bryan answered yes, operating expenses is still up.
- Director Denbrook asked now that rent is being charged to cost pool, does that mean we cannot allocate some of that as direct expenses? Bryan answered we can allocate out as direct depending on the program. It does not change what is being allocated.

With no further questions from the Board, Director Hansen moved to approve the July 2019 financial statements, and this was seconded by Director Hawkinson. The vote was unanimous, motion carried, and adopted.

With no further questions from the Board, Director Hawkinson moved to approve the payment on July vouchers, and this was seconded by Director Hansen. The vote was unanimous, motion carried, and adopted

STAFF UPDATES:

- None to report

FUTURE BUSINESS:

- 2020 Budget Review – November 2019
- Adopt Budget – December 2019

PUBLIC COMMENT:

- No public comments

ADJOURN

There being no further business, the regular meeting was a motioned to adjourn by Director Miller and seconded by Director Hawkinson. The next meeting being Tuesday, November 19th, 2019. The meeting was adjourned at 10:53 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Vy Yun