

**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, Affordable Housing Supervisor
Pierce County Human Services

CDC BOARD MEETING FOR December 15, 2020

A regular meeting of the Community Development Corporation will be held **TUESDAY, December 15, 2020 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: **December 15, 2020 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**

December 15, 2020

Call to Order -

Review and approve November 17, 2020 CDC Board meeting minutes:

Housing Resolutions:

- H-2020-020 Applicant A
- H-2020-021 Vadis Approval Extension

CDC Budget:

- Review 2021 Budget
- Approval of 2021 Budget

Other Business:

- September 2020 Financials
- 2021 CDC Board Officer Elections

Staff Updates:

- 2021 Planning

Future Business:

- TBD

Public Comment Period:

Adjourn

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

November 17, 2020
8:00 am

A special 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 8:08 a.m.

Those present were: Directors Winship, Miller, Velkers, Hansen, & Bell-Beals
Absent: Hawkinson, Johnson, & Denbrook
Staff in attendance: Bryan Schmid, Laura Charbonneau, Shannon Shuman, Lucy Newman, Robyn Lee, Linda Donley & Vy Yun
Guests: none

UNFINISHED BUSINESS

Director Winship, Chair, requested CDC Board Members review the minutes of the November 3rd, 2020, meeting. With no questions, Director Miller moved to approve the minutes, and the motion was seconded by Director Velkers. The vote was unanimous, and the minutes were adopted.

NEW BUSINESS

CDC Resolutions:

Resolution CDC-2020-006 was presented for approval to authorize transferring available NSP fund balance as of June 30, 2020, to the County's CDBG program to be used for the CDC's CDBG owner rehabilitation revolving loan fund (RLF) and for CDBG admin, in support of HOME admin costs. The CDC Board commenced discussion and questions asked included:

- Director Winship: Clarified if the date was correct. Staff: Yes, the figures are based on the NSP loan payments collected 7-1-19 through 6-30-20.

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

CDC Housing Presentations and Resolutions:

In continuation of the Affordable Housing Notice of Funds Availability (NOFA) process, from the November 3rd, 2020, CDC Board meeting. One additional applicant will be presented today, that was tabled at the last meeting.

Homeownership Center of Tacoma NW: Applied for funding to acquire and rehab four single family homes for resale to low-income buyers. The buyers would be provided down payment assistance. The targeted population will be three for families and one for a senior.

Resolution H-2020-017 Homeownership Center of Tacoma NW the CDC staff presented the resolution and financial exhibit to support the request for approval for a \$501,100 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 2020. The CDC Board commenced discussion. Questions asked and staff responses included:

- Director Miller: Liked the idea of the reservation and reasonableness. We can always extend it if we need to. Staff: The purpose of the reservation is that it will allow HOCNW to proceed. Once progress begins, they can secure the dollar amount to determine what the loan will be. However, if this reservation of funds does not fruition into a loan then the funds can be added to the next NOFA.
- Director Miller: Who is training them to learn to be a FTHB? Staff: HUD requires a HUD approved housing counseling prior to funding a loan.
- Director Miller: Who trains these owners. Staff: The buyers will need to seek trainings. There is a network of HUD approved housing counseling agencies.
- Director Winship: Will the funding be approved by house to house basis or as a whole? Staff: This will be on an individual basis, as this is one project.
- Director Bell-Beals: Is it possible you may end up with three houses instead of four with the cost of housing prices? Staff: It is possible.

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

Resolution H-2020-018 was presented for approval for a \$30,000 loan from the CDC under the HOME program for housing rehabilitation. The CDC Board commenced discussion and questions asked included:

- Director Miller: Why doesn't he have a credit report and how do you approve credit worthiness? Staff: He is a CDC borrower that has a payment credit history with us.
- Director Miller: Would like to see aggregate debt to the CDC? When it says LTV would you like a line item below. Show us the aggregate of debt the CDC has.
- Director Velkers: Looks like a solid resolution; however, this is a 20-year loan at 79 years old. What happens when the borrower passes away and the family wants to sell the home? Staff: The CDC has policy that the loan is due upon death. The loan

then becomes in default. Although the CDC has different circumstances that occur and the CDC addresses each situation accordingly. We also look at what the position is for the CDC and how to address it.

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

Resolution H-2020-019 was presented for approval for a \$60,000 loan from the CDC under the HOME program for housing rehabilitation. The CDC Board commenced discussion and questions asked included:

- Director Velkers: Is the monthly income subsidized by someone who does not live there? Staff: Yes, the mom has lived there since 2004 and the daughter is helping with the bills so that mom can still live independently.
- Director Velkers: What was the appraised value prior to the rehab? Staff: Tax assessed is \$248K.
- Director Velkers: Usually when the improvements are done, it should appraise the home more than the cost of the improvement.
- Director Winship: What if there was a falling out between the daughter and mom? Staff: If the homeowner is unable to pay, there is a lot of equity in the home.
- Director Miller: What does the daughter do? Staff: We would ask that if she resided in the house; however, she does not so the question was not asked. I just received a written statement from her.
- Director Miller: What position will the CDC be? Staff: The CDC will be in 2nd position.
- Director Miller: Who is first lien holder? Staff: Wells Fargo is in first position.

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

GENERAL CDC BUSINESS:

Staff presented the 2021 CDC Budget Preview and discussed the background of how the CDC budgets with Revenue, Expenses, and the outlook.

Revenue:

- Subrecipient with County Contract: 2 contracts –
 - HOME Program: CDC is subrecipient and the County is the recipient of the HUD dollars. HOME funds:
 - Owner Rehab & Affordable Housing Development/ Preservation Rental & Homeownership
 - CDBG RLF/Admin: The CDC administers a CDBG owner rehab revolving loan fund.
- Loan Repayments

- Neighborhood Stabilization Program (NSP)
 - HOPE III
 - HOME
 - CDBG
 - Other (HP/RAHD/SRLG) Smaller Sources
- Director Velkers questioned late payment increases of late? Staff noted: There has not been notable changes of increased delinquencies.
- Fee For Services
 - TCRA

Operating Expenses:

- Staff/Sal Benefits: County staff is working on behalf of the CDC. Staff bills time on every half hour basis.
- County Indirect/Rent/Etc: Showing significant savings working remotely & Health Dept has been paying the rent, utilizing our space.
- Dept Cost Pools
- Legal, Audit, Loan Write Off:
 - These expenses do not filter through the County.
 - Legal costs are typically tied to a specific project.
 - Loan Write Offs are expensed and are not charged to other grants or loans.

CDC Exp Admin Vs Direct Cost

- HOME: Admin is capped at 10% of grant and program income.
- CDBG: Admin is considered direct and there is no cap on the amount of admin billed to fund; however, HUD does watch to be sure admin is not more than the project.
- HOPE/NSP/Other Admin and Direct taken from fund balance.

2020 COVID Related Rule Changes and Updates:

- PY 2019-2020 HOME: Admin Cap raised to 25% Applies to both grant and program income.
 - Director Winship: That can be carried over to future years? Staff: Yes. We haven't begun to spend 2019 dollars yet.

CDC Budget Outlook 2021:

- Sufficient revenue for the CDC for 2021
- Operations for 2022: will depend

Next Steps:

- Will review sustainability next year and shortfalls ahead of time before they become problematic.
 - Director Winship: Felt it was helpful.
 - Director Miller: Requested a copy of the power point for future reference.
 - Director Miller: What is your projection for write offs: Staff: With the moratorium, we haven't seen much foreclosures. Staff questioned Board with future.
 - Director Bell-Beals: Possible landlords having to dispose of properties that renter's have not paid. Landlord's may be struggling with no rent and forego properties. This may be an opportunity for HOCNW. Lending guidelines may change and become interesting.
 - Director Velkers: Agreed, that the highly leveraged properties boom when economy is good. The stimulus being held back, many are waiting on this and the economy is at stake.

No action is requested on the budget until the December 2020 meeting.

- Discussed Late payment report
- Discussed updates on the mortgage assistance programs

FUTURE BUSINESS:

- 2021 Budget Approval – December 2020
- Officer Elections – December 2020

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, December 15th, 2020. The meeting was adjourned at 9:23 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Robyn Lee