



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/17/2011

Agenda Placement: 7T

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Lawrance Florin - Director
Community and Intergovernmental Affairs Division

REPORT BY: Nikki Lundeen, STAFF SERVICES ANALYST II - 253-4825

SUBJECT: Subordination Agreement with California Department of Housing and Community Development for 1219 Jefferson Street Project

RECOMMENDATION

Director of Housing and Intergovernmental Affairs requests approval of and authorization for the Chairman to sign a subordination agreement with the California Department of Housing and Community Development (HCD) to allow HCD to become the senior lender with Catholic Charities for the 1219 Jefferson Street project.

EXECUTIVE SUMMARY

In April 2001 the County of Napa entered into Agreement No. 4475, which loaned the Catholic Charities organization approximately \$135,400 from the County's Affordable Housing Trust Fund for acquisition of the 1219 Jefferson Street property so that it may be operated as a group-home for homeless and very low-income youths between the ages of 18 to 24 years old.

Currently, the properties managed by Catholic Charities on Jefferson Street are in need of improvements (including structural modifications, renovations and repairs), and the California Department of Housing and Community Development (HCD) is willing to make a seven (7) year forgivable loan to Catholic Charities in the amount of approximately \$945,355 to complete the necessary work. In order to allow Catholic Charities to receive the loan from HCD, the County will need to enter into a subordination agreement with HCD that will allow HCD to become the senior lender to Catholic Charities and the County a junior lender during the seven (7) year term of HCD's loan.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In April 2001, the Napa County Board of Supervisors executed a \$135,400 loan from Napa County's Affordable Housing Trust Fund to Catholic Charities in order to assist in the acquisition of property on 1219 Jefferson Street in the City of Napa. Catholic Charities has been using the property to operate a group-home that provides housing and support services for homeless and very low-income youths between the ages of 18 to 24 years old.

In addition to the funds loaned from the County's Affordable Housing Trust Fund, Catholic Charities secured a majority of other funds from private sources, in the amount of approximately \$385,000 at the time of the original County loan was made. Currently, Catholic Charities is seeking an Emergency Housing Assistance Program (EHAP) loan of approximately \$945,355 for a seven (7) year term from the California Department of Housing and Community Development (HCD) to complete needed construction work at their 1219 Jefferson Street property and to other adjacent properties that provide group-home services (a two-story building addressed as 1207/1209 Jefferson Street in the City of Napa).

The work to be performed and funded by the HCD EHAP loan are summarized as follows:

Property 1219 Jefferson Street -

1. Replace faulty foundation which requires lifting building, remove existing stone foundation, pour new engineered foundation, build new first floor walls, set building on new foundation with a one-foot higher elevation;
2. Remove and replace front porch and entry stairs;
3. Create an ADA accessible unit in one of the six (6) apartments;
4. Replace all exterior doors;
5. Add new heating units to all apartments;
6. Replace all water heaters; and
7. Paint entire exterior of the building.

Property 1207/1209 Jefferson Street -

1. For 1207 and 1209, enclose area behind stair case for interior bedroom remodel, add new bathroom and create new back exit door at end of hall;
2. Renovate 1209 main kitchen area to add additional square footage, replace cabinets, flooring, countertops, and stove;
3. Remodel 1207 kitchen with new design, cabinets, flooring and countertops; and
4. Paint exterior of 1207 and 1209 buildings.

In order for Catholic Charities to complete the financing for the HCD EHAP loan, the County would need to enter into a subordination agreement with HCD in order to place the potential HCD EHAP loan in the senior lender

position. The subordination agreement will place the County's original loan from the Affordable Housing Trust Fund in a subordinate position to the HCD EHAP loan for seven (7) years. At the end of the seven (7) year loan term the HCD EHAP loan is forgiven, provided that Catholic Charities is able to continuously operate the properties under their group-home status throughout the loan period. At that time, the County's original loan will revert back to the senior lender position.

Staff recommends entering into the subordination agreement with HCD in order to allow the necessary repairs and improvements to the properties and ensure long-term sustainability of the group-home programs and support services.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Danny Nguyen