



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 11/25/2014

Agenda Placement: 10C

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Lawrance Florin - Director
Housing and Intergovernmental Affairs
REPORT BY: Nancy McDonnell, STAFF SERVICES ANALYST II - 707-253-4825
SUBJECT: Worker Proximity Housing Funding Request

RECOMMENDATION

Director of Housing and Intergovernmental Affairs requests that the Board receive a report on the status of the Worker Proximity Housing Program and authorize an additional \$100,000 from the Affordable Housing fund for this program.

EXECUTIVE SUMMARY

On December 7, 2010, the Board of Supervisors authorized the allocation of \$500,000 from the County's Affordable Housing Trust Fund to initiate a pilot Worker Proximity Housing Assistance program. On two subsequent dates, the board authorized further allocations, totaling \$1,386,830 to this program.

The program provides housing assistance loans of up to 10% of the purchase price of a home in Napa County for eligible homebuyers in the program. To date, the program has funded 50 loans, totaling approximately \$1,500,000. The program fund balance is at approximately \$60,000.

Due to the demonstrated need of the Napa workforce, coupled with the programs success, staff would like to request an additional \$100,000 to close two pending loan applications. The Auditor-Controller's Office is conducting an audit of the program and until that audit is complete, no new loans will be executed.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No

What is the revenue source?	Affordable Housing Fund
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The program has two pending loan applications and additional funds are needed to complete this process. The Auditor-Controller's Office is conducting an audit of the program and until that audit is complete, no new loans will be executed.
Is the general fund affected?	No
Future fiscal impact:	None.
Consequences if not approved:	The program will not be able to support the pending loan applications.
Additional Information:	

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

Proximity Workforce Housing Assistance Program

Both State Law and County policy mandate that the County plan for the housing needs of all economic segments of its population. Over the past several years the County, in addition to its other housing related obligations, has considered the growing plight of one particular group - members of the local workforce who have been unable to find appropriate housing opportunities close to (or "proximate to") their places of employment. A report, prepared for Napa County by Keyser Marston Associates, summarized the proximity problem for these Napa County workers as follows:

The shortage of affordable housing in Napa County for its workforce has become far more acute over the past 20 years as Napa has become a more and more expensive place to find housing. The success of the wine industry and stature of the wine culture regionally, nationally and internationally has elevated Napa as both a visitor destination and a place to live. The downside of the success has been a rise in the cost of all housing, causing most local workers to commute from areas outside the County that have a lower cost of housing.

The magnitude of the housing dilemma faced by the local workforce is illustrated by reference to a concrete example. In 2009, the median income for a three person household in the County was \$73,600. According to Federal Housing Administration (FHA) guidelines, the affordable sales price for a two bedroom condominium unit for a household at this income level is \$231,000. The estimated cost to develop a two bedroom condominium unit in Napa County is \$350,000, which creates an affordability gap of \$119,000 for a three person household and makes it unlikely that such a household will be able to purchase housing in the County without some form of assistance.

Staff worked with stakeholders to develop a program that could help offset the costs of purchasing homes within the County for individuals who work within the County. The program was designed to provide housing opportunities for individuals to live within 15 miles of their place of employment. One of the goals of the proximity portion of this program is to reduce CO2 emissions and reduce traffic congestion on County roads. The program targets eligible

renters who live within and outside of the County that may purchase a home outside the County and eligible homeowners who live outside of the County to purchase homes and relocate within the County.

This program was the recipient of the 2012 CSAC Challenge Award and has received many inquiries from neighboring jurisdictions who are considering using redevelopment boomerang funds for the creation of their own programs. Staff has been researching additional revenue sources, such as cap and trade revenues, in order to have a dedicated revenue source. Unfortunately, at this time this program does not qualify for such funds.

Current Statistics

To date, 50 loans have been provided to Proximity households, totaling over \$1,500,000. Additionally, five loans have been repaid, totaling \$210,190. This is comprised of \$145,330 in loans made and \$64,860 in appreciation earned.

Below are some of the results of the program to date:

- | Average loan amount is approximately \$30,000
- | Average Household Size is 2.6
- | Average Salary of Households in the program is approximately \$67,500
- | Average AMI of Households in the program 92%
- | Twelve loans have been provided to low income households and thirty-eight to moderate income households, as defined by HCD

The program was initially funded on December 7, 2010, when the Board of Supervisors authorized the allocation of \$500,000 from the County's Affordable Housing Trust Fund to initiate the pilot program. On November 22, 2011 the Board authorized an additional allocation of \$500,000. On September 18, 2012 the Board authorized the allocation of \$386,830, totaling \$1,386,830. The average loan lent is approximately \$30,000 and the County closes approximately 1.5 loans per month. Housing inventory is low and there has been more interest in the program than the housing market can meet. Staff has seen the cost of housing rise and a number of our applicants are not able to purchase a loan due to the high cost of housing in Napa County. The majority of our applicants are renters looking to buy their first home, and a number of proximity workers who have inquired about the program have purchased in Vallejo due to more affordable housing options. Borrowers have given feedback that without the County loaning 10% of their down payment, they would not be able to purchase a home in Napa. This program has lent to 44 households who were previously renting in Napa County and so is contributing to a reduction in displacement for our workforce.

Staff is asking that \$100,000 in additional funds be added to the program to close two pending loan applications. The Auditor-Controller's Office is conducting an audit of the program and until that audit is complete, no new loans will be executed.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan