



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 12/15/2015

Agenda Placement: 6S

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Lawrance Florin - Director  
Housing and Intergovernmental Affairs  
**REPORT BY:** Carlos Solorio, Staff Services Analyst II - 707-253-4825  
**SUBJECT:** Worker Proximity Housing Funding Request

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### **RECOMMENDATION**

Director of Housing and Intergovernmental Affairs requests the following regarding the Workforce Proximity Housing Program:

1. Approval of the revised Proximity Workforce Housing Program Guidelines; and
2. Authorization of an additional \$500,000 from the Affordable Housing fund for loans.

### **EXECUTIVE SUMMARY**

The Worker Proximity Housing assistance program provides down payment assistance loans of up to 10% of the purchase price of a median price home in Napa County for eligible homebuyer program applicants. The program fund balance is approximately \$88,000.

Today's action requests approval an additional allocation of \$500,000 to the program, and the following changes to the existing guidelines:

Section 404. Other Terms:

1. Require that loan and escrow documents be submitted to the County at least ten days in advance for County review and approval; and
2. Update section (c) Refinancing. to require that refinancing of the first loan does not exceed 75% of the fair market value of the home. All existing loan agreements have this requirement, yet it is not reflected on the guidelines. Also, incorporate a fee for the preparation of a subordination agreement upon refinance of a first mortgage, in accordance with the County's fee schedule.

**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 proposed revised guidelines are a result of the audit findings and review. The program currently has a balance of approximately \$88,000 and an additional \$500,000 is being requested to continue the program.
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**

Over the past 20 years Napa County has become an expensive place to find housing, which has created an affordability gap for members of the local workforce, and has caused local workers to commute from areas outside the county that have a lower cost of housing.

Both State Law and County policy mandate that the County plan for housing needs of all economic segments of its population.

As a result, the County of Napa 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. In 2010, the Board approved the creation of the Worker Proximity Housing program (WPH) to provide down payment assistance loans to individuals that work in the County to afford the purchase of a home within 20 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.

**Program Statistics**

To date, 67 loans totaling \$2,250,485 have been provided to eligible Proximity households, which have saved approximately 293 daily commute miles. Currently two approved households are in escrow, and 12 additional Proximity households have been approved and are in the home search process. Additionally, eight loans have been repaid, totaling \$234,690, which is comprised of \$159,830 in loans made and \$74,860 in appreciation earned.

Below are the loan and household statistics:

- | Average loan amount is approximately \$31,474
- | Average Household Size is 2.6
- | Average Salary of Households in the program is approximately \$69,262
- | Average AMI of Households in the program 94%

Today's action requests approval of an additional allocation of \$500,000 in funds for the program, and the following changes to the program guidelines:

Section 404. Other Terms:

1. Require that complete escrow packages be submitted to County staff for review, preparation and finalization of County loan documents.
2. Update section (c) Refinancing. to require that refinancing of the first loan does not exceed 75% of the fair market value of the home. All existing loan agreements have this requirement, yet it is not reflected on the guidelines. Also, incorporate a fee for the preparation of a subordination agreement upon refinance of a first mortgage, in accordance with the County's fee schedule.

**SUPPORTING DOCUMENTS**

- A . Proposed Guidelines
- B . Tracked Version

CEO Recommendation: Approve

Reviewed By: Molly Rattigan