



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 2/26/2019

Agenda Placement: 10C

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Minh Tran - County Executive Officer
County Executive Office

REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112

SUBJECT: Affordable Housing Budget Adjustment

RECOMMENDATION

County Executive Officer requests approval of Budget Transfer No. CEO011 in the Affordable Housing Fund increasing appropriations in the Worker Proximity Subdivision by \$654,537 to issue new down payment assistance loans from the following sources (4/5 vote required):

1. \$62,900 from a loan paid back and the equity earned on that loan;
2. A transfer of \$246,856 in funds remaining in the Special Projects Fund at the end of Fiscal Year 2017-2018; and
3. An intrafund transfer in the amount of \$344,781 from Special Projects Fund transferred to the Affordable Housing Fund and reserved for housing programs for lodging employees.

EXECUTIVE SUMMARY

Today's requested action appropriates funds in the amount of \$654,537 to the Worker Proximity Program. These funds include loan pay backs and equity earned and two transfers related to the Special Projects Fund. Per the program's guidelines, funds will be made available to applicants that work in Napa County and earn less than 120% of median income.

PROCEDURAL REQUIREMENTS

1. Staff Reports.
2. Public Comments.
3. Motion, second and vote on item.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Special Project Fund Affordable Housing Fund
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item appropriates funds for the Worker Proximity Down Payment Assistance program. Without these funds, the County will not be able to continue to issue loans and will start a waiting list.
Is the general fund affected?	No
Future fiscal impact:	Expenditures may roll over to Fiscal Year 2019-2020 and appropriate accounting actions will be brought to the Board.
Consequences if not approved:	If this item is not approved, the County will be unable to approve additional Worker Proximity loans.
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

The Worker Proximity 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. Since that time \$3,836,830 has been allocated by the Board of Supervisors including \$350,000 in new funds in Fiscal Year 2018-2019. Additionally, 31 loans have been repaid, totaling \$1,246,830. This includes \$937,518 in repaid loans and \$369,812 in appreciation earned.

The Worker Proximity Program provides down payment assistance loans for applicants that work in Napa County, earn 120% of median income or less and purchase a home within 20 road miles of their work place. The program requires a 3.5% down payment from the borrower who must also secure a first mortgage. To date, 128 loans have closed totaling \$4.8 million. Five families are approved and currently looking for homes. The program funds have been dedicated and absent additional funds, a waiting list will be formed.

Today's action requests approval of a budget adjustment in the amount of \$654,537 from three sources as described below. This action will allow for 12-14 additional worker proximity loans.

Loan Payment and Equity Share-\$62,900

In December, the Worker Proximity program received a loan payback and an earned equity share from a 2015 loan. Staff is seeking the appropriate budget action to issue new loans with these funds.

Transfer from Special Projects Fund-\$246,856

Beginning in Fiscal Year 2018-2019, a new Special Projects policy was implemented as adopted by the Board of Supervisors on January 23, 2018. Staff has reconciled the fund and at the end of Fiscal Year 2017-2018, there was \$246,856 that remained unallocated or returned from previous Special Projects Fund contracts. As part of the revision of the Special Projects Fund policy, the Board prioritized Affordable Housing as a use of funds. Therefore, given that additional funds are needed to continue the Worker Proximity Down Payment Assistance program, staff is recommending transferring this fund balance to support the worker proximity program.

Intrafund Transfer in the Affordable Housing Fund-\$344,781

As part of the revised Special Projects Fund policy, 20% of the transient occupancy tax revenues dedicated to the Special Projects Fund were for Affordable Housing programs for lodging industry employees. In Fiscal Year 2018-2019, this is \$344,781. After a review of fair housing laws, it was determined that public affordable housing funds and programs cannot be restricted to certain industries without conflicting with fair housing laws related to source of income. However, in the last two years, about 40% of recipients of Worker Proximity Loans have an employment connection to the hospitality industry. Staff reached out to Visit Napa Valley with a recommendation to move these funds to the Worker Proximity Program and jointly host an informational session for lodging industry employees to publicize the program.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi