



Agenda Date: 3/6/2007
Agenda Placement: 6B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Margaret Woodbury for Robert Westmeyer - County Counsel
County Counsel
REPORT BY: Margaret Woodbury, Chief Deputy County Counsel, 259-8246
SUBJECT: Loan agreements with the City of Napa for Homeless Shelter Purchase

RECOMMENDATION

County Executive Officer requests approval of and authorization for the Chair to sign the following documents with the City of Napa related to a \$500,000 forgivable loan for the term March 6, 2007 through March 6, 2062 for the purchase of the homeless shelter:

1. A Loan Agreement;
2. A Regulatory Agreement;
3. A Deed of Trust;
4. A Promissory Note; and
5. All other documents necessary to implement the loan.

EXECUTIVE SUMMARY

The Housing Authority of the City of Napa approved Resolutions HR 2004/32 and 2005/07 authorizing a forgivable loan of \$500,000 to the County for the purchase of the Homeless Shelter. The proposed documents memorialize the loan and their approval by the Board are required for the City to forward the funds into escrow so the County may complete purchase of the South Napa Homeless Shelter facility. The Housing Authority of the City of Napa is expected to approve the documents at its March 6, 2007 meeting, permitting close of escrow as early as March 7, 2007.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Homeless Shelter budget unit

Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	On September 12, 2006 your board approved the purchase of the Homeless Shelter. Included in the list of funding sources is the proposed \$500,000 forgivable loan from the Housing Authority of the City of Napa. If the loan documents are not approved, \$500,000 of the purchase price will be unfunded and need to come from some other source, including the general fund.
Is the general fund affected?	Yes
Future fiscal impact:	None.
Consequences if not approved:	If the agreement is not approved, the County will not receive the \$500,000 forgivable loan from the Housing Authority of the City of Napa. Since the County has already exercised the option to purchase the homeless shelter, \$500,000 of the purchase price will need to come from some other source.
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

History

On April 8, 2003, the Gasser Foundation and the County of Napa entered into a Ground Lease (Napa County Agreement No. 5064). The Ground Lease resulted in the Gasser Foundation leasing to the County land adjacent to the South Napa Market Place for a proposed homeless shelter for one dollar per year for 99 years.

On June 28, 2005, the Gasser Foundation and the County of Napa entered into a Sublease Agreement (Napa County Agreement No. 6476-2). This resulted in the County subleasing the property back to the Gasser Foundation to design and construct the South Napa Homeless Shelter Facility.

On June 28, 2005, the Gasser Foundation and the County of Napa also entered into a Homeless Shelter Lease and Option to Purchase Agreement (Napa County Agreement No. 6476-1). This agreement allowed the County to vacate the homeless shelter located in the Sullivan Building before the expected construction of the Parking Garage (which was to be located on that site at the time of the lease signing). The Agreement provided that it was the intention of the parties that the County would lease the building and related improvements comprising the new South Napa Homeless Shelter for 25 years, with an option to purchase the facility within one year after completion. On the date of Completion of Construction of the South Napa Homeless Shelter as determined by Paragraph 6 of the Sublease, the term of the Sublease Agreement automatically terminated and the term of the Homeless Shelter Lease and Option to Purchase Agreement automatically commenced. That date was May 18, 2006, when the facility commenced operations. On August 22, 2006, the Board authorized staff to publicly notice its intent to purchase the Shelter for \$4,561,501, which represents the final construction cost of the Shelter to the Gasser Foundation.

Financing

The County has secured certain funds for the purchase of the building, including a \$1,000,000 forgivable loan from the state Emergency Housing and Assistance Program (EHAP) fund. The Gasser Foundation has agreed to an initial contribution of \$500,000 as well as agreeing to split any shortfall up to \$500,000 (or \$250,000 each) with the County. Another source of funds is a contribution by the County's Affordable Housing Trust Fund (\$900,000).

In addition, the County previously committed a not-to-exceed sum of \$931,501 from the County General Fund which includes estimated closing costs. However, the County has applied for \$750,000 from the Napa Valley Vintner's Association, Auction Napa Valley Program (ANV) over three years and has received the first year of funding (\$250,000). Subsequent to the General Fund commitment of \$931,501, the second year ANV funding of \$200,000 has been received, reducing the General Fund contribution to \$731,501. An application for the final \$300,000 in ANV funding will be submitted in May 2007 with the funding (if approved) provided in November 2007. If received, this would further reduce the final County General Fund contribution to \$432,501.

The final source of funds is the proposed forgivable loan from the City of Napa Housing Authority (\$500,000). With the approval on March 1, 2007 by the City of Napa Planning Commission of a parcel map waiver relating to the reduction in size of the leased area on which the Shelter is located pursuant to the Ground Lease, development of the final loan documents for this and the other loans has now become possible. Approval of the proposed documents memorializing this loan will allow the County to move forward in completing the purchase of the Homeless Shelter.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman