



Agenda Date: 7/17/2007
Agenda Placement: 6K

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Howard Siegel - Director
Affordable Housing
REPORT BY: Howard Siegel, Community Partnership Manager, 253-4621
SUBJECT: Resolution Modifying Existing Affordable Housing Fund Loan to Napa Valley Community Housing

RECOMMENDATION

County Executive Officer requests adoption of a resolution authorizing amendment of a loan from the County of Napa Affordable Housing Trust Fund to Napa Valley Community Housing for costs related to acquisition and development of affordable housing on a property located on Lincoln Avenue in the City of Napa.

EXECUTIVE SUMMARY

In late 2004, Napa Valley Community Housing (NVCH) purchased a site located on Lincoln Avenue in the City of Napa for the purpose of developing affordable housing. NVCH obtained financing for this acquisition from Wells Fargo Bank. The County, through its Affordable Housing Fund, loaned \$1 million to NVCH to assist with predevelopment costs, property management costs, and interest payments on the Wells Fargo loan.

The development of this site has been delayed several years due to commensurate delays in Federal funding and completion of the Napa River Flood Protection Project (Project). Once the Project is completed, NVCH may proceed with development plans for the property. Given the delays, County loan proceeds are now being used only for interest on the Wells Fargo loan and it appears prudent to allow the remaining balance of the County loan to be used to contribute towards the payment of the principal on the Wells Fargo loan. This allows NVCH to pay off the loan in full and eliminate future interest expense while waiting for the Napa River Flood Protection Project completion prior to proceeding with development plans for the property.

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 late 2004, Napa Valley Community Housing (NVCH), a local non-profit affordable housing developer, purchased a 5.08-acre site located on Lincoln Avenue in the City of Napa, for the purpose of developing affordable housing in conjunction with an adjacent site owned by the City of Napa. NVCH obtained financing for this acquisition from Wells Fargo Bank. The County, through its Affordable Housing Fund, loaned \$1 million to NVCH to assist with predevelopment costs, property management costs, and interest payments on the Wells Fargo loan.

On October 24, 2006, based on a revised development schedule due to Napa River Flood Protection Project (Project) delays, the Loan Agreement (No. 6373) was modified to extend the termination date from December 10, 2007 to December 10, 2011. However, more recent projections indicate that additional time may be needed to complete the Project, thereby resulting in additional delays to the development of the affordable housing on this site. Given the delays, County loan proceeds are now being used only for interest on the Wells Fargo loan and it appears prudent to allow the remaining balance of the County loan to be used to contribute towards the payment of the principal on the Wells Fargo loan. This allows NVCH to pay off the loan in full and eliminate future interest expense while waiting for Project completion prior to proceeding with development plans for the property.

The proposed resolution would allow NVCH to use \$200,000 of the the remaining loan balance of approximately \$410,000 towards the retirement of the Wells Fargo loan - the balance of which will come from additional funding being provided by the City of Napa and other sources. The remaining \$210,000 will be used, as originally intended, for property maintenance and taxes.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Karen Gratton