



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/19/2014

Agenda Placement: 7J

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Lawrance Florin - Director
Housing and Intergovernmental Affairs

REPORT BY: Nancy Johnson, Housing and Community Development Program Manager - 707-299-1352

SUBJECT: Approval of a short term predevelopment loan

RECOMMENDATION

Director of Housing and Intergovernmental Affairs requests adoption of a resolution authorizing the Chairman to sign all documents for a predevelopment loan to BRIDGE Norcal LLC (an affiliate of BRIDGE Housing Corporation) for a maximum of \$1,317,985 with the loan due on December 31, 2017 and extending the reservation period for a construction loan from the Affordable Housing Fund to December 31, 2017.

EXECUTIVE SUMMARY

In January, 2011, the Board approved a reservation of Affordable Housing Funds in the amount of \$2,903,862 for the Napa Creekside Apartments to be developed by BRIDGE Housing Corporation (BRIDGE) in the City of Napa. The site of the proposed project includes the vacant Sunrise Senior Living property and an adjacent parcel. Both parcels were purchased by BRIDGE affiliate, BRIDGE Norcal LLC. BRIDGE's plans currently show the project to include 56 units of affordable housing plus a manager's unit.

Delays occurred primarily as a result of litigation against the City and BRIDGE based on CEQA claims. As a result, the timeline for reservation of funds needs to be extended to give adequate time to resolve the local entitlement issues and secure state and federal financing. Staff is recommending that the reservation of funds be extended to December 31, 2017. Staff also proposes that \$1,317,985 of the \$2,903,862 be disbursed now in the form of a short term predevelopment loan for certain costs previously incurred by BRIDGE. This loan would be secured by a deed of trust recorded against the Sunrise Senior Living property.

In addition, Staff is proposing that \$1,317,985 of the \$2,903,862 be disbursed now in the form of a short term predevelopment loan for certain costs previously incurred by BRIDGE (see Attachment 1). This loan would be secured by a deed of trust recorded against the Sunrise Senior Living property.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Since 2011, funds for the Napa Creekside project have been reserved within the Affordable Housing Fund.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Predevelopment funding will be a portion of the \$2,903,862 originally approved for the project.
Is the general fund affected?	No
Future fiscal impact:	If the project is ultimately approved and financing is obtained, Bridge will move forward with the project and will require the remaining funding.
Consequences if not approved:	It is ultimately not approved or does not move forward, the County's loan will be due and payable on December 31, 2017. The loan will be secured by a deed of trust recorded against the Sunrise Senior Living property.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The County's predevelopment loan has no potential for causing a significant effect on the environment because it merely provides financial assistance for costs already incurred. (CEQA Guidelines Section 15061(b)(3).) In addition, projects involving only feasibility or planning studies for possible future actions are statutorily exempt from CEQA. (CEQA Guidelines Section 15262.)

BACKGROUND AND DISCUSSION

In November 1992, the Board of Supervisors adopted Ordinance 1026 creating the Affordable Housing Fund to encourage the building and availability of affordable housing. The fund was established to ensure the development and preservation of affordable housing to Napa County residents with low and moderate income. The fund offsets the impact of new non-residential and residential development on existing housing resources, and it ensures that developers will pay for their fair share of affordable housing.

In 2010, the County issued a Notice of Funding Availability (NOFA) for the development of affordable housing projects in the County and reviewed proposals for use of the available funds. In January 2011, the Board approved Resolution No. 2011-02, reserving Affordable Housing Funds in the amount of \$2,903,862 for the Napa Creekside apartments, to be developed by BRIDGE Housing Corporation (BRIDGE), a California non-profit corporation.

Although the City of Napa approved entitlements for a 56-unit project (including a manager's unit) for households with average incomes at 47.4% of the area median income, litigation was filed in 2012 (Neighborhood Coalition to Protect Salvador Creek v. City of Napa), and the City was ordered to rescind its approvals and complete an EIR on

the project. The City is now preparing a focused EIR.

BRIDGE has requested that the County now disburse \$1,317,985 - of the total \$2,903,862 reservation - for development costs previously incurred, including fees for architectural, engineering, and legal services, environmental review, site security, and property taxes, so that BRIDGE will have sufficient funds to complete environmental review, obtain entitlements for use, and complete its plans. A County loan for these costs will not commit the County to the project or to any particular feature of the project; in any case, the County has no authority to approve the project because it is located in the City of Napa. If the project ultimately does not move forward, the loan will be due and payable on December 31, 2017 and will be secured by a lien in first position against the Sunrise Senior Living Facility. BRIDGE Norcal LLC acquired that property in 2010 for \$2 million. BRIDGE will indemnify the County against any third-party litigation resulting from this predevelopment loan.

Staff is also requesting that the time period for reservation of the entire \$2,903,862 be extended to December 31, 2017, to give BRIDGE adequate time to resolve the outstanding entitlement issues and secure federal and state funding that is necessary for the project to proceed.

SUPPORTING DOCUMENTS

- A . Predevelopment Loan Request
- B . Resolution

CEO Recommendation: Approve

Reviewed By: Molly Rattigan