NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:            Board of Supervisors
FROM:         Molly Rattigan for Minh Tran - County Executive Officer
                     Housing and Homeless Services
REPORT BY:    Nancy Johnson, Housing and Community Development Program Manager - 707-299-1352
SUBJECT:      Approval of the Chair to sign a subordination agreement on the refinance of Oran Court for Napa Valley Community Housing

RECOMMENDATION

Director of Housing and Homeless Services requests the following actions:

1. Ratification of a subordination agreement for a loan Napa Valley Community Housing (NVCH) has obtained to refinance Oran Court apartments, an affordable housing project located in the City of Napa; and
2. Authorization and approval for the Chair to sign any future subordination agreements for this loan.

EXECUTIVE SUMMARY

In July 1998, the Napa County Board of Supervisors approved a loan request of $650,000 for NVCH to purchase 13 low income rental units at Oran Court. In August of 1998, the Board also approved an additional $21,195 to complete the landscaping for a total of $671,195. Napa Valley Community Housing is now refinancing the property and Poppy Bank will be lending $650,000 for the rehabilitation of the property. The County loan will be in second position behind the Poppy Bank loan. The subordination agreement was executed and recorded as the Board's summer break would have prevented NVCH from closing by an additional three weeks and nothing changed regarding the County's lien position.

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 1998, Napa Valley Community Housing (NVCH) was able to purchase Oran Court apartments in Napa with financial assistance from the County and City of Napa. NVCH rehabilitated the property and have since rented the 13 units to low income residents. The amount of the County's loan is $671,195. NVCH plans to refinance the loan on the property and is requesting the County to re-subordinate their loan to Poppy Bank. NVCH will be using the funds to perform maintenance on the property.

As this is an older Affordable Housing loan, the resolution requires any changes to return to the Board for approval. Timing of the loan closing coincided with the summer break for the Board, so the Subordination Agreement was signed previous to this meeting since the County's interest in the property remains the same and the new loan does not change. Today's action ratifies the Chair's signature. No changes were made to the term or the amount and the County will continue to receive residual receipt payments that will be credited towards the loan's interest.

This action will also authorize the Chair to sign any other documents pertaining to this loan in the future, which is consistent with the language in current loan approvals.

Oran Court is located 120 Oran Court across the street from the former Health & Human Services campus on Old Sonoma Rd.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve
Reviewed By: Helene Franchi