



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/17/2019
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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Minh Tran - County Executive Officer
Housing and Homeless Services

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

SUBJECT: Adoption of a resolution approving a loan of \$500,000 from the Affordable Housing Fund and a grant of \$750,000 of HEAP funding for Manzanita Family Apartments, an affordable housing project in Napa

RECOMMENDATION

Director of Housing and Homeless Services requests adoption of a resolution approving a loan with Satellite Affordable Housing Associates (SAHA) for a maximum of \$500,000 from the Affordable Housing Fund and \$750,000 from awarded Homeless Emergency Aid Program (HEAP) funding for Manzanita Family Apartments in Napa and authorizing the Chair to sign all documents related to the loan.

EXECUTIVE SUMMARY

Manzanita Family Apartments received a reservation of funds of \$500,000 from the Affordable Housing Fund earlier this year for predevelopment expenses. Staff now recommends awarding \$750,000 in HEAP funds already awarded to the County to finalize funding for the project and to reserve six units as part of the County's Coordinated Entry System for those experiencing or at risk of experiencing homelessness.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Funds for the project include \$500,000 from the Affordable Housing Fund and \$750,000 from a previously awarded HEAP grant.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The additional funding of \$750,000 results in six dedicated units for use through the Coordinated Entry System.
Is the general fund affected?	No
Future fiscal impact:	The initial request of \$500,000 will be used for predevelopment expenses and the \$750,000 will need to be drawn down for construction by the end of June 2021.
Consequences if not approved:	The developer, SAHA, would need to find an additional funding source.
County Strategic Plan pillar addressed:	Healthy, Safe, and Welcoming Place to Live, Work, and Visit Livable Economy for All
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The City of Napa has found the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332, in that the project is an in-fill development project that is consistent with the Napa General Plan and Zoning Ordinance; is proposed within Napa City limits and is a site of less than five acres; is located on a site with no value as habitat for endangered, rare or threatened species; would not result in any significant effects relating to traffic, noise, air quality, or water quality; and can be adequately served by existing utilities. No additional environmental review is required for the County's approval of the loan, in that no changes have been made in the development approved by the City of Napa, and there is not substantial evidence in the record that any of the conditions listed in the CEQA Guidelines Section 15300.2 exist.

BACKGROUND AND DISCUSSION

The Manzanita Family Apartments on Soscol Avenue in Napa includes 50 income restricted units and one non-income restricted unit for the on-site manager. The units mix includes 25 one-bedroom units, 13 two-bedroom units and 13 three-bedroom units located within two, three-story buildings around a central courtyard. The development includes 85 uncovered parking spaces along with amenities that include a community room, bicycle storage room, playground and community gardens. SAHA received all entitlements to the project in November 2017.

Since receiving their entitlements, SAHA has been assembling a funding package that includes the following sources:

1. Tax credits
2. Affordable Housing and Sustainable Communities loan
3. National Housing Trust Fund loan

4. HOME loan
5. City of Napa
6. Napa County
7. Federal Home Loan Bank Affordable Housing Program grant

SAHA anticipates starting construction in spring 2020 and completing the development in 2021. The parcel was offered by the City of Napa as surplus when the north end of Soscol Avenue was realigned complying with surplus law which requires the City to offer the parcel to affordable housing providers first. The City received multiple offers and selected SAHA based on previous developments and their plan for the site.

The County previously reserved \$500,000 of Affordable Housing Funds for predevelopment expenses and staff is now recommending \$750,000 of HEAP funds, to complete the funding for the project. HEAP funds are one-time fund flexible block grant funds to assist counties with addressing homeless needs. Napa County received \$1.2 million in funding and must identify and encumber at least half of the funds by December 21, 2019 and spend 100% of the allocation by June 30, 2021. Napa County has not spent or encumbered it's allocation. In exchange for the use of HEAP funds as part of the Manzanita Family Apartment financing, six units will be set aside for the Coordinated Entry System that provides housing to those individuals or families experiencing homelessness or at-risk of homelessness. The HEAP Program has approved the use of funds for this purpose.

The City of Napa's Housing Authority has provided 20 Project Based Vouchers which provide a 20-year first term with an option for a 20-year renewal. In all, 22 units will be reserved for very low income residents at 30% of Area Median Income.

The Underwriting Report from LeSar Development Consultants is attached for review.

Total cost for the development is estimated to be \$30,606,324.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Letter from SAHA
- C . Underwriting Memo

CEO Recommendation: Approve

Reviewed By: Helene Franchi