



Staff Reports

File #: 864-2017, **Version:** 1

To: Honorable Chair and Commissioners

From: Rick Tooker, Community Development Director

Prepared By: Lark Ferrell, Housing Manager

TITLE:

Napa Park Homes Regulatory Agreement Modification

RECOMMENDED ACTION:

Adopt a resolution authorizing execution of the Assignment and Assumption and Modification Agreement with Napa Park Homes, L.P.

DISCUSSION:

Napa Park Homes is a 140-unit affordable rental project located at 790 Lincoln Avenue (the "Project"). The Project was purchased in 1995 by Napa Park Homes, Inc. (NPH), a nonprofit corporation affiliated with Napa Valley Community Housing (NVCH). This was financed with housing revenue bonds issued by the City of Napa and a loan from the Housing Authority. Both the City and the Housing Authority recorded regulatory agreements against the Project as a condition of providing this financing.

NVCH is in the process of re-syndicating the Project in order to fund major renovations. Although Napa Park Homes has undergone previous minor renovations since it was built over 40 years ago, this would be the Project's first major rehab. Proposed work includes replacement of a failing plumbing system, major interior renovations on all units, conversion of 14 units to be fully ADA accessible, and the construction of a community room and office which are currently housed in a trailer. During the renovations, tenants would be temporarily relocated as part of the project.

Under the proposed re-syndication, the Project would be conveyed to a new limited partnership, Napa Park Homes, L.P., affiliated with NVCH. Napa Park Homes, L.P. would finance acquisition of the property and the proposed renovations through tax exempt bonds issued by the California Municipal Finance Authority (CMFA) and tax credit equity. Because the new bonds require a bond regulatory agreement be recorded against the property, Napa Valley Community Housing has requested the City terminate its bond regulatory agreement. There is an agenda item on the City Council's May 2, 2017 agenda to terminate the City's bond regulatory agreement since it will be replaced with a new CMFA regulatory agreement.

Although the Housing Authority's loan was previously paid off in full, the Housing Authority's Regulatory Agreement runs for the Project's useful life and does not terminate upon sale or loan pay-off. Because the Housing Authority's monitoring fee had been included in the City's Regulatory Agreement, the Assignment and Assumption and Modification Agreement (attached as Exhibit A) modifies the Housing Authority's existing Regulatory Agreement to add monitoring fees to the Regulatory Agreement and also assigns the Regulatory Agreement to the Project's new owner, Napa Park Homes, L.P.

FINANCIAL IMPACTS:

If the Housing Authority did not modify its Regulatory Agreement, it would lose approximately \$4,200 per year in monitoring fees upon the City terminating its Regulatory Agreement.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - Assignment and Assumption and Modification Agreement

NOTIFICATION:

Napa Valley Community Housing was notified of the agenda date.