



## Staff Reports

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**File #:** 2122-2019, **Version:** 1

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**To:** Honorable Chair and Commissioners  
**From:** Vincent Smith, Community Development Director  
**Prepared By:** Andrea Clark, Affordable Housing Representative

**TITLE:**

Whistlestop Townhomes Subordination Agreement

**RECOMMENDED ACTION:**

Adopt a resolution authorizing the Executive Director to execute Subordination Agreements with Napa Valley Community Housing and Mechanics Bank subordinating a Housing Authority's Deed of Trust and Regulatory Agreement for Whistlestop Townhomes, located at 2220 Yajome Street, to a new deed of trust in favor of Mechanics Bank in the amount of \$425,000.

**DISCUSSION:**

Whistlestop Townhomes is a 17-unit rental apartment complex that was completed in 2000. The property is owned and operated by Napa Valley Community Housing (NVCH). Of the total 17 units, four are used as transitional units for persons who are either homeless or about to be homeless and who are disabled or are a victim of domestic violence. The remaining 13 units are permanent housing for lower income families. The property includes a laundry room, a community garden, a small playground area and a community room.

The property was originally financed with a conventional loan with additional funding provided by the City of Napa, Napa County, the Housing Authority, the Federal Home Loan Bank, the U.S. Department of Housing and Urban Development's Supportive Housing Program and the Napa Valley Vintners. The funding provided by the Housing Authority originated from and is returned to the Laurel Manor Fund 84101. The current principal and interest balance on the \$222,400 Housing Authority loan as of June 30, 2019 is \$70,960. A Regulatory Agreement was also executed and recorded to ensure long term affordability.

NVCH is proposing to refinance its existing first mortgage loan with a new loan from Mechanics Bank in the amount of \$425,000. NVCH is requesting the Housing Authority subordinate its Deed of Trust and Regulatory Agreement to the new Deed of Trust. The proposed refinancing would reduce the interest rate on NVCH's first mortgage from 5.8% to 4.3%. This would improve the financial viability of the project. There would be no cash taken out by this transaction. This proposed refinance would benefit the project as a whole by reducing the monthly payments which would increase the cash flow for the project. This action would benefit the long-term affordability of the project and assist in the preservation of 17 units of affordable housing.

A corresponding item is on the City Council meeting agenda on the same date, December 3, 2019.

**FINANCIAL IMPACTS:**

There is no immediate financial impact to the Housing Authority on this item. There will be a long-term financial benefit to the Whistlestop Townhomes affordable housing project which will ultimately enable NVCH to make payments on the Housing Authority's loan as other loans are repaid and residual receipts increase.

**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 - Deed of Trust Subordination Agreement  
EX B - Regulatory Subordination Agreement

**NOTIFICATION:**

Napa Valley Community Housing was notified of the agenda item.