



A Tradition of Stewardship
A Commitment to Service

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AFFORDABLE HOUSING TRUST FUND

NOTICE OF FUNDING AVAILABILITY

FOR HOMEBUYERS' ASSISTANCE PROGRAM FOR PURCHASE OF AFFORDABLE HOUSING NEAR PLACE OF EMPLOYMENT

NOFA AHF No. 2011 – 1

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LIST OF EXHIBITS:

1. NAPA COUNTY PROXIMITY HOUSING ASSISTANCE GUIDELINES
2. APPLICATION AND APPLICATION CHECKLIST
3. CERTIFICATION AND AUTHORIZATION TO RELEASE INFORMATION FORM
4. SAMPLE PROXIMITY HOUSING LOAN AGREEMENT, NOTE AND DEED OF TRUST

Napa County is pleased to offer homebuyer assistance funding through the Proximity Housing Program and the Affordable Housing Trust Fund for eligible individuals or households purchasing a home in the County that meets the location requirements described herein. The County will provide up to ten percent (10%) toward the purchase price of an eligible property for qualified buyers (as described herein).

INTRODUCTION

Both State law and County policy mandate that the County plan for the housing needs of all economic segments of its population.¹ Over the past several years the County, in addition to its other housing-related obligations, has considered the growing plight of one particular group -- members of the local workforce who have been unable to find appropriate housing opportunities close to (or “proximate to”) their places of employment. The County’s employment base consists of a mix of jobs in agriculture, manufacturing, hospitality, health, education, government, and the service sector. A recent report, prepared for the Napa County Board of Supervisors by Keyser Marston Associates, summarized the proximity problem for these Napa County workers as follows:

The shortage of affordable housing in Napa County for its workforce has become far more acute over the past sixteen years as the County has become a more and more expensive place to find housing. The success of the wine industry and stature of the wine culture regionally, nationally, and even internationally, has elevated Napa as both a visitor destination and a place to live. The downside of the success has been a rise in the cost of all housing, causing most local workers to commute from lower cost housing areas outside the County.

The Projections from the Association of Bay Area Governments (ABAG) show future trends in population, households, employed residents, and jobs. The census data reflects that approximately twenty-eight percent (28%, roughly 5,200) of workers in the unincorporated area reside in other counties throughout California with about twenty percent (20%) of them living in either Solano or Sonoma County.

As a result of these findings, the Housing Element of the Napa County General Plan, adopted June 23, 2009, included the following program:

¹ See California Government Code § 65580 *et seq.* (the “Housing Element Law”) and Napa County’s 2009 Housing Element Update adopted by the Board of Supervisors on June 23, 2009 (the “Housing Element”), Goal H-1.

“Consistent with Conservation Element Policy Con-66 the County will establish local worker or “proximity” preferences in new affordable housing projects and will explore the extent to which such preferences may be applied to market rate projects.” (Housing Element Program H-4a)

Moreover, the County’s Affordable Housing Ordinance (Chapter 18.107 of the Napa County Code) was recently amended to make clear that Affordable Housing Trust Fund monies may be used to encourage the creation of affordable workforce housing. Specifically, the Affordable Housing Ordinance states that Trust Fund monies “shall be used to increase, improve, and preserve the supply of housing and shelter serving Napa County’s workforce and affordable to moderate, low, very low, and extremely low income households” including the “promotion of affordable workforce housing such that Napa County workers can find suitable housing near their place of employment.”

To further its proximity housing goals, the County of Napa is announcing the availability of funding for Proximity Housing in order to reduce greenhouse gasses (GHG), reduce commutes of workers currently residing outside of Napa County, and increase worker proximity affordable housing opportunities in the County. For this pilot program, up to \$500,000 from the County’s Affordable Housing Trust Fund will be available to provide homebuyer assistance funds for Proximity Housing. Specifically, the County will provide assistance for up to ten percent (10%) of the purchase price (not to exceed the property values and assistance amounts specified in the table below) for eligible households or individuals toward the purchase of an eligible property in Napa County within a fifteen- (15) mile radius of their place of work. The funding assistance would be provided at close of escrow and evidenced by a promissory note secured by a deed of trust to be recorded securing repayment of the assistance as well as an equity share in the property for the benefit of the County.

Questions regarding this NOFA should be sent to Mr. Larry Florin, Community and Intergovernmental Affairs Manager, via email at Lawrance.Florin@countyofnapa.org.

QUALIFIED APPLICANTS

Qualified homebuyers must include at least one household member who is currently employed at a job located within Napa County (as a member of the “Proximity Workforce” as defined in the Proximity Housing Guidelines) who is currently commuting to that job from outside of the workforce proximity area *and* meets the income criteria described below (meaning that household income is no more than the amount listed in the table). For purposes of this NOFA, the homebuyers’ assistance funds will be targeted to very low- to moderate-income workers who earn no more than one hundred twenty percent (120%) of the area median income based on household size as specified for 2010 in the table below. These figures represent the upper limits of the income of households to be served in each category.

Maximum Household Income Level of Applicants 2010

Household Size	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
Moderate- Income Limit: 120% AMI	\$68,700	\$78,500	\$88,350	\$98,150	\$106,000	\$113,850	\$121,700	\$129,550

Qualified applicants must be able to secure the remaining balance of funding necessary in order to close escrow on the property. Total first mortgage loan amount on the property cannot exceed eighty-six and one-half percent (86.5%) of loan to value ratio. Mortgage terms shall be for a conventional or government loan, not to exceed a thirty- (30) year amortization for an applicant to be considered eligible for inclusion in this assistance program. Qualified applicants must be able demonstrate through the application materials and documentation requirements that they meet the income, employment, and other conditions of eligibility in order to be considered for assistance through this program.

As a condition of funding through this program, the homebuyer will be required to sign a Proximity Housing promissory note secured by a Deed of Trust guaranteeing repayment to County of the assistance amount as well as an equity share in the property at close of escrow. Please refer to the attached Exhibits, specifically the Proximity Housing Guidelines (Exhibit 1) and sample Proximity Housing Promissory Note and Deed of Trust (Exhibit 7) for further information about the qualifications, application process, conditions for funding through this program, and repayment terms.

ELIGIBLE PROPERTIES

Properties must be the primary residence of the applicant and be located within Napa County and within a fifteen- (15) mile radius of the workplace of at least one member of the homebuyer household. Eligible properties include single-family residences, townhomes and condominiums. All properties must be in compliance with all applicable building codes and as a condition of funding, properties must be acceptable to County staff in their reasonable discretion.

The following table provides examples of possible property values and potential assistance amounts based on the listed household income levels for a three bedroom house. The actual amount of assistance will be determined on an individual basis but will not exceed ten percent (10%) of the purchase price of the home. The actual purchase price for the home may not exceed the Federal Housing Administration (FHA) guidelines for affordability.

Examples for purchase of a 3 Bedroom Home, based on FHA income guidelines					
Household Income Level:	Household Income Limit (for 4-Persons)	Maximum 1 st Mortgage Loan Amount (not to exceed 86.5%)	Homebuyers' Down Payment (at least 3.5%)	Assistance Amount (up to 10% of Purchase Price)	3 Bedroom Property Value
Very Low-Income Limit: 60% AMI	\$40,900	\$207,564	\$12,210	\$24,419	\$244,193
Low-Income Limit: 80% AMI	\$64,400	\$280,043	\$16,473	\$32,946	\$329,462
Median-Income Limit: 100% AMI	\$81,800	\$352,522	\$20,737	\$41,473	\$414,731
Moderate-Income Limit: 120% AMI	\$98,150	\$425,001	\$25,000	\$50,000	\$500,001

Table is provided for demonstration purposes only; actual figures will vary depending on applicant's household size, income, credit, and funds available for down payment.

The County's Proximity Housing Guidelines are attached to this NOFA as Exhibit 1 for applicants' reference. The Guidelines contain many useful definitions and administrative requirements with respect to proximity housing. Review of the Guidelines will help applicants understand the parameters of this program.

APPLICATION PROCESS

Napa County will accept applications from the period of February 1, 2011 through March 15, 2011. Following the close of the application submission period, all applications received will be screened for completeness and prioritized based on the selection criteria. Priority will be given to those applicants with the greatest need based upon reasonable evaluation by Housing Fund staff. Selection criteria will be based on a combination of the following:

- Most in need of assistance (lower income recipients);
- Farthest distance travelled/Greatest commute reduction.

Depending on the number of requests for assistance, preference may also be given to applicants with a longer work history and/or those applicants requesting a lesser amount of assistance than ten percent (10%). For example, an applicant with more funding available for a down payment and needing only five percent (5%) in assistance would receive a higher preference than someone needing the full ten percent (10%) assistance amount.

After the initial applications are evaluated, the County may accept Application packages through an "open window" process until all NOFA Worker Proximity Housing funds are committed.

The three parts of the application process are (1) application submission, (2) application review, and (3) final evaluation and award.

STEP 1: APPLICATION SUBMISSION

Homebuyers interested in applying under the NOFA should submit a completed Proximity Homebuyers' Assistance Application and all required supporting documents (as specified in Exhibit 2) to:

Community and Intergovernmental Affairs Manager
County Executive Office, Napa County
1195 Third Street, Suite 310
Napa, CA 94559

STEP 2: APPLICATION REVIEW

Housing Fund staff will conduct application completeness checks within approximately fifteen (15) business days of the end of the application submission period. Housing Fund staff will review the application materials for consistency with documents guiding the Housing Fund including Chapter 18.107 (Affordable Housing and Incentives) of the Napa County Code, the Proximity Housing Guidelines, and any other relevant documents. Applicants meeting the eligibility qualifications will be prioritized based on the selection criteria stated above. Depending on the number of qualified applicants meeting the selection criteria, the County may elect to further prioritize applications by date and time of application submission or by holding a lottery for those applicants with equivalent qualifications. Applicants will be provided a written response by U.S. Mail with the results of the application review process. Any subsequent requests for documentation or information will be indicated and a deadline for provision of the material will be provided.

STEP 3: APPROVAL PROCESS

The qualified applicants with the highest priority will be notified in writing of the next steps in order to proceed with final approval and award of homebuyer assistance funding. Those applicants will work towards securing a contract and financing for purchase of an eligible property, and must be able to close escrow within a reasonable timeframe. Once all of the steps have been satisfactorily completed, Housing Fund staff will recommend approval of homebuyer assistance funding, and then present it to the Housing Director for final approval of the funding. Such approval may be conditioned on a number of closing conditions that must be met by the applicant. The County will close on the down payment assistance loan as part of the closing of escrow on the property.

CONDITIONS

Applicants should understand that any funding provided will be strictly conditioned upon the following:

- homebuyer must be able to secure the balance of funding necessary to close escrow on the property; and
- homebuyer shall commit to conformance with requirements of the Proximity Housing Promissory Note which will be secured by the County recording a deed of trust on the home; and
- Napa County reserves the right to request additional information from applicants, reject any and all submittals, waive any irregularities in the submittal requirements, or cancel this NOFA.

By submitting an application, applicants acknowledge and agree to the terms and conditions of this NOFA and to the accuracy of the information they submit in response. All submittal application packages become the property of the Napa County and will not be returned.

All requirements of the originating funding sources (for example, the Affordable Housing Trust Fund monies) apply under this NOFA. This Affordable Housing Trust Fund is governed by Napa County Municipal Code Chapter 18.107 Affordable Housing and Incentives and is available on the Napa County website at:

<http://library.municode.com/index.aspx?clientId=16513&stateId=5&stateName=California>

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