## **RESOLUTION NO. 2025-**

RESOLUTION OF THE BOARD OF SUPERVISORS OF NAPA COUNTY, STATE OF CALIFORNIA, RESERVING \$2,000,000 FROM THE NAPA COUNTY AFFORDABLE HOUSING FUND TO COMMUNITY REAL ESTATE FUND LLC TO ASSIST IN THE DEVELOPMENT OF 40 LOW INCOME FIRST-TIME HOME BUYER HOME OWNERSHIP HOUSING UNITS FOR THE PROJECT LOCATED AT 2344 OLD SONOMA ROAD IN THE CITY OF NAPA

**WHEREAS,** Napa County receives funds under its Affordable Housing and Incentives Ordinance (County Code Chapter 18.107) and implementing resolutions to further the development of affordable housing throughout Napa County; and

**WHEREAS**, Community Real Estate Fund LLC, a Delaware limited liability company, is the owner of one parcel of real property in Napa County, located at 2344 Old Sonoma Road, comprising approximately 8.6 acres and designated by Assessor's Parcel 004-291-015; and

**WHEREAS,** Community Real Estate Fund LLC submitted applications to the City of Napa in 2021 and 2022 requesting a total of Three Million Seven Hundred Sixty-One Thousand Two Hundred Twenty-Four Dollars (\$3,761,224) in permanent construction financing for the development of 40 low- and moderate-income first-time home buyer home ownership housing units ("the Project"); and

WHEREAS, the City of Napa approved the requested loans; and

**WHEREAS**, the 40-unit development will provide low- and moderate-income first-time home buyers affordable home ownership housing with 1-and 2-bedroom units for households earning up to 120% of Area Median Income; and

**WHEREAS**, the homes will be made affordable for purchase to households with low, and moderate incomes, with 25 of the homes reserved for households earning up to 80% of Area Median Income, 15 of the homes reserved for households earning up to 120% of Area Median Income, and all will be deed restricted and resold only to those meeting the income requirements set by the Project, to ensure that the homes remain affordable; and

**WHEREAS**, not less than 5 of the low-income ownership units will be set aside for farmworker households earning up to 80% of Area Median Income; and

**WHEREAS,** the initial financing plan for the Project assumes that the majority of funding will come from New Market Tax Credit Loans and California Department of Housing and Community Development ("HCD") CalHOME Funds; and

**WHEREAS**, Community Real Estate Fund LLC has submitted a request to the County for Two Million Dollars (\$2,000,000) in permanent construction financing for the development of 40 low- and moderate-income first-time home buyer affordable home ownership housing units; and

**WHEREAS**, the County's Multifamily Rental Housing Transaction Underwriting Guidelines generally prohibit the use of housing funds for the refinancing of existing debt unless under extraordinary circumstances. The Guidelines do allow for use of the housing funds for

acquisition related expenses.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Napa County hereby finds that extraordinary circumstances exist which warrant an exception to the County's Multifamily Rental Housing Transaction Underwriting Guidelines prohibiting use of housing funds for the following reasons:

- 1. The Project utilizes New Market Tax Credit (NMTC) financing, which imposes unique structuring requirements related to timing, ownership, and financing flows that differ materially from conventional affordable housing transactions.
- 2. The NMTC transaction structure requires that all project assets, including land, be owned and contributed through a qualified subsidiary or leveraged structure consistent with federal tax credit regulations.
- 3. The original land acquisition was completed more than 24 months ago to secure a critical site in a rapidly developing area and to preserve long-term affordability potential. Delaying acquisition until financial closing would have risked loss of the site and undermined project feasibility.
- 4. The requested use of funds to either pay acquisition costs directly or to refinance the existing acquisition debt is essential to closing the NMTC transaction and to enable the full capital stack to be deployed for the creation of affordable housing and related community benefits.

**BE IT FURTHER RESOLVED** that the Board of Supervisors of Napa County hereby reserves Two Million Dollars (\$2,000,000) from its Affordable Housing Fund, pending determination of loan terms, to assist with the development of the affordable home-ownership housing units subject to the following terms and conditions:

- 1. This reservation of funds shall expire on June 30, 2026, unless the County Director of Housing & Community Services extends the reservation for up to six months, or until December 30, 2026, if, in the Director of Housing & Community Services' reasonable discretion, the Developer has made good faith progress in meeting all the predisposition conditions. Further extensions must be approved by the Board of Supervisors.
- 2. No less than five (5) units shall be set aside for farmworker households earning up to eighty percent (80%) of Area Median Income.
- 3. The County's contribution shall carry 0.5% interest, unless there is a condition of default, upon which the interest shall then be 8% compound or the maximum legal rate.
- 4. Of the total loan amount, \$500,000 shall be made available for additional financing for the five set-aside farmworker housing units. The remaining \$1,500,000 will be made available for other expenses, including acquisition and predevelopment expenses, required for the development of the Project.
- 5. The loan shall be evidenced by a Promissory Note and secured by a Deed of Trust, and Affordability Covenant recorded against the Property, ensuring that twenty-five (25) homes will be affordable to low-income households and fifteen (15) of the homes will be affordable to median income households. The County Director of Housing & Community Services will have the

- authority and discretion to enter into an Option Agreement and Assignment of Documents. All agreements shall be in a form acceptable to County Counsel.
- 6. The County's loan shall be reconveyed and recorded against properties sold to homebuyers, representing that property's share of the County loan, and shall require that the units remain affordable for a term of 45 years. Purchasing homeowners will be required to enter into a resale restriction with the County to ensure continued affordability of the homes. The County's loan to the Developer shall terminate when the last home is old.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Board of Supervisors of Napa County, State of California, at a regular meeting of the Board held on the \_\_\_\_ of \_\_\_\_\_, 2025, by the following vote: AYES: **SUPERVISORS** NOES: **SUPERVISORS NONE** ABSTAIN: **SUPERVISORS NONE SUPERVISORS** ABSENT: **NONE** NAPA COUNTY, a political subdivision of the State of California By: ANNE COTTRELL, Chair of the **Board of Supervisors** 

APPROVED AS TO FORM	APPROVED BY THE NAPA	ATTEST: NEHA HOSKINS
Office of County Counsel	COUNTY	Clerk of the Board of Supervisors
	BOARD OF SUPERVISORS	
By: S. Darbinian		
Deputy County Counsel	Date:	By:
	Processed By:	
Date: November 13, 2025		
	Deputy Clerk of the Board	