

County of Napa

Auditor-Controller

Internal Audit Report

Housing and Homeless Services Division  
Compliance Review  
Proximity Workforce Housing Assistance Program

For the Period: January 1, 2024 – June 30, 2024

Report Date: July 12, 2024



A Tradition of Stewardship  
A Commitment to Service

Tracy A. Schulze, CPA  
Auditor-Controller

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A Tradition of Stewardship  
A Commitment to Service

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**Tracy A. Schulze**  
Auditor-Controller

July 12, 2024

To the Board of Supervisors  
Napa County, CA

### Executive Summary

The Internal Audit section of the Napa County Auditor-Controller's Office has completed a compliance review over Napa County Housing and Homeless Services Proximity Workforce Housing Assistance Program (Program) for the period of January 1, 2024 to June 30, 2024. This is a six-month review to bring the annual reporting into alignment with the new fiscal year.

We conducted our procedures in conformance with the *Global Internal Audit Standards (Standards)* established by the Institute of Internal Auditors. These Standards require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives; and that the internal audit activity be independent, objective, and perform engagements with proficiency and due professional care.

The objectives of this compliance review were to determine whether loan recipients from the Program qualify to receive the Program loan and whether certain other requirements of the Program are being met in accordance with the Napa County Proximity Housing Assistance Guidelines (Guidelines) as revised and approved by the Board of Supervisors on April 19, 2022.

Based on our review, we believe that overall loan recipients from the Program qualified to receive the Program loan, and certain other requirements of the Program are being met in accordance with the Guidelines.

This report is a matter of public record and is intended solely for the information and use of the Director of Housing and Homeless Services, County Executive Officer, and the Board of Supervisors. I want to thank the internal audit team and Housing and Homeless Services' staff for their expertise and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink that reads "Tracy A. Schulze".

Tracy A. Schulze, CPA  
Auditor-Controller

## **Background**

The Housing and Homeless Services Division of the County Executive Office provides oversight and administration over the Proximity Workforce Housing Assistance Program (Program). The purpose of the Program is to assist low- and moderate-income households to purchase a home close to their place of work. The Program is intended to strengthen the jobs-to-housing nexus for members of the Proximity Workforce by increasing housing opportunities that are affordable and reducing displacement of those members who may otherwise choose to purchase homes outside of the County due to lower home prices.

Following Board of Supervisor approval of the Guidelines on April 19, 2022, the Program now provides down payment assistance of up to 16.5% of the purchase price in the form of a homebuyers' assistance loan for qualified buyers toward an eligible property. For the period of January 1, 2024 to June 30, 2024, there were four loans that closed and total funds awarded was \$454,245.

To be eligible for the Program:

- At least one person in the household must work in Napa County,
- The total household income must not exceed 120% of Napa County's Median Income for the household size (refer to the Household Income Limit table below),
- The purchase price of the home must not exceed 110% of the Median Home Price in the Jurisdiction (city/town),
- The home must be located in Napa County and within 20 road miles to the applicant's place of work, and
- The unit must be occupied as the Owner's Primary Residence

## **Objectives and Scope**

The *objectives* of this compliance review were to determine whether:

- 1) Program loan recipients were qualified to receive the Program loan per the Program Guidelines, and whether
- 2) Certain other requirements of the Program are being met in accordance with the Program Guidelines

## **Procedures and Results**

We reviewed the Guidelines, as approved by the Board on April 19, 2022, and discussed with Housing and Homeless Services staff the changes to the Program revised Guidelines and administration of the Program. We then performed the procedures listed below to accomplish our objectives.

1. *Procedure:* Obtain a detailed listing of all loan receipts of the Program, including loan amount. Verify the completeness of this listing by comparing the total amount loaned per the detail to the amount distributed per the general ledger records.

*Results:* No exceptions noted.

2. *Procedure:* Review loans funded and perform the following:

- a. Ensure the maximum purchase price of the home did not exceed 110% of the median price of homes in the same jurisdiction (*Guidelines, Section 201 – Proximity Housing Assistance*):

*Results:* No exceptions noted.

- b. Ensure the first mortgage, excluding closing costs and insurance, did not exceed 82% of the value of the purchased home (*Guidelines, Section 201 – Proximity Housing Assistance*):

*Results:* No exceptions noted.

- c. Ensure the total down payment amount contributed by the applicant, including gifts, did not exceed 16.5% of the purchase price.

*Results:* No exceptions noted.

- d. Ensure Program loan amount did not exceed 16.5% of the purchase price of the home (*Guidelines, Section 201 – Proximity Housing Assistance*):

*Results:* No exception noted.

- e. Review executed Second Mortgage Agreement and ensure the provisions for maintenance, insurance, and refinancing are included (*Guidelines, Section 404 – Other*):

*Results:* No exceptions noted.

- f. Ensure the property purchased is located within a 20-mile radius of the place of employment of the Proximity Workforce Member of the household (*Guidelines, Section 201 – Proximity Housing Assistance*):

*Results:* No exception noted.

- g. Verify recipient had at least one member of their household certified as a member of the Proximity Workforce at the time of execution of the purchase (*Guidelines, Section 301 – Qualification to Receive Proximity Housing Assistance*):

*Results:* No exceptions noted.

- h. Review written requests, if any, from applicants for a special review of variances from the Board approved Guidelines due to unusual hardship, and the outcome from the special review committee (*Guidelines, Section 501 – Special Review*):

*Results:* No Variances were requested.

- i. Review grievances, if any, filed with the Board of Supervisors by applicants to appeal determinations made by County staff and the outcome from the Board's review (*Guidelines, Section 502 – Grievance Procedures*):

*Results:* No grievances filed.