

Town of Yountville Resolution Number 22-4154

AUTHORIZING THE APPLICATION AND ADOPTING THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM FOR THE TOWN OF YOUNTVILLE AND DELEGATING THE CITY OF NAPA TO SUBMIT AN APPLICATION ON ITS BEHALF AND ADMINISTER THE PLHA GRANT AWARD; AND TO AUTHORIZE THE TOWN MANAGER TO SIGN A BINDING DELEGATION AGREEMENT WITH THE CITY OF NAPA FOR THE PERIOD ENCOMPASSING FIVE (5) YEARS OF FORMULA ALLOCATIONS (2019-2023), MADE AVAILABLE IN NOFAS ISSUED BY THE STATE BEGINNING IN FEBRUARY 2020 AND EXTENDING THROUGH 2024, INCLUDING ALL YEARS STIPULATED IN THE STATE STANDARD AGREEMENT.

Recitals

In September 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act (Act), which established a \$75 recording fee on real estate documents to increase the supply of affordable housing. The Act establishes the Permanent Local Housing Allocation (PLHA) program administered by the California Department of Housing and Community Development (HCD).

It is anticipated that the Town will be eligible for an estimated \$486,000 in funding for the five (5) year period covering the years between 2019 and 2023.

The Town must submit a plan for funds for this year by the end of October 2022 to avoid losing current and future funds through 2023.

The Town of Yountville contracts with the City of Napa to provide housing authority and housing program related services. As such, City of Napa staff have been working with Town staff to help us develop a plan that will enable the Town to submit a plan and program in a timely manner to avoid potential loss of funds.

The draft PLHA Plan establishes the Town intends to spend its funds on the following areas:

1. 60% of the initial funds will be allocated to support grants to assist in the construction of deed restricted affordable Accessory Development units. This funding would expand upon the initial \$100,000 funding placeholder in the current budget and the Town would utilize the City of Napa's existing grant program as the model for the Town.
2. 35% of the initial funds will be allocated to the fund to support income eligible owner occupied home rehabilitation program that the Town currently has in placed which would increase potential funding to support increased projects.
3. 5% for administrative costs.

Now, therefore, the Town Council of the Town of Yountville does resolve as follows:

1. Authorizes the City of Napa to submit the Permanent Local Housing Allocation (PLHA) Program for the Town of Yountville and delegating the City of Napa to submit an application on its behalf and administer the PLHA Grant Award; and

2. Authorizes the Town Manager to sign a binding delegation agreement with the City of Napa for the period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, including all years stipulated in the State standard agreement; and
3. The Resolution is hereby adopted and becomes effective and in full force immediately upon adoption.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Yountville, State of California, held on this 18th day of October 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John F. Dunbar, Mayor

ATTEST:

Eddy Gomez
Town Clerk

DELEGATION AGREEMENT
Between the Town of Yountville and the City of Napa
Town of Yountville Contract Number _____
City of Napa Contract Number _____

THIS AGREEMENT is made and entered into this ____ day of October 2022 ("Effective Date"), by and between the City of Napa, a California charter city, hereinafter called "Napa"; and the Town of Yountville, a California municipal corporation (hereinafter called "Yountville") jointly referred to as "Parties". Any capitalized terms used by not defined herein shall have the meaning ascribed to such terms in the PLHA Program Guidelines (defined below).

RECITALS

- A. The State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))
- B. The State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.
- C. The State issued a Notice of Funding Availability ("NOFA") dated August 17, 2022, under the PLHA Program.
- D. Napa has previously submitted an application for and administered PLHA Program Funds, and Yountville is eligible to submit an application for and administer PLHA Program Funds.
- E. Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to submit an application and administer on its behalf its formula allocation of PLHA Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.
- F. Yountville desires to delegate Napa to administer the receipt of PLHA Program funds on behalf of Yountville and act as the Applicant to the State for the funding.
- G. Yountville intends to use its PLHA Program funding for the development of junior and other accessory dwelling units and preservation of affordable housing through an owner-occupied housing rehabilitation loan program to be administered by Napa.

NOW THEREFORE, in consideration of the mutual promises, recitals and other provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. **Responsible Officers.** Yountville hereby authorizes Napa to submit an application to the State for PHLA Program funds, to act as the Applicant on Yountville's behalf, including administration and Activity delivery for the PHLA Program Funds allocated to Yountville in accordance with the PLHA Program Guidelines and this Agreement. Yountville hereby authorizes the Town Manager of Yountville to act as the responsible officer for Yountville under the Program and this Agreement. Napa hereby authorizes the City Manager or Deputy City Manager to act as the responsible officer for Napa under the Program and this Agreement.
- B. **Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing in the Town of Yountville.
- C. **Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the PHLA Program as follows:
 - a. **Housing Element compliance:** Napa as Applicant and the Yountville as delegated Town must have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to Government Code Section 65585.
 - b. **Housing Element Annual Progress Report (APR) compliance:** Napa as Applicant and Yountville as the delegated Town must submit to the State the APR required by Government Code Section 65400 for the current or prior year.
- D. **Term of Agreement.** The term of this Agreement shall commence on the Effective Date and remain in effect for the term of the Standard Agreement executed by Napa on behalf of Yountville for the PHLA Program formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, including any extensions of such Standard Agreement.
- E. **Scope of Agreement.** This Agreement covers the PLHA Program funding administered by the State that is awarded and accepted by Yountville during the term of this Agreement.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A. **PLHA Application and Plan.** Upon Yountville's submittal to Napa of the information required to prepare a PHLA Program application, Napa shall prepare an application on behalf of the Town requesting the PHLA funds, in accordance with Section 302(c) of the PLHA Program Guidelines and Yountville's PLHA Plan attached hereto and incorporated herein as Exhibit A ("PLHA Plan"), which details how the allocated PHLA funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in Yountville's Housing Element. Yountville will provide evidence to Napa that the Plan was authorized by resolution by the Town Council and that the public had an adequate opportunity to review and comment on its content.

SECTION III. PROGRAM ADMINISTRATION

- A. Responsibilities of Parties. The Parties agree, in the delegation of Napa as the administering local government for the PLHA Program on behalf of Yountville, that Napa shall be responsible for execution of the Standard Agreements with State and the administration of the PLHA Program in the Town of Yountville in accordance with the terms of this Agreement. Napa agrees to perform necessary administrative tasks such as, but not limited to, preparation of documents for environmental clearance under CEQA or NEPA, implementation of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. Yountville agrees to fully cooperate with Napa in all things required and appropriate to comply with Napa's obligations under this Agreement and the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five-year Plan term, through the end of the fifth year, Parties will agree in writing to a meeting schedule which will provide adequate opportunity for communication and decision-making. Notwithstanding anything to the contrary set forth herein, any decisions regarding the appropriate level of environmental review required under CEQA or NEPA, loan underwriting policies and terms, applicant eligibility, scope of work, amount of loans, change orders, and other similar decisions shall be made by Yountville based upon a recommendation by Napa.
- B. Separate Accounting of Funding. Napa agrees to set-up a process whereby Yountville's PLHA funds are accounted for and reported separately from other PLHA funds to ensure that funds are spent within Yountville's jurisdiction.
- C. Program Administration Funding. In consideration of Napa's agreement to be the administering local government for Yountville's PLHA allocation and its assumption of the responsibilities required hereunder, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by Napa for these administrative purposes.
- D. Activity Delivery Funding. In addition to Program administration funding under subsection C, Yountville shall pay Napa for Napa's time and expenses to provide direct activity delivery for Yountville's PLHA activities. The rate for Napa's time shall be the then-current fully burdened overhead rate (the "Fully Burdened Overhead Rate") for the employee performing the Services, which is the hourly billable rate that captures all Napa costs associated with an employee, over and above gross compensation or payroll costs, including payroll taxes, worker's compensation, health insurance, paid time off, pension contributions, and other benefits.
- Napa will submit a quarterly itemized report to Yountville for the Services provided during the preceding quarter. The invoice will identify the Services performed, the hours spent performing the Services, the applicable Fully Burdened Overhead Rate(s), and any authorized expenses. Napa will send the invoice to the State for payment on behalf of Yountville.
- E. Maintenance of Records. Napa shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing Yountville on reasonable notice during

normal business hours.

SECTION IV. USE OF YOUNTVILLE'S PLHA FUNDS

- A. Junior and Other Accessory Dwelling Unit Development. Sixty percent (60%) of Yountville's PLHA funds shall be used to provide forgivable loans and technical assistance grants to private property owners for the creation of Junior and Other Accessory Dwelling Units on private properties within the Town of Yountville. The main unit or the Accessory Dwelling Unit must be a deed restricted rental for a period of 10 years to households not exceeding 80% of Area Median Income. Napa shall prepare Accessory Dwelling Unit program guidelines for approval by the Town Manager ("ADU Guidelines").
- B. Owner-Occupied Rehabilitation Loan and Grant Program. Thirty five percent (35%) of Yountville's PLHA funds shall be used to provide loans and grants to assist homeowners in Yountville that do not exceed 80% of Area Median Income with necessary home repairs and rehabilitation. Napa shall prepare Owner-Occupied Rehabilitation program guidelines ("OOR Program Guidelines") for approval by the Town Manager.
- C. Project Assistance Criteria.
 - a. Targeting to the Lowest Income Households: PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. The expenditure of funds targeted for affordability for these households will be prioritized for funding.
- D. Funding Assistance in the Form of Loans. The Parties agree that any funding provided under the PLHA program that is not a grant shall be provided to the property owner as a forgivable or no to low interest loan. The loan shall be evidenced by a Promissory Note and secured by a Deed of Trust in favor of Yountville and recorded against the property. A Regulatory Agreement by and between Yountville and the property owner shall be recorded against the property and restrict occupancy and rents for the terms identified in the Town Manager approved ADU Program Guidelines and OOR Program Guidelines.
- E. Use of Program Income. The Parties agree that program income generated as a result of Yountville's receipt of PLHA funds will be retained by Napa and utilized to fund future PLHA-eligible activities in the Town of Yountville. Program income will include payments from residual receipts, and accrued interest. Any monitoring fees will go to the City of Napa.

SECTION V. ADDITIONAL AGREEMENTS

- A. Privileges and Immunities. In accordance with California Government Code section 6513, all of the privileges and immunities from liability, all exemptions from laws, ordinances and rules, and all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of the trustees, officers, employees or agents of the Parties when performing their functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged in the

performance of any of their functions and duties associated with performance of this Agreement.

- B. Indemnification. To the full extent permitted by law, Napa will indemnify, hold harmless, release, and defend the Yountville (including its officers, elected or appointed officials, employees, volunteers, and agents) from and against any and all liability or claims (including actions, demands, damages, injuries, settlements, losses, or costs [including legal costs and attorney's fees]) (collectively, "Liability") of any nature, arising out of, pertaining to, or relating to Napa's negligence, recklessness, or willful misconduct in the performance of its obligations under this Agreement. Consistent with Civil Code Section 2782, Napa will not be obligated to indemnify Yountville for the proportionate share of the Liability caused by the Yountville's active negligence, sole negligence, or willful misconduct. To the full extent permitted by law, Yountville will indemnify, hold harmless, release, and defend the Napa (including its officers, elected or appointed officials, employees, volunteers, and agents) from and against any and all Liability of any nature, arising out of, pertaining to, or relating to Yountville's negligence, recklessness, or willful misconduct in the performance of its obligations under this Agreement and the Standard Agreement. Consistent with Civil Code Section 2782, Yountville will not be obligated to indemnify Napa for the proportionate share of the Liability caused by the Napa's active negligence, sole negligence, or willful misconduct.
- C. Severability. If any term of this Agreement (including any phrase, provision, covenant, or condition) is held by a court of competent jurisdiction to be invalid or unenforceable, this Agreement will be construed as not containing that term, and the remainder of this Agreement will remain in full force and effect; provided, however, this section will not be applied to the extent that it would result in a frustration of the parties' intent under this Agreement.
- D. Governing Law, Jurisdiction, and Venue. The interpretation, validity, and enforcement of this Agreement will be governed and interpreted in accordance with the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement will be filed and heard in a court of competent jurisdiction in the County of Napa.
- E. Attorney's Fees. If any litigation is commenced to enforce or interpret this Agreement, the prevailing party is entitled to reasonable attorney's fees, costs, and expenses incurred.
- F. Entire Agreement. This Agreement, including all documents incorporated herein by reference, comprises the entire integrated understanding between the parties concerning the subject matter hereof. This Agreement supersedes all prior negotiations, agreements, and understandings regarding this matter, whether written or oral. The documents incorporated by reference into this Agreement are complementary; what is called for in one is binding as if called for in all. If any provision in any document attached or incorporated into this Agreement conflicts or is inconsistent with a provision in the body of this Agreement, the provisions in the body of this Agreement will control over any such conflicting or inconsistent provisions.

- G. Interpretation. Each party to this Agreement has had an opportunity to review the Agreement, and to consult with its respective legal counsel regarding the meaning of the Agreement. Accordingly, Civil Code Section 1654 will not apply to interpret any uncertainty in the meaning of the Agreement.
- H. Modifications. This Agreement may not be amended or modified orally. No amendment or modification of this Agreement is binding unless it is in a writing signed by both parties.
- I. Counterparts. This Agreement may be executed in counterparts, each one of which is deemed an original, but all of which together constitute a single instrument.
- J. Signatures; Electronic Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Napa and Yountville. The parties agree that this Agreement may be executed and transmitted electronically and that electronic signatures shall have the same force and effect as original signatures in accordance with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 et seq.; the California Uniform Electronic Transactions Act, Civil Code Section 1633.1 et seq. and California Government Code Section 16.5.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

CITY:
CITY OF NAPA, a California charter city

TOWN:
TOWN OF YOUNTVILLE,

By: _____

Steve Potter, City Manager
Steve Rogers, City Manager

Date: _____
("Effective Date")

COUNTERSIGNED:

Joy Riesenbergs, City Auditor

APPROVED AS TO FORM:

Michael W. Barrett, City Attorney

Exhibit A

Town of Yountville Permanent Local Housing Allocation Plan

§302(c)(4) Plan											Rev. 2/16/22				
§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities. The Town of Yountville has selected the City of Napa as it's delegated entity. The City of Napa will ensure that Yountville's share of funds will be used for two purposes in the Town limits. (1) 60% of funds will be used to fund the development of a Junior Accessory Dwelling Unit/Accessory Dwelling Unit Loan Program. The program will model the City of Napa's program and provide forgivable loans and technical assistance to homeowners to create Accessory Dwelling Units or Junior Accessory Dwelling Units. Each participating homeowner is required to either rent the ADU or the primary unit as an affordable rental unit for households at or below 80% of median income which is enforced by a recorded regulatory agreement for a period of 10 years. (2) The City of Napa currently administers an owner-occupied rehabilitation program for the Town of Yountville. The projects eligible for these funds must be related to rehabilitation, such as improving the structural integrity of a dwelling unit in order to meet building codes, correcting health and safety issues, and correcting code violations. If the homeowner can prove adequate financial need, they will be granted a loan to assist in the funding of the project. To qualify for the project, the applicant must be an income eligible homeowner. The owner's total household income must be at or below 80% of the area median income. PLHA funds will be utilized to expand the program and assist additional homeowners with zero interest loans up to \$60,000.															
§302(c)(4)(B) Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI). The Junior and Accessory dwelling unit loan program requires ADUs to be rented to households at or below 80% of Area Median Income. It is anticipated that some of these households will be at or below 60% of median income.															
§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element. The Town's Housing Element includes policy HO 4.4: Encourage second dwelling units on single-family lots and HO 4.4a: Continue to provide information to property owners and developers regarding the Town's second unit regulations and continue to assess further means of facilitating development of second units. The proposal to utilize PLHA for the creation of junior and other accessory dwelling units supports these policies. In terms of owner occupied rehabilitation, policy H.O. 8.6: Work with the Housing Authority of the City of Napa to provide rehabilitation loans to lower-income households. This will assist homeowners maintain and stay in their existing housing without increasing their mortgage payments.															
Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities, §301))															
§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.															
§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for each proposed Affordable Rental and Ownership Housing Activity.											Enter Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing		100%		
60% of funds will be used to fund the development of a Junior Accessory Dwelling Unit/Accessory Dwelling Unit Loan Program. The program will model the City of Napa's program and provide forgivable loans and technical assistance to homeowners to create Accessory Dwelling Units or Junior Accessory Dwelling Units. Each participating homeowner is required to either rent the ADU or the primary unit as an affordable rental unit for households at or below 80% of median income which is enforced by a recorded regulatory agreement for a period of 10 years. (2) The City of Napa currently administers an owner-occupied rehabilitation program for the Town of Yountville. The projects eligible for these funds must be related to rehabilitation, such as improving the structural integrity of a dwelling unit in order to meet building codes, correcting health and safety issues, and correcting code violations. To qualify for the project, the applicant must be an income eligible homeowner. The owner's total household income must be at or below 80% of the area median income. PLHA funds will be utilized to expand the program and assist additional homeowners with zero interest loans up to \$60,000.															
Complete the table below for each proposed Affordable Rental and Ownership Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).															
Funding Allocation Year	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023					
Type of Affordable Housing Activity	ADU	ADU	ADU	ADU	ADU	Ownership : Rehabilitation	Ownership : Rehabilitation	Ownership : Rehabilitation	Ownership : Rehabilitation	Ownership : Rehabilitation					
§302(c)(4)(E)(i) Percentage of Funds Allocated for Each Affordable Housing Activity	60%	60%	60%	60%	60%	35%	35%	35%	35%	35%					
§302(c)(4)(E)(ii) Area Median Income Level Served	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%					TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level Note: complete for years 2019, 2020, 2021 only	0	0	0	N/A	N/A	See 2022 for Remaining Unmet Need	See 2022 for Remaining Unmet Need	1	N/A	N/A					1
§302(c)(4)(E)(ii) Projected Number of Households Served	2	2	2	2	2	3	3	3	3	3					25

§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)	10	10	10	10	10	N/A	N/A	N/A	N/A	N/A					
§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of each Affordable Rental and Ownership Housing project.															
The owner occupied rehabilitation program is an existing program that is funded through other sources. PLHA funds will allow for the expansion of the program and to shorten the length of time someone must wait to be served. Therefore, at least 35% of funds will be available immediately. The Town of Yountville will model it's Junior and Accessory Dwelling Unit program after a program currently run by the City of Napa. Therefore it will take less than six months to launch this program.															