



Town of Yountville

6550 Yount Street
Yountville, CA 94599

Staff Report

Agenda Item #: {{section.number}}A

Yountville Town Council Staff Report

DATE: September 21, 2021

TO: Mayor and Town Council

FROM: Steve Rogers, Town Manager

PREPARED BY: Steve Rogers, Town Manager

SUBJECT:

Consider Adoption of Resolution Number 21-4076 Authorizing the Town Manager on Behalf of the Town to Exercise an Option to Purchase the Real Property Located at 6631 Oak Leaf Court in Yountville, California to retain as deed restricted affordable housing.

DISCUSSION/BACKGROUND

The Town received a letter dated July 6, 2021 from the property owners of 6631 Oak Leaf Court (Terrence and Sylvia Moylan) providing the Town with their notice of intent to sell their deed restricted property. In accordance with the affordable deed restriction for the property, the Town has 120 days to decide if it wants to exercise its option to purchase this property.

Town staff has worked with the staff of the City of Napa Housing Authority who serve as the Town's housing staff and the owners to review and determine the current property value in accordance with the terms of the deed restrictions. They have reviewed the improvements and worked with the property owner to calculate the allowed increase in value from the original base purchase price of \$86,200. The property was purchased on May 16, 1983 as a part of a "self help" affordable home ownership program and has a deed restriction term of 59 years which expires in 2042. This is a longer deed restriction than many other subdivision properties with inclusionary affordable housing which has terms of 30 or 40 years.

Yountville Town Council(s) over the past decade have expressed strong support for inclusionary housing and a goal of providing affordable housing for a wide range of residents within our community and provided staff with direction to retain existing affordable housing stock and to increase it when possible. In September of 2016 the Town purchased the affordable home at 27 Lande Way after its property owner defaulted on its recorded deed restrictions. The Town then resold the unit to Napa Valley Community Housing with a new 50 year deed restriction as an affordable "moderate" rental unit.

With regard to the seller's notice of offer to sell 6631 Oak Leaf Court, there are two courses of action that the Town Council may consider with regard to this property. These alternatives include:

1. Allow the resale of the home to an eligible affordable deed restricted buyer consistent with the terms of conditions of the Resale Restrictions. City of Napa Housing Authority staff serving as contract Yountville Housing Authority staff support to the Town of Yountville would coordinate and assist in the sales transactions and determination of purchaser eligibility.

2. Exercise the option to purchase the property at the current restricted sales price of \$332,765 in accordance with the terms and conditions of the Resale Restrictions. City of Napa Housing Authority staff serving as contract Yountville Housing Authority staff support to the Town of Yountville would coordinate and assist in the sales transactions and working with a nonprofit housing organization.

In 2016 when purchasing 27 Lande Way, Town staff evaluated the 2016 market situation with the staff at City of Napa Housing Authority and Napa Valley Community Housing who have indicated there is greater interest in renting a home than by those are income eligible than to purchase a home. It has also been noted that there may be limitations on affordable deed restricted owners to have the resources necessary to properly maintain and upgrade the home given current home renovation costs over time. Potential sale or partnership with a housing nonprofit of this property will ensure the property is not sold to a third-party, non-affordable housing purchaser over the long term. Staff finds that a similar environment exists in 2021 with regard to greater need for affordable rental units.

In order to preserve the unit as affordable housing in the Town, Town staff is recommending that the Town Council authorize the Town Manager to exercise the option to purchase the property and to then work with an affordable housing non-profit such as the Napa Valley Community Housing (NVCH) which manages a number of affordable deed restricted rental units in Yountville. Preliminary discussions have been held with NVCH staff and they have expressed an interest in obtaining the unit for rent to affordable tenants but may need financial assistance to acquire the property. The Town does not have the staffing and ongoing funding support to go into the affordable rental housing business and it is appropriate, and consistent with our long standing practice to partner with a community-based nonprofit organization as the housing provider.

One favorable change from 2016, when the Town purchased the home with General Fund monies, is the voter approved passage of Measure S on November 6, 2018, which increased the TOT by one percent (1%) to support workforce and affordable housing efforts. This is a Restricted Tax Measure which can only be used to fund programs and services related to workforce and affordable housing within town limits. The Town's Measure S balance is \$1.166 million as of June 30, 2021. Measure S funds provide the Town with the ability to subsidize or "buy-down" the affordability of the housing unit to the "very low" income level when it sells the unit by agreeing to a reduced purchase price. The Town currently does not meet its current RHNA (Regional Housing Needs Analysis) allocation of "very low" affordable housing units and this current situation presents a great opportunity to obtain an additional "very low" unit and to restrict it as such for some 50 years.

Should the Town Council adopt the Resolution, the Town Manager would be authorized on behalf of the Town to exercise the option to purchase the property and work with the Town Attorney and staff of the City of Napa Housing Authority to finalize the purchase.

At a later date the Town Manager would bring back to the Town Council an action item to sell the unit to a non-profit affordable housing non-profit with the specific details related to affordable deed restriction, length of deed restriction, and the recommended sales price to ensure unit is at the "very low" unit.

The Housing Ad-Hoc Committee members (Mayor Dunbar and Vice Dorman) have indicated support for this approach.

ENVIRONMENTAL REVIEW

Not Applicable

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? Fund 71

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Nominal

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Premier Destination:** The Town values its residents, rich history, natural environment, culinary excellence, arts, and distinguished businesses that make our home a place people love. **Quality of Life:** The Town enhances the livability of Yountville by providing well-maintained public facilities, parks, and trails, and quality programs and events. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Use of restricted Measure S funds to purchase and retain an affordable deed restricted affordable unit and convert it to a "very low" deed restricted affordable unit supports the Town's objective of providing housing to all and especially supports workforce housing for the employees who work in our tourism economy.

RECOMMENDATION

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion on proposed Resolution.

Adopt Resolution Number 21-4076 Authorizing the Town Manager on Behalf of the Town to Exercise an Option to Purchase the Real Property Located at 6631 Oak Leaf Court in Yountville, California to retain as deed restricted affordable housing.