

# Town of Yountville

6550 Yount Street  
Yountville, CA 94599



*Town of Yountville*

*"The Heart of the Napa Valley"*

## Meeting Agenda - Final

**Tuesday, January 21, 2020**

**6:00 PM**

**Town Hall Council Chambers**

### **Town Council**

**Mayor John Dunbar**  
**Vice Mayor Kerri Dorman**  
**Council Member Margie Mohler**  
**Council Member Marita Dorenbecher**  
**Council Member Jeffrey Durham**

**1. CALL TO ORDER; CONVENE REGULAR MEETING - 6:00 P.M.****2. ROLL CALL****3. PLEDGE OF ALLEGIANCE****4. ADOPTION OF AGENDA****5. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Individuals will be limited to a three-minute presentation. No action will be taken by the Council as a result of any item presented at this time.

**6. CONSENT CALENDAR**

- A. [20-2429](#) Receive and file Monthly Financial Report for December 2019.

Attachments: [Monthly Financial Report](#)

- B. [19-2316](#) Adopt Resolution Number 20-3966 Approving Professional Services Agreement With Chavan & Associates, LLP to Provide Professional Auditing Services for Fiscal Years Ending June 30, 2020 to 2022, (With the Option of Extending the Contract for Two Subsequent Fiscal Years 2023, and 2024) for a Total Contract Amount of \$132,500.

Attachments: [Resolution](#)  
[Audit RFP 2019](#)

- C. [19-2262](#) Adopt Resolution Number 20-3967 Approving the Transfer of Unclaimed Moneys from their Respective Fund(s) to the General Fund.

Attachments: [Resolution](#)  
[Exhibit A](#)

- D. [19-2314](#) Adopt Resolution Number 20-3968 Expressing Support for the Town of Yountville to Participate in the Institute for Local Government's Beacon Program.

Attachments: [Resolution](#)  
[Beacon Program Guidelines](#)  
[Beacon Program Brochure](#)

- E. [19-2381](#) Approve minutes of the special meeting held September 17, 2019.

Attachments: [September 17, 2019 Special Meeting Minutes](#)

**7. PRESENTATIONS**

- A. [19-2395](#) Mayor Dunbar to present the State of the Town Annual Review.

**8. PUBLIC HEARINGS - NONE****9. ADMINISTRATIVE / REGULAR ITEMS**

- A. [20-2412](#) APPLICATION FOR GRANT FUNDING - CALHOME PROGRAM  
Consider Adoption of Resolution Number 20-3969 Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding under the CalHome Program.

**Attachments:** [Resolution](#)  
[CalHome 2019 General NOFA](#)  
[CalHome Final Guidelines](#)  
[Amended CalHome General NOFA](#)

- B. [20-2428](#) AUTHORIZATION TO JOIN NAPA SUBREGION HOUSING ALLOCATION COMMITTEE (NSHAC)  
Consider Adoption of Resolution Number 20-3970 Authorizing the Town of Yountville to become a member of the Napa Subregion Housing Allocation Committee (NSHAC) to administer the Regional Housing Needs Allocation (RHNA) process for the Napa Subregion 2022-2030 Housing Element Update and selecting two members of the Town Council to serve on the NSHAC.

**Attachments:** [Resolution](#)  
[RHNA Subregion Fact Sheet](#)

- C. [20-2436](#) YOUNTVILLE ELEMENTARY SCHOOL COMMEMORATIVE ART AD HOC COMMITTEE  
Consider Appointment of Two Town Council Members to the Yountville Elementary School Commemorative Art Installation Ad-Hoc Committee.

- D. [20-2434](#) PROPOSED CANNABIS ORDINANCE DISCUSSION  
Discussion and possible direction regarding Draft Cannabis Ordinance and Potential Retail Cannabis Overlay Zones.

**Attachments:** [Ordinance](#)  
[Resolution](#)  
[Potential Retail Cannabis Overlay Zones](#)

**10. STAFF INFORMATIONAL REPORTS**

**11. COUNCIL MEETING REPORTS, COMMENTS AND AGENDA ITEM REQUESTS**

- A. Napa Valley Transportation Authority (NVTA) (Dunbar, Dorman, Mohler, Durham)
- B. Cannabis Standing Committee (Dunbar/Dorman)
- C. Parking Ad Hoc Committee (Mohler/Durham)
- D. Emergency Preparedness Ad Hoc Committee (Dorman/Dorenbecher)
- E. League of California Cities Update (Dunbar/Mohler/Dorenbecher)
- F. Reports and Announcements

**12. ADJOURNMENT**

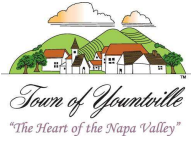
Adjourn to the Town Council Regular Meeting Tuesday, February 4, 2020 at 6:00 p.m. being held in Town Council Chambers located at 6550 Yount Street, Yountville.

I certify that a copy of this Town Council Agenda was posted at a location freely-accessible to the public at Yountville Town Hall, 6550 Yount Street within the Town of Yountville, the Friday before the meeting.

/s/ Eddy Gomez

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Eddy Gomez, Management Fellow



## Staff Report

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**File #:** 20-2429, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Celia King, Finance Director; Steven Rogers, Town Manager

### **TITLE**

Receive and file Monthly Financial Report for December 2019.

### **DISCUSSION/BACKGROUND**

The monthly financial reports are presented to provide a summary overview of revenues and expenses of the Town's major funds: General Fund, Capital Projects Fund, Water and Wastewater Enterprise Funds. This is a preliminary report, as the fiscal year will not be completely finalized until after the annual audit.

### **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

### **FISCAL IMPACT**

Is there a Fiscal Impact? N/A

Is it Currently Budgeted? N/A

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? N/A

Is there a Staff Resource Impact? N/A

### **STRATEGIC PLAN GOAL**

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **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. Monthly budget and actual revenue and expense reports provide timely information and financial transparency. Timely financial information can help control costs by guiding policy and spending decisions.

### **ALTERNATIVES**

N/A

**RECOMMENDATION**

Receive and file report.

**TOWN OF YOUNTVILLE**  
**MONTHLY FINANCIAL REPORT**  
**December 31, 2019**

**General Fund Revenues**

The following is a summary of General Fund revenue by major category as of December 31, 2019.  
 December is 50.0% of the Fiscal Year:

<b>Revenues:</b>	<b>Budget*</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Property Taxes	1,593,500	1,109,056	(484,444)	69.6%
Sales Taxes	1,377,000	699,045	(677,955)	50.8%
Other Taxes	181,000	24,664	(156,336)	13.6%
Transient Occupancy Tax	7,000,000	3,471,082	(3,528,918)	49.6%
Investment Earnings	85,000	13,116	(71,884)	15.4%
Licenses & Permits	70,250	64,466	(5,784)	91.8%
Fines & Forfeitures	3,500	11,892	8,392	339.8%
Rents & Concessions	267,500	127,707	(139,793)	47.7%
Intergovernmental	124,700	103,011	(21,689)	82.6%
Parks & Recreation Fees	305,500	195,086	(110,414)	63.9%
Charges for Services	150,300	81,404	(68,896)	54.2%
Impact Fees	-	-	-	0.0%
Miscellaneous	105,420	52,672	(52,748)	50.0%
Transfers & Other Sources	11,667	5,561	(6,106)	47.7%
<b>Total</b>	<b>11,275,337</b>	<b>5,958,761</b>	<b>(5,316,576)</b>	<b>52.8%</b>

<b>Transfers:</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Tourist Business Imp. Dist.	11,667	5,561	(6,106)	47.7%

TOT is due one month after the collection period and received 45 days after the collection period,  
 Sales tax receipts lag 2 ½ - 3 months behind the actual collection period. Property taxes are  
 generally not received until December, after the first installment has been collected by  
 Napa County.

**TOWN OF YOUNTVILLE**  
**MONTHLY FINANCIAL REPORT**  
**December 31, 2019**

**General Fund Expenditures**

The following is a summary of General Fund Expenditures by major category as of December 31, 2019:

Expenditures		Budget*	Actual	Variance	% of Budget
Town Council/Mayor	1001	148,277	54,942	(93,335)	37.1%
Non-Departmental	1010	165,820	38,535	(127,285)	23.2%
Town Manager	1101	527,293	293,546	(233,747)	55.7%
Information Technology	1011	-	(0)	-	0.0% Note 2
Community Promotion	1015	426,137	151,223	(274,914)	35.5%
Finance	1102	606,427	306,518	(299,909)	50.5%
Risk Management	1103	77,800	27,508	(50,292)	35.4% Note 1
Town Attorney	1105	196,500	50,580	(145,920)	25.7%
Town Clerk	1110	557,866	182,495	(375,371)	32.7%
Housing Opportunity Prog.	1500	-	-	-	0.0%
Planning & Building	2115	1,268,858	552,285	(716,572)	43.5%
Law Enforcement Services	3200	1,029,046	514,652	(514,394)	50.0%
Fire & Emergency Services	3201	630,590	-	(630,590)	0.0%
PW Admin. & Engineering	4301	735,346	326,993	(408,353)	44.5%
PW Street Maintenance	4305	401,878	176,930	(224,948)	44.0%
PW Park Maintenance	4320	581,696	319,111	(262,585)	54.9%
PW Government Bldgs.	4325	454,763	235,792	(218,971)	51.8%
Parks & Rec Admin & Services	5405	583,605	306,171	(277,434)	52.5%
Parks & Rec Camp Programs	5406	128,251	67,159	(61,092)	52.4%
Parks & Rec Pool & Aquatics	5407	-	-	-	0.0%
Community Center	5408	413,447	210,422	(203,025)	50.9%
Parks & Rec After School Prog.	5409	174,807	77,865	(96,942)	44.5%
Parks & Rec Leisure Prog.	5410	265,763	151,139	(114,624)	56.9%
Parks & Rec Sports Prog.	5412	55,789	32,840	(22,949)	58.9%
Parks & Rec Community Events	5413	177,403	112,628	(64,775)	63.5%
Yountville Arts	5415	49,719	12,386	(37,333)	24.9%
<b>Total Expenditures</b>		<b>9,657,081</b>	<b>4,201,721</b>	<b>(5,455,360)</b>	<b>43.5%</b>
<b>Transfers Out:</b>					
OPEB-Employee Retiree Ben.		139,000	139,000	-	100.0%
PERS UAL		350,000	350,000	-	100.0%
Emergency Reserve Fund		-	-	-	0.0%
Revenue Stabilization Fund		-	-	-	0.0%
Capital Projects Fund		100,000	100,000	-	100.0%
Facility Replacement Fund		225,000	225,000	-	100.0%
Fleet/Equip Replacement Fund		100,000	100,000	-	100.0%
Housing Opportunity Fund		-	-	-	0.0%
T.O.Y. Community Foundation		-	5,586	(5,586)	0.0%
Water Subsidy		5,000	-	5,000	0.0%
Wastewater Subsidy		5,000	-	5,000	0.0%
2013 Lease Rev. Debt Service		281,085	281,085	-	100.0%
2017 Lease Rev. Debt Service		546,769	546,769	-	100.0%
<b>Total Transfers Out:</b>		<b>1,751,854</b>	<b>1,747,440</b>	<b>4,414</b>	<b>99.7%</b>

Note 1: Allocations of liability, property damage and Workers Comp insurance will be allocated to departments by end of fiscal year.

Note 2: Allocations of information technology are made to each department so no expenses are shown for program



**TOWN OF YOUNTVILLE**  
**MONTHLY FINANCIAL REPORT**  
**December 31, 2019**

**CAPITAL PROJECTS**

Expenditures		Budget *	Actual	Variance	% of Budget
Stationary Emerg Gen CHC	CF-0015	157,841	124,084	(33,757)	78.6%
Community Center/Hall Parking Lot	CF-0023	15,000	-	(15,000)	0.0%
Geographic Info. System	CP-0007	50,000	1,487	(48,513)	3.0%
Finnell Path Maintenance/Repair	CP-0014	150,000	194	(149,806)	0.1%
Community Wifi/Hotspot	CP-0015	75,000	-	(75,000)	0.0%
Emergency Warning System	CP-0019	35,000	-	(35,000)	0.0%
ADA Acces. Improv. Prog.	CP-2020	100,000	12,754	(87,246)	12.8%
Town-wide Drainage Imp. Prog.	DF-2020	16,538	4,250	(12,288)	25.7%
Annual St Maint/Paving Program	GT-3019	8,181	775	(7,406)	9.5%
Annual St Maint/Paving Program	GT-3020	94,000	33,394	(60,606)	35.5%
Measure S Housing Feasibility Study	MS-3020	100,000	-	(100,000)	0.0%
Annual St Maint/Paving Program	MT-3020	550,000	157,422	(392,578)	28.6%
Pedestrian Path-Oak Cir to Mission	PK-0003	550,000	58,983	(491,017)	10.7%
Yountville Bike Path Resurface	PK-0020	35,000	16,560	(18,440)	47.3%
New 3/4 Ton Utility Truck	PK-0022	50,000	-	(50,000)	0.0%
Rem & Repl Pour In Place Play Surface	PK-0023	10,000	-	(10,000)	0.0%
Park Major Equip Rep & Repl	PK-3020	10,000	-	(10,000)	0.0%
Annual St Maint/Paving Program	SB-6020	40,000	39,640	(360)	99.1%
Surveys & Monuments	ST-0004	15,000	7,143	(7,858)	47.6%
Traffic Calming Program	ST-4020	15,000	-	(15,000)	0.0%
Street Light Replacement	ST-5020	40,000	2,031	(37,969)	5.1%
Total		2,116,560	458,715	(1,657,845)	21.7%

Expenditures - Water & Wastewater		Budget *	Actual	Variance	% of Budget
Regulator Pit Relocation Project	WA-0007	160,765	141,493	(19,273)	88.0%
Washington Prk Mainline Pipe Asmt	WA-0013	13,437	-	(13,437)	0.0%
Water Meter Repl Program	WA-2020	26,250	-	(26,250)	0.0%
Main & Service Lateral Repl	WA-3020	150,000	67,144	(82,856)	44.8%
Hydrant & Main Flushing	WA-4020	25,000	-	(25,000)	0.0%
Joint Treatment Plant Office	WW-0011	100,000	39,527	(60,473)	39.5%
Video and Repair Outfall Line at JTP	WW-0015	100,000	-	(100,000)	0.0%
Epoxy Scum Wall	WW-0022	30,000	-	(30,000)	0.0%
Replacement Pump Station Pump	WW-0026	39,000	37,704	(1,296)	96.7%
Inflow & Infiltration Reduction Prog	WW-2019	74,819	-	(74,819)	0.0%
Inflow & Infiltration Reduction Prog	WW-2020	78,560	-	(78,560)	0.0%
Sewer Main Replacement	WW-3019	72,572	72,572	-	100.0%
Sewer Main Replacement	WW-3020	76,200	-	(76,200)	0.0%
Plant Equipment Repl Program	WW-4020	70,354	-	(70,354)	0.0%
Pump Station Equipment Replcmt	WW-5020	11,576	-	(11,576)	0.0%
Total		1,028,533	433,258	(595,275)	42.1%

\* Budget includes amounts for prior year purchase order rollover

**TOWN OF YOUNTVILLE**  
**MONTHLY FINANCIAL REPORT**  
**December 31, 2019**

<b>WATER CAPITAL IMPROVEMENT FUND (60)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Revenues - System Replacement Fees	100,000	53,670	(46,330)	53.7%
Impact Fees	-	-	-	0.0%
Interest Income	10,000	3,178	(6,822)	31.8%
Transfers from Wtr Operating Fund (61)	400,000	400,000	-	100.0%
<b>Total Revenues</b>	<b>510,000</b>	<b>456,848</b>	<b>(53,152)</b>	<b>89.6%</b>
Capital Improvement (D 4500)	448,052	267,772	(180,280)	59.8%
Transfer to Wtr Cap Improv	-	-	-	0.0%
<b>Total Expenses</b>	<b>448,052</b>	<b>267,772</b>	<b>(180,280)</b>	<b>59.8%</b>
<b>Net Operating Income/(Loss)</b>	<b>61,948</b>	<b>189,076</b>	<b>127,128</b>	
<b>WATER OPERATING ENTERPRISE FUND (61)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Revenues - Utilities	1,486,067	762,157	(723,910)	51.3%
Interest Income	4,800	439	(4,361)	9.1%
Transfer-Water Subsidy (01)	5,000	-	(5,000)	0.0%
<b>Total Revenues</b>	<b>1,495,867</b>	<b>762,596</b>	<b>(733,271)</b>	<b>51.0%</b>
O & M Expenses (D 4505)	585,301	242,140	(343,161)	41.4%
Water Purchases (D 4507)	982,486	679,686	(302,800)	69.2%
Transfer to Wtr Cap Improv (60-4500)	200,000	200,000	-	100.0%
<b>Total Expenses</b>	<b>1,767,787</b>	<b>1,121,826</b>	<b>(645,961)</b>	<b>63.5%</b>
<b>Net Operating Income/(Loss)</b>	<b>(271,920)</b>	<b>(359,231)</b>	<b>(87,310)</b>	

<b>WASTEWATER OPERATING ENTERPRISE FUND (62)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Revenues - Utilities	1,970,680	1,304,877	(665,803)	66.2%
Interest Income	10,000	7,294	(2,706)	72.9%
Transfer-Wastewater Subsidy (01)	5,000	-	(5,000)	
Total Revenues	1,985,680	1,312,171	(673,509)	66.1%
			-	
WW Collection (D 4510)	381,251	184,046	(197,206)	48.3%
WW Treatment (D4515)	1,273,102	604,994	(668,108)	47.5%
Transfer to JTP Capital (63)	1,550,000	1,550,000	-	100.0%
Total Expenses	3,204,354	2,339,040	(865,313)	73.0%
Net Operating Income/(Loss)	(1,218,674)	(1,026,869)	191,804	
<b>JOINT TREATMENT CAPITAL FUND (63)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Revenues System Replacement Fees	155,000	79,830	(75,170)	51.5%
Revenues Capital Recovery Vets	150,177	50,000	(100,177)	33.3%
Interest Income	27,000	12,509	(14,491)	46.3%
Transfer from Capital (Town)(62)	1,000,000	1,000,000	-	100.0%
Total Revenues	1,332,177	1,142,339	(189,838)	85.7%
WW Joint Treatment Plant (D 4518)	1,803,124	1,489,911	(313,213)	82.6%
Transfer to WW Cap Improv (64-4519)	-	-	-	0.0%
Total Expenses	1,803,124	1,489,911	(313,213)	82.6%
Net Operating Income/(Loss)	(470,947)	(347,572)	123,375	
<b>WASTEWATER UTILITY CAPITAL FUND (64)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% of Budget</b>
Transfer frm Joint Treatment Cap Fund (63)	550,000	550,000	-	100.0%
Impact Fees	-	-	-	0.0%
Interest Income	1,000	1,944	944	194.4%
Total Revenues	551,000	551,944	944	100.2%
			-	
WW Capital Improvement (D 4519)	438,081	254,335	(183,746)	58.1%
Transfer to Debt Service (53)	28,428	28,428	-	100.0%
Total Expenses	466,509	282,763	(183,746)	60.6%
Net Operating Income/(Loss)	84,491	269,181	184,690	



## Staff Report

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**File #:** 19-2316, **Version:** 1

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### Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Celia King, Finance Director, Steven Rogers, Town Manager

#### TITLE

Adopt Resolution Number 20-3966 Approving Professional Services Agreement With Chavan & Associates, LLP to Provide Professional Auditing Services for Fiscal Years Ending June 30, 2020 to 2022, (With the Option of Extending the Contract for Two Subsequent Fiscal Years 2023, and 2024) for a Total Contract Amount of \$132,500.

#### DISCUSSION/BACKGROUND

The Town issues audited financial statements within six months after the end of each fiscal year as part of the Comprehensive Annual Financial Report (CAFR). The CAFR is issued to fully disclose the Town's financial information in a timely and transparent manner and to maintain compliance with state and federal regulations and bond covenants. The Town entered into a contract with our current auditors, Badawi & Associates, after going through the RFP process in 2015. While this has proven to be an agreeable partnership, it is industry standard to issue and RFP for auditing services every five years.

The Finance Manager prepared and issued a request for proposal (RFP) for professional audit services on October 25, 2019. The proposal was mailed and/or emailed to 28 audit firms using a CSMFO list of qualified government auditors in northern California. A copy of the RFP is included with this staff report as an attachment.

The Town received five (5) audit proposals by the November 25, 2019 due date. Staff conducted a comprehensive review of the proposals and ranked them based on criteria set forth in the RFP. The top three firms were invited to participate in an interview in mid-December. The interviews were conducted by the Town Manager, Finance Manager and the Financial Consultant. Each firm had an opportunity to introduce themselves, present their approach to the Town's audit and answer staff questions.

Upon completion of the interview process, staff determined that the firm of Chavan & Associates, LLP best matched the current needs of the Town. We were impressed with the quality of their proposal and the presentation made by the firm, the quality of the staff and their commitment to complete the audit to the highest professional standards. Staff contacted several references before finalizing our decision.

The annual cost of the audit for each fiscal year with Chavan & Associates, LLP is within the signature authority of the Town Manager. Per the Cost Proposal submitted by Chavan & Associates, LLP the audit cost will be twenty five thousand five hundred (\$25,500) for fiscal year 2020, twenty six thousand (\$26,000) for fiscal year 2021, twenty six thousand five hundred (\$26,500) for fiscal year 2022, twenty seven thousand

(\$27,000) for optional fiscal year 2023, and twenty seven thousand five hundred (\$27,500) for optional fiscal year 2024. The total contract amount is \$132,500 for all five years. Expenses for auditing services are split between the General Fund Finance Department 01-1102 (50%), the Water Utility Operations & Distribution Department 61-4505 (25%) the Wastewater Utility Collections System Department 62-4510 (12.5%) and the Wastewater Utility Treatment Operations Department 62-4515 (12.5%).

After the agreement with Chavan & Associates, LLP has been executed, staff will begin the planning process for audit work to be completed for fiscal year ending June 30, 2020.

### **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

### **FISCAL IMPACT**

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? General Fund - Finance Department; Water Operating Fund; Wastewater Operating Fund

Is it Mandatory or Discretionary? Mandatory

Is there a Staff Resource Impact? Yes

### **STRATEGIC PLAN GOAL**

Is item Identified in Strategic Plan? Indirectly

If yes, Identify Strategic Goal and Objective. **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. Following industry standard by conducting request for proposal for audit services at least every five years demonstrates responsible fiscal policy.

### **ALTERNATIVES**

N/A

### **RECOMMENDATION**

Adopt Resolution Number 20-3966 Approving Professional Services Agreement With Chavan & Associates, LLP to Provide Professional Auditing Services for Fiscal Years Ending June 30, 2020 to 2022, (With the Option of Extending the Contract for Two Subsequent Fiscal Years 2023, and 2024) for a Total Contract Amount of \$132,500.

# Town of Yountville

## Resolution Number 20-3966

**Approving Professional Services Agreement with Chavan & Associates, LLP to Provide Professional Auditing Services for Fiscal Years Ending June 30, 2020 to 2022 (With the Option of Extending the Contract for Two Subsequent Fiscal Years, 2023 and 2024) for a Total Contract Amount of \$132,500.**

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### Recitals

- A. Whereas, the Town is required to have an annual audit of its financial statements and to submit a copy of the resulting Comprehensive Annual Financial Report to various agencies.
- B. Whereas, the Town's most recent Professional Services Agreement with Badawi & Associates, was for auditing services for the fiscal years ending June 30, 2015 through 2019.
- C. Whereas, industry standard is to issue a Request for Proposal (RFP) for auditing services every five years. The Town issued an RFP in October 2019, and received five proposals from auditing firms in November 2019.
- D. Whereas, after evaluating each proposal received and then interviewing the top three firms, Chavan & Associates LLP was selected as the best firm to meet the current needs of the Town.
- E. Whereas, the annual cost of the audit for each fiscal year with Chavan & Associates, LLP is within the Town Manager's signature authority. The total contract amount is \$132,500 for all five years.

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

- 1. Approves Professional Services Agreement with Chavan & Associates, LLP to provide professional auditing services for fiscal years ending June 30, 2020 to 2022 (with the option of extending the contract for two subsequent fiscal years, 2023 and 2024) for a total contract amount of \$132,500.
- 2. The Town Manager is authorized to execute all contract documents associated with the engagement of auditing services with Chavan & Associates, LLP.
- 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 21st day of January, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

John F. Dunbar, Mayor

ATTEST:

---

Michelle Dahme, CMC, Town Clerk



*Town of Yountville*  
*"The Heart of the Napa Valley"*

TOWN OF YOUNTVILLE

REQUEST FOR PROPOSALS FOR  
PROFESSIONAL AUDITING SERVICES

**Proposal Release Date**  
October 25, 2019

**Proposal Submittal Due Date**  
November 25, 2019

TOWN OF YOUNTVILLE, CALIFORNIA  
REQUEST FOR PROPOSAL FOR AUDIT SERVICES

Table of Contents

**Contents**

<b>PART 1 – AUDIT SPECIFICATIONS.....</b>	<b>4</b>
I. INTRODUCTION.....	4
II. DESCRIPTION OF THE TOWN.....	5
III. SCOPE OF WORK TO BE PERFORMED .....	6
A. Services to be performed by Auditors.....	6
B. Timeline Requirements.....	7
C. Reporting and Communication .....	7
D. Other Considerations .....	8
IV. TOWN RESPONSIBILITIES.....	9
A. Finance Staff .....	9
B. Report Preparation.....	9
V. BASIS FOR COMPENSATION .....	10
VI. ADDITIONAL PROVISIONS.....	10
VII. SPECIAL TERMS AND CONDITIONS .....	11
<b>PART 2 – PROPOSAL REQUIREMENTS AND INFORMATION.....</b>	<b>12</b>
I. PROPOSAL PROCESS AND CALENDAR .....	12
A. Distribution of Proposals .....	12
II. PROPOSAL REQUIREMENTS.....	13
E. Specific Audit Approach .....	14
F. Identification of Anticipated Potential Audit Problems .....	14
G. Total All-Inclusive Maximum Price .....	15
H. Rates by Partner, Supervisor, and Staff Level Times Hours Anticipated for Each.....	15
I. Ownership of Town-Related Documents.....	15
J. Acceptance of Proposal Contents .....	15
K. Acceptance or Rejection and Negotiation of Proposals .....	15
III. EVALUATION PROCESS .....	16



IV. FORMAT AND CONTENT OF PROPOSAL ..... 17

    A. Title Page..... 17

    B. Table of Contents ..... 17

    C. Letter of Transmittal..... 17

    D. Audit Team..... 17

    E. Audit Scope and Provisions..... 18

    F. Cost Data..... 18

    G. Additional Data..... 18

**Appendices**

- A.** Format for Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price
- B.** Format for Schedule of All-Inclusive Maximum Price Report
- C.** Sample Copy of Town’s “Professional Services Agreement”

## PART 1 – AUDIT SPECIFICATIONS

### I. INTRODUCTION

The Town of Yountville (hereinafter referred to as “the Town”) is requesting proposals from qualified firms of certified public accountants (hereinafter referred to as “the Firm”) for a three (3) year contract to prepare and audit its financial statements for the fiscal years ending June 30, 2020, 2021 and 2022. An option to extend the contract for fiscal years ending June 30, 2023 and 2024 may be exercised by the Town through a written amendment. The Firm will be asked to prepare the Town’s Report of Financial Transactions for the State Controller’s Office and the Annual Streets Report, prepare and audit the Town’s financial statements, and complete a Single Audit report if expenditure criteria are met. The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office’s (GAO) *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments* and Governmental Accounting Standards Board (GASB) Pronouncements.

During the evaluation process, the Town reserves the right, where it may serve the Town’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Yountville and the firm selected.

To be considered, two (2) original copies and one (1) electronic copy provided on CD or flash drive must be received at the Town of Yountville, Finance Department, 6550 Yount Street, Yountville, CA 94599, no **later than 5:00 pm November 25, 2019**. Failure to provide the required number of copies in the requested format may render your proposal as non-compliant. It is anticipated that the selected firm will be notified no later than the week of January 6, 2020. A copy of this request for proposal and the Town’s most recent audited financial statements can be found on the Town’s website: [www.townofyountville.com](http://www.townofyountville.com).

All inquiries relating to this Request for Proposal should be submitted to:

Celia King  
Finance Manager  
Town of Yountville  
6550 Yount Street  
Yountville, CA 94599  
707.944.8851  
[cking@yville.com](mailto:cking@yville.com)

## **II. DESCRIPTION OF THE TOWN**

The Town of Yountville is located in the heart of Napa Valley surrounded by the region's beautiful vineyards and mountains. The Town of Yountville was incorporated in 1965 and currently has a population of approximately 3,000 and serves as a destination to thousands of visitors during the year. The Town operates under the Council/Town Manager form of government and is governed by an elected mayor and four council members. The Town Council serves as the policymaking body and legislative authority and the Town Manager is responsible for daily operations of the Town, including compliance with ordinances and regulations and personnel management.

The Town provides a full range of services with a combination of 32 permanent full time employees, seasonal and part time employees, and contracts for services including public safety, building inspection and town attorney. The Town operates a water enterprise and a wastewater enterprise, which includes both a collection system and treatment plant.

The Town's fiscal year is July 1 through June 30. The Town's financial statements include three blended component units: Yountville Finance Authority, Yountville Housing Authority and Yountville Parking Authority. The Town records financial transactions for the Town of Yountville Community Foundation (Fund 85) which is a separate non-profit entity that is included in the financial statements as a blended component unit. The Town's fund structure currently includes: General Fund (1), Special Revenue Funds (16), Capital Projects Fund (3), Proprietary Funds - Enterprise (2), Agency Fund (1), Trust Fund (2), Reserve Funds (2).

The Town's adopted budget for FY 2019/20 is \$19 million, including capital. The General Fund budget is \$9.3 million, not including transfers.

The Town's financial statements are prepared in compliance with GASB and in conformance with requirements of the GFOA Certificate of Achievement for Excellence in Financial Reporting. The financial audit has been completed by Badawi & Associates, CPA's for the past 5 years, and the Town has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 9 consecutive years. The Town uses Springbrook financial software for general ledger, cash receipts, accounts receivable, utility billing, accounts payable, payroll, purchasing, project management and budgeting.

### **III. SCOPE OF WORK TO BE PERFORMED**

#### **A. Services to be performed by Auditors**

1. In general, the auditors will perform a financial and compliance audit to determine (a) whether the combined financial statements of the Town fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, and (b) whether the Town has complied with laws and regulations that may have a material effect upon the financial statements.
2. The auditors will examine the Town's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the Finance Director. The examination shall be made and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the Finance Director any reportable conditions found during the audit that can be defined as either a significant or material weakness in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.
3. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Finance Director and Town Manager.
4. Auditors shall include all funds of the Town and any component unit(s).
5. Under the requirements of the Federal Government's program covering a single audit for all federal grant funds, auditors shall conduct an audit in accordance with the Single Audit Act, OMB Circular A-133 and related government auditing standards.
6. Auditors shall submit a management letter setting forth their findings and/or recommendations on those matters noted and observed during the conduct of the examination of the financial records and developed within the scope usually associated with such an examination relating to, but not limited to, a) improvement in systems of internal control, b) improvement in accounting system, c) apparent noncompliance with laws, rules, and regulations, and d) any other material matter coming to the attention of the firm during the conduct of the examination.
7. Auditors shall prepare for the Town and required component units the Annual Streets Report and the Annual Financial Transactions Report to the State Controller's Office and file the reports electronically with the State Controller's Office before the due date each fiscal year.

## **B. Timeline Requirements**

1. Auditors shall schedule field work and agreed upon deadlines with the Finance Director for the Fiscal Year 2019/20 audit, and each audit year thereafter.
2. The Town's books shall be closed and ready for audit by the mutually agreed upon start date for final field work.
3. Field work shall be completed no later than October 31 and draft financial statements, presented according to the timetable listed under "Specific Deliverables to the Town of Yountville" shall be prepared and delivered to the Finance Director.
4. The entrance conference, progress reporting, and exit conference should be held within the time frames indicated on the schedule shown below:

a.	Entrance Conference with Finance Director and key Finance Department staff to discuss work to be performed, establish overall liaison for audit and arrangements for work space and other needs of the auditor	Prior to start of audit field work
b.	Progress conference with Finance Director and key Finance staff to discuss the year-end work to be performed	Midway through audit fieldwork
c.	Exit Conference with Finance Director and key Finance staff to summarize the results of the field work and to review significant findings	At the conclusion of the year-end audit field work

## **C. Reporting and Communication**

1. The auditors will meet continuously during the on-site field work process with the Finance Director to discuss issues, concerns, preliminary audit findings and management recommendations.
2. Prior to issuing their final reports, the auditors will meet with the Finance Director with all draft audit reports to be addressed to the Town Council.
3. The auditors may be consulted occasionally throughout the year as an information resource. Auditors may be asked to provide guidance on implementation of Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect

local government accounting. In addition, the auditors may be asked to assist with the implementation of new pronouncements (e.g. GASB 84).

#### **D. Other Considerations**

1. All working papers, reports, and records relating to the work performed under the Professional Services Agreement must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Town of Yountville of the need to extend the retention period.
2. The auditors will be required to make working papers available upon request to the appropriate parties. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow review of working papers relating to matters of continuing accounting significance.
3. Throughout the year, the auditor will provide financial advice and counsel on matters occurring that may affect the audit process or impact the financial statements.
4. The audit partner/manager will be required to attend a Town Council meeting to present the audited financial statements and answer any questions the Council may have regarding the audit report or accounting requirements.
5. The auditing firm will inform the Finance Director if they offer any other value added services such as trainings, news updates, or workshops.

#### **E. Specific Deliverables to the Town of Yountville**

<b>Reports</b>	<b>Due Date</b>	<b>Quantity</b>
Annual Streets Report and Town (City) Financial Transactions Report to the State Controller	No later than October 1 and 15 <i>(or deadline established by SCO)</i>	1 Electronic 1 Hard Copy
Draft of Town's Financial Statements and Notes	No later than November 15	1 Electronic
Final Town's Financial Statements, Notes, and Auditor's Reports	No later than December 1	1 Electronic
Single Audit Report	No later than December 15	1 Electronic
Appropriations Limit (GANN)	No later than December 15	1 Electronic
Management Report	No later than December 15	1 Electronic

Communication with those charge with Governance (SAS 114 Letter)	No later than December 15	1 Electronic
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## **IV. TOWN RESPONSIBILITIES**

### **A. Finance Staff**

1. Finance staff will be responsible for closing the books and will provide trial balances, budget and actual revenue and expense reports, project expense reports, and detail transaction reports as needed from the financial system for each fiscal year.
2. Finance staff will produce the confirmation letters based on a comprehensive list prepared by the auditor. The letters will be mailed by the auditors.
3. Finance staff will produce the transmittal letter, MD&A and statistical section of the CAFR.
4. Finance staff will produce the confirmation letters based on a list prepared by the auditor. The auditor will mail the letters.
5. Finance staff will be available to assist the auditors in locating records or preparing audit schedules. All requests from the auditors will be directed to the Finance Director.
6. Finance staff will provide the auditors with reasonable workspace to include desks and chairs as well as access to internet and photocopying and fax machines.

### **B. Report Preparation**

1. The auditors will prepare the draft and final versions of the financial statements, including notes and supplemental schedules, for the Town.
2. Final preparation and printing of the Town's Comprehensive Annual Financial Report will be completed by Town staff.
3. Preparation, editing, and printing of all other reports as indicated in Part I, Section III (E) Specific Deliverables to the Town of Yountville, will be the responsibility of the auditors.

## **V. BASIS FOR COMPENSATION**

- A. The Town will pay the auditors for the services described in Part I, Section III (Scope of Work to be Performed) that do not exceed the amount contained within an executed Professional Services Agreement between the Town and the Audit Firm. For additional services required after the inception of the Agreement, written approval by the Town shall be required in advance of such services being rendered. The fee for such services shall be paid based on the auditor's quoted hourly rates.
- B. The Town shall receive all final opinions and reports for the Town of Yountville financial statements no later than the December 1st of each year as outlined in Section III (E) "Specific Deliverables to the Town of Yountville" barring any unforeseen Town delays. If delay of deliverables is a result of the audit firm, a 1% reduction in fees for every day beyond the applicable deadline shall be taken. Final reports for federal and state programs shall be completed in time to meet required submission dates.

## **VI. ADDITIONAL PROVISIONS**

- A. Upon notice of intent to award contract, the successful contractor shall enter into a Professional Services Agreement with the Town of Yountville.
- B. No officer, agent, or employee of the Town and no member of its governing bodies shall have any financial interest, direct or indirect, in this agreement or the proceeds thereof. No officer, agent, or employee of the auditors shall serve on a Town committee or hold any such position which is incompatible with such person's duties or obligations or other relationship to this agreement.
- C. Time is of the essence in each and all provisions of the Agreement.
- D. Pursuant to the Single Audit Act of 1984, as amended in 1996, any state or federal agency shall have access to the auditor's work papers for purposes of review. All working papers, reports, and records relating to performance under the Agreement must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Town of Yountville of the need to extend the retention period. The auditors shall make their working papers available to successor auditors. The auditor will also be required to make working papers available, upon request, to the following parties or their designees:
  - a. Town of Yountville management
  - b. Department of Housing and Urban Development
  - c. U.S. General Accounting Office (GAO)
  - d. Parties designated by the federal or state governments or by the Town of Yountville as part of an audit quality review process.



- e. Auditor of entities of which the Town of Yountville is a sub-recipient of grant funds.

## **VII. SPECIAL TERMS AND CONDITIONS**

- A. Invoices received from the audit firm will be approved by the Finance Director and processed within thirty (30) days from receipt.
- B. The Town is not liable for any pre-contractual expenses incurred by any bidder. In addition, no bidder shall include any such expenses as part of the price proposed to conduct the work.
- C. The Town reserves the right to withdraw the RFP at any time without prior notice. Further, the Town makes no representations that any agreement will be awarded to any bidder responding to this RFP. The Town expressly reserves the right to postpone action regarding this RFP for its own convenience and to reject any and all proposals in response to this RFP without indicating reasons for such rejection.
- D. The Town is not responsible for oral statements made by any of its employees or agents concerning this RFP. If the bidder requires specific information, the bidder must make the request in writing as instructed in the RFP.
- E. All responses to the RFP shall become the property of the Town and a matter of public record. Responders must identify all copyrighted material, trade secrets or other proprietary information that the responder claims are exempt from disclosure by the California Public Records Act. In the event a responder claims such exemption, the responder must state in the response that: "The responder will indemnify the Town and hold it harmless from any claim or liability and defend any action brought against the Town for its refusal to disclose copyrighted material, trade secrets, or other proprietary information to any person making a request thereof." Failure to include such a statement shall constitute waiver of the responder's right to exemption from disclosure and authority for the Town to provide a copy of the proposal or any part thereof to the requestor.
- F. The individual(s) preparing and submitting the proposal must state they possess the authority to bind the Firm to the terms of the RFP.
- G. All questions regarding this RFP should be made in writing and emailed to: [cking@yville.com](mailto:cking@yville.com).

## **PART 2 – PROPOSAL REQUIREMENTS AND INFORMATION**

### **I. PROPOSAL PROCESS AND CALENDAR**

#### **A. Distribution of Proposals**

Request for Proposals shall be available on the Finance Department tab of the Town of Yountville website: [www.townofyountville.com](http://www.townofyountville.com) on October 25, 2019.

#### **B. Proposal Submission**

Proposals for the Town of Yountville audit must be received **no later than 5:00 pm November 25, 2019**. Proposals submitted via facsimile or by electronic mail will not be accepted. A total of two (2) original and one (1) electronic copy provided on CD or flash drive must be submitted to the following:

Town of Yountville  
Celia King  
Finance Manager  
Town of Yountville  
6550 Yount Street  
Yountville, CA 94599  
[cking@yville.com](mailto:cking@yville.com)

Proposals must be sealed and show the following information on the outside of the package in the lower left corner: audit firm's name, address, and RFP Title. Late or incomplete proposals will not be considered.

#### **C. Proposal Review and Notification**

The Finance Director and a selection panel will review and evaluate each proposal submitted. It is anticipated that the proposal review process will be completed by December 2, 2019. Written notification will be sent only to those firms that were selected for an interview.

#### **D. Interviews**

The Town will schedule interviews with finalists, if applicable, for the week of December 9, 2019. Firms selected for interviews may be requested to prepare a short presentation for the interview committee.

#### **E. Final Selection and Notification**

The Town anticipates sending written notification of status to the finalists by January 6, 2020.

## **II. PROPOSAL REQUIREMENTS**

### **A. Independence**

The audit firm should provide an affirmative statement that it is independent of the Town of Yountville as defined by generally accepted auditing standards. Moreover, the firm must have no conflict of interest with regard to any other work performed for the entity being audited. It is understood that the services performed by the auditors are in the capacity of independent contractors and not as an officer, agent, or employee of the Town of Yountville.

### **B. License to Practice in California**

The audit firm should provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

### **C. Firm Qualifications and Experience**

1. The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the staff to be so employed on a part-time basis. Please indicate whether any members of the audit team assigned to the Town are reviewers in the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program.
2. The audit firm shall submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
3. The audit firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the audit firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
4. For the audit firm's office assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar in organizational type, size and complexity to the engagement described in this request for proposal. These engagements should show experience with local governments preparing a CAFR and be ranked on the basis of total staff hours. Indicate the scope of work, date engagement partners, total hours, and the name and telephone

number of the principal client contact and, if available, a link to the final published audit report.

#### **D. Partner, Supervisory, and Staff Qualifications and Experience**

The audit firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The audit firm should also provide information on the governmental auditing experience, including the scope of audit services requested by the Town, of each person, and information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The audit firm should provide as much information as possible, including resumes, regarding the number, qualifications, experience and training of the specific staff to be assigned to this agreement. The audit firm should also indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Town of Yountville. However, in either case, the Town of Yountville reserves the right to approve or reject replacements. This shall also apply to consultants and firm specialists mentioned in response to this request for proposal.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience and there is continuity of key staff to ensure an efficient audit process.

#### **E. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Part I, Section III of this request for proposal.

#### **F. Identification of Anticipated Potential Audit Problems**

The proposal should identify and describe any anticipated potential audit problems and the adoption of new laws or accounting audit principles that might affect the audit and the firm's approach to addressing these problems and any special assistance that will be requested from the Town of Yountville.

#### **G. Total All-Inclusive Maximum Price**

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

#### **H. Rates by Partner, Supervisor, and Staff Level Times Hours Anticipated for Each**

The proposal should include a schedule of professional fees and expenses, as presented in the format shown in Appendix A, which supports the total all inclusive maximum price in the format shown in Appendix B.

#### **I. Ownership of Town-Related Documents**

All property rights, including publication rights of all reports produced by proposer in connection with services performed under this agreement shall be vested in the Town of Yountville. The proposer selected shall not publish or release any of the results of its examinations without the express written permission of the Town of Yountville Finance Director.

#### **J. Acceptance of Proposal Contents**

After an audit firm is selected by the Town, the contents of the submitted proposal shall become part of the resulting Professional Services Agreement. The successful bidder will be required to execute a standard Professional Services Agreement with the Town, an example of which is attached as Appendix C. Failure of the audit firm to agree to include the proposal as part of the contractual agreement may result in cancellation of the award. The Town reserves the right to reject those parts of the proposal that do not meet with the approval of the Town.

#### **K. Acceptance or Rejection and Negotiation of Proposals**

The Town reserves the right to reject any or all proposals, to waive non-material irregularities or information in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the Town is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. All requests for proposals received by the Town will remain open, valid and subject to acceptance for a period of three months.

### III. EVALUATION PROCESS

**Proposals will be reviewed by the Finance Department based on the considerations listed below. The proposals that best meet the desired criteria will be invited to the Town for an oral presentation in front of a staff committee.** The proposals for the Town's audit will be evaluated by a committee selected by the Finance Director. Proposers may be required to make oral presentations as a supplement to their proposals. These presentations would only be held subsequent to the receipt of the proposals and will be part of the evaluation/interview process to determine qualifications of the audit firm. The Finance Director will schedule a time and location in the Town of Yountville for each oral presentation that it requests. Should a proposer refuse to honor the request for an oral presentation or interview, it may result in the rejection of the proposal by the Town.

Evaluation considerations will include the following:

- A. Responsiveness of the proposal in clearly stating the understanding of the work to be performed and in demonstrating the intention and ability to perform the work.
- B. Experience in conducting audits of cities and towns of similar nature, size, and complexity, and commitment to maintaining technical expertise in the municipal financial environment.
- C. Technical experience and professional qualifications of the audit team. The number of key and supervisory personnel who will directly participate in the audit will be a consideration.
- D. Ability to accept electronic reports and review transactions and documents in electronic format.
- E. Size and structure of the firm's office from which the audit work is to be done and continuity in staff.
- F. Ability of the firm in providing technical support to finance staff as it relates to implementation of new accounting standards and recording and reporting of complex transactions.
- G. Cost. Although a significant factor, cost will not be the primary factor in the selection of an audit firm.
- H. Experience in complying with applicable federal and state regulations relating to non-discrimination and equal employment opportunity.

## **IV. FORMAT AND CONTENT OF PROPOSAL**

### **A. Title Page**

The title page should include the request for proposal subject, the name of the proposer's firm, local address, telephone number, name of contact person, and date.

### **B. Table of Contents**

Include a clear identification of the material by section and by page number.

### **C. Letter of Transmittal**

1. State whether the firm is local, national, or international.
2. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as audit, accounting, or management services.
4. Describe the local office's information technology (IT) audit capabilities, including the number and classifications of personnel skilled in IT auditing who will work on the audit, and describe the local office staff experience and familiarity with local government finance software.
5. Describe the local office's recent auditing experiences of small local government agencies which prepare a CAFR and give the names and telephone numbers of client officials responsible for five of the audits listed. If available, provide a link to the final published audit report.
6. Describe the document publication technology and staff formatting and proofreading expertise.

### **D. Audit Team**

1. Describe the composition of the audit team, including staff from other than the local office, and consultants. Describe the commitment of the firm to providing the same audit team on subsequent audits. Include resumes of each person so identified.
2. Identify the supervisors and consultants who will work on the audit and include resumes of each person so identified.

3. Identify any members of the audit team who are certified CAFR reviewers in the Government Finance Officers' Association (GFOA) Certificate of Excellence in Financial Reporting program.

#### **E. Audit Scope and Provisions**

Describe the scope of the required services to be provided and outline a plan on how such services will be provided. Please include depth of work, staffing, and time estimates. Proposers should list all reports including management letters that are to be issued, the points to be addressed by reports, and the estimated completion dates.

#### **F. Cost Data**

Indicate the total hours and hourly rates by staff classification and the resulting all-inclusive maximum fee (not to exceed total) for which the requested work will be done for each of the specific deliverables identified in this Request for Proposal. Fees must include all anticipated costs including travel, per diem, and out-of-pocket expenses.

#### **G. Additional Data**

Data not specifically requested should not appear in the foregoing sections, but any additional information considered essential to the proposal may be presented at this section.



## APPENDIX A

Schedule of Professional Fees and Expenses to Support the Total All-Including Maximum Price				
	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner		\$	\$	\$
Manager		\$	\$	\$
Supervisory Staff		\$	\$	\$
Other (Specify)		\$	\$	\$
Sub-Total				\$
Out-of-Pocket Expenses				\$
Total				\$

## APPENDIX B

All-Inclusive Maximum Price by Report	Optional Years				
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
State Controller's Reports:					
Town Annual Report of Financial Transactions & Streets Report	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Town Audit/CAFR	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Single Audit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____



## Staff Report

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**File #:** 19-2262, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Celia King, Finance Director; Steven Rogers, Town Manager

### **TITLE**

Adopt Resolution Number 20-3967 Approving the Transfer of Unclaimed Moneys from their Respective Fund (s) to the General Fund.

### **DISCUSSION/BACKGROUND**

All payments made to employees through payroll, and to vendors through the accounts payable system in our financial software, are tracked by the Finance Department. Checks that have not been cashed in a timely manner are considered unclaimed moneys.

The Finance Department recently worked with the Town Attorney to develop a process for handling these unclaimed moneys in a manner that is in compliance with government Code Section 50050. Per the Government Code, moneys that are unclaimed for more than three years must go through a noticing process in an attempt to inform the payee of the need to contact the Town to claim their outstanding payment. After proper noticing has been completed, the Town Council may adopt a resolution stating that money that remains unclaimed can be transferred into the General Fund.

The Town began the noticing process for qualifying unclaimed funds on November 6, 2019. Payees had until December 23, 2019 to submit their claim. This process proved to be successful, in the fact that seven payroll checks and three accounts payable vendor checks were claimed by the payee. The eleven payments that remain unclaimed are shown on the attached list (Exhibit A), and will be transferred into the General Fund unclaimed funds revenue account (01-0000-3806) upon the approval of the resolution. The total amount of unclaimed money more than three years old is \$1,620.34.

An additional part of the new process entails a quarterly review of unclaimed moneys going forward, and outreach to the payee as a good faith effort to assist them in receiving their payment. This has reduced the amount of checks that remain outstanding for long periods of time.

### **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

### **FISCAL IMPACT**

Is there a Fiscal Impact? No

Is it Currently Budgeted? No

Where is it Budgeted? N/A

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. Responsible Fiscal Policy

Briefly Explain Relationship to Strategic Plan Goal and Objective. Developing a process for handling payroll and vendor payments that remain uncashed that is in compliance with state law demonstrates responsible fiscal policy.

### **ALTERNATIVES**

N/A

### **RECOMMENDATION**

Adopt Resolution Number 20-3967 Approving the Transfer of Unclaimed Moneys from their Respective Fund (s) to the General Fund.

**Town of Yountville**  
**Resolution Number 20-3967**

**RESOLUTION OF THE TOWN OF YOUNTVILLE APPROVING THE TRANSFER OF  
UNCLAIMED MONEYS FROM THEIR RESPECTIVE FUND(S) TO THE GENERAL FUND**

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**Recitals**

- A. Whereas, The Town Council of the Town of Yountville approves the transfer of unclaimed money from their respective fund(s) to the Town's General Fund pursuant to California Government Code Section 50053;
- B. Whereas, the list of unclaimed money, attached hereto as Exhibit A and incorporated into this Resolution by this reference, has been outstanding and unclaimed in special funds(s) for more than three years; and
- C. Whereas, publication was made pursuant to Government Code Section 50050 and no claims were received for the unclaimed money in Exhibit A.

**Now, therefore, the Town Council of the Town of Yountville hereby finds as follows:**

- 1. In accordance with California Government Code Section 50053, the unclaimed money in Exhibit A in the amount of \$26.12 shall be transferred from the respective funds(s) to the General Fund, and the total amount of \$1,620.34 shall be moved into the General Fund unclaimed funds revenue account.
- 2. 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 21<sup>st</sup> day of January, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

John F. Dunbar, Mayor

ATTEST:

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Michelle Dahme, CMC  
Town Clerk

**Unclaimed A/P and Payroll Checks More than 3 Years Old as of 12/31/19**

Check Date	Check #	Check Amount	Payee Name	Fund
8/9/2011	24514	16.79	Alejandro Thomasser	General Fund
9/5/2012	24871	314.69	Ashley Small	General Fund
3/5/2014	25271	81.80	Melissa Douma	General Fund
1/12/2011	35872	1.12	Thomas Butler	Water Fund
3/24/2011	36224	55.94	Fidelity National Title Company	General Fund
4/6/2011	36339	25.00	SRC4	Water Fund
11/3/2011	37448	475.00	Napa Local Food Advisory Council	General Fund
8/22/2012	38939	100.00	Tracy Brooks	General Fund
7/24/2013	40662	160.00	Paula & Jerry Belden	General Fund
4/2/2014	42056	290.00	Napa Valley Open Studios	General Fund
6/27/2014	42498	100.00	Aimee Kwon	General Fund
Total		1,620.34		



## Staff Report

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**File #:** 19-2314, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020  
**TO:** Mayor and Town Council  
**FROM:** Daniel Gordon, Sr. Management Analyst

### **TITLE**

Adopt Resolution Number 20-3968 Expressing Support for the Town of Yountville to Participate in the Institute for Local Government's Beacon Program.

### **DISCUSSION/BACKGROUND**

The Beacon Program is a statewide program that provides support and recognition to California cities and counties that are working to reduce greenhouse gas emissions, save energy and adopt policies and programs that promote sustainability.

The Beacon Program provides a framework for local governments to share best practices that create healthier, more efficient vibrant communities. The program honors voluntary efforts by local governments to reduce greenhouse gas emissions, save energy and adopt policies that promote sustainability.

The Beacon Program is sponsored by the Institute for Local Government and the Statewide Energy Efficiency Collaborative. The Statewide Energy Efficiency Collaborative (SEEC) is a new alliance to help cities and counties reduce greenhouse gas emissions and save energy. SEEC is a collaboration between three statewide non-profit organizations and California's four Investor Owned Utilities.

In order to participate in the Beacon Program, cities and counties must complete a simple application and do the following:

- Adopt a resolution by the governing body committing the agency to participate in the program;
- Designate a lead staff person as a point of contact;
- Prepare, or commit to prepare, a baseline greenhouse gas emissions inventory for agency facilities and the community as a whole (previously completed inventories using a commonly accepted methodology will be accepted);
- Prepare, or commit to prepare, a climate action plan that includes actions in each of the Best Practice Areas (previously completed plans using a commonly accepted methodology will be accepted);
- Work to achieve specified measurable greenhouse gas reductions and energy savings in agency facilities, and achieve measurable greenhouse gas reductions and promote energy conservation activities in the community.

The Town of Yountville has already completed a Climate Action Plan and so this element of the application is complete.

The Institute for Local Government provides resources and technical support to assist participants in their journey through the Beacon Program. Through partnerships, the Institute for Local Government is able to help participants obtain and record achievements in five areas of accomplishment:

- Reducing agency greenhouse gas emissions
- Reducing community greenhouse gas emissions
- Electricity savings in agencies facilities
- Natural gas savings in agency facilities
- Sustainability best practices, including:
  - Energy Efficiency & Conservation
  - Water & Wastewater Systems
  - Green Building
  - Waste Reduction & Recycling
  - Climate-Friendly Purchasing
  - Renewable Energy & Low-Carbon Fuels
  - Efficient Transportation
  - Land Use & Community Design
  - Open Space & Offsetting Carbon Emission
  - Promoting Community & Individual Action

Within each area, a participant can earn Beacon Spotlight Awards - silver, gold and platinum - based on level of achievement. To win a full Beacon Award, participants are required to demonstrate achievement in all five areas.

Awards are given out each Fall/Winter in conjunction with the League of California Cities and the California State Association of Counties Conferences. Participants will be asked to provide information about their efforts to reduce greenhouse gas emissions and save energy and as well as progress in completing a greenhouse gas inventory, climate action plan and undertaking activities in the ten best practice areas in the Spring, with a final deadline for award designation in May.

Participation in the Beacon Program will build on the progress the Town has achieved so far in addressing climate change, and will increase the Town's visibility within our region and statewide as a climate leader. Additionally, participating in the program may increase the Town's competitiveness for future state or other grant funding.

## **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

## **FISCAL IMPACT**

Is there a Fiscal Impact? No

Is it Currently Budgeted? No

Where is it Budgeted? N/A

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. Visionary Leadership

Briefly Explain Relationship to Strategic Plan Goal and Objective. By measuring Town Hall's greenhouse gas emissions, the Town will be demonstrate climate leadership by engaging in targeted activities to effectively reduce greenhouse gas emissions.

**ALTERNATIVES**

Adopt resolution and direct staff to proceed with application.

Not to adopt resolution and direct staff to discontinue application.

**RECOMMENDATION**

Adopt Resolution Number 20-3968 Expressing Support for the Town of Yountville to Participate in the Institute for Local Government's Beacon Program.

# Town of Yountville

## Resolution Number 20-3968

### A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YOUNTVILLE, STATE OF CALIFORNIA, EXPRESSING SUPPORT FOR THE TOWN OF YOUNTVILLE TO PARTICIPATE IN THE INSTITUTE FOR LOCAL GOVERNMENT'S BEACON PROGRAM.

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#### Recitals

- A. The Town of Yountville is undertaking policies, programs and activities to reduce greenhouse gas emissions and save energy; and
- B. These policies, programs and activities conserve natural resources, save energy and money, and promote sustainable land use and transportation planning in the community; and
- C. Cities and counties statewide are leading by example by adopting innovative sustainability programs and policies, including working with community residents, business groups and others; and
- D. The Town of Yountville has approved a Climate Action Plan, detailing the methods and goals for the Town to achieve greater environmental sustainability; and
- E. The Town of Yountville wishes to expand these activities, share its experiences with other communities, and be recognized for its accomplishments; and
- F. The Beacon Program is a voluntary program of the Institute for Local Government, the non-profit research and education affiliate of the California State Association of Counties and the League of California Cities; and
- G. The Beacon Program recognizes and celebrates achievements of cities and counties that reduce greenhouse gas emissions and save energy; and
- H. Participating in the Beacon Program is an opportunity for the Town of Yountville to be recognized for its efforts to promote sustainability, reduce greenhouse gas emissions and save energy

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

- 1. The Town of Yountville agrees to participate in the Beacon Program; and
- 2. The Town of Yountville will work towards achieving the Silver, Gold, and/or Platinum Beacon Award Levels.
- 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 21st day of January, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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John F. Dunbar, Mayor

ATTEST:

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Michelle Dahme, CMC  
Town Clerk



# Guidelines for Participation & Recognition



**Local Leadership Toward  
Solving Climate Change**

## **Guidelines for Participation & Recognition**

About the Beacon Program .....	2
Program Contacts.....	2
Program Resources .....	2
Participating in the Beacon Program .....	3
Program Sponsors .....	3
Awards .....	4
Beacon Award .....	4
Award Criteria .....	4
Participant Support & Promotion .....	5
Award Criteria Guidance & Reporting .....	6
Greenhouse Gas Reductions .....	6
Agency Electricity & Natural Gas Savings .....	7
Options for Demonstrating Natural Gas Savings .....	8
Best Practice Activities .....	9
Additional Resources.....	10
Climate Action Plan Alternative.....	13

## About the Beacon Program

The Beacon Program recognizes and celebrates California cities and counties that:

- Reduce greenhouse gas emissions and energy use;
- Adopt policies and programs to address climate change; and
- Promote sustainability.

Beacon is an ongoing achievement recognition program that awards participating agencies for accomplishments as they're working to achieve long term greenhouse gas reductions, energy savings and sustainability goals.

Participating in the Beacon Program provides local agencies and their leaders with positive recognition for voluntary efforts to save energy, conserve resources, promote sustainability and reduce greenhouse gas emissions. It lets them shine a bright light on their accomplishments for their residents, colleagues and others.

Cities and counties will be honored with Silver, Gold and Platinum Beacon Awards for undertaking sustainability activities in ten areas and for achieving measurable energy and greenhouse gas reductions. Participating cities and counties are also recognized with Spotlight Awards as they work to meet all of criteria necessary to win a full Beacon Award.

## Program Contacts

Contact ILG staff if you have any questions about the Beacon Program [beaconaward@ca-ilg.org](mailto:beaconaward@ca-ilg.org).

## Program Resources

- Guidelines for Participation & Recognition: [www.ca-ilg.org/BeaconAward/Guidelines](http://www.ca-ilg.org/BeaconAward/Guidelines)
- Sample Resolution: [www.ca-ilg.org/BeaconAward/SampleResolution](http://www.ca-ilg.org/BeaconAward/SampleResolution)
- Sample Staff Report: [www.ca-ilg.org/BeaconAward/SampleStaffReport](http://www.ca-ilg.org/BeaconAward/SampleStaffReport)
- Cities & Counties Participating in the Beacon Award: [www.ca-ilg.org/BeaconAward/Participants](http://www.ca-ilg.org/BeaconAward/Participants)
- Participant Accomplishments: [www.ca-ilg.org/BeaconAward/ParticipantAccomplishments](http://www.ca-ilg.org/BeaconAward/ParticipantAccomplishments)
- Best Practice Activity Survey: [www.ca-ilg.org/BeaconAward/BestPracticeActivitySurvey](http://www.ca-ilg.org/BeaconAward/BestPracticeActivitySurvey)
- Sustainability Best Practices Framework: [www.ca-ilg.org/SustainabilityBestPractices](http://www.ca-ilg.org/SustainabilityBestPractices)

## Participating in the Beacon Program

It's relatively simple to become a Beacon Program participant. Any city or county in California is eligible to participate. We welcome agencies at every step of the climate action journey to consider applying. There is no deadline to apply; applications are accepted on an ongoing basis. Agencies interested in participating are required to:

1. Submit a simple online application designating a contact person and indicating the status of the agency's greenhouse gas inventory and climate action planning efforts.
2. Adopt a resolution to participate.

A sample resolution and staff report is available on the Institute's website for use. We recognize that many local agencies have yet to complete a greenhouse gas inventory and climate action plan (CAP). Therefore, your agency may participate if an inventory and CAP are planned, in process, or if an acceptable alternative to a CAP, as described in Appendix B, has been implemented or adopted.

## Program Sponsors

The Beacon Award program is sponsored by the Institute for Local Government and the Statewide Energy Efficiency Collaborative. The Statewide Energy Efficiency Collaborative (SEEC) is an alliance to help cities and counties reduce greenhouse gas emissions and save energy. SEEC is a collaboration between three statewide non-profit organizations and California's four Investor Owned Utilities [www.californiaseec.org](http://www.californiaseec.org).

The program is funded by California utility customers and administered by Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison, and Southern California Gas Company under the auspices of the California Public Utilities Commission.



Supporting California local governments

## Awards

The Beacon Program features two types of awards:

- Beacon Award
- Spotlight Award

### Beacon Award

The Beacon Award recognizes an agency's holistic approach to addressing climate change. Participating agencies are required to complete each of following six elements to win a Beacon Award:

1. Agency Greenhouse Gas Reductions
2. Agency Electricity Savings
3. Agency Natural Gas Savings
4. Community Greenhouse Gas Reduction
5. Activities in each of the Institute's ten Sustainability Best Practice Areas

Participating agencies are honored with Silver, Gold and Platinum Beacon Awards for accomplishing all of the criteria specified. Reduction criteria increases with each award level. Silver, gold and platinum award levels require 5, 10 and 20% energy savings and greenhouse gas reductions respectively. Activity information is gathered via surveys and does not require quantifiable measurements.

As cities and counties participating in the Beacon Program work to complete the elements necessary to achieve a Silver, Gold or Platinum Beacon Award, the program recognizes these efforts as Spotlight Awards. Participating agencies are eligible to be recognized for accomplishing individual elements of the full Beacon Award criteria, including:

- Energy savings in agency facilities (electricity and natural gas).
- Greenhouse gas reductions in agency operations and the community.
- Activities in the Institute's ten Sustainability Best Practice Areas.

### Award Criteria

To win a full Beacon Award, participants are required to demonstrate achievement in all five areas.

SPOTLIGHT AWARD Areas of Accomplishment		SILVER LEVEL	GOLD LEVEL	PLATINUM LEVEL
 Agency GHG Reductions		5% Reduction	10% Reduction	20% Reduction
 Community GHG Reductions				
 Agency Energy Savings				
 Natural Gas Savings				
 Sustainability Best Practice Activities		1 in each of 10 categories	3 in each of 10 categories	6 in each of 10 categories



## Participant Support & Promotion

The Institute provides the following support and promotional opportunities to Beacon program participants:

- Recognition associated with League of California Cities, the California State Association of Counties and other events and publications.
- Presence at the ILG booth.
- Sessions at conferences to bring together participants for networking, information sharing and recognition.
- Press releases about participation and awards including distribution assistance to you or your agency Public Information Officer upon request.
- Suggested social media content.
- Cross-promotion using the Institute's social media platforms highlighting your agency's sustainability leadership and accomplishments.
- Presence on the Institute's website including an individual participant profile [www.ca-ilg.org/BeaconAward/Participants](http://www.ca-ilg.org/BeaconAward/Participants) highlighting your agency's efforts.
- Presence on [www.CaliforniaSEEC.org](http://www.CaliforniaSEEC.org).
- Use of program logos.
- "Proud Participant" window decal for use at agency facilities identifying your agency as a proud participant in the Beacon Award program.
- Opportunity to highlight agency elected officials and staff through video interviews [www.ca-ilg.org/BeaconAwardVideos](http://www.ca-ilg.org/BeaconAwardVideos).
  - ILG staff seeks out opportunities to meet with agency elected officials and staff to capture video content for inclusion on your participant profile and other areas of the ILG website.
  - Video content can be used on your agency website.

## Award Criteria Guidance & Reporting

As Beacon is an ongoing recognition program, participants are encouraged to submit data to ILG staff on an ongoing basis.

### Greenhouse Gas Reductions

#### Baseline

Agencies may select their own baseline for measuring initial greenhouse gas emissions so long as the agency has used ICLEI's or another commonly accepted methodology to conduct the inventory. The selected baseline will be used to measure reductions in both the agency and the community. An agency that wants to use a *completed* greenhouse gas inventory that used ICLEI's or another commonly accepted methodology may do so regardless of the base-year used.

For a new greenhouse gas emissions inventory, it is preferred and recommended to use the same base year for your energy savings activities. Many greenhouse gas inventories currently being prepared for local agency operations or the community use 2005 as a base-year, although some use base-years as early as 2003 or as recent as 2009. The difficulties of using a base year earlier than 2003 to prepare a *new* greenhouse gas inventory relate to the availability of accurate data to convert energy usage into greenhouse gas emissions. Even though pre-2003 electricity and natural gas usage information may be available, the ability to convert that information into tons of greenhouse gas emissions is not feasible. This is because prior to 2003 the accuracy of the emissions factors needed to translate energy use into tons of greenhouse gas emissions declines.

#### Methodology

Several commonly accepted methodologies are available to prepare a greenhouse gas inventory. Previously completed inventories that used an earlier ICLEI, Climate Registry or other commonly accepted methodology will be accepted as well.

"Commonly accepted methodology" includes the following:

- ICLEI's methodology ([www.icleiusa.org](http://www.icleiusa.org)).
- The Local Government Operations Protocol for Greenhouse Gas Assessments and the U.S. Community Protocol for Accounting and Reporting of Greenhouse Gas Emissions.
- Other greenhouse gas inventory accounting methodologies, such as those done by consultants, will be accepted on a case-by-case basis.

#### Reporting Progress

Greenhouse gas reductions are demonstrated through the completion of an updated GHG inventory (also known as a re-inventory). If your agency has completed a GHG re-inventory, please send results to ILG staff for review in order to receive recognition for your agency's efforts.

## Agency Electricity & Natural Gas Savings

Energy savings are the result of energy efficiency retrofits undertaken as a part of the following:

- Investor-owned or municipal utility energy efficiency programs;
- Programs funded by the California Energy Commission (CEC); or
- Efforts funded by the local agency or other sources.

## Baseline

Agencies may select a baseline no earlier than 2004 from which to measure energy savings.

## Accessing Energy Savings Data from Utilities

While each has a different process, the investor-owned utilities are eager to provide you with the data necessary to achieve recognition through the Beacon program. To receive recognition for energy savings, access energy savings data as specified below and send reports to ILG staff. See natural gas guidance on the next page to make a determination on your agency's option for demonstrating natural gas savings.

- **Pacific Gas & Electric:** PG&E provides energy savings data reports to Beacon participating communities annually with 2005 baseline data and to date energy savings achieved through participating in a utility energy efficiency program. Contact your Community Energy Manager for assistance.
- **Southern California Edison:** For agencies participating in SCE's Energy Leader Partnerships, baseline usage and energy savings data are provided in the agency's quarterly tier update report. Contact your Local Government Partnership Program Manager, Account Representative or Local Public Affairs Region Manager for assistance. For agencies not engaged in a partnership, contact your Account Representative or Local Public Affairs Region Manager to request energy savings data.
- **San Diego Gas & Electric:** SDG&E provides energy savings data upon request. See natural gas guidance on the next page to make a determination on your agency's option for demonstrating natural gas savings. Contact your Local Government Partnership Program Manager, Account Representative or Local Public Affairs Region Manager for assistance.
- **Southern California Gas:** See natural gas guidance on the next page and contact ILG staff to make a determination on your agency's option for demonstrating natural gas savings. For agencies determined to be large natural gas users, contact your Local Government Partnership Program Manager, Account Representative or Local Public Affairs Region Manager to request energy savings data.

## Calculating Non-IOU Related Energy Savings

The Beacon Award recognizes energy savings achieved as a result of energy efficiency retrofits in agency facilities. The retrofits can be funded in part or in whole by utility incentives, grants, loans (such as from the California Energy Commission), agency funds, bonds, and/or other sources. Appendix A provides guidance on calculating energy efficiency savings that is not tied to investor owned utility incentive rebates or loans.

## **Options for Demonstrating Natural Gas Savings**

The Beacon program offers two options to participants for demonstrating natural gas savings as described below. Contact ILG staff to make a determination on your agency's option for demonstrating natural gas savings.

### **Option 1: Quantitative**

The participating agency calculates natural gas savings achieved through energy efficiency retrofits as specified on the previous page; or

### **Option 2: Qualitative**

Agencies that use very little natural gas, such as those with few facilities and minimal natural gas powered equipment, can decide not to include natural gas usage and instead limit its energy savings information to electricity only.

- If the agency selects this option, it will be asked to demonstrate an increasing level of commitment to reduce natural gas use, commensurate with the three Beacon Award levels.
- This may include, for example, increasing efforts to retrofit or replace natural gas appliances or equipment with more energy efficient ones or adopt policies and procedures to operate the appliances or equipment more efficiently.

## **Determining Your Agency's Approach**

Local government facilities that are considered larger natural gas users and should use the quantitative approach include:

- Facilities with Central Plants
- Hospitals
- Jails
- Municipal water facilities including Water Treatment Plants
- Facilities with Combined Heat & Power (Cogeneration)
- Facilities with Natural Gas Chillers

Local government facilities that may be considered larger natural gas users include:

- Courthouses
- Police Stations
- Fire Stations
- General Administrative offices (Health Service, General Services Employment, etc.)
- Maintenance facilities
- Community Swimming Pools
- Public Recreation Facilities
- Libraries

Agencies with these facility types will need to be evaluated on a case to case basis to determine which approach to use.

## Best Practice Activities

Based upon the Institute's Sustainability Best Practices Framework, the ten Best Practice Areas are:

1. Energy Efficiency and Conservation
2. Water and Waste Water Systems
3. Green Building
4. Waste Reduction and Recycling
5. Climate-Friendly Purchasing
6. Renewable Energy and Low-Carbon Fuels
7. Efficient Transportation
8. Land Use and Community Design
9. Open Space and Offsetting Carbon Emissions
10. Community and Individual Action

Visit [www.ca-ilg.org/SustainabilityBestPractices](http://www.ca-ilg.org/SustainabilityBestPractices) to download the Best Practices Framework which offers options for local action ten best practice areas that vary in complexity and are adaptable to fit the unique needs and circumstances of individual communities. Agencies are not limited to activities listed in the Best Practices Framework. Local agencies are encouraged to be innovative and undertake other activities that meet local conditions.

## Reporting Progress

Participants are asked to complete a survey ([www.ca-ilg.org/BeaconAward/BestPracticeActivitySurvey](http://www.ca-ilg.org/BeaconAward/BestPracticeActivitySurvey)) and provide brief descriptions of **up to six** activities **that are ongoing or that your agency has completed** in each of the Best Practice Areas. These activities should be activities that you would like to highlight and apply towards the award achievement. Activity information will be shared on your agency participant profile.

If your agency hasn't completed any activities in a particular Best Practice Area, that's ok. This is strictly for tracking purposes and to highlight activities to share with other communities. Not completing an activity in a particular best practice area will not detract from your agency's accomplishments in other areas.

## Additional Resources

- Statewide Energy Efficiency Collaborative: No cost technical assistance, peer-to-peer networking, resources and recognition for local government climate and energy efforts. [www.californiaseec.org](http://www.californiaseec.org)
- Pacific Gas & Electric Company Local Government Resources: [www.pge.com/en/mybusiness/save/rebates/bybusiness/govt\\_local.page](http://www.pge.com/en/mybusiness/save/rebates/bybusiness/govt_local.page)
- Southern California Edison Energy Leader Partnerships: [www.sce.com/wps/portal/home/about-us/community/outreach/city-partnerships](http://www.sce.com/wps/portal/home/about-us/community/outreach/city-partnerships)
- Southern California Gas Company Programs with Local Governments: [www.socalgas.com/innovation/protecting-the-environment/energy-efficiency-programs](http://www.socalgas.com/innovation/protecting-the-environment/energy-efficiency-programs)
- San Diego Gas & Electric Company Local Government Partnerships: [www.sdge.com/our-commitment/energy-efficiency-partnership-programs/local-government-partnerships](http://www.sdge.com/our-commitment/energy-efficiency-partnership-programs/local-government-partnerships)

## **Appendix A:**

### **Clarification to Guidelines for Beacon Participants When Calculating Energy Efficiency Savings Not Tied to Investor Owned Utility Incentive Rebates or Loans**

#### **Background**

The Beacon Award recognizes energy savings achieved as a result of energy efficiency retrofits in agency facilities. The retrofits can be funded in part or in whole by utility incentives, grants, loans (such as from the California Energy Commission), agency funds, bonds, and/or other sources.

#### **The Challenge to Resolve**

Investor Owned Utility (IOU) incentives are paid to utility customers on the energy savings and permanent peak demand reduction that are above and beyond “baseline energy performance,” which is usually defined as the building and energy efficiency performance mandated by federal codes and state codes, such as Title 20 and Title 24. For example, if a customer replaces a 50-year-old boiler with an ultra-efficient model, the incentive check from the utility (and the corresponding energy savings claimed by the utility) would only reflect the difference between what is required by current state or federal code and the performance of the ultra-efficient model. In reality, the difference between the energy performance of a 50-year-old boiler and the ultra-efficient model is much larger.

Since actual savings are usually higher than that which the IOU is able to claim credit for reporting purposes to the California Public Utilities Commission, there is a potential advantage to those using actual savings numbers compared to those using IOU-claimed savings numbers for Beacon Award energy saving substantiation. When the Beacon program was originally designed, it was anticipated that all savings information would be reported as IOU claimed savings. At that time, it was not expected that local agencies would be able to obtain actual or estimated actual annual savings.

However, with more experience in the program, it appears that this original assumption may not have been correct. For example, Beacon participants served by municipal utilities may only be able to provide actual or estimated actual savings using existing conditions as the baseline instead of state codes such as Title 24. Similarly, participants that chose not to take advantage of IOU energy efficiency programs do not have IOU estimated savings to report and may want to rely on actual estimated savings. Some participants wish to provide energy savings data for both projects benefiting from IOU incentives and projects that did not benefit from an IOU incentive either by choice, because of misinformation, or because the project did not qualify.

## Clarification to Beacon Participant Guidelines Related to Energy Savings

In order to ensure that energy savings numbers reflect the same level of savings across Beacon participants, the following clarification is provided to Beacon participants.

- Energy savings from retrofits or other activities that used IOU incentive programs are treated the same. For example, this includes the savings information based upon numbers provided by the IOU (such as through SCE's energy leader program or the PG&E energy savings data system designed for Beacon participants).
- Energy savings from retrofits that did not receive an IOU energy efficiency incentive will be reviewed on a case-by-case basis with ILG staff. The review will include the following guidance criteria:
  - Only annual savings, not cumulative savings, will be accepted.
  - Projected or actual projected savings will be accepted if they are substantiated by commonly accepted energy efficiency methodologies such as those outlined in the DEER (Database for Energy Efficiency Resources) cost savings tool. The DEER contains information on selected energy-efficient technologies and measures. The DEER provides estimates of the energy-savings potential for these technologies in residential and non-residential applications ([www.deeresources.com/](http://www.deeresources.com/)). Another example of proper substantiation would be a contractor's post-installation report or a pre- and post-installation energy savings analysis.
  - ILG will assist the Beacon participant in using these tools and in reviewing the information.
  - ILG will also work with the IOU serving the participant, if appropriate and feasible, to provide assistance in calculating the projected savings.



## **Appendix B:**

### **Beacon Award Program**

### **Climate Action Plan Alternative**

#### **Background**

In order to be accepted into the Beacon Award program, participating agencies must have completed or promise to complete development and adoption of a Greenhouse Gas Inventory and a Climate Action Plan (CAP) for both the agency and the community.

Some participants may not have completed a Climate Action Plan, but have implemented or adopted many of the same elements as those of a Climate Action Plan. In this case, an acceptable alternative to a Climate Action Plan may fulfill that requirement for the Beacon Program. The agency's alternative can be assembled as a description and specific references to where those policies and programs can be found. This would include, for example, specific policies and programs in the agency's General Plan and other plans/programs approved by the agency. In addition, the alternative would include a description of plans to implement the policies, how progress will be monitored, and the estimated greenhouse gas reductions that may result from the various policies and programs. This document lays out what needs to be included in a Climate Action Plan alternative for Beacon participants and provides a survey participants can use to provide that information.

More information about Climate Action Plans in general is included in Attachment A.

#### **Elements Included in a Climate Action Plan Alternative<sup>1</sup>**

The essence of a Climate Action Plan is policies and programs designed to reduce greenhouse gas emissions generated from government operations and in the community as a whole. The key elements which should be included in every Climate Action Plan, or acceptable alternative, are strategies to reduce greenhouse gas production from four sectors which generate the largest amount of greenhouse gas emissions:

- Energy use
- Transportation choices/design & agency fleet
- Solid waste
- Building & land use & agency facilities

In addition to policies and programs for reducing greenhouse gas emissions in these key sectors, a climate action plan alternative should also specifically include:

- Identification of a cumulative greenhouse gas emission reduction goal for all four sectors listed above.
- An energy action plan (policies or programs designed to reduce agency and community energy use with specific targets).
- A description or plan of how the policies and/or programs will be implemented. This would include, for example, programs specifying how to implement policies in all four areas listed

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<sup>1</sup> "Quick Start Guide for Climate Action Planning" prepared by ICLEI as part of the Statewide Energy Efficiency Collaborative (SEEC), January 2011. [www.californiasee.org](http://www.californiasee.org)

above, including specific and quantified estimates of emission reductions from all policies cited and how their combined impact will meet the overall goal.

- A plan for monitoring progress in implementation and effectiveness.

## **Attachment A – Excerpt from “Quick Start Guide for Climate Action Planning”**

The following information is taken from “Quick Start Guide for Climate Action Planning”, prepared by ICLEI, as part of its participation in the Statewide Energy Efficiency Collaborative (SEEC). More about ICLEI’s SEEC climate planning tools are available at [www.californiaseec.org/software-tools](http://www.californiaseec.org/software-tools).

SEEC is an alliance to help cities and counties reduce greenhouse gas emissions and save energy. SEEC is a collaboration between three statewide non-profit organizations, including the Institute for Local Government, and California’s investor-owned utilities. [www.californiaseec.org](http://www.californiaseec.org)

The core focus of a Climate Action Plan is, as the name suggests, reducing greenhouse gas emissions from both the local government’s operations and from the community as a whole. It includes strategies to reduce greenhouse gas emissions resulting from all activities in all contributing sectors: buildings, transportation, solid waste disposal, wastewater treatment, and water delivery. Some local governments address other environmental issues in their Climate Action Plans, such as the conservation of natural resources, urban forestry, and green jobs.

However, many local governments may choose to develop greenhouse gas mitigation strategies as part of their broader plans to achieve comprehensive community sustainability, energy independence, and other long-range objectives. In some cases, a stand-alone Climate Action Plan may not be the most effective framework by which to address climate change mitigation, and a different planning process may instead serve as a better means towards this end.

A sustainability plan ties together a broad range of community-centered goals, and includes specific actions to holistically address the three pillars of sustainability of environment, economy, and society. It takes into account the interrelated issues of population growth, land use, infrastructure, natural resource management, climate change, quality of life, public health, and economic development. The plan should recognize and highlight the co-benefits of the plan’s strategies and illustrate how they can achieve multiple sustainability goals concurrently. Social equity should be a crosscutting theme in the plan, and every strategy of the plan should be designed so that the benefits will be distributed across the community.”<sup>1F<sup>2</sup></sup>

## **Examples of Climate Action Plan Elements and Activities<sup>2F<sup>3</sup></sup>**

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<sup>2</sup> “Quick Start Guide for Climate Action Planning” a product of the Statewide Energy Efficiency Collaborative (SEEC), January 2011, page 13. <http://californiaseec.org/resources-guidance>

<sup>3</sup> Quick Start Guide – page 17-18, [www.californiaseec.org/resources-guidance](http://www.californiaseec.org/resources-guidance).





Strategy Area	Sample Measures
ENERGY EFFICIENCY	
Facility-Scale Energy Improvements	Adopt strict commercial or residential energy code requirements
	Implement energy efficient weatherization of low-income housing
	Perform energy efficiency retrofits of existing facilities
	Implement peak load management and demand response programs
	Require energy upgrades of facilities at time of sale
Energy Efficient Lighting	Distribute free CFL bulbs or fixtures to community members
	Install LED lights (Street, Exit, Traffic)
	Install occupancy sensors
	Institute a Lights-Out-at-Night policy
	Efficient lighting retrofits
Energy Efficient Equipment	Purchase ENERGY STAR equipment
	High efficiency water heaters, boilers, and chillers
	HVAC maintenance tune-ups
	Switch electric heat to natural gas
	Geothermal heat pumps
Promotion/Education	What type of promotion/education efforts are you considering?
	Promote energy efficiency campaigns targeted at businesses and residents
	Promote green building practices through a local business program or create incentives
	Promote participation in a local green business program
Water Conservation	Adopt a water conservation ordinance
	Install low-flow faucets and shower heads
	Install high efficiency toilets
	Improve water pumping energy efficiency
	Use low-maintenance landscaping
Renewable Energy Generation	Biomass energy from sewage treatment and landfill biogas
	Implement tidal power project
	Install solar photovoltaic (PV) panels
	Install solar hot water heaters and wind turbines
Energy Generation/ Renewable Energy Procurement	Purchase Green Electricity via the Grid from Solar, Geothermal, Wind, or Hydroelectric Sources
	Purchase green tags/Renewable Energy Certificates (RECs)
Energy Generation/ Energy Generation Infrastructure Upgrades	Install energy efficiency cogeneration power production facilities
	Implement district heating and cooling

<b>TRANSPORTATION</b>	
Alternative Fuels	Construct electric vehicle recharging facilities in new parking facilities
	Conversion to biodiesel or compressed natural gas
	Conversion to ethanol
	Initiate community biodiesel fueling station
	Utilize hydrogen or fuel cell vehicles
Trip Reduction	Disincentivize driving alone (congestion pricing, HOV lanes)
	Expand pedestrian and bicycling infrastructure
	Encourage employer-based programs e.g. telecommuting
	Revise land use code to promote smart growth
	Transit-oriented development
	Traffic signal synchronization
Vehicle Fuel Efficiency	Hybrid vehicles
	Parking and lane incentives for hybrid vehicles
	Retire old under-used vehicles
	Retrofit school buses with particulate traps or oxidation catalysts
	Utilize fuel efficient vehicles for parking enforcement
Other Transportation Measures	Limit idling of heavy equipment vehicles, local transit, school buses, and government operations vehicles
<b>WASTE</b>	
Composting	Organics composting
	Yard waste collection and composting
Methane Flaring	Methane flaring at local landfills
Recycling	Recycling policy or program
	Improve recyclables processing facilities Establish/expand business, curbside, and other recycling programs
	Reuse or recycle construction and demolition materials
<b>OTHER</b>	
Carbon Credits/Tax	Purchase carbon offsets
	Implement carbon tax
VOC Reduction Actions	Use low-VOC paints and cleaning products
	Use non-asphalt pavements
	Portable gas can replacement
	Gasoline lawnmower replacement
Urban Forestry	Urban forestry policy or program
	Tree planting to shade buildings or for carbon storage, heat island mitigation

# Benefits of Participation

Beacon participants receive valuable support and encouragement from the Institute for Local Government (ILG) staff and its nonprofit and utility partners. The team helps local governments apply sustainability best practices and collect and organize data to advance participants' achievements within the program.

Beacon participants receive:

-  An individualized marketing and recognition plan tailored to meet the agency's needs. Past activities have included special video presentations, targeted media outreach, case stories and features in *Western City Magazine*.
-  Technical assistance in collecting, reporting and tracking sustainability best practices, energy savings and greenhouse gas reductions.
-  Access to peer to peer networking and educational events including webinars, conference sessions and informal information exchanges.
-  Invitations to showcase sustainability leadership and agency achievements to a statewide audience.

The Beacon Program welcomes cities and counties in all stages of climate action planning and implementation. The data and stories collected through the program provide valuable information about what local governments are doing to meet aggressive state goals related to climate change. This narrative is important to developing policies that align with the unique opportunities of individual agencies throughout the state so that, together, we all can create a better California.



[www.californiaseec.org](http://www.californiaseec.org)



[www.ca-ilg.org](http://www.ca-ilg.org)

The Beacon Program is developed by the Institute for Local Government and sponsored by the Statewide Energy Efficiency Collaborative (SEEC). SEEC is an alliance between The Institute for Local Government, The Local Government Commission and ICLEI Local Governments for Sustainability and California's four investor owned utilities. The program is funded by California utility customers and administered by Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison and Southern California Gas Company under the auspices of the California Public Utilities Commission.



# Join Beacon

The Beacon Program provides a framework for local governments to share best practices that create healthier, more efficient, vibrant communities. The program honors voluntary efforts by local governments to reduce greenhouse gas emissions, save energy and adopt policies and programs that promote sustainability.

► To learn more about the Beacon Program, visit [www.ca-ilg.org/BeaconProgram](http://www.ca-ilg.org/BeaconProgram).

# Achieve Results

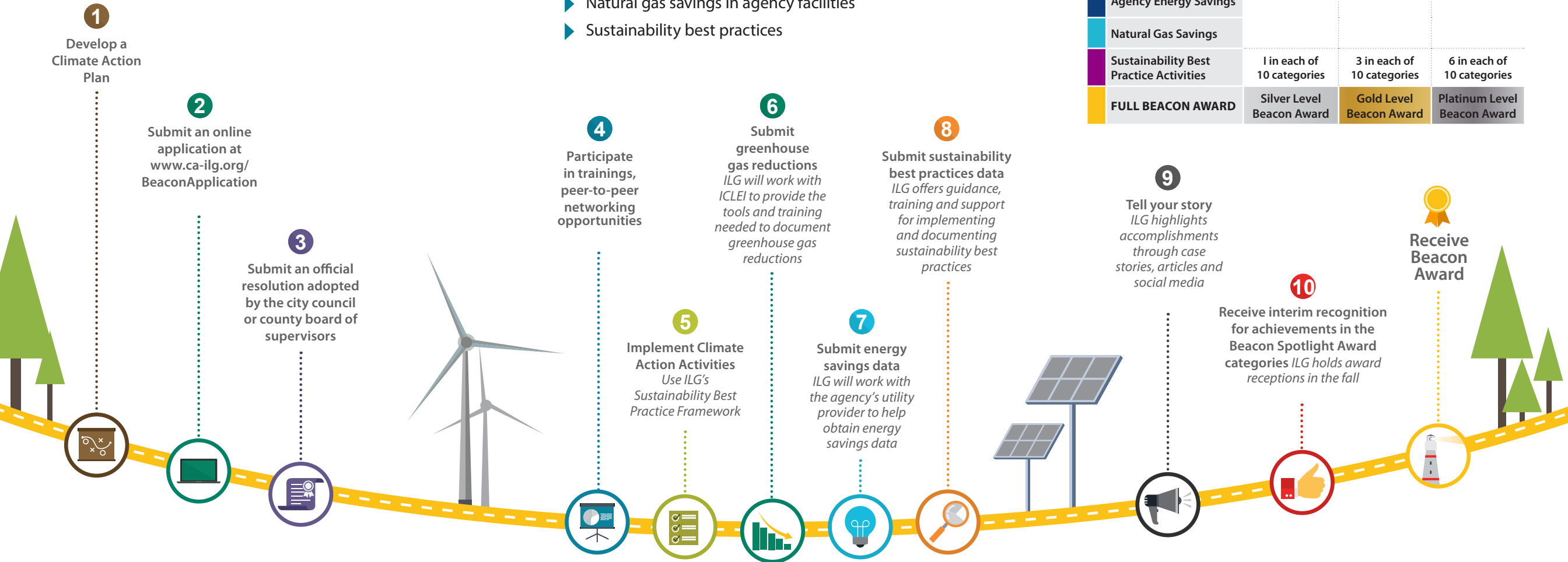
The Institute for Local Government provides resources and technical support to assist participants in their journey through the Beacon Program. Through our partnerships within the SEEC collaborative, we are able to help participants obtain and record achievements in five areas of accomplishment.

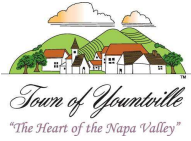
- Reducing agency greenhouse gas emissions
- Reducing community greenhouse gas emissions
- Electricity savings in agencies facilities
- Natural gas savings in agency facilities
- Sustainability best practices

# Celebrate Success

Within each area, a participant can earn Beacon Spotlight Awards-silver, gold and platinum- based on level of achievement. To win a full Beacon Award, participants are required to demonstrate achievement in all five areas.

SPOTLIGHT AWARD Areas of Accomplishment		SILVER LEVEL	GOLD LEVEL	PLATINUM LEVEL
Agency GHG Reductions		5% Reduction	10% Reduction	20% Reduction
Community GHG Reductions				
Agency Energy Savings				
Natural Gas Savings				
Sustainability Best Practice Activities		1 in each of 10 categories	3 in each of 10 categories	6 in each of 10 categories
FULL BEACON AWARD		Silver Level Beacon Award	Gold Level Beacon Award	Platinum Level Beacon Award





## Staff Report

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**File #:** 19-2381, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Eddy Gomez, Management Fellow

### **TITLE**

Approve minutes of the special meeting held September 17, 2019.

### **DISCUSSION/BACKGROUND**

Staff requests approval of the minutes of the special meeting held September 17, 2019.

### **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

### **FISCAL IMPACT**

Is there a Fiscal Impact? N/A

Is it Currently Budgeted? N/A

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? Mandatory

Is there a Staff Resource Impact? Nominal

### **STRATEGIC PLAN GOAL**

Is item Identified in Strategic Plan? Indirectly

If yes, Identify Strategic Goal and Objective. **Exceptional Town Services and Staff:** The Town supports its talented staff who deliver high quality municipal programs and services while maintaining public infrastructure for the benefit of the community.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Minutes are required to ensure the Legislative History of Town Council actions is maintained.

### **ALTERNATIVES**

N/A

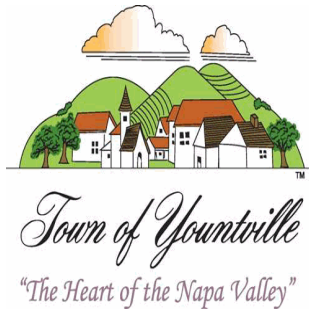
**RECOMMENDATION**

Approve minutes of the special meeting held September 17, 2019.



# **Town of Yountville**

6550 Yount Street  
Yountville, CA 94599



## **Meeting Minutes - Draft**

**Tuesday, September 17, 2019**

**4:00 PM**

**Special Meeting - Joint Meeting with ZDRB**

**Town Hall Council Chambers**

## **Town Council**

**Mayor John Dunbar**  
**Vice Mayor Kerri Dorman**  
**Council Member Margie Mohler**  
**Council Member Marita Dorenbecher**  
**Council Member Jeffrey Durham**

**1. CALL TO ORDER; CONVENE SPECIAL MEETING - 4:00 P.M.**

Mayor Dunbar called the special meeting to order at 4:00 p.m.

**2. ROLL CALL**

**Present:** 5 - Mayor John Dunbar, Vice Mayor Kerri Dorman, Council Member Margie Mohler, Council Member Marita Dorenbecher, and Council Member Jeffrey Durham

**3. ADOPTION OF AGENDA**

**A motion was made by Vice Mayor Dorman, seconded by Council Member Dorenbecher to Adopt the Agenda. The motion carried by the following vote:**

**Aye:** 5 - Mayor Dunbar, Vice Mayor Dorman, Council Member Mohler, Council Member Dorenbecher, and Council Member Durham

**4. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA****5. INTRODUCTION**

Sandra Liston, Planning and Building Director, introduced the joint Zoning and Design Review Board (ZDRB) and Town Council meeting to begin updating the zoning ordinance and design ordinance which follows the adoption of the 2019 General Plan.

Director Liston commented that the new General Plan land use policies require that the Town amend its Zoning Ordinances and Design Ordinances within a reasonable time. The ordinance updates which will occur over the next year will include items triggered by the General Plan update such as changing zone designation on properties or create new revised development standards for different districts. It also includes items not mandated by the General Plan Update such as parking, noise, lighting and other items of interest to the community. All changes will be dependent on the direction from the Council.

Director Liston also stated today's meeting focuses on the Findings by both the Council and Zoning and Design Review Board. Director Liston introduced Christine O'Rourke, Bob Brown, and Rick Williams of O'Rourke and Associates who are the consulting team assisting with the ordinance updates.

Christine O'Rourke presented the project goals to implement General Plan policies and programs, revise Municipal Code Title 17 Zoning Ordinance and Title 18 Design Ordinance, and the tentative schedule for the project.

**6. STAFF INFORMATIONAL REPORTS**

Town Attorney Presentation on Findings

**Attachments:** [Presentation](#)

Gary Bell, Town Attorney, gave presentation on findings and quasi-judicial decisions required by law.

No action was taken.

**Staff and Consultant Presentation on Findings****Attachments:** [Findings White Paper](#)

Bob Brown, O'Rourke & Associates, presented the proposed modifications and recommendations to the findings.

No action was taken.

Following Town Council and ZDRB discussion, Council suggested taking more time to review the modifications to the proposed findings segments, for staff and O'Rourke & Associates to spend time with ZDRB and Council clarifying questions regarding the proposed findings and to return at a later date to finalize the modifications to the proposed findings.

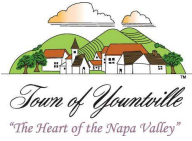
**7. ADJOURNMENT**

Adjourned to the Town Council Regular Meeting Tuesday, September 17, 2019 at 6:00 p.m. being held in Town Council Chambers located at 6550 Yount Street, Yountville.

ATTEST:

Eddy Gomez  
Management Fellow

Date Approved: January 21, 2020



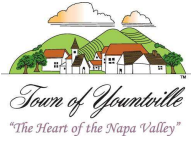
## Staff Report

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**File #:** 19-2395, **Version:** 1

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Mayor Dunbar to present the State of the Town Annual Review.



## Staff Report

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**File #:** 20-2412, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020  
**TO:** Mayor and Town Council  
**FROM:** Daniel Gordon, Sr. Management Analyst

### TITLE

Consider Adoption of Resolution Number 20-3969 Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding under the CalHome Program.

### DISCUSSION/BACKGROUND

Town staff has recently become aware of a published Notice of Funding Availability (NOFA) by the State Department of Housing and Community Development (HCD), announcing the availability of CalHome funds.

The purpose of the CalHome Program is to enable low income households to become homeowners or improve the safety of their homes. These Grants are provided to local public agencies and nonprofit developers to assist individual households through deferred-payment loans. Grants are awarded through a competitive process after the issuance of a NOFA.

Eligible activities for funding under this NOFA include:

- First-Time Homebuyer Mortgage Assistance (including the purchase of a home with an Accessory Dwelling Unit (ADU) or Junior Accessory Dwelling Unit (JADU))
- Owner-Occupied Rehabilitation Assistance (including reconstruction and Rehabilitation of manufactured homes not on a permanent foundation, and construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Technical Assistance for Self-Help Housing Projects
- Technical Assistance for Shared Housing Programs
- ADU/JADU Assistance (including construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Homeownership Project Development Loans (including Predevelopment Costs and carrying costs during construction related to ADUs and JADUs)

In October 2014, the Town was awarded \$330,000 under the 2014 CalHome Grant NOFA. Twenty-two low-income homeowners received housing rehabilitation loans. As with the previous grants, staff would partner with the Housing Authority of the City of Napa to submit the application and, if grant funds are awarded, work with the Housing Authority to administer the program.

Staff recommends the Town apply for \$500,000, the minimum allowed under the NOFA, to continue the Town's Owner-Occupied Rehabilitation Loan Program. Up to 20% of the grant funds can be used to pay for staff costs to deliver the loans and administration of the grant, and the balance would be used to fund loans to

homeowners.

If awarded the CalHome grant, the Town would provide approximately 8-10 deferred payment loans, with up to a maximum loan amount of \$75,000, to low-income homeowners to make the necessary health and safety repairs to their homes.

The Town Council may direct staff to pursue the application of CalHome funds. Applications are due February 17, 2020.

## **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

## **FISCAL IMPACT**

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? The Housing Grant Fund (Fund 24) current includes the funding of HOME and CalHome programs. If the Town were to receive HOME funds, the grant amount would be included in the Housing Grant Fund.

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. **Quality of Life:** The Town enhances the livability of Yountville by providing well-maintained public facilities, parks, and trails, and quality programs and events.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Quality of Life would be enhanced by continuing this program which benefits members of the community.

## **ALTERNATIVES**

Authorize submittal of an application.

Do not authorize submittal of an application and provide feedback to staff.

## **RECOMMENDATION**

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion on proposed Resolution.

Adopt Resolution Number 20-3969 Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding under the CalHome Program.

**Town of Yountville**  
**Resolution Number 20-3969**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YOUNTVILLE, STATE OF CALIFORNIA, AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM; AND IF SELECTED, THE EXECUTION OF A STANDARD AGREEMENT, ANY AMENDMENTS THERETO, AND OF ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM.**

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**Recitals**

- A. The California Department of Housing and Community Development (the "Department") issued a Notice of Funding Availability ("NOFA") on November 27, 2019 for the CalHome Program ("CalHome") established by Chapter 84, Statutes of 2000 (SM 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650 of Part 2 of Division 31 of the Health and Safety Code (the "Statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and
- B. On December 23, 2019, the Department issued an amended NOFA for the CalHome Program extending the application due date to February 17, 2020.
- C. In response to the NOFA, the Town of Yountville (the "Applicant"), wishes to apply to the Department for, and receive an allocation of, CalHome funds in the amount of \$500,000; and
- D. The Town Council has considered all information related to this matter, as presented at the public meetings of the Town identified herein, including any supporting reports by Town staff, and any information provided during public meetings.

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

- 1. The Town Manager is hereby authorized by the Applicant to submit an application to the California State Department of Housing and Community Development (Department) for funding under the CalHome Program; and if selected, the execution of a standard agreement, any amendments or modifications thereto, as well as any other related documents required by HCD for participation in the CalHome Program.

2. In response to the NOFA, the Applicant shall submit an application to the Department to participate in the Cal Home Program and for an allocation of funds not to exceed Five Hundred Thousand Dollars (\$500,000) for the following activities and/or programs:
  - Five Hundred Thousand dollars (\$500,000) for an Owner-Occupied housing rehabilitation assistance program to be located in the Town of Yountville.
3. If the application for funding is approved, the Applicant hereby agrees to use the CalHome funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department for participation in the CalHome Program (collectively, the required documents).
4. The Applicant authorizes the Town Manager or designee(s) to execute, in the name of the applicant, the application, the Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Yountville, State of California, held on this 21st day of January, 2020 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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John F. Dunbar, Mayor

ATTEST:

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Michelle Dahme, CMC  
Town Clerk



**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

2020 W. El Camino Ave, Suite 670  
P. O. Box 952054  
Sacramento, CA 94252-2054  
(916) 263-2771 / FAX (916) 263-2763  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



November 27, 2019

**MEMORANDUM FOR:** POTENTIAL APPLICANTS  
**FROM:** Jennifer Seeger, Acting Deputy Director  
Division of Financial Assistance  
**SUBJECT:** **CalHome Program**  
**Notice of Funding Availability**

A handwritten signature in blue ink, appearing to read "J Seeger", is written over the typed name and title.

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$57 million in state CalHome Program funds from the Affordable Housing Bond Act Trust Fund of 2018 to fund Local Public Agencies or Nonprofit Corporations for eligible activities within the CalHome program.

HCD will rate applications in accordance with Guidelines Section 7755, subd. (b). CalHome program funds will be allocated through a competitive process based on the merits of the application.

HCD will hold one workshop in Northern California, one workshop in Southern California, and a webinar to review the CalHome program 2019 Notice of Funding Availability (NOFA) and application. In addition, a recorded webinar will be posted on the CalHome program webpage. For the workshop dates, times, and locations, please go to HCD's website at <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>. Please contact [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) for registration.

HCD must receive one complete application and one electronic copy of the application on CD or flash drive no later than **5:00 P.M.** Pacific Standard Time on **January 27, 2020**. HCD will only accept applications through a postal carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification of delivery. **Personal deliveries will not be accepted.** Applications shall be mailed to:

California Department of Housing and Community Development  
Division of Financial Assistance, NOFA Section  
**CalHome Program**  
2020 W. El Camino Ave, Suite 500  
Sacramento, CA 95833

To receive information on workshops and other updates, please subscribe to the CalHome listserv. [[http://www.hcd.ca.gov/HCD\\_SSI/subscribe-form.html](http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html)].

If you have any questions, please contact Lori Hermann, NOFA Program Manager, at (916) 263-1071 or [CalHomeNOFA@hcd.ca.gov](mailto:CalHomeNOFA@hcd.ca.gov).

Attachment

# **CALHOME PROGRAM**

## **2019 Notice of Funding Availability**



**Gavin Newsom, Governor  
State of California**

**Alexis Podesta, Secretary  
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director  
Department of Housing and Community Development**

2020 W. El Camino Ave, Suite 500, Sacramento, CA 95833  
Phone: (916) 263-2771

Website: <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>

Email address: [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov)

**November 27, 2019**

## Table of Contents

<b>I. Overview</b>	<b>1</b>
A. Notice of Funding Availability	1
B. Authorizing legislation	1
<b>II. Program requirements</b>	<b>1</b>
A. Eligible Applicants	2
B. Eligible activities	4
C. Compliance requirements	5
D. Funding amounts and limits	6
E. Eligible uses of funds	7
F. Eligibility and threshold evaluation criteria	9
G. Rating	10
<b>III. State requirements</b>	<b>11</b>
A. Climate adaptation	11
<b>IV. Application procedures and deadline</b>	<b>11</b>
A. Application packaging and submittal	11
B. Application workshops	11
C. Disclosure of application	12
<b>V. Appeal and award process</b>	<b>12</b>
A. Appeals	12
B. Awards	13
<b>VI. Standard Agreements and release of funds</b>	<b>13</b>
A. Standard Agreements	13
B. Release of funds	14
<b>VII. Other terms and conditions</b>	<b>14</b>
A. Right to modify or suspend	14
B. Conflicts	15
<b>Appendix A – Rating Factors</b>	<b>16</b>

# **CALHOME PROGRAM NOTICE OF FUNDING AVAILABILITY**

## **I. Overview**

### **A. Notice of Funding Availability**

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications for funds from the CalHome program. HCD is making approximately \$57 million available to fund Local Public Agencies or Nonprofit Corporations for the following activities within the CalHome program:

- First-Time Homebuyer Mortgage Assistance (including the purchase of a home with an Accessory Dwelling Unit (ADU) or Junior Accessory Dwelling Unit (JADU))
- Owner-Occupied Rehabilitation Assistance (including reconstruction and Rehabilitation of manufactured homes not on a permanent foundation, and construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Technical Assistance for Self-Help Housing Projects
- Technical Assistance for Shared Housing Programs
- ADU/JADU Assistance (including construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Homeownership Project Development Loans (including Predevelopment Costs and carrying costs during construction related to ADUs and JADUs)

<b>NOFA release</b>	<b>November 27, 2019</b>
<b>Application due date</b>	<b>January 27, 2020 by 5:00 P.M.</b>
<b>Award announcements</b>	<b>May 2020</b>

### **B. Authorizing legislation**

This NOFA will be governed by CalHome Program Guidelines (the “Guidelines”) available on HCD’s website at [\(link\)](#). Accordingly, applications need to be completed pursuant to the requirements stated in the Guidelines. This NOFA is also subject to the requirements of the CalHome program authorized by [Chapter 6 \(commencing with Section 50650\) of Part 2 of Division 31 of the Health and Safety \(H&S\) Code.](#)

## **II. Program requirements**

The following is provided as a summary and is not to be considered a complete representation of the entirety of the eligibility, threshold, and other requirements or terms and conditions of the CalHome program. References should be made to all applicable statutes and guidelines, which shall in all events control.

## A. Eligible Applicants

*Table 1 – Eligibility Requirements for Local Public Agencies and Nonprofit Corporations*

	Local Public Agencies	Nonprofit Corporation
<b>Geographic Eligibility</b>	A Local Public Agency shall only be eligible to apply for an award of CalHome funds for a Local Program or project located within its jurisdictional boundaries. A Local Public Agency may hire nonprofit and for-profit consultants located and/or registered within or outside its jurisdictional boundaries, including other counties within the state. Out-of-county consultants shall meet the same requirements as in-county consultants. Local Public Agencies may establish a consortium (provided there is a Memorandum of Understanding between the parties) with a single administrator. One Local Public Agency shall apply on behalf of other entities in a consortium and may serve all jurisdictions. (Guidelines Section 7717, subd. (a)(1)).	A Nonprofit Corporation shall only be eligible to apply for an award of CalHome funds for a program or project if it has developed a project or operated a housing program in California within the past two years, or if the Nonprofit Corporation has an existing 523 Self-Help Technical Assistance Grant Agreement with the United States Department of Agriculture (Guidelines Section 7717, subd. (a)(2)).
<b>Mortgage Assistance Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a Homebuyer Education Program for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7728).	
<b>Housing Rehabilitation Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a local Owner-Occupied Rehabilitation Program for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7732).	
<b>Technical Assistance for Self-Help Housing Projects Experience (required to apply for this activity)</b>	Applicants shall have successfully completed a <u>minimum of two self-help, new construction projects within the four years</u> immediately preceding the application (Guidelines Section 7736).	
<b>Technical Assistance for Shared Housing Program Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a Shared Housing program for renters or homeowners for a <u>minimum of two years</u> immediately preceding the application (Guidelines Section 7739).	

<p><b>Accessory Dwelling Units/Junior Accessory Dwelling Units Programs Experience (required to apply for this activity)</b></p>	<p>Applicants or their Administrative Subcontractors shall have successfully administered a local Owner-Occupied Rehabilitation Program, new construction development involving multiple Homeownership units (including single-family subdivisions), or an ADU/JADU program for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7742).</p>
<p><b>Homeownership Project Development Experience (required to apply for this activity)</b></p>	<p>Applicants shall have successfully developed a <u>minimum of two similar projects within the last four years</u> and the Applicant shall have staff that will be committed to the proposed project that possess the knowledge, skills, and ability to perform the tasks required in a Homeownership Project Development (Guidelines Section 7746).</p>

Applicants (Guidelines Section 7716, subd. (h)) shall also demonstrate the following requirements, as applicable (Guidelines Section 7717, subd. (b)):

### **1. Local public agencies**

- a. Sufficient organizational stability and capacity to administer the Local Programs and/or projects. This requirement may be satisfied through documents such as organizational charts, resumes, statements of qualifications, or other documentation, as specified in the application. If applicable, the Applicant shall also provide a Loan servicing plan.
- b. Sufficient organizational stability by demonstrating that the Applicant has operated as a housing developer or housing program administrator for a minimum of two years prior to the date of application. A Local Public Agency may subcontract with an Administrative Subcontractor to qualify toward the organizational stability and experience requirement.

### **2. Nonprofit corporations**

- a. Sufficient organizational stability and capacity to administer the Local Programs and/or projects. This requirement may be satisfied through documents such as organizational charts, resumes, statements of qualifications, or other documentation, as specified in the application. If applicable, the Applicant shall also provide a Loan servicing plan.
- b. Sufficient organizational stability by demonstrating that the Applicant has operated as a housing developer or housing program administrator for a minimum of two years prior to the date of application.
- c. Proof that the Nonprofit Corporation is a corporation whose exempt purpose for the two years prior to the date of application included the activity for which it is applying.
- d. Proof that the Nonprofit Corporation is financially stable. Financial stability may be demonstrated through audited financial statements, or other documentation submitted with the application for funding.

Applicants that were previously awarded CalHome Grants shall submit all outstanding reports from the past two years to HCD by the application date. Failure to submit the reports by the application date will result in the Applicant being ineligible for a CalHome award under this NOFA (Guidelines Section 7717, subd. (c)).

## **B. Eligible activities**

HCD is making CalHome funds available as Grants to eligible Local Public Agencies and Nonprofit Corporations for the following activities:

- 1. First-Time Homebuyer Mortgage Assistance** (including the purchase of homes with ADUs or JADUs) (commencing with Guidelines Section 7728) for Loans to Households at or below 80 percent of Area Median Income (AMI) (H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(1)).

Homebuyer Education (Guidelines Section, 7729 subd. (b)) will be reimbursed in the form of a Grant from HCD to the Recipient in an amount not to exceed \$250 per assisted unit.

- 2. Owner-Occupied Rehabilitation Assistance** (including repair, full reconstruction, or the addition of an ADU or JADU) (commencing with Guidelines Section 7732) for Loans to Households at or below 80 percent of AMI (in compliance with H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

Manufactured Housing is also eligible, including replacement of a manufactured home, whether located in a Mobilehome Park or elsewhere (Guidelines Section 7716, subd. (s)(3) and Guidelines Section 7733, subd. (e)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(2)).

- 3. Technical Assistance for Self-Help Housing Projects** (commencing with Guidelines Section 7736) in which the Applicant organization will be directly providing the services required in Guidelines Section 7738.

Homebuyer Education (Guidelines Section 7729, subd. (b)) will be reimbursed in the form of a Grant from HCD to the Recipient in an amount not to exceed \$250 per assisted unit.

- 4. Technical Assistance for Shared Housing Programs** (commencing with Guidelines Section 7739) to operators of Shared Housing Programs that will directly provide match services where the providers are homeowners who occupy their homes as their principal place of residence.



- 5. ADU/JADU Programs** (commencing with Guidelines Section 7742) for Loans for ADU/JADU construction, reconstruction, repair, or Rehabilitation to Households at or below 80 percent of AMI (in compliance with H&S Code, [Section 50052.5, subd. \(b\)](#)) or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(3)).

- 6. Homeownership Project Development Loans** (Guidelines Section 7746) for conditional awards of development Loans to the Applicants to be used for land acquisition, Predevelopment Costs, and on-site improvements, including costs related to ADUs and JADUs (unit construction is not an eligible expense).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7749).

**Note:** Proposed projects are ineligible to receive CalHome funds if construction work has begun or will begin prior to the date HCD executes the Standard Agreement with the Recipient and all conditions have been satisfied. Construction work includes grading, site preparation (with the exception of demolition or clearing properties), or site improvements intended for public dedication (Guideline Section 7718, subd. (c)).

## **C. Compliance requirements**

Recipients funded pursuant to this NOFA shall meet the following requirements:

### **1. First-Time Homebuyer Mortgage Assistance**

- a. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7730.
- b. Recipients shall comply with the underwriting requirements listed in Guidelines Section 7731 and any other additional program requirements. Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7731, subd. (b)).

### **2. Owner-Occupied Rehabilitation Assistance**

- a. All assisted units shall have After-Rehabilitation Values (Guidelines Section 7716, subd. (f)) at or below the current local median sales price of a single-family home (Guidelines Section 7734, subd. (a)). Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7735, subd. (b)).



- b. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7734.
- c. Recipients shall comply with the underwriting and construction requirements listed in Guidelines Section 7735 and any other additional program requirements.

### **3. Technical Assistance for Self-Help Housing Projects**

- a. Recipients shall comply with the Technical Assistance requirements listed in Guidelines Section 7738 and any other additional program requirements.

### **4. Technical Assistance for Shared Housing Programs**

- a. Recipients shall comply with the program administration requirements listed in Guidelines Section 7741.

### **5. ADU/JADU Assistance**

- a. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7744 and any other additional program requirements.
- b. Recipients shall comply with the underwriting and construction requirements listed in Guidelines Section 7745 and any other additional program requirements.

### **6. Homeownership Project Development Loans**

- a. Recipients shall comply with the Site Control requirements listed in Guidelines Section 7748.
- b. Recipients shall comply with the development requirements listed in Guidelines Section 7752 and any other additional program requirements. Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7731, subd. (b)).

## **D. Funding amounts and limits**

- 1. Minimum and Maximum Application Amounts.** The minimum application amount for any single activity or program (except if the activity or program is Technical Assistance for Self-Help Housing Projects or Technical Assistance for Shared Housing Programs) is \$500,000. The minimum application amount for any single activity or program (if the activity/program is Technical Assistance for Self-Help Housing Projects or Technical Assistance for Shared Housing Programs) is \$100,000. If applying for more than one activity, the minimum application amount for those activities is \$600,000.

The maximum application amount for one or more activities is \$5 million. If applying only for Technical Assistance for Self-Help Housing Projects, the maximum application amount is \$500,000. If applying only for Technical Assistance for Shared Housing Programs, the maximum application amount is \$300,000.

## **2. Minimum and maximum per-unit funding limits**

### **a. Per-unit funding limits: Loans**

The minimum CalHome Loan to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Loan per-unit will be:

#### **First-Time Homebuyer Assistance**

The maximum Loan amount will be 20 percent of the Borrower's purchase price for the property, up to a maximum of \$100,000.

#### **Owner-Occupied Rehabilitation Assistance**

The maximum Loan amount will be \$75,000, except in the following case:

The maximum Loan amount will be \$125,000 if the home is in need of reconstruction (Guidelines Section 7716, subd. (zz)(2))

#### **ADU/JADU Assistance**

The maximum per-unit Loan amount for ADU construction will be \$100,000.

#### **Homeownership Project Development**

The maximum per-unit Loan amount for Homeownership Project Development Loans will be \$100,000. If an Applicant is applying to fund Homeownership Project Development with a Self-Help Housing Project, the Applicant may additionally apply for Technical Assistance of \$15,000 per-unit on top of the application amount requested for Homeownership Project Development.

### **b. Funding limits: Grants**

The minimum CalHome Grant to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Grant per-unit will be:

#### **Technical Assistance for Self-Help Housing Projects**

The maximum per-unit Grant amount will be \$15,000. All expenses should be documented.

#### **Technical Assistance for Shared Housing Programs**

The maximum activity amount for Self-Help Housing Programs is established in Section (D)(1) of this NOFA.

## **E. Eligible uses of funds**

- 1. Mortgage Assistance and Rehabilitation Loans to Eligible Households.** Funds provided to CalHome Recipients shall be used by individual Households (Guidelines Section 7720) at or below 80 percent of the AMI (H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster at the time of the Loan application (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)). AMI limits are updated annually and are available on HCD's [website](#).

- a. Financial assistance provided to qualified individual homeowners for Mortgage Assistance and Rehabilitation, including repair, full reconstruction, or the addition of an ADU or a JADU, shall be in the form of deferred payment Loans, repayable upon the sale or transfer of the homes, when they cease to be owner-occupied, or upon the Loan maturity date, whichever occurs first (H&S Code, Section 50650.3, subd. (c)(1)). The Loan shall be up to a 30-year term (Guidelines Section 7726, subd. (c)(5-6)). The interest rate is set by the Recipient at up to 3 percent simple interest per annum (Guidelines Section 7726, subd. (d)). Borrowers (Guidelines Section 7716, subd. (k)) shall occupy units as their principal place of residence for the term of the Loan (Guidelines Section 7720, subd. (d)). Loans shall also be made in a manner consistent with the purposes described in Section II. B., Eligible Activities, as well as with the CalHome Guidelines and applicable statutes.

Recipients shall comply with the Homeowner/Homebuyer Loan-to-Value Limits for Mortgage Assistance and Owner-Occupied Rehabilitation CalHome program Loans defined in Guidelines Section 7727.

- b. Financial assistance provided to individual Households to rehabilitate, repair, or replace Manufactured Housing located in a Mobilehome Park and not permanently affixed to a foundation shall be in the form of a secured forgivable loan, which shall also be made in a manner consistent with the Guidelines and applicable Statutes (H&S Code, Section 50650.3, subd. (c) and Guideline 7733 subd. (e)).

**Note:** The Loan shall be due and payable in 20 years, with 10 percent of the original principal to be forgiven annually for each additional year beyond the 10<sup>th</sup> year that the home is owned and continuously occupied by the Borrower (H&S Code, Section 50650.3, subd. (c)).

2. **Technical Assistance for Self-Help Housing Projects.** Recipients shall comply with the eligible costs for Self-Help Technical Assistance defined in Guidelines Section 7737.
3. **Technical Assistance for Shared Housing.** Recipients shall comply with the eligible costs for Shared Housing Technical Assistance defined in Guidelines Section 7740.
4. **Homeownership Project Development Loans.** Homeownership Project Development Loans will be funded pursuant to the development Loan terms specified in Guidelines Section 7750. The portion of a development Loan, which is used to provide Mortgage Assistance to qualified First-Time Homebuyers, is converted to a Grant. Recipients shall comply with the development Loan-to-Value Limits defined in Guidelines Section 7751.

Homeownership Development Projects must have a minimum of four units (Guidelines Section 7753).

**Note:** Projects are only eligible if construction work has not begun prior to the date that HCD awards a commitment of program funds. Construction work includes: (1) site improvements intended for public dedication, (2) site preparation, or (3) grading (Guidelines Section 7718, subd. (c)).

## 5. Activity Delivery Fees

**Mortgage Assistance loans.** HCD may provide funding to cover Activity Delivery Fees (ADFs) of up to 10 percent of the total award. Up to 5 percent of the total award may be provided within 90 days after the execution of the Standard Agreement for program development expenses, and up to 5 percent of the total award may be reimbursed on a per-Loan basis. The per-Loan reimbursement maximum will be 5 percent of the total award divided by the estimated number of Loans to be made under the contract.

**Owner-Occupied Rehabilitation Loans.** HCD may provide funding to cover ADFs of up to 20 percent of the total award. Up to 10 percent of the total award may be provided within 90 days after the execution of the Standard Agreement for program development expenses, and up to 10 percent of the total award may be reimbursed on a per-Loan basis. The per-Loan reimbursement maximum will be 10 percent of the total award divided by the estimated number of Loans to be made under the contract.

Applicants need to provide documentation verifying their Activity Delivery expenses. This requirement may be satisfied through documents such as invoices, receipts, time tracking, or other documentation of valid program expenses.

## F. Eligibility and threshold evaluation criteria

Applications will not be considered for funding unless the application is received by the deadline as stated in this NOFA, and demonstrates compliance with all CalHome program statutes and Guidelines, including the following conditions:

- The Applicant meets geographic restrictions per CalHome Guidelines (Guidelines Section 7717 subd. (a))
- The Applicant is an eligible Local Public Agency or Nonprofit Corporation (Guidelines Section 7717)
- The Applicant has complied with reporting requirements (Guidelines Section 7717, subd. (c))
- The activity is eligible (Guidelines Section 7718)
- The proposed use of funds is eligible (Guidelines Section 7719)
- The Applicant meets the eligibility requirements for the activity or activities for which they are applying:
  - First-Time Homebuyer Mortgage Assistance (Guidelines Section 7728)
  - Owner-Occupied Rehabilitation Assistance (Guidelines Section 7732)
  - Technical Assistance for Self-Help Housing Projects (Guidelines Section 7736)
  - Technical Assistance for Shared Housing Programs (Guidelines Section 7739)
  - ADU/JADU Assistance (Guidelines Section 7742)
  - Homeownership Project Development Loans (Guidelines Section 7746)
- The application is complete (Guidelines Section 7754)
- The application shall be on HCD forms and cannot be altered or modified by the Applicant
- The application is signed by the party authorized in a complete and proper resolution (Guidelines Section 7754)

- The Applicant does not have any unresolved audit findings for prior HCD or federally funded housing or community development projects or programs (Guidelines Section 7755)
- The Applicant has no pending lawsuits that would impede the implementation of the program (Guidelines Section 7755)

## G. Rating

**Evaluation criteria.** All eligible Applicants that have met eligibility and threshold requirements shall receive a minimum score of 55 points to be considered for funding (Guidelines Section 7755, subd. (b)). All applications passing eligibility and threshold criteria will be evaluated on the following factors (Table 2). If there are more eligible Applicants than can be funded, HCD will award funding by descending order of points. For more detail on each of the rating factors, please see Appendix A and Guidelines Section 7755, subd. (b).

*Table 2 – Evaluation Criteria*

Evaluation Criteria	Maximum Points
Capability	40
Community Need	15
Feasibility	25
Community Revitalization	10
Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program	10
<b>Total</b>	<b>100</b>

Applicants may apply to fund up to two programs (First-Time Homebuyer Mortgage Assistance Program, Owner-Occupied Rehabilitation Program, Shared Housing Program, and/or ADU/JADU Program) in a single application. Each program will be scored separately; therefore, an Applicant applying to fund two programs will have two separate scores. The two scores will be averaged into one score. Applicants may apply to fund a Homeownership Development Project with or without a Self-Help Housing Project. If the Homeownership Development Project proposes to do a Self-Help Housing Project, the Applicant may additionally apply for Technical Assistance. Applicants cannot apply to fund both a program and a project (Guidelines Section 7753, subd (a)).

1. **Performance penalty.** Applicants that have previously received a CalHome Grant will be reviewed for performance (Guidelines Section 7755, subd. (c)).

Failure to have expended at least 95 percent of the most recently awarded Grant by the 36th month of the prior CalHome contract may result in five-point penalty deduction from the score of the application (Guidelines Section 7759, subd. (a)(1)(B)).

If an Applicant has been penalized in a prior NOFA round and is now in compliance, the penalty will not be deducted in the current round.

An Applicant with any project currently in HCD's compliance resolution unit shall not be eligible to apply (Guidelines Section 7717, subd. (b)(1)).

### III. State requirements

#### A. Climate adaptation

[Executive Order B-30-15](#) addressing the need for climate adaptation ordered that:

1. All state agencies with jurisdiction over sources of greenhouse gas emissions shall implement measures, pursuant to statutory authority, to achieve reductions of greenhouse gas emissions to meet the 2030 and 2050 greenhouse gas emissions reductions targets.
2. State agencies shall take climate change into account in their planning and investment decisions and employ full life-cycle cost accounting to evaluate and compare infrastructure investments and alternatives.

In response to the Governor's Executive Order, HCD strongly encourages CalHome Recipients to implement CalHome funded activities in a manner that reduces greenhouse gas emissions and adapts to climate change.

For additional information and guidance, please contact Nuin Tara-Key with the Governor's Office of Planning and Research at [Nuin-Tara.Key@opr.ca.gov](mailto:Nuin-Tara.Key@opr.ca.gov).

### IV. Application procedures and deadline

#### A. Application packaging and submittal

The application form is available on HCD's website under the CalHome program, <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>.

One hard copy of the application shall be submitted with original signatures, and one copy of the application on a compact disc or USB flash drive and received by HCD by January 27, 2020. HCD will only accept applications through a postal carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification confirming delivery to HCD's office. Please contact HCD if delivery is not completed by fault of the carrier service. Personal deliveries are not accepted. The delivery address is:

California Department of Housing and Community Development  
Division of Financial Assistance, NOFA Section  
**CalHome Program**  
2020 W. El Camino Ave, Suite 500  
Sacramento, CA 95833

#### B. Application workshops

HCD will hold one workshop in Northern California, one workshop in Southern California, and a webinar to review the CalHome NOFA and application. In addition, a recorded webinar will be posted on the CalHome program webpage. For the workshop dates, times, and locations, please go to HCD's website at <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>. Please contact [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) for workshop registration.

## **C. Disclosure of application**

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosable to any person making a request under this Act. HCD cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to HCD, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

## **V. Appeal and award process**

### **A. Appeals**

Pursuant to Guidelines Section 7755, subd. (d), Applicants will be subject to the appeal process as detailed in this NOFA:

#### **1. Basis of appeals**

- a. Upon being noticed in writing that its application is incomplete, fails threshold requirements, or has a reduced preliminary point score, applicants may appeal these decisions pursuant to Section V of this NOFA. Upon receipt of HCD's notice that an application has been determined to be incomplete, fail threshold, or have a reduction to the preliminary point score, Applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
- b. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
- c. Prior program NOFAs: The appeal process provided herein applies solely to HCD decisions made in this NOFA and does not apply to any decisions made respecting any previously issued NOFAs or decisions to be made respecting future NOFAs.

#### **2. Appeal process and deadlines**

- a. Process: In order to lodge an appeal, Applicants shall submit to HCD, by the deadline set forth in subsection (b) below, a written appeal that states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant shall provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD either via email at [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) or at the following address:

California Department of Housing and Community Development  
Attn: Division of Financial Assistance, NOFA Section  
2020 W. El Camino Ave, Suite 500  
Sacramento, California 95833

HCD will accept appeals through a carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification of delivery. Deliveries shall be received during HCD weekday (non-state holiday) business hours of 9:00 a.m. to 5:00 p.m. Pacific Standard Time. Emails to the email address listed above will be accepted as long as the email time stamp is prior to the appeal deadline.

- b. Filing Deadline: Appeals shall be received by HCD no later than five (5) business days from the date of HCD's eligibility, threshold review or determination letters, representing HCD's decision made in response to the application.

### **3. Decision**

Any request to amend HCD's decision shall be reviewed for compliance with the Guidelines (commencing with Section 7715), the November 27, 2019, CalHome program NOFA, and any subsequent clarifying documents, such as the CalHome program's responses to "Frequently Asked Questions." It is HCD's intent to render its decision in writing within 15 business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD with respect to the appeal.

### **4. Effectiveness**

In the event that the statute, regulations, or Guidelines governing this program contain an existing process for appealing HCD decisions with respect to NOFA awards made under such programs, then this section shall be inapplicable, and all appeals shall be governed by such existing authority.

## **B. Awards**

Awards made by HCD shall not be deemed final until such time as HCD has resolved any appeals filed by Applicants pursuant to the appeal process provided for in Section V. A. hereof. At such time as HCD has completed the appeal process and made its determinations, it will issue the final awards and post notification thereof on HCD's website.

## **VI. Standard Agreements and release of funds**

### **A. Standard Agreements**

Recipient(s) will enter into a Standard Agreement with HCD. The Standard Agreement will contain relevant state contracting and program requirements, specific information about the award, the work to be performed, a project/program timeline, and any special conditions required to make the project feasible (Guidelines Section 7752, subd. (a)(4) and Section 7756, subd. (a)(12)).

The Recipient(s) shall remain a party to the Standard Agreement for the agreement's entire term and removal of the Recipient(s) shall be prohibited.

The Standard Agreement allows a maximum of 36-months from the date of the Standard Agreement execution to expend funds (Guidelines Section 7759, subd. (a)(1)). HCD may



exercise its reasonable discretion to disencumber funds or to grant an extension of time for completion (Guidelines Section 7759, subd. (d)). Any extensions are subject to any and all applicable encumbrances, deadlines, and limitations, including, but not limited to, H&S Code, Section 54006, subd. (g). Documentation to support the Recipient's expenditure of funds shall be received prior to the contract expiration date. The Standard Agreement expires at the end of 42 months from the Standard Agreement execution date, unless extended. Recipients remain subject to the terms of the 20-year Monitoring Agreement (Guidelines Section 7756, subd. (b)).

## **B. Release of funds**

Funds shall not be obligated to a Borrower prior to the date a Standard Agreement contract is fully executed between the Recipient and HCD. Funds will be released after the Standard Agreement execution, and after HCD has reviewed and approved the following Recipient submissions (Guidelines Section 7756, subd. (a)(5)):

- Loan servicing plan (Guidelines Section 7723, subd. (a))
- Program guidelines
- Loan document templates
- Reuse Agreement with verification of established Reuse Account (Guidelines Section 7724)
- Fully executed 20-year Monitoring Agreement (Guidelines Section 7756, subd. (b))
- If a Recipient contracts with a third party for the above functions, the Recipient shall submit the original contract and any amendments for HCD review

Funds may be requested as either a reimbursement or as an advance. Pursuant to Guidelines Section 7757, subd. (a), advances may include, but are not limited to, any of the following:

- Homeownership Project Development Loan disbursements
- Advances of up to 25 percent of the award for Self-Help and Shared Housing Technical Assistance
- Advances for Owner-Occupied Rehabilitation or ADU/JADU Programs up to the Recipient's anticipated volume of closed Loans for the following 60-day period
- Advances to escrow for Mortgage Assistance Loans

All Recipients shall reconcile advances within 90 days. Documentation showing at least two-thirds of the funds previously released for program activities were expended shall be submitted to HCD before another advance request will be processed. Recipients shall also consistently complete quarterly performance reports and be up to date on their submissions before another advance request will be processed (Guidelines Section 7758, subd. (a)).

## **VII. Other terms and conditions**

### **A. Right to modify or suspend**

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. If such an action occurs, HCD will notify all interested parties via listserv and

will post the revisions to the CalHome website. Please remember to subscribe at the listserv link.

## **B. Conflicts**

In the event of any conflict between the terms of this NOFA and applicable state law or regulation, the terms of the applicable state law or regulation shall control.

## **APPENDIX A**

### **RATING FACTORS**

The list below is a summary. For more specific information, please refer to Guidelines Section 7755, subd. (b).

Criteria Defined	Maximum Points
<p><b>Capability</b> to operate the proposed program, administer and conduct the Self-Help Technical Assistance Project, or develop the type of Homeownership Project proposed in the application:</p> <ul style="list-style-type: none"> <li>• <b>Number of Mortgage Assistance units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Rehabilitation/Reconstructed units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Self-Help, new construction units within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 10 ~ 20 points</li> <li>▪ 11 – 20 ~ 30 points</li> <li>▪ 21 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Shared Housing units assisted within the last two years:</b> <ul style="list-style-type: none"> <li>▪ 2 ~ 20 points</li> <li>▪ 3 – 4 ~ 30 points</li> <li>▪ 5 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of ADU/JADU or Rehabilitation/Reconstructed units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Homeownership Development Projects within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 ~ 20 points</li> <li>▪ 3 – 4 ~ 30 points</li> <li>▪ 5 or more ~ 40 points</li> </ul> </li> </ul>	<b>40</b>
<p><b>Community Need</b> in a geographic area for the proposed Local Program or project will be based on the following factors:</p> <p><b>For Mortgage Assistance Programs, Technical Assistance for Self-Help Housing Projects, Technical Assistance for Shared Housing</b></p>	<b>15</b>

<p><b>Programs, ADU/JADU Programs, and Homeownership Project Development Loans:</b></p> <ul style="list-style-type: none"> <li>• Housing affordability in the geographic area: The ratio of the current median sales price of a single-family home to the AMI for a 4-person Household, in the county in which the CalHome program or project is located. The current median sales price is the most recent available from the California Association of Realtors as of the NOFA date, and the AMI is updated on an annual basis by HCD;</li> <li>• Percent of renter Households that are Low Income: The percent of Households in renter-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD Comprehensive Housing Affordability Strategy U.S. Census Bureau American Community Survey (HUD CHAS) data;</li> <li>• Percent of renter Households occupying overcrowded housing: The percent of renter-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data; and</li> <li>• Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data.</li> </ul> <p><b>For Rehabilitation Programs:</b></p> <ul style="list-style-type: none"> <li>• Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent U.S. Census Bureau American Community Survey (ACS) data;</li> <li>• Percent of homeowner Households that are in poverty: The percent of families in owner-occupied housing with incomes below the federal poverty line, as reported in the most recent ACS data;</li> <li>• Percent of homeowner Households that are Low Income: The percent of Households in owner-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD CHAS data; and the</li> <li>• Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.</li> </ul>	
<p><b>Feasibility</b> in a geographic area for the proposed Local Program or project will be based on the following factors:</p> <p><b>For Mortgage Assistance Programs:</b></p> <ul style="list-style-type: none"> <li>• Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data;</li> <li>• Availability of homes for sale relative to the proposed lending activity: The ratio of the following: <ul style="list-style-type: none"> <li>○ The number of home sales in the previous year priced below <i>either</i> the current median sales price of a single-family home in the</li> </ul> </li> </ul>	<p><b>25</b></p>

county in which the CalHome program is located, or \$500,000, whichever is less; to

- The number of Loans that the Applicant expects to provide in the program.
- The Applicant will provide home sales information based on publicly available real estate transactions data (e.g., Zillow.com, Redfin.com).

**For Owner-Occupied Rehabilitation Programs:**

- Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent ACS data; and
- Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.

**For Technical Assistance for Shared Housing Programs:**

- Incidence of severe cost burden for low-income renters: The percent of Households in renter-occupied housing units spending 50 percent or more of income on housing expenses, as reported in the most recent HUD CHAS data; and the
- Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data.

**For Technical Assistance for Self-Help Housing Programs, Homeownership Project Development Loans, and ADU Programs:**

- The readiness of the project development to proceed as evidenced by the status of local government approvals, project financing commitments, and resolution to impediments to development;
- Evidence of ability to serve Low- and Very Low-Income Households pursuant to the Mortgage Assistance underwriting requirements stated in Section 7731, as evidenced by the development budget and proposed unit sales prices; and
- Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data.

**Contributes to Community Revitalization** as defined in Section 7716(l), or meets a legislatively mandated priority for funds allocated to the CalHome program, or develops a Rehabilitation Program that addresses climate adaptation or resiliency consistent with the Hazard Mitigation Plan or the Safety Element of the General Plan adopted by the jurisdiction in which the program will be offered.

**10**

<p><b>Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program:</b> Applications applying for Homeownership Project Development, Self-Help Technical Assistance Homeownership Projects, or a Mortgage Assistance Local Program for new construction housing or acquisition with substantial Rehabilitation, when the Recipient is acquiring and substantially rehabilitating properties for sale to first-time homebuyers, will receive up to 10 points to the extent that:</p> <ul style="list-style-type: none"> <li>• The Applicant utilizes Volunteer Labor or Self-Help Construction labor, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided; or</li> <li>• The Applicant utilizes labor provided by youth participating in a construction skills training program, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided. The five hundred (500) hours of construction training labor shall be provided by the 16- to 24-year old program participants;</li> <li>• 15 percent of units to be developed include an ADU or a JADU.</li> <li>• Homeownership development projects are located in a High Resource or Highest Resource area, as identified on the TCAC/HCD Opportunity Area Map.</li> </ul>	<p><b>10</b></p>
<p><b>MAXIMUM TOTAL POINTS</b></p>	<p><b>100</b></p>

For the Applicants who already received CalHome funds, up to 5 points may be deducted for failure to meet CalHome Program Performance Goals pursuant to Section 7759 in the Guidelines.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

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November 27, 2018

**MEMORANDUM FOR: ALL INTERESTED PARTIES**

**FROM:** Jennifer Seeger, Acting Deputy Director  
Division of Financial Assistance

**SUBJECT: CalHome Program Final Guidelines  
Summary of Changes in Response to Public Comments**

On June 6, 2019, the California Department of Housing and Community Development (HCD) released CalHome Program draft guidelines for stakeholder feedback. Public comments on the proposed guidelines were received from June 6, 2019 through July 9, 2019. This document contains a summary of major changes to the draft guidelines. The rationale for the changes are listed under the appropriate citation of the guideline section that was proposed.

Through the final CalHome Program Guidelines (Guidelines), HCD is proposing refinements to the CalHome based on prior program experience, policy objectives, and stakeholder feedback from three public comment sessions and internal sessions organized by HCD.

The proposed changes are reflected in the final Guidelines, available on the [CalHome Program webpage](#), with changes from the draft guidelines shown in highlighted strikethrough and underline format. The significant modifications since the public comment include:

1. Section 7716(c) – Definition of “Administrative Subcontractor”  
The definition of “Administrative Subcontractor”, or any entity or individual which contracts with the CalHome Recipient to provide any portion of administrative services to the local CalHome activity, is added to clarify roles of subcontractors introduced in the Guidelines. This definition is modelled after HCD’s Home Investment Partnership Program (HOME).
2. Section 7716(d) – Definition of “ADU/JADU Program”  
HCD is providing a clear definition of “ADU/JADU Program” for consistency with other program activities (i.e. Mortgage Assistance, Owner Occupied Rehabilitation, Self-Help Technical Assistance, Shared Housing, and Homeownership Development Project). ADU/JADU Program provides financial assistance to a Locality or Nonprofit Corporation to administer a program to fund the construction, reconstruction, repair, or Rehabilitation of Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs).

3. Section 7716(g) – Definition of “Annual Income”  
The definition of “Annual Income” has been modified to exempt ADU or JADU-related income from the income calculation since this rental income will help low-income families achieve or maintain homeownership.
4. Section 7716(q) – Definition of “Elderly”  
The definition of “Elderly” is added to make it clear that the statutory definition applies.
5. Section 7716(r) – Definition of “Eligible Household”  
The definition of “Eligible Household” is expanded to elaborate on Household eligibility requirements for ADU/JADU Programs. It is specified in the Guidelines that a rented ADU or a JADU does not need to be occupied by the owner assisted through a CalHome ADU/JADU Program.
6. Section 7716(uu) – Definition of “Person With a Disability”  
The definition of a “Person With a Disability” is added to comply with the California Fair Employment and Housing Act (FEHA) and other disability rights statutes.
7. Section 7716(vv) – Definition of “Predevelopment Costs”  
The definition of “Predevelopment Costs”, which includes the costs directly related to eligible housing development including ADUs and JADUs, is added to clarify the terminology used in the Guidelines.
8. Section 7716(zz)(3), (4), and (7) – Definition of “Rehabilitation”  
The definition of “Rehabilitation” is expanded to include construction, repair, reconstruction, or rehabilitation of an ADU or JADU, as well as a conversion of an existing space to an ADU or a JADU. In addition, the definition has been expanded to include accessibility modifications to the homes of people with disabilities.
9. Section 7716(kkk) – Definition of “TCAC/HCD Opportunity Area Map”  
“High” and “Highest” resource areas as identified on the California Tax Credit Allocation Committee (TCAC)/HCD Opportunity Area Maps” are incentivized in the Selection Criteria section of the Guidelines and a definition is added for consistency with other affordable housing programs.
10. Section 7717(a)(1) – General Applicant Eligibility Requirements, Geographic Restrictions  
To help less experienced Localities qualify for funding, the Guidelines have been modified to allow Localities to establish a consortium with a single Administrator. Further, one Locality shall apply on behalf of other entities in a consortium and may serve all jurisdictions.
11. Section 7717(b)(2) – General Applicant Eligibility Requirements, Stability and capacity



To help less experienced Localities qualify for funding, the Guidelines have been modified to allow a Locality to subcontract with an Administrative Subcontractor to qualify toward organizational stability and experience requirement.

12. Section 7720 – General Applicant Eligibility Requirements, Eligible Households  
To enable flexibility in the proposed CalHome Guidelines, the section has been modified to include the following provision: If the Borrower will occupy an ADU or a JADU, then the residents of the primary unit shall not be considered as part of the Household receiving CalHome funding for purposes of this section.
13. Section 7721(a)(3)(J) and (K) – General Applicant Eligibility Requirements, Local Program/Project Administration  
ADU/JADU administration, underwriting, and construction requirements are added to the list of activities the Recipient shall be responsible for.
14. Section 7728 – Mortgage Assistance Programs, Eligibility Requirements, Section 7732 – Owner-Occupied Rehabilitation Programs, Eligibility Requirements, Section 7739 – Shared Housing Programs, Eligibility Requirements, and Section 7742 – ADU/JADU Programs, Eligibility Requirements  
Consistent with the ability to contract for experience in Section 7717, the eligibility requirement for Mortgage Assistance, Owner-Occupied Rehabilitation, Shared Housing, and ADUs/JADUs has been amended to allow an Administrative Subcontractor to meet the program-specific experience requirement.
15. Section 7738(a)(4)(C) – Self-Help Technical Assistance Projects, Project Administration Requirements  
The language in this section has been revised to require Recipients to address the process of providing reasonable accommodations to persons with a disability in their Self-Help Technical Assistance Program Guidelines that is submitted to HCD for approval.
16. Section 7742 – ADU/JADU Programs, Eligibility Requirements  
To help Applicants qualify for ADU/JADU Programs, Applicants can now use their new construction development experience involving multiple homeownership units (including single-family subdivisions).
17. Section 7743(b) and (c) – ADU/JADU Programs, Eligible Costs  
The list of eligible costs for ADU/JADU Programs has been expanded to include cost of conversion and structural modifications to the existing home necessary to accommodate an ADU or a JADU and all government fees necessary to build and occupy an ADU or a JADU.
18. Section 7745(d) – ADU/JADU Programs, Underwriting and Construction Requirements  
To protect against vacation rentals, HCD requires a rental term of at least 30 days.
19. Section 7747(c), (d) and (e) – Development Loan Requirements, Eligible Costs

To ascertain which type of housing developments are eligible for Predevelopment Costs, onsite improvements, and carrying costs, HCD clarifies that these provisions apply to all eligible housing development (as specified in the CalHome Statute). In other words, these provisions encompass more than single-family housing developments.

20. Section 7747(j) – Development loan requirements, Eligible Costs  
Attorney fees directly associated with activities related to units funded by CalHome are added to the list of eligible costs for Homeownership Development Projects.
21. Section 7752(b) – Development Loan Requirements, Development Requirements  
To help Nonprofit Corporations qualify for Homeownership Development Projects (by enabling partnerships between Nonprofits and qualified for-profit developers of affordable Homeownership Projects), provision 7752(b) has been removed from the guidelines.
22. Section 7755(b)(2) – Application Procedures, Selection Criteria – Community Need  
A new set of Community Need criteria is proposed in order to move toward a system where a single set of criteria is updated on an annual basis and to create consistency between CalHome and similar deferral programs (i.e. CDBG and HOME).
23. Section 7755(b)(3) – Application Procedures, Selection Criteria – Feasibility  
A new set of Feasibility criteria is proposed in order to move toward a system where a single set of criteria is updated on an annual basis and to create consistency between CalHome and similar deferral programs (i.e. The Community Development Block Grant Program (CDBG) and HOME).
24. Section 7755(b)(5)(D) – Application Procedures, Selection Criteria – Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program  
To incentivize Homeownership Development Projects in "High" and "Highest" resource areas as identified on the TCAC/HCD Opportunity Area Maps", HCD is adding an additional subsection (7755(b)(5)(D)) to the Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program selection criteria of the guidelines.

CalHome final guidelines and additional information regarding CalHome Program is available on the CalHome [webpage](#).

# CalHome Program Guidelines



**Gavin Newsom, Governor  
State of California**

**Alexis Podesta, Secretary  
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director  
Department of Housing and Community Development**

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November 27, 2019

# CALHOME PROGRAM GUIDELINES

## Table of Contents

### **Article 1. General**

Section 7715	Purpose and scope	1
Section 7716	Definitions	1

### **Article 2. General Program Requirements**

Section 7717	General Applicant eligibility requirements	8
Section 7718	Eligible activities	10
Section 7719	Eligible and ineligible uses of funds	11
Section 7720	Eligible Households	12
Section 7721	Local program/project administration	13
Section 7722	Homebuyer education requirements	14
Section 7723	Loan servicing requirements	15
Section 7724	Reuse Account requirements	15

### **Article 3. Homeowner/Homebuyer Loan requirements**

Section 7725	Maximum Homeowner/Homebuyer Loan amounts	16
Section 7726	Homeowner/Homebuyer Loan terms	16
Section 7727	Homeowner/Homebuyer Loan-to-Value Limits	18

### **Article 4. Mortgage Assistance programs**

Section 7728	Eligibility requirements	19
Section 7729	Eligible costs	19
Section 7730	Administration requirements	20
Section 7731	Underwriting requirements	20

### **Article 5. Owner-Occupied Rehabilitation programs**

Section 7732	Eligibility requirements	22
Section 7733	Eligible costs	22
Section 7734	Administration requirements	22
Section 7735	Underwriting and construction requirements	23

### **Article 6. Self-Help Technical Assistance projects**

Section 7736	Eligibility requirements	24
Section 7737	Eligible costs	24
Section 7738	Administration requirements	24

### **Article 7. Shared Housing Programs**

Section 7739	Eligibility requirements	25
Section 7740	Eligible costs	25
Section 7741	Administration requirements	26

**Article 8. ADU/JADU Programs**

Section 7742	Eligibility requirements	27
Section 7743	Eligible costs	27
Section 7744	Administration requirements	27
Section 7745	Underwriting and construction requirements	28

**Article 9. Development Loan requirements**

Section 7746	Eligibility requirements	28
Section 7747	Eligible costs	29
Section 7748	Site Control	30
Section 7749	Maximum development Loan amount	30
Section 7750	Development Loan terms	30
Section 7751	Development Loan-to-Value Limits	31
Section 7752	Development requirements	31

**Article 10. Application procedures**

Section 7753	Application process	32
Section 7754	Application requirements	33
Section 7755	Selection criteria	34

**Article 11. Program operations**

Section 7756	Legal documents	37
Section 7757	Disbursement of Loan and Grant funds	40
Section 7758	Reporting requirements	40
Section 7759	Performance goals	42
Section 7760	Defaults and Loan cancellation	43

## **Article 1. General**

### **Section 7715. Purpose and scope.**

- (a) These guidelines implement and interpret Chapter 6 (commencing with Section 50650) of Part 2 of Division 31, Health and Safety Code (HSC), which establishes the CalHome Program administered by the California Department of Housing and Community Development (the “Department”) and Chapter 365 (commencing with Section 54000) of Part 16 of Division 31, HSC.
- (b) These guidelines establish terms, conditions and procedures for the award and disbursement of funds allocated to the CalHome program pursuant to HSC Section 54006(g).
- (c) These guidelines apply only to funds made available through HSC Section 54006(g) and do not apply to funds made available to the CalHome program authorized by Chapter 6 (commencing with Section 50650) prior to the adoption of HSC Section 54006(g).

NOTE: Authority cited: Sections 50406(n), 50650.2, 50650.7, and 54014, HSC.  
Reference: 50650.3, 50650.4, 50650.5, 50650.7, and 54006(g), HSC.

### **Section 7716. Definitions.**

In addition to the definitions found in Chapter 2 (commencing with Section 50050) of Part 1 of Division 31 of the HSC, the following definitions shall apply to this subchapter. References to code sections refer to the sections of these guidelines unless otherwise noted.

- (a) “Accessory Dwelling Units” (“ADUs”) shall have the same meaning as defined by paragraph (4) of subdivision (i) of Government Code (GC) Section 65852.2.
- (b) “Activity Delivery Fees” (“ADF”) are reasonable and necessary costs incurred by the Applicant and associated with the financing, or development (or both) of activities assisted with CalHome program funds. ADFs directly related to a specific activity are not part of the general administrative costs. The Fee is to defray such costs as: adequate inspections to ensure that work write-ups for contractor bid purposes are professionally done and accurately reflect required rehabilitation work; overseeing the bid process and ensuring that only qualified contractors are selected; inspecting completed work for deficiencies; or arranging for qualified architectural or engineering work as may be required. The maximum ADF amounts shall be published in the NOFA. This amount is payable to the Recipient in the form of a Grant and the amount is not included in the Borrower's Loan amount.
- (c) “Administrative Subcontractor” means any entity or individual which contracts with the CalHome program Recipient to provide any portion of administrative services to the local CalHome program activity. Individuals or groups that are

acting in the capacity of developer or owner of a project shall not act as Administrative Subcontractor for the activity.

- (d) “ADU/JADU Program” means funds are provided to a Locality or Nonprofit Corporation to administer a program to fund the construction, reconstruction, repair, or Rehabilitation of ADUs or Junior Accessory Dwelling Units (JADUs). The Eligible Household is allowed, if assisted through a CalHome program ADU/JADU Program, to rent or lease an ADU or a JADU unit.
- (e) “Affordable” as it describes a specific financial obligation, means that obligation can be paid by the person or Household, along with all of other financial responsibilities, without endangering the financial stability of the Household.
- (f) “After-Rehabilitation Value” means the appraised value of the property including completed Rehabilitation work.
- (g) “Annual Income” means all income as defined in 24 Code of Federal Regulations (CFR), Part 5, Section 5.609 (see Income Calculation and Determination Guide for Federal Programs, Chapter one, Chapter two, and Chapter three). ADU- or JADU-related income will be exempt from the Annual Income calculation.
- (h) “Applicant” is the Locality or Nonprofit Corporation, which submits an application to the Department to operate a Local Program, develop a Homeownership project, or provide Self-Help Technical Assistance to a Homeownership project.
- (i) “Assisted Units” means units purchased or rehabilitated with a Loan funded pursuant to this subchapter. Assisted Units shall also include units occupied by a Seeker successfully matched to a Homeowner Provider under a Shared Housing Local Program or a Household provided with Self-Help Technical Assistance in a project funded pursuant to this subchapter.
- (j) “Back-End Ratio” means the ratio between monthly Household income and Monthly Housing Costs plus all payments on long-term installment debt.
- (k) “Borrower” means a Homebuyer(s) or existing Homeowner(s) who has or will receive a CalHome program Loan made from a Local Program funded pursuant to this subchapter, signs the promissory note, and is or will be the Homeowner of the property being financed.
- (l) “Community Revitalization” A program or project will be considered to contribute towards Community Revitalization if all units to be assisted with CalHome program funds are, or will be, located within a federal Promise Zone or a Choice Neighborhood Initiative Area or an Opportunity Zone.
- (m) “Construction Skills Training Program” means an existing program that trains youth 16 to 24 years old in construction skills.

- (n) "Department" means the Department of Housing and Community Development.
- (o) "Developer" means a Locality or Nonprofit Corporation that owns the project land, obtains the project financing and develops the Homeownership Development Project.
- (p) "Developer Borrower" means a Developer who receives a CalHome program Loan pursuant to this subchapter for the development of a project involving multiple Homeownership units.
- (q) "Elderly" means the same as defined in HSC, Section 50067.
- (r) "Eligible Household" means a Lower- or Very Low-Income Household at or below Moderate-Income Household that is a victim of a disaster as defined in HSC, Section 50650.3 that is:
  - (1) A First-Time Homebuyer;
  - (2) An existing owner-occupant of property in need of Rehabilitation, including construction, repair, reconstruction, or rehabilitation of an ADU or a JADU;
  - (3) A Homeowner participant in a Shared Housing Local Program; or
  - (4) A First-Time Homebuyer participant in a Self-Help Construction project.

The Eligible Household shall occupy, or intend to occupy, the property as their principal residence and shall not lease or rent the property (except in the case of a Homeowner Provider assisted through a CalHome program Shared Housing program in renting a room in their home to a Seeker or in the case of an owner-occupant assisted through a CalHome program ADU/JADU Program in renting an ADU or a JADU unit).

- (s) "First-Time Homebuyer" means a Borrower(s) who has not owned a home during the three-year period before the purchase of a home with CalHome program assistance, except that the following individual or individuals may not be excluded from consideration as a First-Time Homebuyer under this definition:
  - (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed



or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;

- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with CalHome program assistance, a dwelling unit whose structure is:
  - (A) Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
  - (B) Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.
- (t) “Front-End Ratio” means the ratio between monthly Household income and Monthly Housing Cost, including first mortgage principal, interest, taxes and insurance.
- (u) “Grant” means an award of funds made from the Department to eligible Localities or Nonprofit Corporations to operate Local Programs or to provide Self-Help Technical Assistance to a project pursuant to this subchapter. In the case of a development Loan, the portion of that Loan which is used to provide Mortgage Assistance to qualified First-Time Homebuyers is converted to a Grant.
- (v) “Homebuyer Education” means a specific course of instruction, designed pursuant to Section 7722, to educate First-Time Homebuyers regarding various aspects of purchasing and maintaining a home.
- (w) “Homeowner Provider” means a Low-Income person(s) currently residing in a home they own and occupy as a principal place of residence, who desires to find a tenant to share their residence.
- (x) “Homeownership” means:
  - (1) For Mortgage Assistance: fee simple title on real property or a leasehold interest on real property that enables the lessee to make improvements on and encumber the property and has a term sufficient to secure the CalHome program Loan, ownership of a Manufactured Housing unit located on a rented space in a mobilehome park; or

- (2) For Owner-Occupied Rehabilitation: fee simple title; or a leasehold interest that enables the lessee to make improvements on and encumber the property and has a term sufficient to secure the CalHome program Loan; or ownership of a Manufactured Housing unit located on a rented space in a mobilehome park.
- (3) A share interest in a limited equity housing cooperative; or
- (4) An interest in a Mutual Housing project that meets the definition in Section 7716(qq).
- (y) "Homeownership Development Project" means new construction on a site, including subdivisions, or scattered sites, that is under common ownership, development financing and construction.
- (z) "Household" means one or more persons occupying the same housing unit.
- (aa) "Junior Accessory Dwelling Units" ("JADUs") shall have the same meaning as defined by paragraph (1) of subdivision (g) of GC Section 65852.22.
- (bb) "Loan" shall have the same meaning as defined in HSC, Section 50076.6.
- (cc) "Loan-to-Value-Ratio" means the ratio between the amount of all indebtedness liened, or to be liened, against a property and the appraised value of the property securing the liens.
- (dd) "Local Public Agency", or "Locality" means a city, county, or city and county, a duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity, or a local public entity within the state of California that has been delegated substantially all of the Locality's Housing Functions (hereinafter collectively referred to as a "Locality"). For the purpose of this definition, "Housing Functions" means engaging in or assisting in the development or operation of housing for persons of Low or moderate Income. Such delegation shall have been made prior to the issuance of the Notice of Funding Availability (NOFA) under which the local public entity is applying.
- (ee) "Local Program" means a First-Time Homebuyer Mortgage Assistance Loan program; or an Owner-Occupant Rehabilitation Program to provide CalHome program Loans for the acquisition and/or Rehabilitation of property; or an ADU/JADU Program; or a Shared Housing program operated by a Locality or Nonprofit Corporation pursuant to the provisions of this subchapter.
- (ff) "Lower- and Low-Income Household" mean the same as defined in Section 50079.5 of the HSC.
- (gg) "Manufactured Housing" means a mobilehome as defined by Section 18007 of the HSC. A manufactured home can be either in a rental mobile home park, on leased land, or on property owned by the occupant. It can either be on a

permanent foundation or a foundation system. In these guidelines, with respect to Manufactured Housing not installed on a permanent foundation, terms that typically apply to conventionally constructed housing or to Loans secured by real property shall be given the appropriate analogous meaning used in the Manufactured Housing industry. For example, rather than holding fee title to the property, a manufactured Homeowner is listed as the registered owner on the certificate of title issued by the Department.

- (hh) “Maximum Sales Price/Value Limit” is the maximum allowable sales price or the maximum After-Rehabilitation Value of a home assisted with a CalHome program Loan. This shall be set at 100 percent of the current median sales price of a single-family home in the county in which the CalHome program or project is located.
- (ii) “Mobilehome Park” shall have the same meaning as defined in HSC, Section 50082.7.
- (jj) “Moderate-Income Household” mean the same as defined in HSC, Section 50093.
- (kk) “Monitoring Agreement” means the contract entered into between the Department and a Recipient pursuant to Section 7756(b).
- (ll) “Monthly Housing Cost” means the average of the estimated costs for the next twelve months for a Homebuyer or owner-occupant and shall include all of the following associated with that housing unit:
  - (1) Principal and interest on a mortgage Loan including any rehabilitation Loans, and any mortgage insurance fees associated therewith;
  - (2) Property taxes and assessments;
  - (3) Fire and casualty insurance, including flood insurance when applicable, covering replacement value of property improvements;
  - (4) Homeowner association fees or dues, if applicable;
  - (5) Lease payments, if the housing unit is situated on leased land; and
  - (6) Space rent, if a Manufactured Housing unit is situated in a mobilehome park.
- (mm) “Mortgage” means a deed of trust which is used to secure a lien on real property or, in the case of Manufactured Housing, a security instrument sufficient to legally perfect a security interest in the home.
- (nn) “Mortgage Assistance” means permanent financing used toward Homebuyer costs, up to a maximum limit as specified in the Department’s NOFA.

- (oo) “Mortgage Financing” means a long-term, permanent Loan, provided by a Mortgage Lender, which is secured by a deed of trust, or, in the case of Manufactured Housing, a security instrument sufficient to perfect a security interest in the home.
- (pp) “Mortgage Lender” means a bank or trust company, mortgage banker, mortgage broker, federal or state-chartered savings and Loan association, state or federal governmental agency or credit union whose principal business is to originate, process, close and service Loans for the purchase or development (if appropriate) of property. Mortgage Lender also includes nationwide institutions whose primary purpose is to develop housing and provide first Mortgage Financing to Low-Income purchasers of the developed housing.
- (qq) “Mutual Housing” means a multi-unit Homeownership Development that allows each resident a vested financial interest that has a determinable market value, is divisible and gives the owner an exclusive right to occupy a designated unit for an indefinite period.
- (rr) “NOFA” is the acronym for Notice of Funding Availability. The NOFA is the document used by the Department to announce that funds are available, and applications may be submitted.
- (ss) “Nonprofit Corporation” means a corporation as defined in Section 50091 of the HSC.
- (tt) “Owner-Occupied Rehabilitation Program” means funds are provided to a Locality or Nonprofit Corporation to administer a program to assist owners of homes that are in need of Rehabilitation as defined in Section 7716(zz).
- (uu) “Person With a Disability” is an individual with a physical or mental impairment that limits one or more major life activities as defined by the California Fair Employment and Housing Act (FEHA) and other disability rights statutes (GC Section 12955.3, GC Section 12926(m), and GC Section 12926(j)).
- (vv) “Predevelopment Costs” means the costs directly related to Program eligible housing development, including ADUs and JADUs. Predevelopment Costs may include, but are not limited to, the costs of, or the costs associated with, land purchase or options to buy land; professional services such as architectural, engineering, or legal services; permit or application fees; and bonding, site preparation, related water or sewer development, or material expenses.
- (ww) “Program Income” or “PI” means gross income earned by the Grantee from Grant and/or program income-funded activities. PI shall be deposited into a separately maintained Reuse Account.
- (xx) “Recipient” means a Locality or Nonprofit Corporation that receives an award of funds from the CalHome program.

- (yy) "Refinance" means to pay off all or a portion of existing debt secured by the property from the proceeds of a CalHome program Loan or other financing also secured by the property.
- (zz) "Rehabilitation" means, in addition to the definition in HSC, Section 50096 and Section 50097, the following:
- (1) Repairs and improvements to a manufactured home necessary to correct any condition causing the home to be substandard pursuant to CCR, Title 25, Section 1704;
  - (2) Reconstruction;
  - (3) Construction, repair, reconstruction, or rehabilitation of an ADU or a JADU;
  - (4) Conversion of existing space to add an ADU or a JADU;
  - (5) Room additions to prevent overcrowding;
  - (6) Repairs and improvements which are necessary to meet any locally adopted standards used in local rehabilitation; and
  - (7) Modifications, alterations, and additions necessary to improve accessibility and usability for persons with disabilities who reside in or regularly visit the home;

Rehabilitation includes costs incurred in implementing resiliency mitigation measures identified in the Hazard Mitigation Plan or the Safety Element of the General Plan adopted by the jurisdiction in which the program will be offered.

Rehabilitation does not include replacement of personal property.

- (aaa) "Reuse Account" means an account established pursuant Section 7724.
- (bbb) "Rural Area" means the same as defined in HSC, Section 50101.
- (ccc) "Seeker" means a person who desires to be placed as a tenant in a home that is owner-occupied.
- (ddd) "Self-Help Construction" means owner-building as defined in HSC, Section 50692 and may include Mutual Self-Help Housing as defined in HSC, Section 50692(b).
- (eee) "Self-Help Technical Assistance" means conducting and administering a project of technical or supervisory assistance, which will aid Eligible Households in carrying out owner-builder housing efforts.

- (fff) “Shared Housing” means a Local Program designed to preserve Homeownership by matching a Homeowner Provider with a Seeker.
- (ggg) “Shared Housing Match” means a Seeker who has been successfully placed as a tenant into the residence of a Homeowner Provider.
- (hhh) “Shared Housing Technical Assistance” means the provision of services required to Match a Homeowner Provider with a Seeker.
- (iii) “Site Control” means control of a parcel of real property as described in Section 7748.
- (jjj) “Standard Agreement” means the contract entered into between the Department and a Recipient pursuant to Section 7756(a).
- (kkk) ““TCAC/HCD Opportunity Area Map” means the map or maps approved periodically by the California Tax Credit Allocation Committee (TCAC) as the TCAC/HCD Opportunity Area Map.
- (III) “Very Low-Income Household” means the same as defined in Section 50105 of the HSC.
- (mmm) “Volunteer Labor” means skilled or unskilled construction labor provided without remuneration.

NOTE: Authority cited: Sections 50406(n), 50650.2 and 50650.7, HSC. Reference: 50650.3, 50650.4, 50650.5, and 50650.7, HSC.

## **Article 2. General program requirements.**

### **Section 7717. General Applicant eligibility requirements.**

- (a) Geographic restrictions:
  - (1) A Locality shall only be eligible to apply for an award of CalHome program funds for a Local Program or project located within its jurisdictional boundaries. A Locality may hire nonprofit and for-profit consultants located and/or registered within or outside its jurisdictional boundaries, including other counties within the state. Out-of-county consultants are obliged to fulfill the same experience requirements as the in-county entities. Localities may establish a consortium (provided there is a Memorandum of Understanding between the parties) with a single administrator. One Locality shall apply on behalf of other entities in a consortium and may serve all jurisdictions.
  - (2) A Nonprofit Corporation shall only be eligible to apply for an award of CalHome program funds for a program or project if it has developed a project or operated a housing program in California within the past two years or if the Nonprofit Corporation has an existing 523 Self-Help

Technical Assistance Grant Agreement with United States Department of Agriculture (USDA).

(b) Stability and capacity:

- (1) To be eligible for funding, the Applicant shall demonstrate to the Department's satisfaction that it has sufficient organizational stability and capacity to carry out the activity for which it is requesting funds.
- (2) In order to demonstrate organizational stability, the Applicant shall have been operating as a housing Developer or housing program administrator for a minimum of two years prior to the date of application. A Locality may subcontract with an Administrative Subcontractor to qualify toward organizational stability and experience requirement.
- (3) A Nonprofit Corporation must be a corporation whose exempt purposes for the two years prior to the date of application have included the activity for which it is applying.
- (4) A Nonprofit Corporation shall also demonstrate financial stability to the Department's satisfaction through audited financial statements submitted for Department review as part of its application for funding.
- (5) An Applicant shall also meet the additional stability and capacity requirements set forth in these guidelines for the specific activity for which it is applying.
- (6) To the extent necessary to address a presidential declaration of disaster or emergency, or a "state of emergency" or a "local emergency" declared by the Governor under GC Section 8571, the Department may alter or waive state-required criteria set forth in this subsection (b), to the extent otherwise allowed by law.

(c) Reporting requirements

- (1) Recipients shall submit outstanding reports from previous CalHome program Grants to the Department by the application date (as specified in the NOFA). Failure to submit the reports by the application date will make the Recipients ineligible for a CalHome program award.

NOTE: Authority cited: Sections 50406(n), 50650.2 and 50650.7, HSC. Reference: 50650.3, 50650.4, 50650.5, and 50650.7, HSC.

**Section 7718. Eligible activities.**

- (a) The Department may make Grants to Localities or Nonprofit Corporations to fund Local Programs undertaking:

- (1) Provision of CalHome program Loans to First-Time Homebuyers for Mortgage Assistance;
  - (2) Provision of CalHome program Loans to owner-occupants for Rehabilitation, including Rehabilitation or replacement of manufactured homes not on a permanent foundation; Rehabilitation work shall comply with building standards in place as of the date of building permit application;
  - (3) Provision of Technical Assistance to Self-Help housing projects in which the Applicant organization will be directly providing the services required in Section 7738, Self-Help Technical Assistance Project Administration Requirements; or
  - (4) Provision of Technical Assistance for Shared Housing programs for which the Applicant organization will be directly providing the services required in Section 7741, Shared Housing Program Administration Requirements.
  - (5) Provision of CalHome program Loans to owner-occupants for new construction, repair, reconstruction, or rehabilitation of ADUs or JADUs; All work shall comply with building standards in place as of the date of building permit application;
- (b) The Department may make construction period Loans to Localities or Nonprofit Corporations for development of new Homeownership projects, including Program eligible housing developments that include ADUs or JADUs, or make permanent Loans for Mutual Housing and limited equity housing cooperatives.
  - (c) Proposed development projects shall be ineligible to receive funding if Construction Work has begun or will begin prior to the date that the Department makes an award of program funds. "Construction Work" includes grading; site preparation (with the exception of demolition or clearing of property); or site improvements intended for public dedication.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, HSC.

#### **Section 7719. Eligible and ineligible uses of funds.**

- (a) Eligible uses of funds for specific activities are set forth in the article dealing with that activity.
- (b) CalHome program funds shall not be used for any of the following costs that may be incurred in the Local Program or the project:
  - (1) Refinancing of existing Loans with CalHome program funds, except CalHome program funds may be used for site acquisition bridge Loans



with a term of 36 months or less on Homeownership Development Projects.

- (2) Costs associated with the Rehabilitation or repair of property owned by a mobilehome park owner.
- (3) Offsite improvements (improvements outside the boundaries of the subdivision or individual parcels for scattered site development).
- (4) Unit construction costs, except in Owner-Occupied Rehabilitation Local Programs or for construction period expenses for development of new Homeownership projects.
- (5) Recurring Loan closing costs.
- (6) Payoff of all or any portion of a Borrower's consumer debt, liens or judgments.
- (7) Self-Help Technical Assistance Grant funds may not be used to pay for purchase of land, materials, tools and construction equipment or for any costs of construction.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), HSC.

### **Section 7720. Eligible Households.**

To be eligible to receive the benefits of CalHome program funding, an individual Household shall:

- (a) Be a Lower-Income Household, when considering the Annual Income of all Household residents 18 years old or older. When calculating income eligibility, Applicants shall refer to Chapter three of the Income Calculation and Determination Guide for Federal Programs. For Shared Housing Match services, where the provider is elderly, the income of non-occupying children who are on title will not be counted;
- (b) Be a Moderate-Income Household that is a victim of a disaster, when considering the Annual Income of all Household residents 18 years old or older. When calculating income eligibility, Applicants shall refer to Chapter three of the Income Calculation and Determination Guide for Federal Programs. For Shared Housing Match services, where the provider is elderly, the income of non-occupying children who are on title will not be counted;
- (c) Include as Borrowers on the CalHome program promissory note all persons who will be or are on title to the property; and

(d) Either:

- (1) In the case of a Rehabilitation Loan or if receiving Shared Housing Match services, be an owner-occupant and intend to continue occupying the home as a principal place of residence; or
- (2) In the case of a Mortgage Assistance Loan or if receiving Self-Help Technical Assistance services, be a First-Time Homebuyer and intend to occupy the home as a principal place of residence.

Residents of an ADU or a JADU shall not be considered as part of the Household receiving CalHome program funding for purposes of this section. If the Borrower will occupy an ADU or a JADU, then the residents of the primary unit shall not be considered as part of the Household receiving CalHome program funding for purposes of this section.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650(c) and 50650.3, HSC.

**Section 7721. Local program/project administration.**

- (a) The Recipient shall implement the Local Program or project and be responsible for the following activities:
  - (1) Marketing the Local Program or project;
  - (2) Determination of a Household's income-eligibility pursuant to the income requirements of this subchapter;
  - (3) Where applicable, based on the nature of the Local Program or project, compliance with the following requirements:
    - (A) Section 7722 Homebuyer Education requirements;
    - (B) Section 7723 Loan servicing requirements;
    - (C) Section 7724 Reuse Account requirements;
    - (D) Section 7730 Mortgage Assistance administration requirements;
    - (E) Section 7731 Mortgage Assistance underwriting requirements;
    - (F) Section 7734 Owner-Occupied Rehabilitation administration requirements;
    - (G) Section 7735 Owner-Occupied Rehabilitation underwriting and construction requirements;
    - (H) Section 7738 Self-Help Technical Assistance requirements; and

- (I) Section 7741 Shared Housing administration requirements.
  - (J) Section 7744 ADU/JADU administration requirements; and
  - (K) Section 7745 ADU/JADU underwriting and construction requirements.
- (4) For Mortgage Assistance or Owner-Occupied Rehabilitation Loans, disbursing funds on behalf of Borrowers at time of property acquisition or during Rehabilitation;
  - (5) Maintaining complete and accurate records of all CalHome program Loan disbursements and repayments to ensure adherence to proper accounting procedures for the CalHome program Loans, which may be verified by the Department and may be subject to a fiscal and programmatic audit;
  - (6) Complying with reporting requirements pursuant to Section 7758; and
  - (7) Complying with all other Locality and/or Nonprofit Corporation requirements as set forth in these guidelines and all applicable federal and state regulations.

NOTE: Authority cited: Sections 50406(n) and 50650.2HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

**Section 7722. Homebuyer education requirements.**

- (a) Homebuyer Education shall be provided to all Homebuyers receiving a CalHome program Mortgage Assistance Loan and to all Self-Help participants being assisted under a CalHome program Self-Help Technical Assistance Grant. For each home purchase completed by an assisted Household, the CalHome program shall provide a Grant of up to a maximum amount as published in the latest NOFA per assisted Household toward the cost of the Homebuyer Education, provided the following conditions are met:
  - (1) Homebuyer Education curriculum shall be pre-approved by the Department and at a minimum, shall include the following topics:
    - (A) Preparing for Homeownership;
    - (B) Available financing and credit analysis;
    - (C) Loan closing and Homebuyer responsibilities;
    - (D) Home maintenance and Loan servicing.

- (2) A certificate of successful completion of Homebuyer Education shall be issued to each prospective Homeowner and a copy submitted to the Department.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b), HSC.

**Section 7723. Loan servicing requirements.**

- (a) Recipients shall develop and employ a Loan servicing plan that has been submitted to and approved by the Department as addressing the following topics:
  - (1) Process for monitoring the requirement of owner-occupancy
  - (2) Annual review hazard and flood insurance
  - (3) Timely payment of property taxes and assessments
  - (4) Accounting for repayment of CalHome program Loans
  - (5) Properly calculate payoffs
  - (6) Processing demands
  - (7) Reconveyance of deeds of trust
  - (8) Collection of CalHome program notes in default or foreclosure
- (b) If Loan servicing will be performed under a contract with a third party, that third party must be in the business of performing Loan servicing; and
- (c) Recipients shall be required to enter into a long-term Monitoring Agreement with the Department allowing Department monitoring of Loan servicing for compliance with these guidelines.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

**Section 7724. Reuse account.**

- (a) CalHome program Recipients shall develop and employ a Reuse Account plan that has been submitted to and approved by the Department as addressing the following topics:
  - (1) Description of a tracking system to ensure the reuse of funds for eligible activities including:
    - (A) Loans to individual Homeowners and Homebuyers,
    - (B) CalHome program Loan processing, housing Rehabilitation processing, Homebuyer Education and other eligible ADF, and
    - (C) Allowable 5 percent Loan servicing fee.

- (b) All repayments of CalHome program Loan principal and any CalHome program Loan interest (i.e. PI) shall be deposited into a separately maintained Reuse Account.
- (c) Any interest earned on deposited CalHome program reuse funds must accrue to the CalHome program identified funds and be reused for CalHome program purposes.
- (d) Funds in the Reuse Account shall only be used by the Recipient for CalHome program eligible activities which are subject to these guidelines.
- (e) Recipients shall be required to enter into a long-term Monitoring Agreement with the Department allowing Department monitoring of Reuse Accounts for compliance with these guidelines.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.3(d), HSC.

### **Article 3. Homeowner/Homebuyer Loan requirements.**

#### **Section 7725. Maximum Homeowner/Homebuyer Loan amounts.**

- (a) CalHome program Loans to individual Borrowers shall not exceed the amount published in the current NOFA or, when considered with other available financing and assistance, the minimum amount necessary:
  - (1) In the case of First-Time Homebuyer Mortgage Assistance, to ensure Affordable Monthly Housing Costs as defined by the first Mortgage Lender.
  - (2) In the case of Owner-Occupant Rehabilitation, to fund eligible Rehabilitation costs only, in accordance with program requirements.
  - (3) In the case of ADU/JADU assistance, to fund eligible costs only, in accordance with program requirements.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

#### **Section 7726. Homeowner/Homebuyer Loan terms.**

- (a) CalHome program Loans shall be secured by the property or leasehold interest, as applicable.
- (b) The lien securing repayment of the CalHome program Loan shall be subject only to liens, encumbrances and other matters of record reviewed and approved by the Recipient responsible for underwriting the CalHome program Loan.

- (c) Homeowner/Homebuyer CalHome program Loans shall have the following terms and conditions:
- (1) Principal and interest payments shall be deferred for the term of the CalHome program Loan;
  - (2) Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome program Loan maturity date; However, if it is determined by the Recipient that repayment of the CalHome program Loan at the maturity date causes a hardship to the Borrower, the Recipient has two other options. They are:
    - (A) Amending the note and deed of trust to defer repayment of the amount due at Loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at 0 percent additional interest), this may be offered one time, or
    - (B) Converting the debt at Loan maturity, that is the original principal balance and any accrued interest, to an amortized Loan, repayable in 15 years at 0 percent additional interest.
  - (3) Loans are not assumable;
  - (4) The following transfers of interest shall not require the repayment of the CalHome program Loan:
    - (A) Transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
    - (B) A transfer, in which the transferee is a person who occupies or will occupy the property, which is:
      - (i) A transfer where the spouse becomes an owner of the property;
      - (ii) A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
      - (iii) A transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.
  - (5) The term for First-Time Homebuyer Mortgage Assistance CalHome program Loans shall be 30 years with the following exception: when USDA, Rural Housing Service (RHS) 502 mortgage Loans are in first lien position, the term shall be the term of the 502 mortgage (30 to 38 years);

- (6) The term for Owner-Occupied Rehabilitation CalHome program Loans shall be a maximum of 30 years as determined by the Recipient; and
- (7) A Borrower may pay the CalHome program Loan amount, in part or in whole, at any time without penalty.
- (d) All CalHome program assistance to individual Households shall be made in the form of a Loan. Recipients may make CalHome program Loans bearing simple interest up to 3 percent per annum and may allow forgiveness of all or a portion of the accrued interest as part of its Local Program design. Loan principal shall not be forgiven, except as allowed by statute. In lieu of making Loans bearing a fixed rate of interest, Recipients may instead charge contingent deferred interest in the form of shared net appreciation as set forth in subsection (e).
- (e) Shared net appreciation is allowed, only as follows:
  - (1) Gross appreciation is calculated by subtracting the original sales price from the current sales price or the current appraised value if the Loan accelerating event is other than sale of the property;
  - (2) Net appreciation is calculated by subtracting the seller's applicable closing costs, seller's cash contribution in the original purchase transaction, the value of seller's sweat equity, if applicable, and the documented value of capital improvements from the gross appreciation amount;
  - (3) The Recipient may only claim repayment of the principal, interest and a portion of the net appreciation. That maximum portion of the net appreciation which may be claimed by the Recipient is equal to the percentage of the value of the residence financed by the CalHome program Loan. That is, if the Loan equals 20 percent of the initial value of the residence, a maximum of 20 percent of the appreciation may be charged by Recipient.
- (f) In any Loan transaction where there is no other public subsidy or public resale restriction, the Borrower cannot be restricted from selling the home at its fair market value at any time.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

#### **Section 7727. Homeowner/Homebuyer Loan-to-Value Limits.**

- (a) The Loan-to-Value Ratio for a Mortgage Assistance CalHome program Loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

- (b) The Loan-to-Value Ratio for an Owner-Occupied Rehabilitation CalHome program Loan, when combined with all other indebtedness secured by the property, shall not exceed 105 percent of the After-Rehabilitation Value estimated pursuant to Section 7735(b)(1).

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.3(c), and 50650.7, HSC.

#### **Article 4. Mortgage Assistance programs.**

##### **Section 7728. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for CalHome program funding for a Mortgage Assistance program, the Applicant or its Administrative Subcontractor shall have successfully administered a Homebuyer program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.4, HSC.

##### **Section 7729. Eligible costs.**

CalHome program funds in support of a Mortgage Assistance program shall be used only for the following costs:

- (a) Mortgage Assistance for permanent financing of:
  - (1) A dwelling unit, which may include an ADU or a JADU, ready for occupancy; or
  - (2) A unit, which may include an ADU or a JADU, acquired by a Loan such as a HUD FHA 203(k) Loan. This includes self-help housing Mortgage Assistance, except that CalHome program permanent financing may be disbursed at time of lot purchase where the self-help housing is being financed under the USDA-RHS 502 program.
- (b) Homebuyer Education, which will be reimbursed in the form of a Grant from the Department to the Recipient in an amount not to exceed the maximum published in the current NOFA.
- (c) Non-recurring Loan closing costs.
- (d) A CalHome program Loan-processing ADF not to exceed the maximum amount published in the current NOFA will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b), HSC.



### **Section 7730. Administration requirements.**

The Recipient of CalHome program funds to operate a local Mortgage Assistance program shall be responsible for the following activities:

- (a) Providing information and assistance to First-Time Homebuyers on obtaining maximum amount of first Mortgage Financing pursuant to the underwriting requirements in Section 7731;
- (b) Reviewing CalHome program required appraisals for property eligibility under value limits established pursuant to Section 7731(b)(3). The appraised value shall not exceed these limits;
- (c) In the case of acquisition of existing housing, the Recipient shall be responsible for inspection of properties to be purchased or a review of Uniform Residential Appraisal Reports, including the Valuation Conditions, to ensure that they conform to the requirements of State Housing Law (California HSC, Section 17910 et seq.);
- (d) Ensuring completion by each assisted Household of a Homebuyer Education class that meets the requirements of Section 7722; and
- (e) Originating, underwriting, packaging and closing CalHome program Loans in accordance with program requirements.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

### **Section 7731. Underwriting requirements.**

- (a) CalHome program Recipients shall develop and employ Mortgage Assistance Program Underwriting Guidelines that have been submitted to and approved by the Department as addressing the following underwriting topics:
  - (1) Establish Front- and Back-End Ratios used to qualify the Borrower;
  - (2) What criteria will be used to determine the credit worthiness of the Borrower;
  - (3) Requirements for the first Mortgage:
    - (A) Borrower shall obtain the maximum first lien mortgage Loan with a term and interest rate from a Mortgage Lender consistent with Affordable housing costs as defined in each program's guidelines.
    - (B) Mortgage Loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest.

- (4) Financing subordinate to the CalHome program Loan:
  - (A) Fees and/or charges for subordinate financing shall be reasonable Loan origination fees for first Mortgage Financing as determined by the Department to be consistent with industry standards;
  - (B) There must not be a balloon payment due before the maturity date of the CalHome program Loan;
  - (C) All subordinate financing provided shall defer principal and interest payments for the term of the CalHome program Loan;
- (b) Prior to close of escrow, the Recipient shall ensure that an appraisal has been obtained which meets the following requirements:
  - (1) The appraisal shall be prepared by a state-licensed, residential property appraiser;
  - (2) The appraisal shall use the sales of comparable properties approach to determine value; and
  - (3) Maximum appraised home values at time of purchase or upon completion of acquisition/Rehabilitation work shall not exceed the appraised value limit established by the Department and published in the NOFA.
- (c) Cash out of escrow to Borrowers are limited to the amount deposited into escrow by the Borrowers and not needed for any lender-required minimum down-payment.
- (d) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.
- (e) Fire insurance (and flood insurance where applicable) requirements are as follows:
  - (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
  - (2) Recipient must be named as additional loss payee on the policy.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

## **Article 5. Owner-Occupied Rehabilitation Programs.**

### **Section 7732. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for CalHome program assistance for an Owner-Occupied Rehabilitation Program, the Applicant or its Administrative Subcontractor shall have successfully administered a local Owner-Occupied Rehabilitation Program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.4 and 50650.7, HSC.

### **Section 7733. Eligible costs.**

CalHome program funds in support of an Owner-Occupied Rehabilitation program shall be used only for the following costs:

- (a) Cost of Rehabilitation of the property, as defined in Section 7716(zz).
- (b) Cost of building permits and other related government fees.
- (c) Cost of an appraisal, architectural, engineering, and other consultant services that are directly related to the Rehabilitation of the property.
- (d) Non-recurring Loan closing costs.
- (e) Replacement cost of a manufactured home not on a permanent foundation up to the maximum amount published in the current NOFA in the case where it has been determined by the Recipient it is infeasible to rehabilitate the home.
- (f) A CalHome program ADF in an amount not to exceed the maximum amount published in the current NOFA per Assisted Unit will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b) and 50650.7, HSC.

### **Section 7734. Administration requirements.**

The Recipient of CalHome program funds for the operation of a local Owner-Occupied Rehabilitation Program shall be responsible for the following activities:

- (a) Reviewing CalHome program required After-Rehabilitation appraisals for property eligibility under value limits established in the current published NOFA;
- (b) Originating, underwriting, packaging and closing CalHome program Loans in accordance with program requirements; and

- (c) Completion of Rehabilitation construction requirements pursuant to the Owner-Occupied Rehabilitation Program Guidelines required by Section 7735(a).

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

**Section 7735. Underwriting and construction requirements.**

- (a) CalHome program Recipients shall develop and employ Owner-Occupied Rehabilitation Program Guidelines submitted to and approved by the Department as addressing the following topics:
  - (1) Owner-Occupied Rehabilitation underwriting guidelines including Borrower credit requirements; and
  - (2) Rehabilitation construction requirements.
- (b) Prior to commencement of Rehabilitation work, an appraisal shall be obtained with the following requirements:
  - (1) The appraisal may be prepared by Recipient's staff using the sales of comparable properties approach to determine value. If comparable sales are not available, the appraisal shall be prepared by a state-licensed, residential property appraiser;
  - (2) The appraisal shall take into consideration the estimated value of the Rehabilitation work to be completed on the property and shall include the pre-rehabilitated value and the After-Rehabilitated Value; and
  - (3) An appraisal is not required in the case of Rehabilitation work on a manufactured home not on a permanent foundation.
- (c) Any cash out of escrow to Borrowers is prohibited.
- (d) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.
- (e) Fire insurance (and flood insurance where applicable) requirements are as follows:
  - (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
  - (2) Recipient must be named as additional loss payee on the policy.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

## **Article 6. Self-Help Technical Assistance projects.**

### **Section 7736. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for CalHome program assistance for a Self-Help Technical Assistance project, the Applicant shall meet the criteria set forth in the CCR, Title 25, Division 1, Chapter 7, Subchapter 6.5, Article 1, Section 7532 “Eligible Sponsors”, and have successfully completed a minimum of two self-help, new construction projects within the four years immediately preceding the application.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

### **Section 7737. Eligible costs.**

CalHome program funds in support of a Self-Help Technical Assistance project shall be used only for the following costs:

- (a) Costs for assistance, training and supervision on Self-Help Construction activities and techniques;
- (b) Homebuyer Education, which will be reimbursed in the form of a Grant from the Department to the Recipient in an amount not to exceed the maximum published in the current NOFA;
- (c) Costs of assistance provided in project development which includes, but is not limited to, the preparation of contracts for professional services, application for project funding, packaging Households’ applications for assistance, preparation of subdivision maps, review of engineering plans and specifications for construction and Rehabilitation projects and compliance with appropriate requirements of funding agencies and local government;
- (d) Administrative costs of providing Technical Assistance for the project funded by the Department including, but not limited to, wages, salaries and fringe benefits of clerical and management personnel and payment for rent, utilities, communications, printing and travel expenses.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), HSC.

### **Section 7738. Administration requirements.**

- (a) The Recipient shall develop and employ Self-Help Technical Assistance Program Guidelines submitted to and approved by the Department as addressing the following topics:
  - (1) Program Marketing
  - (2) Recruitment of Homebuyers and selection criteria

- (3) Income limits for participation and income determination procedures
- (4) Criteria for Homebuyer participation in the program including:
  - (A) Residency requirements
  - (B) Credit requirements
  - (C) Process of providing reasonable accommodations to persons with a disability
- (5) List of activities to be performed by self-help participants
- (6) Construction training plan
- (7) Homeownership training plan
- (b) A home assisted with Self-Help Technical Assistance shall not be sold at a price that exceeds its appraised value;
- (c) Prior to the disbursement of an advance, not to exceed 25 percent of the total Grant amount, the Recipient must submit a certification that the Recipient does not have available funds to initiate the project.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), HSC.

## **Article 7. Shared Housing programs.**

### **Section 7739. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for CalHome program assistance for a Shared Housing program, the Applicant or its Administrative Subcontractor shall have successfully administered a shared housing program for renters or Homeowners for a minimum of two years immediately preceding the application.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

### **Section 7740. Eligible Costs.**

CalHome program Shared Housing Technical Assistance funds shall be used only for the following costs:

- (a) Indirect costs of administering a Shared Housing Local Program, including the costs of providing information and referrals; outreach/marketing costs; program evaluation; and CalHome program reporting requirements; and/or

- (b) Costs of direct services, including Shared Housing Matching, documentation of match efforts, and match follow-up services.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), HSC.

**Section 7741. Administration requirements.**

- (a) A Shared Housing Technical Assistance Local Program shall, at a minimum, include the following features:
  - (1) Information regarding services available, procedures and program requirements, which shall be provided to all individuals requesting assistance;
  - (2) Outreach and marketing activities shall be conducted to reach both potential Homeowner Providers and potential Seekers and provide information about the availability, purpose and requirements of Shared Housing Match services;
  - (3) Program evaluations shall be obtained from clients (Homeowner Providers and Seekers) by the Shared Housing Technical Services provider to be used as a basis for assessment and improvement of services provided to clients;
  - (4) All services required to affect a Shared Housing Match between a Low-Income qualified Homeowner Provider and a Seeker, which must include at minimum, intake forms/applications, face-to-face interviews between Homeowner Providers/Seekers and Shared Housing agency staff, reference checks, and income determinations to determine Homeowner Provider eligibility;
  - (5) Documentation of a minimum 10 percent reduction in housing costs (or increased income) for Homeowner Providers, except in instances where a Homeowner Provider is age 60 or over or disabled and the Seeker (renter) will be providing services to the Homeowner Provider. In cases that do not meet this requirement, the Recipient shall provide written justification; and
  - (6) Match follow-up services to determine Match satisfaction and to help clients maintain a successful Shared Housing Match.
- (b) A Seeker may not be matched to a Homeowner Provider who rents out more than two rooms in their home.
- (c) The aggregate annual CalHome program reimbursement cannot exceed 50 percent of the Locality's or Nonprofit Corporation's annual budget for their Shared Housing Match Local Program.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

## **Article 8. ADU/JADU Programs.**

### **Section 7742. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for CalHome program assistance for an ADU/JADU Program, the Applicant or its Administrative Subcontractor shall have successfully administered a local Owner-Occupied Rehabilitation Program, new construction development involving multiple Homeownership units (including single-family subdivisions), or an ADU/JADU Program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.4 and 50650.7, HSC.

### **Section 7743. Eligible costs.**

CalHome program funds in support of an ADU/JADU Program shall be used only for the following costs:

- (a) Cost of construction, reconstruction, repair, conversion or rehabilitation.
- (b) Cost of structural modifications to the existing home necessary to accommodate an ADU or a JADU.
- (c) Cost of building permits and other related government fees, including all fees necessary to build and occupy an ADU or a JADU.
- (d) Cost of an appraisal, architectural, engineering, and other consultant services that are directly related to the construction.
- (e) Non-recurring Loan closing costs.
- (f) A CalHome program ADF in an amount not to exceed the maximum amount published in the current NOFA per Assisted Unit will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: Sections 50406(n), 50650.2, HSC. Reference: 50650.3 and 50650.7, HSC.

### **Section 7744. Administration Requirements.**

The Recipient of CalHome program funds for the operation of a local ADU/JADU Program shall be responsible for the following activities:

- (a) Originating, underwriting, packaging and closing CalHome program Loans in accordance with program requirements; and



- (b) Completion of construction requirements pursuant to Section 7745(a) of these guidelines.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b) and 50650.7, HSC.

### **Section 7745. Underwriting and construction requirements.**

- (a) Recipients shall develop and employ ADU/JADU Program Guidelines submitted to and approved by the Department as addressing the following topics:
  - (1) ADU and/or JADU underwriting guidelines, including Borrower credit requirements;
  - (2) ADU and/or JADU construction requirements; and
  - (3) ADU and/or JADU site standards required by local jurisdictions.
- (b) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.
- (c) Fire insurance (and flood insurance where applicable) requirements are as follows:
  - (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
  - (2) Recipient must be named as additional loss payee on the policy.
- (d) Recipients shall set a minimum tenancy of 30 days and shall not use this program for short-term rentals.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b) and 50650.7, HSC.

## **Article 9. Development Loan requirements**

### **Section 7746. Eligibility requirements.**

In addition to the requirements of Section 7717, to be eligible to apply for a development Loan, an Applicant shall have successfully developed a minimum of two similar projects within the last four years, and the Applicant shall have staff that will be committed to the proposed project that possess the knowledge, skills and ability to perform the tasks required in a Homeownership Development Project.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

**Section 7747. Eligible costs.**

CalHome program funds in support of a development project shall be used only for the following costs:

- (a) Purchase of real property;
- (b) Building permits and state and local fees;
- (c) Predevelopment Costs directly related to eligible housing development, including ADUs and JADUs;
- (d) Onsite improvements related to eligible housing development (within the boundaries of the subdivision or individual parcels for scattered site developments);
- (e) Carrying costs during construction, including insurance, construction financing fees and interest, taxes, and any other expenses necessary to hold the property while the eligible housing development, including ADUs and JADUs, is under construction;
- (f) Escrow, title insurance, recording and other related costs;
- (g) Costs for items intended to assure the completion of construction, such as contractor bond premiums;
- (h) Environmental hazard reports, surveys, and investigations;
- (i) Payoff of bridge Loan financing for site acquisition which has a term of 36 months or less; and
- (j) Attorney fees directly associated with activities related to units funded by the CalHome program.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b), HSC.

### **Section 7748. Site Control.**

To be eligible to apply for a Homeownership Development Project Loan, the Applicant shall have Site Control of the proposed project property through the application award date listed in the NOFA, as evidenced by one of the following:

- (a) Fee simple title;
- (b) An enforceable option to purchase, which shall extend, or may be extended, for a minimum of 120 days beyond the deadline for application submittal;
- (c) A disposition and development agreement with a public agency;
- (d) A sales contract, or other enforceable agreement for the acquisition of the property;
- (e) A leasehold interest, or an enforceable option to lease. The option to lease shall extend for a minimum of 120 days beyond the deadline for application submittal. The leasehold term must be for a minimum of 40 years. The leasehold must have provisions that enable the lessee(s) to make improvements on and encumber the property for a term sufficient to secure the CalHome program lien; or
- (f) Other forms of Site Control that give the Department equivalent assurance that the project will be able to proceed without inordinate delay.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), HSC.

### **Section 7749. Maximum development Loan amount.**

The maximum project development Loan amount shall be published in the current NOFA.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

### **Section 7750. Development Loan terms.**

- (a) All CalHome program development Loans shall be secured by the project real property and improvements, subject only to liens, encumbrances and other matters of record which have been reviewed and approved by the Department on a case-by-case basis.
- (b) The development Loan term shall end no later than the date specified in the Standard Agreement.
- (c) Principal and interest payments shall be deferred for the term of the development Loan.

- (d) Development Loans shall be repayable at permanent closings of the individual Homebuyer CalHome program Loans or at the development Loan maturity date, whichever occurs first. The portion of development Loan repayments that are used to provide Mortgage Assistance to qualified First-Time Homebuyers will be converted to a Grant to the Recipient. The balance of the development Loan will be repaid to the Department.
- (e) Development Loans shall bear interest at the rate of 6 percent simple interest per annum. The Department may forgive accrued interest on a pro rata basis to the extent that the number of Lower-Income Households and disaster-affected Moderate-Income Households originally proposed to be served, have been served upon completion of the project.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.3(b) and 50650.7, HSC.

### **Section 7751. Development Loan-to-Value Limits.**

Loan-to-Value limits include all liens recorded or to be recorded on the project property.

- (a) When development Loan funds are used for the purchase of unimproved real property, the Loan-to-Value Ratio shall not exceed 100 percent of the unimproved appraised value.
- (b) When development Loan funds are used for the purchase of improved real property, the Loan-to-Value Ratio shall not exceed 100 percent of the improved appraised value.
- (c) When development Loan funds are used for predevelopment or site improvement costs, the Loan-to-Value Ratio shall not exceed 100 percent of the appraised land value, plus predevelopment and/or site improvements costs.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b) and 50650.7, HSC.

### **Section 7752. Development requirements.**

- (a) Prior to disbursement of development Loan proceeds:
  - (1) The Developer Borrower shall be the sole owner of the development site or upon close of purchase escrow when CalHome program funds are being used for site acquisition;
  - (2) The Developer Borrower shall have a firm financing commitment(s) for all costs to complete the development;

- (3) The Department shall have approved a final construction budget that ensures that the estimated sales price of the homes to be constructed:
  - (i) Do not exceed the limits established in the NOFA; and
  - (ii) Can reasonably be expected to be Affordable to eligible buyers; and
- (4) The Developer Borrower shall have met all other Department conditions for disbursement as stated in the Standard Agreement required by Section 7756(a).
- (b) A home assisted with a development Loan shall not be sold at a price that exceeds its appraised value.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3(b), 50650.4 and 50650.7, HSC.

## **Article 10. Application procedures**

### **Section 7753. Application process.**

- (a) The Department shall periodically issue a NOFA that specifies, among other things, the amount of funds available, the minimum/maximum application amount, the minimum/maximum activity amount, minimum/maximum amount per Assisted Unit, the Maximum Sales Price/Value Limit which will represent 100 percent of the current local median sales price of a single family home, minimum number of units per Homeownership Development Project, application requirements, the activities eligible for funding, the number of activities that may be applied for in one application, the allocation of rating points, the deadline for submittal of applications, the schedule for rating and ranking applications and awarding funds, and the general terms and conditions of funding commitments.
- (b) In order to implement goals and purposes of the CalHome program , the Department may adopt measures to direct funding awards to designated Local Program types or project types including, but not limited to Local Programs or projects that: are utilizing self-help labor; are utilizing Volunteer Labor; involve a Construction Skills Training Program; contribute toward Community Revitalization; are located in Rural Areas or other areas to achieve a reasonable geographic distribution of funding, to the extent feasible; or are located in a geographic area subject to a presidential declaration of disaster or emergency, or a “state of emergency”, or a “local emergency”, as those terms are defined in GC Section 8558. Such measures may include, but are not limited to:
  - (1) Issuing a separate NOFA for designated Local Program or project types;

- (2) Awarding bonus points to designated Local Program or project types within a particular NOFA;
- (3) Reserving a portion of funds in the NOFA for designated Local Program or project types; and/or
- (4) Notwithstanding anything in these guidelines to the contrary, a separate NOFA issued pursuant to this subsection may establish an over-the-counter application process meaning the Department continuously accepts and rates applications until the funding available under the NOFA is exhausted. At a minimum, a separate NOFA shall include a description of the application process and funding conditions, shall require compliance with paragraph (a) of this Section, and shall establish minimum funding threshold criteria based on the rating criteria set forth in subdivision 7755.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.7, HSC.

#### **Section 7754. Application requirements.**

Application shall be made in a format provided by the Department. The Department shall request the following information:

- (a) Applicant identification information including: name, address, telephone number, contact person and, for Nonprofit Corporations, corporate governing documents and financial information (e.g., articles and by laws, certificate of good standing, confirmation of 501(c)(3) status, audited financial statements), and list of legislative representatives for the area where the program or project will be undertaken.
- (b) Governing board resolution which legally authorizes the application and conforms to the Department's requirements.
- (c) Documentation evidencing that the Applicant: has the authority to undertake the activities applied for; that it meets the eligibility requirements; that it does not have any unresolved Department audit findings nor pending lawsuits; that if the application is for a construction project, Construction Work has not yet begun; and that it agrees to comply with all program requirements.
- (d) Project or program description including amount applied for, number of units or Households to be assisted, income levels of Households to be assisted, description of prior experience with the type of program or project applied for, geographic location of the activities, financing sources and uses, and description of any contributed labor.
- (e) For development projects, the description of the project also shall include: a description of how the Applicant has Site Control; the status of all local government approvals; availability of on and off site improvements and utilities; soil condition and environmental conditions; project costs; unit

description in terms of size, number of bedrooms; per unit construction cost; estimated sales price and sources of financing; estimated Monthly Housing Costs of purchasers; and description of the Homebuyer Education program.

- (f) A description of how the Applicant will comply with the requirements for Local Program/project administration set forth in Section 7721 applicable to the program or project being applied for.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.7, HSC.

**Section 7755. Selection criteria.**

- (a) Applications shall not be considered for funding unless the application is received by the deadline as stated in the NOFA and demonstrates that all of the following conditions exist:
  - (1) The application contains all of the information required by Section 7754 and contains sufficient information to allow the Department to apply the rating factors set forth in subsection (b) of this Section;
  - (2) The Applicant is eligible;
  - (3) The Applicant proposes an eligible activity;
  - (4) The Applicant proposes an eligible use of the funds;
  - (5) The Applicant does not have any unresolved audit findings or unresolved compliance issues for prior Department or federally funded housing or community development projects or programs;
  - (6) The Applicant has no pending lawsuits that would impact implementation of the program or project for which funding is being requested;
  - (7) If the application is for a development project, construction on the project has not yet begun; and
  - (8) The proposed program or project is consistent with any special terms and conditions of the NOFA (e.g., maximum amounts for downpayment assistance, sales price, development Loan).
- (b) Each application considered for funding shall be rated using the following criteria and maximum possible rating points. The maximum points an application may receive shall not exceed 100 points. Applications must receive a minimum of 55 points to be considered for funding.
  - (1) Capability to operate the local the proposed program, administer and conduct the Self-Help Technical Assistance project, or develop the type

of Homeownership project proposed in the application as follows (up to 40 points):

- (A) Prior experience with administration/implementation of the type of program proposed in the application; or
  - (B) Prior experience in developing the type of Homeownership Development Project or Self-Help Technical Assistance Homeownership project as proposed in the application; and
  - (C) Prior experience with Loan servicing or a plan to provide Loan servicing/management capabilities.
- (1) Community need in a geographic area of the proposed Local Program or project will be based on one or more of the following factors (up to 15 points): the percentage of renter Households that are low income, the percent of renter Households occupying overcrowded housing, the rental vacancy rate, the age of the housing stock, the percentage of Homeowner Households who are in poverty, the percentage of Homeowner Households who are low income, and the percent of Homeowner Households occupying overcrowded housing, as reported in U.S. Census Bureau data; and housing affordability in the geographic area. The specific community need factors that will apply to each activity will be calculated by the Department annually and identified in the NOFA.
- (3) Feasibility of the proposed activity as demonstrated by the following (up to 25 points):
- (A) For applications proposing Mortgage Assistance programs, feasibility will be determined by one or more of the following market indicators in the proposed geographic service area: the affordability of Homeownership relative to renting, as reported in U.S. Census Bureau data; and the availability of affordable homes for sale relative to the proposed amount of lending activity. The specific feasibility indicators that will apply to this activity will be identified in the NOFA;
  - (B) For applications proposing Owner-Occupied Rehabilitation, feasibility will be determined by one or more of the following market indicators in the proposed geographic service area: the age of the housing stock and the percent of Homeowner Households occupying overcrowded housing, as reported in U.S. Census Bureau data; and the Applicant's proposed marketing plan. The specific feasibility indicators that will apply to this activity will be identified in the NOFA;
  - (C) For applications for proposing Shared Housing programs, feasibility will be determined by one or more of the following market indicators in the proposed geographic service area: the



incidence of severe cost burden for renters, and the rental vacancy rate, as reported in U.S. Census Bureau data. The specific feasibility indicators that will apply to this activity will be identified in the NOFA;

- (D) For applications proposing a Homeownership Development Project, Self-Help Technical Assistance Homeownership project, or ADU/JADU Programs:
  - (i) The readiness of the project development to proceed as evidenced by the status of local government approvals, project financing commitments, and resolution to impediments to development; and
  - (ii) Evidence of ability to serve Low- and Very Low-Income Households pursuant to the Mortgage Assistance underwriting requirements stated in Section 7731, as evidenced by the development budget and proposed unit sales prices; and
  - (iii) The affordability of Homeownership relative to renting, as reported in U.S. Census Bureau data.
- (4) Contributes to Community Revitalization as defined in Section 7716(l), meets a legislatively mandated priority for funds allocated to the CalHome program, or develops a Rehabilitation Program that addresses climate adaptation or resiliency consistent with the Hazard Mitigation Plan or the Safety Element of the General Plan adopted by the jurisdiction in which the program will be offered. (up to 10 points)
- (5) Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program (up to 10 points)

Applications applying for Homeownership Development Projects, Self-Help Technical Assistance Homeownership projects, or a Mortgage Assistance Local Program for new construction housing or acquisition with substantial rehabilitation when the Recipient is acquiring and substantially rehabilitating properties for sale to First-Time Homebuyers, will receive up to 10 points to the extent that they are utilizing:

- (A) Volunteer or Self-Help Construction labor, where a minimum of 500 hours of on-site construction labor per Assisted Unit is provided; or
- (B) Labor provided by youth participating in a Construction Skills Training Program, where a minimum of 500 hours of on-site construction labor per Assisted Unit is provided. The 500 hours

of construction training labor must be provided by the 16- to 24-year old program participants; or

- (D) Minimum 15 percent of units include an ADU or a JADU.
- (E) Homeownership development projects are located in a High Resource or Highest Resource area, as identified on the TCAC/HCD Opportunity Area Map.

- (c) Performance Penalty (up to 5 points)

A deduction to the total score may be applied for failure to meet CalHome program Performance Goals pursuant to Section 7759.

- (d) Applicants will be subject to the appeal process as detailed in the NOFA.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.3, 50650.4 and 50650.7, HSC.

## **Article 11. Program operations**

### **Section 7756. Legal documents.**

- (a) Upon the award of funds, the Department shall enter into a Standard Agreement with the Recipient constituting a conditional commitment of funds. This contract shall require the parties to comply with the requirements and provisions of these guidelines. The Standard Agreement shall encumber State monies in an amount sufficient to fund the approved Local Program or project, subject to limits established in the NOFA and consistent with the application. The Standard Agreement shall contain, but not be limited to, the following as appropriate for the activity. In the case of a Self-Help Technical Assistance award, the Department shall enter into a Technical Assistance Standard Agreement (TASA) pursuant to CCR Title 25, Division 1, Chapter 7, Subchapter 6.5, Article 3, Section 7554. Where that section and the following deviate, the aforementioned Section 7554 takes precedence.
  - (1) A description of the approved Local Program or project and the permitted uses of CalHome program funds;
  - (2) Provisions governing the amount, terms and conditions of the Department's development Loan or Grant to the Recipient;
  - (3) For Homeownership Development Projects, provisions governing the Construction Work and, as applicable, the acquisition of the project site, and the disbursement of Loan proceeds;
  - (4) For Self-Help Technical Assistance projects, a budget and a timetable for completion of the project;

- (5) Requirements for the execution, and where appropriate, the recordation of the agreements and documents required under the CalHome program ;
  - (6) For a Local Program or project, the Recipient's responsibilities for operation of the Local Program or completion of the project, including, but not limited to, number of units to be assisted, marketing, CalHome program Loan processing and funding, construction monitoring and disbursement, report submissions, file documentation;
  - (7) For a Homeownership Development Project, the Recipient's responsibilities for the development of the project, including, but not limited to, number of units to be assisted, marketing, processing of individual Homebuyer CalHome program Loans, expiration date, report submissions, file documentation;
  - (8) Manner, timing and conditions for disbursement of CalHome program or project funds to Recipients;
  - (9) Provisions relating to the placement on or in the vicinity of the Homeownership Development Project site, a sign indicating that the Department has provided financing for the project. The Department may also arrange for publicity of the Department CalHome program Homeownership Development Loan in its sole discretion;
  - (10) Remedies available to the Department in the event of a violation, breach or default of the Standard Agreement;
  - (11) Requirements that the Recipient permit the Department or its designated agents and employees the right to inspect the project or Local Program and all books, records and documents maintained by the Recipient in connection with the Local Program or Self-Help Technical Assistance project Grant or development Loan or Local Program individual CalHome program Loans;
  - (12) Special conditions imposed on a case-by-case basis as part of Department approval of the Local Program or project;
  - (13) Terms and conditions required by federal or state law; and
  - (14) Other provisions necessary to ensure compliance with the requirements of the CalHome program.
- (b) Prior to the disbursement of funds, the Department shall enter into a 20-year Monitoring Agreement with the Recipient requiring the parties to comply with the requirements and provisions of Section 7724 regarding a Reuse Account

established pursuant to the CalHome program legislation. The Monitoring Agreement shall contain, but not be limited to, the following:

- (1) Requirements regarding the establishment of a Reuse Account for the deposit of CalHome program Loan repayments, including interest and principal, and the requirements for disbursement of funds from the Reuse Account;
  - (2) The plan for servicing of the CalHome program Loans as prepared by the Recipient and reviewed and approved by the Department;
  - (3) The plan for the reuse of CalHome program funds;
  - (4) Requirements for submittal of an annual report;
  - (5) Remedies available to the Department in the event of a violation, breach or default of the Monitoring Agreement;
  - (6) Requirements that the Recipient permit the Department or its designated agents and employees the right to inspect the Local Program or project and all books, records and documents maintained by the Recipient in connection with the Reuse Account and long-term Loan servicing; and
  - (7) Other provisions necessary to ensure compliance with the requirements of the CalHome program.
- (c) All Homeowner/Homebuyer CalHome program Loans originated by a Recipient shall be evidenced by the following documents and provisions:
- (1) A promissory note evidencing the CalHome program Loan, payable to the Recipient in the principal amount of the CalHome program Loan and stating the terms and rate of interest of the CalHome program Loan consistent with the requirements of the CalHome program. The Recipient is prohibited from assigning their beneficial interest under the note. The note shall be secured by a deed of trust, or other appropriate security instrument acceptable to the Department, on the Homeowner/Homebuyer property naming the Recipient as beneficiary. This deed of trust or other appropriate security instrument shall be recorded and shall secure the Recipient's financial interest in the project.
  - (2) In the case of Homeowner Rehabilitation CalHome program Loans, a Loan agreement between the Homeowner and the Recipient governing the Rehabilitation and the CalHome program Loan terms. The terms of any other financing provided by the Recipient should also be included.

- (d) Development Loan legal documents shall include, but not be limited to:
  - (1) A promissory note evidencing the Loan, payable to the Department in the principal amount of the Loan and stating the terms of the Loan consistent with the requirements of the CalHome program. The note shall be secured by a deed of trust on the project property naming the Department as beneficiary. This deed of trust shall be recorded junior only to such liens, encumbrances and other matters of record approved by the Department and shall secure the Department's financial interest in the project and the performance of the Developer Borrower's program obligations;
  - (2) A development agreement between the Department and the Developer Borrower for not less than the term of the development Loan.
- (e) Self-Help Technical Assistance Grant legal documents shall include, but not be limited to, an agreement between the Recipient and self-help participants which clearly sets forth what is expected of each party and which clearly shows what work is expected of the participating Household.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.2, 50650.3(b), 50650.4 and 50650.7, HSC.

#### **Section 7757. Disbursement of Loan and Grant funds.**

- (a) CalHome program funds shall be disbursed on an advance basis. Details of the process for advance disbursements will be published in the current NOFA and shall be included in all Standard Agreements. Advances may include, but are not limited to:
  - (1) Homeownership project development Loan disbursements;
  - (2) Advances of up to 25 percent of the award for self-help and Shared Housing Technical Assistance;
  - (3) Advances for Owner-Occupied Rehabilitation Programs up to the amount of the Recipient's anticipated volume of closed Loans for the following 60 days; or
  - (4) Advances to escrow for Mortgage Assistance Loans.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.2, 50650.3(b), 50650.4 and 50650.7, HSC.

#### **Section 7758. Reporting requirements.**

- (a) During the term of the Standard Agreement, and no later than 30 days after the end of each calendar quarter, the Recipient shall submit to the Department a performance report which shall address the following topics;

- (1) Description of current status of program activity, including number of units assisted,
  - (2) Description of activities to be undertaken in the next reporting period,
  - (3) Description of problems or delays encountered in program implementation, and course of action taken to address them,
  - (4) Description of actions taken to achieve program expenditure deadlines,
  - (5) Summary of program fiscal status, including:
    - (A) Award amount
    - (B) Funds drawn
    - (C) Remaining balance
- (b) During the term of the Standard Agreement and Monitoring Agreement, no later than 30 days after June 30<sup>th</sup> of each year, the Recipient shall submit to the Department an annual performance which shall address the following topics:
- (1) Number of units assisted with CalHome program Loans by program activity type,
  - (2) Amount of CalHome program funds spent on CalHome program eligible activities by category,
  - (3) Summary of fiscal status for the reporting period, including
    - (A) Award amount,
    - (B) Funds drawn as of June 30, and
    - (C) Remaining balance.
- (c) At any time during the term of the Standard Agreement or the Monitoring Agreement, the Department may perform or cause to be performed an independent financial audit of any and all phases of the Recipient's Local Program, Self-Help Technical Assistance project or Homeownership Development Project. At the Department's request, the Recipient shall provide, at its own expense, a financial audit prepared by a certified public accountant.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.2, 50650.3(b), and 50650.7, HSC.

## **Section 7759. Performance goals.**

- (a) For all Local Program activities:
  - (1) 100 percent of funds shall be expended within 36 months of the date of the award of funds by the Department. If this goal is not met:
    - (A) The remaining unused funds may be disencumbered by the Department; and
    - (B) If less than 95 percent of the funds are expended at the end of the 36<sup>th</sup> month, the Recipient's next application for funding under the CalHome program may receive a penalty deduction in the total points awarded pursuant to the current NOFA.
- (b) For Homeownership Development Projects:
  - (1) The Recipient shall draw down CalHome program funds or begin onsite construction within 22 months of the award of funds by the Department. If this goal is not met the Department may disencumber all funds and cancel the Department commitment to the project; and
  - (2) Unit construction must be completed and CalHome program Mortgage Assistance Loans closed within 36 months of the award of funds by the Department. If the projected number of Assisted Units has not been achieved by the end of the 36<sup>th</sup> month, the Recipient's next application for funding under the CalHome program may receive a penalty deduction in the total points awarded pursuant to the current NOFA.
- (c) For Self-Help Technical Assistance Grants:
  - (1) The Recipient shall begin onsite construction within 12 months of the award of funds by the Department. If this goal is not met the Department may disencumber all funds and cancel the Department commitment to the project; and
  - (2) Unit construction shall be completed within 36 months of the award of funds by the Department. If this goal is not met, then:
    - (A) The remaining unused funds may be disencumbered by the Department; and
    - (B) If the projected number of Assisted Units has not been completed by the end of the 36<sup>th</sup> month, the Recipient's next application for funding under the CalHome program may receive a penalty deduction in the total points awarded pursuant to Section 7755.

- (d) The Department may exercise its reasonable discretion to disencumber funds discussed under this provision or to Grant an extension of time; provided however that any extensions are in all events subject to any and all applicable encumbrances, deadlines, and limitations, including but not limited to HSC 54006(g).

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.2 and 50650.7, HSC.

#### **Section 7760. Defaults and Loan cancellations.**

- (a) Funding commitments may be canceled by the Department under any of the following conditions:
  - (1) The objectives and requirements of the CalHome program cannot be met;
  - (2) Implementation of the Local Program or project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement; or
  - (3) Funding conditions have not been fulfilled within required time periods.
- (b) In the event of a breach or violation by the Recipient of any of the provisions of the Standard Agreement, the Development Agreement, the Homeownership project development Loan promissory note, or the Homeownership project development Loan deed of trust, or any other agreement pertaining to the Homeownership Development Project, the Department may give written notice to the sponsor to cure the breach or violation within a period of not less than 15 days. If the breach or violation is not cured to the satisfaction of the Department within the specified time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:
  - (1) The Department may accelerate all amounts, including outstanding principal and interest, due under the Loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Department may proceed with a foreclosure in accordance with the provisions of the deed of trust and state law regarding foreclosures;
  - (2) The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the project in accordance with CalHome program requirements; and
  - (3) The Department may seek such other remedies as may be available under the relevant agreement or any law.



- (c) Upon receipt of a notice of intent to cancel the commitment from the Department, the Recipient shall have the right to appeal to the Director.

NOTE: Authority cited: Sections 50406(n) and 50650.2, HSC. Reference: 50650.2, 50650.3(b), and 50650.7, HSC.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

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December 23, 2019

**MEMORANDUM FOR:** POTENTIAL APPLICANTS

**FROM:** Jennifer Seeger, Acting Deputy Director  
Division of Financial Assistance

**SUBJECT:** **CalHome Program**  
**Notice of Funding Availability Amended**

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$57 million in state CalHome Program funds from the Affordable Housing Bond Act Trust Fund of 2018 to fund Local Public Agencies or Nonprofit Corporations for eligible activities within the CalHome program.

HCD will rate applications in accordance with Guidelines Section 7755, subd. (b). CalHome program funds will be allocated through a competitive process based on the merits of the application.

HCD will hold one workshop in Northern California, one workshop in Southern California, and a webinar to review the CalHome program 2019 Notice of Funding Availability (NOFA) and application. In addition, a recorded webinar will be posted on the CalHome program webpage. For the workshop dates, times, and locations, please go to HCD's website at <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>. Please contact [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) for registration.

HCD must receive one complete application and one electronic copy of the application on CD or flash drive no later than **5:00 P.M.** Pacific Standard Time on **February 17, 2020**. HCD will only accept applications through a postal carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification of delivery. **Personal deliveries will not be accepted.** Applications shall be mailed to:

California Department of Housing and Community Development  
Division of Financial Assistance, NOFA Section  
**CalHome Program**  
2020 W. El Camino Ave, Suite 500  
Sacramento, CA 95833

To receive information on workshops and other updates, please subscribe to the CalHome listserv. [[http://www.hcd.ca.gov/HCD\\_SSI/subscribe-form.html](http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html)].

If you have any questions, please contact **Conant Radcliffe, NOFA Representative**, at (916) 263-1463 or [CalHomeNOFA@hcd.ca.gov](mailto:CalHomeNOFA@hcd.ca.gov).

Attachment

# **CALHOME PROGRAM**

## **2019 Notice of Funding Availability**

### **1<sup>st</sup> Amendment**



**Gavin Newsom, Governor  
State of California**

**Alexis Podesta, Secretary  
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director  
Department of Housing and Community Development**

2020 W. El Camino Ave, Suite 500, Sacramento, CA 95833  
Phone: (916) 263-2771

Website: <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>

Email address: [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov)

**December 23, 2019**

## Table of Contents

<b>I. Overview .....</b>	<b>1</b>
A. Notice of Funding Availability.....	1
B. Authorizing legislation.....	1
<b>II. Program requirements .....</b>	<b>1</b>
A. Eligible Applicants .....	2
B. Eligible activities .....	4
C. Compliance requirements.....	5
D. Funding amounts and limits.....	6
E. Eligible uses of funds.....	7
F. Eligibility and threshold evaluation criteria .....	9
G. Rating .....	10
<b>III. State requirements .....</b>	<b>11</b>
A. Climate adaptation.....	11
<b>IV. Application procedures and deadline.....</b>	<b>11</b>
A. Application packaging and submittal .....	11
B. Application workshops .....	12
C. Disclosure of application.....	12
<b>V. Appeal and award process.....</b>	<b>12</b>
A. Appeals.....	12
B. Awards.....	13
<b>VI. Standard Agreements and release of funds .....</b>	<b>13</b>
A. Standard Agreements.....	13
B. Release of funds.....	14
<b>VII. Other terms and conditions .....</b>	<b>15</b>
A. Right to modify or suspend .....	15
B. Conflicts.....	15
<b>Appendix A – Rating Factors .....</b>	<b>16</b>

## **CALHOME PROGRAM NOTICE OF FUNDING AVAILABILITY**

### **I. Overview**

#### **A. Notice of Funding Availability**

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications for funds from the CalHome program. HCD is making approximately \$57 million available to fund Local Public Agencies or Nonprofit Corporations for the following activities within the CalHome program:

- First-Time Homebuyer Mortgage Assistance (including the purchase of a home with an Accessory Dwelling Unit (ADU) or Junior Accessory Dwelling Unit (JADU))
- Owner-Occupied Rehabilitation Assistance (including reconstruction and Rehabilitation of manufactured homes not on a permanent foundation, and construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Technical Assistance for Self-Help Housing Projects
- Technical Assistance for Shared Housing Programs
- ADU/JADU Assistance (including construction, repair, reconstruction, or Rehabilitation of ADUs or JADUs)
- Homeownership Project Development Loans (including Predevelopment Costs and carrying costs during construction related to ADUs and JADUs)

<b>Amended NOFA release</b>	<b>December 23, 2019</b>
<b>Application due date</b>	<b>February 17, 2020 by 5:00 P.M.</b>
<b>Award announcements</b>	<b>June 2020</b>

#### **B. Authorizing legislation**

This NOFA will be governed by CalHome Program Guidelines (the “Guidelines”) available on HCD’s website at [\(link\)](#). Accordingly, applications need to be completed pursuant to the requirements stated in the Guidelines. This NOFA is also subject to the requirements of the CalHome program authorized by [Chapter 6 \(commencing with Section 50650\) of Part 2 of Division 31 of the Health and Safety \(H&S\) Code](#).

### **II. Program requirements**

The following is provided as a summary and is not to be considered a complete representation of the entirety of the eligibility, threshold, and other requirements or terms and conditions of the CalHome program. References should be made to all applicable statutes and guidelines, which shall in all events control.

## A. Eligible Applicants

*Table 1 – Eligibility Requirements for Local Public Agencies and Nonprofit Corporations*

	Local Public Agencies	Nonprofit Corporation
<b>Geographic Eligibility</b>	A Local Public Agency shall only be eligible to apply for an award of CalHome funds for a Local Program or project located within its jurisdictional boundaries. A Local Public Agency may hire nonprofit and for-profit consultants located and/or registered within or outside its jurisdictional boundaries, including other counties within the state. Out-of-county consultants shall meet the same requirements as in-county consultants. Local Public Agencies may establish a consortium (provided there is a Memorandum of Understanding between the parties) with a single administrator. One Local Public Agency shall apply on behalf of other entities in a consortium and may serve all jurisdictions. (Guidelines Section 7717, subd. (a)(1)).	A Nonprofit Corporation shall only be eligible to apply for an award of CalHome funds for a program or project if it has developed a project or operated a housing program in California within the past two years, or if the Nonprofit Corporation has an existing 523 Self-Help Technical Assistance Grant Agreement with the United States Department of Agriculture (Guidelines Section 7717, subd. (a)(2)).
<b>Mortgage Assistance Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a <b>homebuyer program</b> for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7728).	
<b>Housing Rehabilitation Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a local Owner-Occupied Rehabilitation Program for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7732).	
<b>Technical Assistance for Self-Help Housing Projects Experience (required to apply for this activity)</b>	Applicants shall have successfully completed a <u>minimum of two self-help, new construction projects within the four years</u> immediately preceding the application (Guidelines Section 7736).	
<b>Technical Assistance for Shared Housing Program Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a Shared Housing program for renters or homeowners for a <u>minimum of two years</u> immediately preceding the application (Guidelines Section 7739).	

<b>Accessory Dwelling Units/Junior Accessory Dwelling Units Programs Experience (required to apply for this activity)</b>	Applicants or their Administrative Subcontractors shall have successfully administered a local Owner-Occupied Rehabilitation Program, new construction development involving multiple Homeownership units (including single-family subdivisions), or an ADU/JADU program for a <u>minimum of two years within the four years</u> immediately preceding the application (Guidelines Section 7742).
<b>Homeownership Project Development Experience (required to apply for this activity)</b>	Applicants shall have successfully developed a <u>minimum of two similar projects within the last four years</u> and the Applicant shall have staff that will be committed to the proposed project that possess the knowledge, skills, and ability to perform the tasks required in a Homeownership Project Development (Guidelines Section 7746).

Applicants (Guidelines Section 7716, subd. (h)) shall also demonstrate the following requirements, as applicable (Guidelines Section 7717, subd. (b)):

### 1. Local public agencies

- a. Sufficient organizational stability and capacity to administer the Local Programs and/or projects. This requirement may be satisfied through documents such as organizational charts, resumes, statements of qualifications, or other documentation, as specified in the application. If applicable, the Applicant shall also provide a Loan servicing plan.
- b. Sufficient organizational stability by demonstrating that the Applicant has operated as a housing developer or housing program administrator for a minimum of two years prior to the date of application. A Local Public Agency may subcontract with an Administrative Subcontractor to qualify toward the organizational stability and experience requirement.

### 2. Nonprofit corporations

- a. Sufficient organizational stability and capacity to administer the Local Programs and/or projects. This requirement may be satisfied through documents such as organizational charts, resumes, statements of qualifications, or other documentation, as specified in the application. If applicable, the Applicant shall also provide a Loan servicing plan.
- b. Sufficient organizational stability by demonstrating that the Applicant has operated as a housing developer or housing program administrator for a minimum of two years prior to the date of application.
- c. Proof that the Nonprofit Corporation is a corporation whose exempt purpose for the two years prior to the date of application included the activity for which it is applying.
- d. Proof that the Nonprofit Corporation is financially stable. Financial stability may be demonstrated through audited financial statements, or other documentation submitted with the application for funding.

Applicants that were previously awarded CalHome Grants shall submit all outstanding reports from the past two years to HCD by the application date. Failure to submit the reports by the application date will result in the Applicant being ineligible for a CalHome award under this NOFA (Guidelines Section 7717, subd. (c)).

## **B. Eligible activities**

HCD is making CalHome funds available as Grants to eligible Local Public Agencies and Nonprofit Corporations for the following activities:

- 1. First-Time Homebuyer Mortgage Assistance** (including the purchase of homes with ADUs or JADUs) (commencing with Guidelines Section 7728) for Loans to Households at or below 80 percent of Area Median Income (AMI) (H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(1)).

Homebuyer Education (Guidelines Section, 7729 subd. (b)) will be reimbursed in the form of a Grant from HCD to the Recipient in an amount not to exceed \$250 per assisted unit.

- 2. Owner-Occupied Rehabilitation Assistance** (including repair, full reconstruction, or the addition of an ADU or JADU) (commencing with Guidelines Section 7732) for Loans to Households at or below 80 percent of AMI (in compliance with H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

Manufactured Housing is also eligible, including replacement of a manufactured home, whether located in a Mobilehome Park or elsewhere (Guidelines Section 7716, subd. (s)(3) and Guidelines Section 7733, subd. (e)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(2)).

- 3. Technical Assistance for Self-Help Housing Projects** (commencing with Guidelines Section 7736) in which the Applicant organization will be directly providing the services required in Guidelines Section 7738.

Homebuyer Education (Guidelines Section 7729, subd. (b)) will be reimbursed in the form of a Grant from HCD to the Recipient in an amount not to exceed \$250 per assisted unit.

- 4. Technical Assistance for Shared Housing Programs** (commencing with Guidelines Section 7739) to operators of Shared Housing Programs that will directly provide match services where the providers are homeowners who occupy their homes as their principal place of residence.



- 5. ADU/JADU Programs** (commencing with Guidelines Section 7742) for Loans for ADU/JADU construction, reconstruction, repair, or Rehabilitation to Households at or below 80 percent of AMI (in compliance with H&S Code, [Section 50052.5, subd. \(b\)](#)) or at or below 120 percent of AMI for Households who were victims of a disaster (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7725, subd. (a)(3)).

- 6. Homeownership Project Development Loans** (Guidelines Section 7746) for conditional awards of development Loans to the Applicants to be used for land acquisition, Predevelopment Costs, and on-site improvements, including costs related to ADUs and JADUs (unit construction is not an eligible expense).

CalHome funds, for the purposes of this activity, can only be used as gap financing (Guidelines Section 7749).

**Note:** Proposed projects are ineligible to receive CalHome funds if construction work has begun or will begin prior to the date HCD executes the Standard Agreement with the Recipient and all conditions have been satisfied. Construction work includes grading, site preparation (with the exception of demolition or clearing properties), or site improvements intended for public dedication (Guideline Section 7718, subd. (c)).

## **C. Compliance requirements**

Recipients funded pursuant to this NOFA shall meet the following requirements:

### **1. First-Time Homebuyer Mortgage Assistance**

- a. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7730.
- b. Recipients shall comply with the underwriting requirements listed in Guidelines Section 7731 and any other additional program requirements. Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7731, subd. (b)).

### **2. Owner-Occupied Rehabilitation Assistance**

- a. All assisted units shall have After-Rehabilitation Values (Guidelines Section 7716, subd. (f)) at or below the current local median sales price of a single-family home (Guidelines Section 7734, subd. (a)). Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7735, subd. (b)).

- b. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7734.
- c. Recipients shall comply with the underwriting and construction requirements listed in Guidelines Section 7735 and any other additional program requirements.

### **3. Technical Assistance for Self-Help Housing Projects**

- a. Recipients shall comply with the Technical Assistance requirements listed in Guidelines Section 7738 and any other additional program requirements.

### **4. Technical Assistance for Shared Housing Programs**

- a. Recipients shall comply with the program administration requirements listed in Guidelines Section 7741.

### **5. ADU/JADU Assistance**

- a. Recipients shall comply with the Local Program administration requirements listed in Guidelines Section 7744 and any other additional program requirements.
- b. Recipients shall comply with the underwriting and construction requirements listed in Guidelines Section 7745 and any other additional program requirements.

### **6. Homeownership Project Development Loans**

- a. Recipients shall comply with the Site Control requirements listed in Guidelines Section 7748.
- b. Recipients shall comply with the development requirements listed in Guidelines Section 7752 and any other additional program requirements. Recipients may use the most recent median sales price, by county, posted at the California Association of Realtors website at <https://www.car.org/en/marketdata/data/countysalesactivity>. However, if prices have significantly changed, Recipients may request HCD approval to use different limits based on a local calculation of median values (Guidelines Section 7731, subd. (b)).

## **D. Funding amounts and limits**

- 1. Minimum and Maximum Application Amounts.** The minimum application amount for any single activity or program (except if the activity or program is Technical Assistance for Self-Help Housing Projects or Technical Assistance for Shared Housing Programs) is \$500,000. The minimum application amount for any single activity or program (if the activity/program is Technical Assistance for Self-Help Housing Projects or Technical Assistance for Shared Housing Programs) is \$100,000. If applying for more than one activity, the minimum application amount for those activities is \$600,000.

The maximum application amount for one or more activities is \$5 million. If applying only for Technical Assistance for Self-Help Housing Projects, the maximum application amount is \$500,000. If applying only for Technical Assistance for Shared Housing Programs, the maximum application amount is \$300,000.

## 2. Minimum and maximum per-unit funding limits

### a. **Per-unit funding limits: Loans**

The minimum CalHome Loan to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Loan per-unit will be:

#### **First-Time Homebuyer Assistance**

The maximum Loan amount will be 40 percent of the Borrower's purchase price for the property, up to a maximum of \$100,000.

#### **Owner-Occupied Rehabilitation Assistance**

The maximum Loan amount will be \$75,000, except in the following case:

The maximum Loan amount will be \$125,000 if the home is in need of reconstruction (Guidelines Section 7716, subd. (zz)(2))

#### **ADU/JADU Assistance**

The maximum per-unit Loan amount for ADU construction will be \$100,000.

#### **Homeownership Project Development**

The maximum per-unit Loan amount for Homeownership Project Development Loans will be \$100,000. If an Applicant is applying to fund Homeownership Project Development with a Self-Help Housing Project, the Applicant may additionally apply for Technical Assistance of \$15,000 per-unit on top of the application amount requested for Homeownership Project Development.

### b. **Funding limits: Grants**

The minimum CalHome Grant to a Borrower will be no less than \$1,000. For the purposes of this NOFA, the maximum CalHome Grant per-unit will be:

#### **Technical Assistance for Self-Help Housing Projects**

The maximum per-unit Grant amount will be \$15,000. All expenses should be documented.

#### **Technical Assistance for Shared Housing Programs**

The maximum activity amount for Self-Help Housing Programs is established in Section (D)(1) of this NOFA.

## E. **Eligible uses of funds**

1. **Mortgage Assistance and Rehabilitation Loans to Eligible Households.** Funds provided to CalHome Recipients shall be used by individual Households (Guidelines Section 7720) at or below 80 percent of the AMI (H&S Code, [Section 50052.5, subd. \(b\)](#)), or at or below 120 percent of AMI for Households who were victims of a disaster at the time of the Loan application (in compliance with H&S Code, Section [50650.3, subd. \(a\)](#)). AMI limits are updated annually and are available on HCD's [website](#).

- a. Financial assistance provided to qualified individual homeowners for Mortgage Assistance and Rehabilitation, including repair, full reconstruction, or the addition of an ADU or a JADU, shall be in the form of deferred payment Loans, repayable upon the sale or transfer of the homes, when they cease to be owner-occupied, or upon the Loan maturity date, whichever occurs first (H&S Code, Section 50650.3, subd. (c)(1)). The Loan shall be up to a 30-year term (Guidelines Section 7726, subd. (c)(5-6)). The interest rate is set by the Recipient at up to 3 percent simple interest per annum (Guidelines Section 7726, subd. (d)). Borrowers (Guidelines Section 7716, subd. (k)) shall occupy units as their principal place of residence for the term of the Loan (Guidelines Section 7720, subd. (d)). Loans shall also be made in a manner consistent with the purposes described in Section II. B., Eligible Activities, as well as with the CalHome Guidelines and applicable statutes.

Recipients shall comply with the Homeowner/Homebuyer Loan-to-Value Limits for Mortgage Assistance and Owner-Occupied Rehabilitation CalHome program Loans defined in Guidelines Section 7727.

- b. Financial assistance provided to individual Households to rehabilitate, repair, or replace Manufactured Housing located in a Mobilehome Park and not permanently affixed to a foundation shall be in the form of a secured forgivable loan, which shall also be made in a manner consistent with the Guidelines and applicable Statutes (H&S Code, Section 50650.3, subd. (c) and Guideline 7733 subd. (e)).

**Note:** The Loan shall be due and payable in 20 years, with 10 percent of the original principal to be forgiven annually for each additional year beyond the 10<sup>th</sup> year that the home is owned and continuously occupied by the Borrower (H&S Code, Section 50650.3, subd. (c)).

2. **Technical Assistance for Self-Help Housing Projects.** Recipients shall comply with the eligible costs for Self-Help Technical Assistance defined in Guidelines Section 7737.
3. **Technical Assistance for Shared Housing.** Recipients shall comply with the eligible costs for Shared Housing Technical Assistance defined in Guidelines Section 7740.
4. **Homeownership Project Development Loans.** Homeownership Project Development Loans will be funded pursuant to the development Loan terms specified in Guidelines Section 7750. The portion of a development Loan, which is used to provide Mortgage Assistance to qualified First-Time Homebuyers, is converted to a Grant. Recipients shall comply with the development Loan-to-Value Limits defined in Guidelines Section 7751.

Homeownership Development Projects must have a minimum of four units (Guidelines Section 7753).

**Note:** Projects are only eligible if construction work has not begun prior to the date that HCD awards a commitment of program funds. Construction work includes: (1) site improvements intended for public dedication, (2) site preparation, or (3) grading (Guidelines Section 7718, subd. (c)).

## 5. Activity Delivery Fees

**Mortgage Assistance loans.** HCD may provide funding to cover Activity Delivery Fees (ADFs) of up to 10 percent of the total award. Up to 5 percent of the total award may be provided within 90 days after the execution of the Standard Agreement for program development expenses, and up to 5 percent of the total award may be reimbursed on a per-Loan basis. The per-Loan reimbursement maximum will be 5 percent of the total award divided by the estimated number of Loans to be made under the contract.

**Owner-Occupied Rehabilitation Loans.** HCD may provide funding to cover ADFs of up to 20 percent of the total award. Up to 10 percent of the total award may be provided within 90 days after the execution of the Standard Agreement for program development expenses, and up to 10 percent of the total award may be reimbursed on a per-Loan basis. The per-Loan reimbursement maximum will be 10 percent of the total award divided by the estimated number of Loans to be made under the contract.

Applicants need to provide documentation verifying their Activity Delivery expenses. This requirement may be satisfied through documents such as invoices, receipts, time tracking, or other documentation of valid program expenses.

## F. Eligibility and threshold evaluation criteria

Applications will not be considered for funding unless the application is received by the deadline as stated in this NOFA, and demonstrates compliance with all CalHome program statutes and Guidelines, including the following conditions:

- The Applicant meets geographic restrictions per CalHome Guidelines (Guidelines Section 7717 subd. (a))
- The Applicant is an eligible Local Public Agency or Nonprofit Corporation (Guidelines Section 7717)
- The Applicant has complied with reporting requirements (Guidelines Section 7717, subd. (c))
- The activity is eligible (Guidelines Section 7718)
- The proposed use of funds is eligible (Guidelines Section 7719)
- The Applicant meets the eligibility requirements for the activity or activities for which they are applying:
  - First-Time Homebuyer Mortgage Assistance (Guidelines Section 7728)
  - Owner-Occupied Rehabilitation Assistance (Guidelines Section 7732)
  - Technical Assistance for Self-Help Housing Projects (Guidelines Section 7736)
  - Technical Assistance for Shared Housing Programs (Guidelines Section 7739)
  - ADU/JADU Assistance (Guidelines Section 7742)
  - Homeownership Project Development Loans (Guidelines Section 7746)
- The application is complete (Guidelines Section 7754)
- The application shall be on HCD forms and cannot be altered or modified by the Applicant
- The application is signed by the party authorized in a complete and proper resolution (Guidelines Section 7754)

- The Applicant does not have any unresolved audit findings for prior HCD or federally funded housing or community development projects or programs (Guidelines Section 7755)
- The Applicant has no pending lawsuits that would impede the implementation of the program (Guidelines Section 7755)

## G. Rating

**Evaluation criteria.** All eligible Applicants that have met eligibility and threshold requirements shall receive a minimum score of 55 points to be considered for funding (Guidelines Section 7755, subd. (b)). All applications passing eligibility and threshold criteria will be evaluated on the following factors (Table 2). If there are more eligible Applicants than can be funded, HCD will award funding by descending order of points. For more detail on each of the rating factors, please see Appendix A and Guidelines Section 7755, subd. (b).

*Table 2 – Evaluation Criteria*

Evaluation Criteria	Maximum Points
Capability	40
Community Need	15
Feasibility	25
Community Revitalization	10
Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program	10
<b>Total</b>	<b>100</b>

Applicants may apply to fund up to two programs (First-Time Homebuyer Mortgage Assistance Program, Owner-Occupied Rehabilitation Program, Shared Housing Program, and/or ADU/JADU Program) in a single application. Each program will be scored separately; therefore, an Applicant applying to fund two programs will have two separate scores. The two scores will be averaged into one score. Applicants may apply to fund a Homeownership Development Project with or without a Self-Help Housing Project. If the Homeownership Development Project proposes to do a Self-Help Housing Project, the Applicant may additionally apply for Technical Assistance. Applicants cannot apply to fund both a program and a project (Guidelines Section 7753, subd (a)) **in a single application. However, Applicants may submit separate applications for Programs and projects. In addition, Applicants may submit separate applications to apply for multiple projects.**

**Applicants cannot apply for more than the maximum application amount of \$5 million across all applications submitted per a CalHome funding round. Applicants may serve as Administrative Subcontractors for Localities. However, Applicants cannot serve as Administrative Subcontractors in the areas where they are awarded CalHome funds to develop a CalHome Program or a project. Applicants are required to provide Service Area Maps with their Applications.**

1. **Performance penalty.** Applicants that have previously received a CalHome Grant will be reviewed for performance (Guidelines Section 7755, subd. (c)).



Failure to have expended at least 95 percent of the most recently awarded Grant by the 36th month of the prior CalHome contract may result in five-point penalty deduction from the score of the application (Guidelines Section 7759, subd. (a)(1)(B)).

If an Applicant has been penalized in a prior NOFA round and is now in compliance, the penalty will not be deducted in the current round.

An Applicant with any project currently in HCD's compliance resolution unit shall not be eligible to apply (Guidelines Section 7717, subd. (b)(1)).

### **III. State requirements**

#### **A. Climate adaptation**

[Executive Order B-30-15](#) addressing the need for climate adaptation ordered that:

1. All state agencies with jurisdiction over sources of greenhouse gas emissions shall implement measures, pursuant to statutory authority, to achieve reductions of greenhouse gas emissions to meet the 2030 and 2050 greenhouse gas emissions reductions targets.
2. State agencies shall take climate change into account in their planning and investment decisions and employ full life-cycle cost accounting to evaluate and compare infrastructure investments and alternatives.

In response to the Governor's Executive Order, HCD strongly encourages CalHome Recipients to implement CalHome funded activities in a manner that reduces greenhouse gas emissions and adapts to climate change.

For additional information and guidance, please contact Nuin Tara-Key with the Governor's Office of Planning and Research at [Nuin-Tara.Key@opr.ca.gov](mailto:Nuin-Tara.Key@opr.ca.gov).

#### **B. Application procedures and deadline**

##### **A. Application packaging and submittal**

The application form is available on HCD's website under the CalHome program, <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>.

One hard copy of the application shall be submitted with original signatures, and one copy of the application on a compact disc or USB flash drive and received by HCD by **February 17**, 2020. HCD will only accept applications through a postal carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification confirming delivery to HCD's office. Please contact HCD if delivery is not completed by fault of the carrier service. Personal deliveries are not accepted. The delivery address is:

California Department of Housing and Community Development  
Division of Financial Assistance, NOFA Section

#### **CalHome Program**

2020 W. El Camino Ave, Suite 500  
Sacramento, CA 95833

## **B. Application workshops**

HCD will hold one workshop in Northern California, one workshop in Southern California, and a webinar to review the CalHome NOFA and application. In addition, a recorded webinar will be posted on the CalHome program webpage. For the workshop dates, times, and locations, please go to HCD's website at <http://www.hcd.ca.gov/grants-funding/active-no-funding/calhome.shtml>. Please contact [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) for workshop registration.

## **C. Disclosure of application**

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosable to any person making a request under this Act. HCD cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to HCD, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

## **V. Appeal and award process**

### **A. Appeals**

Pursuant to Guidelines Section 7755, subd. (d), Applicants will be subject to the appeal process as detailed in this NOFA:

#### **1. Basis of appeals**

- a. Upon being noticed in writing that its application is incomplete, fails threshold requirements, or has a reduced preliminary point score, applicants may appeal these decisions pursuant to Section V of this NOFA. Upon receipt of HCD's notice that an application has been determined to be incomplete, fail threshold, or have a reduction to the preliminary point score, Applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
- b. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
- c. Prior program NOFAs: The appeal process provided herein applies solely to HCD decisions made in this NOFA and does not apply to any decisions made respecting any previously issued NOFAs or decisions to be made respecting future NOFAs.

#### **2. Appeal process and deadlines**

- a. Process: In order to lodge an appeal, Applicants shall submit to HCD, by the deadline set forth in subsection (b) below, a written appeal that states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant shall provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to HCD,



no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD either via email at [CalHomeNofa@hcd.ca.gov](mailto:CalHomeNofa@hcd.ca.gov) or at the following address:

California Department of Housing and Community Development  
Attn: Division of Financial Assistance, NOFA Section  
2020 W. El Camino Ave, Suite 500  
Sacramento, California 95833

HCD will accept appeals through a carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification of delivery. Deliveries shall be received during HCD weekday (non-state holiday) business hours of 9:00 a.m. to 5:00 p.m. Pacific Standard Time. Emails to the email address listed above will be accepted as long as the email time stamp is prior to the appeal deadline.

- b. Filing Deadline: Appeals shall be received by HCD no later than five (5) business days from the date of HCD's eligibility, threshold review or determination letters, representing HCD's decision made in response to the application.

### **3. Decision**

Any request to amend HCD's decision shall be reviewed for compliance with the Guidelines (commencing with Section 7715), the **December 23**, 2019, CalHome program NOFA, and any subsequent clarifying documents, such as the CalHome program's responses to "Frequently Asked Questions." It is HCD's intent to render its decision in writing within 15 business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD with respect to the appeal.

### **4. Effectiveness**

In the event that the statute, regulations, or Guidelines governing this program contain an existing process for appealing HCD decisions with respect to NOFA awards made under such programs, then this section shall be inapplicable, and all appeals shall be governed by such existing authority.

## **B. Awards**

Awards made by HCD shall not be deemed final until such time as HCD has resolved any appeals filed by Applicants pursuant to the appeal process provided for in Section V. A. hereof. At such time as HCD has completed the appeal process and made its determinations, it will issue the final awards and post notification thereof on HCD's website.

## **VI. Standard Agreements and release of funds**

### **A. Standard Agreements**

Recipient(s) will enter into a Standard Agreement with HCD. The Standard Agreement will contain relevant state contracting and program requirements, specific information about the award, the work to be performed, a project/program timeline, and any special conditions

required to make the project feasible (Guidelines Section 7752, subd. (a)(4) and Section 7756, subd. (a)(12)).

The Recipient(s) shall remain a party to the Standard Agreement for the agreement's entire term and removal of the Recipient(s) shall be prohibited.

The Standard Agreement allows a maximum of 36-months from the date of the Standard Agreement execution to expend funds (Guidelines Section 7759, subd. (a)(1)). HCD may exercise its reasonable discretion to disencumber funds or to grant an extension of time for completion (Guidelines Section 7759, subd. (d)). Any extensions are subject to any and all applicable encumbrances, deadlines, and limitations, including, but not limited to, H&S Code, Section 54006, subd. (g). Documentation to support the Recipient's expenditure of funds shall be received prior to the contract expiration date. The Standard Agreement expires at the end of 42 months from the Standard Agreement execution date, unless extended. Recipients remain subject to the terms of the 20-year Monitoring Agreement (Guidelines Section 7756, subd. (b)).

## **B. Release of funds**

Funds shall not be obligated to a Borrower prior to the date a Standard Agreement contract is fully executed between the Recipient and HCD. Funds will be released after the Standard Agreement execution, and after HCD has reviewed and approved the following Recipient submissions (Guidelines Section 7756, subd. (a)(5)):

- Loan servicing plan (Guidelines Section 7723, subd. (a))
- Program guidelines
- Loan document templates
- Reuse Agreement with verification of established Reuse Account (Guidelines Section 7724)
- Fully executed 20-year Monitoring Agreement (Guidelines Section 7756, subd. (b))
- If a Recipient contracts with a third party for the above functions, the Recipient shall submit the original contract and any amendments for HCD review

Funds may be requested as either a reimbursement or as an advance. Pursuant to Guidelines Section 7757, subd. (a), advances may include, but are not limited to, any of the following:

- Homeownership Project Development Loan disbursements
- Advances of up to 25 percent of the award for Self-Help and Shared Housing Technical Assistance
- Advances for Owner-Occupied Rehabilitation or ADU/JADU Programs up to the Recipient's anticipated volume of closed Loans for the following 60-day period
- Advances to escrow for Mortgage Assistance Loans

All Recipients shall reconcile advances within 90 days. Documentation showing at least two-thirds of the funds previously released for program activities were expended shall be submitted to HCD before another advance request will be processed. Recipients shall also consistently complete quarterly performance reports and be up to date on their submissions before another advance request will be processed (Guidelines Section 7758, subd. (a)).

## **VII. Other terms and conditions**

### **A. Right to modify or suspend**

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. If such an action occurs, HCD will notify all interested parties via listserv and

will post the revisions to the CalHome website. Please remember to subscribe at the listserv link.

### **B. Conflicts**

In the event of any conflict between the terms of this NOFA and applicable state law or regulation, the terms of the applicable state law or regulation shall control.

## **APPENDIX A**

### **RATING FACTORS**

The list below is a summary. For more specific information, please refer to Guidelines Section 7755, subd. (b).

Criteria Defined	Maximum Points
<p><b>Capability</b> to operate the proposed program, administer and conduct the Self-Help Technical Assistance Project, or develop the type of Homeownership Project proposed in the application:</p> <ul style="list-style-type: none"> <li>• <b>Number of Mortgage Assistance units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Rehabilitation/Reconstructed units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Self-Help, new construction units within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 10 ~ 20 points</li> <li>▪ 11 – 20 ~ 30 points</li> <li>▪ 21 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Shared Housing units assisted within the last two years:</b> <ul style="list-style-type: none"> <li>▪ 2 ~ 20 points</li> <li>▪ 3 – 4 ~ 30 points</li> <li>▪ 5 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of ADU/JADU or Rehabilitation/Reconstructed units assisted within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 – 5 ~ 20 points</li> <li>▪ 6 – 10 ~ 30 points</li> <li>▪ 11 or more ~ 40 points</li> </ul> </li> <li>• <b>Number of Homeownership Development Projects within the last four years:</b> <ul style="list-style-type: none"> <li>▪ 2 ~ 20 points</li> <li>▪ 3 – 4 ~ 30 points</li> <li>▪ 5 or more ~ 40 points</li> </ul> </li> </ul>	40
<p><b>Community Need</b> in a geographic area for the proposed Local Program or project will be based on the following factors:</p> <p><b>For Mortgage Assistance Programs, Technical Assistance for Self-Help Housing Projects, Technical Assistance for Shared Housing</b></p>	15

<p><b>Programs, ADU/JADU Programs, and Homeownership Project Development Loans:</b></p> <ul style="list-style-type: none"> <li>• Housing affordability in the geographic area: The ratio of the current median sales price of a single-family home to the AMI for a 4-person Household, in the county in which the CalHome program or project is located. The current median sales price is the most recent available from the California Association of Realtors as of the NOFA date, and the AMI is updated on an annual basis by HCD;</li> <li>• Percent of renter Households that are Low Income: The percent of Households in renter-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD Comprehensive Housing Affordability Strategy U.S. Census Bureau American Community Survey (HUD CHAS) data;</li> <li>• Percent of renter Households occupying overcrowded housing: The percent of renter-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data; and</li> <li>• Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data.</li> </ul> <p><b>For Rehabilitation Programs:</b></p> <ul style="list-style-type: none"> <li>• Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent U.S. Census Bureau American Community Survey (ACS) data;</li> <li>• Percent of homeowner Households that are in poverty: The percent of families in owner-occupied housing with incomes below the federal poverty line, as reported in the most recent ACS data;</li> <li>• Percent of homeowner Households that are Low Income: The percent of Households in owner-occupied housing with incomes below 80 percent of AMI, as reported in the most recent HUD CHAS data; and the</li> <li>• Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.</li> </ul>	
<p><b>Feasibility</b> in a geographic area for the proposed Local Program or project will be based on the following factors:</p> <p><b>For Mortgage Assistance Programs:</b></p> <ul style="list-style-type: none"> <li>• Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data;</li> <li>• Availability of homes for sale relative to the proposed lending activity: The ratio of the following: <ul style="list-style-type: none"> <li>○ The number of home sales in the previous year priced below <i>either</i> the current median sales price of a single-family home in the</li> </ul> </li> </ul>	<p>25</p>

county in which the CalHome program is located, or \$500,000, whichever is less; to

- The number of Loans that the Applicant expects to provide in the program.
- The Applicant will provide home sales information based on publicly available real estate transactions data (e.g., Zillow.com, Redfin.com).

**For Owner-Occupied Rehabilitation Programs:**

- Age of the housing stock: The percent of owner-occupied housing units over 30 years old, as reported in the most recent ACS data; and
- Percent of homeowner Households occupying overcrowded housing: The percent of owner-occupied housing units with more than 1.5 occupants per room, as reported in the most recent HUD CHAS data.

**For Technical Assistance for Shared Housing Programs:**

- Incidence of severe cost burden for low-income renters: The percent of Households in renter-occupied housing units spending 50 percent or more of income on housing expenses, as reported in the most recent HUD CHAS data; and the
- Rental vacancy rate: The percent of rental housing units that are currently vacant, as reported in the most recent HUD CHAS data.

**For Technical Assistance for Self-Help Housing Programs, Homeownership Project Development Loans, and ADU Programs:**

- The readiness of the project development to proceed as evidenced by the status of local government approvals, project financing commitments, and resolution to impediments to development;
- Evidence of ability to serve Low- and Very Low-Income Households pursuant to the Mortgage Assistance underwriting requirements stated in Section 7731, as evidenced by the development budget and proposed unit sales prices; and
- Affordability of Homeownership relative to renting: The ratio of median Monthly Housing Costs for owner-occupied housing units with a Mortgage, to median Monthly Housing Costs for renter-occupied housing units, as reported in the most recent ACS data.

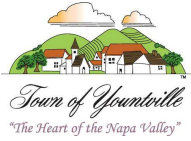
**Contributes to Community Revitalization** as defined in Section 7716(l), or meets a legislatively mandated priority for funds allocated to the CalHome program, or develops a Rehabilitation Program that addresses climate adaptation or resiliency consistent with the Hazard Mitigation Plan or the Safety Element of the General Plan adopted by the jurisdiction in which the program will be offered.

10

<b>Volunteer Labor, Self-Help Labor or Youth Construction Skills Training Program:</b> Applications applying for Homeownership Project Development, Self-Help Technical Assistance Homeownership Projects, or a Mortgage Assistance Local Program for new construction housing or acquisition with substantial Rehabilitation, when the Recipient is acquiring and substantially rehabilitating properties for sale to first-time homebuyers, will receive up to 10 points to the extent that: <ul style="list-style-type: none"> <li>• The Applicant utilizes Volunteer Labor or Self-Help Construction labor, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided; or</li> <li>• The Applicant utilizes labor provided by youth participating in a construction skills training program, where a minimum of five hundred (500) hours of on-site construction labor per assisted unit is provided. The five hundred (500) hours of construction training labor shall be provided by the 16- to 24-year old program participants;</li> <li>• 15 percent of units to be developed include an ADU or a JADU.</li> <li>• Homeownership development projects are located in a High Resource or Highest Resource area, as identified on the TCAC/HCD Opportunity Area Map.</li> </ul>	<b>10</b>
<b>MAXIMUM TOTAL POINTS</b>	<b>100</b>

For the Applicants who already received CalHome funds, up to 5 points may be deducted for failure to meet CalHome Program Performance Goals pursuant to Section 7759 in the Guidelines.





## Staff Report

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**File #:** 20-2428, **Version:** 1

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020  
**TO:** Mayor and Town Council  
**FROM:** Sandra Liston, Planning & Building Director

### TITLE

Consider Adoption of Resolution Number 20-3970 Authorizing the Town of Yountville to become a member of the Napa Subregion Housing Allocation Committee (NSHAC) to administer the Regional Housing Needs Allocation process for the Napa Subregion 2022-2030 Housing Element Update and selecting two members of the Town Council to serve on the NSHAC.

### DISCUSSION/BACKGROUND

The Regional Housing Needs Allocation (RHNA) is the state-mandated process to identify the number of housing units, by affordability level, that each jurisdiction must accommodate in its General Plan Housing Element. This process is repeated every eight years and the next cycle runs from 2022 to 2030.

Responsibility for completing the RHNA is shared among state, regional, and local governments:

- The state identifies the total number of homes for which each region in California must plan in order to meet the housing needs of people across all income levels, from very-low income households to market-rate housing. This is developed by the California Department of Housing and Community Development (HCD) and is known as the RHNA.
- The region allocates a share of the Bay Area's regional housing needs determination to each city/town and county in the region. The cities, counties, and stakeholders in the Bay Area work together on the methodology for this allocation through the Association of Bay Area Governments (ABAG).
- Local governments participate in the development of the allocation methodology. Each local jurisdiction must update its Housing Element to show how it will accommodate its share of the housing needs determination. The Housing Element must include an inventory of sites that have been zoned with sufficient capacity to accommodate the jurisdiction's RHNA.

SUBREGIONS. Housing Element law allows two or more jurisdictions to form a *subregion* to conduct a separate but parallel RHNA process to allocate the housing need among its members. Please see attached *RHNA Subregion Fact Sheet*.

A subregion accepts responsibility for undertaking all of the mandatory steps for completing the RHNA allocations for its member jurisdictions. Forming a subregion allows local governments to work collaboratively toward allocations that are more tailored to the local context. The deadline to decide to form a subregion and



send the associated resolution to ABAG is February 2020.

On January 6, 2020 jurisdictions within Napa County met to consider which jurisdictions are interested in participating. With the exception of the City of Calistoga, all Napa County jurisdictions have indicated an interest. Each jurisdiction that decides to participate shall appoint two elected officials to the Napa Subregional Housing Allocation Committee (NSHAC). The NSHAC will be an ad hoc group with a limited term so meetings will not be subject to the Brown Act. The first meeting will be tentatively set for the second week of February, which is after all participating jurisdictions will have adopted resolutions. The agenda for the first meeting will include acceptance of the draft RFP for an outside consultant, confirmation of the cost sharing, confirmation of designated representatives, adoption of rules for decision-making, background on the RHNA and subregion process, and an update on the AGAB Housing Methodology Committee.

The County of Napa is taking the lead in drafting the RFP for a consultant to assist with this process. It is anticipated that the cost of hiring the consultant would be evenly shared amongst the participating jurisdictions, which each jurisdiction contributing in the range of \$10,000 to \$15,000.

The Town participated in the subregional approach in the last cycle for years 2014-2022. Previously the Town Council took action to express its potential interest in the subregional effort and include money in this Fiscal Year budget in anticipation of this possible action.

It is important to note that any member of the Subregional Entity may withdraw from the Subregion prior to when the subregion's draft methodology is submitted to HCD by providing written notice to ABAG. This provision provides an opportunity to have the subregion discussion, but it does not obligate a jurisdiction that is not satisfied with the process or the associated allocation.

## **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

## **FISCAL IMPACT**

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? Click here to enter text.

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Nominal

## **STRATEGIC PLAN GOAL**

Is item Identified in Strategic Plan? Indirectly

If yes, Identify Strategic Goal and Objective. **Visionary Leadership:** The Town's leadership maintains an open-minded, forward-thinking decision-making process. We value engagement and participation from all members of the community as we work together to create policies and plan for the future.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Engaging in the subregion process allows the Town to work collaboratively with other Napa Valley jurisdictions for a fair allocation of the regional housing determination.

## **ALTERNATIVES**

Adopt the Resolution

Do not adopt the Resolution

**RECOMMENDATION**

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion on proposed Resolution.

Adopt Resolution Number 20-3970 Authorizing the Town of Yountville to become a member of the Napa Subregion Housing Allocation Committee (NSHAC) to administer the Regional Housing Needs Allocation process for the Napa Subregion 2022-2030 Housing Element Update.

# **Town of Yountville**

## **Resolution Number 20-3970**

**A Resolution of the Town Council of the Town of Yountville Authorizing the Town of Yountville to become a member of the Napa Subregion Housing Allocation Committee (NSHAC) to Administer the Regional Housing Needs Allocation Process for the Napa Subregion 2022-2030 Housing Element Update.**

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### **Recitals**

- A. The Association of Bay Area Governments (ABAG) is required by State law to administer the Regional Housing Needs Allocation process in the Bay Area.
- B. ABAG has begun preliminary work on developing the process with the objective of completing the program in July of 2021.
- C. State law allows ABAG to delegate the authority to allocate the housing need within a subregion to a “subregional entity” that consists of any combination of geographically contiguous local governments within ABAG.
- D. The representatives of jurisdictions within Napa subregion have undertaken the task of forming a subregional entity.
- E. The Town of Yountville desires to join the Napa Subregion and become a member of the Napa Subregion Housing Allocation Committee (NSHAC) committee on the terms described below.

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

- 1. The Town Council approves the formation of the Napa Subregion Housing Allocation Committee (NSHAC). Town Manager shall ensure that a copy of this resolution is delivered to ABAG and is authorized and directed to execute and deliver all necessary documentation necessary to facilitate the formation of NSHAC in a manner consistent with this resolution and state law.
- 2. The NSHAC will adopt rules governing decision-making and will transmit a copy of the adopted rules to ABAG.
- 3. The NSHAC will identify an Authorized Representative to act on behalf of the Subregional Entity and serve as contact with ABAG.
- 4. 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 21st day of January, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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John F. Dunbar, Mayor

ATTEST:

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Michelle Dahme, CMC  
Town Clerk

## **RHNA SUBREGION FACT SHEET**

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### **What is a RHNA Subregion?**

A subregion receives a share of the region's total housing need and must allocate a portion to each participating jurisdiction. Creating a subregion provides an opportunity for local governments to exercise greater control over the housing allocation process and provides expanded opportunities for collaboration.

Under the law, by accepting delegation, the subregion is tasked with responsibility for all RHNA tasks, including maintaining the subregion's total housing need, developing an allocation methodology for the subregion that is reviewed by HCD, releasing a draft housing allocation by income using the subregion's adopted allocation methodology, addressing any appeals of the subregion's draft allocation, preparing and approving the subregion's final allocation and conducting the required public hearings.

### **What are the benefits and challenges of a subregion?**

#### *Benefits*

- Fosters collaboration among jurisdictions and creates new opportunities for partnerships
- Facilitates dialogue between jurisdictions and the public on housing issues
- Allows potential for allocations that are more tailored to the local context as well as greater coordination of local housing policy implementation
- Promotes better alignment between local and regional needs

#### *Challenges*

- Increased scrutiny and HCD oversight for upcoming cycle
- Jurisdictions must commit resources and staff time, which can be significant
- Potential for lack of compromise

### **Who can form a subregion?**

By statute, a subregion "may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments."<sup>1</sup> The subregion must include the unincorporated county as a member. It does not need to include all jurisdictions within the county, but the subregion members must be geographically contiguous.

### **What must a subregion do?**

The subregion must carry out all requirements in Government Code Section 65584 to allocate its share of the region's housing need to its members. Major tasks include:

- Develop a draft allocation methodology, to be submitted to HCD for review and comment
- Adopt a final method and issue a draft allocation
- Conduct the process by which allocations can be appealed
- Adopt the final allocation plan

If the subregion fails to complete the allocation, ABAG must make allocations to subregion members.

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<sup>1</sup> Government Code Section 65584.03.

### How has the subregion process changed from previous RHNA cycles?

Major changes include:

- **A greater focus on equity outcomes:** as a result of recent legislation, the subregion's final RHNA plan must now meet a new objective to "affirmatively further fair housing."<sup>2</sup> Generally speaking, this means "taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination."<sup>3</sup>
- **New factors to be considered for the allocation methodology:** overcrowding, loss of units during a state of emergency, and the region's greenhouse gas emissions target.
- **Greater HCD oversight:** the subregion must submit its methodology to HCD for review and comment prior to issuing the draft allocation.

### What is the process for forming a subregion?

1. **Obtain local commitment:** By statute, each jurisdiction must adopt a resolution approving its participation in the subregion and then ABAG must adopt a resolution acknowledging formation of the subregion. This must be completed by February 1, 2020.
2. **Identify coordinating agency:** The subregion must identify a lead agency to which ABAG can delegate the authority for conducting RHNA. This usually consists of an existing institutional body that convenes multiple jurisdictions. This must be completed by February 1, 2020.
3. **Sign a Memorandum of Understanding (MOU) with ABAG:** The MOU outlines the process, timing, and other terms and conditions for delegation of responsibility by ABAG to a subregion. After the subregion has been adopted by the ABAG Executive Board (expected March 2020), ABAG staff will work with the lead agency of the subregion to develop the MOU.

### How is a subregion implemented locally?

The subregion's lead agency manages the activities to complete the RHNA process. In the previous RHNA cycle, lead agencies were the Napa Valley Transportation Authority, the Solano City County Coordinating Council, and the City/County Association of Governments of San Mateo County. Starting a subregion without an existing institutional entity is possible, but it would likely require additional planning and coordination.

Lead agencies have typically established committees with representation from each member jurisdiction to carry out the following roles:

- A Technical Advisory Committee to make recommendations related to the methodology and allocation.
- A Policy Advisory Committee made up of elected officials to review the work of the TAC and develop policy recommendations for consideration by the Governing Body.
- Governing Body to provide policy direction and take all actions required to fulfill the statutory obligations of the subregion.

### How much time does the subregional process take? How much does it cost?

Completion of the RHNA plan takes approximately 18 months from the time of formal designation (February 2020) to adoption of the final RHNA (July 2021), with an additional 2 to 6 months prior to designation to obtain resolutions from participating jurisdictions. In previous cycles, subregions have spent between \$50,000-\$200,000 for staff time and consultant support.

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<sup>2</sup> Government Code Section 65584(d).

<sup>3</sup> <https://www.hudexchange.info/programs/affh/>



## Staff Report

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**File #:** 20-2436, **Version:** 1

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### Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Samantha Holland, Parks and Recreation Director

**TITLE**

Consider Appointment of Two Town Council Members to the Yountville Elementary School Commemorative Art Installation Ad-Hoc Committee.

**DISCUSSION/BACKGROUND**

At the January 7, 2020 Town Council meeting, staff presented for discussion the concept of a permanent commemorative art installation recognizing Yountville Elementary School since the school will close in June 2020. All Town Council Members present gave positive feedback to move forward with the project and create an Ad-Hoc Committee to explore the design and site. The Ad-Hoc would then recommend the final design for approval by the Town Council after approval by the Arts Commission.

One Council Member was excused at the January 7, 2020 meeting and the Council directed staff to bring back the appointment decision to the January 21, 2020 meeting to ensure all members were present to share their interest in participating or not.

The Ad-Hoc will be comprised of seven (7) members: Two (2) Town Council Members, Two (2) Yountville Arts Commissioners and Three (3) School appointed representatives. The time and date of meetings is to be determined. Staff anticipates the process to be limited to 4 to 5 meetings over a span of 3 to 4 months. The meeting will be in accordance with the Brown Act including public agenda postings and notices.

**ENVIRONMENTAL REVIEW**

N/A

**FISCAL IMPACT**

Is there a Fiscal Impact? No

Is it Currently Budgeted? No

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? N/A

Is there a Staff Resource Impact? Nominal

**STRATEGIC PLAN GOAL**

Is item identified in Strategic Plan? Indirectly

If yes, Identify Strategic Goal and Objective. **Visionary Leadership:** The Town's leadership maintains an open-minded, forward-thinking decision-making process. We value engagement and participation from all members of the community as we work together to create policies and plan for the future.

Briefly Explain Relationship to Strategic Plan Goal and Objective. By appointing two members, the Town Council is providing leadership and giving valuable input into the process.

**ALTERNATIVES**

The Town Council could choose not to appoint members to the Ad-Hoc and review the proposed permanent art piece when it comes before the Council for approval.

**RECOMMENDATION**

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion on proposed Ad Hoc Committee Appointments.

Appoint Two (2) Town Council Members to serve on the Yountville Elementary School Commemorative Art Installation Ad-Hoc Committee.





## Staff Report

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**File #:** 20-2434, **Version:** 2

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## Yountville Town Council Staff Report

**DATE:** January 21, 2020

**TO:** Mayor and Town Council

**FROM:** Steve Rogers, Town Manager  
Attorney  
Building Director

Gary Bell, Town  
Sandra Liston, Planning &  
Daniel Gordon, Sr. Management Analyst

### TITLE

Discussion and possible direction regarding Draft Cannabis Ordinance and Potential Retail Cannabis Overlay Zones.

### DISCUSSION/BACKGROUND

The Town Council established a Cannabis Ad Hoc Committee which was initially comprised of Vice Mayor Dorman and Council Member Durham in 2018 to monitor changes in cannabis industry and evaluate if possible changes in the Town's adopted cannabis policies may be warranted or not. As the duration exceeded a year, the committee transitioned to a standing committee and Mayor Dunbar replaced Councilmember Durham on the committee. Approximately six (6) months ago the Town Council made the decision to continue this committee and assigned it the task of researching and evaluating a possible draft cannabis retail ordinance for further review and discussion by the full Town Council.

Attached to this staff report are a draft cannabis ordinance for Yountville and a series of maps representing potential retail cannabis overlay zones for the Town.

On December 3, 2019, the Town Council discussed the potential for retail cannabis businesses in Town and directed staff to develop a draft cannabis ordinance. That ordinance, drafted by the Town Attorney, has had an initial review by the Council's Standing Cannabis Committee. The Standing Cannabis Committee provided minor feedback to the ordinance, and a revised draft ordinance is before you tonight. This ordinance does not represent a consensus or recommendation on behalf of the Standing Committee. The draft cannabis ordinance is being put before the Council to generate a wider discussion on the regulatory future of cannabis in Yountville.

It is not a complete or final ordinance. Several outstanding questions and areas for refinement remain, including:

- Should the Town allow a maximum of one retail cannabis business?
- Does the Town want to require that any retail cannabis business offer a type of membership, which would prioritize or provide reduced prices for registered members (who would most likely be Town residents)?

- Does the Town want to require any potential cannabis business to accept payment by credit card?
- Does the Town want to define or provide examples of “secondary commercial uses?”
- Does the Town want to allow delivery from any potential retail cannabis business?
- Should the Town use a building-to-building, door-to-door, parcel-to-parcel, or another method of determining excluded properties (e.g. properties that may fall within 300 ft. of a buffer zone around a school or church)?
- Should the Town require “Live Scan” for every employee of a potential retail cannabis business?
- Should any appeals of the scoring or application process be brought before the Town Council or the Town Manager first?
- Should the Town prescribe operating hours for any potential retail cannabis business?
- Should the Town mandate additional security measures, like the maintenance of at least 90 days of CCTV recordings?
- In the criteria used to score applicants, what are the appropriate equity measures to include? In the draft cannabis ordinance, several equity measures are offered: paying employees a base wage that exceeds minimum wage by \$3.00 per hour; having 2 more principals with 2% or higher equity who earn at or below the median household income for Napa County; allowing a “labor peace agreement” at 20 or more employees.

The potential retail cannabis overlay zone maps reflect input from the Town Council and the Cannabis Standing Committee on where retail cannabis businesses could potentially locate in Town, if an ordinance allowing retail cannabis businesses is approved. These maps take into account State-mandated conditions as well as local considerations.

There are five general areas of Town that are being put forward as potential retail cannabis overlay zones. Each of these areas is a standalone unit, and staff recommends that the Council consider each potential zone separately. The full overlay zone will then be comprised of all of the separate zones that receive approval from a majority of the Council. The five potential cannabis overlay zone areas are:

1. Primary Commercial, Old Town Commercial, and Public Facility (limited) zones to the west of Washington Street.
2. Old Town Commercial zones to the east of Washington Street.
3. Residential-Scaled Commercial and Primary Commercial zones in the triangular block formed by Washington, Yount, and Humboldt Streets.
4. Residential-Scaled Commercial zones between Mulberry and Mission Streets.
5. Planned Development zones to the east of Washington Street and south of Mission Street (note: the Residential-Scaled Commercial zone at Hotel Yountville is planned to be rezoned to Planned Development consistent with the General Plan).

The draft ordinance, draft resolution, and draft potential overlay maps are before the Council for consideration,

discussion, and refinement. No action is being asked of Council at this meeting.

### **ENVIRONMENTAL REVIEW**

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

### **FISCAL IMPACT**

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? Planning & Building Department

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. Quality of Life;

Briefly Explain Relationship to Strategic Plan Goal and Objective. By regulating cannabis businesses, the character and quality of life within the community are maintained.

### **ALTERNATIVES**

Consider potential draft cannabis ordinance and provide feedback to staff.

Consider potential retail cannabis overlay zones and provide feedback to staff.

Direct staff not to proceed with development of draft cannabis ordinance and retail cannabis overlay zones.

### **RECOMMENDATION**

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion on proposed cannabis ordinance.

Staff requests Council feedback and direction regarding the Draft Cannabis Ordinance and Potential Retail Cannabis Overlay Zones.

## **Regulatory Scheme**

**9.30.010 Purpose.**

**9.30.020 Definitions.**

**9.30.030 General prohibition.**

**9.30.040 Personal use cultivation.**

**9.30.050 Compliance with State and local law.**

**9.30.060 Permit applications.**

**9.30.070 Permit renewal.**

**9.30.080 Permit suspension or revocation.**

**9.30.090 Appeal.**

**9.30.100 Operating requirements.**

**9.30.110 Security measures.**

**9.30.120 Onsite consumption.**

**9.30.130 Records and reporting.**

**9.30.140 Regulations and fees.**

**9.30.150 Limitations on Town liability.**

**9.30.160 Non-assignment.**

**9.30.170 Mobile delivery of cannabis.**

**9.30.180 Violations.**

### **9.30.010 Purpose.**

The purpose of this chapter is to regulate all commercial cannabis activity in the Town of Yountville.

### **9.30.020 Definitions.**

The following words and terms shall have the meanings ascribed to them in Business and Professions Code section 26001 as that statute may be amended or renumbered from time to time: “cannabis,” “cannabis accessories,” “cannabis concentrate”, “cannabis products,” “commercial cannabis activity,” “cultivation,” “delivery,” “distribution,” “license,” “live plants,” “manufacture,” “medicinal cannabis,” “medicinal cannabis product,” “operation,” “person,” “premises,” “sell,” “sale,” “to sell.”

“Accessory structure” means a legal and permitted building that is completely detached from a private home. An accessory structure shall comply with this code, the California Building Code, and have a complete roof enclosure supported by walls extending from the ground to the roof, and a foundation, slab or equivalent base. An accessory structure shall be secure against unauthorized entry and shall be accessible only through one or more lockable doors. The walls and roofs of an accessory structure must be constructed of solid materials not easily broken through. Exterior walls must be constructed with non-transparent material.

“Cannabis retail business(es)” means the premises from which adult use cannabis and/or adult use cannabis products are offered for sale, onsite consumption, and/or delivery that is licensed pursuant to applicable provisions of State law and this chapter.

“Commercial cannabis permit” means a permit issued pursuant to the provisions of this chapter.

“Day care” means a State-authorized facility serving children (operated per the California Child Day Care Facilities Act), in which such care is conducted as a business.

“Detached multifamily housing” means a multifamily residential development where dwelling units are independent from each other and do not share walls or roofs.

“Director” means the Planning and Building Director or designee.

“Group home” means a facility regulated and licensed by a Federal and/or State agency. Unlicensed facilities shall not constitute group homes.

“Interested party” means any of the following:

- A. Any person with an aggregate ownership interest, other than a security interest, lien, or encumbrance, of at least 10 percent of the cannabis retail business;
- B. Partners, officers, directors, and stockholders of every corporation, limited liability company, joint venture, or general or limited partnership that own at least 10 percent of the cannabis retail business or that is one of the partners in the cannabis retail business;
- C. The manager(s) of the cannabis retail business; and
- D. Employees and agents of the cannabis retail business.

“Manager” means a person with responsibility for the establishment, registration, supervision, or oversight of the operation of a cannabis retail business, including, but not limited to, a person who performs the functions of a board member, director, officer, owner, operating officer, or manager of the cannabis retail business.

“Multifamily property” means a development of two or more dwelling units designed to house two or more families living independently of each other.

“Primary residence” means the place where a person, by custom and practice, makes his or her principal domicile and address and to which the person intends to return following any temporary absence, such as a vacation. Residence is evidenced by actual daily physical presence, use and occupancy of the primary residence, and the use of the residential address for domestic purposes, such as, but not limited to, preparation of and eating of meals, regular mail delivery, and vehicle and voter registration.

“Private home” means a house, an apartment unit, a manufactured home, or other similar dwelling.

“Private residence” means a detached residential dwelling that is lawfully used as a residence.

“Responsible party” means one or more individuals who have an ownership interest in a cannabis retail business and are designated to be personally responsible for compliance with all terms and conditions of the commercial cannabis permit, all other permits required by the Town, and all ordinances and regulations of the Town. Any person having an ownership interest of more than fifty percent in a cannabis retail business shall be designated a responsible party on the application. If no individual owns more than fifty percent of a cannabis retail business, the individual owning the largest share shall be a responsible party, and if multiple individuals have the same percentage interest, each one shall be a responsible party. More than one individual can be designated a responsible party.

“Town Manager” means the Town Manager or designee.

“Youth center” means a public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

### **9.30.030 General prohibition**

Except as expressly provided by State law and this chapter, all commercial cannabis activity is prohibited in the Town regardless of any licenses issued under State law.

### **9.30.040 Personal use cultivation.**

The prohibition contained in Section 9.30.030 shall not prohibit indoor personal use cannabis cultivation authorized by State law and this section as follows:

- A. Indoor personal use cannabis cultivation shall be allowed inside a private residence. Indoor personal use cultivation shall be limited to six live plants or 50 contiguous square feet, whichever is less, per private residence, regardless of how many residents reside at the private residence. In multifamily properties with detached housing units, indoor personal use cannabis cultivation shall be limited to six live plants or 50 contiguous square feet per housing unit, whichever is less. Notwithstanding any other provision of this Subsection A to the contrary, indoor personal use cannabis cultivation of up to six live plants or 50 contiguous square feet, whichever is less, shall be permitted in an accessory structure to a private home. Notwithstanding any other provision of this Subsection A to the contrary, under no circumstances shall the resident or residents of a single housing unit cultivate more than six live plants or 50 contiguous square feet, whichever is

less, regardless of how many residents reside at the housing unit or how many structures are accessory to the private home.

B. The indoor personal use cannabis cultivation area must be inside a private residence or inside an accessory structure to a private home located upon the grounds of the private home, fully enclosed, secure, and only accessible by lockable doors.

C. Unless expressly authorized by State law, the cannabis cultivated pursuant to this section shall not be distributed, sold, traded, given, gifted, or transferred in any way to any other person.

D. Indoor personal use cannabis cultivation shall only be undertaken by a person who occupies as a primary residence the property where the indoor personal use cannabis cultivation is conducted.

E. The property where personal use cannabis cultivation is undertaken must be lawfully occupied by the person cultivating the cannabis.

F. The property where personal use cannabis cultivation is undertaken shall remain at all times a residence, with legal and functioning cooking, sleeping, and sanitation facilities and with proper ingress and egress.

G. Indoor personal use cannabis cultivation shall not:

1. Displace any space used for required on-site parking;
2. Displace any space used for storing garbage or garbage containers;
3. Utilize lighting that exceeds 1,200 watts;
4. Utilize an electric generator;
5. Utilize flammable gas products, including, but not limited to, butane;
6. Be visible from neighboring properties or from the public right-of-way; and
7. Emit, create, or produce odors detectable from the public right-of-way or neighboring properties.

H. The property where personal use cannabis cultivation is undertaken must not be used for any of the following activities:

1. Day care;
2. Youth center; and/or
3. Group home.

### **9.30.050 Compliance with State and local law.**

The prohibition contained in Section 9.30.030 shall not prohibit cannabis retail businesses authorized by State law and this chapter.

- A. Cannabis retail businesses shall operate in conformance with all regulations and standards set forth in State law and this chapter. No person shall open or operate a cannabis retail business without possessing a commercial cannabis permit issued by the Town, a conditional use permit for use of the property as a cannabis retail business, and a license issued by the State.

- B. Prior to beginning operations in the Town, the cannabis retail business shall submit to the Town Manager a copy of all state licenses required for its operation.

### **9.30.060 Permit applications.**

- A. A person shall apply for a commercial cannabis permit by submitting an application to the Town during an application period designated by resolution of the Town Council. Each person may submit only one application during a designated application period. The application shall be on a form approved by the Town Manager, and shall include:
1. A non-refundable application fee, as determined by resolution of the Town Council.
  2. **Application Information.**
    - i. The printed full name, signature, date of birth and present address and telephone number of all interested parties for the cannabis retail business, and designation of responsible parties.
    - ii. A primary physical and mailing address, if different, for notices and other mailed information.
    - iii. The names and addresses of all cannabis retail businesses operated by responsible parties for the five years preceding the date of the application.
    - iv. Any litigation, or settled claims not litigated, interested parties have been involved in during the five years preceding the date of the application, and a statement of whether any business currently operated by a responsible party or operated by a responsible party in the five years preceding the date of the application has been investigated or the permit or license authorizing the operation of such business has been revoked or suspended.
    - v. Live Scan for each interested party that was conducted within 14 days of the application's submission.
    - vi. The name and telephone number of an emergency contact available at all times. The emergency contact must reside within a one hour drive of the cannabis retail business.
  3. **Business Site Information.**
    - i. Floor Plan. A scaled floor plan for each level of each building that makes up the business site, including the entrances, exits, walls, cannabis storage areas and customer-access areas. The floor plan shall distinguish locations where onsite consumption of cannabis and/or cannabis products will occur if permitted.
    - ii. Site Plan. A scaled site plan, including all buildings, structures, driveways, parking lots, landscape areas, and boundaries.



- iii. **Property Owner's Consent.** Evidence of the legal right to occupy and to use the proposed location for a cannabis retail business. If the proposed location is leased from another Person, a signed and notarized statement from the owner of the property is required to demonstrate the property owner has acknowledged and consented to the operation of a cannabis retail business on the property.
- 4. **Odor Control Plan.** Proposed odor control devices and techniques to prevent odors from cannabis and cannabis products from being detectable off-premises.
- 5. **Business Operations Information.**
  - i. **Business Plan.** A plan describing how the cannabis retail business will operate in accordance with this code, State law, and other applicable laws and regulations. The business plan must include the following:
    - 1. Hours of operation;
    - 2. Intended secondary commercial use for the space; and
    - 3. Record-keeping procedures
  - ii. **Community Relations Plan.** A plan describing outreach and communications with the surrounding community, including the neighborhood and businesses, and a designated contact person responsible for implementing the plan.
  - iii. **Community Benefits Plan.** A plan describing community benefits the business intends to provide to the surrounding community.
  - iv. **Neighborhood Responsibility Plan.** A plan to address potential effects of a cannabis retail business on the surrounding neighborhood area.
  - v. **Inventory Control Procedures.** Procedures for inventory control including prevention of diversion of cannabis and cannabis products, employee screening, securing and storage of cannabis and cannabis products, personnel policies, and record-keeping procedures.
  - vi. **Tax Compliance.** A current copy of the responsible party's Town business license tax certificate, state sales tax seller's permit, and responsible party or parties' most recent year's financial statement and tax returns, as applicable.
  - vii. **Insurance.** Proof of insurance, as required by Section 9.30.100(G).
- 6. **Security Plan.** An operations and security plan in conformance with Section 9.30.110.
- 7. **Indemnification.** An agreement, on a form provided by the Town Manager, whereby the responsible party:

- i. Releases the Town, and its agents, officers, elected officials, and employees from any and all claims, injuries, damages, or liabilities of any kind arising from: (i) any repeal or amendment of this chapter or any provision of the zoning code relating to the cannabis retail business, and (ii) any arrest or prosecution of the responsible party or its managers, employees, or members for violation of state or federal laws; and
  - ii. Defends, indemnifies, and holds harmless the Town and its agents, officers, elected officials, and employees from and against any and all claims or actions: (i) brought by adjacent or nearby property owners or any other parties for any damages, injuries, or other liabilities of any kind arising from operations at the cannabis retail business premises, (ii) brought by any party for any problems, injuries, damages, or other liabilities of any kind arising out of the distribution and/or use of cannabis or cannabis products at the cannabis retail business premises, and (iii) brought by any other applicant not granted a commercial cannabis permit under this chapter, if the responsible party is granted a commercial cannabis permit under this chapter.
8. **Certification.** A statement in writing by the responsible party that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.
- B. In addition to any other reason that may be established by the Town Council, an application shall be automatically disqualified if:
  1. The application is incomplete, filed late, or is not responsive to the requirements of this chapter.
  2. The application contains false or misleading statements or omission of material facts.
  3. The operation of the business site described in the application fails to comply with any of the requirements in this code, State law, or any other regulation.
  4. A responsible party has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made.
  5. The proposed location for the cannabis retail business is within 300 feet of Yountville Community Park, Yountville Community Church, St. Joan of Arc Church, or any school providing instruction in kindergarten or grades 1 through 12, day care center or youth center that is in existence at the time the application is submitted, measured in a straight line from the closest property line of the school, day care center or youth center to the closest point of the premises where the cannabis retail business is proposed.

6. A responsible party has operated a cannabis retail business within the five years immediately preceding the date of the application which has had a State or local license revoked.
  7. The application does not include a secondary commercial use in addition to retail sale of cannabis and cannabis products.
  8. The application does not permit onsite consumption of cannabis in compliance with Business and Professions Code section 26200.
  9. Operation of the proposed site for the cannabis retail business, as represented in the application, is a threat to the public health, safety, or welfare.
- C. The Town Council shall, by resolution, adopt criteria by which all qualified applications will be ranked. The resolution will state the maximum number of commercial cannabis permits to be issued. Commercial cannabis permits shall be offered to applicants awarded the most points on the merit-based point system.
- D. The responsible party or parties selected shall have the opportunity to apply for a use permit as outlined in Chapter 17.62.
- E. A commercial cannabis permit shall expire twelve months after the date of issuance. A responsible party as to the commercial cannabis permit may apply for a renewal prior to expiration in accordance with this chapter.

#### **9.30.070 Permit renewal.**

- A. An application for renewal of a commercial cannabis permit shall be filed at least 60 days before the permit expiration date. The renewal application shall be filed on a form approved by the Town Manager, and shall include a renewal application fee as determined by resolution of the Town Council.
- B. A renewal application of a commercial cannabis permit shall be rejected if any of the following exists:
1. The commercial cannabis permit is revoked prior to the time of renewal.
  2. The responsible party conducted unpermitted commercial cannabis activity in the Town at any time preceding the renewal application.
  3. Any of the grounds for denying a permit application, as described in Section 9.30.060(B).
  4. The cannabis retail business, or any interested party as to that business, has violated any of the terms, conditions or provisions of this chapter, of State law, of any regulations or rules established pursuant to State Law, any applicable rules or regulations adopted under this chapter or this code, or any conditions on the commercial cannabis permit or conditional use permit authorizing the cannabis retail business.
- C. A renewal application of a commercial cannabis permit may be rejected if any of the following exists:
1. The commercial cannabis permit is suspended at the time of renewal.

2. The renewal application is filed less than 60 days before the permit expiration date.
  3. The cannabis retail business, or any interested party as to that business, has received an administrative citation for violating any provision of this Code related to its commercial cannabis activities in the Town during the last twelve months, and the administrative citation has not been resolved in the responsible party's favor by the date of the renewal application.
  4. The cannabis retail business has not been in regular and continuous operation in the three months prior to the date of submission of the renewal application.
- D. If a timely and complete application for renewal is filed, the permit's expiration shall be stayed until a decision on the renewal application is issued.

#### **9.30.080 Permit suspension or revocation.**

A commercial cannabis permit may be suspended or revoked for any of the following reasons:

- A. One or more of the circumstances upon which a commercial cannabis permit application or renewal application could be or must be denied, as described in Sections 9.30.060(B) and 9.30.070(B), (C).
- B. One or more conditions of the commercial cannabis permit or conditional use permit has been violated.
- C. The cannabis retail business, or any interested party as to that business, has violated any provision of this chapter.

The Town Manager has discretion to choose the appropriate administrative action based on the severity and regularity of the violations. The Town Manager shall provide notice of the revocation or suspension in writing. Said notice shall describe the reason for suspension or revocation and the process to appeal the determination.

Pursuant to Business and Professions Code Section 26200(c), the Town Manager shall promptly notify the Bureau of Cannabis Control within the Department of Consumer Affairs upon the Town's revocation of any local license, permit, or authorization for a state licensee to engage in commercial cannabis activity within the Town.

#### **9.30.090 Appeal.**

- A. The following decisions are not appealable:
  - a. Disqualification of an application pursuant to Section 9.30.060(C).
  - b. Points awarded pursuant to the merit-based point system adopted by resolution of the Town Council.
- B. The following decisions may be appealed to the Town Council:
  - a. Rejection of a renewal application.
  - b. Suspension of commercial cannabis permit.
  - c. Revocation of commercial cannabis permit.

- C. Appeals under Section 9.30.090(B) shall be filed in writing with the Town Clerk within 15 days of the denial, suspension, or revocation and shall include a statement and all documentation of the reason(s) for the appeal. The Town Council shall hear the appeal at a regularly scheduled meeting or at a special meeting called for that purpose and shall issue a decision in writing to the appellant. Notwithstanding any other provision of this code, if the appeal includes a notice of violation, abatement order, and/or fines and/or penalties issued under chapter 8.05 of this code, the appeals may be consolidated in a single hearing before the Town Council pursuant to this section.

### **9.30.100 Operating requirements.**

The following operating requirements shall apply to any cannabis retail business operating in the Town:

- A. No cannabis or cannabis products shall be visible from the exterior of the building. No outdoor storage of cannabis or cannabis products is permitted at any time.
- B. Cannabis retail businesses shall utilize a point-of-sale tracking system to track and report on all aspects of business, including, but not limited to, cannabis tracking, inventory data, and gross sales (by weight and by sale) and shall ensure that such information is compatible with the Town's record-keeping systems. The system must be able to produce historical transactional data for review by the Town.
- C. Persons under the age of 21 years shall not be allowed on the premises of a cannabis retail business and shall not be allowed to purchase cannabis or cannabis products.
- D. Cannabis retail businesses shall not employ persons under 21 years of age.
- E. Cannabis retail businesses shall use odor control systems to ensure that cannabis odors are not detectable from the property boundary and public right-of-way. In multi-tenant buildings, cannabis odors shall not be detectable from the building exterior, or from exterior and/or interior common areas such as walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the cannabis retail business. Odor control systems shall include, but are not limited to, ventilation and exhaust systems.
- F. Cannabis retail businesses shall post the original copy of their commercial cannabis permit in a location readily-visible to the public.
- G. Cannabis retail businesses shall maintain a comprehensive general liability combined single occurrence insurance policy issued by an "A" rated insurance carrier in an amount no less than two million dollars (\$5,000,000) with primary coverage, naming the Town of Yountville as additional insured.
- H. All delivery, loading and unloading areas shall be within a secured area.
- I. Cannabis retail businesses shall update the Town at least once per month if there are any changes to the information submitted as part of the application pursuant to Section 9.30.060.

- J. Cannabis retail businesses shall substantially comply with the business plan, community relations plan, community benefits plan and neighborhood responsibilities plan submitted to the Town with the application pursuant to Section 9.30.060. The cannabis retail business may submit a request, in writing, to the Town Manager to amend such plans.
- K. Conditions placed on the conditional use permit issued for the property are also conditions of the commercial cannabis permit.
- L. The Town Manager may adopt regulations imposing additional requirements on cannabis retail businesses, including the maximum amount of cannabis and cannabis products allowed on the site, the number and type of equipment allowed, and security measures.

#### **9.30.110 Security measures.**

- A. Cannabis retail businesses shall implement security measures to:
  - 1. Deter and prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products.
  - 2. Protect customers and the public from potential harms associated with the cannabis retail business.
  - 3. Security measures implemented under subsection A. shall include:
    - i. All public access must be through a secured single point of entry.
    - ii. Persons not engaged in activity expressly related to the operations of the cannabis retail business shall be prevented from remaining on the premises of the cannabis retail business.
    - iii. All areas of cannabis retail businesses other than retail areas shall be restricted to authorized owners, managers, agents, and other persons with a bona fide business or regulatory purpose for being there.
    - iv. All cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault, except for limited amounts of cannabis used for display purposes or immediate sale.
    - v. 24-hour security surveillance cameras of at least HD-quality shall be installed to monitor all entrances and exits to and from a secure area and to monitor all interior spaces within the cannabis retail business which are open and accessible to the public. The security surveillance cameras shall be remotely accessible to the Town in real-time and shall be compatible with the Town's software and hardware. Video recordings shall be maintained by the business for at least 90 days.
    - vi. Sensors shall be installed to detect entry and exit from all secure areas.
    - vii. Panic buttons shall be installed in all cannabis retail businesses.
    - viii. An alarm system shall be installed, maintained, and monitored by a professional security system company.

- ix. If required by a conditional use permit granted under chapter 17.62, when open, the cannabis retail business shall provide at least one private security guard who is licensed, possesses a valid Department of Consumer Affairs “security guard card,” and has a valid business license.
  - x. A manager shall be on site whenever any other person is on site.
  - xi. Any other security measures as required by the Town Manager.
- B. Cannabis retail businesses shall notify the Town Manager within 24 hours of discovering any of the following:
  - 1. Significant discrepancies identified during inventory.
  - 2. Diversion, theft, loss, or any other criminal activity involving the cannabis retail business or any agent or employee of the cannabis retail business.
  - 3. The loss or unauthorized alteration of records related to cannabis, or employees or agents of the cannabis retail business.
  - 4. Any other breach of security.
- C. The Town Manager and any other Town employee charged with enforcing provisions of the Town Municipal Code, may enter the location of a cannabis retail business at any time during regular hours of operation without notice and inspect the location as well as recordings and records maintained pursuant to this chapter or State law.
- D. No person shall refuse to allow, impede, obstruct, or interfere with an inspection, or the review of the copying of records including, but not limited to the concealment, destruction, or falsification of any recordings or records.

#### **9.30.120 Onsite consumption.**

- A. Consumption of cannabis on the premises of the cannabis retail business is permitted only if:
  - 1. Access to the area where cannabis consumption is proposed is restricted to persons 21 years or older, and can only be accessed by persons who have made an appointment with the cannabis retail business at least 24 hours in advance;
  - 2. Cannabis consumption is not visible from any public place or nonage-restricted area; and
  - 3. Sale or consumption of alcohol or tobacco is prohibited on the premises.
- B. Cannabis retail businesses shall create an appointment system for customers to schedule a time period for onsite consumption. Customers must make an appointment with the cannabis retail business prior to onsite consumption of cannabis. Such appointments shall be no longer than 60 minutes, and customers may attend no more than one appointment per day.

#### **9.30.130 Records and reporting.**

- A. Cannabis retail businesses shall maintain the following records in physical format for at least three years on the business site, and shall produce them to the Town within 24 hours of receipt of a request from the Town:
1. The name, address, and telephone numbers of the owner and landlord of the property.
  2. The name, date of birth, address, and telephone number of each manager and staff of the cannabis retail business; the date each was hired; and the nature of each manager's and staff's participation in the cannabis retail business.
  3. A written accounting of all income and expenditures of the cannabis retail business, including, but not limited to, cash and in-kind transactions.
  4. A copy of the cannabis retail business's commercial general liability insurance policy and all other insurance policies related to the business.
  5. A copy of the cannabis retail business's most recent year's financial statement and tax return.
  6. An inventory record documenting the dates and amounts of cannabis and cannabis products received at the business site, the daily amounts of cannabis and cannabis products stored on the site, and the daily amounts of cannabis and cannabis products sold from the site.
- B. The cannabis retail business shall report any loss, damage, or destruction of these records to the Town Manager within twenty-four hours of the loss, damage, or destruction.

#### **9.30.140 Regulations and fees.**

The Town Council or designee is authorized to establish all regulations necessary to implement the requirements and fulfill the policies of this chapter related to Cannabis retail businesses.

- A. Regulations shall be published on the Town's website.
- B. Regulations promulgated by the Town Council or designee shall have the same force and effect of law and become effective upon date of approval.

The Town Council shall, by resolution, adopt such fees as are necessary to implement this chapter with respect to the application and qualification for, and the selection, future selection, investigation, process, issuance, renewal, revocation and suspension of commercial cannabis permits.

#### **9.30.150 Limitations on Town liability.**

The Town shall not be liable for issuing, or failing to issue, suspending, revoking or failing to renew a commercial cannabis permit pursuant to this chapter or otherwise approving or disapproving the operation of any cannabis retail business pursuant to this chapter.

#### **9.30.160 Assignment prohibited.**



- A. No person shall operate a cannabis retail business under a commercial cannabis permit issued pursuant to this chapter at any place or location other than that identified on the permit.
- B. No person shall transfer ownership or control of a commercial cannabis permit issued pursuant to this chapter, and/or a cannabis retail business licensed under this chapter, unless and until that person first obtains the consent of the Town Manager and the proposed transferee submits all required application materials, pays all applicable fees and charges, and independently meets the requirements of this chapter such as to be entitled to the issuance of an original commercial cannabis permit.
- C. Any attempt to transfer or any transfer of a commercial cannabis permit issued pursuant to this chapter is hereby declared void and the commercial cannabis permit deemed immediately revoked and no longer of any force or effect.

#### **9.30.170 Mobile delivery of cannabis.**

The prohibition contained in Section 9.30.030 shall not prohibit the delivery of cannabis and cannabis products consistent with State law and this section as follows:

- A. Delivery of cannabis and cannabis products originating or terminating within the Town of Yountville shall not be allowed without a valid delivery permit issued pursuant to this section.
- B. Within 60 days of the adoption of this chapter, the Director shall prepare a delivery permit application form, a related administrative policy, and a comprehensive checklist of all the requirements a delivery permit applicant must comply with to obtain a delivery permit. Each person, business, or non-profit interested in delivering cannabis originating or terminating within the Town of Yountville may submit an application form together with a non-refundable processing fee in an amount established by resolution of the Town Council.
- C. The Director shall process the application and determine whether the application is in compliance with this section and State law. The Director shall notify applicants in writing of the determination of compliance with this section and State law. The Director shall issue a cannabis delivery permit to applicants determined to be in compliance with this section and State law. A cannabis delivery permit issued pursuant to this section shall be valid for 12 months from the date of issuance. The delivery permit must be renewed annually.
- D. The Director shall adopt a comprehensive checklist of all requirements a delivery permit applicant must comply with to obtain a delivery permit.

- E. The holder of a delivery permit authorized pursuant to this section shall maintain insurance in the amounts and of the types acceptable to the Director in his or her reasonable discretion.
- F. Cannabis products under the possession of a delivery service authorized pursuant to this section shall not be visible from a public or private road, sidewalk, park, or any public area.
- G. The holder of a delivery permit shall provide the Director and the Napa County Sheriff's Department the name and telephone number (including mobile number) of a contact person to whom emergency notice can be provided at any hour. The contact person shall be authorized by the holder of the delivery permit to resolve emergencies.

#### **9.30.180 Violations.**

- A. A violation of any provision of this chapter shall be subject to administrative enforcement under Chapter 8.05 of this code in addition to any other enforcement remedies available under law and this code.
- B. A violation of any provision of this chapter shall constitute a public nuisance which may be abated and/or enjoined pursuant to law and this code.
- C. Each responsible party as to a cannabis retail business shall be jointly and severally liable for all violations of State laws or of regulations and ordinances of the Town, whether committed by the permittee or an employee or agent of the permittee.
- D. Notwithstanding any other provision of this code, no conduct which is protected from criminal liability pursuant to State or Federal law shall be made criminal by this code.

### **Zoning Changes**

#### **17.62.010 Purpose and application.**

#### **17.62.020 Requirements.**

#### **17.62.030 Uses requiring a use permit.**

#### **17.62.040 General conditions.**

#### **17.62.050 Criteria for a use permit.**

#### **17.62.010 Purpose and application.**

The purpose of this section is to protect the public health, safety, and welfare, enact strong and effective regulatory and enforcement controls in compliance with state of California law, protect neighborhood character, and minimize potential for negative impacts on people, communities, and the environment within the Town by establishing land use requirements and development standards for cannabis retail businesses.

Cannabis retail businesses, as defined in chapter 9.30, include locations where adult use cannabis and/or adult use cannabis products are offered for sale and/or onsite consumption and which are licensed pursuant to the provisions of State law and chapter 9.30. Therefore, this section recognizes that cannabis retail businesses require land use controls due to state legal constraints on cannabis activity, and the potential environmental and social impacts associated with cannabis retail businesses. Nothing in this section is intended to affect or alter federal law, which identifies marijuana (cannabis) as a Schedule I controlled substance.

#### **17.62.020 Requirements.**

- A. No person or entity shall operate or conduct a cannabis retail business without first obtaining both a commercial cannabis permit from the Town pursuant to Chapter 9.30 and a use permit from the Town pursuant to this chapter. Any use permit authorizing a cannabis retail business pursuant to this chapter shall be conditioned on the holder obtaining and maintaining a Town commercial cannabis permit and the appropriate state license for the activity.
- B. No person shall have any entitlement or vested right to operate a cannabis retail business solely by virtue of licensing under these regulations. Operation of a cannabis retail business requires both the approval of a conditional use permit and a commercial cannabis permit under Chapter 9.30, which is a revocable privilege and not a right in the Town. The applicant bears the burden of proving that all qualifications for licensure have been satisfied and continuously maintained prior to operating or conducting a cannabis retail business at an otherwise allowed location within the Town.
- C. A conditional use permit application shall include all information required for a commercial cannabis permit application pursuant to Section 9.30.060.

#### **17.62.030 Uses requiring a use permit.**

Cannabis retail businesses shall be allowed in areas demarcated with CAN, Cannabis overlay zoning subject to a use permit as provided in Chapter 17.156 and this chapter.

#### **17.62.040 General conditions.**

The following conditions shall be required for all use permits issued for a cannabis retail business on land designated as CAN, Cannabis:

- A. Obtaining and maintaining a commercial cannabis permit under chapter 9.30 and appropriate state license.
- B. Operating in substantial compliance with the application materials submitted pursuant to section 9.30.060 of this code.
- C. No cannabis retail business may be located on a property that directly abuts a residential zoning district, except that a cannabis retail business may be located on a property directly abutting the rear yard of a private residence.
- D. No cannabis retail business may be within 300 feet of Yountville Community Park, Yountville Community Church, St. Joan of Arc Church, or any school

providing instruction in kindergarten or grades 1 through 12, day care center or youth center that is in existence at the time the commercial cannabis permit application is submitted, measured in a straight line from the closest property line of the school, day care center or youth center to the closest point of the premises where the cannabis retail business is proposed.

- E. Payment of applicable current and future state and local taxes and all applicable commercial cannabis fees and related penalties established by the Town.
- F. Prohibition of the possession, storage, sale, distribution or consumption of alcoholic beverages on the premises, or the holding of license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages, or operating a business that sells alcoholic beverages on or adjacent to the cannabis retail business.
- G. No cannabis, cannabis products, or cannabis accessories may be displayed in windows or visible from the public right-of-way or from places accessible to the general public.
- H. Prohibition of minors and persons under the age of twenty-one on the premises, even if accompanied by a parent or guardian.
- I. Prohibition on outdoor storage of cannabis or cannabis products.
- J. Any other development and operational standards as the Town Council deems necessary or appropriate for the cannabis retail business under consideration, provided that such conditions do not conflict with operational requirements applicable pursuant to other provisions of this Code.

#### **17.62.050 Criteria for a use permit.**

In addition to the findings listed in Section 17.156.020, the Town Council, after a public hearing, shall make the following findings before granting a use permit for a proposed use in the overlay designation CAN, Cannabis:

- A. The proposed use provides benefit to residents;
- B. The proposed use will not be environmentally detrimental to existing or potential commercial and residential uses in the surrounding area;
- C. The street network is suitable and adequate to carry projected traffic that is generated by the proposed use;
- D. The design of the structure or structures is compatible with the character of the Town; and
- E. The existing or proposed utility, police and fire services are adequate to serve the proposed use.

# Town of Yountville

## Resolution Number 19-XXXX

**A Resolution of the Town Council of the Town of Yountville Adopting Fees and Charges for Cannabis Retail Business Permits, Cannabis Retail Business Permit Applications, and Cannabis Retail Business Permit Renewal Applications, and Adopting Regulations to Implement the Requirements and Fulfill the Policies of Chapter 9.30 of the Yountville Municipal Code**

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### Recitals

- A. On [DATE], 2020 the Town Council adopted Ordinance No. 20-xxxx establishing a regulatory system for Cannabis Retail Business Permits.
- B. Ordinance No. 20-xxxx requires the Town Council to establish dates applications will be accepted for a Cannabis Retail Business Permit, the weighted criteria by which such applications will be analyzed under a merit-based points system, and the total number of permits to be issued.
- C. Ordinance No. 20-xxxx further requires applicants for a commercial cannabis permit to pay a non-refundable application fee and renewal application fee, as determined by resolution of the Town Council.
- D. Article XIII C, section 1, subdivision (e) of the California Constitution provides that a “tax” does not include: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege, (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product, (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement and adjudication thereof, (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property, and (5) a charge imposed as a condition of property development.
- E. The Town Council desires to establish new fees and service charges as described in the document attached as Exhibit “A” hereto including, but not limited to, those types of charges described in Recital “A” above that do not constitute a tax.
- F. Article XIII C, section 1, subdivision (e) of the California Constitution and Government Code section 66014 provide that fees, including, but not limited to, fees for filing and processing applications, may not exceed the estimated reasonable cost of providing the service for which the fee is charged.
- G. Government Code section 66016 et seq. requires the Town Council to hold a noticed public hearing prior to adopting a new fee or service charge.
- H. The Town Council finds that application and permit fees are necessary to address the costs to the Town for the processing of commercial cannabis permit applications and

renewal applications and the regulatory costs associated therewith, and that the proposed fees and service charges attached as Exhibit “A” do not exceed the reasonable cost of providing those services.

- I. On [DATE], 2020, the Town Council conducted a duly noticed public hearing regarding the addition of new fees and service charges to the Town’s Master Fee Schedule in order to receive comments and testimony from the public.
- J. The Town Council reviewed and considered the staff report in addition to considering the comments, statements, and other evidence presented by all persons who submitted materials and/or appeared at the public hearing conducted on [DATE], 2020.

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

1. The Recitals above are true and correct and incorporated herein by reference.
2. Applications for a commercial cannabis permits shall be accepted between [DATE] and [DATE], 2020.
3. The Town Manager or designee shall analyze each commercial cannabis permit application not automatically disqualified pursuant to section 9.30.060(B) of the Yountville Municipal Code and shall award points based on a merit-based point system using the weighted criteria described in Exhibit “C”, attached hereto and incorporated herein by reference. The Town Manager or designee shall thereafter report to the Town Council at a regular meeting each such application analyzed and the points awarded.
4. The Town Council may issue up to one commercial cannabis permit. The commercial cannabis permit shall be offered to the applicant awarded the most points on the merit-based point system described in Exhibit “C”. If an applicant offered a commercial cannabis permit does not accept, it may be offered to the next highest rated application. The Town Council may, in its sole discretion, choose not to offer a commercial cannabis permit to any applicant.
5. The Town Manager or designee shall analyze each commercial cannabis permit renewal application submitted pursuant to section 9.30.070 of the Yountville Municipal Code. The Town Manager or designee shall reject those applications meeting the criteria established in section 9.30.070(B) of the Yountville Municipal Code and may reject those applications meeting the criteria established in section 9.30.070(C). An application not so rejected shall be approved and the Town Manager shall issue a renewed commercial cannabis permit pursuant to section 9.30.060(E).
6. The fees and service charges set forth in Exhibit “A” attached hereto are hereby adopted and effective as of [DATE], 2020.
7. As demonstrated by the report prepared by Town Staff and attached hereto as Exhibit “B”, the Town Council finds and determines that the amounts of the fees and service charges therein: (1) do not exceed the estimated reasonable costs of providing the services or products, and (2) do not recover more than the regulatory costs incurred by the Town for providing the services or products for which they are charged.
8. Town Staff are hereby authorized and directed to include the fees and service charges set forth in Exhibit “A” attached hereto to the Town’s Master Fee Schedule.

9. The Finance Director is authorized and directed to adjust the fees and service charges set forth in Exhibit "A" attached hereto not later than July 1 of each year based on the change, if any, in the Consumer Price Index (CPI) for All Urban Consumers for the San Francisco-Oakland-San Jose Area published by the United States Department of Labor, Bureau of Labor Statistics for February of that year. Town Staff are thereafter authorized and directed to include such adjusted fees and service charges in the Town's Master Fee Schedule.
10. 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 [REDACTED] day of [REDACTED], 2020 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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John F. Dunbar, Mayor

ATTEST:

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Michelle Dahme, CMC  
Town Clerk

## **EXHIBIT A – FEES AND SERVICE CHARGES (YMC 9.30.140))**

1. Commercial Cannabis Permit Application Fee (YMC 9.30.060(A)(1)) \$
2. Commercial Cannabis Permit Fee (YMC 9.30.140): \$
3. Commercial Cannabis Permit Renewal Application Fee (YMC 9.30.070(A)):\$



**EXHIBIT B – STAFF REPORT**

### Exhibit C – Weighted Criteria

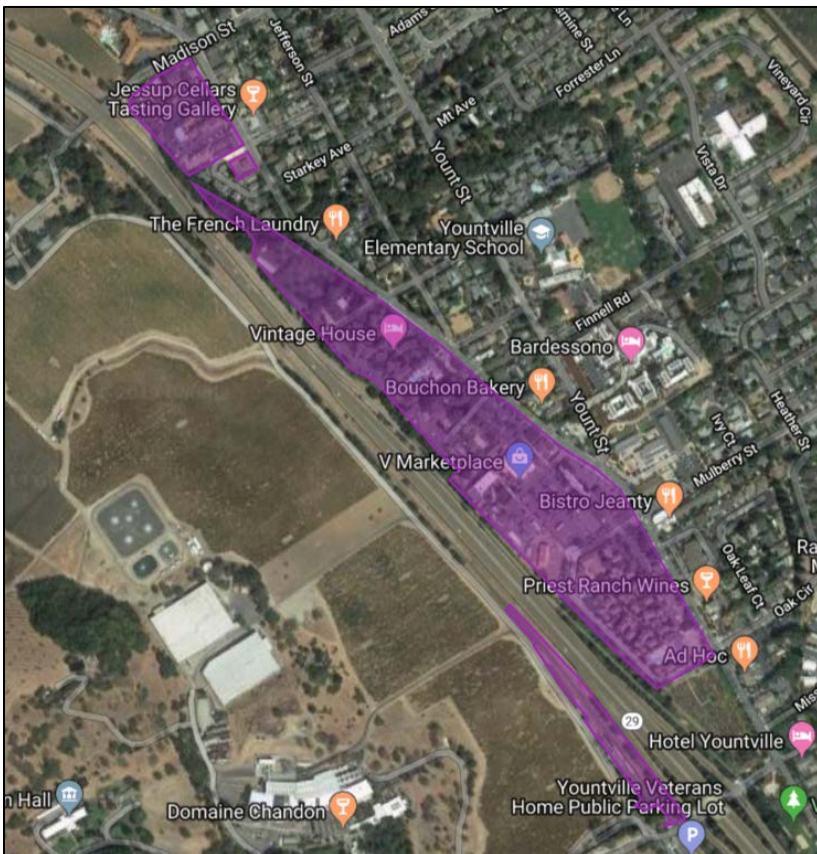
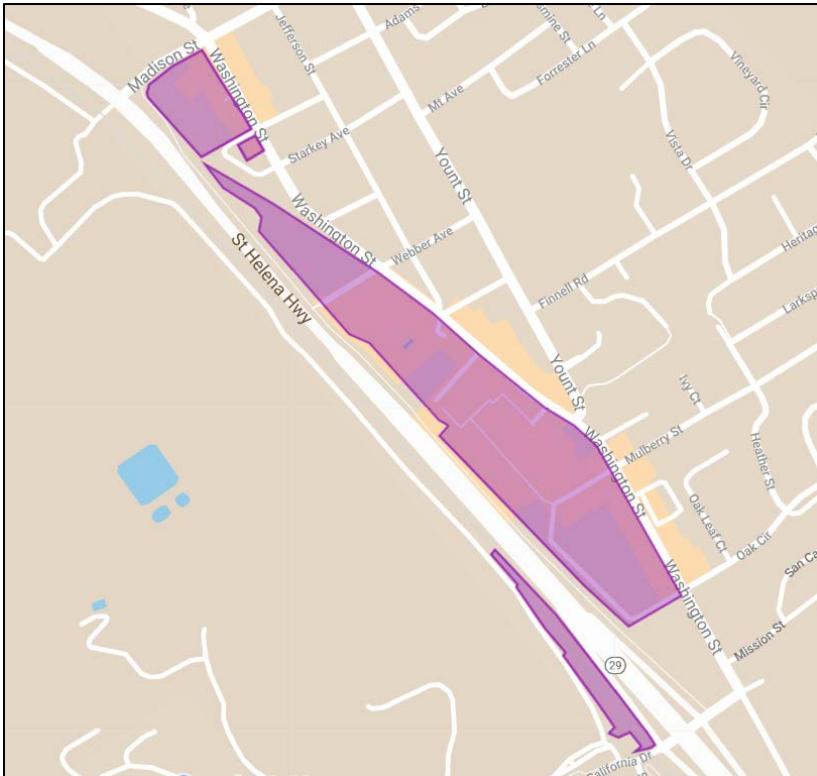
	Criteria	Points Possible	Applicant Score
1	<b>Community Benefit:</b> Applicant demonstrates a commitment to Town through local hiring and community support. Select all that apply within each category and total score.		
1.1	Over 90% of employees will be Napa County residents. (10 points)  OR  Between 60% and 90% of employees will be Napa County residents. (5 points)	10	
1.2	Over 80 percent of supply and equipment expenses (non-labor, non-rent expense) will be sourced from businesses within 90 miles. (10 points)  OR  50% to 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from local businesses within 90 miles. (5 points)	10	
1.3	Proposed over 20 hours per month in community support. (5 points)  OR  Proposed between 10 and 20 hours per month in community support. (3 points)	5	
1.4	Proposed over \$1,000 per month in community support. (5 points)  OR  Proposed up to \$1,000 per month in community support. (3 points)	5	
1.5	Applicant can demonstrate a history of supporting local community programs in Napa County. (5 points)	5	
2	<b>Equity and Labor.</b> Applicant commits to equity ownership and competitive compensation in comparison to other mainstream commercial businesses.		

2.1	<p>Applicant includes three or more principals with 2% or higher equity interest who earn at or below the median household income for Napa County at the time of application. (8 points)</p> <p>OR</p> <p>Applicant includes one or two principals with 2% or higher equity interest who earn at or below the median household income for Napa County at the time of application. (4 points)</p>	8	
2.2	<p>Business will have an average pay rate for entry and mid-level positions of at least 40% more than the median local income for similar positions in other mainstream businesses. (8 points)</p> <p>OR</p> <p>Business will have an average pay rate for entry and mid-level positions of at least 20% more than the median local income for similar positions in other mainstream businesses. (4 points)</p>	8	
2.3	Base wages of employees exceed the minimum wage by at least \$3.00 per hour.	2	
2.4	Business will allow "labor peace agreement" at 20 or more non-management employees.	2	
3	<b>Messaging.</b> Applicant commits to responsible use of messaging practices.		
3.1	Business articulates strategy to keep cannabis from being diverted to minors, including advertising that is appropriately targeted to adult audiences.	5	
3.2	Business promotes responsible use, including messaging on packaging, offering lower does THC product options, offering to track use via "user determined quotas," posting information on cannabis use disorder and cautions regarding development of the adolescent brain.	5	
4	<b>Control of Business Location.</b> Applicant demonstrates control of a site to ensure a successful and timely transition from being awarded a license to opening the business.		
4.1	Majority ownership in site property.	10	
4.2	Minority ownership in site property.	8	

4.3	10+ year future lease of site property	8	
4.4	5-10 year future lease of site property.	5	
4.5	2-5 year future lease of site property.	3	
4.6	Less than 2 year future lease of site property.	1	
5	<b>Financial Investment.</b> Applicant has plans and capital to support a vibrant business within the Town.		
5.1	Applicant demonstrates financial capacity to capitalize, start up, and sustain business operations.	5	
5.2	The proposed cannabis business site can accommodate the required number of parking spaces and safe and convenient access for customers/employees.	5	
5.3	At least one principal with 2% or higher equity interest has operated a legally-compliant cannabis retail business within the State for at least one year.	5	
	<b>Total Points:</b>	115	

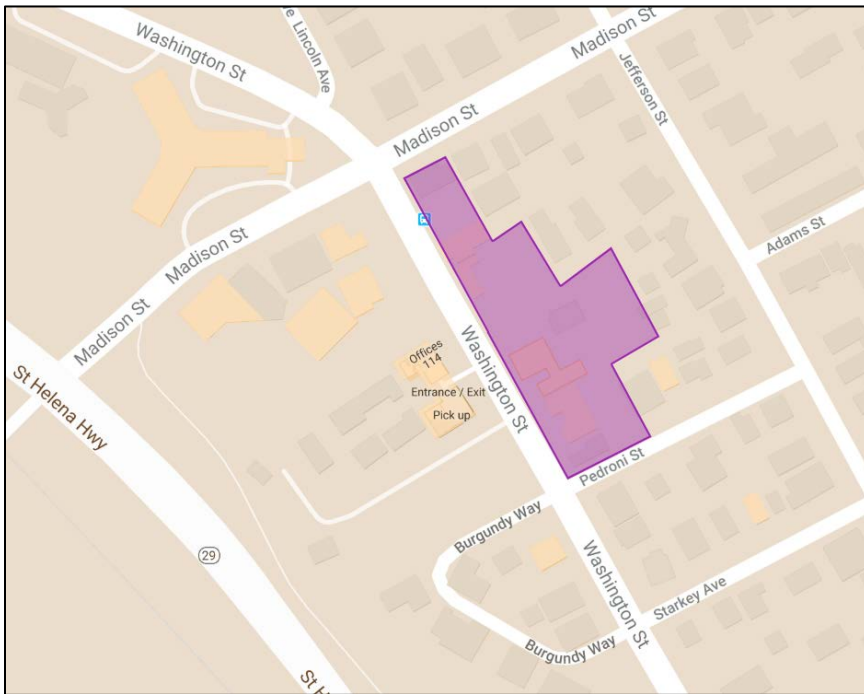
## POTENTIAL YOUNTVILLE RETAIL CANNABIS OVERLAY ZONES

**Zone 1:** Primary Commercial, Old Town Commercial, and Public Facility<sup>1</sup> zones west of Washington Street



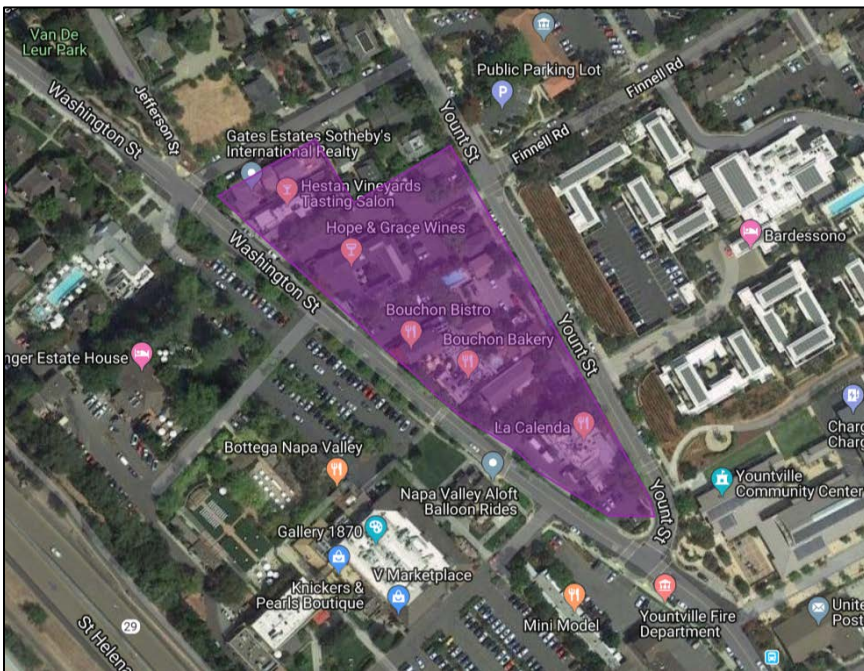
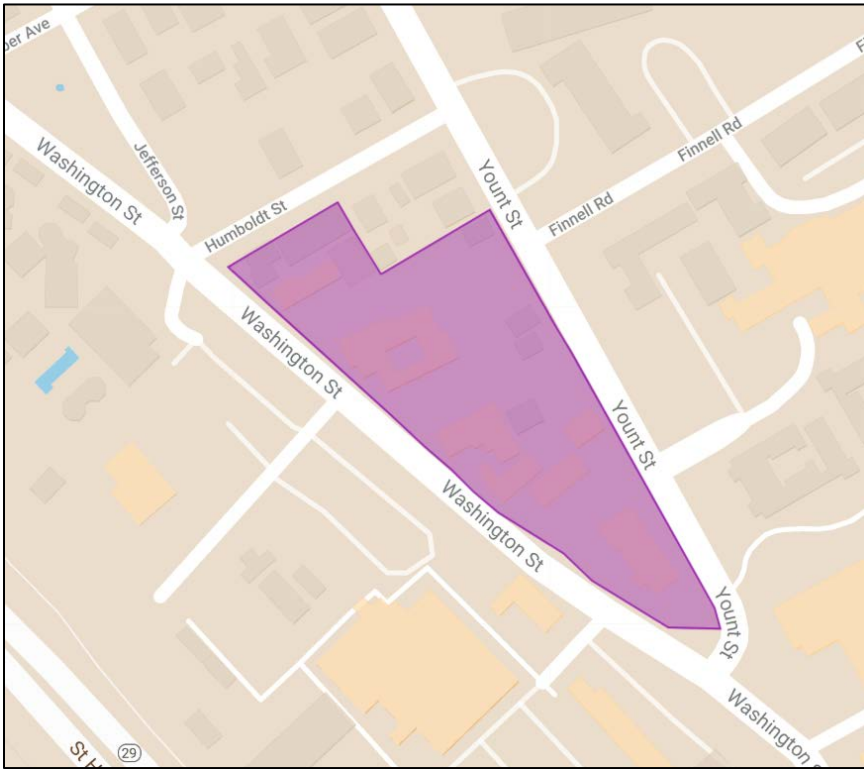
<sup>1</sup> Limited

**Zone 2:** Old Town Commercial zones to the east of Washington Street

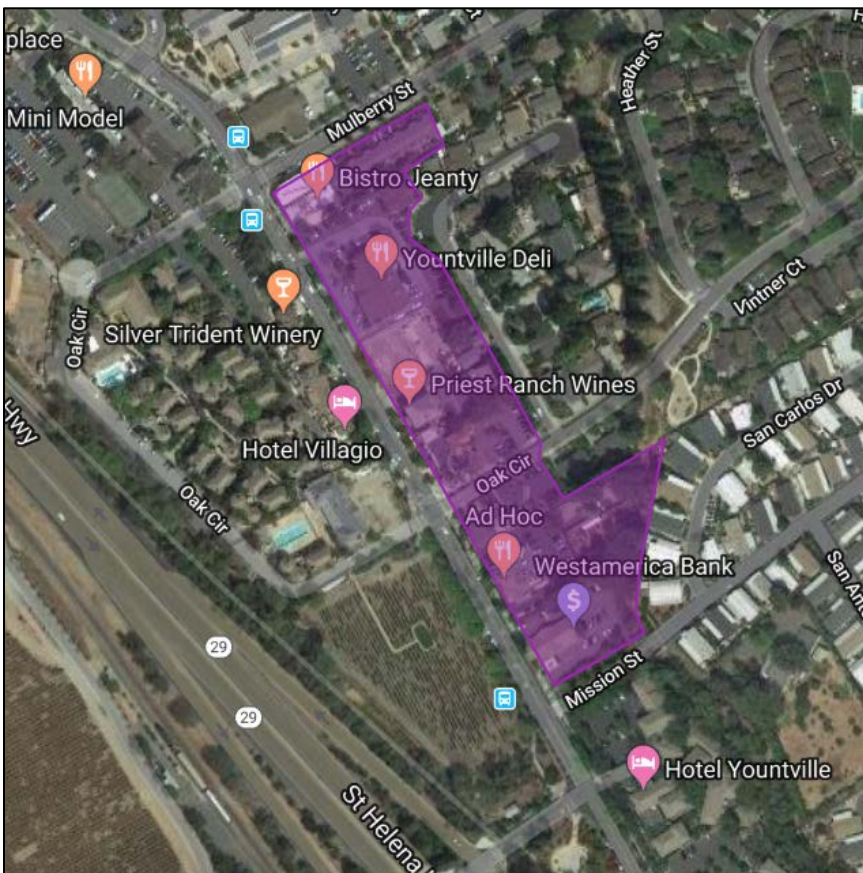
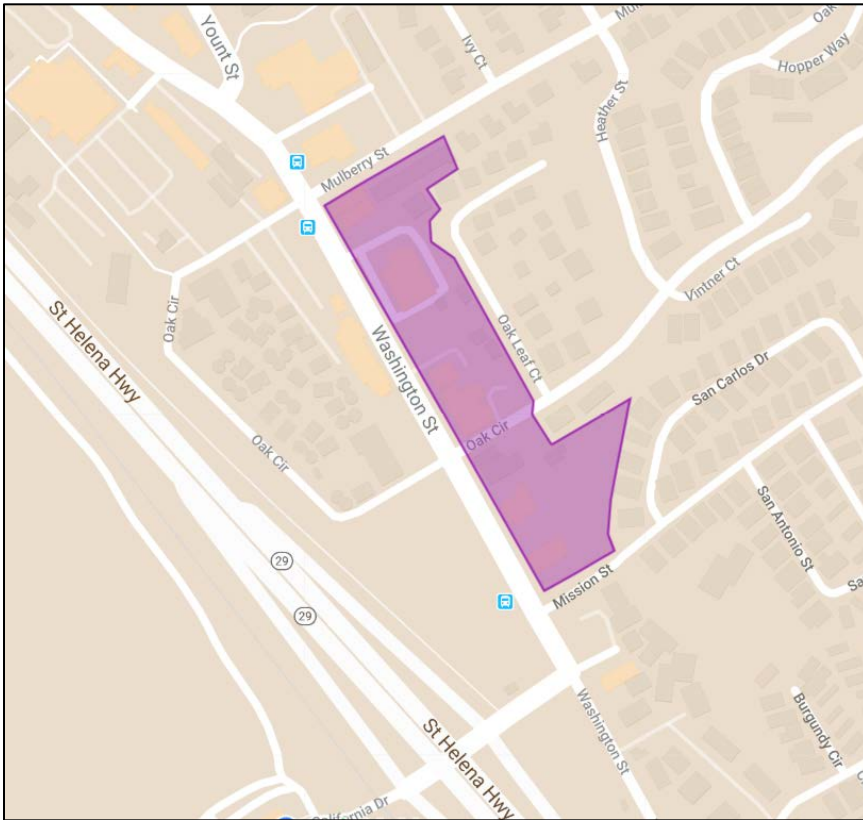




**Zone 3:** Residential-Scaled Commercial and Primary Commercial zones within the triangle block formed by Washington, Humboldt, and Yount Streets

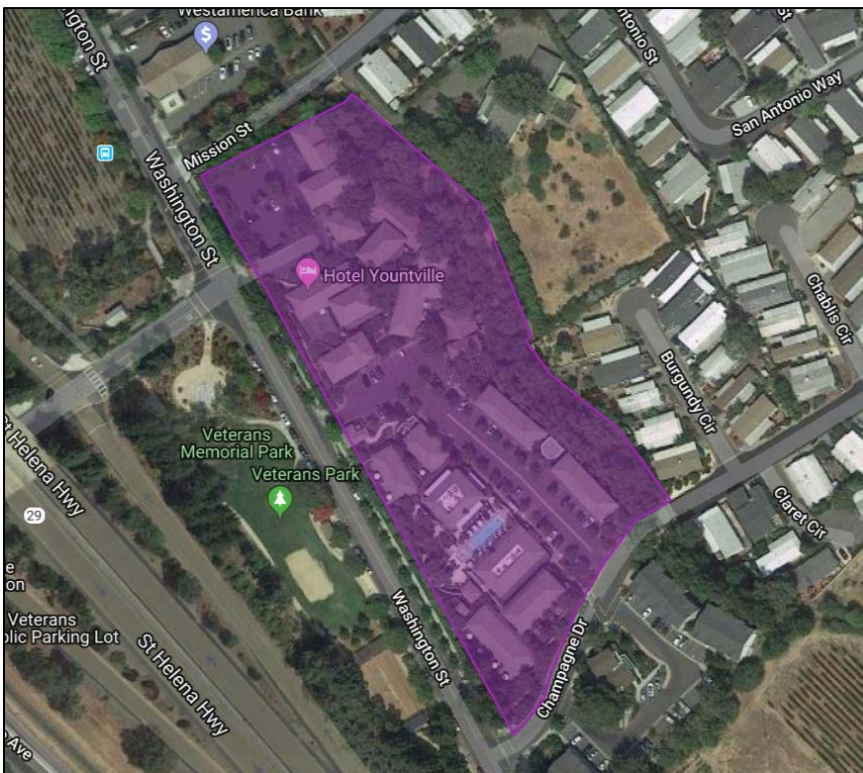
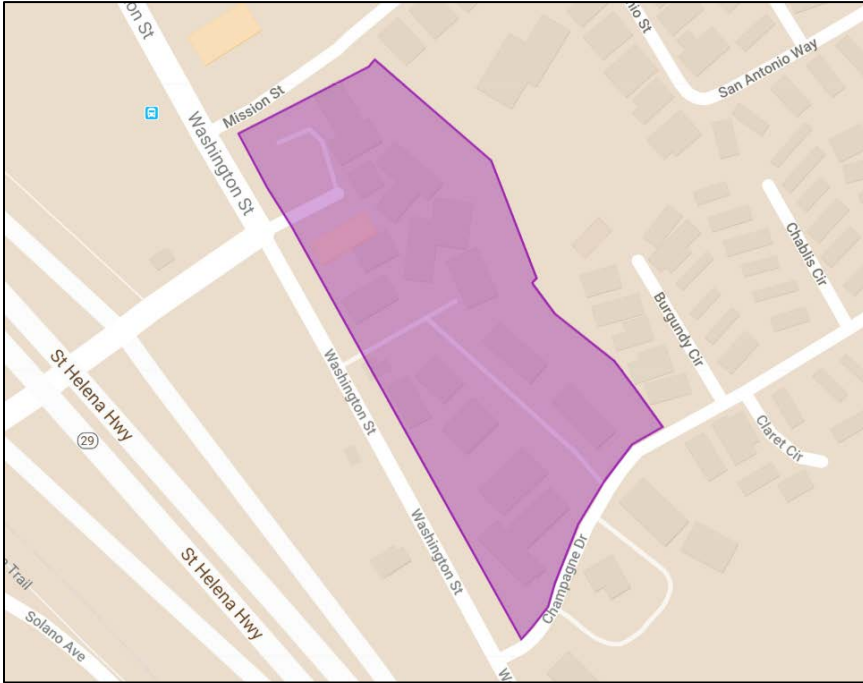


**Zone 4:** Residential-Scaled Commercial zones between Mulberry and Mission Streets





**Zone 5:** Planned Development zone to the east of Washington Street and south of Mission Street (note: the Residential-Scaled Commercial zone at Hotel Yountville is planned to be rezoned to Planned Development consistent with the General Plan).





## Appendix A: Yountville Zoning Map

