



Community Development Department
Housing Division

1115 Seminary Street P.O. Box 660 Napa, California 94559-0660

Dear Property Owner,

Thank you for your interest in the City of Napa's **Junior Unit Initiative Program** (the "Program"). The Program is part of the City's effort to expand the stock of affordable rental units in the community. A junior unit is a type of accessory dwelling unit created by carving out a separate apartment from one or more existing bedrooms in a single-family home. Conversion ADUs are accessory dwelling units created from the conversion of existing accessory structures, including garages.

Property owners may be eligible to receive a 0% interest, forgivable loan of up to \$50,000 to create these accessory dwelling units. The property must be an owner occupied, single family home in Napa. In order for the loan to be fully forgiven, the Program requires that the property owner live in either the primary unit or the new junior unit and rent the other unit (primary unit or junior unit, as applicable) to a low-income household for 20 years. Conversion ADUs may also be eligible for up to an additional \$25,000 in the form of a deferred 0% interest loan to create the ADU.

To apply for the Program, property owners must read the Junior Unit Initiative Program Guidelines and complete the enclosed application. Homeowners may request a feasibility assessment prior to submission of an application. For more information or to request a feasibility assessment, please call **(707) 257-9430**.

In addition to providing financing for construction of junior units, under the Program, the City will also provide construction management services, including developing a schematic design and scope of work, assisting with the contractor bidding process and contractor selection, monitoring the construction activities, and administering all payments, documents, and closing statements necessary to ensure completion of the work in accordance with approved plans. Design and engineering grants may also be available if required to create these units.

If you have any questions please call Maria Gonzales at (707) 257-9430.

Sincerely,
Lark Ferrell
Lark Ferrell
Housing Manager

Telephone (707) 257-9543

TTY 711

FAX (707) 257-9239



IGUALDAD DE OPORTUNIDAD
EN LA VIVIENDA





JUNIOR UNIT INITIATIVE PROGRAM **APPLICATION CHECKLIST**

Applicant's Name: _____
(First) (Last) (Middle intl.)

Property Address: _____
(Number and Street)

(City) (Zip Code)

Thank you for your interest in the City of Napa Junior Unit Initiative Program. Please complete the forms included in this application package and attach all necessary documents. A checklist below is provided for your convenience.

If you have questions regarding the forms or need assistance in completing them, please call (707) 257-9642. We look forward to assisting you with creating a junior unit in your home.

Have you read the Junior Unit Initiative Program Guidelines?

Have you read, completed, signed and dated application forms enclosed?

APPLICATION

FAIR LENDING NOTICE/RIGHT TO FINANCIAL PRIVACY

HOMEOWNER'S INSURANCE FORM; PLEASE SUBMIT A COPY OF YOUR CURRENT POLICY

Have you provided copies of the following information?

Federal Tax Returns from the most recent and prior year for all owners of the property at the time of the application, with all schedules.

Current homeowner's insurance policy or declarations statement, which specifies policy number, policy period and amount of coverage.

Current mortgage statement for all loans secured by the property.



**CITY OF NAPA
JUNIOR UNIT INITIATIVE PROGRAM
LOAN APPLICATION**



I. General Information:

Property Address:

 (Number and Street) (City) (Zip Code)

E-mail address: _____

Day time phone number: (____)____-____ Evening phone number: (____)____-____

1. Is the property currently owner occupied? Yes No
 (Note that the Program is only available for owner-occupied single-family homes.)

2. What type of ADU are you interested in creating?
 Junior unit Conversion ADU Undecided

3. Do you plan to continue to live in the property after the construction of the junior unit or conversion ADU?
 Yes No
 (Note that the Program is only available for properties that will remain owner-occupied.)

4. If approved for this program, do you agree to rent either the junior unit or the primary unit (or in the case of a conversion ADU, the conversion ADU or principal dwelling) to a tenant whose household income does not exceed 80% of area median income at an affordable rent in accordance with the Junior Unit Initiative Program guidelines?
 Yes No
 (Note that the Program requires either the newly-created junior unit or the remainder of the home to be rented to eligible tenants at affordable rent.)

5. Which unit do you plan to rent out: the junior unit/conversion ADU or the primary unit/principal dwelling?

6. Have you completed a feasibility assessment with the City? Yes No

7. Have you read the Program Guidelines? Yes No

II. Owner/Co-Owner Information:

Please complete the following information for all current owners of the house.

1. Owner's Name:

(First)

(Last)

(Middle intl.)

Social Security Number: _____ - _____ - _____

Date of Birth: (Month/Day/Year) _____

2. Co-Owner's Name:

(First)

(Last)

(Middle intl.)

Social Security Number: _____ - _____ - _____

Date of Birth: (Month/Day/Year) _____

3. Household Size: _____ (# of adults: ____ # of children (under 18): ____)

III. Property Information:

Please provide the following information about your home:

Date of Purchase: ____/____/____ Purchase Price: \$ _____

1st Mortgage Holder:

Balance: \$ _____ Monthly Payment: \$ _____

2nd Mortgage Holder:

Balance: \$ _____ Monthly Payment: \$ _____

IV. Program Information:

How did you hear about the Program?

Please furnish the following information for the **head of the household** in all five categories.

SEX: Male Female

AGE: Under the age of 62 62 or older

RACE: Check all that apply.

White American Indian or Alaska Native

Asian Native Hawaiian or Other Pacific Islander

Black or African American

ETHNICITY: Hispanic or Latino Not Hispanic or Latino

DISABLED: Yes No

The City of Napa offers financing to create junior units and conversion ADUs and to expand the affordable rental stock as described in the City's Junior Unit Initiative Guidelines. I acknowledge and agree that I have received a copy of, have read, and understand, the Guidelines.

I further agree to release information regarding my employment and income history, present income, credit history, bank account balances, mortgages and other similar financial information to the City and give my permission to the City to use copies of this consent form to obtain the required information. I understand that the submission of this application does not constitute approval by the City of, and does not guarantee that I will receive, a Program loan. I further understand that my participation in the Program is subject to the availability of funds for the Program. I hereby certify that to the best of my knowledge, all information provided in this application is true and complete.

Owner

Date

Co-Owner

Date



City of Napa Housing Division
FAIR LENDING NOTICE AND
NOTICE OF RIGHT TO FINANCIAL PRIVACY



FAIR LENDING NOTICE

To all borrowers for a real property secured loan to purchase, construct, rehabilitate, improve, or refinance an owner-occupied one to four family residence; and all owner-applicants for a real property secured home improvement loan to improve a one to four family residence (whether or not owner-occupied):

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, gender, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract); because all or part of an applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this credit is the U.S. Comptroller of the Currency, Consumer Affairs division, Washington, D.C. 20219.

In addition to your rights under Federal law, you may also have rights afforded under state law.

FOR CALIFORNIA RESIDENTS ONLY: In accordance with California law, the following notice is given to applicants who are residents of California.

The California Housing Financial Discrimination Act of 1977 provides in part as follows: 35810. No financial institution shall discriminate in the availability of, or in the provision of, financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing housing accommodations due, in whole or part, to the consideration of conditions, characteristics, or trends in the neighborhood or geographic area surrounding the housing accommodation, unless the financial institution can demonstrate that such consideration in the particular case is required to avoid an unsafe and unsound business practice.

35811. No financial institution shall discriminate in the availability of, or in the provision of, financial assistance for the purpose of purchasing, constructing, rehabilitation, improving refinancing housing accommodations due, in whole or in part, to the consideration of race, color, religion, sex, marital status, national origin, or ancestry.

35812. No financial institution shall consider the racial, ethnic, religious, or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, and under what terms and conditions, to provide financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing a housing accommodation. No financial institution shall utilize appraisal practices that are inconsistent with the provisions of this part.

If you wish to file a complaint, or if you have questions about your rights, contact: Comptroller of the Currency, Administrator of National Banks, Western District, Consumer Complaint Department, 50 Fremont Street, Suite 3900, San Francisco, California 94105.

Owner	Date
Co-Owner	Date



City of Napa Housing Division HOMEOWNER'S INSURANCE POLICY



IN ADDITION TO PROVIDING THE FOLLOWING INFORMATION, PLEASE PROVIDE A COPY OF HOMEOWNER'S INSURANCE POLICY OR A COPY OF THE DECLARATION STATEMENT.

The undersigned does hereby declare, under penalty of perjury, that the following "homeowner insurance policy" is in effect (or will be in effect by the date the loan is funded) upon the subject property:

Property Address: _____ Napa, CA 94558

Insurance Company: _____

Name of Insurance Agent: _____

Address of Agent: _____
(Number and Street) (City) (Zip Code)

Phone Number of Agent: () _____

Policy No.: _____ Policy Period from: ____ / ____ / ____ to ____ / ____ / ____

Amount of Coverage: \$ _____ Annual Premium: \$ _____

As the prospective holder of a Deed of Trust on our property, we acknowledge that the City of Napa Housing Division's insurance requirements are as follows:

- 1) **A valid and collectable policy of insurance including the perils of fire and hazards covered by special form must be maintained at all times.**
- 2) **The amount of insurance is to be not less than the replacement value of the home and improvements.**
- 3) **The Borrower's insurance company will be notified of the City of Napa Housing Division's loan and the amount of required coverage. The City of Napa will be added to the policy as "Loss Payee as its interests may appear." Proof of these changes will be provided to the City of Napa Housing Division in writing.**
- 4) **The policy must be endorsed to provide the City with at least 30 days' advance written notice of cancellation or expiration.**

Owner _____ Date _____

Co-Owner _____ Date _____

CITY OF NAPA
TENANT INCOME & RENTAL LIMITS

HOUSEHOLD SIZE	TENANT'S MAXIMUM HOUSEHOLD INCOME (80 % OF MEDIAN)
1	\$63,050
2	\$72,050
3	\$81,050
4	\$90,050
5	\$97,300
6	\$104,500

SIZE OF RENTAL UNIT	MAXIMUM AFFORDABLE RENT*
Studio	\$1,194
1-bedroom	\$1,365
2-bedroom	\$1,536
3-bedroom	\$1,705
4-bedroom	\$1,824

*Maximum rent includes the amount paid by the Tenant for utilities, parking fees and other charges.

(Income and rent limits effective April 26, 2021)

OWNER'S MANUAL

How to Apply

1. Read Program Guidelines.
2. If you want to request a feasibility assessment prior to submission of an application, call **(707) 257-9430** to request an assessment.
3. Complete the enclosed application.
4. Provide copies of all supporting documentation listed on Application Checklist (page 2 of the application).
5. Deliver completed application to the City of Napa Housing Division located at 1115 Seminary Street, Napa, CA 94559.

City Loan Documents

1. Once the owner's Program application is approved, the City and owner will sign loan documents for the City's loan including: a loan agreement; a promissory note for the amount of the loan; a deed of trust to secure the promissory note; a regulatory agreement for the affordable rental unit; and a loan disclosure statement describing the terms of the loan. If the owner has requested a grant for ADA improvements to the rental unit or for design services, the loan agreement will also address the use of grant proceeds. Owners may provide additional funds for construction in excess of the amount of the City loan.
2. The owner will have three business days (72 hours) after signing the City loan agreement, to exercise a "Right to Cancel" during which time the owner may decide to withdraw from the program. The owner will also be permitted to terminate the loan agreement within 15 days after receipt of all bids if the lowest responsible bid for the construction work exceeds the amount of the loan.
3. "Business Days" do not include Saturdays, Sundays or California State holidays. Withdrawal from the program, will not disqualify the owner from applying to the Program again at a later date. However, the City of Napa Housing Division does ask applicants to carefully consider their commitment to the Program, as many hours of administrative time go into processing each application.

The Scope of Work/Concept Drawings

1. Once the owner has signed the loan agreement, the City's Housing Rehabilitation Specialist (HRS) will schedule an inspection of the owner's property .
2. After the inspection, the City will develop concept drawings and a scope of work for the creation of a junior unit or conversion ADU.
3. If the City determines that design of the junior unit or conversion ADU requires the services of an architect, the owner will be required to hire an architect approved by the City. However, the City will provide a grant of up to \$2,000 to cover the cost of the architect's services.

The Bidding Process

1. Once a scope of work is agreed upon, the City will prepare a work write-up which

includes a list of bid specifications for the project.

2. The project will then be advertised on the City's contractor bid line. The bid line information does not give out the applicant's name, phone number or address.
3. When three or more contractors have expressed interest in bidding on the project, a jobsite bid walk will be scheduled.
4. The contractors and City will come to the applicant's home on an agreed upon date and time to walk the project and prepare to bid on the work.
5. The bid results will then be sent to the applicant and each bidding contractor. The owner will then be allowed to select any of the responsible bids, but is not required to choose the lowest bid.
6. If the lowest responsible bid exceeds the amount of the loan, the owner may terminate the loan agreement within fifteen (15) days of owner's receipt of all of the bids.
7. The owner may elect to recruit contractors for the project provided they meet the City's minimum contractor requirements (i.e. they must be licensed and insured).
8. Once the owner selects a contractor, the owner and contractor will sign a contract for the construction of the junior unit substantially in the form provided by the City. The contract will specify the complete scope of work to be performed, cost to owner, length of time allowed to complete the work, procedure for paying the contractor, qualifications and insurance requirements, process for changing the terms of the contract, warranty period, and other contract issues which protect the rights of the owner and contractor.

Construction and Completion

1. After the owner and contractor have signed a contract for the construction of the junior unit or conversion ADU, the HRS will issue a Notice to Proceed and the contractor will then be allowed to begin the work.
2. The length of the contract may be extended if additions or changes to the contract are agreed upon, or if unavoidable delays such as inclement weather occur.
3. During the course of construction, the contractor may request periodic "progress payments" prior to completion of the project. These payments will be made by the City on an agreed upon schedule only for items of work which are complete, signed off by the Building Division (if necessary), approved by the owner and meet the Program standards set forth by the City of Napa Housing Division.
4. Upon completion of all work items, the HRS will perform a final inspection, verify that all building permits have been signed off, collect final lien waivers, process a final progress payment and record a Notice of Completion signed by the owner(s).

Rental of Unit

1. In order for the loan to be fully forgiven, the owner must live in either the junior unit/conversion ADU or the primary unit/principal dwelling and rent the other unit (the junior unit/conversion ADU or the primary unit/principal dwelling, as applicable) to an eligible low-income household at an affordable rent for 20 years. If the Owner ceases to live on the Property or to rent one of the units to a low-income household at an affordable rent prior to the end of the 20-year period,

the Junior Unit loan (of up to \$50,000) will only be forgiven at a rate of 5% per year that the Program requirements were satisfied. For deferred loans provided for costs above \$50,000 to convert accessory structures into ADUs, the loan is due in full at 20-years unless an extension is approved by the City.

2. The City encourages participating homeowners to a) work through Napa Valley Community Housing's free Home Share Match Up Program (**707-253-6157**) to receive referrals of pre-screened tenants and/or b) contract with a professional property management company (please ask the City for a list of local property management companies offering Program participants discounted fees).
3. Once the owner has selected a prospective tenant, the selected prospective tenant must submit all requested income documentation to the City in order for the City to approve the household's income eligibility **before** signing a lease.
4. After the City has approved the tenant's eligibility, the Owner will sign a lease with the tenant and submit a copy to the City.
5. There is no requirement to reverify the tenant's household income again unless a new adult household member is added within six months of the tenant's initial occupancy **or** the tenant vacates.
6. The City will conduct annual monitoring to verify the unit remains tenant-occupied, the rent does not exceed the current maximum allowed, and one of the units remains owner-occupied. If a tenant vacates, the owner must follow the tenant income certification process again.



Our goal at the City of Napa Housing Division is to support you, the homeowner, in the successful creation of a junior unit or conversion ADU. Please contact the City at (707) 257- 9430 if you need assistance at any point in the application process.