

# City of Calistoga

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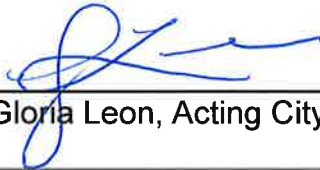
## Staff Report

**TO:** Honorable Mayor and City Council Members  
**FROM:** Dylan Feik, City Manager  
**DATE:** April 3, 2018  
**SUBJECT:** Consideration of a Resolution Approving and Authorizing the Purchase of Vacant Land on Eddy Street, Calistoga (APN 011-215-001-000) and a budget adjustment from the unappropriated Affordable Housing Fund Balance for an amount not to exceed \$500,000 from account number 78-4615-4910

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**APPROVAL FOR FORWARDING:**



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Gloria Leon, Acting City Manager

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2 **ISSUE:** Consideration of a Resolution authorizing the City Manager to:

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4 1. Approves and authorizes the purchase of vacant land on Eddy Street,  
5 Calistoga (APN 011-215-001-000) and a budget adjustment from the  
6 unappropriated Affordable Housing Fund Balance for an amount not to  
7 exceed \$500,000.  
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9 2. Approves a budget adjustment to the Fiscal Year 2017-18 Affordable  
10 Housing Fund for an amount not to exceed \$250,000 from account 78-  
11 4615-4910.  
12  
13 3. Authorizes the City Manager to execute a certificate of acceptance  
14 accepting a Grant Deed conveying fee title to the Property and to take  
15 other actions and execute other documents as necessary to implement  
16 the purchase of the Property.  
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18 **RECOMMENDATION:** Adopt Resolution.  
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20 **BACKGROUND / DISCUSSION:** The City of Calistoga has been accumulating  
21 funds in its Affordable Housing Fund for affordable housing purposes as there is  
22 a clear need for more affordable housing within the City. The City Council has  
23 expressed a desire to purchase vacant property to be used for affordable

24 housing purposes, for example, through partnering with an affordable housing  
25 developer.

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27 In May 2017, the Calistoga City Council purchased a 0.26 acre parcel on Earl  
28 Street from CC&W LLC. Adjacent to the newly acquired parcel on Earl Street is a  
29 2<sup>nd</sup> vacant parcel currently owned by Calistoga Spa, Inc., which is not currently  
30 listed for sale. The owners of the Eddy Street Property have expressed a sincere  
31 desire to contribute to addressing the City's affordable housing needs. The Seller  
32 and the City, through informal discussions between the city manager and a  
33 member representing the Seller, have negotiated the terms of a Agreement for  
34 Purchase and Sale (Including Escrow Instructions) ("Purchase Agreement"),  
35 whereby the City would purchase the Property for the sum total of \$500,000  
36 under terms as follows: Two Hundred Fifty Thousand Dollars (\$250,000),  
37 payable at closing, and; Two Hundred Fifty Thousand Dollars (\$250,000) payable  
38 on January 1, 2019, but no later than January 31, 2019. All future payments are  
39 at zero (0%) interest.

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41 The City has performed an Environmental Site Assessment – Phase I and a  
42 property appraisal. If the City Council adopts the recommended resolution, City  
43 staff will notify the Seller and their brokers and will move forward with execution  
44 of the Purchase Agreement and the escrow process.

45  
46 This action is exempt under the California Environmental Quality Act (CEQA)  
47 pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen  
48 with certainty that there is no possibility it will have a significant effect on the  
49 environment, as the City and/or potential developer of any affordable housing on  
50 the Property will undergo project specific CEQA review during the land approvals  
51 and development phase.

52  
53 **FISCAL IMPACT:** The fiscal impact would be the costs of the purchase, or  
54 \$500,000 total under terms shown below:

- 55  
56 1. Two Hundred Fifty Thousand Dollars (\$250,000), payable at closing from  
57 the unappropriated Affordable Housing Fund under account number 78-  
58 4615-4910 for Fiscal Year 2017-18;  
59 2. Two Hundred Fifty Thousand Dollars (\$250,000) payable on January 1,  
60 2019, but no later than January 31, 2019 from the unappropriated  
61 Affordable Housing Fund under account number 78-4615-4910 for Fiscal  
62 Year 2018-19. All future payments are at zero (0%) interest.

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64 **ATTACHMENTS:**

- 65 1. Draft Resolution  
66 2. Draft Agreement

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**RESOLUTION NO. 2018-XXX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, APPROVING AND AUTHORIZING THE PURCHASE OF VACANT LAND ON EARL STREET, CALISTOGA (APN 011-215-001-000) AND A BUDGET ADJUSTMENT FROM THE UNAPPROPRIATED AFFORDABLE HOUSING FUND BALANCE FOR AN AMOUNT NOT TO EXCEED \$500,000 FROM ACCOUNT NUMBER 78-4615-4910**

**WHEREAS**, Calistoga Spa, Inc. ("Owner") is the owner of that certain vacant parcel of real property located on Eddy Street and known as Assessor's Parcel Number 011-215-001-000 ("Property");

**WHEREAS**, the City desires to utilize money in its Affordable Housing Fund to purchase the Property for affordable housing purposes;

**WHEREAS**, the Owner and the City have negotiated the terms of a Vacant Land Purchase Agreement and Joint Escrow Instructions ("Purchase Agreement"), whereby City would purchase the Property for the sum of \$500,000, and City has conditionally submitted an offer subject to City Council approval;

**WHEREAS**, this action is exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility it will have a significant effect on the environment, as the City and/or potential developer of any affordable housing on the Property will undergo project specific CEQA review during the land approvals and development phase; and

**WHEREAS**, the City Council desires to authorize the purchase of the Property for affordable housing purposes.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga hereby:

1. Approves and authorizes the purchase of the Property for affordable housing purposes for \$500,000, in accordance with the terms of the Purchase Agreement including:
  - a. Two Hundred Fifty Thousand Dollars (\$250,000), payable at closing from the unappropriated Affordable Housing Fund under account number 78-4615-4910 for Fiscal Year 2017-18;
  - b. Two Hundred Fifty Thousand Dollars (\$250,000) payable on January 1, 2019, but no later than January 31, 2019, from the unappropriated Affordable Housing Fund under account number 78-4615-4910 for

Fiscal Year 2018-19. All future payments are at zero (0%) interest.

2. Approves a budget adjustment from the unappropriated Affordable Housing Fund Balance for an amount not to exceed \$250,000 from account number 78-4615-4910 for Fiscal Year 2017-18;
3. Authorizes the City Manager to take any and all actions and execute any documents as necessary to implement the terms of the Purchase Agreement and complete the purchase of the Property in accordance with the terms of the Purchase Agreement; and
4. Authorizes the City Manager to record any and all covenants against the Property after purchase to ensure its use for affordable housing purposes.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this **3<sup>rd</sup> day of April, 2018**, by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

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**CHRIS CANNING, Mayor**

**ATTEST:**

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**KATHY FLAMSON, City Clerk**