**MEMORANDUM OF AGREEMENT**

**BETWEEN THE CITY OF NAPA AND NAPA COUNTY**

**REGARDING REGIONAL HOUSING NEEDS ALLOCATIONS FOR FUTURE**

**HOUSING ELEMENT PLANNING PERIODS**

This Memorandum of Agreement ("Agreement") between the City of Napa, a chartered city and municipal corporation ("City"), and Napa County, a political subdivision of the State of California ("County"), is dated, for the convenience of the parties, as the first date upon which it is executed by both the City and the County, as shown by the signatures of their authorized representatives below, and the various obligations established hereby shall take effect as provided herein.

**RECITALS**

1. The City and County have entered into a Memorandum of Understanding and Agreement dated October 8, 2013 ("MOU") regarding the future development of two parcels of land in unincorporated Napa County comprising approximately 154 acres and commonly referred to as the Napa Pipe site (APNs 046-400-030 and 046-412-005, as and hereafter, the "Property"). The Property is depicted in greater particularity on Exhibit A hereto. The County has approved a development proposal for the Property (the " Project") which proposal is more particularly described in those certain documents entitled "Napa Pipe Development Plan" dated \_\_\_\_\_\_\_ \_\_\_, 2014 (the ”Development Plan"), and Napa Pipe Design Guidelines dated \_\_\_\_\_\_\_ \_\_\_, 2014 (the "Design Guidelines"), which are on file with the Napa County Department of Planning, Building and Environmental Services.
2. The County desires to rely on housing proposed as part of the Project to meet certain affordable housing obligations imposed on the County by state law. Pursuant to Article 10.6 (the "Housing Element Law") (Government Code sections 65580 - 65589.8) of Chapter 3 of the Planning And Zoning Law, the Association of Bay Area Governments (“ABAG”) periodically adopts a Regional Housing Needs Allocation (“RHNA”) for each county and city in the greater San Francisco Bay Area, including Napa County and the City of Napa. Under the Housing Element Law, each city and county must periodically revise the housing element of its general plan utilizing the latest RHNA adopted by ABAG. The next required revision to the housing elements of the City and County is designated as the fifth required revision by Government Code Section 65588, and is identified by ABAG as the 2014-2022 planning period.
3. The MOU between the City and County provides in Section 2.3(e) that the City and County may enter into a RHNA agreement as allowed under Government Code Section 65584.07 or any successor statute ("Section 65584.07") providing for the transfer to the City of eighty percent (80%) of the County's RHNA obligation for each housing element planning period commencing with the sixth and subsequent revisions (as defined in Government Code 65588), during such time as the County's Measure P (as approved by the voters in November 2008, and as may be extended by subsequent voter approval) remains in effect, provided that certain requirements of the MOU are satisfied. This Agreement is intended by the County and the City to serve as the RHNA agreement contemplated by Section 2.3(e) of the MOU.
4. Approval of the Project and successful implementation of the MOU will allow the County to meet its RHNA for the 2014-2022 housing element planning period (fifth revision) and obtain a certified housing element. This Agreement provides for RHNA transfers from the County to the City in the sixth and subsequent housing element planning periods, so long as the County's Measure P remains in effect, for the benefit of both the City and the County and in furtherance of City and County policies to preserve agricultural lands in Napa County so as to maintain a viable agriculture-based economy, prevent urban sprawl, direct growth and development into existing cities, and promote infill and smart growth.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the Parties hereto mutually agree as follows:

**TERMS**

1. The County has identified the specific portion of the Property zoned NP-MUR-W:AC (the “Housing Site”), as shown in Exhibit B hereto, as an available housing site in its fifth Housing Element revision, and intends to issue, upon application, residential building permits for construction of housing on the Housing Site during the 2014 -2022 housing element cycle, while the Housing Site remains in the County’s jurisdiction, in order to satisfy the County’s RHNA obligation for the fifth revision.
2. Starting with the sixth revision of the housing element (currently 2022-2030, or as that planning period may be adjusted by ABAG, the Department of Housing and Community Development, or statute) and for all subsequent revisions for the life of the County's Measure P (as approved by the voters in November 2008, and as may be extended by subsequent voter approval), upon ABAG's adoption of a final RHNA, the County and City shall jointly apply to ABAG to reduce the County's RHNA allocation by 80% and to increase the City's RHNA allocation by 80% of the County's original allocation, as provided for and in conformance with the requirements of Government Code section 65584.07. Accordingly, upon ABAG's approval, the City's share of the RHNA will increase by 80% of the County's original allocation and the County's RHNA shall decrease by 80% of the County's original allocation, as allowed under Government Code section 65584.07.
3. ABAG may determine the City and County's RHNA for the sixth and subsequent revisions of the housing element in one of two ways. ABAG may make the determination based on its methodology adopted under Government Code Section 65584.04. Alternatively, the parties and other cities or counties may form a subregional entity under Government Code Section 65584.03 or any successor statute for purposes of allocating the RHNA among members of the subregional entity. If the parties are members of such a subregional entity, the RHNA prepared by the subregional entity and submitted to ABAG shall be made without reference to the contemplated 80% transfer. Upon ABAG's adoption of a final RHNA, the County and City shall jointly apply to ABAG to reduce the County's RHNA allocation by 80% and to increase the City's RHNA allocation by 80% of the County's original allocation as described in Paragraph 2 above.
4. The City's obligations under this Agreement are conditioned on the County's compliance with the following requirements: (1) the County shall have limited land uses to governmental uses or uses consistent with applicable zoning in effect on October 8, 2013, as provided in the MOU (unless changes to the zoning and Specific Plan are mutually agreed to by the parties) for properties located in the industrial areas generally located south of the City of Napa and north of the City of American Canyon, as depicted in the South County Industrial Areas map attached hereto as Exhibit C, including (a) the Napa County Airport Industrial Area (b) all unincorporated land to the south of the City limits, including but not limited to the Syar Properties, and (c) unincorporated land north of the City of American Canyon generally on the east side of Highway 29 between South Kelly Road and Napa Junction; and (2) the County will prioritize payments for projects in the City from the County Affordable Housing Fund to facilitate the development of affordable housing in the City intended by City to satisfy its increased RHNA obligation resulting from this Agreement.
5. The City and County shall take all steps reasonably necessary to comply with the Government Code section 65584.07 and such other transfer statutes, as applicable, to implement this Agreement, including but not limited to, providing the appropriate documentation to ABAG or any other agency, as required. The parties agree to work together to obtain ABAG and any other approval where required to effectuate this Agreement. City further agrees that it will utilize the revised RHNA that includes the transfer of RHNA contemplated by this Agreement in preparing the City s sixth and subsequent housing element revisions, as applicable.
6. The County shall defend, indemnify and hold harmless the City and its respective elected and appointed councils, boards, commissions, officers, agents, employees, volunteers, and representatives, from all losses, fines, penalties, forfeitures, costs, damages and other liabilities of any type arising out of or relating to this Agreement. The parties hereto shall cooperate in the defense of any third party legal action challenging either party's compliance with the requirements of this Agreement.

IN WITNESS WHEREOF, this Agreement has been entered into by and between the County and the City as of, and shall be effective upon, the date it has been executed by both parties as shown by the signatures below.

**COUNTY:**

COUNTY OF NAPA

By:

CHAIRMAN of the BOARD OF SUPERVISORS

On: \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_, 2014

APPROVED AS TO FORM:

By:

COUNTY COUNSEL

**CITY:**

CITY OF NAPA

By:

CITY MANAGER

On: \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_, 2014

APPROVED AS TO FORM:

By:

CITY ATTORNEY