

NAPA PIPE STAFF RECOMMENDATION

FEBRUARY 10, 2012

I. EXECUTIVE SUMMARY

This document summarizes the Napa Pipe proposal scheduled for consideration by the Napa County Conservation Development and Planning Commission starting on February 21, 2012, and provides an analysis and recommendation prepared by County staff. Napa Pipe is a 154-acre site in unincorporated Napa County located adjacent to the City of Napa and east of the Napa River (Figure 1). The site consists of two parcels, separated by a rail road right of way. The parcel on the west is 63 acres and identified as APN 046-412-005. The parcel on the east is 91 acres and identified as APN 046-400-030.

At the February 21, 2012 hearing and subsequent hearings, the Planning Commission will be considering three items:

- (1) Adoption of a resolution recommending that the Board of Supervisors certify the Final Environmental Impact Report (EIR);
- (2) Adoption of a resolution recommending that the Board of Supervisors amend the Napa County General Plan; make findings of fact pursuant to the California Environmental Quality Act (CEQA), including adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations, and adoption of a Water Supply Assessment; and,
- (3) Adoption of a resolution recommending that the Board of Supervisors adopt an ordinance amending the Napa County Zoning Map and Napa County Code to provide zoning and development standards for a portion of the Napa Pipe property.

The developer's proposed development plan, design guidelines and tentative subdivision map will not be considered at this time.

As explained later in this document, staff's recommended alternative would rezone the 63 acre parcel that lies between the Napa River and the railroad track, and would leave the balance of the site zoned industrial. Construction of 202 dwelling units would be authorized "by right" on the portion of the 63 acre western parcel that is within Airport Compatibility Plan Zone E. Additional dwelling units, up to a maximum of 700- 945, and all other uses would require further approval actions. Development would be consistent with the County's Growth Management System (Figure 2).

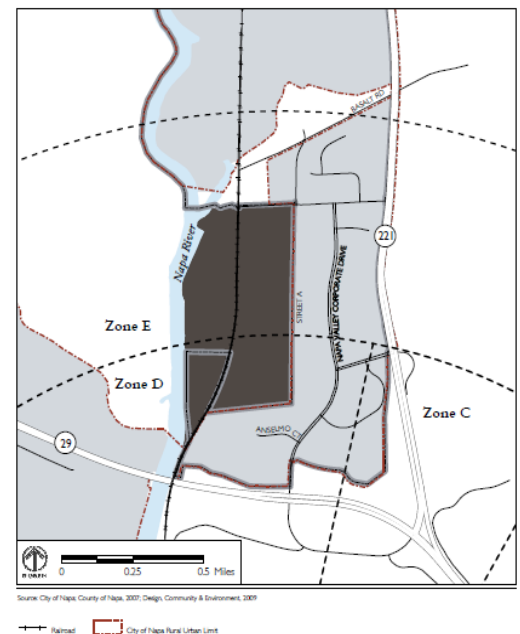
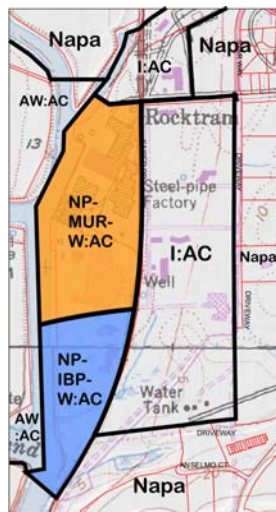


Figure 1. Site Location Source: Draft EIR

Figure 2. Summary of Staff Recommendation



- 63 of 154 acres rezoned to provide:
- 700 dwelling units (945 with a State density bonus)
- 150-room hotel & 150 unit assisted living
- 40,000 gsf neighborhood-serving retail
- 100,000 gsf office
- Site clean-up to residential standards
- Access from Kaiser Rd. & Anselmo Ct.
- 27 acres of publically accessible open space, including riverfront trail, parks, other trails/sidewalks, dry docks & restored wetlands; at grade trail connection to Kennedy Park with property owner permission
- Complies with Growth Management System (annual residential permit limit)
- Remainder of the site capped at 550,000 gsf light industrial/warehouse/R&D

Source: Napa County Conservation, Development & Planning, February 2012

A summary of the developer's proposal is provided in Section II, below, followed by a summary of the planning process in Section III, and staff's analysis and recommendations in Section IV.

II. DEVELOPER'S PROPOSAL

The applicant proposes phased construction of a new neighborhood on the 154-acre Napa Pipe site at 1025 Kaiser Road in unincorporated Napa County. The new neighborhood would have a combination of residential, neighborhood-serving retail, light industrial/R&D/warehousing and office space as well as a hotel. These uses would be organized around new streets and public open spaces as shown on the project site plan (Figure 3).

Proposed project features would include:

- ♦ **Brownfield Recycling:** Remediation, grading and site preparation to raise the elevation of a flat, largely paved, 154-acre industrial site;
- ♦ **Housing:** Development of approximately 2,050 units in three phases with varying dwelling unit sizes, heights and building types; 20 percent of the units constructed would be deed restricted as affordable;
- ♦ **Seniors Facility:** Construction of a 150-unit Continuing Care Retirement complex with 225 beds that would provide independent living for seniors, with common dining, recreational activities, housekeeping and transportation as well as assisted care for seniors;



Figure 3: Site Plan

Source: Napa Redevelopment Partners, January 2011

- ◆ **New Infrastructure and Public Open Space:** New roads, sidewalks and other infrastructure, plus approximately 56 acres of new public parks, open spaces and wetlands, including a new segment of the Napa River trail about 0.8 miles long;
- ◆ **Community Facilities:** Development of community facilities encompassing a total of 15,600 square feet, including a transit center, interpretive nature center, boat house, public safety building, café/visitor pavilion and drydock theater;
- ◆ **Office:** Approximately 50,000 square feet of office space;
- ◆ **Industrial/Research & Development/Warehousing:** Approximately 140,000 square feet (may include wine-related businesses);
- ◆ **Retail:** Approximately 40,000 square feet of neighborhood serving retail and restaurant uses;
- ◆ **Hotel:** 150 suites with associated uses, such as meeting space and spa;

- ◆ **School Site:** The project would reserve 10 acres across Kaiser Road from the 154-acre Napa Pipe site for possible use as a school site if Napa Unified School District determines that a new school is needed based on the school age population of the project;
- ◆ **Special District and County Services:** The proposed development would be served by the Napa County Fire Department and Napa County Sheriff. A new investor-owned public utility or mutual water company would provide potable water. Water would be (a) transferred from the Sacramento San Joaquin River Delta supplemented with on-site groundwater under a conjunctive use program, or (b) provided by groundwater resources at the site. Wastewater treatment and recycled water supplies (for irrigation) would be provided by the Napa Sanitation District; and
- ◆ **Reserve Area:** Nineteen acres of the site would be un-programmed, and would remain designated “Study Area” and zoned for industrial uses; thus land would be available for a range of potential future uses.

The developer’s proposal can be summarized in a table of land uses as shown in Table 3-2 on page 3-6 of the Final EIR (see next page).

General Plan Amendment

The developer has proposed amendments to the County’s General Plan, including changes to the Agricultural Preservation & Land Use Element, the Introduction & Summary and the Conservation Element. The most notable changes would:

- Re-designate 135 acres of the site from “Study Area” to “Napa Pipe Mixed Use” and describe the mix of uses and residential densities allowed within this new designation;
- Allow a maximum of 2,050 dwelling units and a mix of other uses;
- Exempt the project from the County’s growth management system (i.e. annual residential building permit limit) as long as it includes an approved phasing plan; and
- Permit the use of groundwater to support redevelopment of the site, either as the principal water source or as a secondary source as part of a conjunctive use program (i.e. where imported surface water is used as the primary source, and groundwater is used as a back-up source when surface water supplies are not available).

TABLE 3-2 DETAILED DEVELOPMENT PROGRAM

	Approximate Acres ^a	Percent of Project Site
Open Space		
Parks	30.8	20.0%
Sidewalks Plantings	2.4	1.5%
Residential Sidewalks	11.2	7.2%
Commercial Sidewalks	1.8	1.2%
Dry Dock Areas	3.6	2.3%
Total Open Space	49.8	32.3%
Residential Development Area		
Residential & Mixed-Use Building Areas ^b	30.4	19.7%
Surface Parking Lots	5.9	3.8%
Carriage House Streets	5.4	3.5%
Front Yards	5.4	3.5%
Rear Yards	3.2	2.1%
Total Residential Development Area	50.4	32.7%
Non-Residential (Airport Zone D Property) Development Area^c		
Hotel	3.1	2.0%
R&D/Industrial/Commercial Blocks	10.9	7.0%
Commercial Yards (Front and Rear)	1.1	0.7%
Total Non-Residential Development Area (inside Zone D)	15.0	9.7%
Reserve Area		
Parks and Wetlands	5.5	
White Space	13.7	
Total Reserve Area	19.2	12.3%
Main Roadways		
Total Main Roadways (includes street parking)	19.9	12.9%
^a Areas are rounded to the nearest 10,000 square feet. Due to rounding, totals may not be exact.		
^b Residential and mixed use building areas include the continuing care retirement complex, buildings, common area courtyards and podium roofs.		
^c A portion of the project site is within Zone D of the Napa County Airport Land Use Compatibility Plan (ALUCP). Differing provisions apply to distinct zones within the ALUCP, as discussed in Chapter 4.1 of this EIR (Land Use and Planning).		
Source: Napa Redevelopment Partners, 2009.		

Rezoning

The developer has proposed an amendment to Napa County Code that would add a new Chapter to Title 18 (Zoning), creating a stand-alone set of development standards for the Napa Pipe site. The standards would establish permitted uses, densities, building heights, parking requirements, setbacks, etc. and would also establish a process by which specific building proposals would be evaluated. Notable provisions include the following:

- Up to 2,050 dwelling units would be permitted in Airport Land Use Compatibility Zone E pursuant to a phased development plan, along with neighborhood-serving retail. 20% of the dwelling units would be affordable to low- and very low-income households;
- Net residential densities (exclusive of streets and open spaces) would reach 33 units per acre, with height limits of 85 feet in some areas;
- A hotel and senior assisted living facility would be permitted pursuant to the phased development plan, and up to 140,000 square feet of office/R&D/warehousing would be permitted with a use permit.

Other Approvals Requested

The developer has requested that the County approve a tentative and final subdivision map dividing the property into over 60 parcels, and also approve a development plan and design guidelines. The developer has submitted a proposed tentative map, along with a development plan and design guidelines, for the County's consideration. (See the Comprehensive Development Application included as an appendix to the 2009 Draft EIR.)

Staff does not propose consideration of these entitlements at this time. Instead, Staff requests that the Planning Commission and the Board of Supervisors consider the legislative changes proposed (i.e. the General Plan amendment and rezoning), so that basic decisions are made regarding the desired density and intensity of uses on the site. Once those decisions are made, then the developer's applications would have to be revised as necessary, and the County would be in a position to evaluate them fully. At that time, the County and the developer may also negotiate a development agreement for consideration by the Commission and the Board.

The developer's proposal will require additional approvals from agencies other than the County as well as agreements with private parties. These approvals and agreements include but are not limited to:

- Final approval of site clean-up requirements by the Regional Water Quality Control Board
- Approval of encroachment permits by the City of Napa for improvements to Kaiser Road, the connection to Anselmo Court, and other off-site roadway improvements within the city limits
- An agreement with Union Pacific Rail Road and possible approval by the State Public Utilities Commission regarding construction of three public at-grade crossings that would be privately maintained
- Necessary approval to form a Community Facilities District or alternative financing mechanism for the purpose of funding public safety and fire services
- Agreement by either the City of Napa or the City of American Canyon to request (via the Napa County Flood District) approval of a water transfer by the Department of Water Resources and agreement to provide potable water service
- Approval of the water transfer by the Department of Water Resources
- A final “will-serve” agreement by the Napa Sanitation District to provide waste water treatment and recycled water

III. PROPOSAL HISTORY & STATUS

The Napa County Board of Supervisors received an initial application from Napa Redevelopment Partners for 3,200 dwelling units and a mix of other uses on the 154-acre Napa Pipe site in March of 2007. On June 5, 2007, the Board of Supervisors authorized County staff to process the developer's application at the developer's expense, with no guarantee as to the outcome.

The City of Napa objected to the County's decision and the City and the County agreed to a “study group” process to jointly analyze three issues: water supply, traffic, and fiscal impacts. The studies were funded by the developer and final reports were issued December 8, 2008, and provided to the Board of Supervisors and the City Council. At the same time, City staff summarized their continuing concerns about the project in a separate document called Summary of Due Diligence Findings for Joint City/County Housing Solution, dated December 10, 2008.

Subsequent to the City-County study group process, Napa Redevelopment Partners amended their application with the County to propose 2,580 dwelling units rather than 3,200 and to reserve 19-acres of the site for possible future uses.

The EIR Process & Chronology of Events

County staff issued a Notice of Preparation, formally beginning preparation of a Draft Environmental Impact Report (EIR), in January 2009. At that time, the Board of Supervisors requested that County staff and the Conservation, Development and Planning Commission gather public input on the proposal and ultimately formulate a recommendation for the Board's consideration.

To gather this input, the Commission held a series of five public workshops::

- March 18, 2009 What Makes a Successful Neighborhood?
- April 22, 2009 Neighborhood Character & Design
- May 20, 2009 Public Open Space & the Napa River
- June 24, 2009 Traffic Impacts & Mitigation Measures
- July 15, 2009 Sustainability in Neighborhood Design

Each workshop focused on a different topic, and involved a presentation relevant to the proposal and an opportunity for those in attendance to provide their input or ask questions of subject matter experts in attendance. At some of the workshops, County staff and consultants were able to share preliminary data and analysis as it was being developed for inclusion in the Draft EIR.

In a separate action on June 23, 2009 (Resolution No. 09-88), the Board of Supervisors certified the EIR and adopted a General Plan amendment updating the Housing Element to identify the Napa Pipe site as a location for multifamily housing, and adopting a program::

By June 2011, the County will rezone 20 acres of the Napa Pipe property to allow housing development at a minimum density of 20 dwelling units per acre for 304 dwelling units with associated public open space and neighborhood serving retail. The new zoning designation will allow between 152 and 202 owner-occupied or rental dwelling units by right (i.e., without a use permit or other discretionary approval except subdivision approval if required), consistent with development standards that will be established as part of the new zoning, and that will incorporate mitigation measures identified in the 2009 Housing Element Update programmatic environmental impact report that are adopted to address potential impacts of the proposed rezoning and development. (Housing Element Program H-4e)

The Housing Element identified this proposal as the likely first phase of a larger development.

On October 23, 2009, the City released the Draft EIR for the Napa Pipe project for agency and public review. The Draft EIR concluded that the project would have seven significant and unavoidable impacts related to (1) development in excess of regional projections; (2) traffic congestion at First/Soscol; (3) contributions to cumulative traffic throughout the area; (4) conflicts with the 2009 Clean Air Plan; (5) Air pollutant emissions in excess of significance standards; (6) contributions to cumulative greenhouse gas emissions; and (7) adverse changes to Basalt Shipyard facilities, a significant historical resource.

The Draft EIR analyzed a number of alternatives to the developer's proposal, including a no project alternative that would build-out the site as an industrial park under its current zoning and General Plan land use designation. The Mid-Range Density Alternative, with 2,050 dwelling units, was identified as the environmentally superior alternative because it would reduce the severity of some impacts, although it would not eliminate any of the significant and unavoidable environmental impacts.

The comment period on the Draft EIR was extended to end on February 5, 2010. During that time, the County received comment letters and emails, and also received oral testimony at several public hearings. Many commenters requested project changes and additional analysis (see summary of public/agency input below). Other commenters were supportive of the proposal. A number of the critical comments focused on the potential for school system impacts, the proposal to rely on groundwater, and to the onsite treatment and disposal of wastewater to the Napa River.

In response to the comments, the developer modified its project proposal to eliminate the possibility for on-site disposal of wastewater to the Napa River, to include the possible school site across Kaiser Road from the project, and to include the possible use of surface water from Mill Creek, a tributary of the Sacramento River in Tehama County.

These project changes were analyzed in a Supplement to the Draft EIR. The Supplement to the Draft EIR also included additional information on site remediation and on air quality. The County circulated the Supplement to the Draft EIR for public review and comments from February 14, 2011 to May 2, 2011.

During that time, the County received additional comment letters and emails, and also received oral testimony at two public hearings. Several additional comment letters were received just after the close of the comment period.

Among other actions taken in response to the comments, the developer collaborated on and provided funding for an analysis of wastewater collection, wastewater treatment, and recycled water with staff and consultants of the Napa Sanitation District (NSD). To facilitate that study and recognize the unit factors generally used by NSD, the developer modified its proposal to include 2,050 rather than 2,580 dwelling units. Thus, as currently proposed by the developer, the project includes 2,050 residential units.

On February 3, 2012, the County published a Final EIR and provided copies to all those who had provided comments on the Draft EIR and the Supplement to the Draft EIR. The Final EIR consists of the Draft EIR, plus the Supplement to the Draft EIR, comments and responses to comments, as well as a list of text changes to the Draft and the Supplement. An introduction to the Final EIR explains that the developer's current proposal for 2,050 dwelling units and a mix of other uses resembles the "Moderate Density Alternative" analyzed in the Final EIR, and has been identified as the "environmentally superior" alternative.

As noted above, however, County staff is now recommending a new and smaller alternative with up to 700 residential units (945 units with the maximum density bonus authorized by State law) on the westerly, 63-acre parcel. County staff and consultants have prepared an analysis of the impacts of the County-recommended alternative in a separate Supplemental Environmental Analysis (SEA) to the Final EIR dated February 10, 2012. The SEA describes the alternative recommended for adoption, and how its impacts are addressed in the environmental analysis. A stand-alone matrix compares physical attributes of the staff recommendation to the developer's proposal.

Public/Agency Input

The County has received considerable input from other public agencies, organizations and individuals throughout the planning process. Most notably, the City of Napa has objected to the proposal from its inception, characterizing the proposal as "fringe" development, rather than infill, and asserting that the project would have impacts on City residents and services. At times during the process, City representatives have stated that the County's housing obligations can be met within the City limits, and have suggested that the Napa Pipe site would be better suited for light industrial uses. Other agencies expressed concerns regarding the analysis in the EIR, or regarding particular aspects of the project.

Other organizations and individuals, including the Greenbelt Alliance, have expressed support for the project. In addition, the developer's proposal was also rated by the US Green Building Council as worthy of LEED-Gold status.

In response to the agency and public input, the developer has modified the size of the project (from 3,200 to 2,580 to 2,050 dwelling units) and altered certain critical components to address concerns (e.g. eliminating on-site discharges of treated waste water, and offering to consider surface water rather than groundwater as the primary source of potable water).

The County has a long history of maintaining a collaborative relationship with stakeholders, particularly with other public agencies, such as the City of Napa. The proposed project has strained some of those relationships. Although the project has evolved significantly, common ground has yet to emerge. The developer has down-sized the project, but opposition likely remains. It may be that no consensus exists among key stakeholders. Nevertheless, the County must make a decision based on its view of the appropriate use of the Napa Pipe site. Staff's recommendation represents an effort to strike a balance between achieving the benefits of the project and addressing the concerns that have been expressed, recognizing the changes in circumstances noted below.

Principal arguments in opposition can be summarized as follows:

- Too big – traffic impacts
- Should be in the city
- Fiscal impacts on city and school district
- Should use surface water not groundwater
- Should be reserved for industrial uses

Principal arguments in favor of the project can be summarized as follows:

- County needs housing
- Housing in urbanized areas protects agricultural land
- Density and mixed uses would create a successful neighborhood
- Project mitigation would help address impacts that will occur with or without the project
- The project would result in the creation of public parks and open spaces, provide access to the waterfront, and a river front trail

Changes in Circumstances Since 2007

Since the developer's application was accepted for processing in March of 2007, there have been a number of significant changes in circumstances which staff feels are relevant to consideration of the developer's modified proposal. First and foremost, the County and the nation have experienced the most difficult economic downturn since the Great Depression. As a result, there are extensive industrial/commercial vacancies, housing prices have fallen, housing demand has fallen, unemployment is up, and both industrial/commercial and residential building activity has slowed.

As a result of these economic conditions, there is less housing need in the County due to lower prices and reduced job growth, and, as a consequence of this and the state mandate to concentrate urban development in urban areas (SB 375), the County expects to receive smaller Regional Housing Needs Allocation (RHNA) numbers than in the past (For more information, see the discussion of County objectives, below.)

In addition, the City of Napa has made strides towards completion of its downtown specific plan, and is articulating a vision for the future of downtown Napa that will include up to 627 new dwelling units. At the same time, the City of Napa has undertaken (with financial assistance from the County) a number of affordable housing developments in the City, although these continue to be controversial.

IV. STAFF ANALYSIS & RECOMMENDATIONS

County planning staff has had several years to analyze the developer's proposal, both in terms of its potential environmental impacts (during the EIR process), and in terms of its ability to meet the County's objectives. These objectives are discussed below, and have guided development of staff's recommendations, which are also contained in this section, along with a discussion of the project's financial feasibility and unresolved issues.

County Objectives

When the Board of Supervisors authorized staff to begin processing the Napa Pipe developer's application for a General Plan amendment in June 2007, it acknowledged that the proposal would provide additional housing opportunities on land currently designated for heavy industrial uses, with 20% of the units available to affordable households, and that the proposed development would also reduce pressures to provide housing on agricultural lands and add land

to the County's diminishing stock of business park and light industrial properties. These observations were expanded to articulate a set of County objectives in the Draft EIR as follows:

- Address a significant portion of the County's State-mandated Regional Housing Needs Allocation (RHNA) requirements for three housing cycles.
- Provide a location for moderate-priced and affordable housing that is protective of agriculture and of existing neighborhoods.
- Provide a location for a variety of housing types where sufficient densities can support transit services and development of pedestrian and bicycle facilities.
- Make sure that the pace of growth is measured, and that potentially significant environmental impacts are mitigated to the maximum extent feasible.
- Facilitate remediation of an underutilized industrial site, addressing soil contamination, improving water quality, and restoring wetlands.
- Ensure significant ongoing public benefits from site re-use, including river-front access, regional trail connections, and publicly accessible open space.
- Ensure short- and long-term fiscal benefits for the County and the City of Napa.
- Enable a healthy, "walkable" neighborhood, with a focus on energy and water conservation, reducing green house gas emissions, and alternatives to the private automobile.

The applicant's objectives are also included in the Draft EIR. Several of the County's and the applicant's objectives derive from the need for housing in the County that is affordable to very low, low, and moderate income households, and the significant challenges that the County has faced in identifying multi-family housing sites in accordance with State housing requirements since before 2002. The State of California requires local agencies to include housing elements in their General Plans meeting certain statutory requirements, and requires housing elements to be updated on a set schedule and submitted to the State Department of Housing and Community Development (HCD) for review. The State Attorney General or private individuals may sue agencies for not complying with housing element provisions in State law and, if a court agrees that the housing element is inadequate, it may award the plaintiffs attorney's fees, prevent agencies from issuing planning and building permits until the matter is resolved, and mandate approval of residential developments.¹

¹ Napa County was sued by private individuals in 2002-2003 and again in 2009-2011.

One of the statutory requirements that housing elements must meet is to identify and zone development sites for multifamily housing sufficient to accommodate the jurisdiction's Regional Housing Needs Allocation (RHNA). The RHNA for each 7-8 year housing element cycle is assigned to individual cities and counties in our region by the Association of Bay Area Governments (ABAG), which receives a lump sum from HCD and is responsible for allocating it between member jurisdictions unless local agencies collectively form a "subregion" to undertake their own allocation. ABAG's methodology is generally adjusted in each housing cycle, and starting with the 2007-2014 housing current cycle, must take into account "factors" such as the absence of municipal sewer and water service, the amount of protected open space and policies protecting agricultural lands (CGC Section 65584.04(d)).

In past housing cycles, unincorporated Napa County's RHNA allocation has approached 2,000 units. In the current housing cycle, the County's RHNA was reduced to 651 units, and was further adjusted by transferring 82 units to the City of Napa pursuant to an agreement reached at the time the City adopted the Soscol Redevelopment Plan.

Table 2. Unincorporated Napa County RHNA Summary: Jan 2007 – Jun 2014

	Very Low	Low	Moderate	Above Mod	Total
Original	181	116	130	224	651
Soscol Transfer	23	15	16	28	82
Balance	158	101	114	196	569

Source: ABAG, 2008

As indicated earlier, the County's current, adopted housing element contains a program that commits the County to rezone at least 20 acres of the Napa Pipe site for 304 units of multifamily housing at 20 du/acre. If the county fails to accomplish this rezoning, the 304 units may be added to the County's RHNA allocation in the next cycle (CGC Section 65584.09). State law requires the County to approve residential development on sites and at the density designated in the Housing Element or find alternative sites. (CGC Sections 65589.5 and 65863.)

In the upcoming housing cycle for the years 2014 through 2022, the County and other local jurisdictions have elected to form a "subregion" and will receive a lump sum allocation from ABAG for internal distribution. Also, as indicated earlier, the County-wide allocation from ABAG is expected to be lower than in the past due to the effectiveness of SB 375 and requirements related to preparation of a Sustainable Communities Strategy for the Bay Region.

No matter what the County's housing allocation is/will be, the County generally has more than enough adequate sites available to meet the need for 'above moderate' housing because of the number of individual lots available for development in the County that can accommodate a single family home. The County can also meet some of its moderate-income need through the provisions

of second units, although the Board of Supervisors has acknowledged the desire for more moderate income units (particularly “work force” or “work proximity” housing), and that there is a need for housing that meets the need for very low and low income housing. The income categories are defined as follows:

Very Low Income	Less than 50% of Area Median Income ²
Low Income	50-80% of Area Median Income
Moderate Income	80-120% of Area Median Income
Above Moderate Income	Greater than 120% of Area Median Income

According to State law, multifamily housing at densities of 20 du/acre or more are assumed to accommodate low- and very-low income housing. Although State law permits the County to provide an analysis showing that densities of less than 20 du/acre can accommodate this housing, HCD rarely approves housing elements with lower densities.

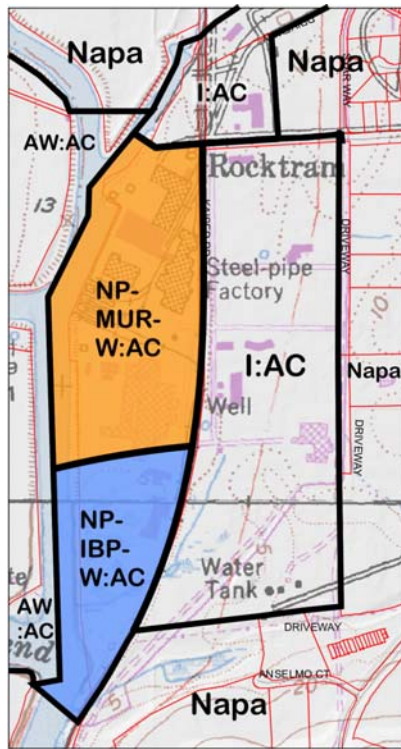
The County desires to address the need for affordable housing and to adhere to fundamental tenets of the General Plan related to agricultural preservation and directing growth to already urbanized areas. The County would also like to maintain local control, and avoid a situation in which the State or the courts could use the housing element statutes to force the County to rezone land or to approve a specific development proposal.

Summary of Staff Recommendations

Planning staff is recommending certification of the Final EIR, followed by approval of a General Plan amendment and zoning amendment (with zoning map and text changes) to permit phased development of a new neighborhood on the waterfront parcel at Napa Pipe. If the Board of Supervisor’s adopts staff’s recommendations, residential densities would be substantially less than those requested by the developer, but would meet all housing element commitments. Surface water would be required as the primary source of potable water (rather than groundwater) unless the City of Napa declines to serve the site. The pace of development would be in conformance with the County’s annual residential permit limit. Please see the proposed zoning ordinance and General Plan amendment for specifics. Also see the stand alone matrix comparing the developer’s proposal and the Housing Element alternative to the staff recommendation.

² Area Median Income (AMI) varies over time. In 2008, when the County’s current housing element was prepared, AMI was about \$81,000 for a four person household.

Figure 4A & B: Staff Recommendation: Zoning Map & Possible Site Plan



Source: CDP January 2012



Source: NRP January 2012

As noted above, the developer has submitted a proposed development plan, tentative map, and design guidelines for the 2,580-unit proposal. If the County approves General Plan amendments and zoning for the Staff recommended 63-unit alternative, and the developer decides to pursue this proposal, then the existing application could be revised so that it encompasses only the westerly 63 acres. Because the 63-acre alternative is being recommended by County staff, and is not being proposed by the developer, the developer has not revised its applications. It is envisioned, however, that the development plan would be similar to the plan proposed as part of the 2,050-unit proposal, except that it would encompass only the 63 acres west of the railroad tracks.

If the Staff-recommended General Plan amendment and zoning ordinance are adopted, then design guidelines would have to be prepared and approved before development could proceed. After the design guidelines are approved, the developer would be able to proceed with development of uses on the site that are allowed “by right” (i.e. without a use permit or other discretionary authorization). These “by right” uses include the 202 units of housing at densities of 20 du/acre required by the Housing Element, as well as a short list of uses similar to those allowed “by right” in other zoning districts (e.g. telecommunication facilities). Additional uses would be authorized upon County approval of tentative maps and a development plan. The County would

ultimately need to permit development of a total of 304 units in 2012 and 2013 to meet its Housing Element commitment (the 202 units permitted "by right" plus an additional 102 units).

By including adoption of a mitigation monitoring and reporting program and additional conditions for subsequent tentative map approvals (i.e. Subdivision Map Act compliance), the staff recommendation would also ensure that site clean-up, infrastructure improvements, public open spaces, and other public benefits of the project are completed in an orderly fashion, along with required mitigation measures.

The staff recommendation acknowledges that during the General Plan Update process, there was a recognition that the Napa Pipe site was in transition from heavy industrial use to other uses, and that it provided an opportunity for a mix of uses, including housing:

"Consider reuse of former industrial sites... to provide a mix of uses, including affordable and market rate work force housing as appropriate" (excerpted from Policy AG/LU-30).

Early drafts of the General Plan Update designated the Napa Pipe site as "Transitional" instead of "Study Area," a term that was used at the City of Napa's suggestion to ensure further study and a General Plan amendment prior to rezoning.

Some commenters have proposed continued use of the site for heavy industry. There is little evidence, however, that the site would be competitive when evaluated against sites at Mare Island, the Port of Oakland, the Port of San Francisco, and other places in the Bay region with maritime industrial sites. At the same time, other voices have suggested the site be used for housing, for open space, for light industrial uses and fair grounds relocated from the City of Napa, or for extension of the nearby business park. All of these suggestions are embraced by the staff's recommendation:

- About 52 acres would be available for residential development at densities of 20-27 units per acre;
- About 20 acres would be available for development of light industrial, business park uses, a public park, and a hotel;
- 27 acres would be set aside for privately-maintained public open space, including a riverfront trail with connections to regional trails to the north and south;
- 29 acres would be set aside for privately-maintained roads;
- 91 acres would remain in the "Study Area" designation and the current "Industrial" zoning.

Napa County Code already permits residential densities of 20 du/acre in the Planned Development (PD) and Residential Medium (RM) zoning designations with approval of a use permit or development plan, and density bonuses of 35% are consistent with the density bonus provisions in Section 18.107.150 of Napa County Code (based on State law). Based on these acreages and densities, as well as inclusionary requirements in Napa County Code Section 18.107.080, the new Napa Pipe neighborhood could have a maximum of 700 dwelling units with 17% affordable to moderate income households or 945 dwelling units if more units are affordable (i.e. if 11% more units are affordable to very-low income households, if 20% more units are affordable to low-income households, or if 40% more units are affordable for sale to moderate income households). Thus the maximum potential build-out of the residential component of the project would be as follows:

Table 3. Dwelling Unit Affordability

Unit Affordability	Maximum With No Density Bonus	Maximum With Density Bonus*		
		Option 1	Option 2	Option 3
Market Rate	581	749 (80%)	685 (72%)	546 (58%)
Moderate	119	119	119	399
Low	0	0	140	0
Very-Low	0	77	0	0
Total	700	945	945	945

*The owner could also choose one of these options with a lower percentage of affordable units. For example, the developer could choose to provide 5% very low income units, entitling the developer to a 20% density bonus (840 units total: 686 [82%] market, 119 moderate, and 35 very low).

Source: Napa County Department of Conservation, Development & Planning

January 2012

A developer could also offer an “equivalency proposal” for Planning Commission approval pursuant to Napa County Code Section 18.107.110. To be considered equivalent, the proposal would have to “provide as much or more affordable housing at the same or lower income levels” in a manner that is consistent with the general plan and housing element. Such an equivalency proposal might involve deed-restricting 20% of the 700 zoning-permitted housing units to be affordable to low- and very low-income households (i.e., 140 units), and pricing another 56 units for moderate-income households. This would result in 749 market rate units, a portion of which are affordable to moderate-income households, and a total unit count of 945 units, including the deed-restricted rental units for low- and very low-income households.

Growth Management & Phasing Plan

General Plan Policy AG/LU-119 and the associated section of Napa County Code (Section 8.02) together establish a growth management system for unincorporated Napa County that

regulates the number of residential building permits that may be issued on an annual basis. The growth management system was based on a voter initiative (Measure A) in 1980 and expired in December 2000.

The Napa Pipe developer has proposed that the General Plan be amended to exempt development on the Napa Pipe site as long as there is a phasing plan adopted by the County. The developer's phasing plan anticipates that about 200 dwelling units per year would be constructed following site remediation and grading phase. Staff believes this amendment is unnecessary given changes in the housing market and mechanics of the growth management system.

As currently structured, the growth management system creates an annual allocation of 115 residential building permits per year, with 15% of the allocation being reserved for units that are affordable to moderate, low- or very-low income households. Allocations in the affordable category accrue indefinitely until the units are constructed. Allocations in the market rate categories (there are three categories) accrue for three years unless the units are constructed. There are a limited number of exemptions, such as second units and replacement/relocated units, none of which is likely to apply in any significant way to the Napa Pipe site.

There are currently over 600 allocations in the affordable income category and thus any of the affordable units proposed as part of the Napa Pipe project could receive a building permit for construction without delay. There are also an estimated 240 allocations in the market rate categories due to the limited number of residential building permits issued in the last several years. Thus, if Napa Pipe builders were to submit permits for constructing around 200 units this year and all other conditions were met, there would be no delay in issuing residential building permits. In future years, once allocations that have rolled forward from past years are used up, Napa Pipe builders could be limited to 97 (115 permits minus the 15% affordable) residential building permits per year, and less if there are other builders proposing market rate housing elsewhere in the County.³

The growth management system envisions a lottery if there is more demand for market rate units than there are allocations in a given year. However in the context of a development agreement, the Board of Supervisors could set aside a portion of the annual allocation for a specific development like Napa Pipe in exchange for developer commitments or adherence to specific performance measures.

³ Thus, building permits for 304 units -- the number of units described within the County's Housing Element -- could be obtained by the end of 2013.

Ground Water Use

Goal CON-11 in the General Plan prioritizes the use of groundwater for agricultural and rural residential uses rather than for urbanized areas and ensures that land use decisions recognize the long-term availability and value of water resources in the County. Policy CON-51 “discourages urbanization requiring net increases in groundwater use and discourages incorporated jurisdictions from using groundwater except in emergencies or as part of conjunctive-use programs that do not cause or exacerbate conditions of overdraft or otherwise adversely affect the County’s groundwater resources.”

The Napa Pipe developer has proposed amending Policy CON-51 to clarify that the Napa Pipe site is already urbanized (i.e. that its reuse would not constitute “urbanization”), and that use of groundwater would be permitted. The developer’s plan is to use groundwater to serve the site while working with State and local agencies to obtain surface water from Mill Creek, a tributary to the Sacramento River. For the 2,580 unit project, the developer anticipated using 0 to 164 af/year of groundwater to supplement the surface water supply.

Staff is recommending the same change to Policy CON-51 and understands that obtaining surface water from Mill Creek would not be feasible with a smaller project. Thus, with staff’s recommendation, the investor owned utility or mutual water company established as the “water purveyor” for the site would seek to purchase water supplies from the City of Napa. Groundwater could only be used as a back-up (i.e. as part of a conjunctive use program) unless the City of Napa declines to sell water to the project, in which case, the project would use groundwater exclusively. As a matter of policy, the use of City water with groundwater as a backup source is preferred over the exclusive use of groundwater due to General Plan Goal CON-11, which – as noted above -- “prioritizes” groundwater for agricultural and rural residential uses. Nonetheless, the Revised Water Supply Assessment includes an analysis indicating that groundwater resources at the site are more than sufficient to serve these purposes without adversely affecting others who rely on groundwater; the assessment also recommends monitoring going forward. The Napa Sanitation District would provide recycled water and sewer service.

Meeting RHNA Requirements for Three Cycles

As stated earlier, one of the County’s objectives for the Napa Pipe project is to “Address a significant portion of the County’s State-mandated RHNA requirements for three housing cycles.” Determining precisely what will be required to meet this objective is difficult because the number

of units allocated to a jurisdiction changes from cycle to cycle, and the percent of the allocation in the challenging low and very low income categories also varies. Several things are clear, however:

- The County's current housing element commits the County to rezone at least 20 acres of the Napa Pipe site for multifamily housing at a minimum density of 20 dwelling units per acre for at least 304 units.
- Once zoned for multifamily housing at densities of 20 du/ac or more, a site is considered "available" for low and very low income housing for purposes of the housing element and 100% of the units will count toward low and very low income requirements pursuant to CGC Section 65583.2(c)(3)(B) until (per current HCD policy, but not State law) a specific project with a specific number of affordable units is approved.

Staff has considered all of these factors in developing a recommendation to rezone 63 acres of the site, and to modify the developer's proposed General Plan amendment and zoning ordinance as reflected in the draft resolutions/ordinance. If the Board of Supervisors ultimately accepts this recommendation, the rezoning would fulfill commitments in the current housing element for the 2007-2014 (RHNA cycle 1) and 202 "by right" multifamily units could begin construction concurrent with site remediation. The unit capacity of the site that is un-built at the end of 2013 would be included in the next housing element update and could be used to meet requirements for 2014-2022 (RHNA cycle 2) and possibly the following housing element update (RHNA cycle 3) after 2022.

No doubt some will argue that the County could and should rezone only 20 acres of the site as suggested in its Housing Element. This would be expedient because the City of Napa has agreed to assist with the provision of services if only 20 acres is rezoned, and rezoning of 20 acres may be adequate to meet the County's RHNA requirements in the 2014-2022 cycle. There are a number of disadvantages associated with an alternative that would rezone only 20 acres. Specifically:

- The 20-acre alternative would not ensure clean-up of the entire site;
- The 20-acre alternative would not provide for on-site public access to the Napa River waterfront or expand the amount of publicly accessible open space in the vicinity;
- HCD previously refused to consider the 20-acre site as suitable for lower income housing;
- The current developer does not want to develop only the 20-acre parcel for housing;
- The 20-acre alternative would result in negative fiscal impacts (i.e. ongoing costs) to the County;
- The 20-acre site has fewer amenities than the 63-acre parcel, lacking access to open space and to the Napa River frontage.

By contrast, the staff recommendation would establish zoning that would allow for clean-up of the entire site, on-site public access to the Napa River waterfront and more publicly accessible open space, assuming the developer decided to revise its application to pursue entitlements consistent with this zoning. In addition, the staff's 63-acre alternative is more likely to address multiple RHNA cycles and represents a balanced approach to housing and job creation, with over half of the site remaining in its existing "Industrial" zoning. (This area could be built-out with business-park uses similar to the City's adjacent business park, or could be proposed for rezoning to alternative uses in the future once the 63-acre parcel is developed.) Finally, the 63-acre alternative would provide funding for required mitigation and avoid fiscal impacts to the County and the City.

Other Objectives

Most of the remaining County objectives concern the character of development that is desired on this, the largest non-agricultural development site remaining in the unincorporated area, as well as the public benefits desired from reuse of the site. If the proposed General Plan amendment and rezoning is adopted, the site would provide a location for multifamily and higher-density housing, of a character and scale not previously found in Napa County. It would be dense with smaller unit sizes (average unit sizes of 1,200 square feet), suggesting that market-rate apartments would be moderately-priced when compared with other market-rate housing in the North Bay, and affordable housing would be provided on land that is not used for or adjacent to agricultural uses or part of any existing residential neighborhood. These housing types appear to be compatible with housing demographic forecasts about needs in the region, now and for the coming decade. This appears to be the best site within unincorporated Napa County where housing could be encouraged "by right" at the 20 du/acre density threshold.

The approximately 63 acre property between the railroad tracks and the Napa River would allow 700 to 945 housing units offering a variety of housing types at densities of about 20 to 27 units per acre. There would also be 40,000 square feet of neighborhood serving commercial uses and restaurants, 100,000 square feet of office uses, 15,600 square feet of community facilities, a 150 suite hotel, a 225 bed continuing care facility for seniors, publicly accessible streets, sidewalks, bicycle facilities, a waterfront trail, and other open space. The combination of residential units, density and new jobs would generally be supportive of transit services. The waterfront trail would connect to the regional pedestrian/bicycle trail system and to Kennedy Park if an easement can be obtained from the adjacent property owner. The relatively dense, compact neighborhood with neighborhood serving commercial uses, open space and community facilities, and pedestrian and bicycle access throughout would promote a walkable neighborhood where residents would not have to rely on the automobile as much as they do in other neighborhoods in the City and County.

Documents Available

In addition to the Final EIR, the following additional documents will be available to inform the Commission's recommendations:

- A Supplemental Environmental Analysis of the Staff recommendation;
- A matrix comparing the physical attributes of developer's proposal, Staff's recommendation, and the Housing Element alternative;
- A fiscal analysis of the Staff recommendation and Housing Element alternative;
- A proposed General Plan amendment for the Staff recommendation;
- A proposed zoning ordinance for the Staff recommendation;
- Proposed resolutions for the Commission's consideration, including proposed CEQA findings and a mitigation monitoring and reporting program, and adoption of the water supply assessment; and
- A finding from the Airport Land Use Commission regarding compatibility with the Compatibility Plan (expected March 7, 2012).

Comments and questions on the staff recommendation should be addressed to the Planning Commission at the public hearings scheduled for February 21 and March 19 or in writing by emailing staff at the addresses shown below. Copies of all materials are available for review on the County's website and during regular business hours at the Department of Conservation, Development & Planning at 1195 Third Street in Napa.

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