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Agenda Date: 6/18/2019

Agenda Placement: 10B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: David Morrison - Director
Planning, Building and Environmental Services
REPORT BY: David Morrison, Director, Planning, Building & Environmental Servi - (707) 253-4805
SUBJECT: Update on the Napa Pipe Project

RECOMMENDATION

Director of Planning, Building, and Environmental Services requests that the Board of Supervisors receive an update regarding the Napa Pipe project.

EXECUTIVE SUMMARY

Director of Planning, Building, and Environmental Services will present an update regarding the Napa Pipe project.

PROCEDURAL REQUIREMENTS

No action required.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Previous History

On October 8, 2013, the City and County of Napa entered into a Memorandum of Understanding (MOU) regarding development of the Napa Pipe property, located at 1025 Kaiser Road (APNs 046-412-005 and 046-400-030). The MOU was intended to memorialize the guiding principles and processes for review by the County and City of a series of development applications submitted by Napa Redevelopment Partners (NRP) for the Napa Pipe property (Property).

On December 16, 2014, the Board approved the Development Plan for the Napa Pipe project (Ordinance No. 1393) regarding zoning, General Plan, development standards, public facilities, circulation, open space, public benefits, and the Tentative Subdivision Map.

On January 13, 2015, the Board approved a Development Agreement with Napa Redevelopment Partners. The Development Agreement governed the terms of approval for the development of the 153 acre Napa Pipe property. The project approved by the Development Agreement and various other County approvals consists of the following: (1) 700 dwelling units (up to 945 units with State required density bonus), including 140 housing units affordable to low- and very low-income families; (2) a 150-unit continuing care retirement center for seniors; (3) 40,000 square feet of neighborhood serving retail uses; (4) 10,000 square feet of office; (5) 75,000 square feet of light industrial uses; (6) a 150-room hotel with supporting uses; (7) a 154,000 square foot membership warehouse store (such as a Costco) with a gas station; (8) publicly accessible and privately-maintained parks and open space; (9) community facilities/farm; (10) publicly accessible and privately-maintained roads; and (11) infrastructure.

On February 10, 2015, the Board approved the Design Guidelines (Ordinance No. 1397).

On August 25, 2015, the Board approved various agreements with the City of Napa including: sphere of influence (No. 8410); allocation of property tax, sales tax, and transient occupancy tax (No. 8411); regional housing needs allocation (RHNA) for future periods (No. 8412); and municipal services (No. 8413).

On September 22, 2015, the Board approved the first Amendment to the Development Agreement.

On March 22, 2016, the Board adopted a resolution authorizing the California Statewide Communities Authority to form a Community Facilities District (CFD) for the Napa Pipe property.

Recent History

On July 5, 2018, the NRP submitted a request to the County to consider changes in the Napa Pipe project. A formal application was submitted to the City of Napa on September 28, 2018 (see Attachment A). The developer's proposal would allow housing (both affordable and market-rate) to be developed as part of the first phase of a revised Napa Pipe project, as well as to accelerate construction of Costco. The proposed changes include:

- Moving 375 market-rate residential units from the western parcel (unincorporated County) to the area designated for light-industrial uses on the eastern side (City of Napa);
- Moving 50 affordable residential units from the western parcel (unincorporated County) to Parcel G on the eastern side (City of Napa);
- Reducing the residential density on the western parcel to maintain the overall limit of 945 total residential units;
- Allowing the senior care facility to be moved from the western to the eastern parcel;
- Reducing the size of the community farm and incorporating it into the adjoining park;
- Moving a park from the western parcel to the eastern parcel;
- Reducing the number of bridges and wetland crossings from 3 to 1;
- Reconfiguring the entry road alignment;
- Combining the gas station site with the Costco property; and

-- Revising the overall phasing plan to reflect the above changes.

Most of the site (approximately 110 acres) is currently within City limits. Forty-three (43) acres along the Napa River, where all 945 housing units are currently approved, are currently located in the unincorporated County and under the approved development would remain in the County's jurisdiction until December 2022, unless early annexation is approved by the Local Agency Formation Commission ("LAFCO"). Since the project exists within two jurisdictions, over the past year City and County staff have met several times to establish the most efficient approach for responding to the developer's proposal.

The County's Housing Element identifies the Napa Pipe site as one of the key locations for achieving housing construction in the unincorporated County during the current housing cycle. As such, early annexation of the entire Napa Pipe site prior to 2022 would eliminate an opportunity for the County to issue residential building permits and help achieve the goals set forth in the Regional Housing Needs Allocation (RHNA). The City's Housing Element does not recognize or include the Napa Pipe site as a housing site to achieve its RHNA goals in the current cycle. Current State law does not allow sharing of credit for issuing building permits between two jurisdictions.

At the request of both the City and County, Senator Bill Dodd sponsored SB SB 235, which identifies the special and unique circumstances faced by Napa County related to the Napa Pipe project and provides credit to the County for housing units within the Napa Pipe development subject to a mutually acceptable agreement between the City and the County. This legislation was approved by the State Senate unanimously and is expected to be considered by the Assembly within the next month.

Next Steps

City and County staff have met collectively with the Napa Pipe development team to discuss next steps for the project, including amending the project's Development Agreement, phasing, and a plan to allow market-rate and affordable housing to be constructed in the first phase along with the Costco store. If SB 325 is approved in its current form and signed by the Governor, and if the City and County approve an amendment to Agreement No. 8412 (Affordable Housing Plan) to implement SB 325, staff would support the early annexation of the remaining 43 acres of the Napa Pipe project site. This would allow the City to take the lead on the project amendments and permitting for the proposed project modifications. Anticipating the successful passage of SB 325, City and County staff have begun drafting the necessary implementation agreement to amend the Affordable Housing Plan. It is anticipated that the agreement would be considered by the Board and City Council in late August, 2019.

The developer filed an application for early annexation of the remainder of the Napa Pipe project with LAFCO on June 7, 2019. It is expected that annexation would be considered by LAFCO by October. At that time, the City Planning Commission would also begin public hearings on the proposed modifications to the Napa Pipe project, including a General Plan amendment, Rezoning, and associated development permits. The City Council would consider the Commission's recommendations in November, 2019.

The Napa Pipe project has included significant participation from the County Executive Officer, County Counsel, the Housing Director, City staff, and the developer.

SUPPORTING DOCUMENTS

A . Attachment A - Proposed Napa Pipe Modifications

CEO Recommendation: Approve

Reviewed By: Leigh Sharp