ATTACHMENT 12

Community Resources and Development Department – Planning Division
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PLANNING COMMISSION STAFF REPORT
June 30, 2026

AGENDA ITEM 7.A. File No. PL25-0068 Franklin Station II

I. GENERAL INFORMATION

PROJECT SUMMARY:	An application for multiple entitlements, including a Development Agreement, a Zoning Amendment amending the Planned Development Overlay (PD-37) District, a Tentative Parcel Map, and a Design Review Permit, and related approvals, to provide for the redevelopment of an approximately 1.44-acre property, with two five-story buildings consisting of up to 120 hotel rooms, up to 40 For-Sale Hotel Units, and other amenities, and the preservation of the Franklin Station Post Office.	
PROJECT LOCATION:	1251/1351 Second Street, 820 Randolph Street, & 801/809 Coombs Street Unit A, B, C, & D APNs: 003-212-001, 003-208-001, 003-300-015, -016, -017, -018, -019, -020, -021, -022, -023, & -024	
GENERAL PLAN:	Downtown Mixed Use	
ZONING:	Downtown Mixed Use (DMU), Parking Exempt Overlay (PE), Planned Development (PD-37) Overlay District	
APPLICANT/ PROPERTY OWNER:	James Keller P.O. Box 546 Napa, CA 94599	Phone: (707) 333-1184
AUTHORIZED AGENT:	Jeff Dodd Coblentz Patch Duffy & Bass LLP 700 Main Street, Suite 301 Napa, CA 94559	Phone: (415) 772-5724
PROPERTY OWNER:	1351 Second Street, LLC P.O. Box 546 Napa, CA 94559	
PROPERTY OWNER:	Young Building, LLC P.O. Box 10606 Napa, CA 94581	

PROPERTY OWNER:	Keller Yountville Vineyard, LLC, A Delaware Limited Liability Company 1210 Darms Lane Napa, CA 94558
STAFF PLANNER:	Ryder Dilley, Planning Manager Phone: (707) 257-9530

ATTACHMENTS:

ATCH 1 – Draft Resolution (CEQA)

- Exhibit A – Project MMRP

ATCH 2 – Draft Ordinance (Development Agreement)
ATCH 3 – Draft Ordinance (Planned Development Overlay)

- Exhibit A – Planned Development Overlay (PD-37) Amendments & Design Guidelines
- Exhibit B – Planned Development (PD-37) Overlay District Map

ATCH 4 – Draft Resolution (DR & TPM)

- Exhibit A – Conditions of Approval
- Exhibit B – Correspondence

ATCH 5 – Draft Development Agreement

- Exhibit A – Post Office Parcel Legal Description
- Exhibit B – Parking Lot Parcel Legal Description
- Exhibit C – Wine Valley Box Unit Parcel Legal Description
- Exhibit D – Young Building Parcel Legal Description
- Exhibit E – Preservation Covenant
- Exhibit F – Project Description
- Exhibit G – Parking Requirements & Supply
- Exhibit H – Impact Fees
- Exhibit I – Copy of PD-37

ATCH 6 – Project Plans
ATCH 7 – Certificate of Appropriateness Plans
ATCH 8 – Tentative Condominium Map
ATCH 9 – CEQA Addendum

- Appendix A – Certificate of Appropriateness
- Appendix B – Planned Development (PD-37) Overlay
- Appendix C – Franklin Station Hotel Design Guidelines
- Appendix D – Air Quality Supporting Information
- Appendix E – Biological Resources
- Appendix F – Cultural Uses and TCRs
- Appendix G – Transportation Supporting Information

II. RECOMMENDATION

Staff recommends that the Planning Commission forward a recommendation to the City Council to: (1) adopt a resolution approving, pursuant to a Section 15168 Analysis, an Addendum to the Downtown Napa Specific Plan Programmatic Environmental Impact Report (SCH no. 2010042043), and alternatively, to the CEQA Guidelines Section 15332 Categorical Exemption; (2) adopt an ordinance approving a Development Agreement; (3) adopt an ordinance approving amendments to a Planned Development (PD-37) Overlay; (4) adopt a resolution approving a Design Review Permit and Tentative Parcel Map; and determine that the potential environmental effects of the Project were adequately analyzed and addressed by a prior California Environmental Quality Act (CEQA) action as documented in the Addendum for the Franklin Station II Project.

III. EXECUTIVE SUMMARY

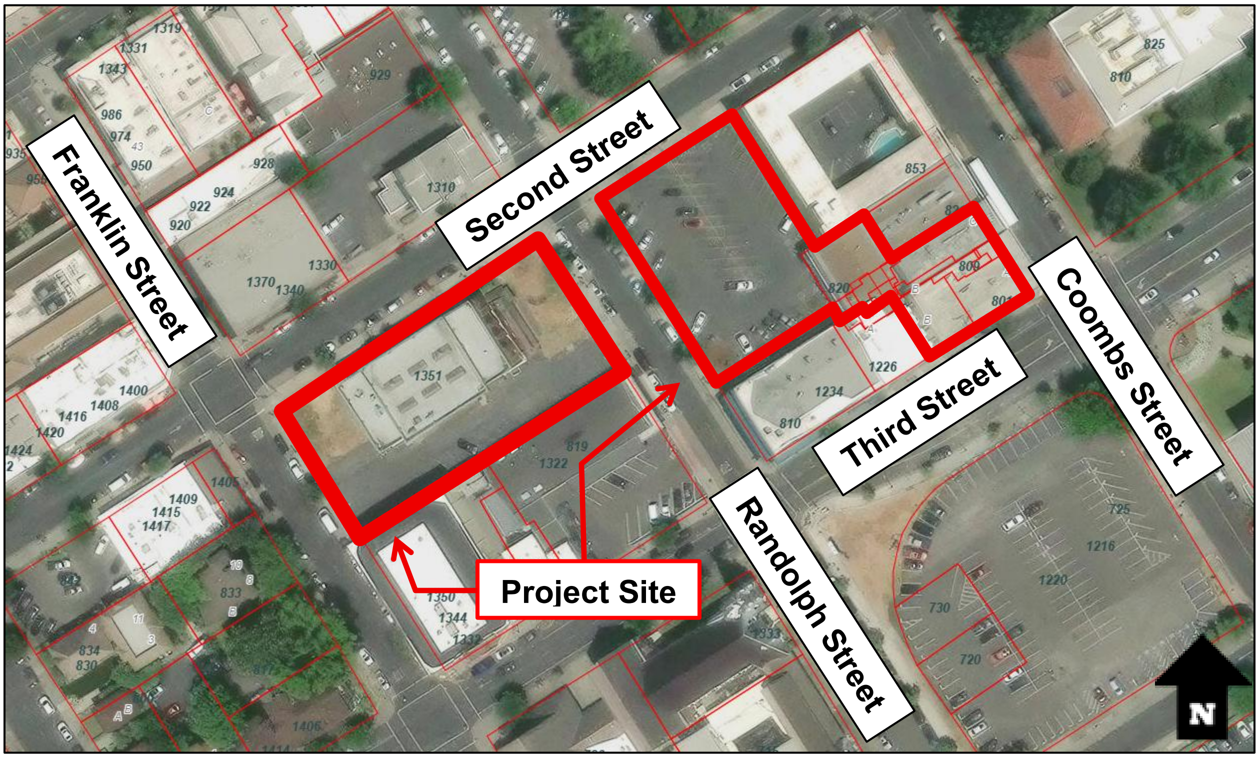
The Applicant, James Keller, submitted an application for multiple entitlements (PL25-0068), including a Development Agreement, a Zoning Amendment amending the Planned Development Overlay (PD-37) District, a Tentative Parcel Map, a Certificate of Appropriateness, and a Design Review Permit, and related approvals, to provide for the redevelopment of an approximately 1.44-acre property, including two new buildings and the preservation of the Franklin Station Post Office building.

The Project maintains the rehabilitation and adaptive reuse of the historic Franklin Station Post Office building as a five-story upper-upscale hotel with up to 120 hotel rooms and other amenities, including a rooftop café and bar, restaurant, and event and meeting spaces (APN: 003-208-001) (collectively, the “Post Office Redevelopment”) and includes the redevelopment of the parking lot parcel with a five-story building with up to 37 For-Sale Hotel Units (such units are commonly referred to as “branded residential” and that may be occupied by owner), shared amenities, and ground-floor retail; and integrates 3 existing condominium units as For-Sale Hotel Units in the adjacent Young Building for a total of 40 For-Sale Hotel Units with on-site parking facilities and retail on the ground level (APNs: 003-212-001, 003-300-015, -016, -017, -018, -019, -020, -021, -022, -023, & -024 (collectively, the “Mixed Use Development”).

The proposed restoration and modifications to the Franklin Station Post Office, which requires approval of a Certificate of Appropriateness, will be reviewed, with consideration of a recommendation to the City Council, by the Cultural Heritage Commission at their July 9, 2026, regular meeting. The Post Office building is currently designated as both a Local Landmark and is on the National Register of Historic Places. The applicant also entered into a historical preservation held by Napa County Landmarks when the property was purchased. Further historical context is provided below in **Section I.V**.

The Project is located at 1251/1351 Second Street, 820 Randolph Street, and 801/809 Coombs Street Unit A, B, C, & D (APNs: 003-212-001, 003-208-001, 003-300-015, -016, -017, -018, -019, -020, -021, -022, -023, & -024) (collectively, “Project Site”) as shown below in **Figure 1, Location Map**. A more detailed project description is provided below.

FIGURE 1
Location Map



The following actions are requested to facilitate the Project:

Development Agreement

Adoption of an ordinance to approve a Development Agreement, pursuant to 65864 *et seq.* of the Government Code and Napa Municipal Code Section 17.52.150 and Resolution No. 93-267, to vest in the Applicant for a period until October 1, 2030, the foregoing Project approvals and to establish certain conditions, procedures, and requirements related to implementation of the Project. The Development Agreement includes the payment of the hotel/motel rate of the Affordable Housing Development Impact Fee for the entirety of both buildings, in addition to a payment to the Affordable Housing Fund of $1.00 per square foot per residential unit to be paid at the close of escrow for the sale of each for-sale hotel unit. The draft Development Agreement is provided as **Attachment 5, Development Agreement**.

Planned Development (PD-37) Overlay Zoning Amendment

Adoption of an ordinance establishing a Planned Development Overlay (PD-37) District with specific use provisions, intensity and density, maximum floor area, and maximum height, along with other development standards. The PD would also establish Project-specific Design Guidelines for the Project which would be site-specific and intended to supersede the more general Downtown Napa Specific Plan Design Guidelines. The proposed amendments, a map of the boundary change, and the draft design guidelines are included in **Attachment 3, Draft Ordinance (Planned Development Overlay).**

Design Review Permit

Adoption of a resolution authorizing the rehabilitation and adaptive reuse of the historic Franklin Station Post Office building as a five-story upper-upscale hotel with 94 hotel rooms and other amenities, including a rooftop café and bar, restaurant, and event and meeting spaces and includes the redevelopment of the parking lot parcel with a five-story building with 25 For-Sale Hotel Units including a rooftop unit, shared amenities, and ground-floor retail; and integrates 3 existing condominium units as For-Sale Hotel Units in the adjacent Young Building for a total of 28 For-Sale Hotel Units with on-site parking facilities and retail on the level. The plans are shown in **Attachment 6, Project Plans**.

Tentative Parcel Map

Adoption of a resolution to reconfigure four (4) existing fee parcels into three (3) fee parcels for the purpose of financing, ownership and condominium property division purposes. The tentative parcel map is shown in **Attachment 6, Project Plans**.

Certificate of Appropriateness

If recommended by the Cultural Heritage Commission at their July 9, 2026, meeting, the City Council will consider adoption of a resolution, approving a Certificate of Appropriateness, pursuant to NMC Section 15.52,070, authorizing major alterations and the preservation of the Franklin Station Post Office building. The Project would preserve significant historic features on the building consistent with pages 116 and 117 of Downtown Specific Plan Appendix G, and as shown in **Attachments 6** and **7**.

IV. SITE CONTEXT AND HISTORY

Surrounding Land Uses

The Site is within the core of Downtown Napa, bounded on the north by retail, office uses, and a surface parking lot across Second Street, to the east by a hotel, on the south by the adjacent Uptown Theatre and retail uses and the Presbyterian Church across Third Street, and on the west by office and retail uses across Franklin Street. Existing land uses in the vicinity of the Site include a variety of retail stores, offices, restaurants, services and visitor attractions.

Site History

The Franklin Station Post Office was designed by the Oakland firm Reed and Corlett and completed in 1933, serving as the City of Napa’s main postal facility for more than eighty years. The building includes a ground floor, basement, mezzanine, and second floor totaling more than seventeen thousand square feet and is widely recognized as one of Napa’s significant historic landmarks. It was added to the National Register of Historic Places in 1985 in recognition of its architectural and civic importance. For further historic analysis, please refer to **Attachment 7, Certificate of Appropriateness Plans**.

The building sustained substantial damage during the 2014 South Napa Earthquake, leading to its closure. After the event, the United States Postal Service determined that restoring the structure and completing the required seismic upgrades would be cost-prohibitive and initially pursued demolition. Strong community and governmental advocacy halted that effort and resulted in a collaborative process among the Postal Service, the California Office of Historic Preservation, the City of Napa, and Napa County Landmarks to create a Preservation Covenant governing future rehabilitation. The covenant identifies the building's significant historic features and establishes requirements for their protection. Napa County Landmarks serves as the covenant holder.

Preservation Covenant

The Preservation Covenant (see **Exhibit E of Attachment 5**) identifies the significant historic features of the Franklin Station Post Office and establishes the requirements for their protection, while allowing alterations and additions necessary to support rehabilitation and adaptive reuse of the building. It permits changes to the sides, rear, and rooftop of the structure and the removal of non-contributing portions behind the historic façade, provided that the retained features are preserved. As part of the property transfer, the applicant agreed to comply with the Preservation Covenant, which is administered by Napa County Landmarks in accordance with the Secretary of the Interior's Standards and associated professional qualifications for consistent oversight of rehabilitation activities.

Prior Project History

After the Postal Service elected to sell the Franklin Station Post Office property, the Applicant acquired the site with the intent to rehabilitate the earthquake-damaged building and repurpose it for a commercially viable use. Beginning in 2017, the Applicant subsequently submitted an application proposing to restore the historic structure and redevelop both the Post Office parcel and the adjacent Ace Hardware parcel with a hotel, ancillary retail, restaurant space, and an automated parking structure with ground floor commercial use on the City's Parking Lot parcel (APN: 003-212-001).

To approving the previous entitlements, the City Council approved the 2018 Addendum to the Downtown Napa Specific Plan Environmental Impact Report and adopted related amendments to the General Plan, Downtown Specific Plan, and Zoning Code, along with a Development Agreement and other required entitlements. These actions included:

- Resolution R2018-132: Changing the General Plan designation of 1351 Second Street from Downtown Public to Downtown Mixed Use; and

- Resolution R2018-133: Amending the Downtown Napa Specific Plan to redesignate 1351 Second Street from Downtown Public to Downtown Mixed Use; and

- Resolution R2018-134: Approving a Certificate of Appropriateness and revising the Downtown Napa Historic Design Guidelines for the Franklin Station Post Office; and

- Resolution R2018-135: Authorizing the City Manager to execute the First Amendment to the agreement to sell the Second and Randolph Street surface parking lot; and

- Ordinance O2018-013: Amending the zoning map to rezone 1351 Second Street from Downtown Public to Downtown Mixed Use; and

- Ordinance O2018-014: Establishing Planned Development Overlay (PD-37) District; and

- Ordinance O2018-015: Adopting a Development Agreement No. C2019-036.

These entitlements anticipated that the Applicant would return for Design Review to confirm architectural consistency with the adopted guidelines and would seek a new Certificate of Appropriateness from the Cultural Heritage Commission based on the revised Historic Design Guidelines. Because the previously approved parking structure proved economically infeasible, it was never constructed. The Applicant has since redesigned the project and now seeks amendments to the previously approved entitlements, as well as a new Development Agreement, to reflect the updated development program.

V. PROJECT DESCRIPTION

The following section provides a description of the proposed Project and key components. The Project consists of multiple entitlements under consideration by the Planning Commission including a Development Agreement, a Zoning Amendment amending the Planned Development Overlay (PD-37) District, a Tentative Parcel Map, and a Design Review Permit, and related approvals, to provide for the redevelopment of an approximately 1.44-acre property, including two new buildings and the preservation of the Franklin Station Post Office building.

While the Planning Commission does not have purview over the Project's consistency with the Secretary of Interior Standards or the Historic Guidelines, the full context is significant. The Cultural Heritage Commission's review of the Project will focus on the proposed Certificate of Appropriateness and the restorations/modifications to the Landmark structure. Final approval of all entitlements must come from the City Council, consistent with NMC Section 15.52.070(E)(3).

A. **Post Office Redevelopment**

The Project plans for the Post Office Redevelopment consists of a five-story hotel constructed within and behind the retained historic Franklin Station façade, using an adaptive reuse approach that preserves significant character-defining features while introducing modern building systems and updated interior spaces. The proposed design incorporates original materials where feasible and applies the Secretary of the Interior's Standards for Rehabilitation to ensure the historic portion remains the primary visual element of the structure. The hotel includes 94 rooms distributed across the upper floors, although the PD-37 Overlay would allow up to 120 rooms subject to future Design Review. Public-facing uses such as the lobby, lounge, restaurant, meeting rooms, and back-of-house functions are concentrated on the ground floor and lower level to support daily activity and operational needs.

Upper floors transition to guest rooms, suites, and wellness amenities including spa and fitness spaces, with the fourth and fifth levels primarily dedicated to hotel rooms. A rooftop level provides outdoor recreation areas, a pool, and food and beverage service areas designed to take advantage of views and support hotel operations. The overall vertical layout reflects the building's historic framework while accommodating a contemporary hotel program within the constraints of the existing structure and the Preservation Covenant.

The PD-37 Overlay also permits For-Sale Hotel Units within the Post Office Redevelopment, provided the overall Project does not exceed the maximum of 120 hotel rooms and 40 For-Sale Hotel Units authorized under the PD Overlay. This flexibility accommodates future adjustments to the internal program while maintaining compliance with the Project's overall entitlements. The definition is for For-Sale Hotel Units is further discussed in **Section VI.D.** below

B. **Mixed-Use Redevelopment**

The Mixed-Use Development consists of a new five-story structure on the Parking Lot Parcel and the Wine Valley Box Unit Parcel, designed to complement the architectural character of the adjacent Post Office Redevelopment while providing a distinct yet compatible contemporary form. The building includes ground-floor parking, retail, and support areas, with 34 on-site parking spaces accessed from Second Street, a lobby serving the For-Sale Hotel Units, and a neighborhood-serving commercial space at the corner of Second and Randolph Streets. Upper levels contain the For-Sale Hotel Units, which are designed to access hotel amenities and may participate in the hotel's rental program. Three existing condominium units in the Young Building are incorporated into the program through a connecting corridor on the second floor, allowing those units to function as For-Sale Hotel Units under the Project.

Upper floors are programmed with For-Sale Hotel Units and associated accessory spaces, including a rooftop level with resident-serving amenities such as outdoor lounging areas, landscaped terraces, a fitness space, and a stepped-back penthouse unit. The building reaches a height of approximately 60 feet at the fifth floor, with the penthouse structure extending to approximately 73 feet while maintaining setbacks to reduce its visibility from the street. Unit sizes range from approximately 1,700 to 1,850 square feet for two-bedroom units and 2,090 to 2,900 square feet for three-bedroom units. The overall program is designed to function cohesively with the hotel operations, offering flexibility for unit owners while maintaining consistency with the Project's development standards and its integration into the surrounding Downtown context.

The PD-37 Overlay also permits For-Sale Hotel Units within the Mixed-Use Development to incorporate Lock Off configurations. These Lock Offs allow a portion of a unit to function as an independent hotel room for transient occupancy while remaining part of a single legal unit. Their use is subject to the rental-term, operational, and management requirements established in the PD-37 Overlay to ensure consistency with the Project's overall hotel use classification. The definition for Lock Offs is further discussed in **Section VI.D**. below

C. **Parking, Site Circulation, and Frontage Improvements**

The current site design, as shown in **Attachment 6**, provides 34 parking spaces for the Project, as part of the mixed-use development, with the intention to be utilized by the For-Sale Units. Access to the parking facilities would be located along Second Street utilizing one dual-access driveway. When on-site parking spaces are not occupied by owners or guests renting the For-Sale Hotel Units, the spaces should be offered to staff or the public (by valet) to ensure the lot can always remain full.

Furthermore, the Project would provide parking on site or at an off site property by an irrevocable license or easement with a minimum term of 30 years, at the ratio of 1 parking space per for sale unit and 0.8 parking spaces per designated lock-off unit. Prior to issuance of a building permit, the Applicant will pay the Parking Impact Fee, or demonstrate they have secured an offsite property via irrevocable license or easement with a minimum term of 30 years for all other parking required, consistent with the Downtown Napa Specific Plan. Additionally, as the City continues to evaluate the parking demand in Downtown Napa, and explore possible acquisition of additional land or construction of a parking garage, the applicant and City will continue to discuss options to lease City owned parking spaces for exclusive use by the project.

Trash and loading rooms for the Post Office Redevelopment would be accessed and serviced along Franklin Street, with similar facilities located along Randolph Street for the Mixed-Use Development. Due to brand considerations and trash demand calculations, the Project is conditioned to meet City standards to ensure these facilities are adequately and safely accessed, and that they can provide for the minimum required waste streams.

Lastly, the Project would provide and replace all existing street frontage improvements with new curb, gutter, sidewalk, and street trees meeting the City's Downtown sidewalk standards. This would also authorize the installation of certain corner curb extensions (commonly referred to as bulb outs) to provide for a safer pedestrian experience and increased visibility for vehicles entering the intersections.

VI. ANALYSIS

The following sections provide the staff's analysis of the Project and its consistency with the General Plan and Zoning Ordinance.

A. General Plan

The Project site is designated Downtown Mixed Use under the Napa 2040 General Plan. According to the General Plan, this designation is intended to provide for retail uses; institutional, recreational, entertainment, arts and cultural uses; hotels and conference facilities; that strengthen Downtown's role as the community's center.

The goal, according to the Napa 2040 General Plan, is to provide a mix of land uses, including hotels, shops, restaurants, and entertainment. The Project would be consistent with several of the Napa 2040 General Plan Goals and/or Policies, including the following:

Land Use and Community Design Element

- **Goal LUCD-4:** Promote flexibility in parking and other development requirements, especially in areas targeted for higher-intensity, mixed-use, and pedestrian-oriented development, such as in Downtown and along corridors.

  Staff Analysis: The Project uses the PD-37 Overlay to establish flexible parking and development standards appropriate for a high-intensity, mixed-use, pedestrian-oriented Downtown location. Allowing parking to be provided on site or through long-term licensed spaces, along with flexible building form standards, supports efficient land use while activating the surrounding streetscape.

- **Goal LUCD-11:** Encourage attractive, well-located commercial development to serve the needs of City residents, workers, and visitors.

Staff Analysis: The Project would provide a well-located mix of hotel, retail, restaurant, and café uses that serve residents, workers, and visitors in the heart of Downtown. By restoring the historic Franklin Station Post Office as a landmark hotel and activating the surrounding streets with neighborhood-serving commercial uses, the Project contributes to an attractive and vibrant commercial district.

- **Policy LUCD 11-2:** Require new commercial development to be cohesively integrated with the community fabric through well-designed building/street interfaces, and pedestrian and street connections to surroundings, transit stops, and adjacent developments

  Staff Analysis: The rehabilitation of the historic Post Office and the new mixed-use building are designed with active frontages, sidewalk-oriented entries, and pedestrian connections that integrate seamlessly with the surrounding Downtown street grid. The Project strengthens the community fabric by creating walkable building interfaces, improving access between Second and Randolph Streets, and reinforcing connections to adjacent developments.

- **Goal LUCD-20:** Continue to promote Downtown Napa as an active and vibrant heart of the community.

  Staff Analysis: Restoring the historic Franklin Station Post Office as a landmark hotel and activating the surrounding streets with complementary commercial, restaurant, and entertainment uses that draw residents and visitors into Downtown throughout the day and evening. By concentrating new investment, pedestrian activity, and high-quality design in the core area, the Project supports Downtown Napa's role as an active and vibrant heart of the community.

- **Policy LUCD 20-1:** Continue to improve the vitality and character of Downtown through planning, design, business-community partnerships, and City programs and projects that encourage a variety of social, entertainment, cultural, retail, administrative, and government uses.

  Staff Analysis: The Project would construct an active hotel and incorporates a mix of restaurant, café, entertainment, meeting, and retail uses that would contribute to Downtown's social, cultural, and economic vitality. By activating the site throughout the day and evening and strengthening connections along Second and Randolph Streets, the Project enhances Downtown's character and complements ongoing City and community efforts to maintain a vibrant urban core.

- **Policy LUCD 20-2:** Enhance Downtown urban design quality and sense of place through strategies including preserving and/or the adaptive reuse of historic buildings.

  Staff Analysis: The Project would provide adaptive reuse of a historic resource, which is recognized as a Local Landmark, is on the National Register for Historic Places, and is recognized for its architectural and cultural significance unique to the City of Napa. The Project would reuse, repair, and prominently feature the *historic Franklin Station Post Office, thereby enhancing Downtown's urban design quality and reinforcing its distinctive sense of place.*

- **Goal LUCD-21:** Promote a vital downtown that is healthy, sustainable, and contributes to the City's economic vitality, for the enjoyment of residents and visitors.

  Staff Analysis: The Project would construct an Upper Upscale hotel with visitor-serving amenities and ground-floor commercial uses that generate substantial economic activity, enhance Downtown's vitality, and create a healthy, sustainable destination for residents and visitors.

Transportation Element

- **Policy TE 7-4:** Develop parking standards for adaptive reuse of historic buildings on the City's Historic Resources Inventory, as well as National and State registers, that maintain the historic integrity of buildings.

  Staff Analysis: The PD-37 Overlay establishes tailored parking standards that accommodate the adaptive reuse of the historic Franklin Station Post Office without requiring alterations that would compromise its character-defining features or historic integrity.

Historic and Cultural Resources Element

- **Goal HCR-1:** Preserve and enhance Napa's historic resources. Encourage rehabilitation and adaptive reuse, as well as sensitive, context-compatible infill design.

  Staff Analysis: The Project would preserve and rehabilitate the historic Franklin Station Post Office in accordance with the Preservation Covenant and Downtown Historic Design Guidelines, while introducing context-compatible infill development that respects and reinforces the architectural character of Downtown Napa.

- **Policy HCR 1-3:** Encourage seismic strengthening to protect the City's valuable historic properties from future earthquakes, wildfire, and other events caused by climate change. This includes the development of incentives to encourage property owners to retrofit their buildings.

  Staff Analysis: The property experienced significant damage in the 2014 South Napa Earthquake. By incorporating full seismic retrofitting and structural upgrades as part of the Post Office's rehabilitation, the Project demonstrates a proactive approach to protecting one of the City's most significant historic resources from future earthquakes and climate-related risks, directly aligning with this policy's intent.

- **Policy HCR 1-7:** Encourage and assist property owners in bringing damaged or blighted historic properties into use and/or new use.

Staff Analysis: As described above, the property experienced significant damage in the 2014 South Napa Earthquake. The Development Agreement would help to secure the rehabilitation and active reuse of the vacant and damaged Franklin Station Post Office, returning a blighted historic resource to productive use through a comprehensive preservation and investment program.

- **Policy HCR 1-8:** Update parking requirements to encourage adaptive reuse of historic properties into viable contemporary uses.

  Staff Analysis: As previously described, the PD 37 Overlay would establish updated parking requirements that allow parking to be provided on site or through long term irrevocable licensed spaces, creating the flexibility needed to support the adaptive reuse of the historic Franklin Station Post Office without altering or compromising its significant features.

- **Policy HCR 9-2:** Encourage the maintenance and restoration of privately owned Downtown properties listed in the City of Napa's HRI, identified as City landmarks, located within a historic district, or listed on the California Register of Historical Resources or the National Register of Historic Places.

  Staff Analysis: The Project would support this policy by using the Development Agreement to facilitate the full rehabilitation and reuse of the long-vacant Franklin Station Post Office, enabling a building that holds deep personal meaning for many Napa residents to be restored, preserved, and brought back into active community life instead of continuing to deteriorate.

- **Goal HCR-10:** Work with the local tourism industry, businesses, and property owners to support and foster Downtown historic resources as a destination, demonstrating that historic resources contribute to the uniqueness of the visitor experience.

  Staff Analysis: The Project would restore the historic Franklin Station Post Office as a signature downtown destination, demonstrating how reinvestment in historic resources can strengthen and enhance Napa's visitor experience and highlight the unique character these landmarks bring to the community.

Economic Development Element

- **Goal ED-6:** Ensure that the local economy reinforces and builds on the City's unique "sense of place," including its cultural diversity and creative sectors, in a manner that serves both residents and visitors in a mutually-supporting fashion.

  Staff Analysis: Restoring the historic Franklin Station Post Office as a distinctive downtown destination and introducing complementary hotel, dining, and cultural uses would help to reinforce Napa's unique sense of place in a way that benefits both residents and visitors.

- **Policy ED 6-2:** Pursue tourism and placemaking initiatives that build upon the City's rich array of offerings—such as historic resources, cultural diversity, and the

Napa River—to cultivate places and "cultural districts" that engage/serve both tourists and locals (to be coordinated with Goal PHE-8).

Staff Analysis: The Project would introduce a mix of hotel, dining, and public-facing uses that strengthen Downtown as a cultural and visitor-serving destination, while incorporating the historic Post Office building in a way that complements broader placemaking efforts for both residents and tourists.

- **Goal ED-8:** Support Downtown Napa as a multi-cultural, event, and food destination, anchored by hospitality uses, and with a supportive mix of civic, office, retail, entertainment, and residential uses to promote vibrancy, authenticity, and cultural diversity.

  Staff Analysis: By introducing a hotel that would be anchored by restaurant, café, meeting, and entertainment, the uses would contribute to Downtown Napa's role as a vibrant food, event, and cultural destination, complemented by retail and mixed-use elements that serve both residents and visitors.

- **Policy ED 8-6:** Support the preservation and rehabilitation of existing historic structures for adaptive reuse purposes.

  Staff Analysis: The Project would restore and adaptively reuse the historic Franklin Station Post Office in a manner that preserves its significant features while integrating it into a viable contemporary hotel and mixed-use development.

B. **Zoning**

The Project Site is within the Downtown Mixed Use (DMU) Zoning District. The DMU district allows for tourist-oriented uses such as hotels and their related amenities, recreational facilities, community and visitor-serving retail, commercial, restaurants, and similar compatible uses. The Project proposes a mix of uses consistent with the zoning by providing a hotel and non-residential visitor and local serving uses such as restaurants, retail, and entertainment.

The Project's mix of hotel, retail, restaurant, and entertainment uses is consistent with the Downtown Mixed-Use district, which is intended to support a broad range of commercial and visitor-serving activities that reinforce Downtown's role as the community's center. By activating the site with these complementary uses and restoring the historic Post Office as a hotel, the Project aligns with the district's purpose of creating a vibrant, mixed-use environment that serves both residents and visitors.

As described above, the DMU District was also determined to be consistent with the General Plan under the Interim Zoning Ordinance (Ordinance No. O2025-007).

C. **Downtown Napa Specific Plan (DNSP)**

The Project site is located within the Downtown Specific Plan boundary. The goal of the Specific Plan is to revitalize Downtown Napa into a vibrant place where residents and visitors alike come together to work, live, play and actively engage in the community. Visitors and residents should be able to pursue a range of activities, such as shopping at local boutiques, eating in restaurants that open onto the sidewalk or public gathering places, attending markets and festivals, and listening to live music and engaging in other entertainment and activities. Downtown hotels are among the broad range of uses that contribute to the vision of Downtown Napa and establish it as a 24-hour destination for locals and visitors alike.

The Project is located within both the Parking Exempt (PE) Overlay District and the Downtown II Building Form Zone. Although the PE Overlay would typically exempt on-site parking and the Downtown II standards would otherwise apply, the PD-37 Overlay establishes the parking, building form, and related development standards for the Project, and the PD-37 provisions, as summarized in **Section VI.D.**, would govern in place of the underlying overlay requirements.

D. **Planned Development Overlay (PD-37) District**

The purpose of a Planned Development Overlay District is to "encourage high quality, innovative and creative development design, and possibilities for varied or mixed uses consistent with the General Plan, by allowing flexibility in underlying zoning standards" and to "provide a mechanism for preservation of open space, natural or historic features while continuing to permit the efficient use of land."

Under NMC 17.42.020, Planned Development Overlay Districts may be combined with any principal zoning district consistent when doing so is consistent with the purpose and provisions of the PD Overlay district. Here the underlying DMU zoning and DMU designation will be combined with the PD designation, consistent with the specific purposes of a planned development overlay district.

The Planned Development Overlay (PD-37) was originally adopted by the City Council through Ordinance No. O2018-014 on December 4, 2018, to facilitate a previous entitlement for redevelopment of the earthquake-damaged Franklin Station Post Office building and adjacent parcels including the adjacent Zeller's Ace Hardware parcel (APN: 003-208-002), and the City-owned parking lot parcel at Randolph and Second Street.

For the Franklin Station II Project (PL25-0068), the PD-37 Overlay is amended to reflect a revised project boundary and development program. The updated PD-37 removes the Ace Hardware parcel from the overlay and expands the boundary to include the Wine Valley Box Unit parcel and three condominium parcels within the Young Building. These adjustments reflect the current Project configuration and ensure that the regulatory framework aligns with the properties proposed for redevelopment.

Key Points

The PD Overlay District provides a mechanism to adopt variations to regulations that differ from the underlying zoning standards, where appropriate. For the Franklin Station II Project, the amended PD-37 Overlay establishes a project-specific Floor Area Ratio and tailored land use and development standards that supersede those of the DMU district and the Downtown Napa Specific Plan. The Overlay also allows shifts between permitted and conditional uses and provides alternative regulations where needed to implement the Project. Where the PD-37 Overlay establishes such standards, they prevail; where it does not, the underlying regulations remain in effect. The primary components of the amended PD-37 Overlay are summarized below:

1. Project Purpose and Scope. The PD-37 Overlay establishes regulations to implement the Franklin Station II Project, allowing rehabilitation of the historic Post Office as a five-story upper-upscale hotel with up to 120 rooms including a rooftop café and bar, restaurant, and event and meeting spaces, the construction of a five-story Mixed Use building with up to 37 For-Sale Hotel Units and ground-floor retail, and integration of three existing condominium units in the Young Building as For-Sale Hotel Units for a total of 40 units.

2. Application of Underlying Zoning. The PD-37 Overlay supersedes Downtown Mixed Use and Downtown Specific Plan standards where alternative regulations are provided and otherwise defers to underlying zoning requirements.

3. Definitions of For-Sale Hotel Units and Lock Offs. The PD-37 Overlay establishes definitions for For-Sale Hotel Units and Lock-Offs as described below:

   - **For-Sale Hotel Units.** Individually owned units that are developed, conveyed, and operated as part of a hotel and that rely upon the hotel's management, services, staffing, and amenities for their use and operation. Owners may occupy these units, and the units may be rented for transient occupancy for periods of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days, through the hotel operator or the same management entity that operates the hotel. For purposes of land use, zoning, and regulatory classification, For-Sale Hotel Units shall be deemed part of a Hotel use and shall not constitute dwelling units, regardless of the separate ownership of such units.

   - **Lock Off.** A hotel room, hotel unit, or For-Sale Hotel Unit that is designed and constructed with a lockable internal door or connection that permits a portion of the hotel room or For-Sale Hotel Unit to be separated and occupied independently as a separate hotel room, with independent ingress and egress. A Lock-Off shall not constitute a separate dwelling unit, lot, condominium unit, or other separately conveyable real property interest.

4. Hotel Use and Room Allocation. The PD-37 Overlay establishes the allocation of traditional hotel rooms and For-Sale Hotel Units across the two Project buildings and allows the use of Lock-Off configurations, while also specifying that all For-Sale Hotel Units and Lock-Offs operate solely for transient occupancy under unified hotel management and are subject to project-specific rental-term limitations and operational requirements.

5. Entertainment Uses. Joint or incidental entertainment uses associated with the hotel are permitted between 10:00 a.m. and 12:00 a.m., and outdoor entertainment may be processed as an Administrative Permit consistent with Downtown Napa Specific Plan standards, which would otherwise apply to such uses.

6. Development Standards. The following Building Form Standards apply to the Project:

Building Form Standards	PD-37
Floor Area Ratio (FAR)	Up to 4.0 FAR; subterranean areas, basements, or ground level parking shall be excluded from FAR calculation.
Building Height (ft)	Max 60’; height limits may be up to 75’ subject to the standards set forth below in subsection 7(ii) below Rooftop Features
Front Setback	Max 15’; setback may be exceeded for Post Office Redevelopment to ensure new front façade sits behind the historically significant façade of the Post Office.
Side Setback	No requirement
Rear Setback	No requirement
Stepbacks	Subject to Additional PD-37 Development Regulations set forth below in subsection 7(ii) below Rooftop Features
Minimum Lot Area (sq ft.)	No requirement
Lot Width (feet) at front set-back line	No requirement
Lot Frontage (feet) at front property line	No requirement

7. Rooftop Features. In addition to those height limit exclusions listed in Section 17.52.220, with the approval of a Design Review Permit, the height limits specified in Title 17 may be up to 75 feet for (i) rooftop structures, including For-Sale Hotel Units, where the structure is setback to minimize visibility from the street and (ii) rooftop patios with food and bar service, including restrooms and food and bar service structures, provided that such features are accessory to the main use of the site and are setback to minimize visibility from the street.

8. Design Guidelines. The Project must comply with the Design Guidelines included for Franklin Station Hotel, which govern historic preservation, building form, and architectural character for both buildings.

9. Parking Requirements and Fees. The PD-37 Overlay establishes project-specific parking obligations that may be met through on-site spaces or long-term irrevocable licensed off-site parking, allows valet operations to support efficient use of available spaces, and requires payment of Parking Impact Fees at building permit issuance with opportunities for fee reduction when long-term licensed parking is secured.

10. Project Phasing. The PD-37 Overlay allows the Project to be constructed in phases and identifies the Post Office Redevelopment as Phase 1 and the Mixed Use Development as Phase 2, and if phasing occurs, a Certificate of Occupancy for Phase 2 may only be issued after Phase 1 is completed to ensure that rehabilitation and preservation of the historic Post Office building remain the Project's primary implementation priority.

11. Administrative Authority. The PD-37 Overlay authorizes the Community Resources and Development Director to approve discretionary actions associated with the Project, including use permits, design review, certificates of appropriateness, minor amendments to Tentative Parcel Map (PL25-0068), and uniform or creative sign programs, provided such approvals are consistent with the Development Agreement, applicable design guidelines, and remain subject to established appeal procedures.

12. Sunset Provisions. The Overlay remains in effect only if specified building permit and Certificate of Occupancy milestones are met for each phase and remains valid indefinitely thereafter unless amended by City Council.

E. **Development Agreement**

In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic costs and risks of development, the Legislature of the State of California enacted section 65864 *et seq.* of the Government Code ("Development Agreement Statute") which authorizes a city and a developer having a legal or equitable interest in real property to enter into a binding, long-term development agreement establishing certain development rights in the property.

Prior Development Agreements

Over time, the City Council has considered and authorized a number of Development Agreements intended to facilitate complex redevelopment efforts, provide certainty for long-term investment, and advance community goals that may not be achievable through standard zoning alone. In reviewing these agreements, the Council has typically evaluated whether the proposed terms support high-quality development, deliver clear public benefits, and provide a predictable framework for project implementation while ensuring accountability over the life of the project.

This intent informs the following summary of past Development Agreements approved by the City Council:

1. Vista Tulocay Apartments (PL13-0139) - On September 6, 2016, the City Council adopted Ordinance No. O2016-013, authorizing the City Manager to execute a Development Agreement in conjunction with the Vista Tulocay Apartments, which consisted of entitlements for construction of 282 units and vesting the rights under the prior General Plan designation and Zoning Ordinance regulations allowing the Applicant to construct up to 500 residential units on the project site. 218 of the residential units would be subject to a subsequent Design Review Permit.

    a. The primary public benefits consisted of providing project proportionate funds for the construction of Gasser Drive Bridge and extension and an alternative equivalent to the affordable housing unit obligation with a payment of $2,000,000.

2. Franklin Station I (PL17-0090) – On December 4, 2018, the City Council adopted Ordinance No. O2018-015, authorizing the City Manager to execute a Development Agreement in conjunction with the original entitlements to redevelop and preserve the Franklin Station Post Office with an Upper Upscale 163 room hotel, whereby up to 25% of the rooms may be utilized as a condo-hotel and 25% could be accessory whole-ownership units (now referred to as For-Sale Hotel Units).

   a. The primary public benefits included the rehabilitation of the historic Franklin Station Post Office, construction of a parking structure for the Project that would have provided a minimum of 65 public parking spaces, transient occupancy tax revenue, and a sales tax point of sale designation.

3. Napa Pipe Second Amendment (PL18-0198) – On February 2, 2020, the City Council adopted Ordinance No. O2020-003, authorizing the City Manager to execute a Second Amendment to the Napa Pipe Development Agreement in conjunction with the Napa Pipe Master Plan.

   a. The primary public benefits included open space, trail connections, historic artifact preservation, the development of housing, including affordable housing to meet the City's Regional Housing Need Assessment (RHNA) goals, community facilities, Kaiser Road landscape median improvements, and sales tax revenue.

4. First Street Phase II Redevelopment (PL20-0135) – On July 15, 2025, the City Council adopted Ordinance No. O2025-008, authorizing the City Manager to execute a Development Agreement in conjunction with the First Street Phase II project authorizing a private/public partnership and the entitlements for the construction of up to 161 hotel rooms with ancillary retail and amenities, up to 78 residential condominium units (now referred to as For-Sale Hotel Units), approximately 30,000 square feet of non-residential uses, and the redevelopment of the Brown Street corridor and a new pedestrian paseo.

   a. The primary benefits included an affordable housing alternative equivalent contribution beyond the minimum required by the Napa Municipal Code, transient occupancy tax, an enhanced public drop-off zone, a mid-block crossing, and Brown Street Corridor improvements.

Key Points of Draft Development Agreement

Some of the key components of the proposed Development Agreement are as follows:

1. Rehabilitation of the Franklin Station Post Office – The Project would rehabilitate and preserve the earthquake damaged Post Office Building. The Developer shall also comply with all State of California Historic Preservation Office ("SHPO") requirements, including the preservation requirements set forth in the preservation covenant and all requirements and standards established by the United States Secretary of the Interior in connection with the Post Office Redevelopment, including the interim management and maintenance of the Post Office Parcel and improvements.

2. Transient Occupancy Tax and Other Tax Revenues – During the initial five years of operation, the project is expected to generate over $18 million in City-allocated tax revenues.

3. Affordable Housing Fund Contribution – The Project will pay the hotel/motel rate $6 per square foot for the entirety of the project. Additionally, the project will contribute an additional $1 per square foot upon close of each For-Sale Hotel Unit to the Affordable Housing Fund. Funds in the Affordable Housing Impact Fund invest in deed restricted affordable housing units in the City of Napa. The Developer may also propose to the City Council an alternative equivalent for the development of deed restricted affordable housing units in lieu of paying these fees to the Affordable Housing Impact Fund.

4. Sales Tax Point of Sale Designation - The Developer will make reasonable efforts to ensure that major suppliers and contractors identify the Project site as the place of use for materials to allow the local portion of sales and use tax to be allocated to the City, so long as doing so does not add significant construction costs. The Developer and its contractors will also provide information to the City about qualifying subcontractors to help maximize the City's receipt of applicable tax revenues.

City staff will continue working with the Applicant to finalize the Development Agreement between the Planning Commission hearing and the City Council hearing, and non-substantive legal edits may be made during that time. Any edits made during this period will be limited to non-substantive legal adjustments that do not affect the Planning Commission's recommendation regarding the Development Agreement's consistency with the General Plan and zoning regulations

F. **Hotel Policies**

The following is a discussion of how the project complies with the City's Hotel Policies adopted in 2008.

1. **A priority should be placed on the development of full-service and resort hotels downtown because of the ancillary and complementary benefits to other downtown uses and activities. This does not preclude the full range of additional lodging products in appropriate locations throughout the city.**

   The Development Agreement requires the Project to be "Upper Upscale," which would result in a full service resort hotel. The hotel will have up to 120 hotel rooms, and must be an STR-rated Upper-Upscale facility with amenities such as a rooftop café and bar, restaurant, and event and meeting spaces.

   The hotel will have positive economic benefits to the City of Napa (as described under policy 8) from its contribution to increased economic activity in Downtown and around Napa. With accessory retail and related amenities, the Project will create a truly unique hotel experience, attracting visitors and residents into the heart of downtown. The Project incorporates the historic significant aspect of the Franklin Station Post Office while creating a place-defining urban hotel in the core of downtown Napa. The hotel restaurant, lobby and public-facing areas create a meeting place that can be used by *both locals and travelers. The hotel will also support the position that Napa is a luxury travel destination.*

The Project will complement the many restaurants, shopping and cultural activities that guests experience in the downtown area.

2. **Limited service hotels with meeting room space and close proximity to surrounding support services would be considered desirable. Bed and breakfasts and small inns as in-fill projects would be encouraged as indicated in the General Plan.**

   The hotel will be an upper upscale or higher full-service facility with extensive amenities and available services. The hotel will also feature event and meeting space to accommodate corporate and leisure groups, a restaurant and bar concept and a rooftop patio, all available to both locals and guests of the hotel. Therefore, the desirable amenities would be exceeded.

3. **New hotel projects should provide a minimum of 15-100 square feet of contiguous meeting room space per guest room depending on the type of hotel and location to facilitate and expand the group meeting demand.**

   The hotel development area includes approximately 10,430 square feet of meeting and event space. The hotel includes up to 120 hotel rooms, equating to approximately 87 square feet per room, meeting the policy guideline.

4. **Hotel applicants/developers should demonstrate how they will pursue mass transport activities that reduce traffic congestion such as shuttle services, linkages with other hotels, use of the trolley or like public transit options, for guest and employees, particularly for group-oriented hotels.**

   With the mixed-use, pedestrian-oriented district envisioned in the DNSP, the hotel is ideally located for foot or bicycle traffic for its employees that live within the proximity of downtown. This location also serves guests who will enjoy the downtown Napa experience. There are several Vine Transit bus routes that currently operate within the vicinity of the hotel, with numerous routes operating along a loop using First Street and Third Street between Jefferson Street to the west and the Soscol Gateway Transit Center to the east.

   While on the Project site, guests will have little need for their vehicles given the multiple entertainment, shopping and dining options available within downtown Napa. If vehicle transport is required, the hotel will offer a valet service and a variety of transportation options to off-site locations and activities and actively encourage guests to consider alternative transportation options.

5. **Hotel applicants/developers should demonstrate how they will link with the Napa Valley College Hospitality Institute and Hospitality and Tourism Management Program, and/or provide in-house hospitality and employment training programs that will provide a career ladder and stable employment sector.**

While the chosen hotel operator is not known at this time, Upper Upscale hotel operators typically include a focus on retention, upward mobility, and ongoing training programs. These practices are essential for a successful hotel operation and work force. The hotel's training and employment will therefore be consistent with the practices of Upper Upscale hotels.

6. **Hotel projects should demonstrate how they will meet sustainability (green practices as determined by LEED standards) or future green ordinances or initiatives that may be adopted by the City.**

   The new construction will implement the City's High Performance Building Regulations and CalGreen standards, which have been updated since the adoption of the City's Hotel Policies. The sustainability components of the Project include the following key elements: use of efficient lighting in all buildings, installation of cool pavements and shade trees, compliance with the City's Water Efficient Landscape Ordinance, use of water-efficient irrigation systems, installation of water-efficient plumbing fixtures and appliances, use of permeable surfaces and green roof areas, and installation of electric vehicle charging stations in parking areas.

7. **Hotel applications should demonstrate as part of the application process a commitment to advancing cultural arts by providing a public art component visible and accessible to the public, particularly for hotels located downtown. Hotel projects in the pipeline may be subject to a future "art in public places" ordinance, pending adoption by City Council in 2008.**

   The Project will rehabilitate the historic Post Office with the Secretary of the Interior's Standards for the Treatment of Historic Properties, which satisfies the Project's public art requirement. The redevelopment of the historic Post Office building will retain and rehabilitate the building's historic character-defining features. Because the hotel will also be open to the public, the Project will allow the public to visit the historic building in addition to hotel guests.

8. **Hotel applicants should provide a report or study that provides a comprehensive overview regarding hotel employment. The report or study should be prepared by an independent consultant and include, at a minimum, the following information: the number of employees the hotel would employ, full-time vs. part-time, positions titles, wage rates by position, and types of benefits; the anticipated breakdown of employees residing inside or outside the County of Napa, and the rationale for breakdown; and any programs or policies the applicant or operator will implement in the area of employee housing and congestion management. The City Council has requested this employment information to measure any economic, housing and transportation impacts the hotel would create.**

   Economic Forensics and Analytics, Inc. ("EFA"), an independent research and consulting firm located in Sonoma County, California since 2000, through the applicant, provided the "Franklin Station Hotel Analysis" economic report for the Project, which describes the significant revenue to the City. The EFA report estimated total state and local tax revenues from the Project based on the assumption that the project would include 94 hotel rooms and 28 for-sale hotel rooms, of which 55% would *be put into the rental pool. During the approximately two-year construction period, the Project is estimated to generate $942,158 in sales tax revenues for the City. During the initial five years of operations, the Project is estimated to generate approximately $18,632,326 in additional City-allocated tax revenues, consisting of approximately $15,503,220 in transient occupancy tax ("TOT") revenue (at 12%), $1,242,646 in sales tax revenues, and $1,959,960 in property tax revenue. TOT revenue alone is estimated to average $3,100,644 annually during the first five years of Project operations, increasing from approximately $2,497,695 in the first year of operation to $3,813,590 in the fifth year.*

In general, Upper Upscale hotel facilities of the size of the hotel would be at the high end of wage and salary levels for hotels of this size. An Upper Upscale facility is likely to have the following employment categories:

- *Executive/Supervisory*
- *Sales & Marketing*
- *Engineering*
- *Front Office*
- *Housekeeping*
- *Laundry*
- *Valet Parking/Bell Staff*
- *Food & Beverage (including restaurant, bar, room service, rooftop, event and meeting servicing)*

Specific wage and salary information for positions will not be known until the time the project is under construction. Generally, an Upper Upscale facility would expect salaries and wages to fall with the following ranges (before accounting for benefits).

- *Executive/Supervisory – Salaries are expected to range from $50,000 per year for assistant supervisors to over $120,000 per year for senior executive staff.*
- *Sales & Marketing – Salaries are expected to range from $50,000 per year to over $100,000 per year for senior level salaries.*
- *Engineering – Salaries for engineers are expected to range from $17/hr. to $28/hr.*
- *Front Office – Salaries are expected to range from $17/hr. to $23/hr.*
- *Housekeeping –Wages are expected to range from $17/hr. to $22/hr.*
- *Laundry – Wages are expected to range from $17/hr. to $20/hr.*

As to congestion management, as described in the Addendum, the Project will generate substantially fewer trips than have historically been associated with the use of the Site. In addition, a significant amount of employee by vehicle travel can avoid the highly-congested hours of the day. Transit options (Napa Valley Transportation Authority Vine Transit) are also available nearby with pedestrian access. The Project is located approximately 0.1 miles west of the Third Street at Brown bus stop, which is accessible via sidewalks along Randolph Street, Coombs Street, and Third Street.

VII. REQUIRED FINDINGS

The following section identifies the required findings Planning Commission must make to support the approval of the Development Agreement, Zoning Amendment, Tentative Parcel Map, and Design Review Permit. The detailed Staff analysis for each finding can be found in the respective ordinance(s) and/or resolution(s) included as **Attachments 2 through 4** to this report.

Development Agreement

Pursuant to 65864 et seq. of the Government Code and NMC Section 17.52.150, the Project requests approval of a Development Agreement.

The Development Agreement will promote orderly growth and quality development in accordance with the goals and policies set forth in the City of Napa 2040 General Plan and Downtown Napa Specific Plan; is compatible with the uses authorized in, and the regulations prescribed for, the district in which the Property is located; will promote the public convenience, general welfare, and good land use practice; will not be detrimental to the health, safety and general welfare; will not adversely affect the orderly development of property or the preservation of property value; and will promote and encourage the development of the Project by providing a greater degree of requisite certainty.

Zoning Amendment

Pursuant to NMC Section 17.42.090, amendments to an approved Planned Development Overlay District require a Zoning Amendment processed in accordance with NMC Chapter 17.66. As such, the required findings shall be made, which are analyzed in detail in **Attachment 3, Draft Ordinance (Planned Development Overlay)**, pursuant to NMC Section 17.66.080

- The proposed amendment is consistent in principle with the General Plan.
- The public health, safety and general welfare are served by the adoption of the proposed amendment.
- If a rezoning to district with a larger minimum lot size is proposed, effectively reducing the planned residential density, the city shall also find that the remaining sites in the housing element are adequate to accommodate the jurisdiction's share of the regional housing need pursuant to Section 65584; or if not, that it has identified sufficient additional, adequate and available sites with an equal or greater residential density in the jurisdiction so that there is no net loss of residential unit capacity.

In addition to the required findings for a Zoning Amendment, the Project requires the following findings for approval of a Planned Development Overlay, which are analyzed in detail in **Attachment 3, Draft Ordinance (Planned Development Overlay)**, pursuant to NMC Section 17.42.050.

- The development is superior overall to a similar project designed to meet the standards of this title and of the underlying district in which it is located; and

- Any variations from the standards of this title and the district in which the development is located are justified by the high quality design of the proposed development when taken together as a whole; and

- Each phase (if any) of the development, as well as the development as a whole, can exist as an independent unit capable of creating an environment of sustained desirability and stability; and

- The proposed development is planned in coordination and compatible with the existing and planned uses in the surrounding area; and

- The proposed structure(s) and/or use(s) are consistent with the General Plan and any applicable specific plan or other adopted plan; and

- Any conditions stipulated as necessary in the public interest have been imposed; and

- The proposed structure(s) and/or use(s) will not be detrimental to the public health, safety and welfare of the community.

Design Review Permit

Pursuant to NMC Section 17.62.050.C, the Project requires approval of a Design Review Permit to authorize construction of the hotel. To approve the Project, the following findings pursuant to NMC Section 17.60.070 shall be made.

- The project design is in accord with the General Plan and any applicable specific plan design policies.

- The project design is consistent with applicable design review guidelines adopted by the City Council.

- The design review permit is in accord with provisions of this title and will not be detrimental or injurious to property or improvements in the vicinity of the development site, or to the public health, safety or general welfare.

Tentative Parcel Map

Pursuant to NMC Section 16.12.010.A, approval of a Tentative Parcel Map is required for the Project. To approve the Project, the following findings pursuant to NMC Section 16.20.070.A shall be made.

- That the proposed subdivision, together with the provisions for its design and improvement, is consistent with the General Plan and any applicable specific plan.

- Except for condominium conversion projects where no new structures are added, that the design of the proposed subdivision provides, to the extent feasible, for future passive or natural heating or cooling opportunities in the subdivision, as described in the State Subdivision Map Act and any guidelines promulgated by the Council.

In addition to the above findings to approve a Tentative Parcel Map, a Tentative Parcel Map shall be denied if any of the following findings of Government Code Section 66474 or NMC Section 16.20.070.D are made.

- The proposed map is not consistent with applicable general and specific plans as specified in Section 65451.
- The design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.
- The site is not physically suitable for the type of development.
- The site is not physically suitable for the proposed density of development.
- The design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.
- The design of the subdivision or type of improvements is likely to cause serious public health problems.
- The design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision. In this connection, the governing body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public. This subsection shall apply only to easements of record or to easements established by judgment of a court of competent jurisdiction and no authority is hereby granted to a legislative body to determine that the public at large has acquired easements for access through or use of property within the proposed subdivision.
- All the requirements of the California Environmental Quality Act and the rules and procedures adopted by the Council pursuant thereto have not been met.
- The proposed map fails to meet or perform any of the requirements or conditions of this title or the State Subdivision Map Act, unless the Council finds that such failure is a result of a technical and inadvertent error which does not materially affect the validity of the map.
- The applicant has failed to submit complete or adequate information.

VIII. CULTURAL HERITAGE COMMISSION REVIEW

The Cultural Heritage Commission will consider a recommendation to the City Council regarding a Certificate of Appropriateness for the Project. Following the Commission’s recommendation, the City Council will determine whether to adopt a resolution approving a Certificate of Appropriateness pursuant to NMC Section 15.52.070, authorizing major alterations and the preservation of the Franklin Station Post Office building. The Project proposes to preserve significant historic features of the building consistent with pages 116 and 117 of Downtown Specific Plan Appendix G.

IX. ENVIRONMENTAL REVIEW

Staff recommends that the Planning Commission recommends that the City Council finds that the Project would not have environmental effects that were not examined in the Downtown Napa Specific Plan Environmental Impact Report (the “DNSP EIR”), that the Project is within the scope of the development program analyzed in the DNSP EIR, and that no subsequent EIR is required for the Project, as documented in the Section 15168 Analysis and Addendum, as provided in **Attachment 9, CEQA Addendum**, and the Project Mitigation and Monitoring Report Program (the “MMRP”); and alternatively, that the Project is exempt from CEQA under CEQA Guidelines section 15332 and none of the exceptions in CEQA Guidelines section 15300.2 have application.

X. PUBLIC NOTICE

Notice of the scheduled public hearing was provided on June 4, 2026, by US Postal Service to all property owners within a 500-foot radius of the subject property. Notice of the public hearing was also published in the Napa Valley Register on June 4, 2026, and provided to people previously requesting notice on the matter at the same time notice was provided to the newspaper for publication. The Applicant was also provided a copy of this Report and the associated attachments in advance of the public hearing on the project.

XI. PUBLIC COMMENT

As of the publication of this Report, no public comment has been received. Any comments received after the publishing of this report will be provided to the Planning Commission via a supplemental memorandum.

MEMO

TO: CHAIR OWEN, MEMBERS OF THE PLANNING COMMISSION

FROM: RYDER DILLEY, PLANNING MANAGER

DATE: JUNE 30, 2026

SUBJECT: ITEM 7.A FRANKLIN STATION II REDEVELOPMENT PROJECT AND DEVELOPMENT AGREEMENT (PROJECT NO. PL25-0068)

Following the publication of the June 30, 2026, Special Planning Commission Agenda, additional correspondence was received for consideration for the Franklin Station II Redevelopment Project and Development Agreement (Project No. PL25-0068) identified as Public Hearing Item 7. A.

The correspondence includes letters from the following, attached to this memorandum

- Paul Kelley Architecture (06-29-2026)
- Sean Grinnell, Pound Management, Inc (06-29-2026)
- Chuck Shinnamon (06-29-2026)

June 29, 2026

Chair Lindsay Owen
and Members of the Planning Commission
City of Napa
Via Email

RE: PL 25-0068 Franklin Station II

Dear Chair Owen et al.,

I appreciate the opportunity to comment on Franklin Station II. I'm writing to you as a Napa resident, architect, and former member of the Planning Commission, who has followed this project since its inception.

We as a community walk by the severely damaged Franklin Station, marvel at its Art Deco design and remain hopeful the building can be saved. When discussing the restoration of the Franklin Station I think we all agree that what we are really salvaging is the building's front façade. The original Development Agreement proposed encasing the remnants of the former postal station with a new hotel. The original design featured all of the guest rooms contiguous on one larger parcel with a separate automotive 'vending machine' parking lot across Franklin St. The footprint of the original proposed development stretched to 3rd St. with its backside exposed there. Franklin St. between 2nd and 3rd was to become a 'no-man's' land with the parking structure on one side and truck dock, back of house features for the hotel on the other. Perhaps worse than that was the massing the hotel proposed along 3rd st. adjacent to the Uptown Theater and across from the Presbyterian Church; forever minimizing the impact of those two magnificent Napa artifacts. The Planning Commission then proposed with the original application the developer consider walk-up units on the street to keep it activated and transition the massing away from the street, the Presbyterian Church and Uptown Theater, but issues regarding multiple parcels left the idea on the drawing table.

I am pleased to see the project taking on a kinder approach to the neighborhood with the split massing on each side of Franklin St., pulling back from 3rd St., eliminating the vending machine parking and adding additional street activation along and around the Franklin and 2nd St. intersection with a proposed restaurant and café. I would encourage the applicant to explore with the City whether the four northwest parking stalls within the proposed garage could instead become a small retail storefront and suggest flexibility with parking requirements to facilitate the change. This corner has the opportunity to strengthen pedestrian activity between 2nd and 3rd Streets and reinforce the idea that the downtown commercial core extends south toward 3rd St. This space would be opposite of the restaurant and around the corner from the café. The downtown core for pedestrians should feel like it stretches to 3rd St. and beyond so these connecting corridors are important to make 3rd St. feel

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inclusive to downtown and not just a throughfare. I think this also helps to further connect the neighborhoods to the south.

My principal concern is not this project itself, but what it represents in the cumulative diluting of the Downtown Specific Plan. While the included branded residential units may technically count as residential, in practice they function largely as extensions of the adjoining hotel inventory, rather than as permanent housing. A separate review of the Downtown Specific Plan is warranted as I've noted with each successive hotel project approval. There is also the ongoing concern of the hospitality industry as a whole as the wine industry suffers and our community rises and falls through various economic periods. Fourteen years after adoption of the Downtown Specific Plan we continue to move further away from its intended goals:

- The DSP planned housing: approximately 500 units
- Actual housing built: 51 units (Register Square)
- Planned hotel rooms: approximately 200–250 rooms based on 200,000 allotted square footage
- Hotel rooms built, approved or under construction: over 500

These numbers show us that actual housing is only at 10% of projected while guest rooms are currently surpassing 200% of proposed. The overarching concern is the hospitality projects are consuming any meaningful land downtown that could be used for housing. The DSP envisioned a living downtown and the General Plan also counts on these units as part of its overall housing allocation.

Overall, I support the significant improvements made to this proposal and the ultimate restoration of the Franklin Station façade. My comments are intended less as criticism of this project than as a reminder that each individual hotel property approval erodes the long-term vision established by the Downtown Specific Plan to provide livable housing downtown. As future downtown projects come forward, I encourage the Planning Commission and City Council to carefully evaluate whether the City is still achieving the housing objectives that formed a central part of that vision. The existing Development Agreement largely establishes the hotel program proposed for this site and as such is likely not going to change. I feel a revisit of the DSP is way overdue; review of the DSP was not a part of or excluded from the 2040 General Plan. Housing numbers will likely need to be reduced in an amended DSP with the rebalancing of actual guest rooms to be built. If the reality sets in that downtown will not meet its housing goals, then we are looking at spreading that housing out further from the city center and making it less active, Napa centric and pedestrian friendly. We are not even building the minimum housing to serve the new employees who will work for the successively approved projects. This is not the primary topic of your review, but it bares notice and reminder with each new proposed development.

Chair Owen, I wish you and the Commission's success in your review of this project.

Regards,

Paul Kelley
Principal Architect

June 29, 2026

Napa Planning Commission
955 School Street Napa, CA 94559

Re: Strong Support for the Franklin Station Adaptive Reuse Project (PL25-0068)

Dear Members of the Planning Commission,

As a lifelong Napa resident and an owner's representative and consulting project manager with extensive experience in construction, rehabilitation, and development projects throughout Napa and the North Bay, I am writing to express my strong support for the proposed Franklin Station project.
This is one of the most carefully considered and well-prepared historic rehabilitation projects I have encountered. The ownership team, working closely with BAR Architects & Interiors and Preservation Architecture, has developed a plan that honors the building's history while creating a flagship destination for downtown Napa.

The proposal preserves and rehabilitates the key character-defining features identified in the National Register documentation and the Preservation Covenant. It aligns with the Secretary of the Interior's Standards and has received the formal endorsement of Napa County Landmarks.

Rehabilitating a severely damaged historic structure is extraordinarily costly. By combining a high-quality boutique hotel with public dining, meeting spaces, a grand lobby/bar, and rooftop amenities, the project can generate the revenue needed to fund the restoration and support long-term stewardship. This balanced approach gives a true Napa landmark a viable path to preservation rather than continued deterioration. I have worked on other hospitality-based projects in the County that could not achieve this balance between restoring a landmark and making it financially sustainable; some are now beyond practical repair.

Franklin Station is a building the Napa community fought hard to save after the 2014 earthquake. This project honors that effort by transforming a long-damaged landmark into a vibrant, publicly accessible asset that will support jobs, tourism, and downtown vitality while preserving an important piece of our shared history.

If approved, this project can set a strong example for thoughtfully integrating historic resources into new development. I respectfully urge the Planning Commission to approve the entitlements needed to move this project forward. It offers the right balance of preservation, economic viability, and community benefit for downtown Napa.

Thank you for your time and service to our city.

Sincerely,

Sean Grinnell

Sean Grinnell
Owner's Representative
Pound Management, Inc.
Napa, California

Mayra Espinoza

From: [redacted]
Sent: Monday, June 29, 2026 6:29 PM
To: Mayra Espinoza
Cc: Ryder Dilley; Molly Rattigan; Jeff Dodd; David Oliver; [redacted]
Subject: Franklin Station Hotel
Attachments: Policy Outline Workforce Housing - Jan2021 Final.pdf

[EXTERNAL]

Dear Commissioners,

I would like to applaud Jim Keller and his team for bringing forward an updated design and layout for the Franklin Station Hotel and their efforts to save and restore the historic façade and post office lobby. I do have some concerns.

Housing: First is the same concern that I and others have expressed numerous times regarding the utter inadequacy of the City's Housing Impact fee even with the added $1/sf for the "housing" units.

As an exercise, I made the following estimate of what a married couple might make at the hotel using the hourly rates in the Staff Report:

> Yes, employees will be paid at the "upper end" of the wage scale compared to others but based on the City's own commissioned studies, about half of the employees will still qualify for "affordable" housing. Presume husband (engineer - $28/hr.) plus wife (front office - $20/hr.) = Annual income of $96,000. Per the City's 2025 Annual Income Limits, for a family of four they would be at approximately 65% of AMI. Using the City's "Affordable Rents" document, they could afford to pay approximately $2,500 per month for a three bedroom apartment or about $2,200 / month for a two bedroom apartment. Unless they somehow were able to get into an existing affordable complex, good luck finding a place to live in Napa at those rates. Once again, a significant portion of the employees will either be lured from other hotels or will need to commute from out of town where housing is more affordable.
>
> Using the square footages included in the BAR architectural plans (189,090 sf) and presuming that all areas are included in the fee calculations, the fees amount to only $1.2M, which might pay for one and one half affordable apartments.

Last year, I contacted a regional contractor who had recently completed construction of a Four Star hotel near Paso Robles. Based on this very recent experience and his review of plans similar to those of the Franklin Station Hotel, he estimated that construction costs for the hotel to be in the range of $600 to $700 per square foot. The City's In-Lieu fee of $6.00/s.f. is de minimis in relation to the costs to build and furnish this hotel. It's not much more than a rounding area in the construction budget. Why are these needed employees given such short shrift for their housing needs?

Given the developers' request for a Development Agreement with many concessions and frozen fees, it is entirely reasonable for the Council to ask for commensurate concessions to help with housing costs. Rather than suggesting what those should be, I suggest that the Development Agreement require payment of Housing Impact fees in effect at such time as building permits are pulled. I understand that the City will soon start the process of studying all of their Housing Impact Fees and their nexus to the impacts developments create.

Although this is well beyond the Commission's purview, I am also including an outline that the Napa Housing Coalition submitted to the City five years ago. It outlines a mechanism for possibly charging much higher housing fees while making it more palatable and financeable for developers. I encourage the City to consider such mechanisms when updated Housing Impact Fees are adopted.

Parking: As you know, there is a push for increased parking downtown. New garages are incredibly expensive to build. The DA speaks about a future "parking agreement" to be negotiated, primarily for the hotel's use of other parking areas or garages. Let's make sure that fair compensation is agreed upon at that time for private use of a publicly funded space and that replacement parking is clearly identified elsewhere downtown so as not to impact existing merchants and their clientele. It is not fair or reasonable for the community to subsidize the costs of new parking garages used primarily for hotel guests.

I also echo the concerns that Paul Kelley has expressed in his letter outlining issues related to the Downtown Specific Plan and the preponderance of hotels over real housing and not second homes.

Lastly, and it is important to remember and understand, this is all a negotiation. Just because staff has brought you and the Council a draft Development Agreement, that does not mean that it is locked in stone in any manner or form. You, as advisors to the City Council, are well within your authority to recommend but not require medications to the Development Agreement that you believe are in the community's best interest.

Thank you for your consideration,

Chuck Shinnamon

Charles W. Shinnamon, P.E.
[redacted]

"If you don't like the news, go out and make some of your own." (Wes "Scoop" Nisker)

Napa Housing Coalition

Non-Residential Development: Hotel
Workforce Housing Proposed Policy

BACKGROUND AND PURPOSE

There has been much discussion over the last several years about housing needs triggered by new commercial development and especially by hotels. Hotels, in general, have a large number of service jobs which, for the most part, pay lower wages. Unfortunately, many of these lower paid workers struggle to afford housing, especially in Napa, and therefore many of them are forced to commute from other nearby communities.

This document is meant to urge new City Council policy guidance based on the background work contained in this Policy White Paper. The Napa Housing Coalition (NHC) believes that there is strong interest in our community for hotel developers to include workforce housing in their development plans commensurate with the number of net new employees created from their new development.

IMPORTANCE

Housing that is affordable is important to the health and economic vitality of Napa: an adequate supply supports the local workforce and allows employees to live closer to their jobs. This means that families are able to afford to buy or rent decent quality dwellings without spending more than 30% of their income on shelter. Living and working in the same community has many benefits: these workers shop in our stores, they have more time to volunteer in their children's schools, they create a more vibrant and complete community. Having an adequate housing supply provides a competitive advantage for area employers. Affordable housing benefits families by alleviating overcrowding, reduces the potential of foreclosure and evictions, and may provide the housing stability vital to the emotional well-being of children.

Simply stated, a community that has adequate workforce housing also addresses critical issues such as climate change by reducing the carbon footprint, equity by enabling individuals and families to live and participate in their communities, and labor force shortages.

DEFINITIONS

Workforce Housing – Housing for moderate-income workers needed in all communities such as teachers, fire fighters, nurses and other employees essential to the local economy. In Napa, this includes some of the employees in the hotel, tourism and hospitality industries. For purposes of this outline, moderate-income is generally defined as cash-income of 80 to 120% of the area median income with low-income being at or below 80% of the median.

Affordable Housing – Generally construed to mean that a low or moderate-income family can afford to buy or rent a decent quality dwelling without spending more than 30% of their income

on shelter. Many hotel, tourism, and hospitality industry employees in Napa need this level of housing affordability.
"Affordable" for the purpose of this policy shall be defined as serving families earning 80% or less than the median income. "Housing that is affordable" applies in this context to the range of income levels between 80% and 120% of median income.

Net/New Employees Generated by Project – The number of employees needed to operate and support the new development. "Net new" are those new employees that are above and beyond the original staffing base; a term used primarily when the project is an expansion of an existing development.

Household/Housing Unit – For the purposes of this policy document, household and housing unit are interchangeable terms and are defined as the need for a housing unit created for every new FTEE generated from a commercial/hotel development project.

Previous Housing Studies - The City of Napa has had a number of studies related to housing impacts triggered by the development of new hotels. These include the 2011 Commercial Nexus Study performed by Vernazza Wolfe Assoc., Inc; the 2017 EIR prepared for the Trinitas Hotel Project with the housing impact study prepared by Economic Planning Systems (EPS); and the 2018 Bay Area Economics (BAE) study entitled, "Hotel Industry Labor Availability and Housing Affordability Analysis.

The Housing Coalition has researched the commercial housing requirements adopted by other tourism strong areas in the western United States. These include Jackson Hole, Aspen, Vail, Kauai, Truckee, and others. As Truckee is the closest to Napa and as their process appears to have gained broad community agreement, we have chosen to use Truckee as a good illustration of what is possible.

The City of Truckee, Calif, has adopted a Workforce Housing Chapter within their overall Development Code. That Chapter outlines a process through which developers of commercial projects, including hotels, are required to provide some housing for new employees generated by the new commercial project. For purposes of this document, hotels will be the limited focus.

METHODOLOGY

Under the City of Napa's Hotel Policies adopted in 2008,

> *"Hotel applicants should provide a report or study that provides a comprehensive overview regarding hotel employment. The report or study should be prepared by an independent consultant and include, at a minimum, the following information: the number of employees the hotel would employ, full-time vs. part-time, position titles, wage rates by position, and types of benefits; the anticipated breakdown of employees residing inside or outside the County of Napa, and the rationale for breakdown; and any programs or policies the Applicant or operator will implement in the area of employee housing and congestion management. The City Council has requested this employment information to measure any economic, housing and transportation impacts the hotel would create."*

NHC recommends that this requirement continue to be imposed.

In the short term as well as to outline the serious nature of the impacts created by hotel development, NHC refers to the 2018 Cushman & Wakefield / Bay Area Economics (BAE Study) requested by and prepared for the City of Napa.

The BAE Study suggests the following employee ranges for full service and luxury hotels:

Hotel Type	**FTEE to Room Ratio**			**FTEE estimates used for this analysis**
	Low	High	Ave	
Full Service	0.30	0.75	0.53	0.75 FTEE/room
Luxury	0.50	1.00	0.75	1.00 FTEE/room

For purposes of this report, the following two points have been simplified:

- The BAE study also includes both Bed and Breakfast Inns as well as Limited Service Hotels. These also need to be included in a comprehensive ordinance.
- The upper employee ranges are recommended for use to reflect the differences between multiple studies, including the BAE study, in which other studies project higher FTEE/room ratios.

HOUSING IMPACTS:

The BAE and EPS studies both demonstrate that a significant number of lower income employees work in hotels. Again, for simplicity, only the BAE study is shown, which categorizes the various income levels of hotel employees based on percentages of Area Median Income (AMI).

Household Incomes of Future Workers Employed in Proposed Napa City Hotels, 2017:

Income Group	**Income as a percentage of Median Income**	**Estimated Percent of Hotel Workers**
Extremely Low	≤ 30% AMI	10%
Very Low	> 30 ≤ 50% AMI	13%
Low	> 50% ≤ 80% AMI	25%
Moderate	> 80% ≤ 120% AMI	24%
Above Moderate	> 120% AMI	28%
Total		**100%**

- As can be seen above, 48% of hotel employees are expected to earn 80% or less than Area Median Income.

- The BAE study suggests that, in Napa County, a new household is created for every 1.95 employees.

It is abundantly clear that new hotel development causes a significant need for new housing that is affordable. To what extent is the critical question.

HOW MANY HOUSING UNITS SHOULD HOTEL DEVELOPERS FUND OR BUILD?

The BAE Study estimates one new household is created per 1.95 employees. And, as illustrated above, 48% or more of housing needs fall at or below 80% of AMI.

For a clearer example of what another community has done, The Truckee Model methodology calculates the FTEEs generated by a development project based on the size of the project:

Project Size	Employee Generation	Commercial Project	Industrial Project	Workforce Housing Requirement
Smallest Project	< 7 FTEE	3,500 sq ft	7,000 sq ft	Exempt
Small Project	= or > 7 FTEE, but < 20 FTEE	3,501 sq ft to 9,999 sq ft	7,001 sq ft to 19,999 sq ft	3.5% of FTEE
Medium Project	= or > 20 FTEE, but < 40 FTEE	10,000 sq ft to 19,999 sq ft	20,000 sq ft to 39,000 sq ft	7% of FTEE
Large Project	= or > 40 FTEE	20,000+ sq ft	40,000+ sq ft	14% of FTEE

Further, the Truckee Ordinance includes requirements for the type and affordability of housing units triggered by the outline above:

- All workforce housing units shall have at least one bedroom, and 50% or more of the workforce housing units shall have two or more bedrooms.
- 100% of the units shall be affordable to low-income households, or one-third of the units shall be affordable to very low-income households, one-third shall be affordable to low-income households, and one-third shall be affordable to moderate income households.

<u>EXAMPLE USING THESE METHODOLOGIES:</u>

What would the above standards require for a 200 room, Full Service Hotel?

Using the BAE estimates: 200 rooms x 0.75 FTEE / room = 150 FTEE.

Using the Truckee model, this results in 150 FTEE x 0.14 = 21 workforce units. The developer would have two options:

- Provide 21 units of housing at 80% AMI (low income); or,
- Provide 7 units of housing at 50% of AMI (very low income); 7 units at 80% of AMI (low income); and 7 units at 120% of AMI (moderate income).

OPTIONS TO PROVIDE NEEDED HOUSING

There are a variety of ways in which a developer can meet the workforce housing need. Examples include:

- Construct directly within the hotel development project
- Purchase land and construct off property
- Partner with a residential developer to build the minimum required housing
- Partner with a non-profit developer/property manager
- Partner with another commercial developer to leverage resources to create the housing
- "Buy down" apartments within new complexes such that permanent rents will remain within the designated affordability level.
- Participate in a Cooperative (Co-Op) ownership in multi-family residential project (managed by public-private partnership)
- Fund the purchase of land via payment of a new Housing Impact Fee, which is discussed in greater detail below.

TIMING FOR HOUSING COMPLETION

As much as it would be preferred that housing for the new employees be available when the hotel opens, it is also recognized that the hotel project needs to make economic sense for the developer:

- If the project is not economically viable, there will be no new workforce housing provided.
- Developer has very limited financial resources before project completion.
- Developer only has equity and a secured construction loan before completion, which the lender heavily administers.
- Fees are not collateral for a construction loan and provide no direct return on investment.
- Equity is expensive and risk adverse.
- Value is created only by a project with occupancy permit and permanent financing.

NHC suggests that the City adopt an approach that makes economic sense for the developer while also assuring that the needed housing is actually funded and/or built. Require the negotiation of a Development Agreement with the following key points:

- The Developer shall be responsible for the number and affordability levels of housing units as outlined above.
- Funding for a minimum of twenty five percent (25%) of the housing requirements shall be paid at such time as the hotel building permit is issued.
- Recordation of a lien against the hotel property and all attendant assets that is in second position only to the hotel construction loan. Further, this lien will not subordinate to any other liens.

- Subsequent to a full Occupancy Permit and at such time as the Developer has negotiated and is prepared to record full and permanent financing for the hotel, the remaining housing obligations shall be paid and/or acted upon. Only at that time will the housing lien be removed.

This approach lowers the Developer's risk level and it also recognizes that the Developer can only reap the benefits of its efforts at such time as permanent financing comes into place.

CASE STUDY: Farmstead Hotel / City of St. Helena

NHC suggests that the City might consider a similar approach as was recently adopted for the Farmstead Hotel by the City of St. Helena with the mutual negotiation of a Development Agreement (DA) that included the following components:

- The Hotel has a net increase of 51 FTEE for 65 room; this is because the hotel property is already the site of a restaurant and other hospitality uses.
- Payment of $1.0 Million at building permit stage; these funds are dedicated to enable acquisition of an identified affordable housing site in conjunction with a local on-profit. These funds would revert to the SH City housing fund if not utilized.
- Payment of an additional $2.2 Million at the recordation and funding of permanent hotel financing. These funds are also directed to the affordable housing project noted above.
- These fees end up at almost $63,000 per new FTEE, which we recognize to be extraordinary.

HOUSING FEE CREATION

The Napa Housing Coalition does not have the expertise to appropriately determine a fee that would be equivalent to the costs of providing the housing units outlined above. Accomplished professionals such as Bay Area Economics (BAE) or other qualified organizations could do so based on the housing numbers and affordability levels outlined above.

CONCLUSION AND RECOMMENDATIONS

There is overwhelming evidence that the development and/or expansion of hotels create a significant demand for new housing for the resulting employee numbers. This has been illustrated in the City's own studies and it is time to fully and formally act on those. NHC has outlined the basis for an approach that moves the community in the right direction and have also endeavored to recognize the risks of hotel development. NHC respectfully requests that the City Council enact a process to act on and to incorporate these recommendations for the benefit of our community.

CITY OF NAPA

MEMO

TO: CHAIR OWEN, MEMBERS OF THE PLANNING COMMISSION

FROM: RYDER DILLEY, PLANNING MANAGER

DATE: JUNE 30, 2026

SUBJECT: ITEM 7.A FRANKLIN STATION II REDEVELOPMENT PROJECT AND DEVELOPMENT AGREEMENT (PROJECT NO. PL25-0068)

Following the publication of the June 30, 2026, Special Planning Commission Agenda, additional correspondence was received for consideration for the Franklin Station II Redevelopment Project and Development Agreement (Project No. PL25-0068) identified as Public Hearing Item 7. A.

The correspondence includes letters from the following, attached to this memorandum

- Christine Pearce Jeffries, Jeffries General/Napa SoFi District (06-30-2026)

To the Honorable Members of the City of Napa Planning Commission and Napa City Council:

I am writing on behalf of the locally owned businesses in the Napa SoFi District to express my strong support for the proposed Franklin Station Hotel project. We respectfully encourage you to move forward with its approval.

As business owners invested in Napa's hospitality, retail, and tourism community, we understand how important it is to continue investing in projects that enhance our downtown while respecting its history and character. The Franklin Station Hotel represents exactly that kind of thoughtful design and investment.

This project will breathe new life into a historic property, preserving an important piece of Napa's architectural heritage while creating a unique destination that reflects the quality and character our community is known for. Adaptive reuse of historic buildings strengthens our downtown, encourages responsible development, and helps ensure these landmarks remain vibrant for future generations.

Beyond the building itself, the hotel will bring meaningful economic benefits. Visitors who stay downtown support local restaurants, tasting rooms, shops, galleries, and other small businesses. Increased overnight stays translate directly into more spending throughout the community, creating jobs and supporting the local economy. More downtown opportunities will result in increased customers for local businesses.

We collectively believe this project will elevate Napa's reputation as a world-class destination. Upscale hotels that are thoughtfully designed and integrated into the surrounding neighborhood attract visitors who appreciate authenticity, history, and exceptional experiences. Franklin Station has the opportunity to become a landmark destination that complements—not competes with—the existing fabric of downtown Napa.

Growth is most successful when it respects the past while investing in the future. From what we have been presented with, this project accomplishes both. It honors an important locally loved, historic building while creating new opportunities for tourism, commerce, and community vitality.

For these reasons, we respectfully ask the Planning Commission and City Council to approve the Franklin Station Hotel project and help bring this exciting vision to life.

Thank you for your time, consideration, and your continued service to the City of Napa.

Respectfully,

Christine Pearce Jeffries

Jeffries General/Napa SoFi District

M E M O

TO: CHAIR OWEN, MEMBERS OF THE PLANNING COMMISSION

FROM: RYDER DILLEY, PLANNING MANAGER

DATE: JUNE 30, 2026

SUBJECT: ITEM 7.A FRANKLIN STATION II REDEVELOPMENT PROJECT AND DEVELOPMENT AGREEMENT (PROJECT NO. PL25-0068)

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The correspondence includes letters from the following, attached to this memorandum

- Christine Madrid French, Napa County Landmarks (06-30-2026)

ATTACHMENT 12

NAPA COUNTY
LANDMARKS

Napa County Landmarks
P.O. Box 267
Napa, CA 94559-0267
707-231-8261
napacountylandmarks.org
christine@napacountylandmarks.org

June 30, 2026

Re: Franklin Station II Project (Project No. PL25-0068)

To All Interested Parties,

On behalf of Napa County Landmarks, I am writing to confirm that the Board of Directors has endorsed the plans for the Franklin Station Post Office as submitted to the City of Napa, including the proposed partial demolition of the building and the restoration and reconstruction of the primary façade, exterior lanterns, interior lobby spaces, and adjacent walls. The plans were presented to the Board of Directors on April 23, 2025.

The Board recognizes that the current application establishes the preservation framework for the project. As the project advances and detailed architectural plans are developed, Napa County Landmarks is committed to working collaboratively with the property owner and project team to support the thoughtful restoration and reconstruction of the building's historic features, consistent with both the preservation approach endorsed by the Board and the Secretary of the Interior's Standards for the Treatment of Historic Properties.

Napa County Landmarks believes the proposed project represents a significant investment in the long-term preservation and continued use of one of Napa's most important historic resources.

We appreciate the thoughtful work that has gone into the current proposal and respectfully submit this letter in support of the project.

Thank you for your consideration.

Sincerely,

Christine Madrid French
Executive Director

ATTACHMENT 12

NAPA COUNTY
LANDMARKS

Napa County Landmarks
P.O. Box 267
Napa, CA 94559-0267
707-231-8261
napacountylandmarks.org
christine@napacountylandmarks.org

CountyDear City of Napa Planning Commission and Project Review Team,

On behalf of the Napa County Hispanic Chamber of Commerce, we are pleased to express our support for the proposed Franklin Station II Project.

We believe this project represents an important investment in the future of Downtown Napa and our local economy. As our region continues to grow, strategic developments like Franklin Station II help strengthen the hospitality industry, create quality employment opportunities, and generate long term economic activity that benefits businesses throughout Napa County.

The project will support workforce development by creating construction jobs in the near term and permanent careers in hospitality, property management, food service, tourism, and related industries upon completion. These employment opportunities are especially meaningful for the local workforce that helps power Napa Valley's visitor economy.

In addition, increased visitor capacity will bring more customers to locally owned restaurants, retail shops, wineries, professional services, and other small businesses that are the backbone of our community. Increased tourism spending creates a ripple effect that supports entrepreneurs, encourages new business investment, and contributes to a more vibrant and resilient downtown economy.

We also recognize the importance of the project's residential component. Expanding housing opportunities is essential to addressing the housing shortages that continue to affect Napa County's workforce and business community. Additional housing helps improve workforce stability, supports employee retention, and aligns with the County's ongoing efforts to increase housing availability for the people who live and work in our community. By integrating housing with economic development, the Franklin Station II Project contributes to a more sustainable and balanced future for Napa.

We appreciate the thoughtful preservation of the historic Post Office building while introducing new investment that aligns with the City's long term vision for economic vitality and downtown revitalization. Projects that balance historic preservation with sustainable growth help ensure Napa remains an attractive destination for residents, visitors, businesses, and future investment.

The Napa County Hispanic Chamber of Commerce supports initiatives that foster economic opportunity, strengthen our workforce, expand housing solutions, and create an environment where businesses of all sizes can thrive. We believe the Franklin Station II Project advances these shared goals and respectfully encourage its thoughtful consideration and approval.

Thank you for your continued leadership and commitment to building a strong, vibrant, and prosperous future for Napa.

Sincerely,

NAPA COUNTY HISPANIC chamber of commerce

Alonso Corona, CEO

Napa County Hispanic Chamber of Commerce (NCHCC)

alonso@Napacountyhcc.com

(707) 815-1463

www.napacountyhcc.com

Schedule a Meeting | https://calendar.app.google/skYFcDbWhRd4G4ov7

Chamber Upcoming Events | https://business.napacountyhcc.com/events/

Become a Member | HERE