



## Staff Reports

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**To:** Honorable Mayor and Members of City Council

**From:** Dr. Peter Pirnejad, Assistant City Manager for Development Services

**Prepared By:** Erin Morris, Planning & Code Enforcement Manager

**TITLE:**  
Napa Pipe Project Update

**RECOMMENDED ACTION:**

Receive a status report regarding the Napa Pipe project, and provide direction to staff regarding possible next steps.

**DISCUSSION:**

**BACKGROUND**

On August 4, 2015, the Council adopted Ordinance 02015-009 establishing the Napa Pipe Master Plan zoning district for the approximately 154-acre unincorporated property located at 1025 Kaiser Road. The Napa Pipe Development Plan (approved by Napa County in December 2014) and Design Guidelines (approved by the County in February 2015) include up to 945 residential units, 150 senior housing units, a 150-room hotel, approximately 385,000 square feet of nonresidential uses, and parks and open space. In addition to approving the zoning district, the Council authorized the City Manager to execute a series of agreements with the Developer (Napa Redevelopment Partners, LLC) and the County and authorized submittal of an application to Napa County LAFCO to expand the City's Sphere of Influence (SOI) to include the property within the City's SOI and to extend municipal services to the property. The Council also authorized the phased annexation of the property.

On September 22, 2015, Napa LAFCO approved the SOI amendment and outside service agreement for the entire 154-acre site, and approved a phased annexation of the project area. 111 acres were annexed in September 2016 including land east of the railroad tracks and the future office/industrial and hotel blocks in the south portion of the site (the "Reverse L"). Forty-three (43) acres, generally located in the middle of the site on the west side of the railroad tracks remain in the unincorporated County. The second phase of the annexation will occur not later than December 31, 2022. The basis for retaining the 43 acres in unincorporated County was because Napa County wanted to issue residential building permits, particularly associated with affordable housing development. However, after project approvals, it became clear that the development was not cost effective and changes to the plan were necessary to include spreading some of the residential development over more land east of the railroad tracks.

In 2016 the Developer partnered with Catellus, a national leader in mixed use development, to manage the site remediation activities, which were recently completed, and further evaluate project feasibility. With Catellus' assistance, the Developer began to identify changes to the approved land plan, and a revised phasing plan, that would allow the project to proceed to construction.

The purpose of this City staff update is to share the latest plans and to obtain Council input.

## DISCUSSION

### Approved Development Plan Overview

The approved development plan includes up to 945 housing units. Twenty (20) percent of all residential units are required to be affordable including units affordable to very low, low, and moderate income households; if the project develops at the highest density, 190 affordable units would be required (70 very low, 70 low and 50 moderate income units). The affordable housing sites would be dispersed between development phases. In addition to the market-rate and affordable housing units, the approved project also includes:

- 150 units of senior housing (225 beds);
- 40,000 square feet of ground floor retail;
- 150-room hotel;
- 90,000 square feet of office uses;
- 75,000 square feet of warehouse/R&D; and
- 154,000 square feet of general wholesale commercial activities.

These land uses would be substantially retained in the revised development plan but distributed differently across the overall site. There are a few other key changes to the land plan as discussed further below.

### *Affordable Housing*

As stated above, the revised development plan retains the overall unit count but places approximately 330 of the residential units into the area west of the railroad tracks that is currently planned for new industrial uses. This change would allow the western area to become Phase 1 of a multiphase construction project in which the approximately 330 market rate and moderate income homes, approximately 58-unit very low and low income affordable housing project, and a Costco warehouse store would be constructed, with the remaining development on the east side identified as future phases.

### *Shared Housing*

While the Napa Pipe Project was being processed by the County in 2015, the City and County entered into a Regional Housing Needs Allocation (RHNA) Agreement by which the City agreed to accept 80% of the County's affordable housing obligations imposed by the State through the RHNA process, starting with the sixth revision to the housing element (currently 2023-2030, or as that planning period may be adjusted by ABAG, the Department of Housing and Community Development, or statute). While the modifications to the City and County RHNA obligations are in

effect, the County is committed to limit land uses in the area generally south of the City of Napa and north of the City of American Canyon, including in the Airport Industrial Area to those consistent with applicable zoning in effect in October 2013 (e.g., limiting growth and associated employment relating to hotels, wineries, destination restaurants, etc., that should be in the cities close to services), unless the changes to the zoning and specific plan are mutually agreed upon by the City and the County.

#### *Commercial Entitlement*

The approved project contemplates 90,000 sf of office and 75,000 sf of warehouse/R&D uses on the parcel to the north of Costco. The proposed land use plan shifts the commercial entitlement to the parcels south of Costco, formerly known as the “study area,” which had formerly been unplanned when the project was approved in 2015.

#### *Parks and Open Space*

The approved development plan includes significant parks and open spaces to serve future residents and to connect the site to Kennedy Park to the north and the Napa River Trail to the south. These spaces are required to be privately owned and maintained as currently approved. The revised development plan substantially retains these open spaces and phased according to nearby residential and nonresidential development. The Developer has expressed interest in dedicating these lands to the City and providing a permanent funding mechanism to cover maintenance costs.

#### *Roadway Network*

The approved development plan includes new private streets and street extensions including two railroad crossings. As proposed, Phase 1 would not require construction of the crossings because all development would occur on the west side of the railroad tracks. The revised roadway network also reduces the number of wetlands crossings from three to one. The proposed street network would generally remain the same, except the Developer is proposing to dedicate the streets to the City and has expressed willingness to identify a permanent funding mechanism for maintenance costs. When development occurs on the west side of the railroad tracks, two crossings will be required at the north and south ends of the project, with a future third pedestrian crossing in the relative middle of the project.

#### *Next Steps*

The proposed land plan changes would require a General Plan Amendment and Rezoning to allow residential use on the west side of the railroad tracks in the area currently designated for future light industrial use, in addition to amendments to the Development Agreement and associated sub-agreements, Napa Pipe Development Plan, Design Guidelines and subdivision map. The Developer is also contemplating filing an annexation application to incorporate the remaining 43 acres into the City of Napa concurrently. Project changes, and the proposal to expedite the final annexation, are being discussed with City and County staff. The Developer and staff will be prepared to update the Council on the status of these ongoing discussions.

Staff and the Developer seek feedback from the Council regarding the proposed changes to the Napa Pipe project.

#### **FINANCIAL IMPACTS:**

There are no immediate financial impacts resulting from the recommendations of this Agenda Report.

The Developer is paying for staff and consultant costs associated with project review.

**CEQA:**

The Community Development Director has determined that the Recommended Action is not in-and-of-itself a “Project” (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. However, the Recommended Action is part of a larger “project” that will be subject to environmental review in accordance with CEQA at the “earliest feasible time” prior to “approval” consistent with CEQA Guidelines Sections 15004 and 15352. The larger “project” is a General Plan Amendment and Rezoning, along with revisions to the Napa Pipe Development Agreement and associated sub-agreements, Development Plan, Design Guidelines, and subdivision map.

**DOCUMENTS ATTACHED:**

ATCH 1 - Proposed Land Plan  
ATCH 2 - Site Plan Comparison  
ATCH 3 - Annexation

**NOTIFICATION:**

Napa County and LAFCO staff were notified of this agenda item.