



Staff Reports

File #: 2012-2019, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Kathy Pease, Contract Planner

TITLE:

Heritage House/Valle Verde Environmental Impact Report/Environmental Assessment and Project

RECOMMENDED ACTION:

(1) Adopt a resolution certifying the Final Environmental Impact Report/Environmental Assessment/Finding of No Significant Impact for the Valle Verde and Heritage House Continuum of Housing Project (3700, 3710 & 3720 Valle Verde Drive), adopting Findings of Fact, and adopting a Mitigation Monitoring and Reporting Program; and

(2) Adopt a resolution approving a Use Permit and Design Review Permit to remodel an existing building to create 66 Single Room Occupancy (SROS) units, including 33 units of permanent supportive housing, (Heritage House), and a Design Review Permit for the construction of a 24-unit affordable apartment complex (Valle Verde) and three Density Bonus Concessions (two for Heritage House and one for Valle Verde) on a 2.88 acre property located at 3700, 3710 & 3720 Valle Verde Drive (APNS 038-170-042, 043 & 046), and determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

DISCUSSION:

The project proposes two 100% affordable multi-family apartment communities, Heritage House and Valle Verde. The Applicant, Gasser Foundation, has partnered with Burbank Housing Development Corporation as the developer for both projects and Abode Housing as the operator of Heritage House. Heritage House and Valle Verde would be on separate parcels and funded independently but would share access and parking.

As discussed in more detail below, the project will require approval of the entitlements (use permit and design review permits) as well as approval of a right-of-way abandonment. Due to differing noticing requirements, the public hearing on the right-of-way abandonment will not occur until February 18th. Therefore, after considering public testimony, staff recommends that the City Council adopt a resolution certifying the EIR, provide feedback to staff regarding the project entitlements and the proposed resolution approving the entitlements, indicate whether Council is in support of the project, and continue the public hearing for final action on the entitlements until February 18th to align with the public hearing on the right-of-way abandonment.

CONTEXT

The 2.88-acre project site (which includes a portion of Valle Verde Drive that the Applicant has requested the City to abandon) consists of 3700, 3710 and 3720 Valle Verde Drive. A portion of the site (3700 Valle Verde) is currently developed with the vacant Sunrise assisted living facility building and parking lot. The Sunrise building has been vacant for the past 15 years. The remainder of the site (3710 and 3720 Valle Verde Drive) is vacant. A single-family house with ancillary out buildings that was previously located on the northern end of the site has been demolished. The site contains several mature trees along the eastern property line within the riparian setback of the Salvador Creek Channel.

The site is bordered by a three-story multi-family residential development to the west, Salvador Creek Channel and single-family residences across the channel to the east, the Shelter Creek residential condominium development to the south, and City of Napa-owned property that functions as a storm water detention area and open space/trail to the north.

BACKGROUND

The project site was previously the subject of approvals associated with the Napa Creekside Apartments project (File No. PL11-0089), issued in 2013. The former project developer (BRIDGE Housing Corporation) had proposed a 57-unit, income-restricted multi-family development. The previous proposal was to remodel the vacant Sunrise Napa Assisted Living Facility to accommodate 33 of the 57 residential units and to construct the remaining 24 residential units in a new three-story building on-site. In May 2012, the City of Napa evaluated the potential environmental impacts of the project under the California Environmental Quality Act (CEQA) and subsequently adopted a Mitigated Negative Declaration (MND). A lawsuit challenging the adequacy of the MND was filed after the project's approval.

In April 2013, the Napa Superior Court issued a Peremptory Writ of Mandate requiring additional environmental analysis of potential impacts on biological resources in Salvador Creek. The City of Napa subsequently approved the Napa Creekside Apartments in June 2013, following the submittal of supplemental environmental analysis regarding potential impacts on Salvador Creek. In March 2014, the Napa County Superior Court issued a second Peremptory Writ of Mandate, which concluded that an Environmental Impact Report (EIR) was required and ordered the City to set aside and vacate all previous project approvals. The former project developer subsequently withdrew its application. In compliance with the Superior Court's Peremptory Writ of Mandate, the City of Napa vacated all previous approvals associated with the project in March 2016. Subsequently, BRIDGE Housing Corporation sold the site to the current project Applicant (Gasser Foundation).

PROJECT

The Project involves the following components:

Environmental Impact Report/Environmental Assessment: An Environmental Impact Report (EIR) has been prepared for the project in accordance with CEQA. Because the Housing Authority of the City of Napa and Burbank Housing may submit a request to the U.S Department of Housing and Urban Development (HUD) for 38 project-based Section 8 vouchers to provide rental assistance to the Heritage House Project, the Project could be subject to the National Environmental Policy Act (NEPA), and therefore a joint EIR/EA has been prepared.

Right-of-Way Abandonment: As part of a separate action, to be considered by the City Council on February 18, 2020, the Applicant has requested the City to abandon a 0.39-acre City owned public right-of-way, located at the terminus of Valle Verde Drive. This right of way would enlarge the project site in order to accommodate parking and access.

Lot Line Adjustment/Lot Merger: A request to combine three parcels into two parcels. Should the City approve the right-of-way abandonment, the additional land area would be reconfigured to accommodate the project, and each building would be on a separate parcel but would share access and parking. The lot line adjustment/lot merger would be approved administratively should the City Council approve the abandonment.

Use Permit: A Use Permit to operate 66 single room occupancy units (SROs) on the Heritage House site. The Project would remodel the existing vacant Sunrise Napa Assisted Living Facility, which previously contained 74 beds, with 66 SROs. Under the Napa Municipal Code, SRO units are small residential units (i.e., studio apartments) with no more than two occupants in each unit, which have limited cooking facilities. Small kitchens and bathrooms would be provided in each unit. As a development concession under State Density Bonus Law, the Applicant is requesting the City to allow eight of the residential units to exceed the 450 square foot maximum for SROs in order to make the units accessible to persons with disabilities consistent with the Americans with Disabilities Act (ADA). Thirty-three of the residential units would be operated as permanent supportive housing with on-site supportive services, and property management (Heritage House). The remaining 33 residential units would be operated as affordable rental units occupied by income-eligible tenants who do not require supportive services. Heritage House would implement a management plan and have day and night on-site property management.

Design Review Permit for Heritage House: A design review permit to remodel the existing building to accommodate 66 SROs. Room sizes would range from 215 to 605 square feet.

Design Review Permit for Valle Verde: A design review permit for construction of a new three-story multi-family apartment building with 24 affordable units (12-one-bedroom, six- two bedroom and six- three-bedroom apartments) adjacent to the Heritage House.

Affordable Housing Concessions: Consistent with the State Density Bonus Law (Government Code 65915 (d)) affordable housing projects are allowed to request concessions or incentives that relieve the applicant from complying with otherwise applicable zoning standards or requirements. The Applicants are requesting three concessions:

- An increase in the maximum size of eight-SRO units (normally 450 square feet or less) to one-bedroom sized units to provide ADA accessible units for the Heritage House project;
- An increase in the maximum distance of SRO projects to public transit required by Napa Municipal Code Section 17.52.460(B)(2)(d) from 1,200 feet to 1,560 feet for Heritage House. The state standard is 1,500 feet, so this concession would only be a reduction of 60 feet from the state standard; and
- An exemption from the covered parking requirement for the Valle Verde Project due to underground utility and easement constraints. Normally 24 covered parking spaces would be required.

The project site is adjacent to Salvador Creek. A portion of the existing pavement at the rear of the proposed Heritage House site is experiencing erosion. In order to address the erosion, without impacting the Salvador Creek riparian corridor, the Project proposes to insert a stitch wall (metal plates) below surface in two segments within the existing drive aisle of the Heritage House site. One segment would be 85-feet long and the second segment would be 100-feet long. This stitch wall will stabilize the existing pavement area behind the Heritage House by stopping the erosion along the drive aisle.

As a condition of approval, the Applicant would be required to remove a portion of the Zerba Bridge (deck, piers, and western abutment). The Applicant is proposing to enter into an agreement with the Napa County Flood Control and Water Conservation District to fund the removal of the bridge and complete restoration work along the Salvador Creek bank as part of the District's ongoing stream maintenance program. With the bridge removal, there would be no increase in upstream flooding as a result of the project, and the project would be consistent with the Big Ranch Specific Plan policies of no net upstream increase in flood elevations.

LATE CORRESPONDENCE/UPDATED INFORMATION

The City received correspondence the week of the December 5, 2019 Planning Commission meeting that was too late to be included in the Planning Commission packet but was distributed to Commissioners and available to the general public at the meeting. One of the pieces of late correspondence was a letter from the law firm Gagen McCoy containing several comments on the project. Staff has prepared written responses to the key issues raised in the Gagen McCoy letter (Attachment 5). In addition, WRA, an environmental consulting firm, has prepared a technical report (Attachment 6) responding to a 2013 memo introduced in the prior litigation, and referenced in the Gagen McCoy letter, regarding the alleged biological impacts of the prior BRIDGE Housing project on the Project site, titled "Review of City of Napa Revised IS/MND for Napa Creek Apartments Project" by Dr. Alice Rich. The WRA report concludes that all issues raised in Dr. Rich's report regarding the prior project have been adequately addressed during the environmental review for this project, and in particular, that potential impacts to all fish species are adequately addressed in the EIR/EA.

Staff and the City's environmental consultants have determined that the Gagen McCoy letter does not raise any issues that were not adequately addressed in the EIR/EA or in the Planning Commission Staff Report.

PLANNING COMMISSION MEETING

On December 5, 2019, the Planning Commission considered the Project (see Planning Commission Minutes Excerpts in Attachment 4). At that meeting, the Commission heard a summary of the Project from Staff and a presentation by the Applicant team. The Commission then opened the public hearing. Substantial public testimony was heard both in favor of the Project and opposed to the Project by members of the public. The main concern raised by those opposing the project was regarding future tenants of the 33 supportive units, use of No Place Like Home funding, and the safety of the neighborhood. Those in favor relayed that the use was needed and would make a big

difference in people's lives. Several commenters requested that a committee consisting of neighbors, City staff and the operators of the Project be formed to provide a forum for continuing dialog about the operation of Heritage House. They also requested that the Management Plan for Heritage House not contain any sunset provisions.

The Planning Commission expressed the view that the Project complies with the goals of the General Plan and provides needed affordable housing within the City. The Planning Commission made five recommendations regarding the Project:

1. Explore the potential to increase transit services to the site.
2. Provide a permeable fence between the existing development south of the Project site and the Project.
3. Provide for ongoing communication between the neighbors and the Project management team.
4. No sunset of the provisions of the Management Plan.
5. To the extent possible, save the oak trees along the multi-use path.

The Applicant has agreed to reach out to the Napa Valley Transit Authority to explore options for transit service to the site. As outlined in the Management Plan, several transportation options will be available to residents.

An existing wood fence currently separates the Project site from the adjacent development. An open permeable fence such as a wrought-iron fence would provide less privacy to the existing use to the south, therefore, replacement of the existing fence with a permeable fence is not recommended.

The Applicant has agreed to convene a neighborhood committee that would be comprised of neighbors, City staff, and Burbank Housing. The committee would meet monthly for the first six months and then quarterly for the next two years.

It is staff's recommendation that the width of the multi-use path remain as proposed by the Applicant rather than change the design to save some of the oak trees as proposed by the Planning Commission. While the path could be reduced in width to avoid removal of some of the trees, due to grade constraints and the desire to provide a trail that is more accessible and ADA-compliant, an eight-foot trail is recommended.

The Commission supported the Project and recommended that City Council certify the EIR/EA and recommended approval of a Use Permit for SROs on the Heritage House parcel, approval of three Density Bonus Concessions and approval of the Design Review permits for Heritage House and Valle Verde Apartments by a vote of 4-0-1 (Vice Chair Huether absent).

FINANCIAL IMPACTS:

No direct financial impacts to the General Fund have been identified with this application.

CEQA:

ERRATA TO THE FINAL ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL ASSESSMENT

Staff recommends that the Final EIR be amended in the following areas:

Page 184, last sentence of the FEIR is amended as follows to add the word "not":

The following specific plan policies are not applicable to the Project:

C-7 Protect, conserve and enhance (when feasible) the natural characteristics of the Salvador Channel and Gasser/Bel Aire Tributary while providing for 100-year flood flows. Development along the southwest bank of the Salvador Channel between Garfield Lane and the existing bridge over the Channel (shown on the land use map as the location of a proposed extension of Rubicon Street to Big Ranch Road) shall be required to address potential flooding by implementing either an "enhancement" or "fill" alternative as conceptually described in the Water Resources section of this Chapter.

The City has determined that this policy is not applicable to the Project because the Project site is not within the geographic area described in the policy.

In addition, the Applicant has requested that the Final EIR be clarified in a few other areas. Staff has reviewed these proposed changes (Attachment 7), finds them acceptable, and recommends that they be incorporated into the Final EIR.

With the above-described amendments to the Final EIR, City staff recommends that the City Council certify the Final Environmental Impact Report/Environmental Assessment/Finding of No Significant Impact consistent with the California Environmental Quality Act (CEQA).

DOCUMENTS ATTACHED:

ATCH 1 - Draft CEQA Resolution

ATCH 2 - Draft Use Permit and Design Review Resolution

ATCH 3 - PC Staff Report 12-05-19 with ATCHs and Public Correspondence available on the web at:

https://napacity.granicus.com/GeneratedAgendaViewer.php?view_id=2&clip_id=2196

ATCH 4 - Draft minutes excerpts

ATCH 5 - Response to Gagen McCoy correspondence dated December 3, 2019

ATCH 6 - Response to Dr. Alice Rich Memorandum, "Review of City of Napa Revised IS/MND for Napa Creek Apartments Project," dated January 9, 2020

ATCH 7 - Additional EIR Errata

ATCH 8 - Final EIR and Draft EIR, previously distributed and available on the web at:

<http://www.cityofnapa.org/810/Heritage-House-Valle-Verde-Housing>

ATCH 9 - Public Correspondence available on the web at:

<https://lf.cityofnapa.org/WebLink/Browse.aspx?id=182705&dbid=0&repo=CityOfNapa&cr=1>

NOTIFICATION:

Notice of the scheduled public hearings on the Project, for both the February 4 and February 18 City Council meetings, was provided on January 24, 2020 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 January 24, 2020 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.