



## Staff Reports

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**File #:** 11-2020, **Version:** 1

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

**From:** Vincent Smith, Community Development Director

**Prepared By:** Lark Ferrell, Housing Manager

**TITLE:**

Affordable Housing Infill Infrastructure Grant Application for Napa Pipe

**RECOMMENDED ACTION:**

Adopt a resolution authorizing the City Manager to jointly submit an application with Napa Redevelopment Partners LLC to California Department of Housing and Community Development for an Infill Infrastructure grant of up to \$15,000,000 for the Napa Pipe Project and determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

**DISCUSSION:**

Napa Redevelopment Partners LLC is the landowner and master developer (the “Master Developer”) of the Napa Pipe Project (the “Project”). The Napa Pipe property is approximately 154 acres in size, generally located at 1025 Kaiser Road, south of Kaiser Road and east of the Napa River (Assessor’s Parcel Numbers 046-400-054, 046-400-055, 046-412-006 and 046-412-007). The Project includes both commercial and residential development. The Project is subject to an Affordable Housing Plan. In addition to a requirement that the greater of 6.7% or 44 units of the market rate housing units developed in the Project are affordable for moderate-income households, the Project must also include 140 very-low and low income affordable units.

Under the approved land plan for Napa Pipe, 84 of the low and very-income units would be developed by non-profit housing developer Mid-Peninsula Housing in the initial phase of the Project. However, before this or any development at Napa Pipe can begin, the Master Developer must install significant infrastructure.

The State of California Department of Housing and Community Development issued a Notice of Funding Availability for its Infill Infrastructure Grant (IIG) Program for Small Jurisdictions in October 2019. IIG provides grants to developers to install infrastructure improvements in order to assist in the development of affordable housing projects. The amount of funding a Project is eligible for is based on a formula which includes the number of bedrooms and the affordability levels of units in an affordable housing project. Under IIG regulations, construction of the affordable housing units must begin within two years of the grant award. Therefore, the only affordable housing units that would be included in the Project’s IIG application would be Mid-Peninsula’s 84-unit affordable project.

IIG guidelines require a local jurisdiction to be a co-applicant. The Master Developer has requested

the City to be a co-applicant for an IIG grant application of up to \$15,000,000 to help fund infrastructure costs at Napa Pipe. Because the City would not have an on-going ownership interest in the Project's capital improvements (other than the dedication of water lines after they have been installed), the City's only responsibility as a co-applicant would be to co-apply for the grant. If the application is approved for funding, the City would not be a party to the standard agreement and would have no obligations under the grant.

Co-applying for this grant does not incur any obligations for the City, and if the application is successful, it would help provide funding for the overall infrastructure improvements required for the development of not only Mid-Peninsula's affordable housing project, but also other development including Costco. Mid-Peninsula is currently working on securing funding for the affordable housing project and was recently awarded pre-development funds from Napa County for the project.

#### **FINANCIAL IMPACTS:**

There are no financial impacts by the recommended action. The City would be a co-applicant only and would not be a party to the grant agreement if the application is funded.

#### **CEQA:**

Pursuant to CEQA Guidelines Section 15164, the Addendum to the Napa Pipe EIR for the Napa Pipe Project dated November 2019 ("2019 Addendum") was prepared by the City as an addendum to the Napa Pipe Final Environmental Impact Report certified by Napa County Board of Supervisors on January 14, 2013 (State Clearinghouse No. 2008122111) (the "Certified EIR") to analyze the potential environmental impacts of the Project.

The Community Development Director recommends that the City Council determine that the potential environmental effects of the Recommended Actions described in this Staff report fall within the scope of the Certified EIR as documented in the 2019 Addendum, pursuant to CEQA Guidelines Section 15162 and were adequately evaluated and addressed in the 2019 Addendum, and that the Recommended Action would not have any environmental effects that were not addressed in the Certified EIR.

#### **DOCUMENTS ATTACHED:**

ATCH 1 - Resolution

#### **NOTIFICATION:**

Napa Redevelopment Partners, Mid-Peninsula Housing, and Napa County were notified of this agenda item.