



Staff Reports

File #: 156-2020, **Version:** 1

To: Honorable Chair and Commissioners

From: Vincent Smith, Community Development Director

Prepared By: Lark Ferrell, Housing Manager

TITLE:

Amendment to Agreement for Garden Court, a Proposed Affordable Housing Project on a 5.37 Acre Site Located North of Lincoln Avenue and West of the Napa River

RECOMMENDED ACTION:

Adopt a resolution authorizing the Executive Director to execute Amendment No. 6 to Agreement No. 8781 extending the term of the Exclusive Negotiating Rights Agreement (titled as a "Development Agreement") with Garden Court Associates to June 30, 2022 for the development of the Lincoln Avenue property known as Garden Court.

DISCUSSION:

The Housing Authority currently owns a 5.37-acre parcel on Lincoln Avenue. Garden Court Associates, a limited partnership formed by non-profit housing developer Napa Valley Community Housing (the "Developer"), owns an adjacent 5.08-acre parcel. The Developer received financing for its purchase of the property and holding costs in the form of a \$230,000 loan from the City, a \$1,540,000 loan from the Housing Authority, and a \$1,000,000 loan from the County. The properties were acquired with intention of developing the combined site as a single affordable housing project. However, because both properties are located in a 100-year flood plain, they are undevelopable until flood control improvements planned as part of the Napa River/Napa Creek Flood Prevention Project have been installed. The Napa County Flood Control District is unable to give an estimated timeframe for when the flood control work will be completed as there is no funding currently identified for that portion of the flood control project.

In 2005, the Housing Authority entered into an "Exclusive Negotiating Rights Agreement" (the "Agreement") titled as a "Development Agreement" (though the Agreement was not entered under the authority of Government Code 65864 *et seq*) with the Developer for the development of both parcels as affordable housing in anticipation of the flood control work being completed. The Agreement was extended in 2006, 2007, 2015, 2016, and 2018. The current term expires on June 30, 2020.

Several years ago, the Housing Authority, the County, and the Developer had been in discussions to find a mechanism that would preserve the site for future development of affordable housing while minimizing holding costs. Those discussions did not lead to a solution that was agreeable to all three parties. However, recently the parties agreed to resume discussions. However, these discussions have been delayed in order to allow each party's staff to respond to more urgent housing needs caused by the current pandemic. Therefore, staff recommends the Housing Authority Board approve

an extension to ensure the Agreement does not expire. The proposed Amendment to the Agreement (attached as Exhibit A) would extend the term of the Agreement for an additional two years.

FINANCIAL IMPACTS:

There is no financial impact to the Housing Authority by extending the Agreement.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Staff Report 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” will be an application to develop the property that is the subject of this Recommended Action, and staff will bring back a CEQA analysis of that project to Council prior to approval.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution approving amendment to Garden Court Agreement

EX A - Amendment No. 6 to Agreement No. 8781

NOTIFICATION:

Napa Valley Community Housing and the County of Napa were both notified of this agenda item.