

RESOLUTION R2025-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY MANAGER OR THEIR DESIGNEE TO NEGOTIATE AND ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT WITH NOVA DOMUS DEVELOPMENT, LLC FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT AT 3875 JEFFERSON STREET AND AUTHORIZING A PREDEVELOPMENT LOAN IN THE AMOUNT OF \$250,000 AS DOCUMENTED IN BUDGET ADJUSTMENT 78P09

WHEREAS, there is a significant need for both affordable housing and workforce housing in Napa; and

WHEREAS, in March of 2023, the City acquired approximately 2.75 acres located at 3875 Jefferson Street, identified as Napa County Assessor's Parcel No. 038-370-008-000 ("the Site"), for the development of affordable housing; and

WHEREAS, after completing site improvements, the City released a Request for Proposals in August 2024 for development of the Site as affordable housing; and

WHEREAS, the Request for Proposals was delivered to all parties listed on the State of California Department of Housing and Community Development (HCD) Developers Interest List on August 16, 2024; and

WHEREAS, the City received three responses to the Request for Proposals and all were deemed qualified responses; and

WHEREAS, a committee of staff completed scoring on all responses; and

WHEREAS, the top scoring response was submitted by Nova Domus Development, LLC and includes 19 units of for sale affordable housing to be developed and operated under a housing land trust model ("the Project"); and

WHEREAS, the Project includes 15 units of for sale affordable housing to be developed and sold to households earning up to 80 percent area median income and 4 units of for sale affordable housing to be developed and sold to households earning up to 120 percent area median income; and

WHEREAS, Novas Domus Development, LLC needs a \$250,000 loan for the Project to continue predevelopment activities; and

WHEREAS, the City's 1% TOT for Affordable and Workforce Housing Fund can accommodate a \$250,000 predevelopment loan; and

WHEREAS, the City is declaring the Site as exempt surplus land as defined in Government Code Section 54221 (f)(1) concurrent to this action; and

WHEREAS, the City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the action approved by this resolution 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 execution of an agreement with a developer for the transfer and development of the Site for affordable housing. Staff anticipates completing all required CEQA analysis for the project prior to City Council's approval of such an agreement.

3. The City Council hereby authorizes the City Manager or their designee to negotiate and enter into an Exclusive Negotiating Agreement with Nova Domus Development, LLC for the future disposition and development of the Site.

4. The City Council hereby authorizes the City Manager to negotiate and execute loan documents with Nova Domus Development, LLC in the amount of up to \$250,000 from the Affordable Housing Impact Fee funds for predevelopment costs of the 3875 Jefferson Street affordable housing project, subject to approval of the form of loan documents by the City Attorney, which incorporate the following terms and conditions:

A. The City's funds shall be structured as a zero percent (0%) interest, deferred loan with a term of 3 years.

B. The loan shall be evidenced by a Promissory Note.

C. The City Manager shall have the authority to convert the predevelopment loan to a development loan within the 3-year term at the request and application of Nova Domus Development, LLC, subject to the City's adopted Underwriting Guidelines.

5. The City Council hereby determines the loan to come due on the third anniversary of the loan if the applicant fails to apply for conversion to a development loan.

6. The City Council hereby authorizes a budget adjustment of \$250,000 to the 1% TOT for Affordable and Workforce Housing Fund for the loan reservation for the 3875 Jefferson Street project (25512500-58608) as referenced in Budget Adjustment 78P09, incorporated herein as EXHIBIT A

7. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 18<sup>th</sup> day of March, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: \_\_\_\_\_  
Tiffany Carranza  
City Clerk

Approved as to form:

\_\_\_\_\_  
Christopher Diaz  
City Attorney