ATTACHMENT 9

ALTERNATIVE EQUIVALENT PROPOSAL

For
Tulocay Village

PROJECT #13-0139

A. PROJECT SUMMARY

Napa Vista Tulocay, LLC (referred hereafter as "Quattro") submits this alternative equivalent proposal for affordable housing for its project within the Gasser Master Plan. Described in more detail below, Quattro proposes to pay the City $2,000,000 within one hundred eighty (180) days the expiration of all applicable appeal periods for Phase I discretionary approvals, which is in advance of when the applicable affordable housing impact fees would otherwise be payable.

Quattro is preparing its application to develop Tulocay Village District (which for purposes of this alternative equivalent proposal includes the portion of the Tulocay Place Zoning District west of North Drive) in at least two separate phases that will provide a greater mix of residential options. (Phase I and Phase II are described in the project approvals.)

Concurrently with the submission of this alternative equivalent proposal, Quattro is submitting an application for Major Design Review for Phase I. Phase I will be a 282 unit multifamily residential apartment complex on approximately 11.01 net acres. The apartment buildings in Phase I will have several building configurations consistent with the site plan previously presented at the Napa Planning Commission Workshop on May 15, 2014.

Quattro will subsequently submit a separate application for Major Design Review for Phase II. Phase II will either be a for-sale residential (e.g., townhomes/condominiums) project and/or an apartment project on approximately 7.12 net acres.

The total number of units for Phase I and Phase II will be between 380 and 500 units consistent with the Gasser Master Plan.

Under the City's Affordable Housing Impact Fee Ordinance, Chapter 15.94 of the Napa Municipal Code, Quattro is required to pay an affordable housing impact fee for Phase I (apartments). Under the City's Affordable Housing Overlay District Ordinance, Chapter 17.36, Quattro would be required to construct affordable housing on Phase II if for sale housing is constructed. However, both the Affordable Housing Impact Fee Ordinance and the Affordable Housing Overlay District

Ordinance allow applicants to propose an alternative equivalent to the payment of the impact fee and construction of affordable housing on-site.

B. REGULATORY FRAMEWORK

1. History

On December 12, 2006, City Council approved and adopted the Gasser Master Plan. Associated with the Master Plan, the City Council also approved an affordable housing "Alternative Equivalent Action." (See Resolution R2006 214)

At the time of the Gasser Master Plan approval, the City's requirement for the Gasser Master Plan site, which included Tulocay Village District, was to provide 10% of the residential units constructed on-site to be affordable to very low-income households and 10% of the residential units constructed on-site to be affordable to low income households, or provide an alternative equivalent.

As part of the approved Alternative Equivalent Action in 2006, the *very* low-income requirement for the entire Tulocay Village District was satisfied through the construction and operation of the 59-bed homeless shelter and health clinic, and 24 units of transitional housing. This occurred prior to the construction of any market rate residential units. The 2006 Alternative Equivalent Action reserved addressing the remaining 10% *low* income (as opposed to the *very-low* requirement) until the Tulocay Village development process occurred. That process is presently underway.

Under the City's affordable housing requirements applicable to the Tulocay Village District, Quattro has the option of satisfying the remaining affordable housing requirement by paying the affordable housing impact fee for the apartment units, or building 10% of the residential units constructed for sale as affordable to low-income households, or providing an alternative equivalent under Ch. 15.94 of the City of Napa's Municipal Code (NMC).

2. Alternative Equivalent Proposals Permitted by City Ordinance

Section 15.94.070 NMC allows an applicant to satisfy its affordable housing obligation through the performance of an alternative equivalent proposal. Section 15.94.070(A) provides six examples of alternative equivalent proposals:

1. Construction of affordable housing units either on- or off-site;
2. Dedication of real property to be reserved for the construction of affordable units;
3. Provision of affordable rental units;
4. Conversion of existing market rate units to affordable ownership units;
5. Preservation of affordable units at risk of loss; or

6. Other means consistent with the Housing Element.

Section 15.94.070(A) requires Alternative Equivalent Proposals to further affordable housing opportunities in the City to an equal or greater extent than payment of the affordable housing impact fees applicable to a project.

C. VISTA TULOCAY ALTERNATIVE EQUIVALENT PROPOSAL: PAYMENT OF $2,000,000.00

Quattro would pay the City $2,000,000 within one hundred eighty (180) days after the expiration of all applicable appeal periods for Phase I discretionary approvals. The Development Agreement also provides the City with accelerated and specific housing fees for the entire 500 potential units, even if full buildout is ultimately not proposed. Furthermore, under this proposal, the City will receive funds significantly in advance of when it would otherwise receive the standard affordable housing impact fees. Upon payment of the $2,000,000, all affordable housing obligations under the Gasser Master Plan for Tulocay Village (namely, Phase I and Phase II) will be satisfied.

This alternative equivalent proposal provides greater value to the City because the early payment and available use of funds prior to the project's development for all potential 500 units. It provides funds that can be applied to affordable housing immediately rather than the standard fee structure timing.

D. CONCLUSION

When combined with the previous alternative equivalent that yielded the 59-bed homeless shelter and health clinic, and 24 units of transitional housing, Gasser and Quattro developments will have provided more affordable housing equivalent value and opportunities than any other similarly situated property or development. The value provided and offered is far in excess of what is required by the Napa Municipal Code. Due to the phasing and complexity of the project, Quattro proposes that this proposal and Quattro's other rights and obligations under the Gasser Master Plan be set forth in a Development Agreement.