

Section 1

Housing Element Overview

1.1 Introduction

This Housing Element is an update of the City of Napa's previous Housing Element, which was adopted by the City Council on June 16, 2009 and certified by the State of California Department of Housing and Community Development (HCD) on August 13, 2009. Since then, the City has continued to implement the policies and programs in the adopted Housing Element and respond to its housing needs in coordination with other City goals, despite a national economic recession that substantially reduced new housing construction and funding for housing programs at federal, state and local levels. A particular loss was the dissolution of Redevelopment Agencies, which eliminated a major source of housing funding.

The City has been recognized regionally for its housing accomplishments. In 2002, the City's Housing Element received a Planning Implementation award from the Northern Section, California Chapter of the American Planning Association. In a 2004 Bay Area Housing Profile prepared by the Bay Area Council, the City of Napa was rated high in matching jobs and housing construction. In 2006, Greenbelt Alliance ranked Napa in the top 3 of 109 Bay Area communities for its policies for preventing sprawl, building affordable housing, promoting parks, encouraging density in the "right places" (such as near downtown and transit), reducing Downtown parking standards, incorporating mixed use development and defining standards for good development.

During the 1999-2006 Housing Element planning period, the City met many of its housing objectives:

- More than 1,200 very low, low and moderate income units and 85 second units were approved and/or constructed in addition to 1,400 above moderate units;
- New Residential Design Guidelines were adopted;
- First time homebuyer assistance was provided to more than 120 households;
- A 2003 Housing Agreement was unanimously approved between the County of Napa and City of Napa to assist the County in meeting its housing needs; and
- The City purchased sites for lower income housing developments.

In the 2007-2014 timeframe, the City and the City Housing Authority¹ have:

- Completed a Specific Plan for the downtown area that identifies housing sites for up to 500-600 housing units, up to half of which could be developed within the 2015-2023 Housing Element planning period. The Downtown Specific Plan Area, along with the Soscol Gateway Area, has been designated as a “Priority Development Area” or PDA in the Bay Area region’s plan. PDA’s are areas where higher density development is encouraged near transit and jobs;
- Modified zoning standards to expand use of small lot standards and adopted several other updates for consistency with state laws and to improve green building standards;
- Issued a Notice of (local affordable) Funding Availability (NOFA) that resulted in agreements to help fund two lower income and one mixed income apartment developments totaling 123 units. One apartment project with 27 very low income units recently completed construction and the other two are approved;
- Approved and provided funding assistance for a 24-unit permanent supportive/ transitional apartment project, completed in 2011;
- Exceeded objectives by assisting 93 low income first time homebuyers;
- Exceeded objectives by assisting rehabilitation of 447 lower income rental units and 39 owner units;
- Exceeded objectives by providing rental assistance for 140 special needs households;
- Issued building permits for 23 accessory second units, including several in new subdivisions; and
- Exceeded objectives for federal rental assistance programs, now providing 1,378 vouchers annually Countywide.

This Housing Element builds upon these accomplishments by carrying forward successful programs and adding to or refining programs to better respond to community needs.

¹ Throughout this document, “City Housing Authority” shall refer to the independent legal entity of the Housing Authority of the City of Napa.

1.2 State Law Requirements for Housing Elements

State law requires each city and county to adopt a general plan containing at least seven elements, including a housing element. Rules regarding Housing Elements are found in the California Government Code Sections 65580-65589. Unlike the other mandatory general plan elements, the housing element is required to be updated every five years and is subject to detailed statutory requirements and mandatory review by the State of California Department of Housing and Community Development (HCD). Bay Area housing elements must be updated by January 31, 2015. According to State law, the Housing Element must:

- Provide goals, policies, quantified objectives and scheduled programs to preserve, improve and develop housing;
- Identify and analyze existing and projected housing needs for all economic segments of the community;
- Identify adequate sites that will be zoned and available within the 8 year housing cycle to meet the City's fair share of regional housing needs at all income levels;
- Be submitted to the State Department of Housing and Community Development (HCD) for HCD to review and "certify" that the Housing Element is in compliance with state law; and
- Be internally consistent with other parts of the General Plan (and is critical to having a legally adequate General Plan).

State Law establishes detailed content requirements for housing elements and requires a regional "fair share" approach to distributing housing needs. State Housing Element law recognizes that in order for the private sector to address housing needs and demand, local governments must adopt land-use plans and implementing regulations that provide opportunities for, and do not unduly constrain, housing development.

The City qualifies for and intends to apply for State HCD review under the "Streamlined Update" process. Use of the Streamlined Update provides a guide for updating necessary sections and facilitates State review.

Income limits are updated annually by the U.S. Department of Housing and Urban Development (HUD) for Napa County. For many State and local programs, HCD income eligibility limits are used. HCD income limits regulations are similar to those used by HUD. 2013 Napa County income limits used for Community Development Block Grant and HOME grant programs as defined by California Housing Element law are shown below:

- **Extremely Low Income Households:** Households earning less than 30 percent of the median household income—family of four earning less than \$24,550 per year in 2013.
- **Very Low Income Households:** Households earning less than 50 percent of the median household income—family of four earning less than \$40,900 per year in 2013.
- **Low Income Households:** Households earning 50-80 percent of the median household income—family of four earning between \$40,900 and \$64,400 per year in 2013.
- **Lower Income Households:** Defined by California Housing Element law as households earning less than 80 percent of the median income in 2013. This definition includes extremely low, very low and low income households.
- **Moderate Income Households:** Households earning 80-120 percent of the median income—family of four earning between \$64,400 and \$96,720 per year in 2013.
- **Above Moderate Income Households:** Households earning over 120 percent of the median household income—family of four earning above \$96,720 per year in 2013.

Figure 1.1 – 2013 Income Limits by Household Size for City of Napa and throughout Napa County

	<30% Extremely Low Income	30-50% Very Low Income	<80% Lower Income	80-120% Moderate Income	>120% Above Moderate Income
Family size	30% of Median	50% of Median	80% of Median	100% of Median	120% of Median
1	17,200	28,650	45,100	51,570	68,760
2	19,650	32,750	51,550	58,950	78,600
3	22,100	36,850	58,000	66,330	88,440
4	24,550	40,900	64,400	72,540	96,720
5	26,550	44,200	69,600	79,560	106,080
6	28,500	47,450	74,750	85,410	113,880

Source: City of Napa Housing Authority, 2012. Calculated based on information provided by the U.S. Department of Housing and Urban Development and the California State Department of Housing and Community Development

A comparison with example occupation wages indicates that many households, particularly single wage earner households, fall within lower income and moderate income categories.

Fast food cooks \$20,804
Farmworkers and Laborers \$25,722
Restaurant cooks \$29,684
Retail salesperson \$29,753
Nursing assistants \$33,325
Preschool teachers \$35,365
Secretaries except medical, legal and executive \$41,370
Construction laborers \$44,096
Graphic Designers \$57,067
Licensed Practical & Licensed Vocational Nurses \$57,354
Carpenters \$57,584
Elementary school teachers \$64,442
Police and sheriff patrol officers \$77,549
Registered Nurses \$105,870

Source: Mean annual wages (first qtr. 2013/CA EDD) for Napa Metropolitan Statistical Area released May, 2013

1.3 Why Housing is Important — Key Findings

The “housing crisis” in the Bay Area has been an evolving phenomenon over past decades as high demand (and need) has continually exceeded supply (and affordability). There has been a substantial movement in the Bay Area, intensified by concerns and legislation about climate change, to find ways to grow sustainably —that is, to encourage regional development patterns that are more compact, transit-oriented, well-designed, and highly livable. A central focus of this movement — the very foundation for achieving a more sustainable and livable Bay Area — is rethinking the way in which we plan, design, rehabilitate, preserve and manage housing in conjunction with transportation systems, jobs and services.

Local Housing Needs and Affordability

- **Single family homes are typically “affordable” only to Above Moderate Income households** and Napa’s housing stock is predominantly single family. In 2013, single family detached and attached units were about 62 percent of the total housing stock while multi-

family housing (including duplexes and apartments) comprised about 27 percent of the housing stock. The rest were mobile homes.

Example: To be “affordable” to a 4 person moderate income household in 2013, the purchase price of a 3 bedroom home would need to be less than \$351,000. Such opportunities are rare again in Napa as home prices have increased over the past several years. Zillow.com reported that the median sales price for 3 bedroom homes and condos in Napa was \$420,600 in June 2013.

- **Market Rate Apartments are affordable to Moderate Income and many Low Income households.**
- **Market Rate Apartments are generally NOT affordable to Extremely Low, Very Low and some Low Income households, who typically need some assistance to avoid paying disproportionate amounts of their income for housing or doubling up.**

Example: Very Low income two person households earn less than \$32,750 in 2013. A two person household making \$32,750 annual income, for example, can afford to pay about \$819/month, *including utilities except phones*. Average 1-bedroom apartment rents in Napa in 2013 are much higher than this. While some *existing* market rate apartments have rents affordable to lower income households, newer market rate apartments do not. Approximately 44 percent of current households in Napa would be considered extremely low income, very low income or low income (earning less than 80 percent of median income), according to CHAS estimates based on the 2006-2010 American Community Survey.

- **The City’s vacancy rate for market rate apartments is tight which puts pressure on rents to rise and contributes to overcrowding.** Vacancy rates are a key indicator used by economists to help identify trends and forecast future economic conditions to allow normal turnover among households. Generally, a 4.5 to 5 percent vacancy rate is considered to reflect a balanced and healthy rental market. Napa’s 2.3 percent market rate apartments’ vacancy rate in July 2013 is very low, which puts pressure on rents to rise and contributes to overcrowding. Typically, lower vacancy rates suggest high demand for new units, which will likely result in rising rents and sales prices as well as an increase in new construction in the future provided that financing is available. Conversely, higher vacancy rates suggest excess capacity and will likely result in a slowdown in new construction in conjunction with a slowdown in the rate of increase of rents and sales prices.

- **Housing costs are high compared to income.** In the last quarter of 2012, Napa County ranked in the top 15 *least affordable* Metro Area nationwide (National Association of Home Builders/Wells Fargo Housing Opportunity Index). This ranking is out of 222 metropolitan areas nationwide. Many of the least affordable metro areas are located within the San Francisco Bay Area and California. The Housing Opportunity Index is a measure of the percentage of homes sold in a given area affordable to a family earning the median income. Prices of new and existing homes sold are collected from court records of sales. In 2012, 64 percent of homes sold were affordable to median income Napa households.

1.4 Process for Updating the Housing Element

The Housing Element process is a strategic opportunity to develop real solutions to local housing needs. It is an opportunity to engage local residents, housing advocates, developers, elected officials, and other stakeholders in a constructive dialog to define and evaluate potential strategies and solutions.

The City has built upon the successes of previous Housing Element update processes to engage all economic segments of the community, including:

- (1) Selection of a Housing Element Advisory Committee to oversee the Housing Element update;
- (2) Publicity through the newspaper, flyers and use of the City's website;
- (3) Use of community workshops, forums and public hearings to discuss possible housing needs and strategies; and
- (4) Incorporation of strategies from the Affordable Housing Multi-Year Action Plan prepared by the Joint City/County Affordable Housing Task Force.

Schedule of Major Activities during the Housing Element Update

<i>December 2013</i>	City Council appointment of the Housing Element Committee
<i>January 2014</i>	Housing Element Advisory Committee Meeting #1
<i>February 2014</i>	Housing Element Advisory Committee Meeting #2
<i>March 2014</i>	Housing Element Advisory Committee Meeting #3
<i>April 2014</i>	Housing Element Advisory Committee Meeting #4

<i>May 2014</i>	Notice of Preparation of EIR and EIR Scoping Meeting
<i>June 2014</i>	Notice of Availability of Public Review Draft Housing Element (min 30 days); Community Workshop
<i>July 2014</i>	Submit to State Department of Housing and Community Development (HCD) for formal review (60 days)
<i>September 2014</i>	Staff review and responses to public, other agency comments, and HCD comments (possible proposed modifications to the Draft Housing Element); Release of Draft EIR for Housing Element Update
<i>December 2014</i>	Release of Final EIR for Housing Element Update
<i>January 2015</i>	Public hearings before the Napa Planning Commission and City Council to review and adopt the updated Housing Element
<i>February 2015</i>	Submittal of adopted Housing Element to HCD for review and determination of legal compliance

Housing Element Advisory Committee and Partner Groups

The Housing Element Advisory Committee is a seven member Committee representing a balance of neighborhood and environmental groups, business and real estate, and affordable housing/social service groups. The Committee includes:

<i>Affordable Housing</i>	<i>Neighborhoods/Environmental</i>	<i>Business/Real Estate</i>
JoAnn Busenbark	Beverly Shotwell	Kevin Teague
Betty Rhodes	Tracy Krumpfen	Ryan Gregory
	Lisa Batto	

Committee meetings were held in the evening, from 4 to 6 p.m., on the last Wednesday of the month for the first four months of 2014. Committee meetings were noticed and open to the public. A summary of the contents of each meeting is summarized below.

Housing Element Advisory Committee Meeting #1

The first Housing Element Advisory Committee meeting occurred on January 29, 2014 at Napa City Hall in the Committee Room. This initial meeting provided the opportunity for Committee members to introduce themselves and for the Housing Element consultant team to give a "Housing

Element 101" presentation. The presentation described the general intent and purpose of the update process, the contents and requirements included within the document, and outlined the process to complete the update. This first meeting also included a presentation and discussion on the regional context, including the relationship of the Housing Element to Plan Bay Area, and provided a summary of the 2015-2023 Housing Needs Assessment. Prior to the meeting, the Committee received and was asked to review a draft copy of Housing Element Section 5, *Housing Needs Assessment* to inform the discussion and allow for feedback on the content.

Housing Element Advisory Committee Meeting #2

The second Housing Element Advisory Committee meeting occurred on February 26, 2014 at Napa City Hall in the Committee Room. The second meeting focused on housing accomplishments during the 2007- 2014 planning period, the Housing Plan, and the prioritization of housing needs within the City. The Housing Element consultant team presented demographic information on the special needs groups analyzed in the Housing Element per State law and City of Napa Housing Staff presented information on recent accomplishments and financial resources available to fund housing programs. Prior to the meeting the Committee was asked to review Draft Housing Element Chapter 2, *Housing Vision and Goals*, Chapter 3, *Housing Policies for Achieving the Vision*, Chapter 4, *Napa's Action Plan for Housing*, and Appendix A, *Evaluation of 2009 Housing Element (HE) Policies and Programs/Actions*. These documents were provided to ensure the Committee members were aware of the City's accomplishments and to provide a starting point to collect input on housing priorities and programs to be considered for the 2015-2023 planning period.

During the second meeting the Housing Element Advisory Committee also reviewed and took into consideration the Affordable Housing Multi-Year Action Plan prepared by the Joint City/County Affordable Housing Task Force which is discussed in more detail below. A copy of the Final Task Force Action Plan and a matrix outlining the City's current actions/programs to address each Task Force strategy was presented and discussed by Staff and Committee members. The outcome of the meeting was a list of recommended changes to several of the programs included in the draft 2015-2023 Housing Plan.

Housing Element Advisory Committee Meeting #3

On March 26, 2014, the Housing Element Advisory Committee held its third meeting focused on Housing Resources including specific sites to be included to accommodate the City's 2014-2022 RHNA allocation. The Housing Element consultant team gave a presentation on the requirements of State law regarding the selection of housing sites and the Committee was asked review the sites and provide feedback. This meeting also served as a confirmation workshop to review the

Committee's recommendations for the Housing Plan including proposed revisions. During the meeting, a representative from the Joint City/County Affordable Housing Task Force also addressed the Committee and provided an update on future Taskforce activities which is expected to include a full report with a plan to focus on the actual development of affordable housing.

Housing Element Advisory Committee Meeting #4

Housing Element Advisory Committee Meeting #4 was held on April 30, 2014 from 4 to 6 p.m. at Napa City Hall in the Committee Room. Prior to this meeting the Committee was provided a revised Draft Housing Element including the text changes discussed in the previous three meetings. The fourth meeting was intended to allow Committee members to affirm their input was incorporated into the document prior to the community workshop scheduled for June 2014.

Community Workshop and Public Review

Following the completion of the Draft Housing Element and prior to review with the California Department of Housing and Community Development the Public Review Draft Housing Element was posted on the City web the first week of June to ensure availability and noticed a community workshop to allow for public comment. Stakeholders were informed that the Draft was available through the public noticing process, targeted stakeholder letters and community flyers. Written comments were provided by the following:

- North Bay Housing Coalition, Inc. – advocates for the developmentally disabled; Program H4.1 addresses the housing needs of people with developmental disabilities and supports outreach and collaboration with North Bay Regional Center and North Bay Housing Coalition .
- North Bay Association of REALTORS® - fully supportive of proposed amnesty program for second units (Program H3.F).

The workshop was held June 11, 2014 at the Napa County Library from 6pm to 8pm. Invitations to the meeting were sent to a list of stakeholder groups, including service providers, housing advocates, and developers. The Housing Element Advisory Committee members were also asked to attend and to encourage residents to participate. The meeting was also noticed online and through the local paper.

At the workshop, Staff and the consultant team presented information the major changes for the 2015-2023 planning period and the Housing Element update process. The presentation included an opportunity for attendees to participate in a prioritization exercise to help identify housing needs

for the various income groups and special needs groups identified in the Housing Element. During and after the presentation, attendees were able to ask questions or provide comments.

There were approximately 14 attendees at the workshop, primarily residents and Committee members. Discussion on the Public Review Draft Housing Element focused predominately on housing growth in Napa and tools the City currently uses or could use in the future to increase the supply of affordable housing.

Planning Commission Meeting

At their regularly scheduled meeting on July 10, 2014, the Planning Commission received a presentation on the Draft Housing Element (i.e. contents, process, information on the RHNA and next steps) and was provided a copy of the document for review. Commissioners commented in support of a program for second units (Program H3.E) and expressed interest in exploring flexible development standards for infill development. All were supportive of submitting the Draft document to HCD for initial review.

Joint City/County Affordable Housing Task Force

Recognizing the need to address housing affordability and accessibility issues in the region the City of Napa, County of Napa, and the City of American Canyon partnered in spring 2012 to create a Joint City/County Affordable Housing Task Force ("Task Force" or "Housing Task Force"). The Task Force included elected representatives, and representatives from the development, business, and agricultural communities, as well as environmental and affordable housing advocates, and focused on the evaluation of current and future opportunities for providing affordable housing within Napa County.

On May 1, 2013, the Task Force released a report with their recommendations, titled the Affordable Housing Multi-Year Action Plan. The Action Plan outlines steps the Task Force felt would best allow the City of Napa, County of Napa, and the City of American Canyon to implement affordable housing throughout Napa County and identifies mechanisms to provide ongoing funding for future affordable housing development. Within the Action Plan, five specific strategies are identified:

Strategy #1: Determine the Optimal Mix of Housing Types

Strategy #2: Maximize Financing Resources

Strategy #3: Promote Cost Efficiencies

Strategy #4: Implement Non-Monetary Production Opportunities

Strategy #5: Provide Adequate Oversight and Collect Data to Measure Success

Recognizing the importance of the Task Force recommendations, the City of Napa reviewed the Action Plan and identified actions through which the City feels it meets the objective of the five strategies and areas that may need further exploration. A matrix comparing the programs in the City's Housing Plan and the Taskforce's recommendations was presented and discussed at Housing Element Advisory Committee Meeting #2.

Affordable Housing Forum

On April 30, 2014, the Democrats of Napa Valley Club sponsored a public forum on affordable housing at the Napa County Library from 6:30 to 8:30 pm. The affordable housing forum included an overview on legislation and economic factors as they relate to the production of housing and a discussion of some of the recent accomplishments in the region. Following an introductory overview of the housing situation in the County, a panel of experts including Kathleen Dreessen, Executive Director of the Napa Valley Housing Coalition, Ken Frank, the Board Chair for the Napa Chamber of Commerce, Bill Dodd, Napa County Supervisor, District 4, Alfredo Pedroza, Napa City Councilmember, and Rex Stults, Government Relations Director for the Napa Valley Vintners were asked a series of questions related to housing and employment in the County. The panel discussed a number of issues including strategies to increase the number of available affordable units focusing on higher fees, allocating local tax funds to housing, partnering with local employers, and inter-jurisdictional cooperation. The meeting was well attended with roughly 80 participants, including many members of the City of Napa Community Development Department and the majority of the Housing Element Advisory Committee members.

1.5 Consistency with Other General Plan Elements

The goals and policies of all general plan elements must be internally consistent. Internal consistency of Napa's General Plan has been achieved by assuring that the goals, policies and actions of all elements are mutually supportive (See Appendix C). The Housing Element addresses all State requirements, including relevant legislation enacted subsequent to adoption of the previous element. It contains information on housing constraints and actions to deal with constraints, and reflects recent population, housing, land use, environmental and employment data.

The Housing Element includes information on the number of units required to meet Napa's share of the regional housing need. Sites with currently planned development potential to meet the City's housing needs are identified. The entire General Plan, including this revised Housing Element,

reaffirms the City goals by: (a) acting as a guide for municipal decisions which affect the quality and quantity of housing; and (b) maintaining Napa's present quality of life by balancing the availability of housing with other environmental considerations. This Housing Element not only responds to State law requirements, but also contains community-based strategies to:

- Use the remaining land in the City's Rural Urban Limit (RUL) efficiently to protect our agricultural surroundings;
- Provide more varied housing types and choices to meet our needs;
- Create great neighborhoods;
- Provide housing for our local special needs populations; and
- Establish a long-term sense of community and responsibility.

The Appendices to the Housing Element are incorporated as an integral part of this Housing Element.

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