Napa County

1195 THIRD STREET
SUITE 310
NAPA, CA 94559

Agenda

Wednesday, September 25, 2024
3:00 PM

Board of Supervisors Chambers
1195 Third Street, Third Floor

<u>Housing Commission</u>

Keri Akemi-Hernandez
Judith Myers
Jennifer Putnam
Manuel Rios
Michael Silacci
Arnulfo Solorio
Mike Swanton
Vacant
Vacant
Vacant

GENERAL INFORMATION

All materials relating to an agenda item for an open session of a regular meeting of the Housing Commission which are provided to a majority or all of the members of the Commission by Commission members, staff or the public within 72 hours of but prior to the meeting will be available for public inspection, on and after at the time of such distribution, in the office of the Clerk of the Housing Commission, 1195 Third Street, Suite 305, Napa, California 94559, Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m., except for County holidays. Materials distributed to a majority or all of the members of the Commission at the meeting will be available for public inspection at the public meeting if prepared by the members of the Commission or County staff and after the public meeting if prepared by some other person. Availability of materials related to agenda items for public inspection does not include materials which are exempt from public disclosure under Government Code sections 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22.

How to Watch or Listen to the Napa County Housing Commission Meetings

The Commission realizes that not all County residents have the same ways to stay engaged, so several alternatives are offered. Please watch or listen to the Housing Commission meeting in one of the following ways:

1. Attend in-person at the Board of Supervisors Chambers, 1195 Third Street, Napa, Suite 305; or

2. Watch on Zoom via www.zoom.us/join (Meeting ID: 851 6708 4340 or listen on Zoom by calling 1-669-900-6833 (Meeting ID: 851 6708 4340).

If you are unable to attend the meeting in person and wish to submit a comment, please do one of the following:

A. Join meeting via Zoom: www.zoom.us/join. Meeting ID 851 6708 4340, or listen on Zoom by calling 1-669-900-6833. Meeting ID 851 6708 4340. AND use the raise hand feature; or

B. Email your comment to ncha@countyofnapa.org. Your comment will be shared with the members of the Housing Commission.

1. CALL TO ORDER; ROLL CALL

2. PUBLIC COMMENT

3. APPROVAL OF MINUTES

A. Executive Director of Housing Authority requests approval of Minutes for the meeting of August 28, 2024. **24-1643**

Attachments: Minutes

4. SET MATTERS OR PUBLIC HEARING ITEMS

5. CONSENT ITEMS

6. MONTHLY REPORTS

A. Monthly Report from California Human Development Corporation (CHDC) **24-1644**

Attachments: Occupancy Chart

B. Monthly Report on Capital Improvement Projects. **24-1645**

Attachments: CIP Updates

C. Monthly Report from Housing Authority staff on community engagement regarding the 2024 Napa County Farmworker Housing Needs & Impacts Assessment. Requested action is additional recommendations for community engagement. **24-1654**

Attachments: Engagement

7. ADMINISTRATIVE ITEMS

A. Presentation by Generation Housing on the Napa Valley Housing Needs Assessment. No action required. **24-1673**

Attachments: 2024 Napa Valley Housing Needs Assessment
2024 State of Housing Report Napa Valley
Presentation

B. Presentation by Napa County Information Technology Services (ITS) on the Broadband Strategic Plan and Digital Equity Competitive Grant Program. **24-1652**

Attachments: Presentation

C. Commission Counsel to provide overview of the Ralph M. Brown Act and how it applies to the Napa County Housing Commission. **24-1655**

8. EXECUTIVE DIRECTOR REPORT

9. COMMISSIONER COMMENTS AND DIRECTION TO STAFF

During this item, the Commission may, upon affirmative vote, direct Staff to investigate or research matters and report back on those matters deemed appropriate by the Commission.

10. FUTURE AGENDA ITEMS

11. ADJOURN

I HEREBY CERTIFY THAT THE AGENDA FOR THE ABOVE STATED MEETING WAS POSTED AT A LOCATION FREELY ACCESSIBLE TO MEMBERS OF THE PUBLIC AT THE NAPA COUNTY ADMINISTRATIVE BUILDING, 1195 THIRD STREET, NAPA, CALIFORNIA ON SEPTEMBER 20, 2024 BY 5:00 P.M. A HARDCOPY SIGNED VERSION OF THE CERTIFICATE IS ON FILE WITH THE CLERK OF THE COMMISSION AND AVAILABLE FOR PUBLIC INSPECTION.

Jennifer Palmer (By e-signature)

JENNIFER PALMER, Secretary of the Commission

1195 THIRD STREET
SUITE 310
NAPA, CA 94559
www.countyofnapa.org

Main: (707) 253-4580

Napa County

Board Agenda Letter

Housing Commission | **Agenda Date:** 9/25/2024 | **File ID #:** 24-1643

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director of Housing Authority

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: Approval of Minutes

RECOMMENDATION

Executive Director of Housing Authority requests approval of Minutes for the meeting of August 28, 2024.

EXECUTIVE SUMMARY

Executive Director of Housing Authority requests approval of Minutes.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Executive Director of Housing Authority requests approval of Minutes for the meeting of August 28, 2024.

MINUTES OF THE
NAPA COUNTY HOUSING COMMISSION

August 28, 2024

Draft Summary of the Proceedings

1. Call to Order/Roll Call

Present: Commissioners Keri Akemi-Hernandez, Judith Myers, Manny Rios, Michael Silacci, and Mike Swanton.
Absent: Commissioner Arnulfo Solorio
Meeting was called to order by: Chair Akemi-Hernandez

2. Public Comment

None.

3. Approval of Minutes

A. Director of Housing and Homeless Services requests approval of minutes for the meeting of May 22, 2024.

Motion text:	Approve the minutes.
Voting Yes:	Commissioners Akemi-Hernandez, Myers, Rios, Silacci, and Swanton
Voting No:	None
Result:	Passed

4. Set Matters or Public Hearing Items

None.

5. Consent

A. Accept and file the quarterly report to the Napa County Housing Authority for the quarter ended June 30, 2024.
B. Housing Authority donation report for Fiscal Year 2024. No action required.
C. Direct staff to draft a letter of recommendation to Board of Supervisors for approval of Jennifer Putnam's application for appointment to Housing Commission.

Motion text:	Approve all consent items.
Voting Yes:	Commissioners Akemi-Hernandez, Myers, Rios, Silacci, and Swanton
Voting No:	None
Result:	Passed

6. Monthly Reports

A. Monthly Report from California Human Development Corporation (CHDC).

Presentation made by Santino Garcia, CHDC Chief Operations Officer. Current occupancy Mondavi-54, Calistoga-59, River Ranch-58. New manager hired for Mondavi, Cristina Cervantes. Ongoing analysis with onsite managers to evaluate dips in occupancy, with goal of full occupancy by first week of September.

No public comment.

Discussion held.

7. **Administrative Items**

A. Receive a presentation regarding Farmworker Housing Needs & Impacts Assessment.

Presentation made by Alex Carrasco, Project Manager, which included project background, data and findings, and opportunities for collective action.

No public comment.

Discussion held.

B. Bay Area Housing Finance Authority (BAHFA) bond initiative updates. No action needed.

Presentation made by Jennifer Palmer, Executive Director on the BAHFA Board's recent vote to remove the Bay Area Affordable Housing Bond from the ballot.

No public comment.

Discussion held.

C. Capital improvement project updates. For discussion only, no action needed.

Presentation made by Alex Carrasco, Project Manager. Sidewalk repair project is underway at River Ranch. Fire pump repair at Mondavi completed.

No public comment.

Discussion held.

D. Discussion of Calistoga Farmworker Center public water system and possible recommendation to the Housing Authority to authorize purchase of a capital asset for large volume lead/lag system (arsenic treatment).

Presentation made by Alex Carrasco, Project Manager. Arsenic treatment system at the Calistoga Center is in need of replacement due to equipment age (installed in 2006), wear of equipment components, and higher concentrations of arsenic in raw well water. Staff recommend purchase of new arsenic treatment system.

No public comment.

Discussion held.

Motion text: Recommendation to Housing Authority the authorization to purchase

	capital asset for arsenic treatment.
Voting Yes:	Commissioners Akemi-Hernandez, Myers, Rios, Silacci, and Swanton
Voting No:	None
Result:	Passed

8. Executive Director Report

Staff will return in future meetings with information regarding presentations of the Farmworker Housing Needs and Impact Assessment Report in the community.

9. Commissioner Comments and Direction to Staff

County should evaluate efficacy of security services on the first floor of administration building.

10. Future Agenda Items

None.

11. Adjourn

Meeting adjourned to the next regular meeting on Wednesday, September 25, 2024, at 3:00 pm.

____
Keri Akemi-Hernandez, Chair

ATTEST: __________________________________
Jennifer Palmer, Secretary of the Commission

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Housing Commission | **Agenda Date:** 9/25/2024 | **File ID #:** 24-1644

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director of Housing Authority

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: Monthly Report from California Human Development Corporation (CHDC)

RECOMMENDATION

Monthly Report from California Human Development Corporation (CHDC)

EXECUTIVE SUMMARY

A monthly report from CHDC on the status of the Farmworker Centers including occupancy report, maintenance updates, and to review accounts receivable balances at each center.

PROCEDURAL REQUIREMENTS

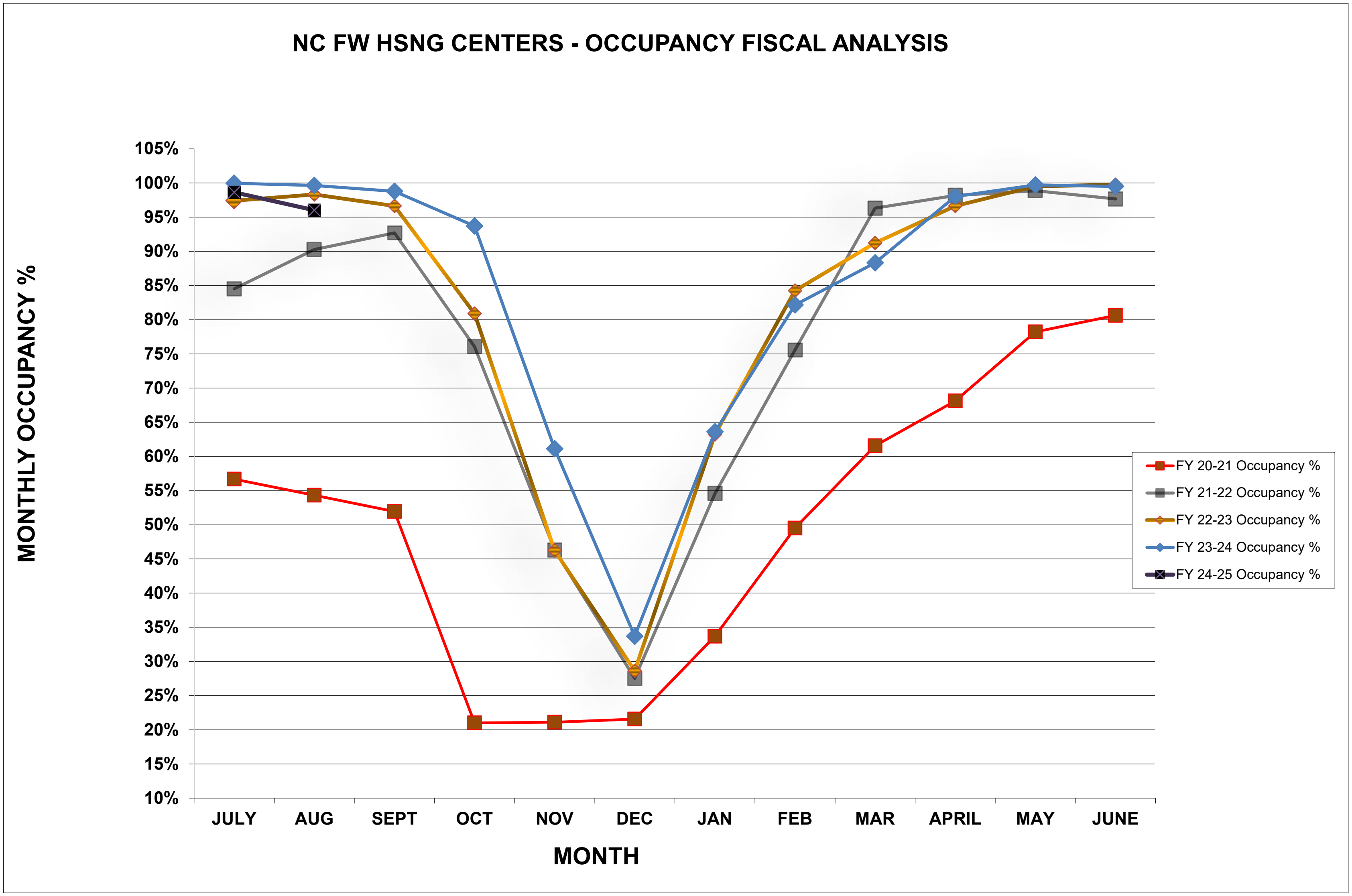
1. Staff Report
2. Public Comment
3. Discussion

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa County Housing Authority contracts with CHDC, a non-profit organization, with more than 50 years of experience with farmworkers. CHDC staff at each of the three publicly owned farmworker centers provide day to day services including enrolling applicants into or out of the housing program, collecting rent, maintenance, cleaning, and cooking three meals a day, six days a week for up to 60 lodgers per location or 180 total.


NC FW HSNG CENTERS - OCCUPANCY FISCAL ANALYSIS
MONTHLY OCCUPANCY %
105%
100%
95%
90%
85%
80%
75%
70%
65%
60%
55%
50%
45%
40%
35%
30%
25%
20%
15%
10%
JULY
AUG
SEPT
OCT
NOV
DEC
JAN
FEB
MAR
APRIL
MAY
JUNE
MONTH
FY 20-21 Occupancy %
FY 21-22 Occupancy %
FY 22-23 Occupancy %
FY 23-24 Occupancy %
FY 24-25 Occupancy %

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NAPA COUNTY FARMWORKER HOUSING CENTERS
OCCUPANCY REPORT
FY 2024/2025

For the period of: 7/1/2024 through 6/30/2025

PLAN	TOTALS ALL SITES	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
2024-25	Available Capacity - Nights	5,580	5,580	5,400	5,580	5,400	1,980	3,780	5,040	5,580	5,400	5,580	5,400	60,300
	Scheduled Capacity - Nights	5,580	5,580	5,400	4,980	3,300	1,980	5,580	5,040	5,580	5,400	5,580	5,400	59,400
	Scheduled Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Monthly Projected Nights	5,301	5,301	5,130	4,731	3,135	1,881	5,301	4,788	5,301	5,130	5,301	5,130	56,430
	YTD Projected Nights	5,301	10,602	15,732	20,463	23,598	25,479	30,780	35,568	40,869	45,999	51,300	56,430	56,430
	Monthly Actual Nights	5,504	5,358	-	-	-	-	-	-	-	-	-	-	10,862
	YTD Actual Nights	5,504	10,862	-	-	-	-	-	-	-	-	-	-	10,862
(1)	YTD Actual Occupancy %	99%	97%											97%
(2)	YTD Projected - Occupancy %	95%	95%											95%
(3)	YTD Occupancy % to Projected	104%	102%											102%
(4)	Monthly Actual Occupancy %	99%	96%											96%
(5)	Monthly Projected Occupancy %	95%	95%											95%
(6)	Monthly Occupancy % to Projected	104%	101%											101%
	Rent Earned	93,568.00	91,086.00											184,654.00
	Rent Collected	102,631.00	84,150.00											186,781.00
	Deposits	103,713.00	85,476.00											189,189.00
	Deposits in Transit	7,174.00	5,848.00											5,848.00
	YTD NCHA Approved Write Offs													
	Beginning Balance: N/A	-	-											-
	YTD Deposits in Transit													
	Beginning Balance: 8,256.00	7,174.00	5,848.00											5,848.00
	YTD Accounts Receivable													
	Beginning Balance: 3,686.00	8,784.00	12,375.00											12,375.00
	YTD Prepaid Rents													
	Beginning Balance: 231.00	14,392.00	11,047.00											11,047.00
	Monthly Vacancy Loss - $$	-	464.00											464.00
	YTD Vacancy Loss - $$	-	464.00											464.00
	Monthly Vacancy Loss - Nights	-	29											29
	YTD Vacancy Loss - Nights	-	29											29
	Vacancy Loss based on Projected Occupancy by Site													

I certify that this report is a true and accurate presentation of actual occupancy and earned rent revenue during the reporting period and that these occupancy and earned rent figures were collected in accordance with the purpose and conditions of the contract referenced above.

Santino Garcia (Sep 12, 2024 14:39 PDT) 09/12/2024

Santino Garcia, COO Date
California Human Development Corporation

Michael S Whitt 9/12/2024

Prepared by: Michael S Whitt, Senior Accountant Date
California Human Development Corporation

(1) YTD actual nights divided by YTD scheduled capacity nights
(2) YTD projected nights divided by YTD scheduled capacity nights
(3) YTD actual nights divided by YTD projected capacity nights
(4) Monthly actual nights divided by scheduled capacity nights
(5) Monthly projected nights divided by monthly scheduled capacity nights
(3) Monthly actual nights divided by YTD projected capacity nights

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NAPA COUNTY FARMWORKER HOUSING CENTERS
OCCUPANCY REPORT
FY 2024/2025

For the period of: **7/1/2024** **through** **6/30/2025**

	CALISTOGA	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
2024-25	**Available Capacity - Nights**	1,860	1,860	1,800	1,860	1,800	60	1,860	1,680	1,860	1,800	1,860	1,800	20,100
	Scheduled Capacity - Nights	1,860	1,860	1,800	1,860	1,500	60	1,860	1,680	1,860	1,800	1,860	1,800	19,800
	Scheduled Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Monthly Projected Nights	1,767	1,767	1,710	1,767	1,425	57	1,767	1,596	1,767	1,710	1,767	1,710	18,810
	YTD Projected Nights	1,767	3,534	5,244	7,011	8,436	8,493	10,260	11,856	13,623	15,333	17,100	18,810	18,810
	Monthly Actual Nights	1,842	1,824	-	-	-	-	-	-	-	-	-	-	3,666
	YTD Actual Nights	1,842	3,666											3,666
	YTD Actual Occupancy %	99%	99%											99%
	YTD Projected - Occupancy %	95%	95%											95%
	YTD Occupancy % to Projected	104%	104%											104%
	Monthly Actual Occupancy %	99%	98%											98%
	Monthly Projected Occupancy %	95%	95%											95%
	Monthly Occupancy % to Projected	104%	103%											103%
	Rent Earned	31,314.00	31,008.00											62,322.00
	Rent Collected	34,172.00	28,645.00											62,817.00
	Deposits	34,187.00	30,311.00											64,498.00
	Deposits in Transit	3,009.00	1,343.00											1,343.00
	YTD NCHA Approved Write Offs													
	Beginning Balance: **N/A**	-	-											-
	YTD Deposits in Transit													
	Beginning Balance: **3,024.00**	3,009.00	1,343.00											1,343.00
		-	-											
	YTD Accounts Receivable													
	Beginning Balance: **1,146.00**	2,640.00	3,915.00											3,915.00
		-	-											
	YTD Prepaid Rents													
	Beginning Balance: -	4,352.00	3,264.00											3,264.00
		-	-											
	Monthly Vacancy Loss - $$	-	-											-
	YTD Vacancy Loss - $$	-	-											-
	Monthly Vacancy Loss - Nights	-	-											-
	YTD Vacancy Loss - Nights	-	-											-
	Vacancy Loss based on Projected Occupancy													

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NAPA COUNTY FARMWORKER HOUSING CENTERS
OCCUPANCY REPORT
FY 2024/2025

For the period of: 7/1/2024 through 6/30/2025

	MONDAVI													
		JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
2024-25	Available Capacity - Nights	1,860	1,860	1,800	1,860	1,800	60	1,860	1,680	1,860	1,800	1,860	1,800	20,100
	Scheduled Capacity - Nights	1,860	1,860	1,800	1,260	300	1,860	1,860	1,680	1,860	1,800	1,860	1,800	19,800
	Scheduled Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Monthly Projected Nights	1,767	1,767	1,710	1,197	285	1,767	1,767	1,596	1,767	1,710	1,767	1,710	18,810
	YTD Projected Nights	1,767	3,534	5,244	6,441	6,726	8,493	10,260	11,856	13,623	15,333	17,100	18,810	18,810
	Monthly Actual Nights	1,847	1,738	-	-	-	-	-	-	-	-	-	-	3,585
	YTD Actual Nights	1,847	3,585											3,585
	YTD Actual Occupancy %	99%	96%											96%
	YTD Projected - Occupancy %	95%	95%											95%
	YTD Occupancy % to Projected	105%	101%											101%
	Monthly Actual Occupancy %	99%	93%											93%
	Monthly Projected Occupancy %	95%	95%											95%
	Monthly Occupancy % to Projected	105%	98%											98%
	Rent Earned	31,399.00	29,546.00											60,945.00
	Rent Collected	32,130.00	29,325.00											61,455.00
	Deposits	35,906.00	26,690.00											62,596.00
	Deposits in Transit	-	2,635.00											2,635.00
	YTD NCHA Approved Write Offs													
	Beginning Balance: N/A	-	-											-
	YTD Deposits in Transit													
	Beginning Balance: 3,776.00	-	2,635.00											2,635.00
		-	-											
	YTD Accounts Receivable													
	Beginning Balance: 1,784.00	4,300.00	5,035.00											5,035.00
		-	-											
	YTD Prepaid Rents													
	Beginning Balance: 78.00	3,325.00	3,839.00											3,839.00
		-	-											
	Monthly Vacancy Loss - $$	-	464.00											464.00
	YTD Vacancy Loss - $$	-	464.00											464.00
	Monthly Vacancy Loss - Nights	-	29											29.00
	YTD Vacancy Loss - Nights	-	29											29
	Vacancy Loss based on Projected Occupancy													

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NAPA COUNTY FARMWORKER HOUSING CENTERS
OCCUPANCY REPORT
FY 2024/2025

For the period of: **7/1/2024** **through** **6/30/2025**

	RIVER RANCH	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
2024-25	Available Capacity - Nights	1,860	1,860	1,800	1,860	1,800	1,860	60	1,680	1,860	1,800	1,860	1,800	20,100
	Scheduled Capacity - Nights	1,860	1,860	1,800	1,860	1,500	60	1,860	1,680	1,860	1,800	1,860	1,800	19,800
	Scheduled Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Monthly Projected Nights	1,767	1,767	1,710	1,767	1,425	57	1,767	1,596	1,767	1,710	1,767	1,710	18,810
	YTD Projected Nights	1,767	3,534	5,244	7,011	8,436	8,493	10,260	11,856	13,623	15,333	17,100	18,810	18,810
	Monthly Actual Nights	1,815	1,796	-	-	-	-	-	-	-	-	-	-	3,611
	YTD Actual Nights	1,815	3,611											3,611
	YTD Actual Occupancy %	98%	97%											97%
	YTD Projected - Occupancy %	95%	95%											95%
	YTD Occupancy % to Projected	103%	102%											102%
	Monthly Actual Occupancy %	98%	97%											97%
	Monthly Projected Occupancy %	95%	95%											95%
	Monthly Occupancy % to Projected	103%	102%											102%
	Rent Earned	30,855.00	30,532.00											61,387.00
	Rent Collected	36,329.00	26,180.00											62,509.00
	Deposits	33,620.00	28,475.00											62,095.00
	Deposits in Transit	4,165.00	1,870.00											1,870.00
	YTD NCHA Approved Write Offs													
	Beginning Balance: N/A	-	-											-
	YTD Deposits in Transit													
	Beginning Balance: 1,456.00	4,165.00	1,870.00											1,870.00
		-	-											
	YTD Accounts Receivable													
	Beginning Balance: 756.00	1,844.00	3,425.00											3,425.00
		-	-											
	YTD Prepaid Rents													
	Beginning Balance: 153.00	6,715.00	3,944.00											3,944.00
		-	-											
	Monthly Vacancy Loss - $$	-	-											-
	YTD Vacancy Loss - $$	-	-											-
	Monthly Vacancy Loss - Nights	-	-											-
	YTD Vacancy Loss - Nights	-	-											-

Vacancy Loss based on Projected Occupancy

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Napa County

Board Agenda Letter

Housing Commission | **Agenda Date:** 9/25/2024 | **File ID #:** 24-1645

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director of Housing Authority

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: Monthly Report on Capital Improvement Projects

RECOMMENDATION

Monthly Report on Capital Improvement Projects.

EXECUTIVE SUMMARY

Monthly Report on Capital Improvement Projects. For discussion only, no action needed.

PROCEDURAL REQUIREMENTS

1. Staff Report.
2. Public Comment.
3. Discussion.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

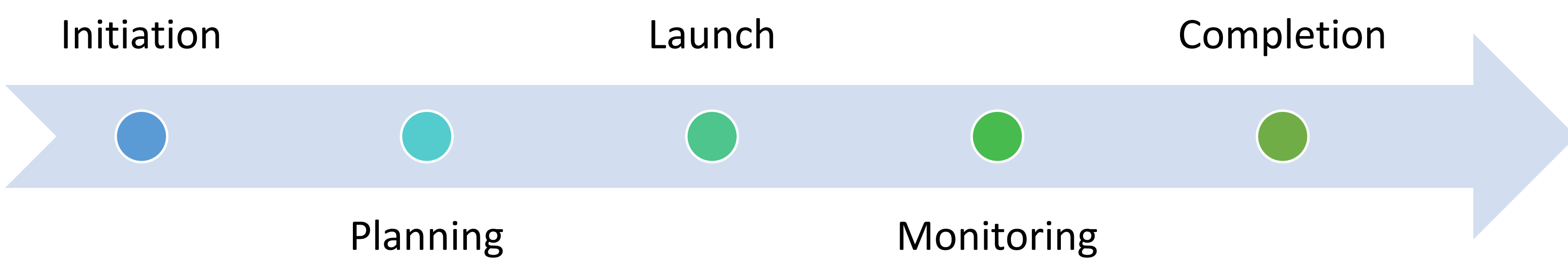
BACKGROUND AND DISCUSSION

In December 2023, Housing Authority staff presented the Housing Commissioners with the list of capital improvements needs identified by County and CHDC staff. This list included summary of project scope and budgets based on informal solicitation of project estimates by related service providers. The list was sorted by health and safety impact needs and projects were ranked “HIGH, “MEDIUM”, and “LOW” priority. Additionally, available funding sources - including donor-advised funds from the Farmworker Committee -

were noted for each potential project. Housing Commissioners discussed the scope of needs and available funds and recommended staff proceed with securing estimates and submitting budget adjustments to proceed immediately with all items identified as “HIGH” priority items. Today, Housing Authority staff provide an update on each project identified as high priority and next steps for securing bids, contracts, and budget adjustments to launch the identified work.

Capital Improvement Projects - High Priority

	Item	Location	Budget	Funding Source	Phase	Update (9/12/24)
1	Walkway Repair	River Ranch	$ 75,000	Donation	Monitoring	Project near completion.
2	Fire Pump Repair	Mondavi	$ 7,090	NCHA-Maint Budget	Complete	Project Complete
3	Kitchen Fire Suppression Repair	Calistoga	$ 6,445	NCHA-Maint Budget	Planning	Project launch postponed to December '24
4	Water Treatment Backup Generator	All Centers	$ 60,000	Donation	Planning	Next step - RFQ for engineer designs and specifications
5	Radiant Heat	River Ranch	$ 56,000	Other	Complete	Project Complete
6	Kitchen Fire Suppression Repair	Mondavi	$ 4,125	NCHA-Maint Budget	Complete	Project Complete



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Napa County

Board Agenda Letter

Housing Commission	**Agenda Date:** 9/25/2024	**File ID #:** 24-1654

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director of Housing Authority

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: FHNIA Community Engagement Report

RECOMMENDATION

Monthly Report from Housing Authority staff on community engagement regarding the 2024 Napa County Farmworker Housing Needs & Impacts Assessment. Requested action is additional recommendations for community engagement.

EXECUTIVE SUMMARY

Monthly Report from Housing Authority staff on community engagement regarding the 2024 Napa County Farmworker Housing Needs & Impacts Assessment. Requested action is additional recommendations for community engagement.

PROCEDURAL REQUIREMENTS

1. Staff Report

2. Public Comment

3. Discussion

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa County Board of Supervisors commissioned the Farmworker Housing Needs and Impacts

Assessment in July 2023 to shed light on the housing challenges faced by farmworkers in Napa County and the impact those challenges are having on the Napa Valley wine industry. Housing Authority staff presented the report to the commission in August 2024 and initiated a series of presentations to help inform the community about the project, report findings, and the opportunities for collective action. Today's report will update the commission on community engagement efforts.

2024 Farmworker Housing Needs & Impacts Assessment Report
Community Engagement

Opportunities for Engagement

Farmworker Foundation	City Councils	General Public
UpValley Family Center	Live Healthy Napa County	Farm Bureau
Puertas Abiertas	Burbank Housing	Grape Growers
Lideres Campesinas	Napa Valley Housing Coalition	Live Healthy Napa County
Vintners (completed)	Housing Commission (completed)	Board of Supervisors (completed)

Calendar

2024						2025
JUL	AUG	SEP	OCT	NOV	DEC	JAN
Board of Supervisors	Housing Commission	Vintners	TBD	TBD	TBD	City Councils

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Housing Commission | **Agenda Date:** 9/25/2024 | **File ID #:** 24-1673

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: Presentation by Generation Housing on Napa Valley Housing Needs Assessment Report

RECOMMENDATION

Presentation by Generation Housing on the Napa Valley Housing Needs Assessment. No action required.

EXECUTIVE SUMMARY

Generation Housing (Gen H) is a non-profit organization focused on providing public education for decision-makers and policymakers about housing policy solutions to improve the housing system. Gen H conducts research, develops reports and acts as a regional convener aligning diverse local interests around effective housing solutions to meet local and regional housing goals. Today, Gen H will present the contents of the Napa Valley Housing Needs Assessment, a report that provides an evaluation of current and projected housing needs to the regional housing inventory. No action required.

PROCEDURAL REQUIREMENTS:

1. Staff Report
2. Public Comment
3. Discussion

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California

Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

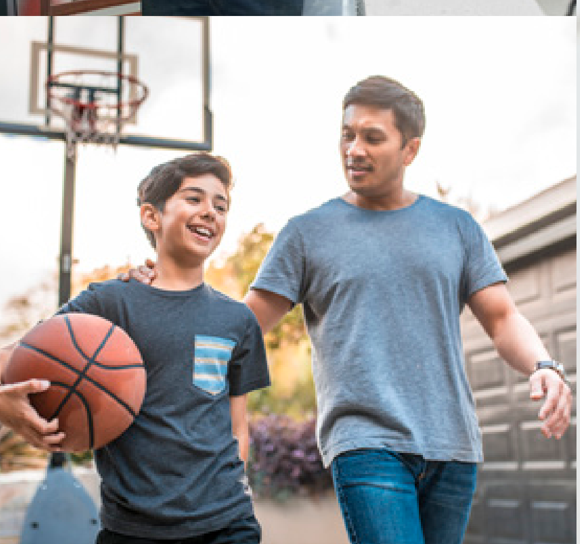
On September 12, 2023, the Board of Supervisors approved Agreement No. 240143B with Generation Housing to develop two reports:

1. State of Housing in Napa Valley Report: A comprehensive report covering housing stock and cost, density, land use, homebuilding, populations shifts and demographic breakdowns of housing cost burden and overcrowding. The report aims to educate the public, community leaders, and policymakers so that the community can collectively and collaboratively make informed, evidence-based decisions on policy, projects, and funding addressing the existing housing shortage.

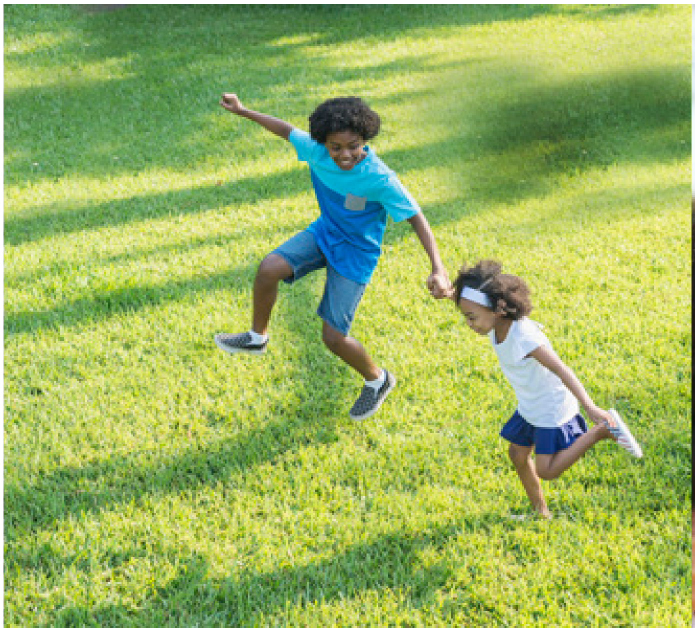
2. Napa Valley Housing Needs Assessment: A second report providing an independent and objective evaluation of current and projected housing needs aligned to the regional housing inventory. The report considers how current housing availability is addressed by 6th Cycle Housing Element sites inventories in each of Napa Valley's jurisdictions and utilizes insights into existing transit and job centers, and projected demographic and job sector growth to match future needs to supply. The regional approach to the data and analysis allows the County, and the individual jurisdictional entities within the County, to understand housing as a coordinated effort across jurisdictions, helping to assign housing typologies to geographical areas best served by those projects in alignment with principles of equity, sustainability, and regional commitments to climate action.

GENERATION HOUSING NAPA VALLEY

Napa Valley Housing Needs Assessment



Contents



Napa Valley Housing Needs Assessment

Introduction

Napa Valley's housing market experiences pressures common to nearly all Bay Area counties. The Valley is both a stable center of employment and a highly desirable place to live, attracting higher-earning residents looking to enjoy the region's rich amenities at the same time as it draws skilled workers into its core hospitality, agricultural, manufacturing, and healthcare sectors. But while the former group, which includes wealthier retirees and professionals who work outside of the Valley, might be able to keep up in an ever-tightening housing market, the latter finds it increasingly difficult to live in the same place they work, despite the Valley's historic housing affordability in comparison to peers like San Mateo, San Francisco, and Santa Clara County.[1]

Today, those most readily able to live in Napa Valley are not necessarily part of its workforce. The subsequent impact on its housing market is significant: Housing prices, unconstrained by the needs of Napa Valley's workforce, have risen beyond the reach of low- and moderate-income households. Relatedly, the aging and depreciation of older housing stock that many places typically rely upon to maintain affordable homes for workforce households has not materialized.[2] Instead, median rents in Napa Valley have doubled since 2005 and median home prices have increased nearly 400% since 1990.[3] Napa Valley is demonstrating how, absent decisive action on housing supply and costs, real estate markets in amenity-rich destinations can wholly transform in the timespan of just one generation.

This report on Housing Needs in Napa Valley first estimates the deficit in housing production since 2000, based on what the Valley would have needed to maintain typical historic population growth. We then explore future housing needs by estimating how many young adult households, workforce households, and households with children are now missing and must be accommodated moving forward.

The evolution of Napa Valley's housing market preceded by nearly a full decade the transformation wrought by the tech boom across the greater Bay Area. Napa Valley's young adults experienced delays in households now typical of the region at least a decade before the rest of the state. Likewise, its drops in rates of homeownership among moderate and lower income residents preceded similar declines in cities like San Francisco, resulting in the loss of thousands of workforce households. Finally, the decline of workers living within county lines can be seen in Napa Valley several years before the Bay Area region as a whole saw large increases in workers living out-of-county and commuting in.

Despite comparative and historical affordability of its housing stock, the Valley's more modestly priced homes were no match for demand from higher earning residents. And if Napa Valley's durable workforce exerted little leverage on existing home prices despite increasing demand for their services, the Bay Area as a whole stood minimal chance of remaining a home for moderate and lower income households during its own transformation. Fortunately, many counties are beginning to act.

The Valley's response to its housing need can take inspiration from other Bay Area counties and cities that are seeking to curb out-migration to the Central Valley or out of state, as well as the decline in households with children and the increase in cost burden. But it must take on rising housing prices that stem from its unique economic transformation into a global, amenity-rich destination. In the past two decades, as we show in this report, the threat to Napa Valley's workforce residents and hiring pools has been temporarily mitigated by more affordable, regional housing markets. As these neighboring cities themselves see rising home prices, the regional hiring pool as a whole may experience even greater cost burden.

Napa Valley's Current Housing Deficit

Underbuilding caused a deficit of homes between 2000 and the present, the majority of them for lower income residents. The convergence of underproduction with the region's rise to fame as a global destination resulted in a severe mismatch between the demand for workforce housing and the available supply.

- Napa Valley has a twenty-year housing deficit of roughly 9,700 homes that should have been built to accommodate natural population growth. This includes nearly all of the 1,300 homes lost to wildfires between 2017 and 2020 that were not rebuilt.
- 65% of the 9,700 unit shortfall originates from a shortage of affordable homes not built during this period for lower income households.
- Napa Valley added around 8,200 housing units to its overall stock of 55,000 units during this period, of which 1,777 are now deed-restricted LIHTC affordable homes available to lower income households.

Napa Valley's Future Housing Need

In addition to a deficit accrued since 2000 of nearly 9,700 units, Napa Valley's future need is determined by delayed household formation among existing residents and workers. If rates of headship, homeownership, and workers living within the Valley had remained at historical averages, we can estimate the extent of delayed or prohibited household formation over the last two decades. If these households seek homes in the coming years, we anticipate that:

- More rental and for-sale units will be needed in coming years for the nearly 8,000 fewer young adult households that have formed compared to historical averages.
- 3,000 renter households, who delayed making the transition to owner-occupied units compared to 2005 rates, must be accommodated.
- There are 13,000 missing lower-moderate and below moderate earning households (i.e., those earning below $100,000) since 2015, including 4,100 who failed to maintain households as a result of out-migration or have returned to co-share arrangements with families or other renters.
- Napa Valley will need homes for an estimated 3,500 new workers in the low- and lower-moderate income categories concentrated in the hospitality, beverage manufacturing, agricultural, and health services sectors.

What Napa Valley Needs from its Housing

Napa Valley is already outperforming some forecasts. For example, a 2021 Caltrans report predicted that "housing production is expected to average 250 to 300 homes per year from 2021 to 2026, consisting primarily of single-family homes."[4] The Valley as a whole has defied these trends, correcting some of the lack of diversity of housing. Units in the pipeline for the 6th RHNA Cycle will make an even larger dent in this deficit. But needs remain:

- Napa Valley has lost 6,000 owner-occupied homes affordable to moderate- and low-income households, primarily concentrated in the City of Napa and American Canyon.
- Napa Valley has 5,700 homes occupied by Above Moderate earners who are paying under 20% of their income on rental and owner-occupied units that cost $2,000 or less per month — a modest price more closely matched to moderate- and low-income households.
- 3,500 large bedroom units are currently occupied by 1-person households that could alleviate overcrowding among lower earners.
- 80% of its 3-bedroom homes are for sale, the highest rate in the North Bay, restricting rental options for larger families.
- Nearly all of Napa Valley's 1-bedroom units are for rent, compared to 15% of 1-bedrooms in Marin County, meaning the Valley supplies very few condos or small homes to own that could serve as entry-level ownership options.

Recommendations: The Challenge of Affordable Housing in Amenity-Rich Destinations

Napa Valley faces a unique set of challenges to ensure housing is affordable to its lower and moderate earning workforce. As some analysts have framed it, amenity-rich destinations experience "symptoms of [their own] successful economic development strategy."[5] When industries staffed by hospitality, agricultural, and manufacturing workers attract potential residents who are not part of the workforce, regions should expect to see a greater than average share of homeseekers who are not necessarily bound by the region's median incomes. The housing market that results is largely unconstrained by the incomes of workers in its predominant industries. And in places that have an additional pull other than jobs, meeting the job/housing balance is harder because many come for reasons other than employment.

At the same time, Napa Valley's workforce pool is sheltered in the short term by virtue of more affordable cities outside of the Valley but close enough to workplaces. If housing prices push people out, jobs keep them nearby. As a result, workers may leave Napa Valley but not the regional workforce pool. Cities like Vacaville and Fairfield and counties like Lake County act as pressure relief valves that let Napa Valley maintain its workforce even as prices rise, putting fewer checks on housing prices within the Valley.

In these volatile contexts, policy plays a key role in keeping prices down. But inaction is a policy response as well. Studies have shown that in amenity-rich destinations like Napa Valley where home conversions to short term rentals for tourists dominate new rental options, such changes are indicative of a greater emphasis on "increasing house prices [rather than] increasing supply quantities."[6] Yet without relief, high demand among visitors will continue to incentivize a number of transformative market effects, from higher shares of second homes on the vacancy market to the "conversion of housing into rentals."[7]

All of this means that local governments of regions with luxury real estate are susceptible to demands that originate far beyond their region. They can experience changes that are unbound by regional workforce trends and rarely pegged to changes in nearby urban employment centers, meaning that Napa Valley cannot bank on regional market incentives to keep its prices affordable.[8]

Finally, its most common asset — owner-occupied homes — are most vulnerable to these types of transformations. While conversions may impact all sorts of homes by tenure or location, industry analysts have found the increase in vacation homes and condos has its greatest impact on moderate priced owner-occupied units, the ones most likely to serve as entry level homes, thereby short-circuiting "the normal path to homeownership."[9]

The 2000–2010 period was critical in this transformation — not only for the rise in demand among higher earning residents, but also for what can be learned from the North Bay's policy responses as a whole. Between 2000 and 2010 Napa Valley saw the largest increase in rates of rental cost burden among any Bay Area county, with a 13 percentage point increase, bringing it above the nine county Bay Area average for the first time.[10] This was driven by large increases in burden for the lowest quartiles of earners during that period.[11] At the same time, its annual per capita permitting dropped at faster rates than neighboring counties, ceding one of the primary levers the Valley could use to stabilize prices. Among limited supply, workforce households competed against higher earners for limited openings, leading to displacement. As major analyses of similar amenity-rich market transformations have shown, in constrained markets with high levels of competition for moderately affordable housing, you see what housing policy experts call a housing ladder or bridge. When the highest-priced housing gets even more expensive — as happens rapidly in hot markets like amenity destinations — some buyers will shift into the tier below. These buyers can outbid people who were stretching to purchase homes in this tier, and they will shift into the tier below.[12]

As we find, Napa Valley experiences some of the highest rates of misalignment in the North Bay, with nearly 5,700 modestly priced homes occupied by above moderate households. During this process, surrounding regions have absorbed what would otherwise be higher rates of cost burden, overcrowding, and out-migration among those who cannot outbid higher earners. This effectively acts as a pressure relief valve that tempers demand for Napa Valley residences while also enabling it to maintain a healthy workforce. The highest net out-migration was to regional neighbors of Solano County, Lake County, Sonoma County, and Sacramento County.[13] The challenge now is that prices in the nearby cities are also rising, meaning that Napa Valley may not have this relief valve for as long.[14]

Current Deficit: Napa Valley Is Short 9,700 Homes

We estimate that Napa Valley has a twenty-year housing deficit of roughly 9,700 homes that should have been built to accommodate population growth, but were not. The large majority of the deficit in homes we see today, 65 percent, has disproportionately impacted lower-income households who have been unable to secure affordable housing.

We note that our deficit estimate greatly exceeds Napa Valley's 2023–2031 Regional Housing Needs Allocation (RHNA) of 3,844 units, even despite our deficit number not including future housing need. However, RHNA should be viewed as a state-mandated minimum housing goal, and we believe our number better estimates Napa Valley's true, long-run housing need.

The average annual rate of production in the last 20 years is considerably lower than prior decades and the last decade has been the worst decade for homebuilding in modern history. Napa Valley permitted only a quarter of the average annual rate of homes in the 2010s compared to the 1980s and a third of what it produced in the 2000s. Underproduction of housing stock preceded stagnant population growth.

The decline in housing permitting over this period occurred concurrently with two major losses to the region's housing stock, exacerbating anticipated deficits. Between 2017 and 2020, Napa County lost nearly 1,300 homes to wildfires, only 304 of which have been rebuilt as of July 2024, according to The Napa Valley Register. Over a longer period of time the Valley lost thousands of units to rental conversion and second homes, depleting already low vacancy rates. Both of these losses appear durable in the short term and are thus factored into our assessment of total deficit.

We model this housing shortfall leveraging average annual population growth rates from 2000 to 2020, which enables an estimate for how many households Napa Valley should have formed compared to the number of current households by income level. Projected growth includes in its inputs job growth, city boundaries, environmental assets, among other relevant factors that impact housing.

Table 1. Napa Valley's Current Housing Deficit

Source: U.S. Census Bureau and Generation Housing calculations

	Below Area Median Income	Above Area Median Income	Total
Households in 2000	22,701	22,701	45,402
Households in 2020	24,869	24,869	49,738
Projected Households in 2020	31,678	31,678	63,356
Projected Growth in Households	8,977	8,977	17,954
Units Produced	6,411	1,777	8,188
Unit Deficit	2,566	7,200	9,766

Table 1 shows that Napa Valley was projected to increase to roughly 64,000 households by 2020, which would have netted 17,953 new households.[15] In actuality, Napa Valley had about 49,000 households in 2020, or an increase of only 4,300.

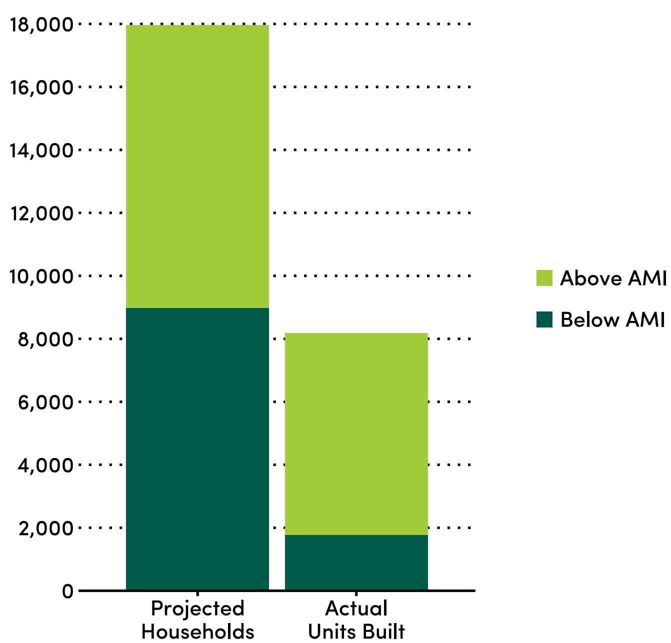
Napa Valley permitted around 8,188 housing units, of which 1,777 are deed-restricted LIHTC (Low-Income Housing Tax Credit, the federal program that accounts for the majority of legally designated affordable rental housing) affordable homes available to lower income households, or about 3% of the total current stock.

The net difference between the number of homes permitted relative to the growth projections for this period resulted in a housing shortfall estimate of 9,766 units.

Figure 1 compares projected household growth to actual housing units permitted, splitting both by income level. We find that 65% of the 9,700 unit shortfall originates from a shortage of affordable homes not built during this period for lower income households — a policy choice that displaces or bars those households from Napa Valley.

Figure 1. Projected Household Growth vs. Permitted Units, 2000–2020

Source: Generation Housing calculations



Future Housing Need: What Napa Valley Must Plan for

Housing estimates based on population growth targets are helpful in assigning baseline goals. But measures linked to net migration and job growth alone are based largely on the loss of potential residents rather than on the unmet needs of existing residents. Unmet housing need includes residents who cannot form their own household, who live in overcrowded conditions, who work in Napa Valley but live outside of it, or those who cannot secure a home for purchase. Future housing projections based on population growth can also be misleading at moments of population stagnation; when future estimates are low, it may appear that more housing is not needed to satisfy growth.[16]

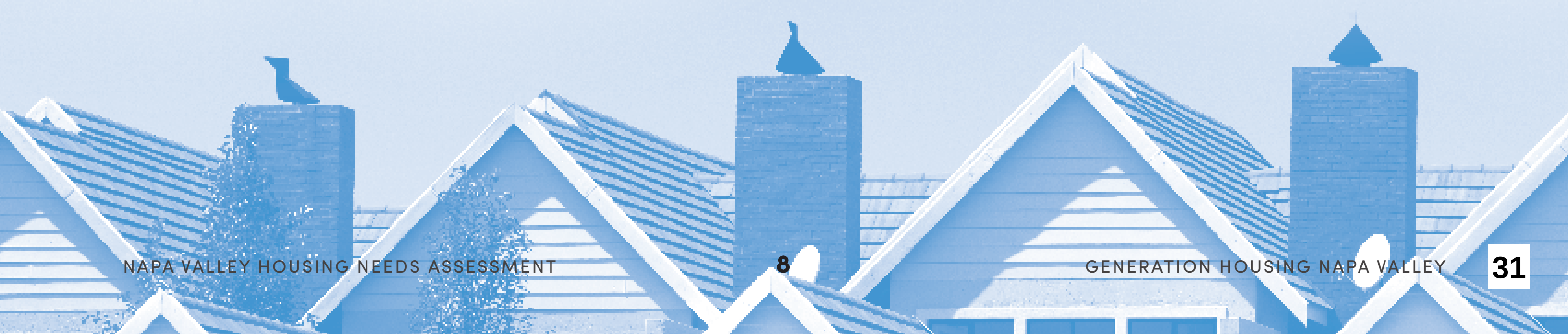
Such totals underestimate the need for growth among residents who already live or work in Napa Valley but have delayed or been prohibited from forming households. Unmet — or latent — need helps estimate who would likely form a household if units were available and affordable. Future estimates based on these measures are relatively predictive because they are consistent with salient life-cycle milestones including age, family status, and income that are strongly correlated with housing need. For example, the formation of a new household is strongly linked to young adulthood while the need for larger bedroom sizes is predicted by family status. Later career stability is linked with homeownership. These needs are also durable and consistent across regions. Hence, comparing these measures between Napa Valley and the state shed good insight into how its residents are differently impacted by housing costs.

Finally, these measures are helpful in determining future need because groups who have delayed forming a new household will need housing in the coming years. In this section, we estimate lags in headship by age (a measure of the rate of household formation), delayed transition to ownership by age, and out-of-Valley workforce migration to better predict what housing need will be in the future.

What we call unmet or latent need can be observed anecdotally, from waitlists for affordable housing units to competition for market-rate sales and rentals, for example. In Napa Valley, we find household growth for different segments of the population has not always kept pace with population change or job growth. In housing markets with severe constraints where the total number of homes is not the only constraint on household formation, the distribution of housing stock acts as an equally strong layer or element of constraint. We therefore measure growth in latent housing need irrespective of actual household formation. We measure it through low headship rate, lag in homeownership, displacement, and housing cost misalignment. In short, it is a way of detecting the need among current residents that is not currently met but will contribute to demand in the near future.

Napa Valley Needs Homes for 13,000 Younger Adult Households

Housing need varies according to the different stages of one's life, which explains how we can observe rising demand at the same time that population growth is stagnant or even decreasing. The headship rate, defined as the percentage of individuals in a population who are the heads of their own households, is a way of measuring this need.



For example, if half of Napa Valley's residents were the head of their household (and the other half of residents lived with one of those householders), then the Valley would have a 50% headship rate.

Headship rates typically start to rise among individuals as they enter their mid- to late-twenties, corresponding with the period they seek to move out from a parent or guardian, or start a family. But they can also be delayed by limited availability of renter opportunities, high rents, and cost burden. The Urban Institute found that when housing costs began to rise precipitously between 2000 and 2010, the most affected age group were those in the 25- to 44-year-old range. Today they are 35 to 54 years old, and lag in headship rate behind previous generations.[17]

Napa Valley's rates of headship for its younger adults reflect this trend. Figure 2 shows that they have declined to rates far below their historical averages, reflecting even greater constraints on the ability of young residents to form new households. When residents born in the 1960s were 20–24 years old, their headship rate was 22%. For residents born in the 1990s, their headship rate at the same age was just 10%. Similarly, when residents born in the 1990s were 25–29 years old (many in this group are in their 30s today), their headship rate was 26%, 10 percentage points below the rate of those born in the 1960s when they were also 25–29 years old. Other birth decades lag behind too: Even residents born in the 1970s and 1980s are finding it more difficult to form their own households than those born in the 1960s.

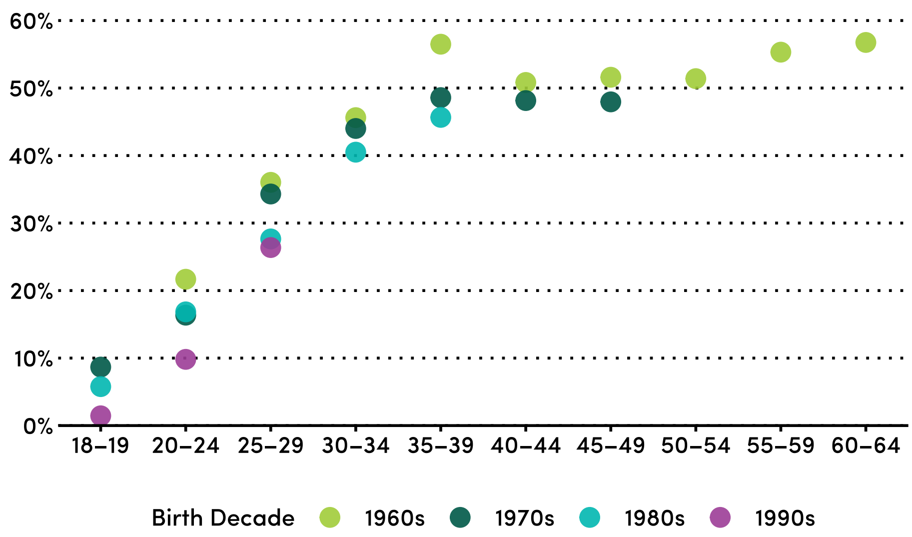
Note on interpretation: This graph can be understood in two primary ways. First, we can study headship trends over one's lifetime. For example, by focusing on the population born in the 1960s, we can see how the lime green dots trace out a curve of generally increasing headship as one gets older. The second way we can study this graph is by focusing on a specific age group. For example, individuals 20–24 years old had a headship rate of 22% if they were born in the 1960s, but only 10% if they were born in the 1990s.

In Napa Valley, headship rates may be affected by declining shares of the housing stock whose prices fall below $1,500 per month. As late as 2015, rental units between $1,000 and $1,499 formed the bulk of all rental units with a total stock of 5,000. Today, there are half as many units in that price range and nearly 2,000 additional units priced $2,000 to $2,999.[18] As a result, young adults may stay with parents longer, live with roommates, or dwell in semi-permanent situations such as couchsurfing or sleeping in cars.[19]

If we assume that younger adults (ages 20–29) born in the 1990s would have formed new households at the same rate as residents born in the 1960s did, then the number of younger

Figure 2. Observed Headship Rates by Age and Decade of Birth

Source: IPUMS USA and U.S. Census Bureau



adult households should have been 70% higher. Specifically, there are nearly 13,000 households that residents born in the 1990s would have formed but failed to, almost certainly due the inability to afford starting their own household. The Joint Center for Housing Studies at Harvard has estimated that a surge in new households in the coming decade will be driven by these young adults. Even holding for growth in the underlying population alone, "older millennials [are] now forming the households that had been delayed earlier in the decade."[20]

Napa Valley Needs 3,000 Ownership Opportunities for Households Who Delayed Homeowning

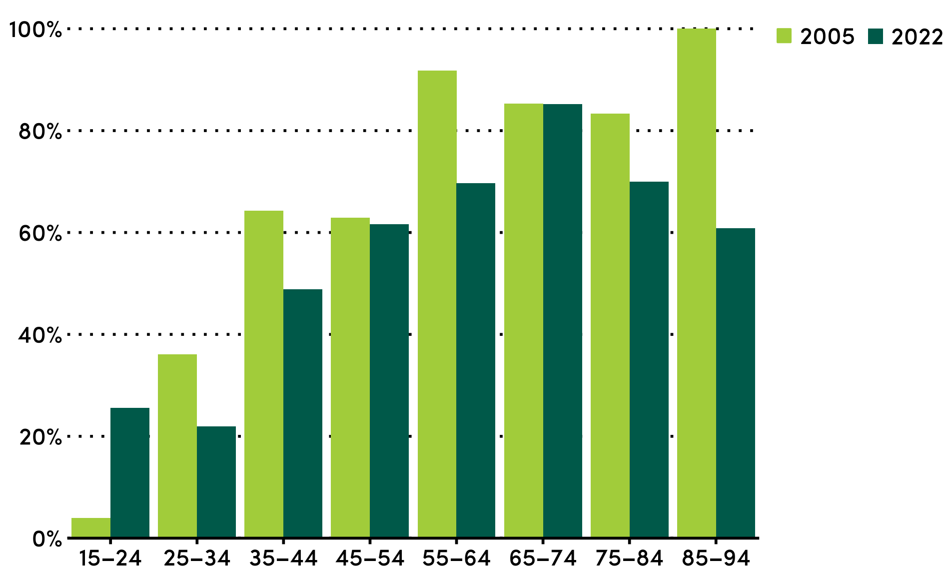
The high cost of housing can make it difficult for household formation in a subsequent manner — by limiting the number of residents who make the leap from renter to homeowner. Napa Valley has some of the highest homeownership rates in the Bay Area. But homeownership has gotten rarer for younger households in recent years. Figure 3 shows that between 2005 and 2022 rates of homeownership among young households dropped significantly for those between ages of 25 and 45. Households aged 25 to 34 saw a decline in homeownership rates from 36% to 22% while households aged 35 to 45 saw a similar 15 percentage point decline.

Napa Valley's home ownership lag includes slightly older groups as well, likely as a consequence of an earlier period of ownership stagnation. Napa Valley's home prices surged earlier than neighboring locales such that by 2010 its cities were outpacing other likely destinations for workers. By that year over half of all City of Napa residents had a home value that was 4 times their income — rates only reached in neighboring Fairfield, Vacaville, and Vallejo after 2020.[21] Residents in their mid-40s during this period may have delayed ownership, leading to lower rates of homeownership among today's 55- to 64-year-old households.[22]

Delays in homeownership are likely to contribute to future need. The Terner Center at UC Berkeley estimates that "had housing prices in California risen from 2000 to 2021 in line with those in the rest of the country, about half (48 percent) of California's decline in homeownership rate over the period could have been averted."[23] A similar adjustment to Napa Valley's home prices would likely see similar increases given the higher-than-average prices here.[24] If homeownership in Napa Valley were to reach levels consistent with 2005 rates, we would expect an across the board jump of 10 percentage points among all households up to age 65. This group of delayed homeowners include 3,000 households fewer than those in 2005 who will likely need home ownership opportunities in the near future.

Figure 3. Homeownership Rate by Age of Householder, 2005 vs. 2022

Source: IPUMS USA and U.S. Census Bureau



Napa Valley Needs Housing for 8,000 Missing Workforce Households

Napa Valley's workforce residents may face the greatest barrier to maintaining a household in the Valley. Figure 4 shows that since 2005, Napa Valley lost 8,000 households making less than $100,000.[25] This decline could be attributed to either out-migration among workforce residents or an inability among these residents to maintain an independent household, instead opting to co-share, return to living with families, or find roommates.

Large increases in rent and home costs (typically of $1,500 or more) such as those seen in Napa Valley have been shown to suppress "headship by lowering marriage and partnership rates, while simultaneously raising the fraction living with family members."[26] Staggering cost increases that outpace median pay increases may have led to households ultimately leaving the Valley.

The result is that households earning below $100,000 are far more underrepresented than they were 15 years ago (income is not adjusted for inflation since housing costs are a large component of Consumer Price Index calculations and adjustment would nullify the effect of rising housing costs). By contrast, higher earning households have become more prevalent and have found stability within the Valley. Napa Valley lies somewhere between Solano County, where household incomes have remained more stable, and San Francisco, which has seen the region's highest decline in low- and moderate-income households during this period.

Jobs and Income to Housing Need[27]

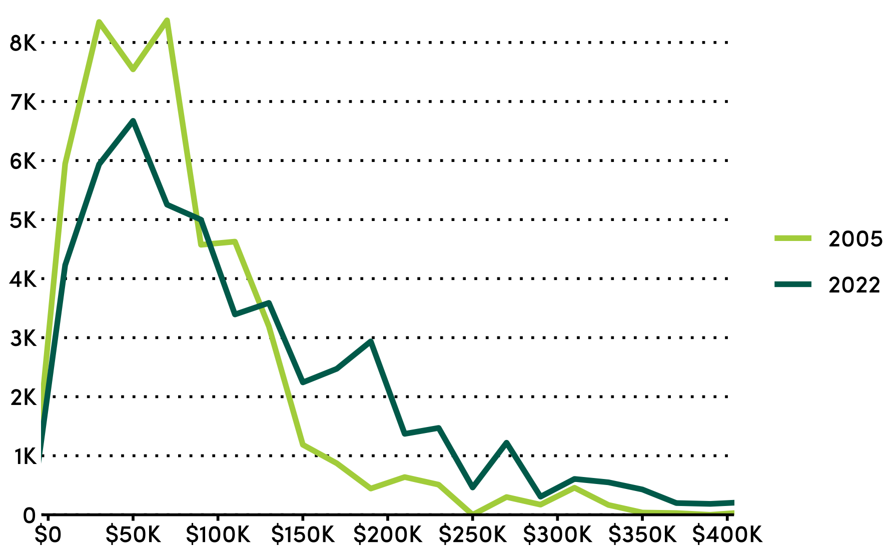
Napa Valley, like other amenity-rich destinations, depends more so than other Bay Area counties on the hospitality, agricultural, and manufacturing workforce to sustain the industries that are largely responsible for its economy. And like its peers that attract non-workforce residents seeking to take advantage of these amenities and natural beauty, the resulting rise in housing costs serving higher-earning residents threatens workforce housing, contributing to a limited local labor supply.

This same effect has been seen in resort towns like Colorado's Telluride, for example, whose tourism-centered workforce has been gradually displaced to locales such as Montrose, Colorado, a three-hour daily commute, as homes are converted to high end luxury units and second homes.[28] Sustaining these industries both supports its labor force and contributes to higher than average housing costs that reduces the very labor supply these industries depend on. Without action, the trends we note in this section will worsen.

The percentage of agricultural and production employment is higher in Napa Valley than other Bay Area locales,[29] meaning that it has a slightly different profile of income to home price ratios.

Figure 4. Distribution of Household Income, 2005 vs. 2022

Source: IPUMS USA and U.S. Census Bureau



Historically, home prices have more closely matched these industries. But as values have grown to match incomes among its regionally low out-commuter population, of whom the vast majority (nearly 75%) are high earners making above the AMI, home prices have increased to unaffordable levels for the region's moderate to below moderate workforce.[30]

Although not all wage earners in these core industries are moderate or below moderate earners, numerous interviews with child care employers, hospital caregivers, and industry sectors representatives summarized the critical role played by entry-level occupations within each of these sectors. Regional hospitals must attract caregivers and nurses' aides who support registered nurses but do not typically earn above $100,000. Schools rely on new teachers who are just starting out and are earning their degree simultaneously with a new role. Child care providers likewise depend on entry-level staff to fill core functions. These workforce participants, many of whom fill in-person roles, ensure the viability of Napa Valley's core sectors but do not earn enough to live within the Valley.

In this section we assess how Napa Valley must build for anticipated increases in hires in overwhelmingly lower level income occupations; second, it must serve the already existing need among workers who have decided to live outside of the Valley at rates far above regional peers.

Finally, we conduct a unique household income to housing costs assessment to determine whether current above moderate residents in Napa Valley occupy homes that might be affordable to moderate and even low-income households.

Napa Valley Will Need Homes for 3,500 Low- and Lower-Moderate Income Workers

Napa Valley's wine and tourism industry is so strong that it anticipates greater workforce demand in coming years, an upturn it has largely sustained since the second year of the pandemic. According to Caltrans, the rebound in these sectors outperformed expectations even in the early return-to-work stage of the pandemic. At the time, it predicted that "employment gains in 2021 will be largest in leisure services, which will recover 2,500 of the jobs that were lost in 2020."[31]

Table 2. Top 10 Industries in Napa Valley

Source: Lightcast

Industry (3-digit NAICS)	2022 Jobs	2028 Jobs	2022-2028 Change	2022-2028 % Change	Average Earnings	2028 Location Quotient
Beverage & Tobacco Product Manufacturing	12,555	13,061	506	4%	$103,867	75.22
Food Services & Drinking Places	6,929	8,270	1,340	19%	$46,704	1.30
Local Government	5,840	5,691	-149	-3	$115,010	0.81
Accommodation	4,022	4,955	932	23%	$58,316	5.27
State Government	3,980	4,091	110	3%	$114,537	1.55
Administrative & Support Services	3,435	3,437	2	0%	$55,664	0.66
Support Activities for Agriculture & Forestry	3,363	4,018	654	19%	$65,737	13.53
Social Assistance	3,018	3,685	667	22%	$39,931	1.39
Specialty Trade Contractors	2,896	2,911	16	1%	$87,991	0.95
Ambulatory Health Care Services	2,859	3,330	471	16%	$109,792	0.71

More recently, a new Lightcast study (Table 2) projects that Food Services and Drinking Places and Accommodation — industries with lower paying median wages — are "the industries expecting the highest growth in upcoming years, with a combined total of 2,272 new jobs by 2028."[32] Demand for these frontline roles could be so high that there will be worker shortages. But this may be driven by challenges hiring. Lightcast also finds that "eight of the top 10 occupations in Napa [Valley] earn median wages below $40,000 (and fall below $30,000 when adjusted for Napa [Valley]'s cost of living)." And because retail and hospitality employees are already "raising concerns about their long-term financial wellness and are looking for increased support from their employers," high housing may play a role in shrinking the available, local labor force.[33]

Sectors related to the wine industry with higher median wages, including Beverage Manufacturing ($103,867) and Support Activities for Agriculture ($65,737) which include specialists in crops and cultivation, will also increase, adding a combined 1,154 workers. Finally, the Valley will also add critical roles in the health care sector including moderate earners in Ambulatory and Health Services ($109,792).

4,100 Workforce Households Moved Out of Napa Valley

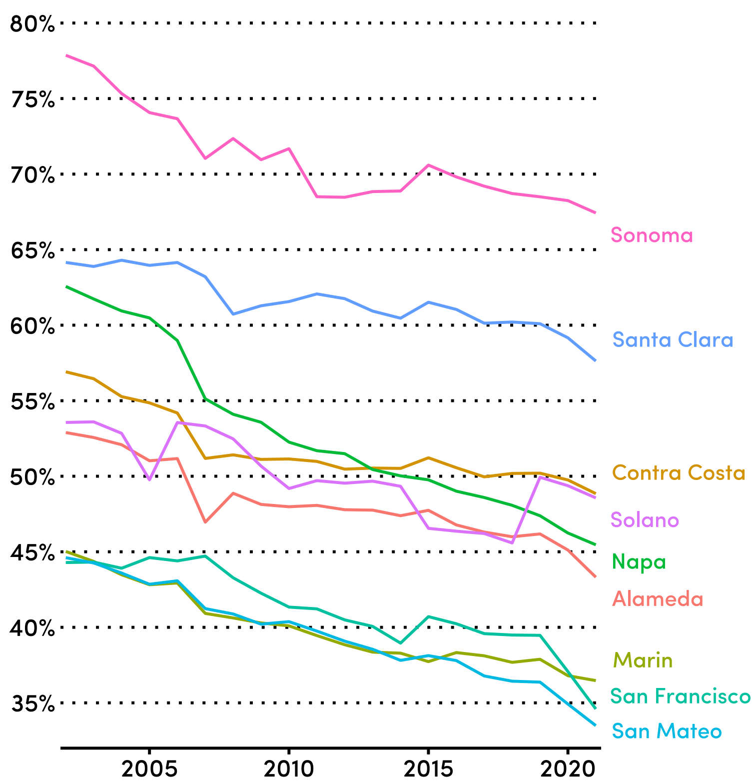
Napa Valley's hiring pool in key sectors is already depleted due to a growing share of out-of-Valley workers. Therefore, the total need for workforce housing must include a segment of the population that likely deferred household formation within Napa Valley to relocate to more affordable markets.

To adequately accommodate future need, the Valley must address this displaced workforce. Of course, estimating the number of households that would have stayed is difficult. Yet historical data on workforce households prior to the rise of housing costs can help set benchmark totals.

Napa Valley has seen the largest drop in in-county workers (Figure 5) — workers who live in the county they work in, as opposed to workers who do not live in the county they work in — among all Bay Area counties, seeing a roughly 17 percentage point drop in resident workers as a share of all

Figure 5. Percentage of Workers Who Reside In the County They Work In, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics



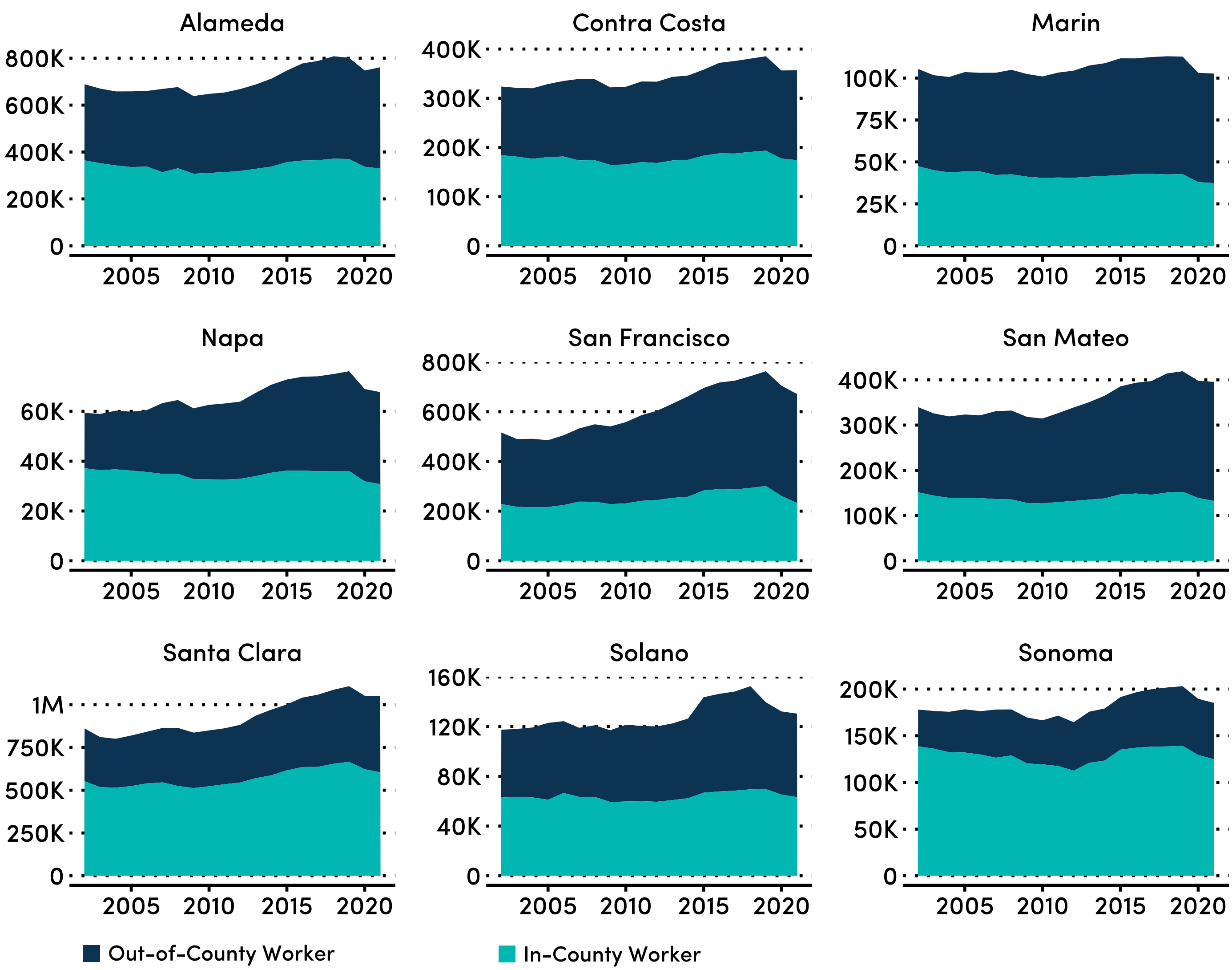
workers since 2002. The decline was steepest around 2006 and dropped below 50% for the first time around 2013. In other words, more than half of Napa Valley's workforce now lives outside of Napa Valley, in counties like Solano, Sonoma, and Contra Costa. Although Napa Valley began the millennium with the third highest share of in-county workers, it has now dropped below Contra Costa and Solano Counties and sits just above Alameda County.

This view of relocation data helps illustrate the total workers who now live outside of the Valley. Figure 6 shows that Napa Valley's out-of-county workforce has grown from roughly 20,000 workers in 2002 to 37,000 by 2021. The 18,000 person increase in out-of-county workers (or 90% increase) represents a sizable share of Napa Valley's total workforce increase, many of whom have sought more affordable housing. If the share of in-county workers had remained constant at 2002 rates (63% instead of today's 46%) we would expect to see closer to 25,500 out-of-county workers, or 11,500 fewer than today's total. Assuming a fixed person per household size of 2.8 members, this would mean an additional 4,100 households.

Our estimate for future need combines both the projected workforce increase with existing rates of relocation outside of the Valley. If Napa Valley adds around 4,500 new workers by 2028 with a rate of 56% who live outside the Valley, we expect the total

Figure 6. Total Workers Living In-County vs. Out-of-County, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics



out-of-Valley workers to increase by 2,520 workers, reaching just above 40,500 out-of-Valley workers out of 72,500 total workers by 2028. If Napa Valley were to restore the rate of in-Valley workers to its 2002 levels of 63% instead of today's 44%, it would increase the total in-Valley workers by 2028 from 32,000 to 45,675 or an increase of roughly 13,000 workers.

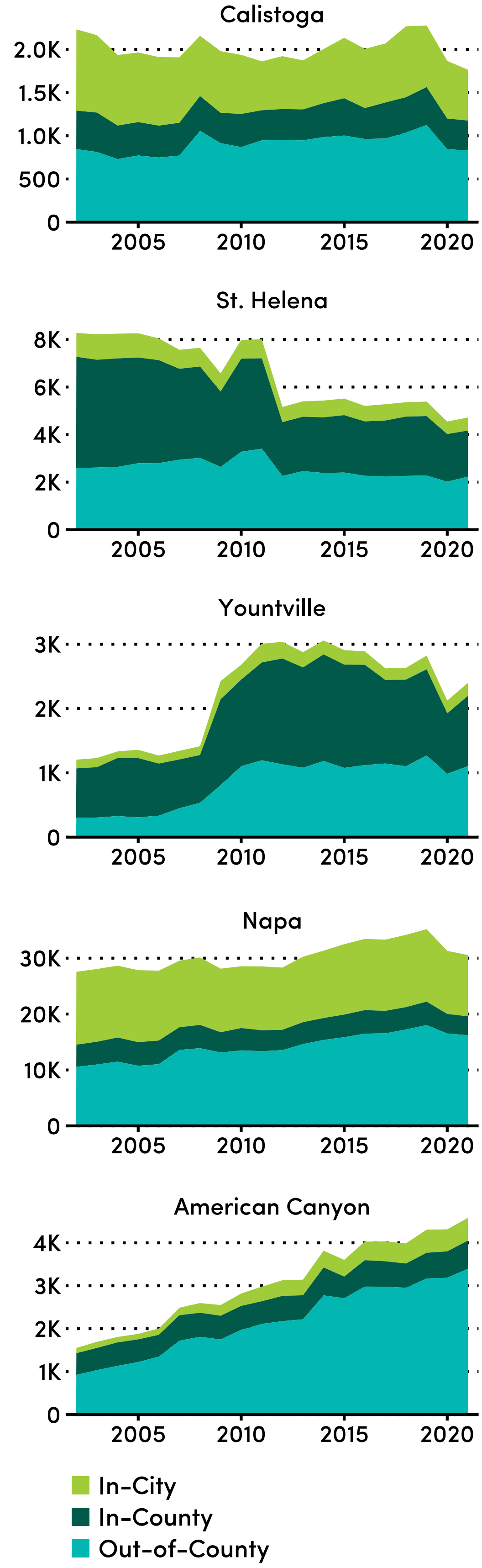
Figure 7 shows that outside of the City of Napa and Calistoga, very few of Napa Valley's workers reside in the city or town where they work. Most cities' share of workers residing outside of the city has remained relatively constant since the turn of the millennium, meaning very few new workers are able to find places to reside in the city where they work. The share of workers residing outside of each city has either grown or, in the case of American Canyon, comprise the vast majority of all new additions to the workforce. American Canyon, for example, has increased its job totals since 2002 from 1,500 to 4,200 workers, nearly 2,000 of which reside outside of the city and Valley. Nearly all of Yountville's new workers since 2010 reside outside of the city.

The City of Napa and Calistoga are exceptions but even in their cases the majority of their workforce resides outside of the city. Nearly 2 in 3 workers in the City of Napa live outside the city, the majority of whom live outside of Napa Valley. Calistoga has seen a consistent share of its workforce live outside of the town since 2002.

The need to offer modestly priced units for this workforce is even more critical as surrounding destinations grow costlier. In the prior two decades, Solano and Lake Counties have served as relief valves for Napa Valley's employers whose workers are able to remain in the workforce by living just outside of the Valley. This has in effect enabled Napa Valley's hiring pool to remain sustainable even as housing costs rise. But as the gap in affordability between these counties and Napa Valley's housing market closes, that pool may shrink. For example, Figure 8 demonstrates

Figure 7. Total Workers Living In-City, In-County, and Out-of-County for Napa Valley Cities

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics



that Solano's share of rents that are affordable to median Napa Valley earners has shrunk at rates similar to that of Napa Valley itself in recent years. Total units priced from $1,000 to $1,499 have dropped from 19,000 to 9,000 between 2015 and 2022. There are now 27,000 units priced above $2,000, up from only 6,000 in 2015.

5,700 Units Affordable to Low- and Moderate-Income Households Are Occupied by Above Moderate-Income Owners

Napa Valley's supply of modestly priced rents and for-sale properties has declined, altering the distribution of homes and shrinking the supply of housing priced for workforce households. Whereas in 2010, 70% of all renters were paying below $1,500 in monthly rent — a range roughly affordable to those earning $60,000 a year — by 2022 that proportion had shrunk to 25% of all renters. Today, total renters paying just under $1,999 (affordable to those earning just below 80% AMI) has dropped to 28% of the rental population.[34]

Yet unlike counties where newer builds dominate workforce housing, Napa Valley has an existing stock of modestly priced homes that it developed to meet its agricultural and manufacturing jobs before the turn of the millennium. The problem is that these more modestly priced options tend to be occupied by higher earning households at significant rates.

Figure 9 shows that Napa Valley, like the other North Bay counties, sees the lowest share of residents paying more than 30% of their income towards housing among above moderate income households. But it also sees the highest regional rates of above moderate households who pay the lowest share of income towards housing, typically less than 20%. Above moderate households make up 41% of all households in Napa Valley, but make up 68% of all those paying less than 15% of income on housing, occupying homes whose values or prices may be suited to more moderate earners. One-third of above moderate households in Napa Valley pay under 10% of their income towards housing compared to 22% of above moderate earners in Solano County and 24% of above moderate earners in Sonoma County.

While a goal for most households should be to pay under 30% of their income on housing costs, this is unlikely when modestly priced homes are occupied by a region's highest earners. In addition, higher earners can manage cost-burden more easily. Thus, one goal of jurisdictions should be to ensure housing units are occupied by households whose incomes most closely match their cost. In Napa Valley, roughly 9,000 above moderate households (e.g. 1-person households earning over $108,000 annually or 4-person households earning over $155,000 annually) are paying under 15% of their income on housing costs. Many are occupying units that would be affordable for a moderate and lower-income household.

Figure 8. Distribution of Rental Costs in Solano County, 2008–2012 to 2018–2022

Source: U.S. Census Bureau

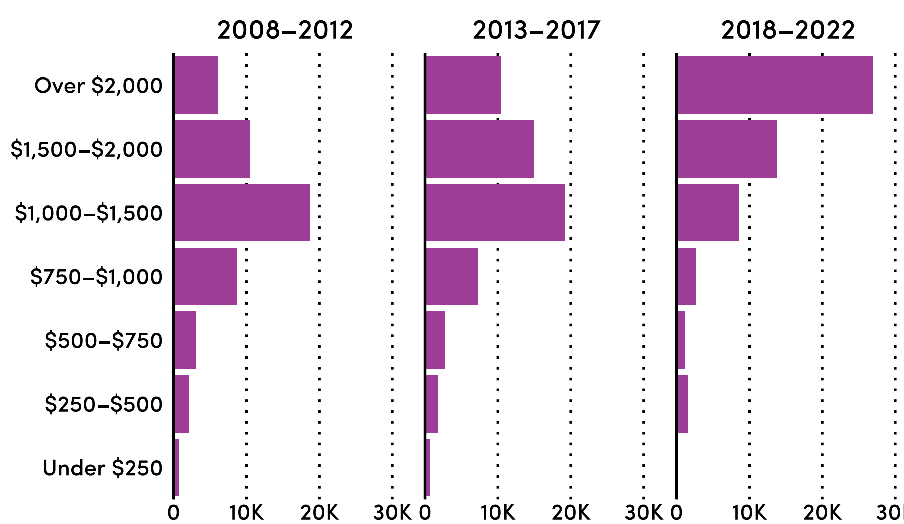


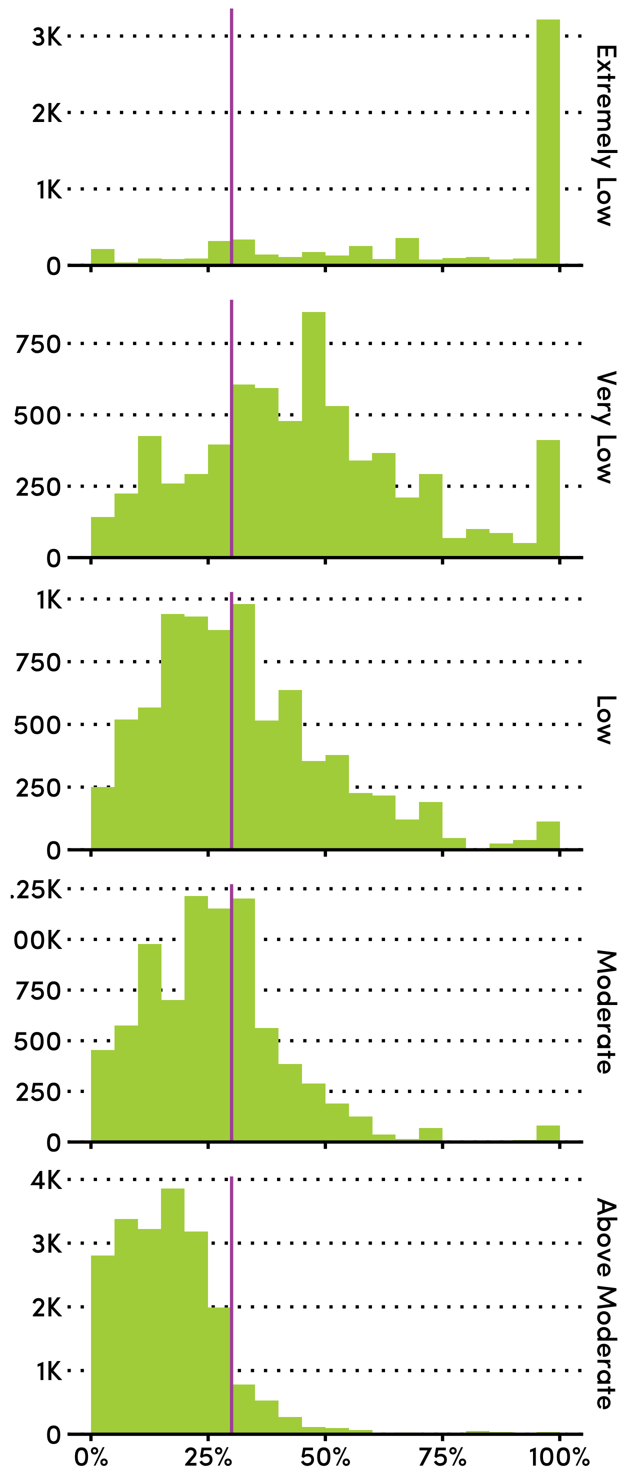
Figure 10 shows the costs of all units occupied by above moderate households who pay less than 30% of their income on housing (i.e. the underburdened). We find that roughly 5,700 above moderate earners paying under this 30% threshold (or 1 in 10 households in Napa Valley) occupy units that cost $2,000 or less per month. That price in monthly housing costs would be considered "affordable" (that is, under 30% of monthly income) to a 1-person moderate-income household or a 2-person low-income household. Currently, 38% of all moderate-income households are cost burdened and half of all low-income households are cost burdened. This represents 5,700 units whose modest price is more closely matched to moderate- and low-income households.

Exploring this relationship between income and housing cost in Napa Valley further, we find that earnings have little bearing on the cost of housing: you may make a lot, but the cost of your housing is not necessarily going to be higher. In Figure 11 we compare unit costs occupied by above moderate earners who pay 20% or less of their income towards housing to those occupied by moderate- and low-income households. The distribution is nearly mirrored. The total number of low income households who occupy units that cost $1,500 per month on housing matches the total number of above moderate households who occupy those same units. Nearly 1,800 units that cost $1,000 are occupied by above moderate households while 1,000 of those same units are occupied by moderate households. Fewer units that cost $500 are occupied by extremely low income households than by above moderate earners who earn nearly twice as much.

This misalignment interferes with the ability of a jurisdiction to utilize its assets to ensure its stock of modestly priced homes and rental units go to the people who they will have the biggest impact on. Yet because above moderate earners may lack options to upgrade or, in the case of older and wealthier households, to downsize, they may not free up homes that could be affordable to younger

Figure 9. Total Households by Income Level and Percentage of Income Spent on Housing

Source: IPUMS USA and U.S. Census Bureau



and more moderate earning households, keeping Napa Valley's comparatively affordable stock out of reach of its moderate and below moderate earners.

Housing and Pipeline Inventory

Napa Valley must utilize a combination of its existing assets in both the owner and rental class as well target its new permits to rectify what we identify are three serious deficits by housing typology: declining share of modestly priced homes for the workforce; insufficient supply of larger rental units for families as well as smaller ownership opportunities (such as condos) to serve as entry level ownership opportunities; and a greater supply of smaller units to help restore unit size as a salient tool in drawing down prices.

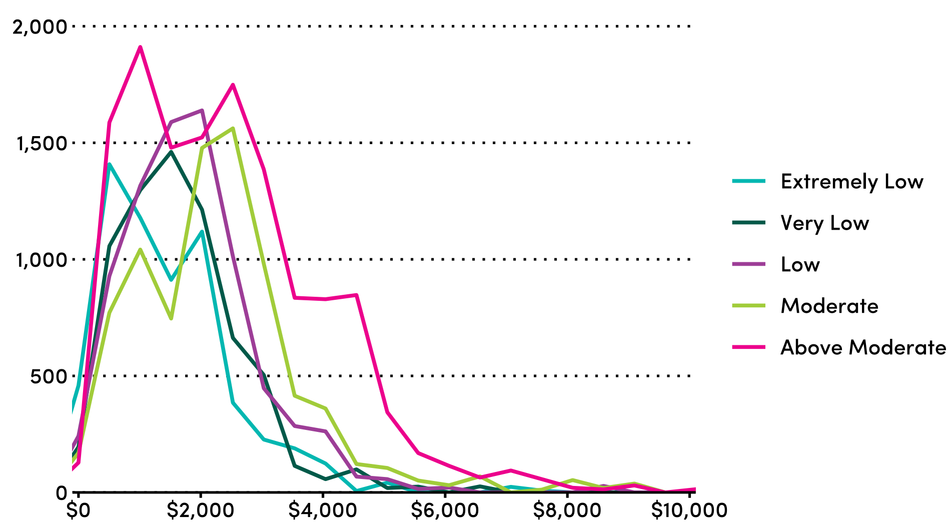
Constraints on the housing market in Napa Valley emerge from an overall shortage as well as the Valley's distribution of home prices, types, sizes, and tenure. In this section we assess the overall stock in order to identify primary needs; we then prioritize the types of projects in the existing pipeline that best meet gaps in the housing stock. While we recommend a dual approach that seeks to utilize Napa Valley's comparatively affordable ownership stock, our recommendations on pipeline projects recognize that building to the highest areas of need is not the only, or even the primary, way to correct past deficits. New builds are not always suited to correcting high prices, for example. "As building costs increase, a greater portion of construction occurs at the higher end of the market, despite greater demand for low-cost

Figure 10. Distribution of Monthly Housing Costs, Above Moderate Income Households Paying 30% of Income or More on Housing vs. Those Paying Less Than 30%

Source: IPUMS USA and U.S. Census Bureau

Figure 11. Distribution of Monthly Housing Costs, Above Moderate Households Paying 20% of Income or Less on Housing vs. All Other Households

Source: IPUMS USA and U.S. Census Bureau



homes. This mismatch disproportionately drives up housing costs at the lower end of the market, where demand significantly exceeds supply."[35]

Likewise, pricing in constrained markets is hard to predict, especially among assets with existing shortages such as 1-bedroom homes for sale or rent. Typically, the larger the home, the higher the cost. But in markets with severe shortages among smaller homes, prices for smaller units may be just as high as those slightly larger given the demand relative to supply.

Napa Valley Has Lost 6,000 Owner-Occupied Homes Affordable to Low- and Moderate-Income Households

The cost trends in Napa Valley are traceable across nearly every jurisdiction. Despite different production outputs, the number of owner-occupied and rental homes affordable to moderate and below households is shrinking. The region as a whole has seen its share of homes priced between $300,000 to $400,000 — i.e., those affordable to households earning approximately $90,000 after a 20% down payment — decrease by one-fifth of its total stock since 2008-2012; likewise it has lost 2,000 homes valued between $200,000 to $300,000 in the same time. Those units would be affordable to households earning $66,000 after a 20% down payment. The Valley as a whole has also lost two-thirds of its rental units priced $750 to $1,500 since 2008-2012. These would have been affordable to households earning between $36,000 and $54,000 (between 40-60% of Area Median Income).

American Canyon and the City of Napa, the two largest jurisdictions in the Valley, have seen the largest drops in these segments of their ownership stock. Figure 12 shows that American Canyon's 2,100 homes valued between $200,000 and $400,000 in the period 2008-2012 have dwindled to under 500 today. And in the slightly higher median market of the City of Napa total homes valued between $300,000 and $500,000 have dropped from just over 6,000 in 2008-2012 to under 1,500 today. Among the region's smaller towns, St. Helena has seen the biggest increase in its share of homes over $1 million. They now comprise over 75% of all owner-occupied homes. Calistoga and Yountville, which had more even price distribution in the period 2008-2012, today see bifurcation of the market between luxury and low-income homes that are primarily mobile homes.

3,500 Large Units Currently Occupied by 1-Person Households Could Alleviate Overcrowding Among Lower Earners

Napa Valley's largest stock of homes are sized at 3- and 4-bedrooms. Nearly 30,000 of its 55,000 units are 3-bedrooms or larger. These are well-suited for the Valley's 20,000 households with three or more people. Yet many of these larger units are occupied by smaller-sized households. For example, 10,900 of the Valley's 3-bedroom units are occupied by 2 or fewer residents. Because 2-person and smaller households are overwhelmingly above moderate earners, many lower income earners with larger families may be unable to occupy the larger homes they need. We estimate the Valley could free up 3,500 larger units currently occupied by 1-person households to help meet the need among several thousand moderate and below earners who are currently living in overcrowded conditions.[36]

We also find there are narrow options within tenure types, forcing larger families to own even if they cannot afford to. Two- to four-bedroom houses form the bulk of the housing stock, with only 7,500 housing units under 2-bedrooms. But the availability of larger sizes is even more limited if one is renting, meaning rentals are primarily available for smaller households.

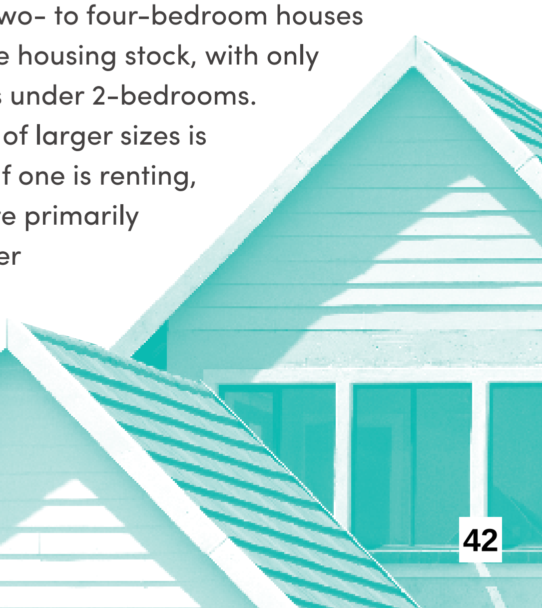
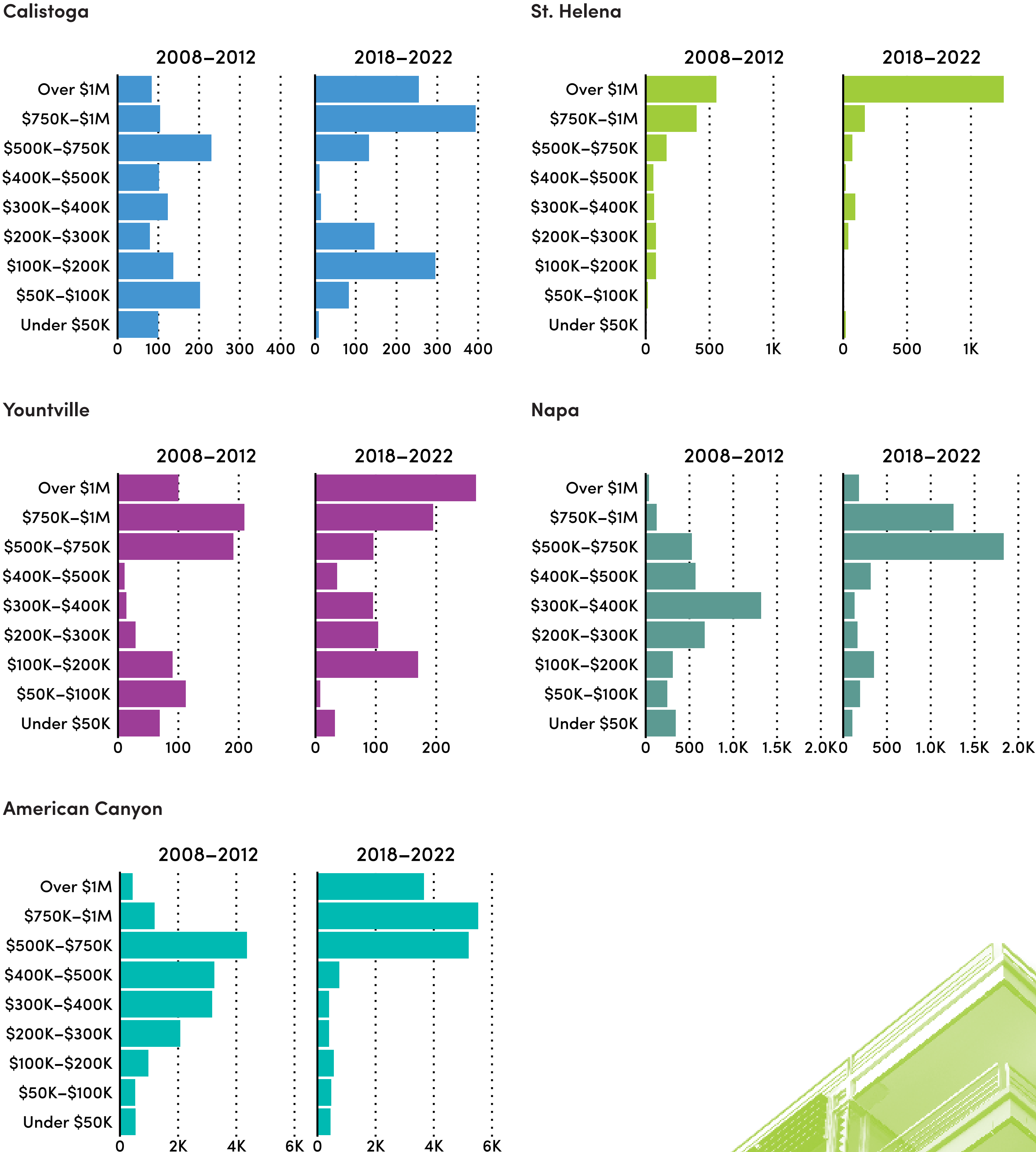
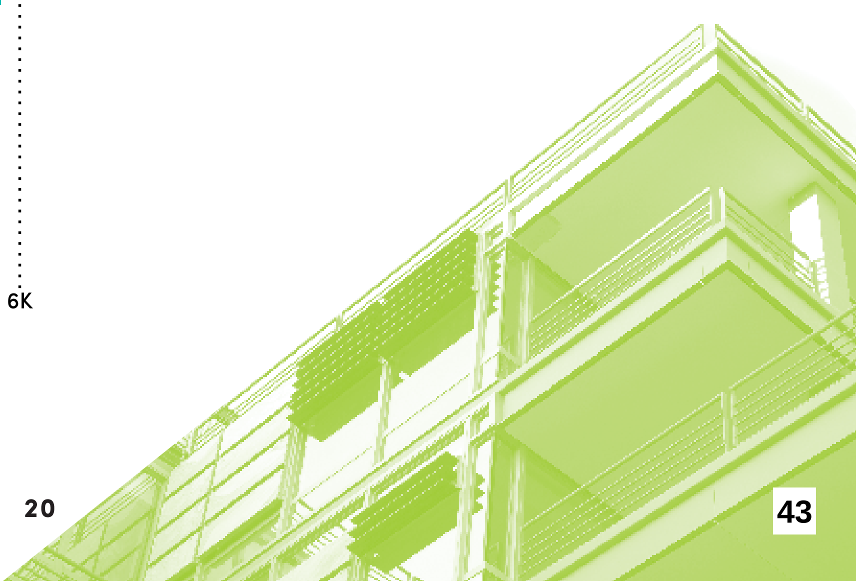


Figure 12. Distribution of Home Values by City, 2008–2012 vs. 2018–2022

Source: U.S. Census Bureau





As shown in Figure 13, of the nearly 20,000 3-bedroom homes, 4 in 5 are owner-occupied as opposed to rentals, restricting rental options for larger families. The smaller the home, the more likely it is to be a rental unit.

At the other end of the spectrum, very few smaller units are for sale. Nearly all 1-bedroom units are for rent, meaning Napa Valley supplies very few condos or small homes to own. This has consequences for the options available for larger households like families: larger households are pushed to buy even if they cannot afford for-sale options. Because smaller for-sale homes are typically lower in cost, these could represent entry level or modestly priced options for younger households if they were built or freed up. In the following chart, we capture evidence for a sentiment expressed across qualitative interviews that it remains difficult to buy small or rent big within the Valley.

From the price and sizing charts across all North Bay counties (Figure 14), we note the following: Napa Valley's housing stock is across-the-board

Figure 13. Total Households by Tenure and Bedroom Count

Source: U.S. Census Bureau

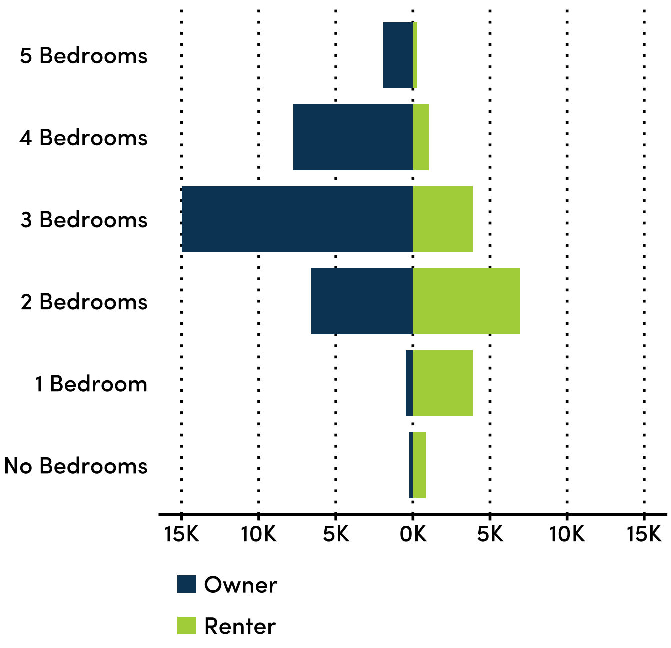
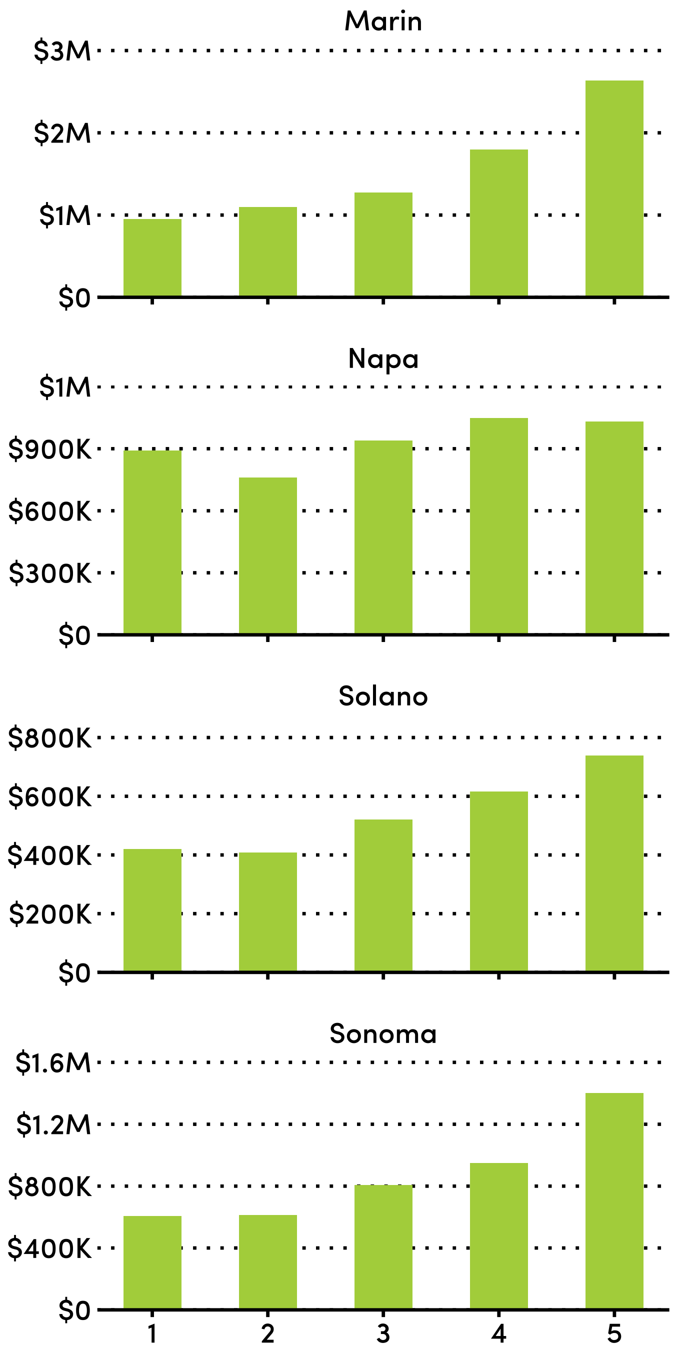


Figure 14. Home Value by Bedroom Count for the North Bay Counties

Source: IPUMS USA and U.S. Census Bureau

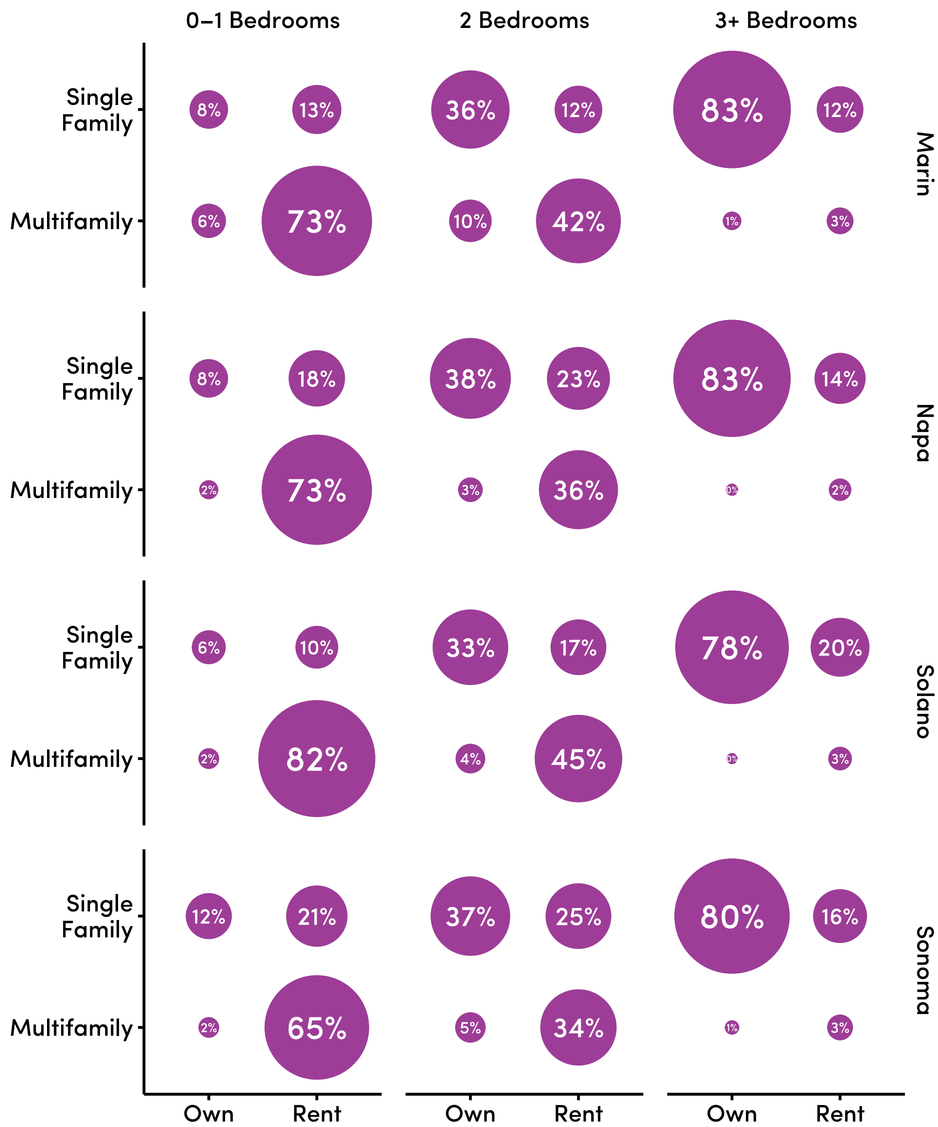


pricier for owning than it is in Solano County and Sonoma County, but this difference in price is especially notable for smaller ownership opportunities like 1- and 2- bedrooms where homes are typically half the price in Solano County and roughly $100,000 cheaper in Sonoma County. This could be because Napa Valley has a larger share of its 1- and 2-bedrooms within single family units rather than multifamily. For example, 25% of its 1-bedrooms to own or rent are in single family homes compared to 18% of Solano County's 1-bedrooms and 21% of Marin County's 1-bedrooms. Likewise, a full 60% of its 2-bedroom ownership or rental properties are located in costlier single family homes compared to just 48% of Solano County's 2-bedrooms and 49% of Marin County's. This has the risk of driving prices up for smaller households seeking entry level homes: a smaller share of its total 1- to 2-bedrooms are for sale than similar sizes in Marin County and Sonoma County.

Figure 15 shows that only 9% of all 0- to 1-bedroom homes are available for sale in Napa Valley compared to 14% of all 1-bedrooms in Marin County, so there are fewer small units for sale as apartments or condos, which are typically cheaper. Even more than that, nearly all for sale 1-bedrooms

Figure 15. Breakdown of Units by Bedroom Count and Type of Structure for the North Bay Counties

Source: IPUMS USA and U.S. Census Bureau



in Napa Valley are located in single family units, whereas Marin County's 1-bedrooms are more evenly split between single family and multifamily units. Yet if you need bigger home sizes for larger families, you are more likely to have to buy in Napa Valley than elsewhere: in total, 83% of its 3-or-more-bedroom homes are for sale, the highest rate in the North Bay. Only 16% of all 3-bedrooms can be rented in Napa Valley whereas in Solano County it is 23% or nearly 1 in 4 homes.

Unit Size Is Not Strongly Correlated with Affordability

Napa Valley's ability to regulate or control costs through smaller units — typically one lever jurisdictions can utilize to manage prices — is diminished by severe constraints on the availability of smaller units. In typical housing markets, stakeholders can use the size of units to manage costs, such as in regions where land values are high. This allows providers to reasonably reduce rents based on the features of the unit; it helps residents to have a choice in spending to match their budget; and it enables cities to utilize their entitlement authority to exercise some levers of cost control by facilitating or favoring smaller unit production.

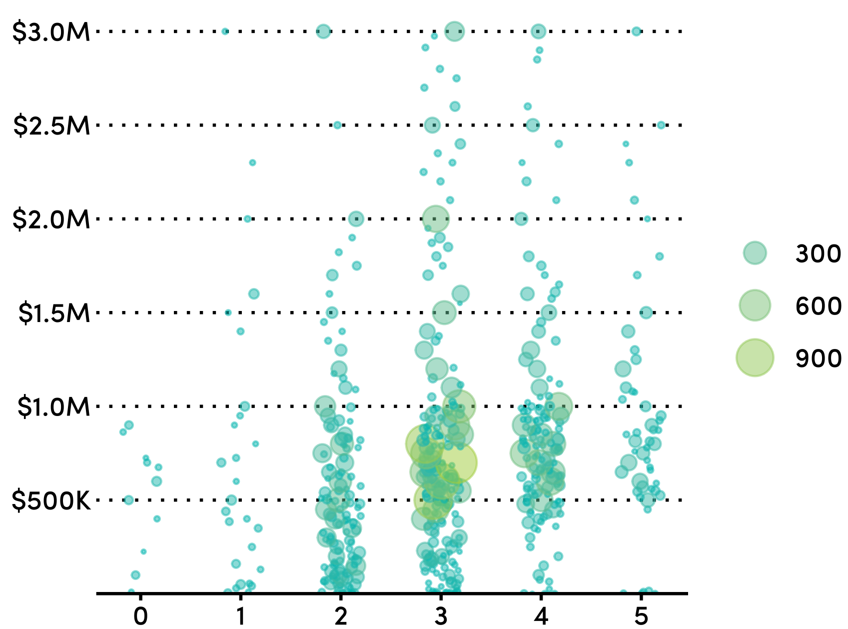
In Napa Valley and other highly constrained markets, however, the relationship between the size of a home and its cost is less predictable.

In Figure 16, we note the wide range of prices among similar sized bedroom types along with lower degrees of heterogeneity between units of different sizes. For example, 2-bedroom homes display a wider and less clustered degree of pricing while 3-bedroom homes "cluster" in price along a significant range of values. A large number of 3-bedroom homes cost significantly less than 2-bedroom homes and many cost the same as the average 4-bedroom home.

Constraints on the supply of homes, especially among owner-occupied units, make it less likely for size to dictate cost in the ownership market; and when demand for smaller units outpaces supply, some smaller units may cost just as much as, if not more than, slightly larger units. With demand rising for the limited annual supply, new prices for similar-sized homes may jump rapidly, inflating the range of costs for homes even accounting for location and amenities.

Figure 16. Total Housing Units by Price Point and Bedroom Count

Source: IPUMS USA and U.S. Census Bureau



Priority Pipeline Projects

Napa Valley's main goals must be to stem the flow of working age residents, households with children, and low- and moderate earners outside of the Valley. This means it must counter the loss of owner-occupied units priced at modest or entry-level ranges while at the same time adding more below AMI rental units sized for larger households to allow households with children to stay on the rental market and accumulate savings. New builds can play a role in increasing the diversity of stock at the lower end of the market primarily through deed-restricted affordability but new deed-restricted moderate-priced units will also help to free up lower-income units currently occupied by higher earners.[37] Preservation of deed-restricted units is also key to maintaining affordability for homes that would otherwise convert into market-rate housing.

The Valley's pipeline are those projects on sites with planned, pending, under review, approved, or under construction residential developments.

Exemplary Low-income Rental Housing Serving Larger Workforce Families

Unit Totals	Project Description (status of project pending permit or funding)	City / Town
88 Low Income	**Heritage House / Valle Verde** This project yields strong potential for its focus on smaller affordable units but not to the exclusion of larger units. 20 1-bedroom units and 58 studio units will be accompanied by 12 larger units which will be a mix of 2- and 3-bedroom units affordable to low-income families. The project will offer space for families, farmworker housing, and permanent supportive housing in one development.	**Napa**
11 Low Income	**SoCo Napa Apartments (formerly Pietro Place)** This infill residential project, completed in late 2023, provides a mix of 1- and 2-bedroom units for lower income residents and families with options for both rental and sale. It is located within walking distance of several schools, major groceries, and the Soscol Center Business Park.	**Napa**
122 Very Low, 62 Low Income	**Lemos Pointe** Three bedroom affordable units (up to 1,050 square feet) alongside smaller 400 square feet studios allow this development to serve larger families and single person households at below-market rates.	**American Canyon**
10 Very Low, Low- and Moderate Income	**951 & 963 Pope St. (In process)** This workforce housing project offers very low-, low- and moderate-income renters two-bedroom/one-bathroom units across several duplexes. The project will create a true "workforce village" for residents vital to the local workforce. The project is located within close walking distance of public transit, downtown businesses, a grocery store, schools, and parks.	**St. Helena**
76 Low Income	**Monarch Landing (In process)** Infill affordable housing will provide 77 one-, two-, three- and four-bedroom affordable apartments for local families and workforce households from Napa Valley Community Housing. The apartments are a combination of flats and townhomes with an additional assembly room, teaching kitchen, computer lab & outdoor play areas. Its location near amenities such as the South Napa Market Place and employers such as the Napa State Hospital and Napa Valley College will help the development serve workforce households.	**Napa**
24 Very Low, 37 Low Income	**1855 Lincoln Avenue Apartments** These 100% affordable units are priority residences for Calistoga workforce residents followed by those who live and work elsewhere in Napa Valley. The units consist of 38 one-bedroom units, 20 two-bedroom units, and 20 three-bedroom units in order to accommodate larger families as well.	**Calistoga**

Exemplary Moderate Income Housing Addressing Workforce Needs

Unit Totals	Project Description (status of project pending permit or funding)	City / Town
	Terrace Drive Subdivision A unique single family residential project priced for moderate income earners to provide entry level options.	**Napa**
49 Moderate Income	**Wine Train Housing (In process)** This workforce housing will serve employees of the dining and accommodation project by Noble House, as part of the city's efforts to pair employee housing with new hotels. The infill project will provide 35 studios, 14 one-bedroom apartments, four three-bedrooms and two four-bedrooms to accommodate both single and family-sized households. It is similar to two other workforce housing complexes — one for employees of a Jackson Hole, Wyoming resort.	**Napa**
408 Moderate Income	**Residence @ Napa Junction** This project will provide a massive injection of moderate priced multifamily rental units (including 46 units for households earning below 50% AMI) by creating a subdivision with landscaping and shared amenities. The development will prioritize walkability with its enhanced density.	**American Canyon**
16 Moderate Income	**HHS Site (In process)** 16 ownership units restricted to moderate income households bring needed inventory to a market typically dominated by rental property.	**Napa**
44 Moderate, 56 Low Income	**Napa Pipe (In process)** The Napa Pipe project is a proposed mixed-use neighborhood located on an 150-acre industrial property that will offer 44 moderate units along with 56 low-income units. Small block sizes along with a town center surrounded by restaurant, retail, and housing uses will allow for increased walkability.	**Napa**

Assessment of Site Inventory: Capacity to Accommodate Moderate and Below Moderate Housing

North Bay counties, and Napa Valley especially, face unique challenges identifying new sites on which to develop. Historically small towns bounded on most sides by strong agricultural preservation boundaries — and occasionally segmented by agriculture-zoned parcels within city limits — have scarce land other than the rural-urban boundaries on which to develop. This can exert strong pressure on city staff to identify infill sites — or sites that are proximate to existing residential or commercial development and/or sited on land that may currently be underutilized but is contiguous with existing development.[38] These may include parking lots, commercial lots that are no longer functional, open lots that have never been developed, and lots that are adjacent to the edges of a rural-urban boundary but still lie within a city's sphere of influence.

Even when potential sites are identified within the bounds established by strong agricultural preservation ordinances like Measure J, other barriers work against the conversion of parcels to uses like denser housing.[39] For example, while multifamily housing may be permissible in more than one zoning region, they are very rarely given by-right permission, meaning that lower density housing typically wins out where it is not explicitly prohibited. Height restrictions and floor area ratio guidelines further reduce the likelihood of hitting maximum densities.

In the following assessment of jurisdictions' Site Inventories as required by the state for inclusion in their 6th Cycle Housing Element, we find that cities are most successful when asserting zoning allowances that broaden the criteria for what counts as underutilized land. The reward for such an approach is an accumulation of sites that do not typically require new infrastructure, that contribute to density instead of urban sprawl, and that allow residents to be more centrally located near existing resources and transit options — all of which can be performed without rezoning. This may mean expanding the definition of what appear to be good candidates for infill development. St. Helena and Yountville, for example, have very little underutilized or vacant land that present as obvious sites for residential development. Yet, as we assess below, St. Helena officials have leveraged their foresight and policy authority to make judgments about whether current uses are satisfying need and identifying ways that zoning and land use can be repurposed to get more from sites for housing. This requires thinking beyond historical uses of land and reimagining sites as future homes for a new generation of families.

As we show in this section, jurisdictions are beginning to exhibit willingness to rethink zoning and current land use. The City of Napa and St. Helena in particular are proactively identifying sites and leveraging new laws, zoning authority, and additional land ownership incentives to conceive existing properties as sites for denser residential development. Yountville and Calistoga are using these tools albeit on fewer plots, and we encourage them to replicate successful repurposing actions to better prepare for the next eight years. Several cities are considering ownership models, including through churches, nonprofits, and acquisition of public lands, in order to offer discounted values to affordable housing developers.

Zoning reform, while not always necessary on land that is zoned for residential but not currently serving its full purpose, can also be an effective tool for opening up opportunities on land that may be deemed unfeasible for residential development. A recent study by California YIMBY found that if regions were to undo burdensome zoning restrictions on the majority of their sites, they would not only open up the potential for residential development but make space for land that, as they calculate, is already market-ready for housing.

In exploring what they call “conversion rates” among California’s counties, they find that, excluding protected farmlands, wetlands, and zones at high risk of fire, “the lowest conversion rates of housing development opportunities were found along the perimeter of the Bay Area and along the Central Coast” where zoning regulations remain major inhibitors of new, market-rate housing. As California YIMBY concludes, “both regions face enormous housing demand but have issued few housing development permits in recent Years. Examples include counties like Marin, Napa, Monterey, and Santa Barbara leaving areas with ample market-feasible housing opportunities untouched.”[40]

While we find that Napa Valley’s jurisdictions have begun to course-correct in recent years, running counter to some of the trends identified by California YIMBY’s estimations, we also conclude that the zoning measures that most prohibit new housing include growth management ordinances, historically restrictive emphases on single family zoning, and underuse of existing high-density zoning for low-density development.

We find that the jurisdictions’ site inventories reflect a wide array of strategies albeit unevenly deployed: cities are making effective use of infill sites located near their cores to site the majority of its moderate and below moderate housing but are

still missing opportunities to upzone underutilized lots that allow for denser housing. Several are tapping new laws to promote the reuse of existing sites dedicated to church and quasi-public facilities such as educational sites. But there remains much potential to acquire discounted land to offer heavy cost reductions to affordable developers.

This all-of-the-above approach to land use will be critical to meeting the significant increase in Napa Valley's state-mandated housing permits for the next eight years. The City of Napa will see a 219% increase over its required 835 homes last cycle; Calistoga and Yountville will both see over 300% increases; and St. Helena will see the largest increase, from 31 new permits last cycle to 256 this cycle. These numbers are historical departures and will require jurisdictions to think broadly in identifying both feasible space as well as locations that best serve residents. Additionally, the bulk of new permitting must address housing needs for Low and Very Low income residents, to which the state applies special scrutiny to ensure residents are well served by access to amenities and high value resources and are not located in environmentally risky sites or segregated in historically low-income neighborhoods.

With the exception of American Canyon, who will hit its RHNA obligations with projects that are already in their pipeline (see above), each town and city will depend on assessments of existing plots of land that are vacant or underutilized in order to meet their totals. To address these needs, each jurisdiction, in collaboration with property owners and developers, has identified potential sites for redevelopment or new development entirely.

Site Inventory

Sites & Plans for Development

Current & Future Land Use/Zoning: Parking into Housing

Jurisdictions Making Effective Use:
City of Napa

The wholesale utilization of parcels and plots for parking, especially in downtown cores, is an artifact of high parking minimums on commercial and new residential construction that are a staple of every municipal code in the county. Eliminating costly and heavy-handed parking mandates is one approach to promoting better land use. But cities can also begin the conversion process of adapting underutilized parking lots into housing now. While some local merchants may raise concerns on the impact to local business, studies have found that travelers who used public transit or walked in downtown centers spent more on local businesses per month than those who traveled by car.

City of Napa:
With the need to develop close to its core in order to reduce sprawl, the City must get creative in identifying limited infill sites. The immediate area outside of its downtown is not dominated by parking as much as its regional peers, but some large parking sites remain that are within largely residential areas. The City is identifying some of its largest parcels devoted to parking that are suited for moderate and lower income development. A parking lot at 725 Coombs will become 30 Low Income units and the lot at 1752 Third St will become 27 moderate units. These will function well within existing residential land.

Sites & Plans for Development *(continued)*

Current & Future Land Use/Zoning:
Church, religious site, or non-profit ownership and conversion to low- and moderate-income housing

Jurisdictions Making Effective Use:
City of Napa,
Yountville
St. Helena

The region is taking advantage of trending interest in developing residential capacity on church sites as well as exploring options to secure the purchase of lands by nonprofit developers. Both uses allow greater predictability and control over home prices. Religious institutions, empowered by the recently passed state law Affordable Housing on Faith Lands Act (SB 4), face fewer barriers to add or redevelop property for affordable housing and cities are attracting attention where zoning already allows for residential development. Close partnerships with these institutions and nonprofits allow a city to streamline its review process and offer land at discounted rates for affordable developers, easing feasibility for hard-to-pencil units. Even if no rezoning is needed, cities can facilitate the transfer of ownership to nonprofits or religious institutions and work with by-right approval options, as long as homes are consistent with all objective building standards.

City of Napa:
The first site, located at the Crosswalk Community Church at 2590 First Street, has been identified after interest by the church to develop underutilized land rather than redeveloping the existing structures. The size of the lot is estimated to provide for 50 Low Income units. The second, a much smaller site currently inhabited by the Napa Valley Korean SDA Church, in the largely residential area on Highland Drive, has been identified as underutilized. Although zoned for single family development, the site has been identified as accommodating redevelopment, upping the density to include 24 moderate income units.

Yountville:
Yountville has engaged in discussions over its Site 2 at 6406 Washington Street owned by the Diocese of Santa Rosa and affordable developers. The Church has been open to the idea of an affordable housing project on the land at the southern edge of the Town's border currently used as agricultural space. Santa Rosa-based Burbank Housing is seeking to take advantage of SB4 to develop a site that, while not central, is located near the 10 bus route.

St. Helena:
St. Helena has pursued several options to transfer purchase of land to nonprofit developers to better guarantee that sites are likely to yield affordable housing. The City's Site 5 on Main St. between Mills Lane and Dowdell Lane, currently a service commercial zone along a prime corridor, has been secured by a local affordable housing non-profit with an exclusive option to purchase the property to develop affordable housing. The proposal emerges from a unique, City-approved development agreement with the Farmstead Hotel to add affordable housing units as part of its development.

Sites & Plans for Development *(continued)*

Current & Future Land Use/Zoning: Adaptive reuse of public and quasi-public sites

Jurisdictions Making Effective Use:
City of Napa,
St. Helena

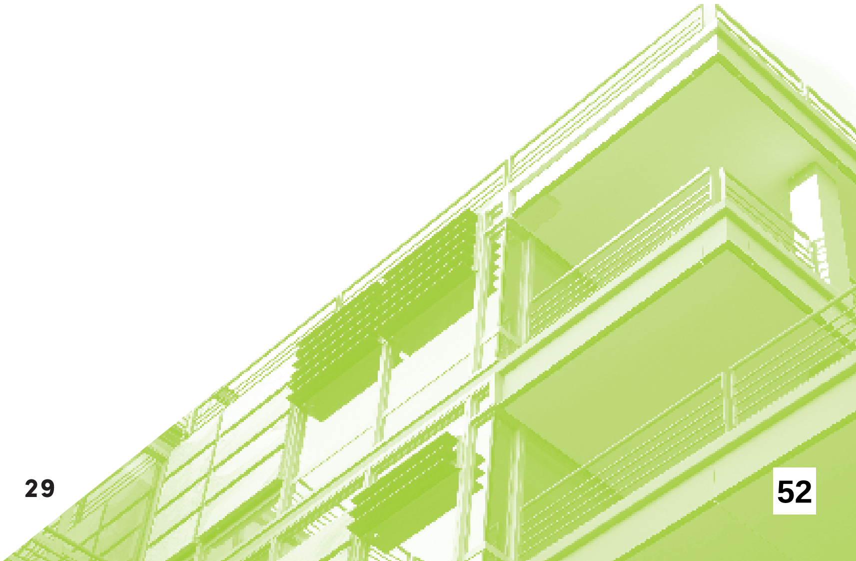
Jurisdictions with Opportunity to Implement:
Calistoga

In cities with high housing costs where the cost of land plays a significant role in driving up prices, jurisdictions are incentivized to look for discounted land. Public lands with facilities like schools, libraries, police or fire stations, or community centers can provide that opportunity because they can be acquired at discounted prices. And because California law requires local agencies disposing of surplus public land to give first priority to affordable housing, public land is prime for serving these types of projects. The discounted rates reduce development costs significantly for these hard-to-finance assets. Jurisdictions can either co-locate housing next to existing uses or sell to developers for affordable housing.[41]

City of Napa:
School districts typically own large parcels of land within urban areas. Located within residential zones and built out with amenities such as ball fields, gymnasium, and pools, they offer opportunities for housing that is dense and highly resourced. In the City of Napa, the community has been highly involved in converting the former Harvest Middle School into low-income housing while preserving several of its amenities for the community. The highest and best use for the campus at 2449 Old Sonoma Road was determined to be for residential development at forums hosted by the Napa Valley Unified School District. The school district is working with some potential buyers to buy and develop a large portion into residential units.

St. Helena:
St. Helena is exploring the conversion of several sites to housing. Site 1 at 1480 Main Street has infill residential potential along with access to amenities. Currently owned by the St. Helena Fire Department, the vacant components of the site could be redeveloped into a modest 6 units. The proposed plan is exemplary of converting available space, even if small, into housing. Likewise, its Site 3 on Adams Street, while not on public land, contains 1.3 acres that could be dedicated to shared use between affordable housing and other public facilities such as a new City Hall and Police station. This represents a creative rethinking of available land not simply for housing but for dual purposes that still benefits residents.

Calistoga:
Calistoga has two significant-sized public land uses to its south and north-central neighborhoods. The south lot, adjoining Washington Street, is underutilized while the northern lot shared by the Calistoga Speedway, arts center, and a golf course may offer co-location opportunities next to existing uses. Although not public land, Calistoga can also investigate opportunities to acquire, redevelop, or otherwise designate the disused airport commercial land towards the south of the city.



Sites & Plans for Development *(continued)*

Current & Future Land Use/Zoning:
Infill on large, underutilized lots requiring change to zoning or land use

Jurisdictions Making Effective Use:
City of Napa, Yountville, Napa County

Jurisdictions with Opportunity to Implement:
Calistoga

The identification of larger lots for conversion is harder than smaller ones due to overlapping zoning requirements and the difficulty in establishing contiguous land usage. In addition, smaller towns typically do not have larger, contiguous sites to utilize. Yet when they do, they remain some of the best options for more aggressive reuse and planning.

City of Napa:
The City of Napa is thinking big in this regard by eyeing sites beyond small zoned lots to create dense, centralized areas of housing in some cases near or next to commercial property. Taking advantage of major corridors that will afford ease of travel and proximity to transit routes as well as proximity to commercial amenities will help absorb these units without adding longer vehicle miles traveled to the immediate surroundings.

Big areas of vacant land such as those located at the north end of Hartle Court and the adjoining properties at West Imola Ave and Gasser Drive have been identified as prime candidates for large numbers of Low Income housing units. The north end of Hartle Court (125 Low income units) combined with W. Imola Avenue sites including 950 W. Imola (56 LI units) and 1801 Imola (17 LI units) make use of a great open space that is also adjacent to amenities including grocery stores and commercial development. The region should effectively accommodate the roughly 200 units given the high number of stores located nearby.

Infill comes in other forms including underutilized lots currently used for agricultural purposes. The lot at El Centro Ave and Via La Paz near Salvador is a vacant vineyard and potentially prime residential. The site allows for 4,000 square foot lots for single family infill but this plan will see it converted to 73 moderate income units of medium residential density.

Napa County:
The County must find ways to convert mostly rural unincorporated land into higher density housing. The County has identified at least two, large underutilized areas for housing to meet demand. 10 acres at Spanish Flat at Lake Berryessa could be converted to 100 units of low-income housing. The housing will accompany growth in resorts near Lake Berryessa and the site will accommodate subsequent demand for housing in the region. Five acres south of the City of Napa along Foster Road also has the potential to be converted to 100 low-income housing units, making use of space within the City's rural-urban limit. The site has historically been used for agricultural purposes but such uses are no longer intensive and the site holds promise for housing that may eventually be annexed by the City itself.

Yountville:
Yountville's Site 1 at Washington and Webber Streets is currently used as a vegetable garden for the restaurant French Laundry and remains one of the larger available lots suited for redevelopment. The site includes a specific requirement that 13 affordable units must be developed as a part of the approved Inn (hotel) to serve local accommodation and food serving staff.

Calistoga:
Compared to Napa Valley's smaller cities and towns, Calistoga has the most underutilized or vacant space, much of which is located along key corridors like Lincoln Avenue that are zoned for Community Commercial or at the southern and northern ends of its borders that are zoned for rural residential. The City will be using its Sites B-E off the Lincoln Avenue Corridor for several low income developments.But large portions of rural residential remain untapped, including on land adjacent to existing residential. These do not include public or quasi-public land, meaning they will require negotiation and inquiries into interest with owners.

Sites & Plans for Development *(continued)*

Current & Future Land Use/Zoning: Upzoning from Single Family to Multifamily

Jurisdictions Making Effective Use:
City of Napa,
St. Helena

Jurisdictions with Opportunity to Implement:
Calistoga,
Yountville

Cities and towns with strong agricultural preservation boundaries and limited infill on vacant or underutilized parcels must instead turn to upzoning — or the process of increasing allowable density on sites zoned for low-density uses (like single family residential) or sites zoned for denser housing but currently used for low density purposes.

City of Napa:
The City is exploring some current single family infill for conversion to slightly denser moderate units. But these are limited. 746 La Homa Drive, a 1.5-acre parcel zoned for multifamily residences but currently used for single family, will be converted to 47 Low income units. 1620 & 1623 Silverado Trail, two lots of single family infill, will be converted to 20 and 17 Low income units, respectively. The City may seek more opportunities like these to see immense return on density and taxable value per acre.

St. Helena:
With very few vacant lots, St. Helena is leaning into existing residential zones that have not maximized their use. St. Helena has very little land zoned for low density. But like so many cities in the Bay Area, much of the land use on these parcels is by single family homes. St. Helena is taking steps to correct this historical over-abundance of single family homes through land use upgrades on existing high density residential plots that are underutilized or in use for alternative purposes. Site 7 at 821 Pope Street site is underutilized High Density Residential with one existing single-family residence and large undeveloped areas on-site with a capacity for 20 low- and moderate income units. The city is also planning to accommodate a requested upgrade at Site 11 (1637 Spring St.) to double the number of housing units through a change to the land use designation. Finally, Sites 10 at Spring St. between Hudson Ave. and Valley View St. and Site 8 at 882 and 886 College Avenue are considered underutilized as they have residential land use designations but are currently used as vineyards and other agricultural purposes. Focus Groups showed interest in High Density Residential uses on this residentially zoned parcel in the form of townhomes, which is compatible with the surrounding residential neighborhoods.

Calistoga:
In places like Calistoga, efforts to limit the development of single family homes as the dominant housing type have been less successful: although single family detached homes are not permitted in most of the higher density districts, they typically beat out multifamily rental housing which is only permitted by right in the R-3 zoning districts. At the same time, the City's growth management systems have historically prevented much new buildout, although under SB 330 the Growth Management System has been removed from the Housing Element.

Yountville:
Yountville likewise allows multifamily development in multiple parts of the Town but, as its Housing Element found, design restrictions have likely acted as constraints on their development — hastening the need for more assertive land use conversions. For example, all multifamily projects and duplexes are subject to two stories maximum. This, along with the maximum FAR standard in the RM-2 zone, were found to "constrain the size of units that could be developed."

Closing

Napa Valley's housing needs are urgent and unique. The Valley not only needs to correct for decades of low housing production, but to do so in the wake of skyrocketing housing demand driven by the growth of its strong winemaking and hospitality industries. While this growth has been a boon for the region's economy, it has pushed out many of the workers that make it all possible — farmworkers, hospitality staff, healthcare providers, educators, and so on. As Napa Valley ramps up its efforts to address housing undersupply and unaffordability, it also needs to ensure it builds a diversity of housing options that cover the entire spectrum of need: starter homes for younger adults, homes near employment for workers and commuters, larger homes for families with children, affordable homes for low- and middle-income households, and ownership opportunities for renters. Oftentimes, these are the same individuals and households, meaning that building for one group serves all groups.

Jurisdictions recognize this need and have already taken steps to meet the challenge, but more can and must be done. Current pipeline projects are heartening, but most jurisdictions will need to keep or increase their pace of housing production just to meet their RHNA minimums. And from there, they must consider what kind of additional production is required to address Napa Valley's true housing need. Fortunately, opportunities for development abound, as evidenced by the review of each jurisdiction's site inventory. This is in spite of the Valley's strong agricultural preservation boundaries, which, instead of being viewed as an obstacle to growth, is better understood as guidance: when facing a housing shortage, the best way out is up. With clear-eyed policy-making and broad support from constituents, Napa Valley can build enough housing for the workers and residents that sustain its economy and community, without sacrificing the natural beauty that defines it.

For further reading on housing need and production, please consult the 6th Cycle Housing Elements (2023–2031) for each jurisdiction below:

- American Canyon
- Calistoga
- City of Napa
- County of Napa
- St. Helena
- Yountville

Endnotes

1. Bay Area Council Economic Institute (April 2019). City of Napa Economic Development Action Strategy. p.3.
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3. Compass (April 2024). Napa County Real Estate April 2024 Report. The 1990 median home price of nearly $182,000 has seen a 30 year increase of 399% to now $910,000.
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5. Headwaters Economics (May 2023). Amenity Trap: How high-amenity communities can avoid being loved to death.
6. Cunha, António Manuel and Júlio Lobão (August 2021). The effects of tourism on housing prices: applying a difference-in-differences methodology to the Portuguese market.
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9. Travel Weekly (October 2022): Tourism's Housing Crunch: A shortage of affordable housing is making it difficult for workers in tourism-dependent communities to find places to live.
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11. Ibid.
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13. Lightcast (April 2023). Workforce Alliance of the North Bay: Labor Market Analysis & Strategy. p.13.
14. Generation Housing analysis of U.S. Census data.
15. Landis, John D. and Michael Reilly (2003). How We Will Grow: Baseline Projections of the Growth of California's Urban Footprint through the Year 2100. Citing California Dept of Finance projections from 2000.
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17. Urban Institute (2021). The Future of Headship and Homeownership
18. Generation Housing (2024). Napa Valley State of Housing Report. p.25.
19. Center for California Real Estate (2022). Who Gets to Call California Home?. For example, studies have shown that in California, 76.9% of total rental households are formed between ages of 20–29, yet the state lags behind the U.S. as a whole in terms of when renter formation peaks.
20. Joint Center for Housing Studies (2023). The Surge in Household Growth and What It Suggests About the Future of Housing Demand.
21. Generation Housing analysis of U.S. Census data: "Financial characteristics of housing units with a mortgage".
22. Napa Valley Features (2023). The Napa Valley needs a reality check. According to estimations, the median home cost of $900k with a presumed 20% down payment of $180,000 would consume nearly 85% of the monthly salary of Napa Valley's median earners, making it nearly impossible for many residents on these incomes to consider a home purchase.
23. Terner Center for Housing Innovation (May 2023). The First Step Is The Hardest: California's Sliding Homeownership Ladder, p.19.
24. As of 2023, according to Zillow, the average home value in Napa County had surged to $903,189, up from around $550,000 in 2015, a 40% increase.
25. Following other major assessments of housing to income ratios, please note that income figures in the following analysis are not inflation adjusted. This is because typical inflation adjustments use housing as a major component of ongoing Consumer Price Index calculations. If income is inflation adjusted to include housing costs, the enormous impact that housing has on income distribution would be eliminated from the analysis.
26. Federal Reserve Board (April 2013). The Long and the Short of Household Formation.
27. The calculations in this section seek to improve on limitations in the standard jobs-to-housing ratio assessment utilized by organizations such as ABAG to determine housing need. For example, in ABAG's assessment, Napa County has more low-wage jobs than low-wage residents, where low-wage refers to jobs paying less than $25,000 per year. The county also has more high-wage residents than high-wage jobs, where high-wage refers to jobs paying more than $75,000 per year. However, more than one-person households who earn just above $75,000 are actually designated as Low Income earners by state AMI standards and thus, in some instances, eligible for deed-restricted affordable housing. This means that ABAG's criteria for low-wage earners risks undercounting affordable housing need. We seek to correct this in order to offer a full picture of need in Napa County.
28. High Country News (May 2023). Western resort towns risk being 'loved to death'.
29. Bay Area Council Economic Institute (April 2019). City of Napa Economic Development Action Strategy.
30. Ibid.
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38. Planetizen. What is Infill Development? See this for a helpful description of infill development.
39. Measure J, adopted by Napa County voters in the late 1990s, requires voter approval for any reclassification or subdivision of agricultural land, though it may currently conflict with state SB 330 law.
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41. Home for All San Mateo. Public Land For Affordable Housing.

Appendix: Data Sources

United States Census Bureau
The United States Census Bureau conducts censuses and surveys on the American people and economy, including the U.S. decennial census and the American Community Survey. We use data from the Census surveys and programs listed below.

American Community Survey (ACS: The American Community Survey is a regular demographic survey of American households that began in 2005. We primarily use the 2018–2022 ACS 5-Year estimates, at both the county and jurisdictional level, but we also rely on ACS 1-Year estimates and ACS 5-Year estimates from earlier time periods.

Decennial Census: The U.S. decennial census is the constitutionally mandated census of all Americans conducted every decade, most recently in 2020. We use data from the 2000, 2010, and 2020 census.

Longitudinal Employer-Household Dynamics (LEHD: The Longitudinal Employer-Household Dynamics program collects detailed data on employers and employees at various geographic levels and across different job sectors. We specifically use LEHD Origin-Destination Employment Statistics data from 2002–2021 about jobs and workers located within Napa County.

Population Estimates Program: The Population Estimates Program produces population and housing unit estimates for regions and jurisdictions of different sizes across the United States. We use decennial totals and intercensal estimates for population and housing units for the years 2010–2022.

IPUMS USA
IPUMS is a census and survey database produced by the Institute for Social Research and Data Innovation at the University of Minnesota that integrates various census data across both time and space. IPUMS USA is an IPUMS program that collects and harmonizes United States census microdata, or information on individual census respondents. We use sample microdata from the 2018–2022 ACS 5-Year and from the 2005 to 2022 ACS 1-Year.

Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024. https://doi.org/10.18128/D010.V15.0

U.S. Department of Housing and Urban Development
Building Permits Database: The U.S. Department of Housing and Urban Development collects data on privately owned residential construction and stores it in their Building Permits Database. We use annual data on permit-issuing entities in Napa County for the years 1980–2023.

Annual Homeless Assessment Report: This report outlines the key findings of annual Point-In-Time (PIT) counts and Housing Inventory Count (HIC) nationwide. Specifically, it provides national, state, and CoC-level PIT and HIC estimates of homelessness, as well as estimates of chronically homeless persons, homeless veterans, and homeless children and youth. We utilized the 2007–2022 Point-in-Time Estimates by Continuum-of-Care providers.

Othering and Belonging Institute
The Othering and Belonging Institute collects data on zoning designations from jurisdictions' General Plan land use documents and zoning map shapefiles provided by the Association of Bay Area Governments, municipal planning departments, or downloaded from ESRI's ArcGIS HUB. The data was made available as part of their Racial Segregation in the San Francisco Bay Area publication series from 2019 to 2021 through their Zoning Report titled "Single-Family Zoning in the San Francisco Bay Area: Characteristics of Exclusionary Communities" (October 7, 2020). We use data on Napa County from their GIS sampling of land area by zoning designations.

California Department of Housing and Community Development (HCD)
HCD collects data on all housing development applications, entitlements, building permits, and completions within California jurisdictions for the 5th and 6th cycle Housing Elements. It makes that data available through their Annual Progress Reports (APR). We use data on Regional Housing Needs Allocation (RHNA) and construction and permitting activity for Napa County jurisdictions dating back to 2018.

Bureau of Labor Statistics
The Occupational Employment and Wage Statistics (OEWS) program produces employment and wage estimates annually for approximately 830 occupations. These estimates are available for the nation as a whole, for individual states, and for metropolitan and nonmetropolitan areas; national occupational estimates for specific industries are also available. We use May 2022 State Occupational Employment and Wage Estimates for Napa County and the City of Napa.

Novogradac
The LIHTC Mapping Tool is based on the U.S. Department of Housing and Urban Development's LIHTC Database, which was last revised as of May 2023. Data includes project address, number of units and low-income units, number of bedrooms, year the credit was allocated, year the project was placed in service, whether the project was new construction or rehab, type of credit provided, and other sources of project financing. We drew on mapping data for Napa County.

Salary.com
The Cost of Living Calculator compares the cost of living in one location to the cost of living in a new location using the Consumer Price Index (CPI) and salary differentials of over 300+ US cities. We utilized this tool to estimate the cost of living across California and Oregon cities with local wine industries and to derive the salaries needed to maintain standards of living across locations.

Regional Housing Elements
The Housing Element of the General Plan identifies a city's housing conditions and needs, establishes the goals, objectives, and policies that are the foundation of the city's housing strategy, and provides an array of programs to create sustainable, mixed-income neighborhoods across each city. We utilized the 6th Cycle Housing Element plans from each jurisdiction to identify the number of Extremely Low and Very Low Income households estimated to live within each jurisdiction.

Appendix: Report Contributors

PRINCIPAL AUTHOR AND POLICY ANALYST
Joshua Shipper, PhD
Director of Special Initiatives, Generation Housing

Joshua comes to Generation Housing with community-based, academic, and policy experience working to understand how each generation defines what equity looks like for them. After helping to identify solutions to the growing racial wealth gap and home financialization trends shaping communities like West Oakland prior to 2010, Joshua completed his PhD in Political Science at the University of Michigan, Ann Arbor in 2018. There he focused on American politics, race, and equity policy, contributing to survey and quantitative research on American attitudes shaping policies on wealth, taxation, and education. Applying those insights to politics and policy, Joshua taught political science courses in the Midwest while working to reform state funding for affordable housing with Wisconsin State Assemblywoman Francesca Hong.

Now having returned to the Bay Area, he has most recently served as the Director of Data & Grants at the Committee on the Shelterless where he helped support evidence-based, housing-first solutions to homelessness in Sonoma County including through Project Homekey and CalAIM.

PRINCIPAL AUTHOR AND DATA ANALYST
Max Zhang
Research Manager, Generation Housing

Max joins the Generation Housing team with professional and academic experience in data analysis. A recent graduate from the University of California, Berkeley, majoring in both Statistics and Economics, Max has worked on improving transparency and reproducibility in policy analysis with the Berkeley Initiative for Transparency in the Social Sciences and studied pandemic unemployment insurance and Proposition 13 tax revenue impacts at the Berkeley Institute for Young Americans. As a part of Generation Housing, Max is furthering a long-standing passion for effective, socially oriented policy by placing the power of modern data analysis tools in the hands of housing advocates.

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REPORT DESIGN

Studio B Creative
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Appendix: About Generation Housing

OUR STORY

Generation Housing is an independent nonprofit organization created in the wake of the 2017 Sonoma Complex Fires to advocate for more diverse housing at all income levels in Sonoma County. Despite some policy advancements, there are still roadblocks and opposition to the development of much-needed housing. Generation Housing was incubated and is directed by cross-sector leaders representing healthcare, education, environment, and business who agree that a housing advocacy organization to promote housing policy and educate the public is a crucial missing component in our local housing development.

Generation Housing educates policymakers and the public about this critical intersectional relationship between housing and quality of life to increase public and political will for housing development, and to inspire and activate a counter voice to NIMBYism. Generation Housing rallies support for smart housing projects and helps to develop and champion solutions that reduce procedural and financial barriers to housing development.

Generation Housing's work is strategically guided by its Mission, Vision, and Guiding Principles, which include values of equity and environmental sustainability, and a commitment to cross-sector collaboration.

Vision

We envision vibrant communities where everyone has a place to call home and can contribute to an equitable, healthy, and resilient North Bay.

Mission

Generation Housing champions opportunities to increase the supply, affordability, and diversity of homes throughout the North Bay. We promote effective policy, sustainable funding resources, and collaborative efforts to create an equitable, healthy, and resilient community for everyone.

GUIDING PRINCIPLES

People

Everyone deserves to have a place to call home – a mix of ages, races, ethnicities, and socioeconomic status contributes to our economic and social vibrancy.

Sustainability

We support development of energy efficient and climate resilient homes and communities that offer access to jobs, schools, parks, and other needed amenities.

Place

Vibrant walkable urban areas, rich agriculture economy, and environmental stewardship require thoughtful, sustainable housing development.

Impact

Safe, stable, affordable housing near community services is integral to economic mobility, educational opportunity, and individual, family, and community health.

Collaboration

We are committed to working collaboratively and transparently – conducting positive advocacy, aligning efforts along the points of agreement, and working across sectors to create actionable and lasting solutions.

Housing Options

Our communities need a range of housing types, sizes, materials, and affordability levels.

Appendix: Acknowledgements

Report Commissioned by the Napa County Board of Supervisors:
Joelle Gallagher (District 1), Chair of the Board
Ryan Gregory (District 2)
Anne Cottrell (District 3), Vice Chair
Alfredo Pedroza (District 4)
Belia Ramos (District 5)

The Napa County Board of Supervisors, as part of its prioritization of the housing deficit within the county, sought out a rapid assessment of how rising home prices and limited availability had been impacted by underproduction in the last decade — and how in turn the shortage has affected residents' ability to afford to live in Napa County's jurisdictions. Its goal is to utilize this assessment to set baseline metrics, determine and drive local implementation of the Housing Element plan, and prioritize its grantmaking strategy in the years to come. This assessment is one part of the Board of Supervisors' plans to prepare the county for the potential utilization and expenditure of a nine-county general obligation bond measure on the November 2024 ballot that will unlock \$10–\$20 billion for affordable housing and homelessness solutions. Each county will determine how best to distribute funds to target highest need housing and support effective developments. It additionally seeks a tool that benefits advocates of housing throughout the county, generating shared language around — and key figures attesting to — the need to make the strongest possible case for housing now.

Special Thank You To:
This report would not have been possible without the guidance, leadership, and overall support of Jennifer Palmer, Director of Housing & Homeless Services with Napa County. Jennifer initiated and drove the effort to conduct a unified assessment of the jurisdictions' housing needs in order to understand the challenge as a regional rather than exclusively local task. As a testament to her collaborative approach, Jennifer assembled a Steering Committee of local advocates, industry leaders, and sector employers to establish a uniquely cross-public and private alliance on housing needs. The members, each of whom had seen firsthand how high housing prices made it difficult for their clients, employees, and workforce to live and work in Napa County, were instrumental to tailoring this assessment to the unique history, workforce profile, and housing needs of the county's key sectors including its accommodation, farm and agriculture, beverage manufacturing, health care, and childhood care & education employees.

Additional Support Provided By:
This report received input from numerous stakeholders within the county on needs ranging from quantitative and qualitative data to logistical support conducting interviews. Without them, the assessment would not have been the rich document it is, authentic to Napa County's needs and emblematic of its collaborative approach to solutions. Ryan O'Connell, How To ADU; Stephanie Gaul, Housing Manager at City of Napa; Charlotte Kuduk, Human Resources Business Partner at Providence Queen of the Valley Medical Center; Steph Shieh, Manager of Early Learning Programs & Provider Services at Community Resources for Children; Selena Polston, Principal at Selena Polston Consulting; Leo Buc, Principal at Breakaway Political; Michael Walker, Senior Planner at City of Napa; Alma Garibay, Relations Coordinator at Napa Valley Vintners; Julio Olguin, Executive Director at St. Helena Preschool for All; Milli Pintasci, Executive Director at Le Petit Elephant.

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A project of Tides Center, a 501(c)(3) nonprofit organization

GENERATION
HOUSING
NAPA VALLEY

State of Housing

in Napa Valley

Contents

Foreword

We've known for a long time that we have a housing crisis in Napa Valley, and that opportunities for action will continue to come and go if we are not prepared with evidence-based solutions. With both newly approved Housing Elements and the potential influx of affordable housing dollars via regional bonds, one such moment is here. This State of Housing Report for Napa Valley is our collective response.

Our Steering Committee, at the request of Napa County's Department of Housing & Homeless Services, came together under the belief that housing solutions are fundamental to sustaining the county's renowned workforce, supporting families rooted in Napa Valley, and accommodating young adults experiencing a very different housing landscape from that of previous generations. We represent the industries and people at the heart of the Napa Valley economy who find themselves grappling with the challenges of our housing market. Our organizations are on the front lines of trying to address the housing crisis and its secondary effects on our community: advocating for and providing subsidized childcare to free up funds for families' housing costs, supporting workforce housing for industry workers, adjusting work schedules for longer commutes, expanding service eligibility for those with moderate incomes, and treating the health impacts of chronic stress caused by severe housing cost burden. The findings of this report not only resonate with our observations but also reveal the widespread nature of these challenges.

Our directive to the authors of this report was to adopt a fresh approach to comprehending regional housing dynamics, one that illuminates the principal factors driving housing costs. We emphasized the following:

Regional perspective: Recognizing the interconnectedness of housing costs across municipalities, we tasked the study with examining resident migration patterns, the regional employment landscape, and Napa Valley's position relative to comparable, amenity-rich destinations.

Intersectionality with key indicators: Housing costs play a pivotal role in influencing resident health, childhood stability and education outcomes, pathways out of homelessness, and local economic vitality. Thus, the report delves into how housing accessibility impacts the stability of our employees, residents, and clients.

Foreword

Historical context: We underscored the importance of contextualizing present housing challenges within long-term regional transformations, acknowledging that Napa Valley's struggle to accommodate moderate and low-income earners predates current regional changes such as tech industry growth.

Our goal with this report is to update perceptions about housing needs in our community including workforce families seeking larger homes and homeownership opportunities, wine industry and farm labor employees who deserve long-term residency options rather than temporary or seasonal offerings, and front-line community service providers with moderate incomes who struggle to keep pace economically with escalating housing costs. The ensuing data underscores both overarching trends and their daily ramifications, illustrating how even incremental rent and ownership cost increases have wide-reaching consequences for growing segments of our community.

We aim for this report to be utilized not only by policymakers but to inform grant-making for our nonprofit sectors, to help industry leaders make decisions on how best to support employees, and to inform all voters in our county about the vital role of affordable housing in keeping our economy and community strong.

STEERING COMMITTEE MEMBERS

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Executive Summary

Napa Valley faces challenges housing its residents that mirror the state of California as a whole: growing rates of cost burden, declining homeownership among young adults, and an aging population that struggles to downsize. But the Valley's arrival at these challenges is the product of a unique set of factors that require solutions specific to the amenity-rich, agricultural region. How Napa Valley navigates its housing needs depends in large part on the housing stock it has inherited and how it marshals new production to address shortcomings in a range of areas. This report on the state of housing in Napa Valley, commissioned by the Napa County Board of Supervisors, is intended to shed light on the need for new approaches to housing within the region.

In many ways, Napa Valley was built for a workforce rooted in agriculture, manufacturing, and service sectors — an economic core that largely persists to this day. Napa Valley's housing diversity in bedroom size and its comparative affordability are hard to notice amidst rising housing costs. But they are reflections of a period of growth that anticipated the needs of workforce residents to secure modestly priced rental and ownership opportunities.

But in one key way, the Valley was not built for its current workforce. Napa Valley's centrality to the region's — and ultimately the country's — wine production industry was not in clear focus by the time the majority of its current housing was produced. The Valley built big in terms of the size of its homes, but built out at a smaller scale than many of its peer counties in the Bay Area, erecting strong agricultural preservation barriers and focusing on home ownership at the expense of rental options at a higher rate than other Bay Area counties.

What the Valley could not predict in terms of workforce need, it could not build for. At the very moment it required an expanded workforce to support its agricultural and beverage manufacturing base — not to mention new employees in hospitality — Napa Valley virtually stopped building (as did the entire region in the aftermath of the recession). The 2010s was the least productive decade on record in terms of permitting, with the Valley adding under 2,500 homes from the annual height of production of nearly 10,000 units in the 1970s. During this period, the Valley saw an influx of new residents as well, seeking to take advantage of the amenity-rich region.

The competing needs of housing a relatively wealthier and older homeownership class along with a younger workforce was a unique challenge among Bay Area counties — and a precursor of what many would face during the tech boom. Building for neither group amplified competition for available units in Napa Valley, especially modestly priced homes that could serve as a step into home ownership. Aging, smaller households stayed in place, failing to free up many of the region's modestly priced units for new families. *(continues)*

Executive Summary

And Napa Valley's young adult households remained on the renter market for longer, failing to find ownership opportunities in their hometowns. Combined with the Valley's still growing workforce population, prices on middle tier units grew, ensuring the Valley lost a significant portion of entry-level homes. Between the period of 2008-2012 and 2018-2022, the number of homes for sale priced between $300,000 and $500,000 dropped 75 percent.

At the same time, high-end rental conversions and second home purchases began to deplete available units. Today, over half of Napa Valley's vacant units are reserved for second homes rather than as rental units for residents, compared to 30% in Marin County and 15% in Solano County. To grasp the impact of these numbers on a housing stock, if the Valley re-gained a portion of its 6,500 vacant units, its ratio of houses to current households would increase from roughly 350 homes per 1,000 residents to nearly 400 homes per 1,000 residents. Despite 32,000 of the Valley's 55,000 housing units — or 3 in 5 homes — nearly half a century in age, the region's tight housing market has worked against the gradual affordability of older homes, meaning that even its oldest properties are selling much above what their age might have dictated.

Whereas before the Valley struggled to add housing suitable for its (typically) younger and lower-income workforce, today it is struggling to add housing suitable for middle-aged workforce residents who now have families and earn diverse incomes including many in the moderate range. The impact on households is reflected in multiple factors. Between 2022 and 2023, Napa Valley lost the largest share of its population among all Bay Area counties. The stagnation in housing production at the start of the 2010s precipitated the region's first population downturn starting in 2016, dominated by its younger adults and families. And while Napa Valley has the second highest rate of home ownership among white households in the Bay Area, only half of all Latino households within the Valley own a home.

The lessons from this prior period should inform how Napa Valley plans ahead. For its size and population, Napa Valley is experiencing trends similar to that of Bay Area cities that serve as the center of regional employment, cultural amenities, and luxury markets.

Area Median Income for Napa County (2023)

Adapted from California Housing and Community Development

	One-Person Household	Two-Person Household	Four-Person Household
Area Median Income	$90,700	$103,700	$129,600
Extremely Low (<30% AMI)	$28,050	$32,050	$40,050
Very Low (31–50% AMI)	$46,750	$53,400	$66,750
Low (51–80% AMI)	$74,700	$85,400	$106,700
Moderate (81–120% AMI)	$108,850	$124,400	$155,500
Above Moderate (>120% AMI)	Over $108,850	Over $124,400	Over $155,500

Executive Summary

Three themes stand out among our findings that should inform action:

1. **Entry level homes are a key step to leaving the rental market but are rare:** Residents of Napa Valley may recall a time when home purchasing options were relatively plentiful. But today that goal is hard to achieve for first-time home buyers, driven in part by the decline in available, modestly priced homes. We find that while over 80% of above moderate households own their own home, this drops to 65% for households earning slightly lower incomes. Today, residents must wait until the age of 45 before the likelihood that they own a home reaches the Valley's average.
2. **Homes that might be suitable or "matched" to Moderate and Low Income households are rarely available:** Despite a relatively diverse housing stock, limited movement within and between homes means that moderately priced homes rarely become available to households who might benefit from them the most. Large segments of homes fail to "match" the income level or size of the household who occupies them. We find that thousands of above moderate income households who pay between 5-10% of their income on housing costs occupy homes whose costs would be suitable to moderate earners, requiring many of those households to compete for higher priced units. For Napa Valley's newest homeowners, therefore, cost burden is a growing phenomenon.
3. **Housing costs hurt employees and employers in Napa Valley's essential sectors:** Napa Valley's core sectors — its beverage manufacturing, agriculture, hospitality, healthcare and education industries — are fueled by workers earning a wide range of incomes. While employers in Napa Valley are able to offer more competitive salaries, higher than average housing costs undercut those competitive wages. For example, farmworkers in Napa Valley earn more than their peers across the state but with higher monthly rents, the gap between incomes and housing costs is nearly $200 more for Napa Valley farm workers. All of this contributes to rising cost burden, less discretionary income to spend on local goods, and pressure to relocate. The hospitality and healthcare sector have seen the largest increase in employees residing outside of the Valley.

This report lays the groundwork for the steps Napa Valley must take to meet its households' needs. Some are clear: In a region built for ownership, but with fewer and fewer options for new households, larger rentals must fill the gap for workforce families who cannot yet bridge the gap between renting and owning. At the same time, Napa Valley should not define itself by one challenge. Seniors with dual expenses of home and health care will become the predominant segment of the population within a decade, at the very moment many transition to fixed incomes. The need for rental options is crucial for its oldest seniors, as nearly a quarter of its residents over 85 already seek rental options.

Executive Summary

How the Valley can meet these challenges with its assets is the question this report raises. Starting in 2020, permitting levels in the Valley reached their highest level in the last four decades, and did so while shifting in focus from single family homes to multifamily permitting. This step is critical. Its state-mandated housing goals are now much larger than they were for the last eight years. This report is intended to present a picture of who the region builds for when it commits to new, more diverse, and more affordable housing.

WHO WE NEED TO BUILD FOR

- Young renters: 13,500 households between 25-45 years old are looking to own their first home. Napa Valley lags behind this key milestone: only 50% of 35-45 year olds and nearly 70% of 25-35 year olds still rent.
- Smaller senior households: The Valley's households are significantly older than those in the rest of the state and much smaller, having on average 1.5-2.5 people compared to 3-3.5 members in younger households.
- Working-age families: Over half of working age households earning Extremely Low incomes, and over three-quarters of very low-, low-, and moderate-income households have 2 or more residents, similar to those above moderate-income households.
- Core workforce sectors: Hospitality, beverage manufacturing, healthcare, agriculture, and education sectors depend on workers who earn a wide range of incomes. But households whose workers earn the median wages in nine of the Valley's most common occupations can only afford to pay $1,000 in rent each month on housing, demonstrating the direct link between Napa Valley's core industries and a more affordable housing supply.

WHERE DO WE FALL SHORT (MISMATCH)

- Napa Valley's housing units are large but are occupied by small households. The typical house has 3 bedrooms but the largest segment of their occupants are 2-person households.
- Of its 49,000 households, 32,000 — or nearly two-thirds — own their home, making it the region with the second highest rate of homeownership in the Bay Area. There is only 1 rental unit for every 8 residents currently living in the Valley.
- During the time period 2017-2022, there was one-quarter the number of homes priced between $300,000 and $500,000 as there were in 2008-2012, falling from roughly 9,200 homes to 2,300.
- Total for-sale homes valued over $750,000 have tripled since the period 2008-2012 while total rental units priced above $2,000 make up nearly half of all units for rent.
- Many vacant units are not for rent or sale to residents. Just over half of St. Helena's vacant properties are second homes while in Yountville the proportion reaches 75%.
- Napa Valley as a whole has allotted only 40% of all its new permits to moderate units and below since 2018. This puts it in the bottom half of statewide peers.

Executive Summary

THE IMPACT ON RESIDENTS

- 3 in 4 of the region's lowest earners pay over 30% of their income towards rent. But Napa Valley has a higher rate of moderate income households who are cost burdened than its regional peers. In two decades, the proportion of homeowners paying over 35% of their income towards home costs has increased nearly 15 percentage points, compared to 5 and 9 percentage point increases in Marin and Solano Counties, respectively.
- Homeownership is harder to access for younger households. Whereas at least 75% of all residents ages 55 and older own their own home, only 50% of 35 year olds are owners.
- A majority of Napa Valley's Black households (52%) and 4 in 10 of its Latino households experience cost burden. And Low Income households who are ineligible for many deed-restricted rental units experience the highest rates of overcrowding in the region, with over 1 in 10 households living in conditions deemed overcrowded.
- Residents are relocating. Napa Valley ended 2022 with an annual net negative migration of 2000 residents. Between 2022 and 2023 it lost nearly 1% of its residents.
- Napa Valley's 2.8 percentage point decline in households with children 5 and under is the highest drop in the North Bay. From the period starting 2008 to 2012 until 2022, the percentage of Napa Valley households with children under 5 years of age declined to 9.6%.
- Of the roughly 58,000 commuters (excluding those who work from home), 50,000 drive alone, or nearly 86 percent of commuters.

HOMELESSNESS AND HOUSING

- Since 2012, every $100 increase in rent in Napa Valley has been associated with a 15% increase in homelessness. This is slightly higher than the rule of thumb which equates a $100 rise in rents with a 9% increase in homelessness.
- Households earning between $50,000 and $75,000 annually are cost burdened at higher rates than they were in 2012, putting them at higher risk.
- In total, the Valley's jurisdictions offer around 2,000 units of LIHTC affordable housing available to the region's 9,500 Extremely Low and Very Low Income households.

HOUSING AND LOCAL ECONOMIC ACTIVITY

- Local spending: Since 2005 rates of cost burden among the second lowest quintile of earners has risen from 50% to 75%, approaching rates of the lowest earners. Because lower income earners spend more on local goods and services, this drives down local spending overall.
- The bulk of the Valley's above-average costs are driven by housing. The City of Napa's housing costs are 17% above that of the national average.
- A beverage manager earning $60,000 in Fresno would need to make $80,000 in the city of Napa to keep up with costs. However, median pay for this role or its equivalent in Napa Valley is only $66,921, leading to a roughly $12,000 gap in pay relative to local costs.

Glossary

Cost Burden: Cost burden, or housing cost burden, refers to when residents spend more than 30% of their income on rent and utilities. Although typically a measure of rental households, the term is equally applicable to homeowners who pay mortgage and other ownership costs that exceed 30% of their monthly income. To account for extreme cases of cost burden, we designate households who pay more than 50% of their income on housing as experiencing "severe cost burden." Those paying between 30–50% of their income towards housing are referred to as experiencing "moderate cost burden." *(Adapted from the National Low Income Housing Coalition)*

Workforce Household: Workforce households refers to residents who earn too much to qualify for traditional affordable housing subsidies such as housing vouchers or Low Income Housing Tax Credit (LIHTC) properties. Typically, these programs serve residents who earn below 80% of the Area Median Income (AMI), meaning that those who earn above 80% but below 120% of the AMI earn too much to receive housing subsidies but too little to afford most market-rate housing. We expand the definition of workforce households to include those earning between 60–120% of AMI because most LIHTC units on offer are targeted to those earning below 60% AMI and workforce refers to both low-income and moderate-income households. *(Adapted from the Brookings Institution)*

Vacancy: Vacancies or vacant units typically refer to units that are unoccupied and are either for sale or rent. But in regions like Napa Valley where vacant units can have multiple uses, the U.S. Census Bureau includes as "vacant" those units that are "occupied by persons who have a usual residence elsewhere." These units are more commonly known as "second homes." In this report, we follow the Census definition but breakdown when a vacant unit is for sale or rent versus when it is occupied as a secondary residency. *(Adapted from the California State-wide Communities Development Authority)*

Members of On the Verge, a group who are advocating for healthy communities in Napa Valley, described how earning a low income requires residents to become specialists in a complex set of housing laws and eligibility requirements that above-moderate and moderate earners never face. These include extensive fees for applications, waitlists that never materialize, and onerous eligibility criteria that don't capture real need. One resident, an agricultural worker who arrived during the pandemic, explained how "we have been on a waitlist for four years for different low-income apartments and get removed from the waitlist every 6 months if we don't re-apply." Another sought out a program from the county that supports low-income residents making down payments on new homes, "but when I applied I was rejected because my job is just outside the city limits. We couldn't receive the down payment help and had to move." Several testified to needing support based on their incomes, but the moment they earned more, they were at risk of being removed from housing. "The requirements are not realistic," this resident explained. "They need to be able to make enough money to live." But if you make too much, you may not qualify. Others described being out of luck if they did not work in the right sector. A non-farmworker struggled to understand why her career was exempt even though she earned the same amount as those who do qualify. Finally, even when homes seem within reach, loan qualifications for lower-income residents are complicated. "I qualified for a 250,000 loan but this was not enough for a downpayment to buy a house for my family," this resident explained. "I now pay 1,900 rent."

—Members of On the Verge, a place-based leadership development program organized by On the Move

WHO Are Napa Valley's Households & How Do We Build for Them?

GENERATION HOUSING NAPA VALLEY

Understanding Napa Valley's housing needs begins with understanding its households. Among its 137,000 residents, 49,000 households live across diverse settings, locations, and arrangements. Its housing needs are diverse based on the wide range of incomes earned by Napa Valley residents. And traditional assumptions about household size and need are changing. Napa Valley's growing workforce, which is critical to its economy and care sectors, is aging in place and starting families of their own. But at the very moment they have a need for larger homes, few options are available — and even fewer at prices they can afford. Freeing up larger homes currently occupied by retirees can provide relief, but when retirees have few options to downsize themselves, providing that match between households and housing becomes complicated.

In this section we provide a snapshot of Napa Valley's changing needs and update presumptions about what households need from their housing. The complex shift underway between its population segments, incomes, and expenses will have large consequences for housing in the valley. Of course, no snapshot is accurate forever. But cities can predict a range of needs, such as how many residents may want to move from rental to ownership options, by knowing how households are living right now.

We show that Napa Valley, while sharing challenges with the state including an aging population, has arrived at these outcomes through a unique trajectory. For example, Napa Valley's population is aging faster than the state average, which means its household size is shrinking faster than the state's even while these smaller households occupy ever-larger homes.

For young families who are on average heading homes with 3 to 3.5 members, this presents great opportunities and enormous challenges. The lower share of households who form between 35 and 45 years old reflects the challenge young residents face moving out and into their own homes. And while homeownership is the norm, 7 in 10 residents ages 25-34 are renters.

These needs arrive just as Napa Valley's workforce increasingly overlaps with its families. Within the Bay Area, Napa Valley maintains a higher number of agricultural workers and hospitality employees; given the longstanding nature of these sectors within Napa Valley's economy, the median ages of longtime employees in these sectors has gone up, and along with that, their need for family-sized housing. At the very moment these families must begin saving for costs such as childcare, Napa Valley's housing supply will play a big role in determining whether they can stay.

Although Napa Valley is now surpassing its historical production of multifamily rental units, its smaller than average household size is likely the better reason for its low persons-per-household rate. Instead, its cities are underproducing homes per total residents, being beaten out by its North Bay peers in Sonoma and MarinCounties.

As we will see in the following section, the changing housing needs of an aging population, in tandem with historically low rates of housing production, reveal that Napa Valley's housing stock needs more flexibility and diversity in order to better serve its residents.

Project Spotlight

THE CRESCENT

LOCATION
City of Napa

TOTAL UNITS
162 units including 65 low-income and 47 moderate-income for-sale units

DEVELOPER
Heritage Housing Partners

The plan to convert the former Health and Human Services campus at 2344 Old Sonoma Road will provide historic reuse of an underused site in the heart of the city's residential zones. Combining adaptive reuse of former government buildings into multiple housing types — from workforce, for-sale single family, and even some high- density housing — the development will meet multiple needs in one setting.

The addition of affordable for-sale units brings needed inventory to a market typically dominated by rental property. And homeownership opportunities for moderate income households will add an ownership component at a moment when many moderate earners are forced to stay on the rental market longer than expected as they compete with higher earners on for-sale homes.

In addition to a community-serving cafe, art studios, and event spaces, the former Infirmary Building will be rehabbed and converted to community-serving commercial uses, creating a genuinely mixed-use and mixed-income property. The process of developing the property, though long, has involved public participation at multiple levels, reflecting ways in which community buy-in and grassroots efforts can improve the quality of projects and garner additional concessions valued by the community.

Who Are Napa Valley's Households & How Do We Build for Them?

Napa Valley's Households Are Smaller Than Ever in a Region that's Built Big

Napa Valley is home to approximately 139,000 residents living in 49,000 households, according to the U.S. Census Bureau, meaning there are on average about 2.8 members for each household in the Valley. **Napa Valley's jurisdictions on average contain slightly more homes per person than the statewide average but far fewer than some larger jurisdictions.** For example, Yountville has 479 occupied homes for every 1,000 residents and the City of Napa has 365 occupied homes for every 1,000 residents, which are just above the statewide average. But compared to the Bay Area county averages, Napa Valley's jurisdictions fall somewhere in between: Marin County has 395 occupied homes per 1,000 residents and Sonoma County has 383 per 1,000.

Napa Valley may be built for big families, but its households are small. In fact, **over half of all households have just 1 or 2 members, or 30,000 of 49,000 households. Although that may represent a choice for many to live in smaller household sizes, the significant drop off in the number of 3-person households more likely represents the challenges that families face living in Napa Valley.** As we will see later on, Napa Valley has sufficient homes sized for families of three or more; however, only a small portion of these homes are occupied by families of three or more.

Jurisdiction	Residents	Households	Average Household Size
American Canyon	21,669	5,725	3.8
Calistoga	5,191	2,116	2.5
Napa	79,233	29,443	2.7
St. Helena	5,426	2,466	2.2
Yountville	3,397	1,516	2.2
Unincorporated Napa County	22,468	7,952	2.8

Figure 1. Average Household Size by City

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

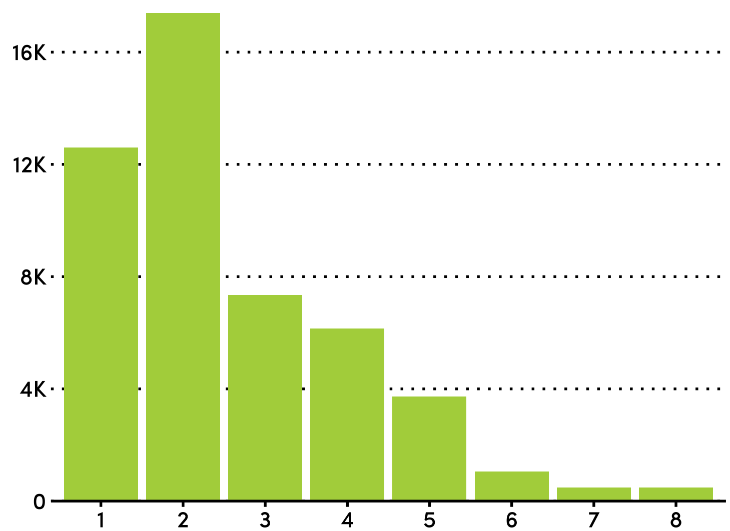


Figure 2. Total Households by Household Size

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Who Are Napa Valley's Households & How Do We Build for Them?

Older Households Are Getting Smaller While Younger Residents Form the Bulk of Larger Households

Napa Valley's households are aging. **The largest segment of all households are headed by householders aged 55-65 years old, totaling nearly 10,000 households or 1 in every 5 households in the region.** Over half of Napa Valley's householders are 55 years old or older. This has major implications for how the Valley must accommodate its population in the near future. But preparing for an aging population is also a means to accommodate younger generations. Nearly 13,500 households between the ages of 25 and 45 years old — when many residents form their first household — seek to transition from the rental market to ownership. Smaller or entry-level homes will be crucial for this demographic.

Differences in household size reveal the implications of Napa Valley's age segments for its housing goals. **Younger and middle-aged householders, from 35 to 54 years old, are on average heading homes with 3 to 3.5 members, above the Valley's average.** They need larger homes that are still affordable as they balance housing costs against the cost of childcare and the needs of their children. Meanwhile, **households headed by residents from 55 years old all the way to 94 years old are much smaller, having on average 2.5 down to just 1.5 members.** Many of them are likely looking for opportunities to downsize in the hopes of lowering their housing costs or freeing up equity in their current homes.

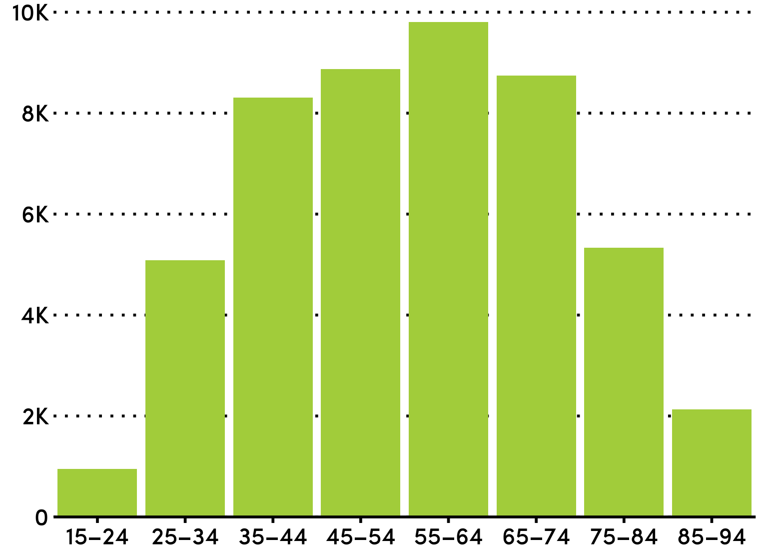


Figure 3. Total Households by Age of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

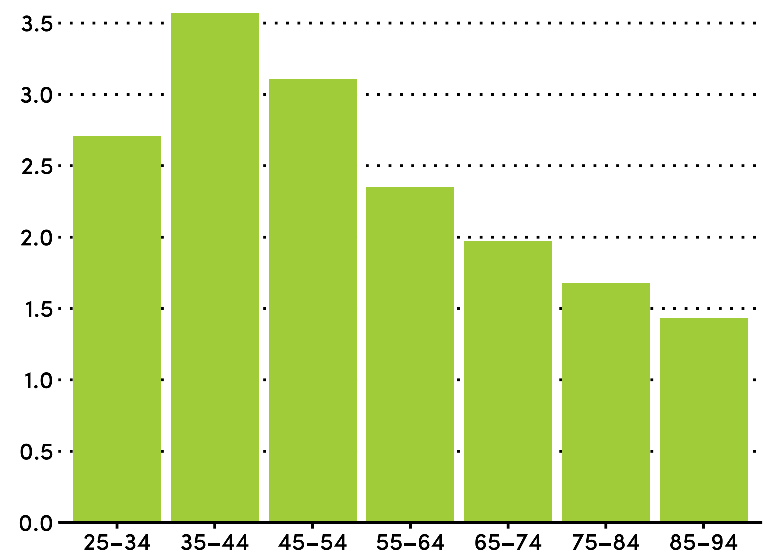


Figure 4. Average Household Size by Age of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Who Are Napa Valley's Households & How Do We Build for Them?

Napa County's Households Are Aging Faster than the State Average

Napa Valley's householders are significantly older than they were in the year 2000, meaning that the Valley has not witnessed an increase in retirement age population of this proportion. **There are 4,000 additional households in the 65-74 age group since 2000, and about 2,800 fewer households ages 35-54.**

The Valley's residents are significantly older than those in the rest of the state. In 2000, the median resident age in Napa Valley was 38.3 years old, five years higher than the statewide median age of 33.3. By the year 2020, the gap between the Valley and the rest of the state had widened half a year: **The median Napa Valley resident was 43 years old, while the median California resident was only 37.5 years old.**

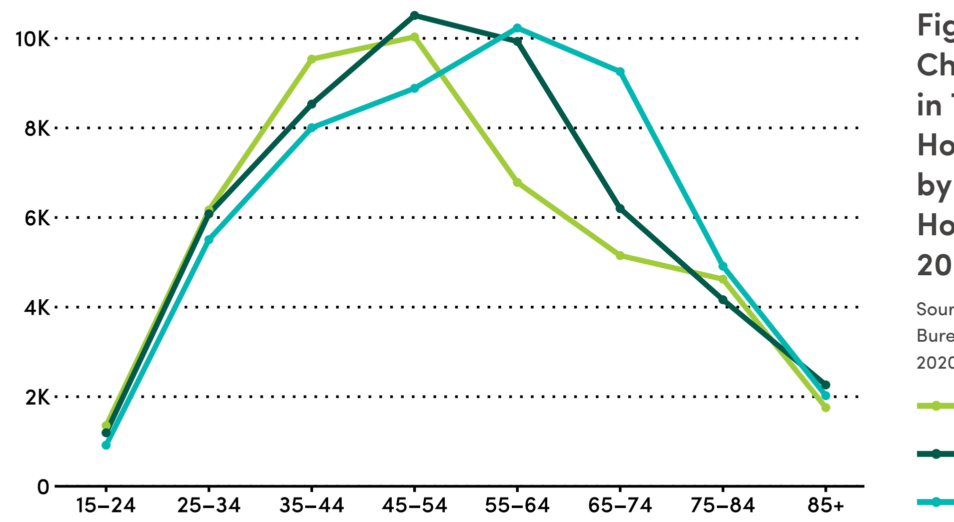


Figure 5. Change in Total Households by Age of Householder, 2000–2020

Source: U.S. Census Bureau, 2000, 2010 & 2020 Decennial Census

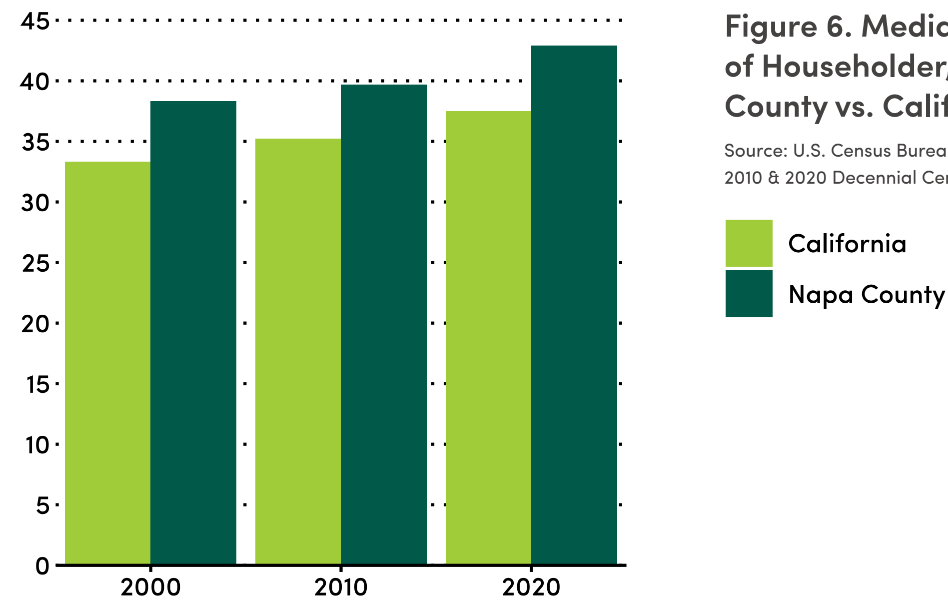


Figure 6. Median Age of Householder, Napa County vs. California

Source: U.S. Census Bureau, 2000, 2010 & 2020 Decennial Census

Who Are Napa Valley's Households & How Do We Build for Them?

Younger Households Are Struggling with Homeownership and Limited Rental Options

Homeownership is the norm in Napa Valley and each of its jurisdictions. **Of its 49,000 households, 32,000 — or nearly two-thirds — own their home, making it the region with the second highest rate of homeownership in the Bay Area.** (Only Contra Costa County has a higher rate.) This has allowed many of the Valley's residents to build and secure their wealth while staying in the communities they have lived and worked in. But it also points to a constrained rental market, with 1 available rental unit for every 8 residents currently living in the Valley.

The benefits of homeownership are increasingly out of reach for younger households. At a moment when many young adult residents begin to look for home purchases, **half of all households aged 35-45 years old remain on the rental market.** But this need is also crucial for its oldest seniors, as nearly a quarter of its residents over 85 seek rental options. The total need will increase as the percentage of the population in this category rises in the next 10 to 15 years.

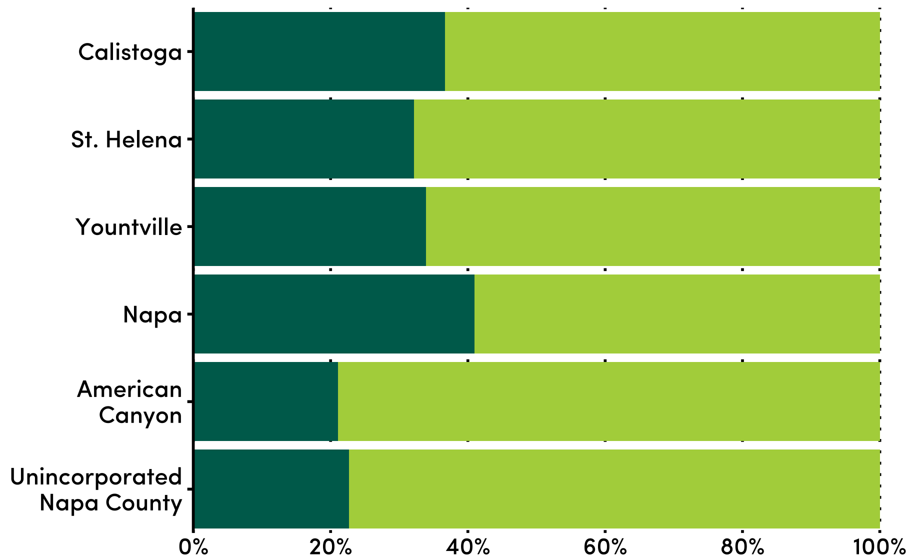


Figure 7. Percentage of Renters and Owners by City

Source: U.S. Census Bureau, 2000, 2010 & 2020 Decennial Census

Owners
Renters

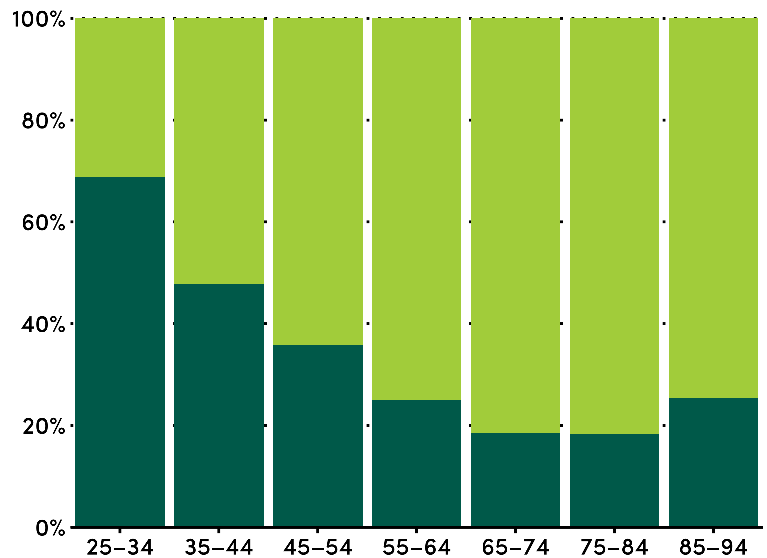


Figure 8. Percentage of Renters and Owners by Age of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Owners
Renters

Who Are Napa Valley's Households & How Do We Build for Them?

Napa Valley's Workforce Is Diverse and Requires a Range of Housing Options

Napa Valley's most crucial sectors contain nearly half of its workforce. The functioning of these fields depends on workers who earn a wide range of incomes, from hospitality service providers to managers within the hospitality/accommodation industry, from farm workers to beverage manufacturers within the wine industry, and registered nurses to hospital administrators within healthcare. These sectors function through a mix of roles earning wide variations in pay. As shown below, a healthy housing market provides options at each of these levels.

There is a wide range of incomes — and hence affordability levels — among Napa Valley's largest occupations by volume. Registered nurses and operations managers earn incomes that allow them to afford some of Napa Valley's market-rate 2- and 3-bedrooms on a single salary. **But households whose workers earn the median wages in nine of the Valley's most common occupations can only afford to pay $1,000 in rent each month on housing,** demonstrating the direct link between the Valley's core industries and a more affordable housing supply.

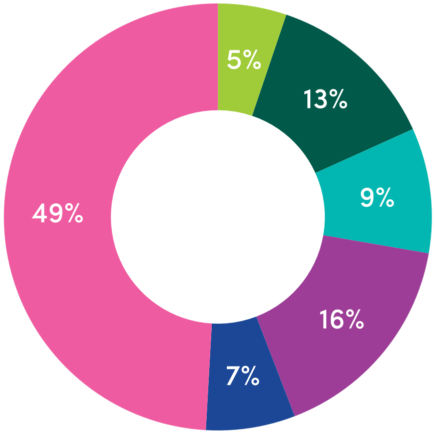


Figure 9. Percentage of Total Workforce Employees by Sector

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics

Top 14 Occupations by Volume	Annual Income	Monthly Income	Affordable Rent Needed
Farmworkers & Laborers	$36,587	$3,049	$1,016
Home Health & Personal Care Aides	$32,885	$2,740	$913
Waiters & Waitresses	$34,154	$2,846	$949
Retail Salespersons	$37,918	$3,160	$1,053
Cashiers	$35,256	$2,938	$979
Registered Nurses	$137,259	$11,438	$3,813
Fast Food and Counter Workers	$35,422	$2,952	$984
General & Operations Managers	$108,410	$9,034	$3,011
Separating, Filtering, Clarifying & Related Roles	$61,256	$5,105	$1,702
Stockers & Order Fillers	$37,835	$3,153	$1,051
Demonstrators & Product Promoters	$39,250	$3,271	$1,090
Cooks, Restaurant	$42,557	$3,546	$1,182
Laborers and Freight, Stock, & Material Movers	$38,709	$3,226	$1,075
Janitors & Cleaners	$37,024	$3,085	$1,028
Maids & Housekeeping Cleaners	$36,650	$3,054	$1,018

Who Are Napa Valley's Households & How Do We Build for Them?

Napa Valley's Workforce Needs Housing Sized for Families

Napa Valley's need for moderately priced homes and rental options for families runs counter to its historical production trends. Multifamily rental options have tended to be smaller and to target single-person households, typically out of the assumption that workforce residents in sectors such as agriculture and hospitality were younger and/or temporary residents who chose to live without families. In recent decades, this assumption has proven untrue. Today, **over half of working age households earning Extremely Low incomes, and over three-quarters of Very Low, Low, and Moderate Income households have 2 or more residents, similar to those of Above Moderate Income households.** Meanwhile, 75% of Very Low Income households — those households associated with incomes typical of food workers, maids, and farm workers, for example — are made up of 2 or more members; over half are households with 3 or more members.

Building homes affordable to Low and Very Low Income households is to build for Napa Valley's most diverse residents. Three quarters of Above Moderate households in Napa Valley are white, while just over half of its Low and Very Low Income households are. This means that additional housing priced at the Above Moderate level disproportionately serves white households, **while housing priced at lower levels serves Napa Valley's Latino, Black, and Asian households most**.

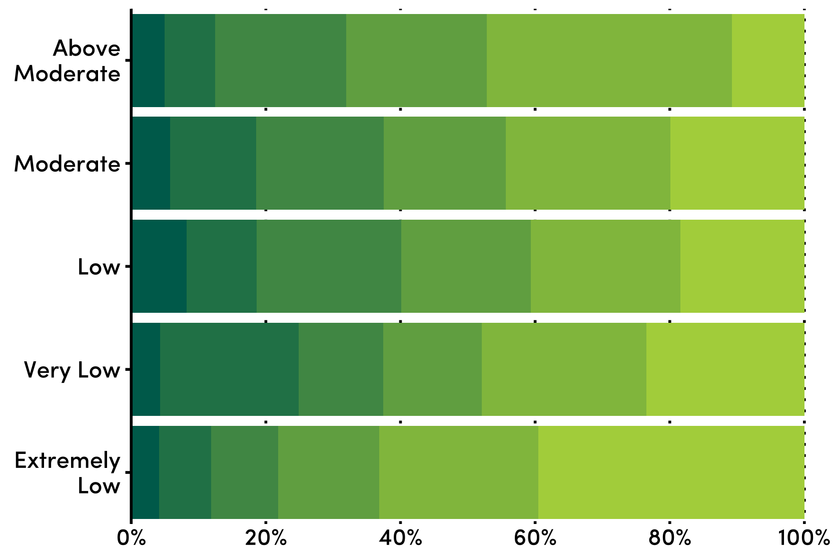


Figure 10. Size of Household by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

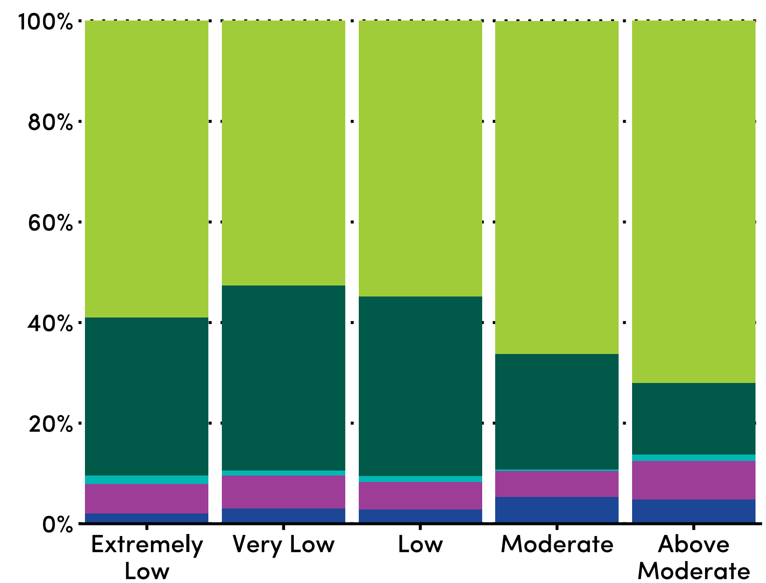


Figure 11. Race and Ethnicity of Householder by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Who Are Napa Valley's Households & How Do We Build for Them?

There Are Fewer Households with Children in Napa Valley than in the Rest of the State

North Bay counties as a whole have a lower proportion of households with children under 18 than the statewide average of 33%. Only 1 in 10 households in Yountville and 2 in 10 households in Calistoga have children under 18. American Canyon is the only jurisdiction with a significantly higher than average proportion of households with children at 45% of all households.

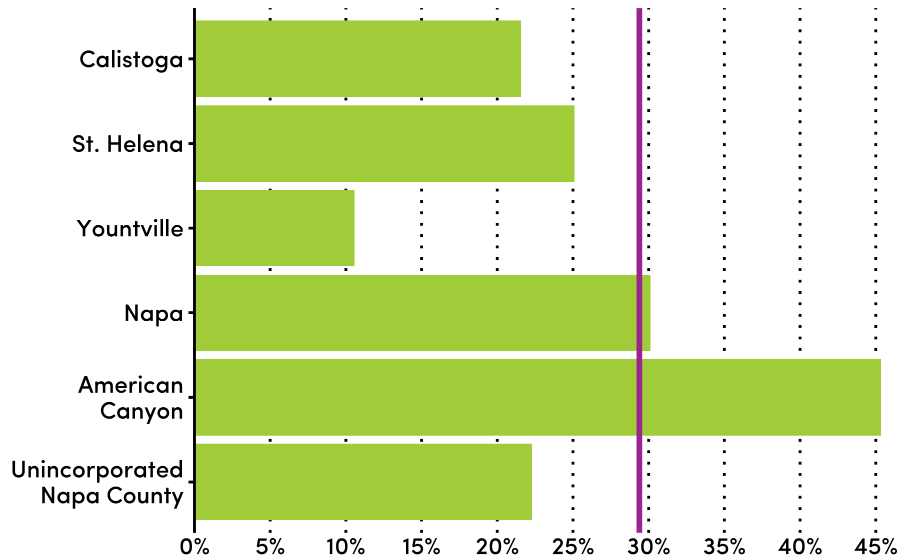


Figure 12. Percentage of Households with Children Under 18 by City vs. Overall Napa Valley

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

"Preschool for All is not just about education; it's about family and community support. Our organization has seen firsthand how housing plays a direct role in the health and well-being of its communities, especially of its youngest residents. Housing and child care are typically the highest expenses for a family, which means that many children may not attend preschool due to these financial challenges. By providing scholarships, we remove a significant financial barrier for families, especially in high-cost living areas like St. Helena; where housing has become a bigger challenge in the last few years. This support isn't just about preschool; it's about helping families to stay and raise their families in our small community.

One of the remarkable aspects of Preschool for All has been our ability to make adjustments based on our family needs. One example was our revision of financial eligibility standards as a response to middle-income families who at the time were not qualifying for scholarships, recognizing that the cost of living in St. Helena was affecting a wide range of households. This inclusive approach ensures that families at various income levels can benefit, fostering a more diverse and resilient community.

By supporting early childhood education, we help alleviate the broader pressures of living expenses in the Napa Valley. This support is essential for families to thrive in St. Helena, and Preschool for All is at the forefront of making it possible."

—Julio Olguin, Executive Director of St. Helena Preschool for All

WHERE CAN YOU FIND THE RIGHT SIZE HOME?

IN NAPA VALLEY...

ONLY 9%
of 1-bedroom homes are available to OWN

60%
of 2-bedroom homes are in Single-Family units vs. 49% in Marin County

ONLY 19%
of 3-bedroom homes are for RENT vs. 28% in Solano County

98%
of 4-bedroom homes are in Single-Family homes

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

MISMATCH in Napa Valley's Housing Stock

Napa Valley's housing stock was built for a diverse community. Bedroom sizes, locations, housing types, and even price options were relatively well distributed when most of Napa Valley's homes were built, allowing households to move between diverse options as needs changed. But in recent years, housing production has stagnated, wildfires have destroyed nearly 1,300 units — including 30 years' worth of housing production in the Unincorporated County area and equivalent to Yountville's entire housing stock — and numerous residences have been turned into second homes and higher end rentals. As a result, movement between households has been stifled, as residents deem it too risky to leave an existing home and compete among the limited availability. Like any California community simultaneously experiencing out-migration, aging residents, and aging homes, the match that Napa Valley once maintained between homes and households has proven hard to sustain.

Napa Valley faces the additional challenge of a vast and profound economic shift over the last two decades, one that transformed its distribution of jobs and fostered new sources of revenue related to wine-related tourism. Unlike other economic transitions, this one entailed the repurposing of elements of the housing market. Although these changes are unique to the Bay Area, other regions such as San Mateo and Santa Clara have seen similar shifts in resident income and job importation. The challenge for each of these counties has been to fit the housing stock built for prior decades to meet the needs of its current residents. This section explores the unique profile of Napa Valley's housing to household mismatch or deficit.

A region's housing deficit can be measured in many ways, but a simple comparison of homes to people leaves each region's unique deficit hard to discern. By that measure alone, Napa Valley is performing moderately well; but its ratio of homes to people is inflated by net negative migration, declining family households, and an explosion of workers relocating outside of county lines. To better understand the mismatch driving these trends, we endeavor to look at housing stock to households rather than people, to track who has actually decided to live where and under what arrangements.

We show that Napa Valley's deficit has a profile all its own that defies some statewide trends. For example, Napa Valley's homes skew large and costly and are suited for larger families earning above moderate incomes. Since most are occupied by long-standing smaller households, there is a deficit of larger units at affordable rates. On the other end of the size spectrum, there is a shortage of smaller units like 1-bedrooms that might be well-suited to a first time home for a young couple, who must instead pick from 2 and 3-bedroom units, increasing their housing costs unnecessarily.

Napa Valley has also seen proportional rises in home prices in line with regional averages. Yet an increase of homes at naturally affordable levels through aging has not occurred. Instead, Napa Valley has seen a 74% decline in homes priced at entry levels. Moderately priced homes are so rare that competition from higher earning households can push out those residents who might be best served by their affordability. In Napa Valley, nearly two-thirds of all Moderate households pay more than they can afford while half of all Above Moderate households pay less than they might afford, suggesting a mismatch in who can secure homes priced for moderate affordability.

Finally, competition for fewer units is heightened by the region's highest share of second homes. As more options for residents are taken off the market, this drives above moderate earners to compete for homes just below their price range.

Project Spotlight

NAPA FIRST UNITED METHODIST CHURCH WORKFORCE HOUSING

LOCATION
City of Napa

TOTAL UNITS
46 affordable units

DEVELOPER
Burbank Housing

Converting the land on church property into housing used to be a rare measure available to both cities and religious congregations looking to address housing shortages. But with the passage of Senate Bill 4, the new law allowing for the streamlining of building regulations for churches and higher education institutions to develop affordable housing, the opportunities could be more plentiful in the near future. This development, a collaboration between the Napa First United Methodist Church, Napa Valley Community Housing, and Burbank Housing, got a head start on the law and will become one of the first to offer an innovative use of church land to serve low-income families in the city of Napa.

The project, true workforce housing serving residents earning 30-60% of Area Median incomes, will house workers in key industries including accommodation, education, and healthcare. The project boasts 8 major employers in its vicinity including those within these sectors.

The development is also family centric with its combination of 1-3 bedroom units. Current plans include its own park with playground amenities attractive to families. Community spaces shared with the church will also offer space for childcare provided by long standing partners at the Napa Valley Nursery School.

Mismatch in Napa Valley's Housing Stock

Napa Valley's Housing Production Has Not Kept Up with Need and Homes Are Aging

In the prior century, the Valley built housing for multiple sized households. Two- to four-bedroom houses form the bulk of the housing stock, with only 7,500 housing units under 2-bedrooms. As a result, **Napa Valley's housing units are large, with the typical house having 3 bedrooms. An additional 12,500 homes have 4-bedrooms or more, meaning that roughly 70% of all homes in the county are large and thus more expensive.**

The infrequent availability of large homes on the market hurts families who might otherwise consider them. But larger homes are rarely helpful for smaller households looking for affordable options. Greater size typically means greater cost. For example, for a typical 2-person household looking for a 1- or 2-bedroom starter home in Napa Valley, there are half as many 1-bedroom homes for rent or sale as there are 2-bedroom homes, stacking the odds in favor of a pricier purchase.

Most housing units in Napa Valley are older, with the median year built being 1975 during the region's most prolific period of home construction. Nearly 32,000 of the Valley's 55,000 units — or 3 in 5 homes — are a half century old or more. **The 2010s was the least productive decade on record, with the Valley adding under 2,500 homes from the annual height of production of nearly 10,000 units in the 1970s.**

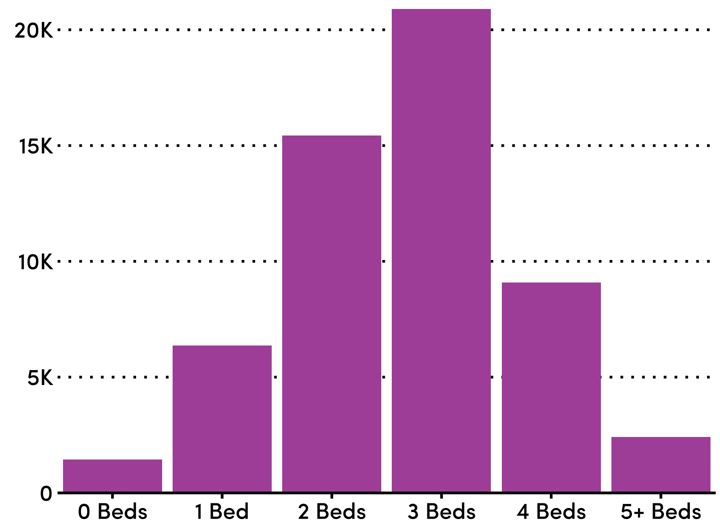


Figure 13. Total Housing Units by Bedroom Size

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

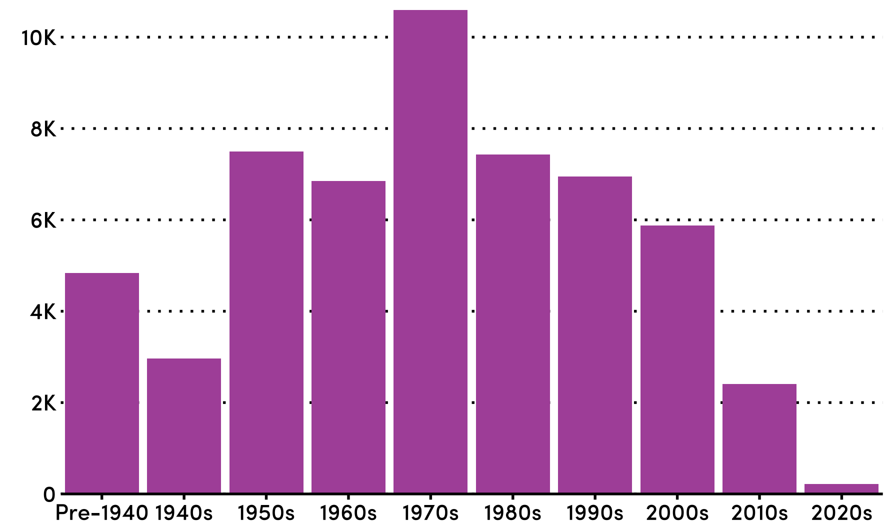


Figure 14. Total Housing Units Produced by Decade

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

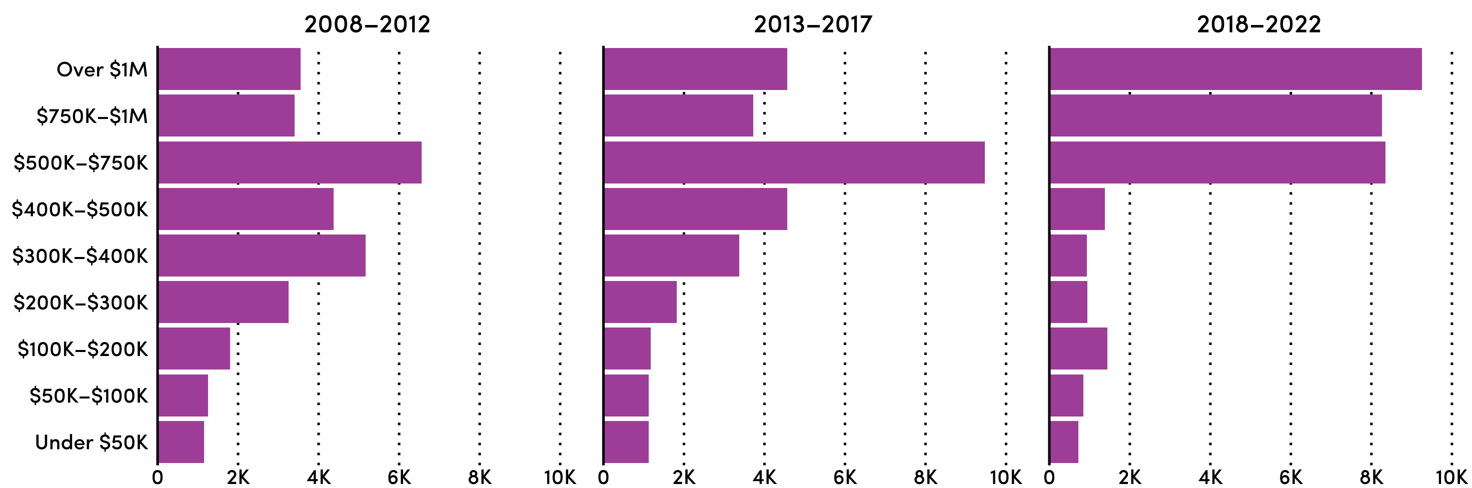
Mismatch in Napa Valley's Housing Stock

Housing Costs Are Rising in Ownership and Rental Markets

Aging homes are typically linked with greater affordability. But the region's tight housing market has worked against the gradual affordability of older homes. Total homes in the highest priced segments ($750,000 and above) have nearly tripled since 2012. But entry-level homes in particular have seen significant total decreases. **By 2022 there were half of the number of homes priced between $300,000 and $500,000 as there were in 2012, falling from roughly 9,000 homes to 2,500.** As late as 2017 there were nearly 3,200 homes valued between $200,000 and $300,000, while today under 900 exist throughout the Valley. At the same time, total homes valued between $750,000 and $1 million have increased from about 3,500 to 8,100 since 2012. In the last 5 years alone, total homes categorized above $1 million have increased by 202% across Napa Valley and the median home value has risen from $560,000 to $795,000.

Figure 15. Total Owner Occupied Homes by Value, 2008–2012 to 2018–2022

Source: U.S. Census Bureau, 2008–2012, 2013–2017 & 2018–2022 ACS 5-Year



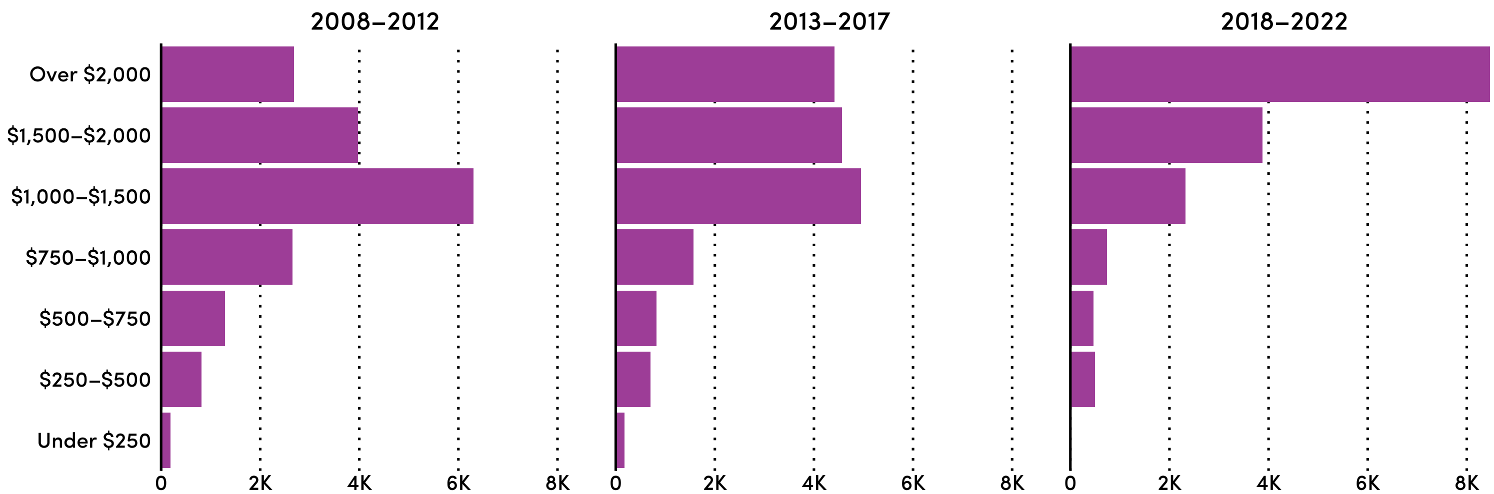
Mismatch in Napa Valley's Housing Stock

Housing Costs Are Rising in Ownership and Rental Markets *(continued)*

Rental options, which comprise a smaller percentage of the market, are increasing in cost at somewhat higher rates as the total portion of the population competing for them grows. **The total number of the region's highest priced rental units (those $2,000 or more) tripled between 2012 and 2022 while those priced at more affordable rates ($1,000 to $1,500) were reduced to one third of their prior totals in that same period.** Most gains in affordability have been lost. For example, between 2017 and 2022 the region "lost" all the units priced $1,500 to $2,000 per month that it had gained between 2012 and 2017, as prices continued to climb. The Valley added 4,000 units priced above $2,000 between 2017 and 2022, or roughly 1,000 units per year. There are now 8,200 rental units above $2,000, or nearly 42% of all units for rent, and only 2,100 throughout the Valley priced between $1,000 and $1,500. The most affordable units — those priced below $750 have shrunk by 60% since the period 2008-2012. There are now under 1,000 units throughout the Valley priced for earners making low and very low incomes.

Figure 16. Total Rental Units by Monthly Cost, 2008–2012 to 2018–2022

Source: U.S. Census Bureau, 2008–2012, 2013–2017 & 2018–2022 ACS 5-Year



Mismatch in Napa Valley's Housing Stock

Housing Underproduction Has Led to Population Stagnation

Stagnation in housing production at the start of the 2010's precipitated the region's first population downturn starting in 2016. Population has declined every year since.

For the first time in 2015, year over year changes in population dropped below year over year increases in housing, losing 0.75% of the population each year starting in mid-2016. That rate of decline has since been surpassed. Even as housing production has returned to its pre-2015 rates, Napa Valley is now losing 1.5% of its population every year.

Figure 17. Housing Units and Population Over Time, 2010–2022

Source: U.S. Census Bureau, Population Estimates Program

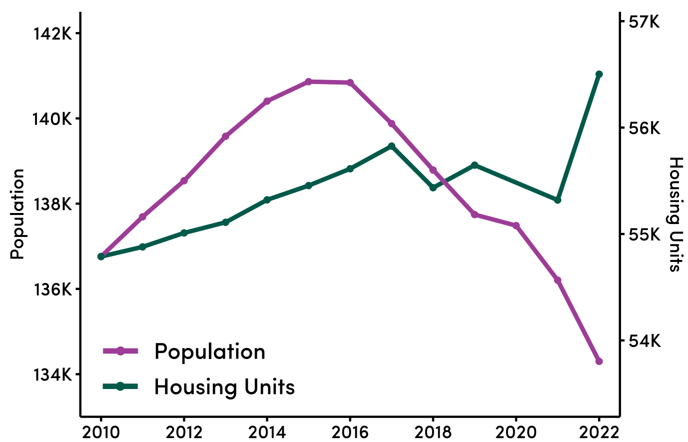
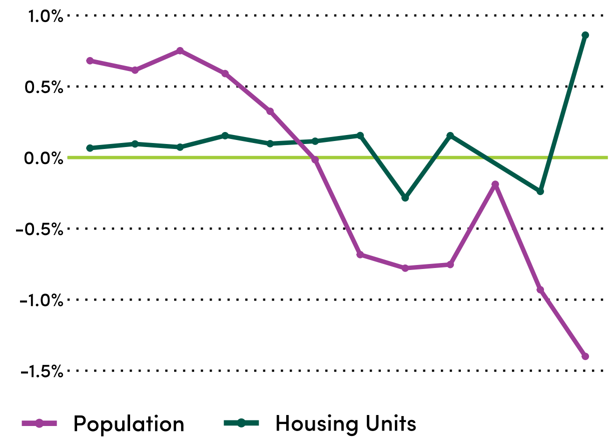


Figure 18. Annual Percentage Change in Housing Units and Population, 2011–2022

Source: U.S. Census Bureau, Population Estimates Program



"The strength of St. Helena is created by a tight-knit, familial community with frequent interaction among its residents—you see your dentist at the grocery store; your child plays soccer with a winery worker's son; and everyone is at the Pet Parade. We have a quaint, historic downtown that evokes warmth and welcome. Our community's richness comes from the diverse population of individuals who live and work in St. Helena. This is why we love living here and what brings thousands of visitors to our town every year.

But the strength of our community is at risk. With housing prices in St. Helena continuing to increase and supply continuing to decrease, essential members of our local workforce—supporting health care, education, agricultural, emergency responses, hospitality, and retail businesses—can no longer afford to live here. Local businesses struggle to attract and retain good workers. Many younger families can't afford a home in St. Helena and have moved away, and some seniors struggle to survive on limited incomes. These trends, coupled with a robust second home and vacation home market, are altering the composition of the community.

Unless things change, local businesses will continue to struggle to attract and retain employees, and some will not survive as a result. St. Helena's school enrollment will continue to decline, which will affect the class offerings and sports programs for our children. The health of the environment will continue to worsen as more people are driving long distances to and from their jobs. People's mental wellbeing and physical health will suffer. And St. Helena will miss out on the important contributions to our town made by workers who live elsewhere."

—Jennifer La Liberte, Executive Director of Our Town St. Helena

Mismatch in Napa Valley's Housing Stock

The Gap in Affordability Is Persistent Despite Rising Incomes

Housing cost to income ratios are typically less stable for renters than owners. But in Napa Valley, homeowners have been subject to greater cost to income ratio increases than its North Bay neighbors. **In two decades, the proportion of homeowners paying over 35% of their income towards home costs has increased nearly 15 percentage points,** compared to 5 and 9 percentage points increases in Marin and Solano Counties, respectively.

Increases in rental and home prices are manageable typically if they keep pace with increases in income. **Since 2005, the gap between what the median renter can afford and what they actually pay has remained steady despite steadily growing incomes.** That is, even as pay has increased, the "affordability gap" has not closed (except temporarily around the beginning of the pandemic). For a period before 2005, when data was last available, actual rents sat below what the median renter could afford.

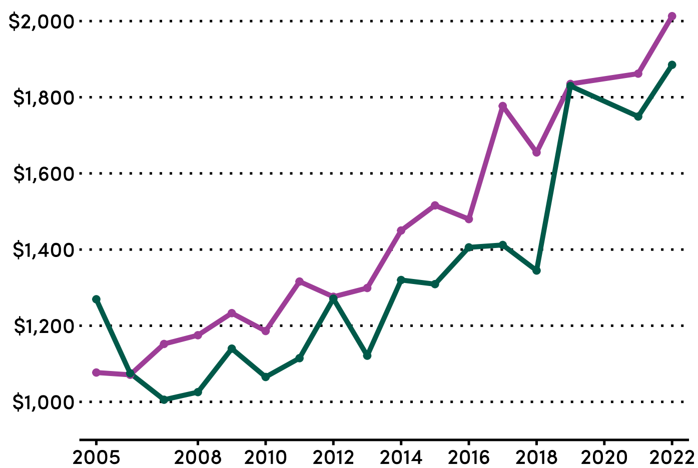


Figure 19. Median Rent vs. Median Renter Income, 2005–2022

Source: U.S. Census Bureau, 2005 to 2022 ACS 1-Year

Rent — 30% of Income

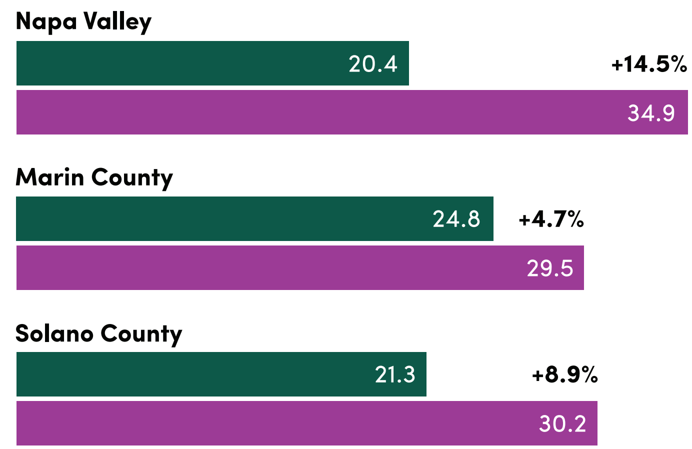


Figure 20. Percentage of Homeowners Paying Over 35% of Income on Housing Costs, 2000 vs. 2022

Source: U.S. Census Bureau, 2000 Decennial Census and 2022 ACS 1-Year

2000 2022

Mismatch in Napa Valley's Housing Stock

The Gap in Affordability Is Persistent Despite Rising Incomes *(continued)*

For Napa Valley's Extremely Low and Very Low Income earning job sectors, the gap between monthly wages and median rents is significant. Wages in some of its most critical sectors — including agriculture, food and hospitality, and health care — are more competitive than the rest of the state in order to allow these workers to reside within the Valley close to their jobs. But even with higher wages, the gap between median monthly earnings and median rents for key sectors in Napa Valley outpaces gaps for workers in these industries around the state. The higher than average housing costs undercut those competitive wages. For example, farmworkers in Napa Valley earn more than their peers across the state but with higher monthly rents, the gap between incomes and housing costs is nearly $200 more for Napa Valley farm workers. For food prep workers, the gap is 10% higher for Napa Valley workers or about $350, and for maids and housekeeping cleaners the gap is 15% higher or nearly $450 in monthly earnings to rent for those in Napa Valley.

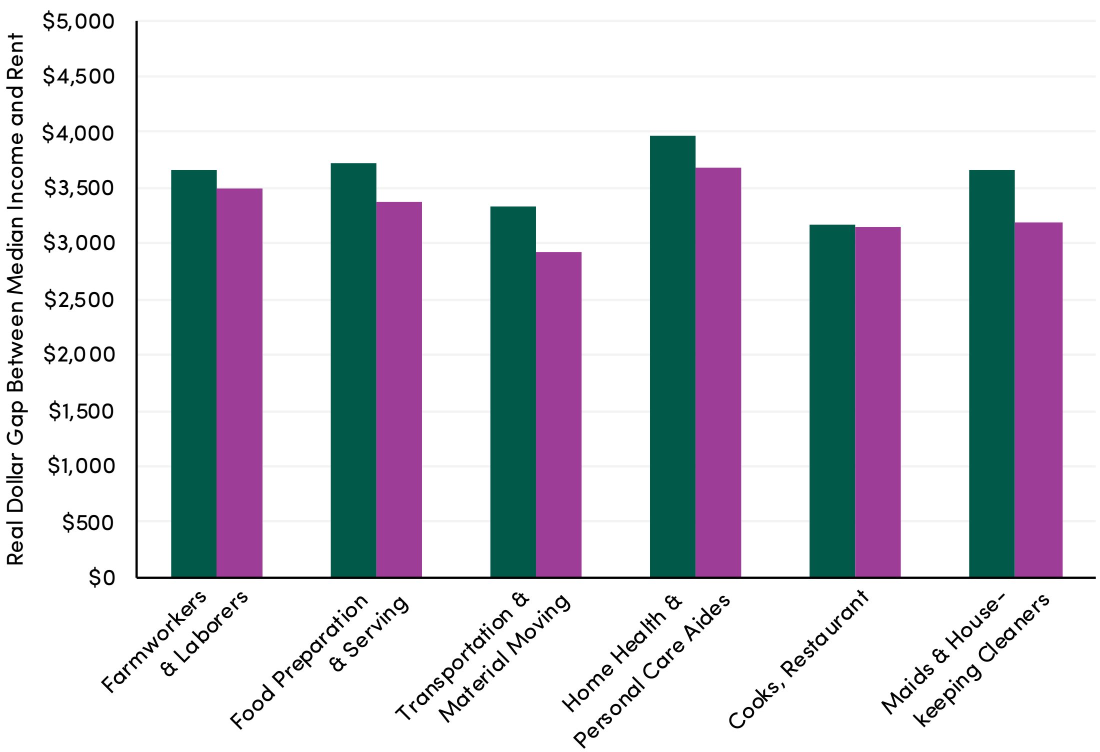


Figure 21. Real Dollar Gap Between Median Income and Median Rent by Job Sector

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics, May 2022

Mismatch in Napa Valley's Housing Stock

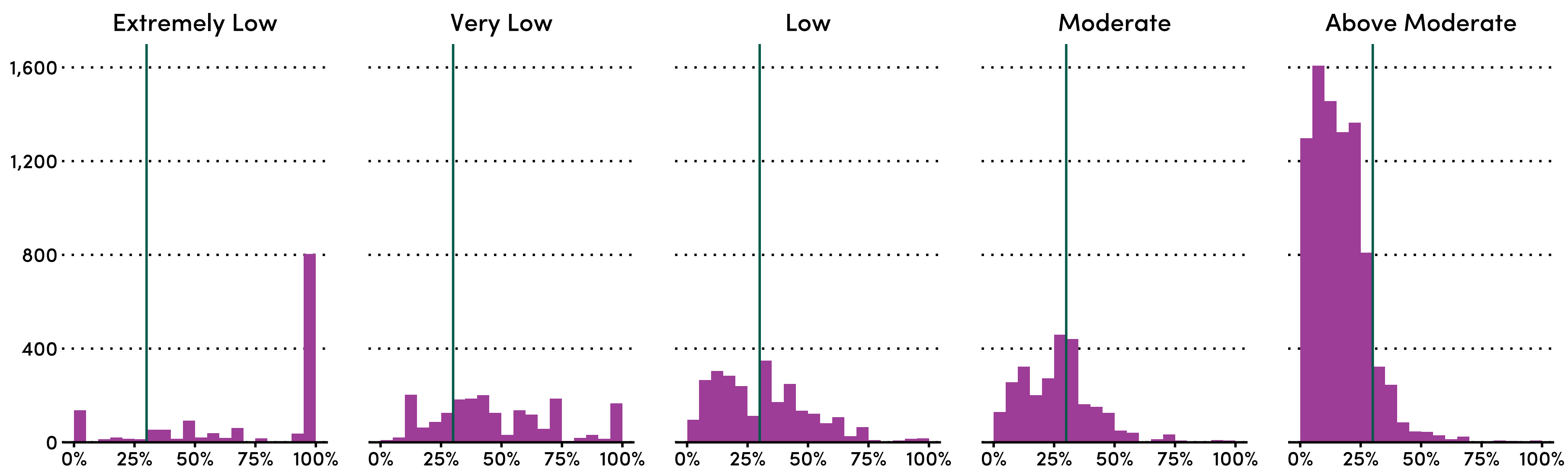
Household Costs and Size Are Misaligned with Need

What generates a "mismatch" between residents and the homes that are available? Typically, when housing units at a set price or value are not occupied by a household who would most benefit from that particular cost (i.e. "match"), we consider a housing stock to be mismatched with its households. Many factors may drive mismatch, including low rates of availability and turnover; competition from higher earners for a limited availability of homes at moderate and lower ends; and long delays on the ability of some households to leave the rental market. Each results in a portion of households paying more than 30% of their income and many more households paying close to 5 or 10% of their income on housing. A region experiences mismatch when a large number of high income earners live in homes that would, at current values, be affordable to moderate or low income earners.

This graph illustrates the skewed distribution of Napa Valley's 2-person households by the percentage of their income that goes to housing. Residents to the right of the line within each AMI category pay more than 30% of their income towards housing — a classic representation of cost burden. Less is typically known about the payments of residents to the left of the line or those who pay less (and often far less) than 30% of their income. Napa Valley has a significant number of residents who occupy homes whose costs might otherwise be affordable to residents earning less.

Figure 22. Distribution of Housing Costs for 2-Person Households by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year



Mismatch in Napa Valley's Housing Stock

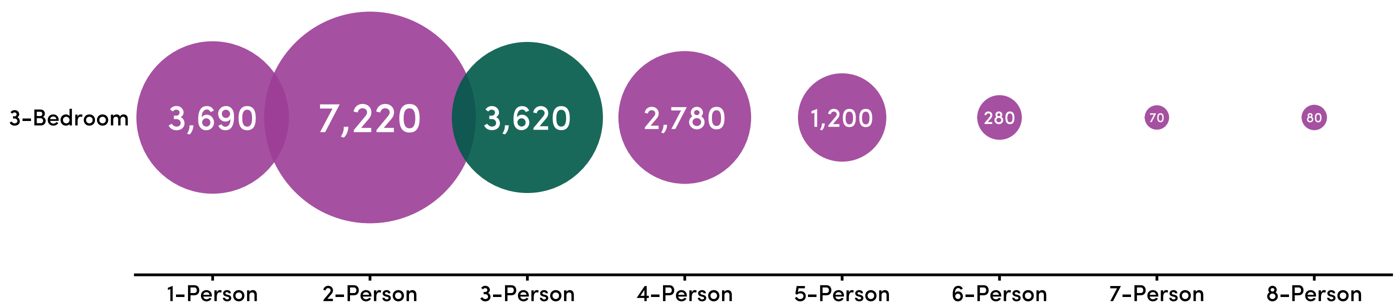
Household Costs and Size Are Misaligned with Needs *(continued)*

We find that most Extremely Low and Very Low Income residents are cost-burdened, although a significant number have been freed from burden by cost-effective and affordable housing. Likewise, roughly half of all Low Income earners pay more than 30% of their income towards rent. But "mismatch" occurs around the fringes of the distribution. For example, many moderate earning households pay 30% of their income on housing. But a significant portion pay between 5-15% of their income on housing, suggesting that many occupy homes that would be reasonably priced for lower income residents, including many who are currently cost burdened. At the same time, we show that moderate households themselves may be pinched by above moderate households who occupy homes more suited to moderate earners. In fact, we find thousands of above moderate households who pay between 5-10% of their income on housing costs, suggesting that they may occupy homes whose costs — should they ever be available — would fit moderate earners. Many of these homes may have fully paid off mortgages or were acquired when values were low, but they nonetheless point to a housing stock that is diverse but inadequately matched to its households.

Matching household sizes to bedrooms is a complex challenge. But in a healthy market, homes of various sizes become free so that households can upgrade or downsize as needed. Napa Valley's tight housing market makes such a move difficult, meaning that even when a typical 2-person household seeks to downsize, high prices and few options on the market makes that move difficult. As a result, as this graph shows, many of Napa Valley's households live in homes with multiple bedrooms beyond what is typically needed. Among Napa Valley's households who occupy 3-bedroom homes, the largest segment are 2-person households. **7,200 2-person households live in the Valley's 3-bedroom units; and another 3,700 1-person households occupy 3-bedroom homes.**

Figure 23. Total Households by Household Size for 3-Bedroom Homes

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year



Mismatch in Napa Valley's Housing Stock

Napa Valley's Vacancy Rate Is Led by Second Home Use

A region's total housing stock includes its vacant units. A healthy level of vacant units for rent or sale allows for movement between homes — the very kind of flexibility that leaves residents with choices. However, a full account of vacancy must assess whether these units are actually available to current residents. Napa Valley's housing stock stands out in this regard. **The Valley has the highest percentage of seasonally/recreationally vacant units, i.e. second homes, of any other North Bay county. Just over half of its vacant units are reserved for these purposes, compared to 30% in Marin County and 15% in Solano County.** This means a majority of its vacant units are not for sale or rent for long-term residents. To illustrate the impact of vacant homes being utilized by residents, if Napa Valley gained an additional 6,500 units, its ratio of houses to households would increase from roughly 350 homes per 1,000 residents to nearly 400 homes per 1,000 residents.

Some communities have seen a far greater percentage of their vacant units utilized as second homes. Just over half of St. Helena's vacant properties are second homes while in Yountville the proportion reaches 75%. In both cases, about 250 homes have been removed from each communities' vacant or occupied housing stock that can be used by residents.

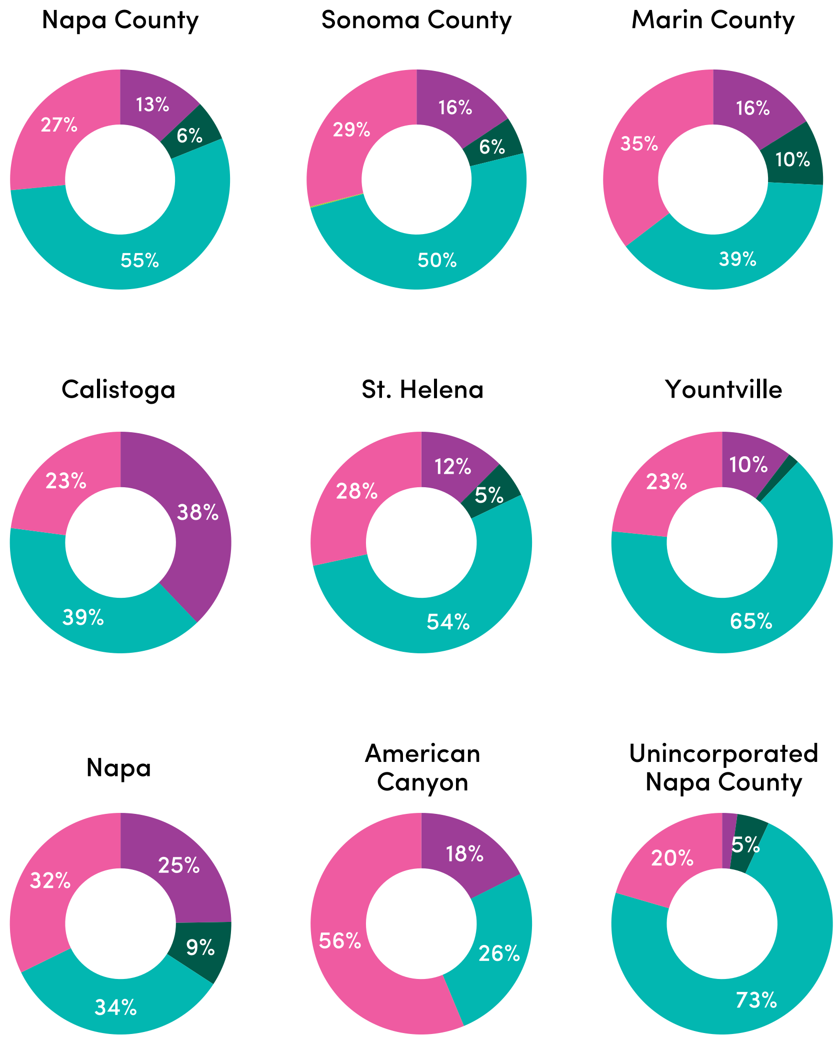


Figure 24. Percentage of All Vacant Units by Use

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

- For Rent
- For Sale
- Seasonal/ Recreational
- For Migrant Workers
- Other

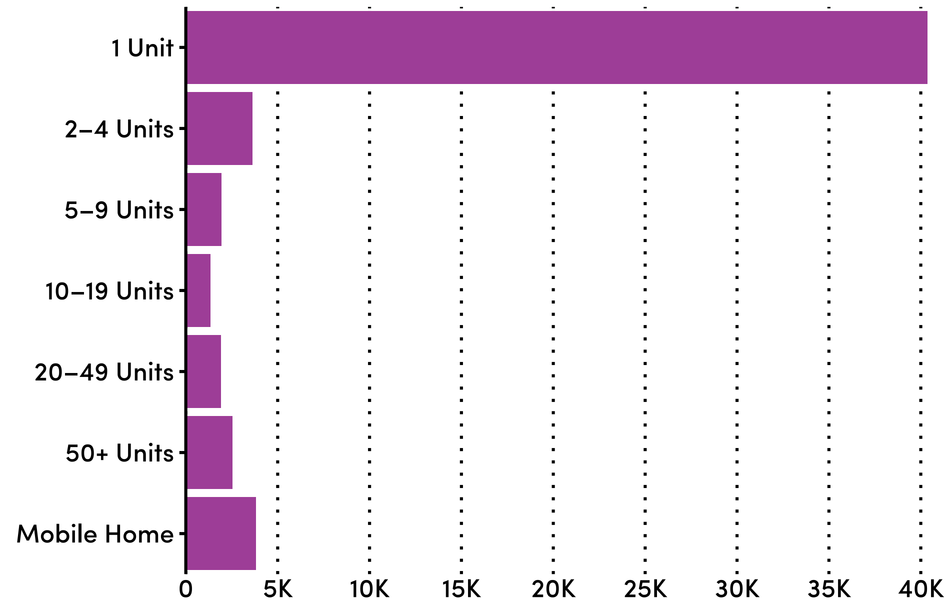
Mismatch in Napa Valley's Housing Stock

Napa Valley's Housing Is Highly Dependent on Single Family Homes, Which Can Drive Up the Price of Available Housing

The vast majority of the Valley's housing stock (both occupied and vacant units) are single family homes. Over 40,000 single- structure units supply residents with the bulk of their housing compared to just under 10,000 plexes (duplexes, triplexes, and quads) and Missing Middle housing units (5-19 units). As a result, many of the region's rental options are supplied by single family homes. Mobile homes also supply a significant number of homes at just under 5,000 units that help meet the needs of affordable housing for the region's low income households and seniors on fixed incomes.

Figure 25. Total Housing Units by Unit Type

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year



Doubling up with additional family members or roommates, cutting corners to save towards a home, and other sacrifices were common themes in our conversation with The Vergers. At worst, housing costs required difficult sacrifices in child care, health care and disability supports. "You have to sacrifice so much just to have housing," one member noted; yet another clarified, "People will pay what is being asked, no matter how much it is." This means we see rising cost burden as a condition of living in Napa Valley. This is true of those on fixed incomes as much as it is true of dual-income households. "My husband works two jobs and I work full time at one and this is not enough money to afford a house," one resident explained. In some cases, many welcome other renters to help cover costs. One explained that "we were living in a two-bedroom apartment before and paying 2,000. We couldn't afford it so we had my husband's brother move in with us. We were 6 people in a two-bedroom apartment." Others moved far from jobs to be better able to afford housing. One resident stated that her "husband works forty minutes away from our house because it is cheaper. [Yet] it is so expensive for gas and we have to take our kids to 3 different schools." The cost of housing also means moves themselves can be tricky. "We haven't been able to move out of our trailer for twenty years because we couldn't do that and cover all our other costs," one noted, illustrating the financial cushion that residents must have to relocate. Some count the cost of moving in other ways: "We don't want to move from Napa because my family has a lot of connections here with doctors, schools," and moving would mean giving up these assets."

—Members of On the Verge, a place-based leadership development program organized by On the Move

Mismatch in Napa Valley's Housing Stock

Adding Multifamily Housing Is Limited by Zoning

The vast majority of permitting in Napa Valley has been for single-family homes since at least the 1980s. After peaking in 1990 and again around 2003 with annual totals of 1,000 housing permits, overall yearly permitting totals declined in the early 2010s and did not recover to those prior highs until recent years. The decade spanning 2010 and 2020 saw the lowest production totals in nearly four decades. Starting in 2020 the Valley's jurisdictions resumed permitting levels and did so while shifting in focus from single family homes to multifamily permitting, making up for deficits in Missing Middle housing units (5-19 units). In 2020 regional permitting of multifamily units hit a high of nearly 1,000 units — the highest since at least the 1980s when permitting data was last available.

Permitting for multifamily homes may be limited by the amount of land in Napa Valley's cities zoned exclusively for single-family homes. These rates are well in line with Bay Area norms but constrain available space where multifamily units can be built. All jurisdictions in Napa Valley except Yountville have zoned over 75% of their land for single family homes. Unincorporated Napa County land and Calistoga have zoned nearly all of their land for single family housing.

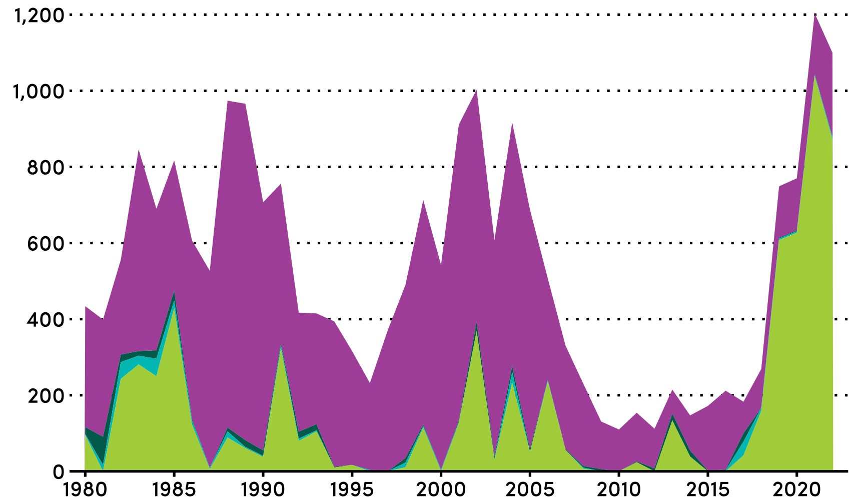


Figure 26. Total Permitted Housing Units, 1980–2022

Source: U.S. Department of Housing and Urban Development, Building Permits Database

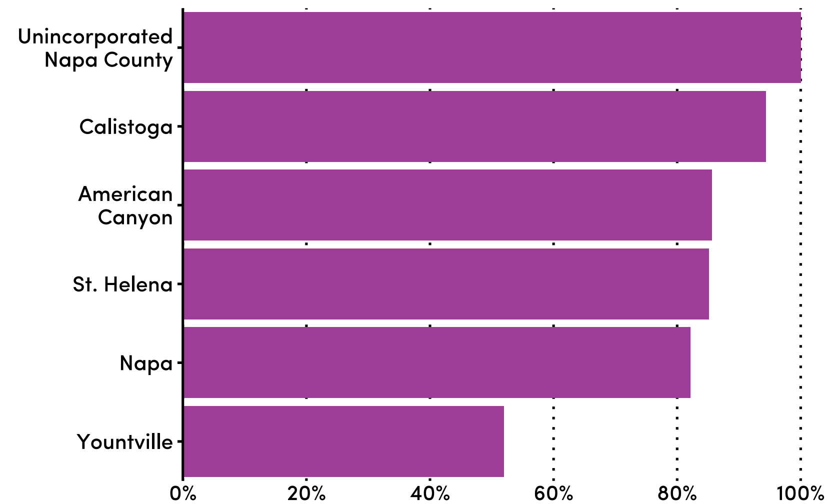


Figure 27. Percentage of Single Family Zoning by City

Source: Othering and Belonging Institute at UC Berkeley, California Zoning Atlas

Mismatch in Napa Valley's Housing Stock

State Mandated Targets Will Increase Threefold for Napa Valley's Jurisdictions

To reduce statewide housing deficits, cities and counties across the state will be asked to hit higher housing targets for the 6th Cycle Housing Element. Known as RHNA totals, each city and county must provide a plan to reach the permit totals shown here. **Napa Valley's jurisdictions will see large increases in the total numbers of homes they must build, nearly tripling their obligations since last cycle.** The City of Napa must produce roughly 1,800 more units while St. Helena's total will increase eightfold since the last cycle.

Napa Valley and its jurisdictions have surpassed their RHNA targets via significant numbers of permits for above moderate units. By contrast, it has underbuilt its moderate and below moderate housing. As a rule of thumb, half of one's new housing should be suitable for the half of the population that earns below the median income. As a percentage of all units permitted, Napa Valley as a whole allotted only 40% of all its new permits to moderate units and below. This puts it in the bottom half of statewide peers including Ventura County (78% of all permits to moderate or below) and Fresno County (67% of all permits to moderate or below). The City of Napa fares worse. In the last 8 years, the city allotted only 28% of all new permits to moderate or below units, better than only Antioch and San Luis Obispo among peers.

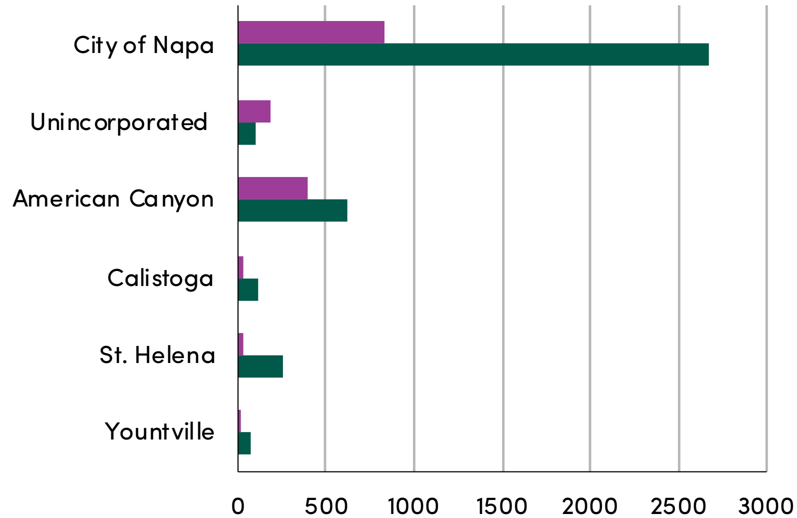


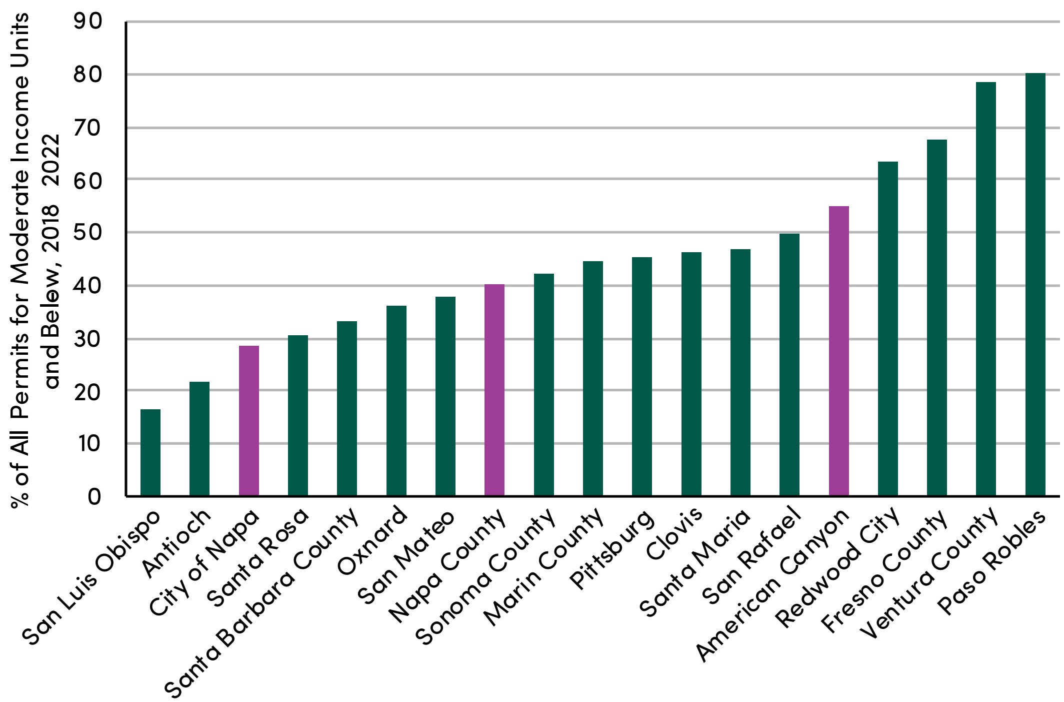
Figure 28. RHNA Goals by City, 5th Cycle vs. 6th Cycle

Source: California Department of Housing and Community Development, Annual Progress Reports

■ 5th Cycle Totals
■ 6th Cycle Totals

Figure 29. Percentage of Units Permitted for Moderate and Below Moderate Income Households, 2018–2022

Source: California Department of Housing and Community Development, Annual Progress Reports



The IMPACTS of High Housing Costs on Residents

GENERATION HOUSING NAPA VALLEY

Households take extraordinary measures to live within a particular region. Households will typically pay more than they can afford to live near work or school. Others may double up or take on additional renters to defray costs. It is an equally extraordinary measure to leave behind the convenience and community of living near work, school, and family in order to relocate. Both choices — accepting higher cost burden or commuting ever longer distances to work from home — reflect housing markets with limited availability. Napa Valley's households experience rates of cost burden, overcrowding, and commuting that are reflective of that market condition.

Although many of the key indicators are similar to those experienced across the Bay Area, Napa Valley's households experience cost burden, overcrowding, and long commutes in particular patterns that signify the unique relationship between its workforce, rising housing costs, and regional submarkets where larger rental options and more affordable starter homes are more readily available. For example, because we've shown that many above moderate earning households compete with — and often purchase or secure — owner-occupied and rental units that might otherwise be suitable for households earning slightly less, Napa Valley has a uniquely high rate of cost burden among its moderate earning households as well as its lowest earning.

Likewise, it is those households earning just below moderate levels of income that experience the highest rates of overcrowding, suggesting that the number of options available to households just above eligibility for subsidized housing may be insufficient and lead to greater doubling up or shared spaces.

The Valley also has seen the region's highest drop in the percentage of its workforce who lives within the Valley itself. Napa Valley is now home to the third highest rate of workers who reside elsewhere, behind only the Silicon Valley counties and San Francisco. This may be due to a combination of high housing costs and constrained market within the Valley as well as a slightly lower cost and more diverse housing market just outside. The result is that for a region of 137,000 residents, its challenges resemble those of a major city.

Project Spotlight

BRENKLE COURT

LOCATION
St. Helena

TOTAL UNITS
8 townhomes for low and moderate income families

DEVELOPER
Our Town St. Helena

Our Town St. Helena's newly complete Brenkle Court project offers a model of home construction, financing, and ownership unlike many others in the county. Its for-sale townhomes target two overlapping and much neglected groups: low- and moderate-income families earning 40-90 percent of the Area Median Income and first-time home buyers. The goal is to target households who may earn too much to receive subsidies or qualify for most deed-restricted affordable units but nonetheless are typically unable to exit the renter market to compete with higher earners for St. Helena's high cost owners' market.

The development of the homes reduce costs in at least two innovative ways: first, families contribute sweat equity in the form of volunteer hours on the construction of the site; second, the use of town homes as opposed to more traditional single family detached homes helps to keep costs down. In a market where median home sale prices have regularly surpassed $2 million since 2022, the for-sale options at Brenkle Court are one-quarter of the price and provide needed relief to moderate earners.

This unique model has several additional benefits. The high quality homes, which are deed-restricted for 55 years, will maintain affordable homeownership for several generations. And the community that has formed among the households is tight-knit: most recently, they have formed their own soccer club to compete in regional intramural games.

The Impacts of High Housing Costs on Residents

Cost Burden is High for Low- and Moderate Income Households and Harms Black and Latino Households at Higher Rates

Nearly half of lower and moderate earners cannot locate homes within their price range. Only 2 in 10 of Napa Valley's Extremely Low-Income households and 3 in 10 of its Very Low-Income households are not cost burdened. Although Napa Valley has a slightly lower rate of Low Income earners who are cost burdened compared to regional peers like Sonoma County, it has a higher rate of moderate income households who are cost burdened. **Nearly 37% of moderate earning owners and renters are cost burdened compared to 25% in Sonoma County.** These households do not qualify for most affordable housing subsidies and may be outbid by higher earners for homes at their price range. The share of moderate earners experiencing cost burden is nearly four times higher than the share of above moderate earners.

Cost burden does not impact all groups evenly. Cost burden disproportionately impacts Black and Latino residents relative to other ethnicities in Napa Valley. Nearly half of its Black and Latino households experience cost burden. These rates are in line with regional averages.

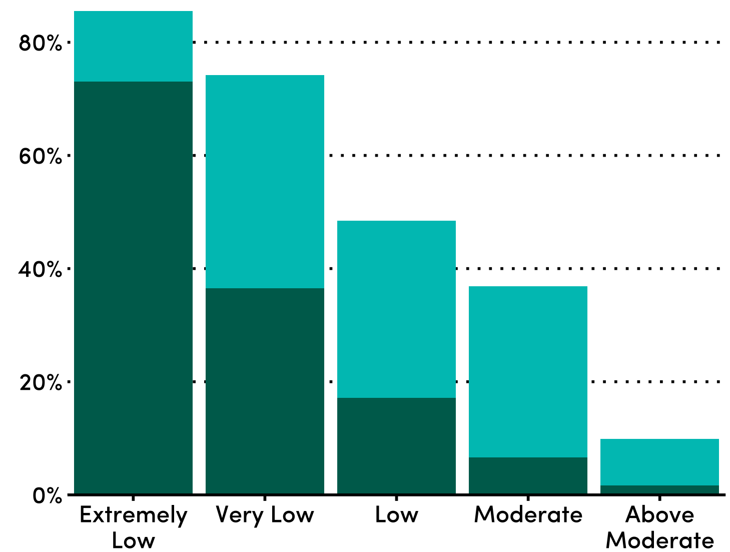


Figure 30. Rates of Cost Burden by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Severely Burdened
Moderately Burdened

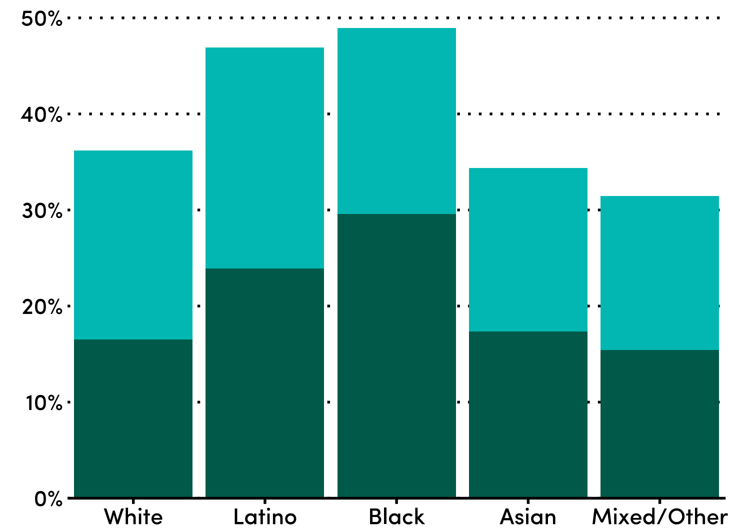


Figure 31. Rates of Cost Burden by Race and Ethnicity of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

Severely Burdened
Moderately Burdened

The Impacts of High Housing Costs on Residents

Overcrowding Is Driven by High Costs

High rates of cost burden contribute to the total number of households who seek to double up or welcome other contributors to help with rent, leading to conditions we identify as overcrowded. Extremely Low and Very Low earning households experience the highest rates of cost burden in Napa Valley and have correspondingly higher rates of overcrowding than above moderate earners. However, they do not have the highest rates of overcrowding (although some cases may be under-reported). Due to the Valley's provision of deed restricted affordable units available to the lowest earners, rates of overcrowding for these households are not as high as those earning slightly more. Low income households who are just above eligibility for these homes experience the highest rates of overcrowding in the region, with nearly 1 in 10 households living in conditions deemed overcrowded.

Latino households continue to experience the highest rate of overcrowding in Napa Valley, with over one in five residents living in crowded housing conditions. Asian and mixed/other households experience four to five times the rates of overcrowding relative to white households. As a result, offering more units for rent or sale that accommodate slightly larger families may help ease overcrowding in particular among the Valley's nonwhite households.

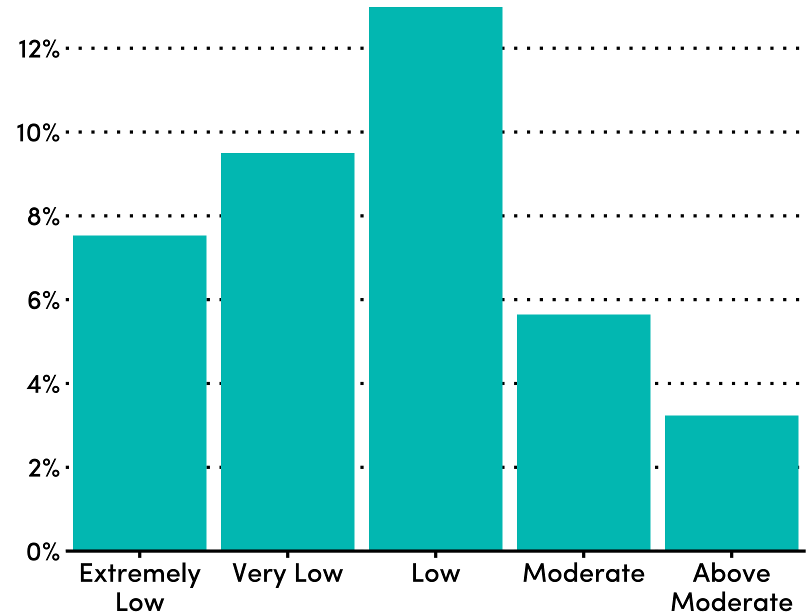


Figure 32. Overcrowding Rate by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

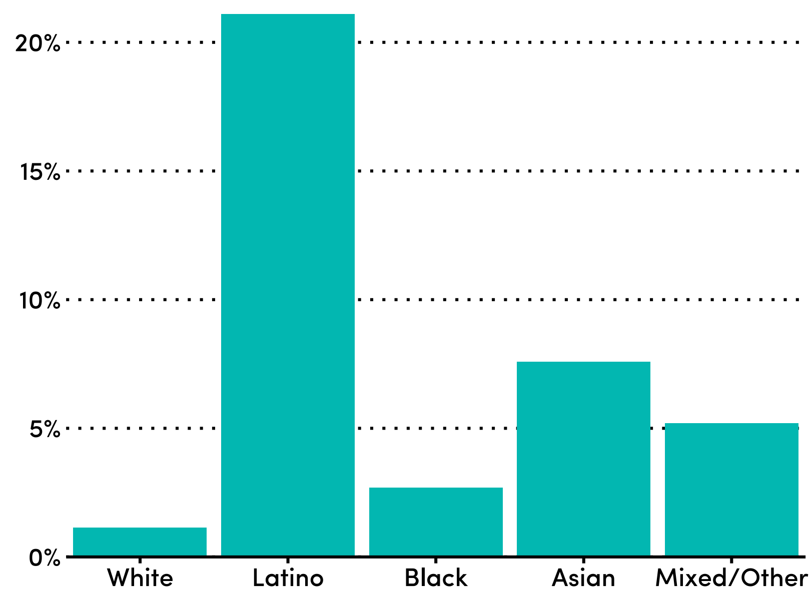


Figure 33. Overcrowding Rate by Race and Ethnicity of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

The Impacts of High Housing Costs on Residents

Homeownership Is Down Among Young Adult Households and Latino Households

Homeownership rates especially for younger residents are falling across the state, but residents at lower income levels may be most impacted by the narrowing of opportunities to own. In Napa Valley, ownership is increasingly the privilege of higher income households. **Extremely Low and Very Low income residents are homeowners at half the rate as above moderate earners.** This is true across all ages. And while ownership rates rise as incomes get higher, there are still significant drop-offs for households that earn just below the next highest group. For example, while over 80% of above moderate households own their own home, this drops to 65% for households earning slightly lower moderate incomes.

Latino households are the least likely to own their own home in Napa Valley. Only half within the county own a home, significantly behind white and Asian households. Napa Valley has the second highest rate of home ownership among white households in the Bay Area, second only to Contra Costa. And it trails Solano County and Contra Costa County in Latino household ownership.

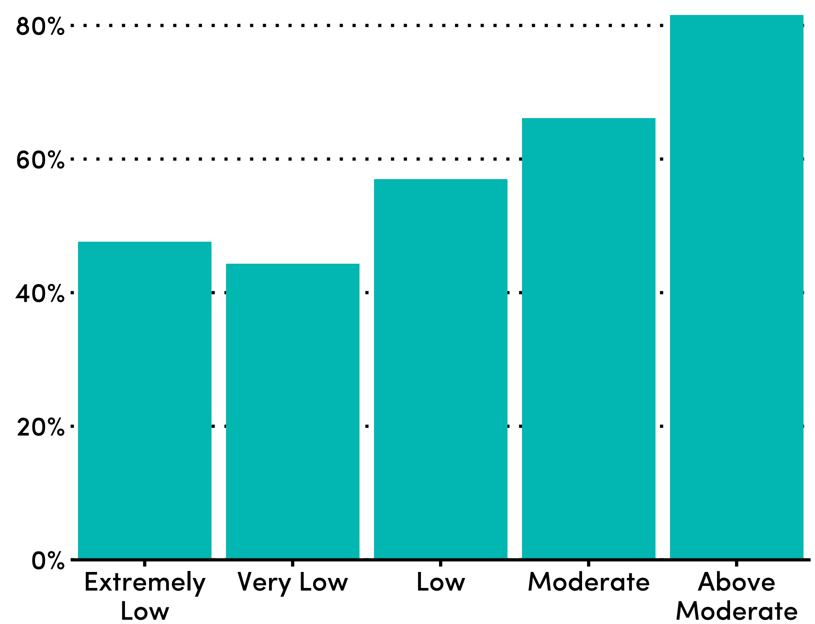


Figure 34. Homeownership Rate by Household Income

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

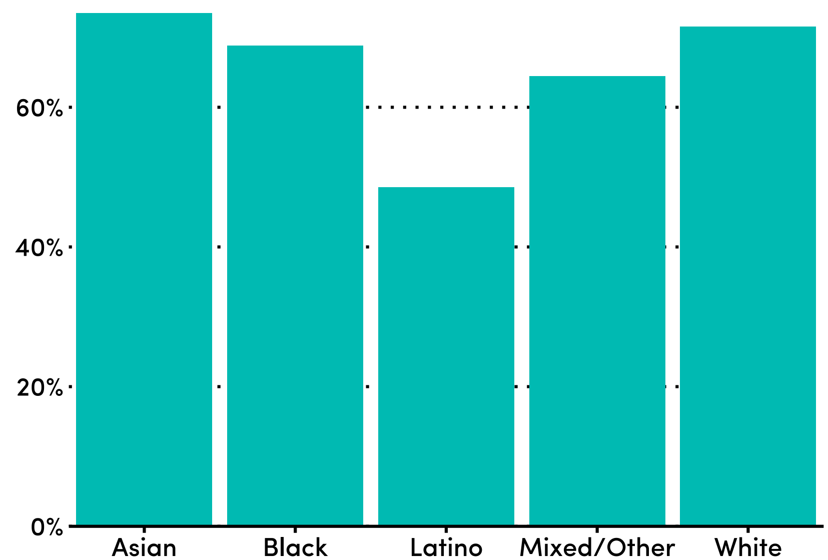


Figure 35. Homeownership Rate by Race and Ethnicity of Householder

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year

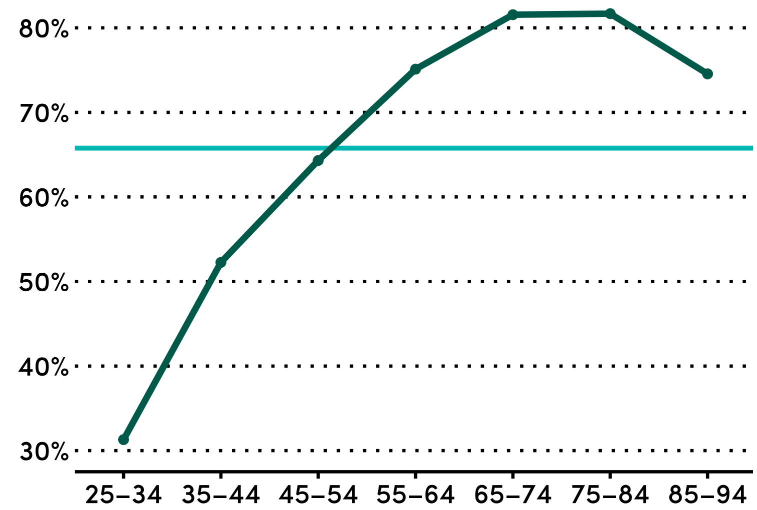
The Impacts of High Housing Costs on Residents

Homeownership Is Down Among Young Adult Households and Latino Households *(continued)*

The aging of Napa Valley's population mirrors another significant trend affecting its households: the age at which its residents attain homeownership. **Residents must wait until they reach the ages of 45 to 54 before their likelihood of owning a home reaches the Overall Napa Valleys average.** Whereas at least 75% of all residents ages 55 and older own their home, only 50% of 35-year-olds are owners.

Figure 36. Homeownership Rate by Age of Householder vs. Overall Napa Valley Rate

Source: IPUMS USA and U.S. Census Bureau, 2018–2022 ACS 5-Year



"Particularly since the Covid-19 pandemic, the issue of housing insecurity has increasingly impacted Napa's residents. In Fair Housing Napa Valley's (FHNV) experience, the primary barriers to housing security are a function of rising housing prices that have not kept pace with the income needs of our most essential workers, as well as a chronically low vacancy rate among Napa's rental housing stock. These factors especially impact lower income residents and families, for whom even minimal rent increases (particularly for residents on a fixed income such as seniors or persons with disabilities) can be extremely challenging to navigate. FHNV regularly sees the lack of stability faced by residents of mobile homes and households at risk of eviction. Additionally, available rental housing is subject to an extremely competitive market which tends to favor residents with the means to afford higher rents. In this context, any time a renter household faces displacement, there is a very real risk they will have to find alternate housing outside of Napa County. This risk/trend can have far reaching impacts on the local school(s), job(s), and communities of which the household is a part of, as well as other aspects of Napa County's infrastructure, notably traffic in and out of Napa County.

The experience of those fortunate enough to have purchased modestly priced homes 20–30 years ago is no longer a reality for today's households. Moderate income families remain on the rental market much longer when they are outbid by newer, wealthier residents with the ability to pay more. Given this dynamic, one can imagine what effect the current rental housing market has on the housing opportunities of low income households, particularly members of federal and state protected classes who regularly face additional barriers to equal housing choice. Fair Housing Napa Valley works to promote and protect housing security for all residents in Napa County, so that they may enjoy a stable home, community, and place to raise their family. We believe Napa Valley can provide that and believe housing security should not be a privilege of higher income residents alone. The county must build and preserve housing affordability for its workforce residents."

—Pablo Zatarain, Executive Director of Fair Housing Napa Valley

The Impacts of High Housing Costs on Residents

Workers Are Relocating to Cities Outside of Napa County at Higher Rates

The number of workers in Napa Valley's key industries who have relocated to cities and towns outside of the Valley is growing. Hospitality/accommodation and healthcare workers have seen the largest increase in employees living outside of the Valley. In 2002, hospitality workers living outside of the Valley made up one third of all employees in that sector but today make up half. Prior to the pandemic, 6,000 hospitality workers employed in Napa Valley lived outside of the Valley. The healthcare sector has fared worse. Starting in 2010 the sector saw an explosion of workers relocating. Out-of-Valley healthcare employees grew in total from about 2,000 in 2010 to 6,000 today and now make up the majority of workers in that sector. Out-of-Valley farmworker and manufacturing jobs have also grown gradually as a share of all employees.

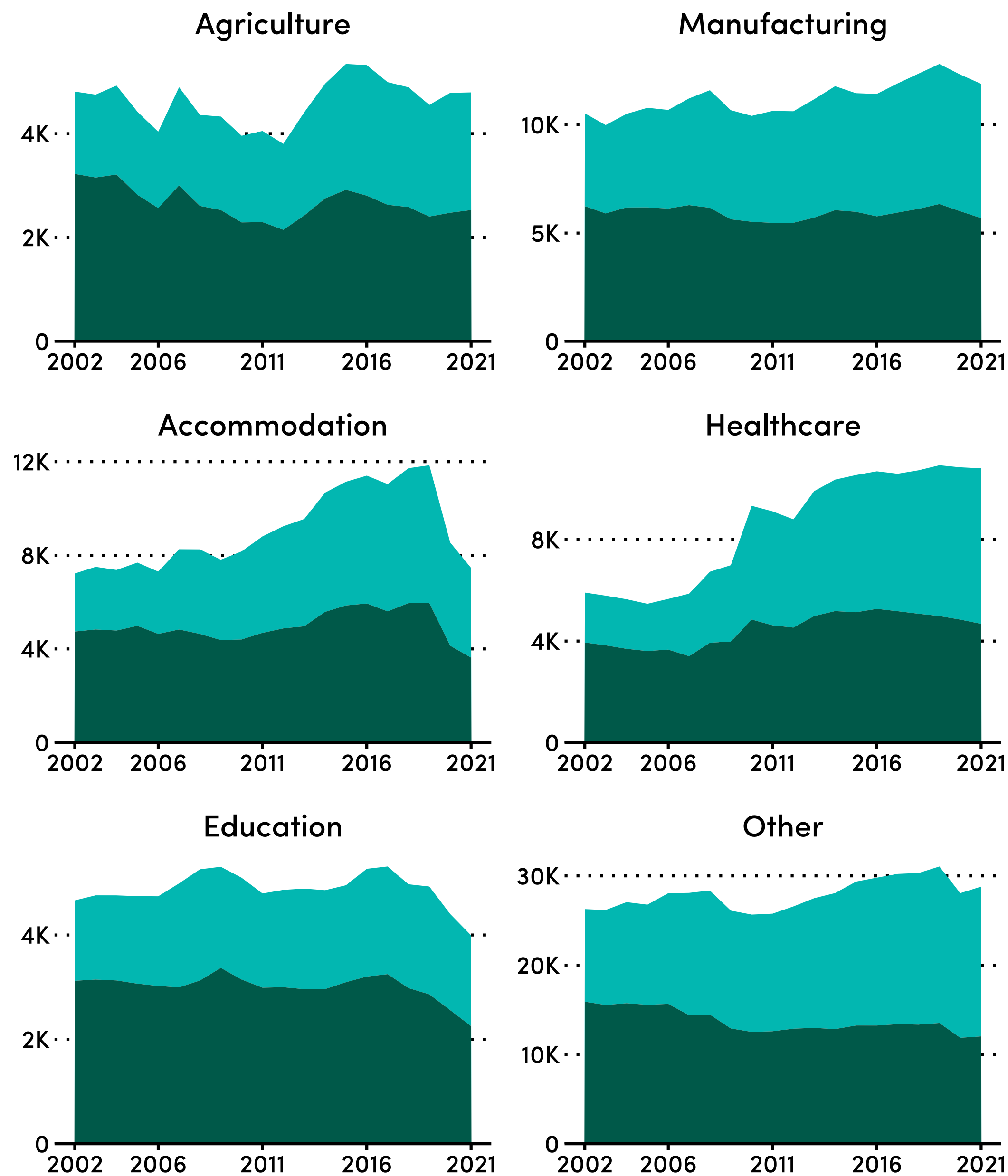


Figure 37. Total Workers Living In- and Out-of-County by Job Sector, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics

Out-of-County
In-County

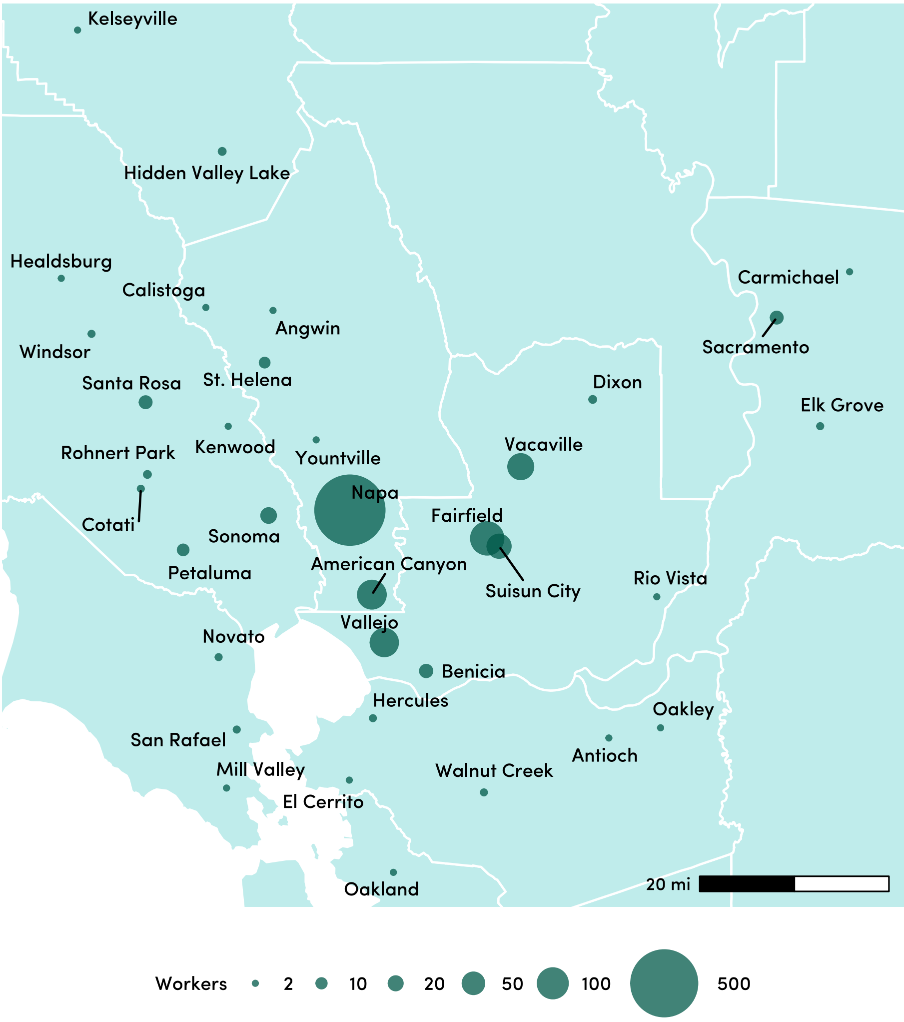
The Impacts of High Housing Costs on Residents

Workers Are Relocating to Cities Outside of Napa County at Higher Rates *(continued)*

Zooming in on the healthcare industry, we illustrate how one major employer and its employees are impacted by the growing unaffordability of homes in Napa Valley. This map shows the locations and commuting distances of caregivers from the Providence Queen of the Valley Medical Center, the region's largest health care facility. While over half of its caregiver sector — including nurses, clinical lab workers, and medical support staff — are able to remain in the city of Napa, large segments of employees live in over 30 separate cities in Solano, Sonoma, Lake and other regional counties. Some commute from as far away as Livermore to the south (Alameda County), Elk Grove to the east (Sacramento County), and Cloverdale to the north (Sonoma County) — travel times of roughly 1 hour and 30 minutes by car.

Figure 38. Total Caregivers by City of Residence for Providence Queen of the Valley Medical Center

Source: Providence Queen of the Valley Medical Center



The Impacts of High Housing Costs on Residents

Out-Migration Contributes to More Cars on the Road and Higher Vehicle Miles Traveled

Napa Valley workers have fled the Valley in order to reside in more affordable locales, resulting in more vehicle miles traveled within the region. Driving alone is the predominant mode of commuting to work for the vast majority of Napa Valley residents, which is common for peer counties. However, because of the distances traveled from cities as far as Vacaville and Santa Rosa, vehicle miles may be larger on average per resident. **Of the roughly 58,000 commuters (excluding those who work from home), 50,000 drive alone, or nearly 86 percent of commuters.** In the last year, fewer than 5,000 residents took public transit, biked, or walked to work on a daily basis.

Napa Valley, like many other California regions, has experienced net negative domestic migration since 2016. Net migration within Napa Valley has steadily decreased until reaching -1,000 residents annually between 2017 and 2019. Although that decline dipped slightly in 2020, **Napa Valley ended 2022 with an annual net negative migration of 2000 residents.** Although wildfires and other natural disasters have played a role, the downturn is most consistent with the increasing lack of affordable housing that has continued to drive residents to other areas of the state or country.

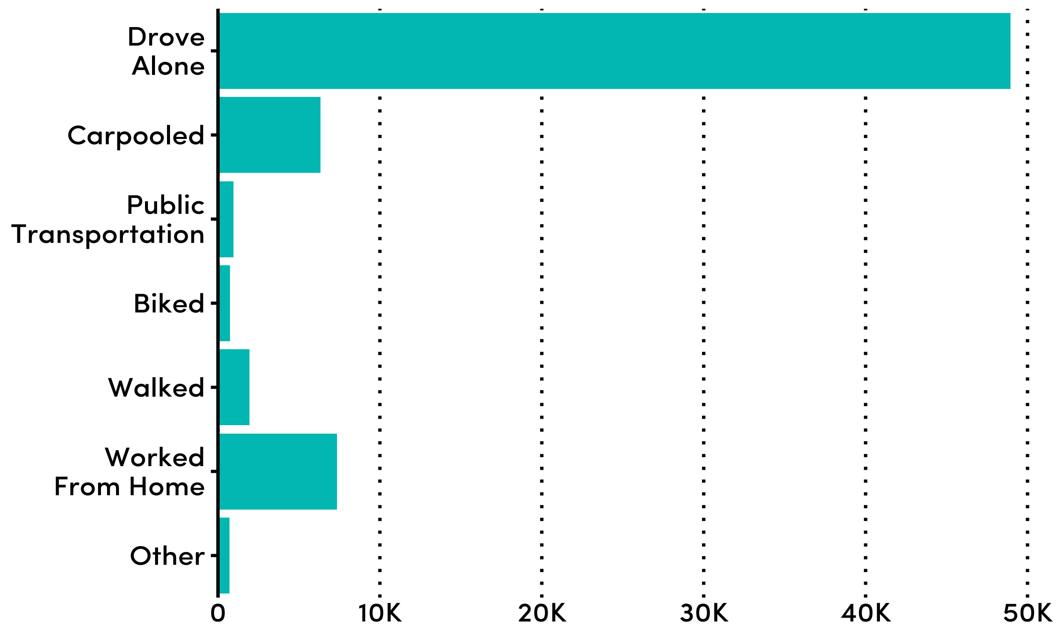


Figure 39. Total Commuters by Transportation Method

Source: U.S. Census Bureau, 2018–2022 ACS 5-Year

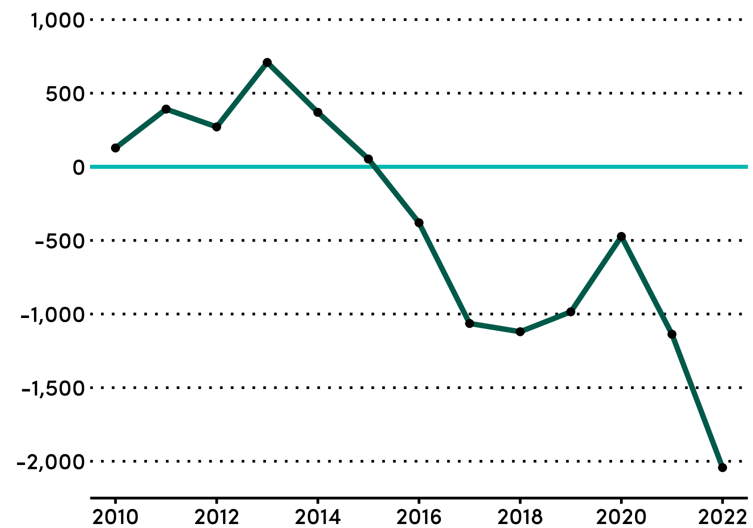


Figure 40. Annual Net Domestic Migration, 2010–2022

Source: U.S. Census Bureau, Population Estimates Program

The Impacts of High Housing Costs on Residents

Households with Children Are in Decline

All North Bay counties have seen a decline in households with children under 18 since the period from 2008-2012. Napa Valley's decline accelerated between 2013-2017, contributing to a total drop of 3 percentage points since 2008-2012. Napa Valley has these housholds at a rate faster than that of both Sonoma and Marin Counties but slightly slower than that of Solano County, although Napa Valley has a lower total percentage of 29% versus Solano County's 32.5%. The loss of households with children is especially noticeable in school enrollment decline across the Valley and it contributes to the overall aging of the population.

Napa Valley's 2.8 percentage point decline in households with children under 5 is the highest drop in the North Bay. From the period starting 2008 to 2012 until 2022, **the percentage of Napa Valley households with children under 5 years of age declined to 9.6%, a drop from nearly 6,000 to 4,600 in the span of fourteen years.** The decline shows little sign of stopping.

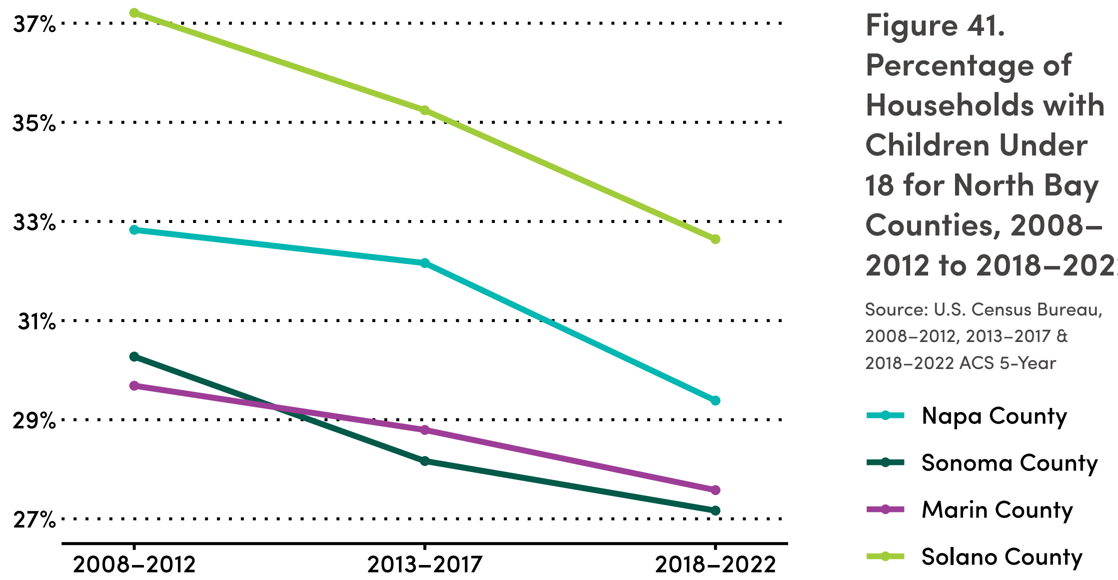


Figure 41. Percentage of Households with Children Under 18 for North Bay Counties, 2008–2012 to 2018–2022

Source: U.S. Census Bureau, 2008–2012, 2013–2017 & 2018–2022 ACS 5-Year

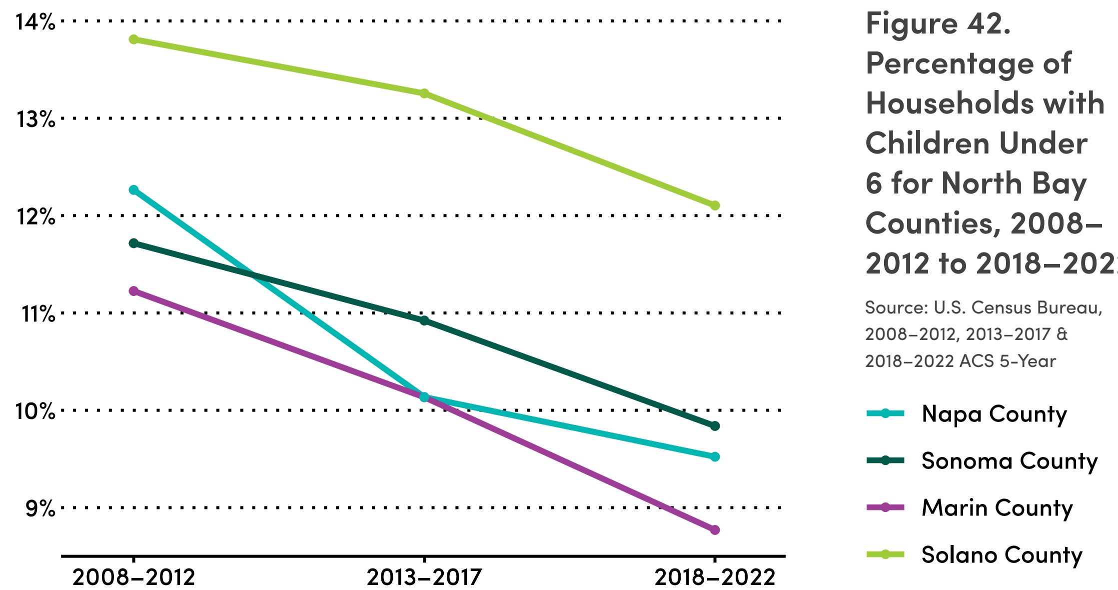


Figure 42. Percentage of Households with Children Under 6 for North Bay Counties, 2008–2012 to 2018–2022

Source: U.S. Census Bureau, 2008–2012, 2013–2017 & 2018–2022 ACS 5-Year

Housing & Individuals Experiencing HOMELESSNESS in Napa Valley

GENERATION HOUSING NAPA VALLEY

Unaffordable housing costs are a major precursor to individuals experiencing homelessness — and they inhibit regional efforts at prevention and supportive housing provision. Although high housing costs generally are a key precipitant of experiencing homelessness, Napa Valley's housing market exhibits unique characteristics that make its lower income population even more susceptible. Studies have shown that prices associated with specific sub-segments of the housing market such as the median costs of 1-bedroom rental units are significant indicators of a region's risk to growing numbers of residents experiencing homelessness. Likewise, the supply of deed-restricted affordable housing relative to Extremely Low and Very Low income residents is a leading factor in rates of individuals who experience homelessness.

Napa Valley is performing inadequately on some of these measures, which inhibit efforts on the prevention end to reduce the rate of individuals experiencing homelessness. Nonetheless, the Valley is taking extraordinary steps to minimize entries into, and expedite exits from, unhoused living conditions. It successfully moved 217 individuals experiencing homelessness into homes last year and, just as importantly, prevented 417 individuals from becoming unhoused through financial help. This rate of prevention was up from the prior fiscal year when 73 individuals were prevented from experiencing homelessness.

Yet this success in prevention and reduction is undermined by high housing costs. Napa Valley's rent to income ratio has grown over time, especially for its lowest earners. As a result, it has a higher than average association between rent increases and rates of individuals experiencing homelessness, with every $100 rise in median rents associated with a 15% increase in rates of residents who are unhoused. This surpasses the national standard of a 9% increase for every $100 rise in median rents.

Further, Napa Valley has a lower than average ratio of deed-restricted units to Extremely Low and Very Low Income residents. In 2022, according to the UC Berkeley Terner Center, California had only 23 affordable and available rental units per 100 households with extremely low incomes; and the state retains some of the highest rates of individuals experiencing homelessness in the country. This may contribute to Napa Valley's performance among regional peers. Its higher rates of individuals experiencing homelessness per 10,000 residents compared to South Bay counties who have even higher median rents suggests that it can and should do more for its lowest earning residents. The Valley as a whole is adding more multifamily units in recent years, including several models of affordable housing units, which will go a long way towards this goal. But the Valley should also think expansively when it comes to who is at risk. It is no longer just its lowest earners. We find that rates of cost burden are growing among those earning slightly above eligibility levels for affordable housing or subsidized housing.

Project Spotlight

MANZANITA FAMILY APARTMENTS

LOCATION
City of Napa

TOTAL UNITS
50 affordable units targeted to households earning 30-60% AMI

DEVELOPER
SAHA

The Manzanita Family Apartments provides 50 units of affordable, workforce rental housing for Napa residents. Located in an area with jobs in hospitality, health care, service and agriculture, the development offers workforce residents rental options in a community where market-rate rental inventory is costly. And by offering bedrooms in a range of sizes, the development delivers on options that are needed most: affordable rental units that are sized for families.

The units offer amenities that are not always available in 100% affordable developments including a private balcony or patio for each unit. Among its common outdoor spaces, there is also a rooftop deck and community gardens. Illustrative of this need is the speed with which the waitlist for new units closed.

The property has the potential to serve workforce residents given its location within walking distance of bus service to Downtown Napa. It is also near the Providence Queen of the Valley Medical Center. Parks and other amenities are within walking distance. Three major grocery chains, and a Target, are within 1.5 miles of the site meaning it can reduce vehicle miles traveled on regular daily errands.

Housing & Individuals Experiencing Homelessness in Napa Valley

Rates of Individuals Experiencing Homelessness Has Risen as Median Rents Increase

Napa Valley's rate of ndividuals experiencing homelessness has edged higher at a slightly slower pace than the state in recent years. Yet the most common corollary of rates of individuals who are unhoused — a region's high cost of housing — place many of Napa Valley's most cost-burdened residents in extreme vulnerability. The region's rising median rents, especially among 1-bedroom units, may jeopardize the stability of existing households by making it difficult for residents to afford rents at the smallest bedroom sizes. The number of individuals experiencing homelessness rose to 506 in 2023, up from 248 a decade ago. The $675 rise in median rents during that same period means that every $100 increase in rent is associated with a 15% increase in rates of individuals experiencing homelessness.

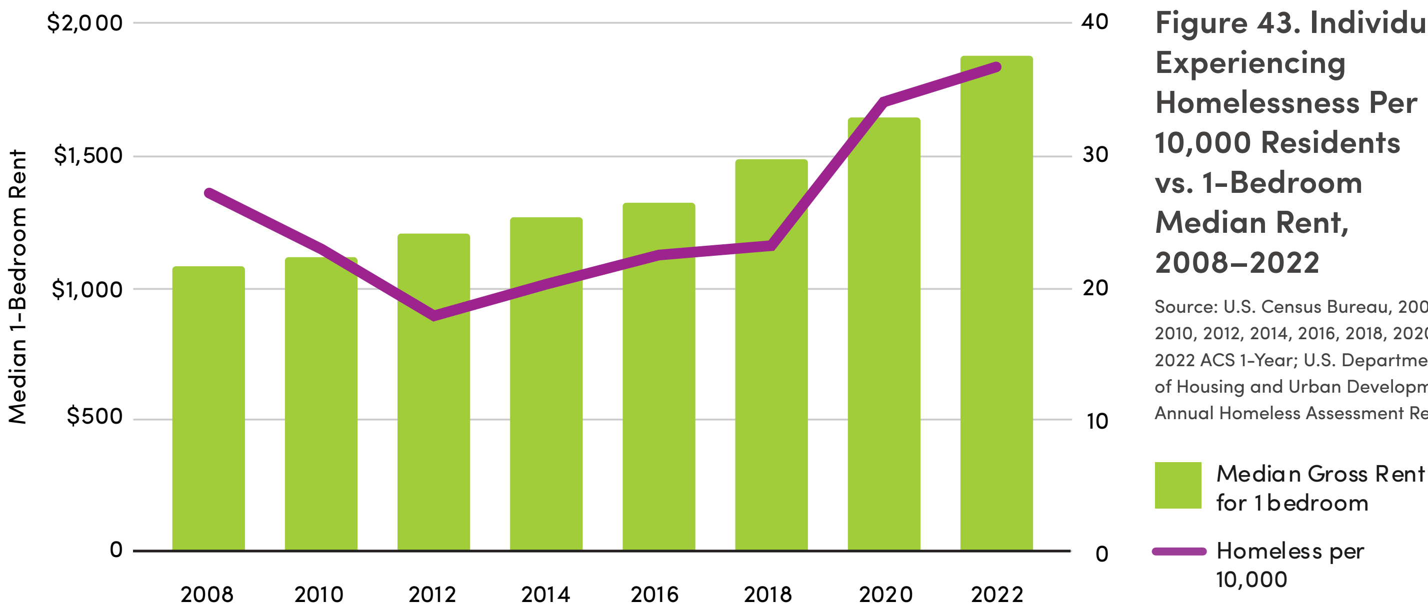


Figure 43. Individuals Experiencing Homelessness Per 10,000 Residents vs. 1-Bedroom Median Rent, 2008–2022

Source: U.S. Census Bureau, 2008, 2010, 2012, 2014, 2016, 2018, 2020 & 2022 ACS 1-Year; U.S. Department of Housing and Urban Development, Annual Homeless Assessment Reports

Housing & Individuals Experiencing Homelessness in Napa Valley

The Region Underperforms Peer Counties Where Housing Costs are Equally High

The most recent count of Napa Valley's total individuals who are experiencing homelessness in January of 2023 tracked 506 without a regular or safe place to sleep at night, an increase of 2% from last year. As a result of its prevention measures, Napa Valley's rate of 37 unhoused individuals per 10,000 residents is the 4th lowest among all Bay Area counties outside of San Francisco. Yet the rate remains high compared to other counties with equally high or higher median rents. Despite higher median 1-bedroom rents in Contra Costa and San Mateo counties, these jurisdictions have rates of individuals experiencing homelessness of 20 and 24 per 10,000 residents, respectively. This suggests that the high costs of 1-bedroom units may not be the only or even primary factor in higher rates of unhoused residents.
The high cost of ownership or of larger rental units may put residents at risk.

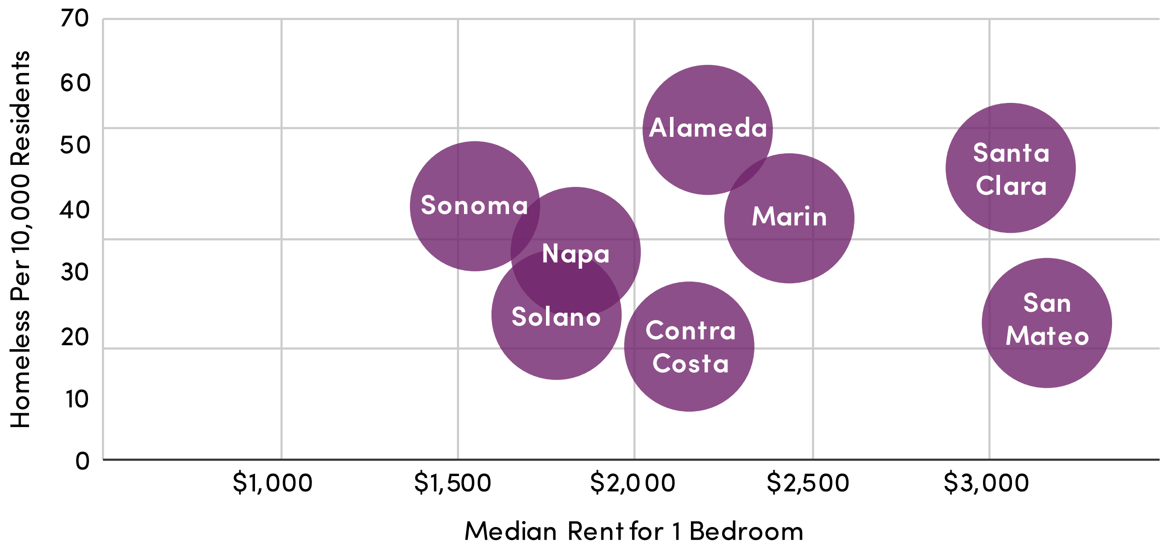


Figure 44. Individuals Experiencing Homelessness Per 10,000 Residents vs. Median 1-Bedroom Rent for Bay Area Counties

Source: U.S. Census Bureau, 2022 ACS 1-Year; U.S. Department of Housing and Urban Development, Local Point-in-Time Counts

Housing & Individuals Experiencing Homelessness in Napa Valley

Cities Do Not Have Adequate Deed-Restricted Housing for Most Vulnerable Residents

One effective housing-related measure in the prevention of individuals experiencing homelessness is the provision of special rental options for the lowest income individuals, known as deed-restricted affordable units. These units go exclusively to earners who fall well below the area median income, helping them to pay reduced or below-market levels through a government or philanthropic subsidy. Ample supplies of affordable, deed-restricted units are associated with prevention of higher rates of individuals who experience homelessness. Yet many regions struggle to finance, build, and preserve deed-restricted units due to the immense cost associated with affordable units and the complex financial arrangements required to fund them adequately.

Napa Valley's predominant type of affordable units are supported through Low Income Housing Tax Credits. In total, the Valley's jurisdictions offer around 2,000 units of LIHTC affordable housing available to the region's 9,500 Extremely Low and Very Low income households. The undersupply, which may be a significant factor in rates of individuals experiencing homelessness, varies between jurisdictions. Yountville offers only 6 units of affordable LIHTC housing per 100 ELI and VLI residents while the City of Napa and American Canyon offer roughly 18 units per 100 residents — closer to the statewide average but still short. Only the city of St. Helena offers a higher proportion of units than the statewide average.

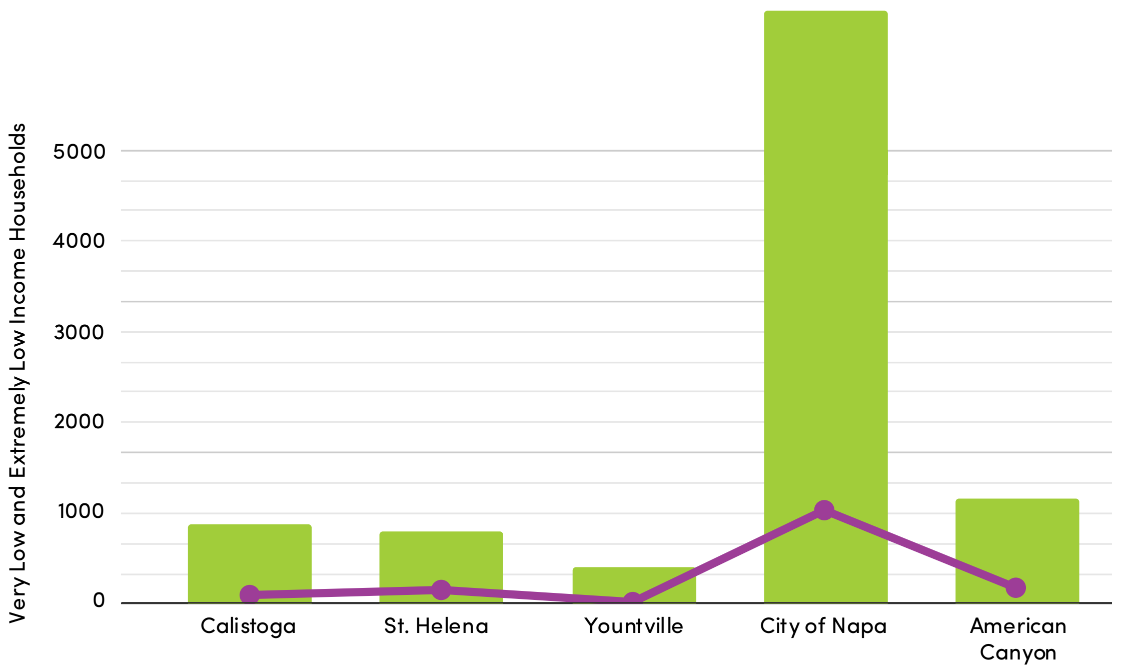


Figure 45. Total Extremely Low and Very Low Income Households vs. Total Deed-Restricted LIHTC Units by City

Source: Novogradac LIHTC Mapping Tool and Regional Housing Elements

Housing & Individuals Experiencing Homelessness in Napa Valley

Napa Valley is Seeing an Increase in Vulnerable Households

Paying one-third or more of monthly income for housing is a primary precursor to experiencing homelessness. Yet sometimes it is those earning slightly more than federal income standards who are at greatest risk of being cost burdened because they do not qualify for deed-restricted units or federal housing subsidies. In a review of total households in Napa Valley who make the lowest incomes, we found small declines in total numbers of cost burdened households for those at the lowest level. For example, the number of households earning between $10,000 and $20,000 dollars who pay more than 30% of their income on rent has halved in the last decade. But those households earning slightly more, between $50,000 and $75,000 annually — are cost burdened at higher rates than they were in 2012. Whereas roughly 1,000 of these households were cost burdened then, now 2,200 are paying over 30% of their income towards housing. This means more households at low AMI levels exhibit indicators that are more closely associated with the risk of experiencing homelessness.

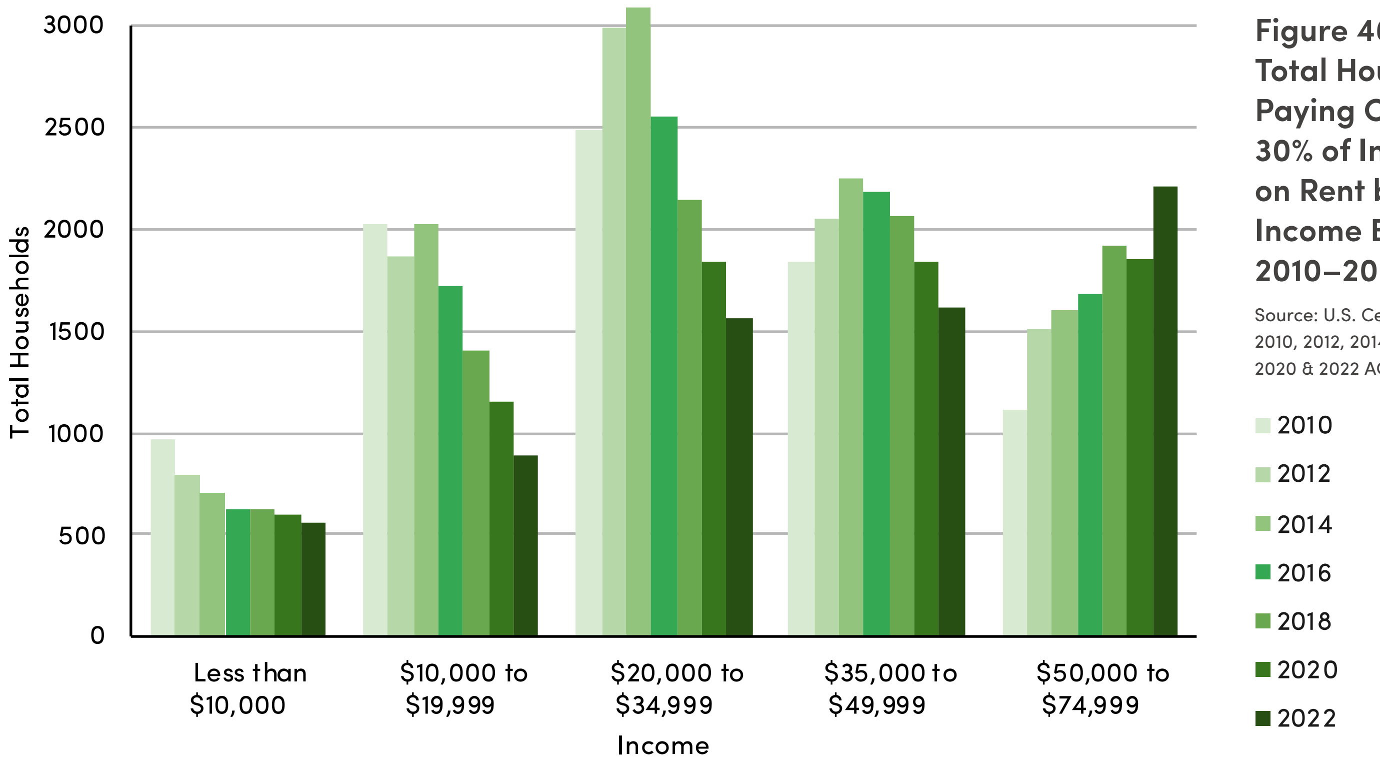


Figure 46. Total Households Paying Over 30% of Income on Rent by Income Bracket, 2010–2022

Source: U.S. Census Bureau, 2010, 2012, 2014, 2016, 2018, 2020 & 2022 ACS 1-Year

Housing's Impact on Napa Valley's LOCAL Economic Activity

The high cost of housing directly impacts what residents have left to spend at the end of each month. Not only does that minimize local contributions to the economy, but as hiring managers around the Valley note, most future employees make decisions on new jobs based on how far their dollars will go. As a result, the Valley's prime industries may struggle to attract, hire, and retain workers as easily as they might otherwise, especially in essential sectors where income is slightly below the area median.

Cost burden affects all households differently even though it's only a measure of the percent of income spent on housing. But when incomes are lower to begin with, the real dollar totals left over are significantly less. As a result, although it is fair to speak broadly about the harm done by cost burden, households who earn below area median incomes are most likely to be impacted by rising rent- and home price-to-income ratios. These include roles in the child care and education sectors, first responders, medical assistants and nurses, and many in the wine industry, for whom a 30% rate of housing cost is a greater sacrifice.

The greater burden of housing costs on lower income households has wide ranging effects beyond hiring for local employers. Local spending on goods and services is also impacted. As studies have shown, not all households spend equally. Low income households are far more likely to spend their discretionary income at local stores and on local goods and services. When Napa Valley's lower income residents are cost-burdened at higher rates, they have far fewer dollars to spend that could otherwise be invested back into local communities. Some estimates show that cost burden among Napa Valley's households has cost the region over $50 million annually in potential local spending — and as rates of cost burden grow, that number is approaching $75 million annually (Bay Area Equity Atlas).

Below we illustrate a range of effects that illustrate the drawbacks of high housing costs for local economies, from income inequity to hiring. We use case studies to show how real world decisions about where to live and what jobs to accept are influenced by housing. We find that workers in critical sectors are more likely to weigh the value of salaries in regions where they are cost burdened at higher rates. At the same time, this undercuts employers' hiring power. Although on average some Napa Valley industries are able to offer more competitive wages than statewide averages, the high cost of housing negates this advantage.

Project Spotlight

LEMOS POINTE AT WATSON RANCH

LOCATION
American Canyon

TOTAL UNITS
186 units for residents earning 30-60% of AMI

DEVELOPER
The Pacific Companies

American Canyon is faced with a unique challenge for siting homes near transit, resources, and walkable retail: a largely dispersed commercial corridor. To resolve this, the city is advancing a specific plan that develops a more centralized downtown area along with housing on over 300 acres of land. As part of its Watson Ranch Specific Plan, the city will slate the land for mixed use commercial, shopping, and affordable housing all connected by parks and bike lanes.

Lemos Pointe, part of the roughly 1,200 planned dwelling units, will offer over 180 affordable units for low-income residents earning between 30-60% of the Area Median Income in various bedroom sizes. In addition to being uniquely paired with a commercial land repurposing plan, the project has another innovative feature for helping to keep costs down: the units are constructed largely offsite in a modular fashion. This saves money and speeds up the construction process on needed homes.

Housing's Impact on Napa Valley's Local Economic Activity

Cost Burden Harms Lower Earning Households the Most

Cost burden is rising unevenly in Napa Valley. Napa Valley's lowest earning quintiles are experiencing greater rates of cost burden while those in the lower quintiles are decreasing. The very groups who can least afford to pay more towards housing are most vulnerable to increases in price. Three in 4 of the Valley's lowest earners pay over 30% of the income towards rent. This rate has remained relatively stable since 2005. At the same time, the second lowest quintile of earners has seen increasing rates of cost burden. Since 2005 rates of cost burden in this segment have risen from 50% to 75%, approaching rates of the lowest earners. The top three quintiles by income have lower rates of cost burden and some are even decreasing. Over the same time period, rates of burden for the top two quintiles have halved.

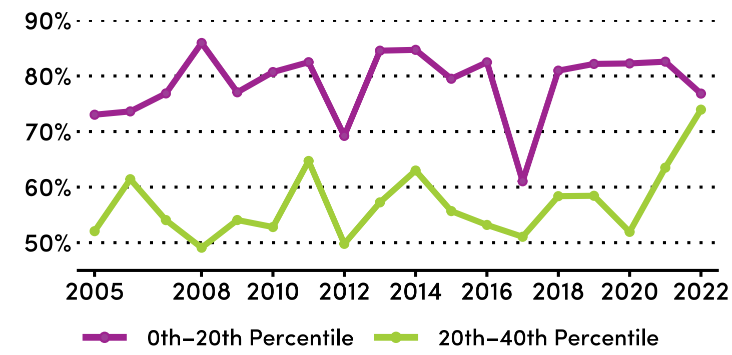


Figure 47. Rates of Cost Burden for Lowest Earning Quintiles, 2005–2022

Source: IPUMS USA and U.S. Census Bureau, 2005 to 2022 ACS 1-Year

"[The high cost of housing] has made it incredibly difficult for workers to live in the Napa Valley. Most of the people that work in my industry live in either Sonoma or Solano counties as it is generally less expensive.

This makes commute times to Napa Valley significant and can cause strain on work and home life. It has also made it hard to find employees as well, as it is very common for potential employees to turn down jobs due to the cost of living in the area. Occasionally jobs will be accepted if a potential employee is able to find housing in Solano or Sonoma counties.

There needs to be more apartment and home development in order to attract workers to actually live here. There is a general lack of available housing and what is available is so overpriced that people will almost always look elsewhere. Two–three bed apartments or housing around $2,000–$2,500 a month would also vastly increase the number of employees that would move and stay in Napa County. Access to affordable childcare is always a plus as the cost of living in Napa County almost always requires both parents to be employed full time."

—Industry employer, Napa Valley

Housing's Impact on Napa Valley's Local Economic Activity

Local Spending Is Most Impacted When Lower Earning Households Have Less Discretionary Income

Cost burden impacts different AMI groups in distinct ways. For California's highest-earning families, who earn about 11 times more than families in the bottom income quintiles according to a 2020 report by the Public Policy Institute of California, cost burden is more manageable.

As we show in this table, lower income earners are left with far less in savings at the end of the month than higher earners when living in units with typical asking rents. In our example, we take a couple earning a typical salary in the Low Income bracket and compare it to a single household making an above moderate income. The couple, who earn median wages roughly equivalent to that of a medical assistant and a hostess working in Napa Valley, also have an infant who requires child care. After renting a typical, market-rate 2-bedroom unit on the market and accounting for other regional expenses including higher than average child care costs, the couple is left with $509 at the end of each month.

In comparison, an employee earning above moderate income — in our example, an earner making roughly the equivalent of a Marketing Manager working in Napa Valley — has far more in savings at the end of each month. After paying for a higher end 1-bedroom unit, the resident has significantly more in savings than the lower earning couple.

Figure 48. Real Dollar Discretionary Income After Rent for Above Median vs. Below Median Households

WHAT'S LEFT?

Monthly Budget for Above Moderate 1-Person Household in Napa County

Annual Earnings	$154,260.00
Monthly Earnings	$12,855
Taxes	$1,787
Housing (1 bedroom)	$3,800
Child Care	$0
Health Care	$215
Food	$366
Transportation	$474
Miscellaneous	$239
Monthly Cost Total	$6,882
Amount Left	$5,973

Monthly Budget for Low Income, 2-Adult, 1-infant Household in Napa County

Annual Earnings	$91,520
Monthly Earnings	$7,627
Taxes	$1,044
Housing (2 bedrooms)	$3,065
Child Care	$1,076
Health Care	$1,076
Food	$809
Transportation	$947
Miscellaneous	$550
Monthly Cost Total	$8,136
Amount Left	-$509

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics, May 2022

Housing's Impact on Napa Valley's Local Economic Activity

Napa Valley's High Cost of Living Is Driven by Housing and Undercuts Competitive Salaries

In conversations with hiring managers across Napa Valley's major employment sectors, a common theme is the loss of both new and current employees to other regions where the cost of housing (and other expenses) are more manageable. Employees in sectors as wide ranging as child care and food services are leaving the Valley to find more affordable housing in regions where their dollar goes further.

In our case study above, our representative example is that of a Food and Beverage Manager currently based in Fresno and seeking to relocate within his field. We assess the cost of living relative to pay among a variety of cities associated with the West Coast's wine industry. Evaluating expenses as a percentage of national averages, we rank these cities across expense categories including food, healthcare, housing, and transportation using a Cost of Living Calculator.

We find that the City of Napa's cost of living ranks relatively high within our representative sample, including wine destinations in Oregon. These costs are partly driven by higher than national averages in food and transportation costs. (The City of Napa ranks highest in food costs within this sample.) But as with other cities in California, the bulk of its above-average costs are driven by housing. The City of Napa's housing costs are 17% above that of the national average, behind only Santa Barbara and Livermore on our list. As we show below, these costs drive up the need for higher salaries across similar roles, which employers in Napa Valley must offer in order to remain competitive.

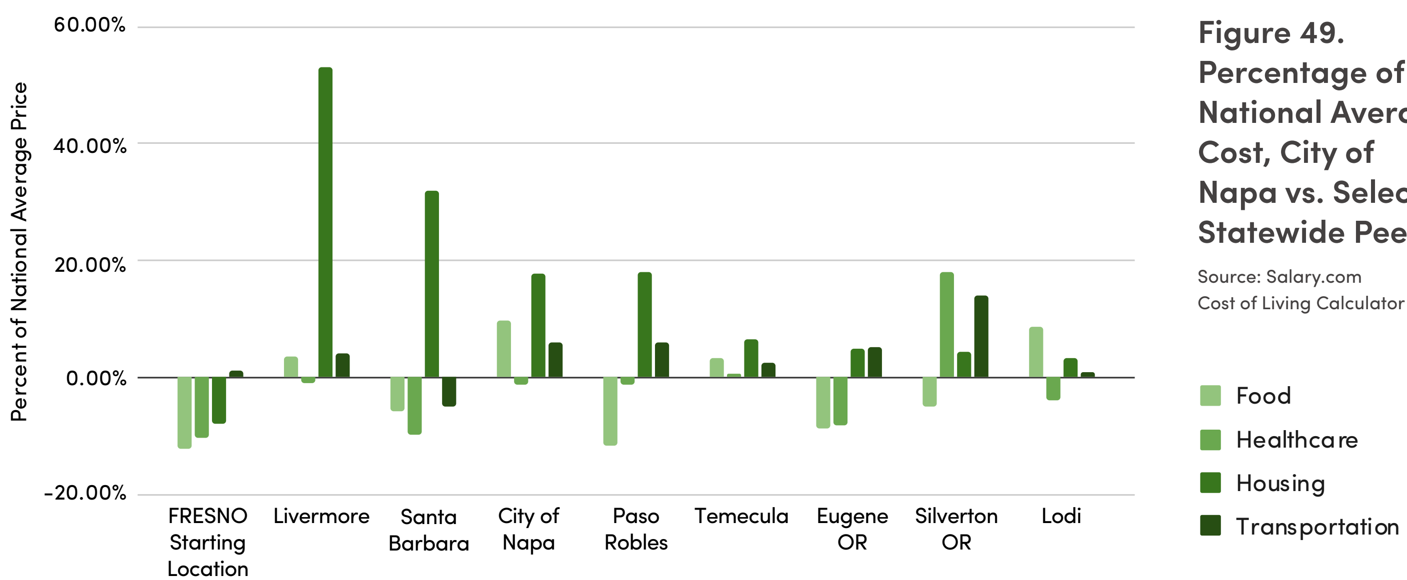


Figure 49. Percentage of National Average Cost, City of Napa vs. Select Statewide Peers

Source: Salary.com Cost of Living Calculator

Housing's Impact on Napa Valley's Local Economic Activity

The Gap Between Median Pay and Housing Costs Is Higher in Napa Valley for its Most Essential Sectors

Although Napa Valley employers in its specialty sectors related to the wine industry can offer competitive wages to reflect the level of talent, skill, and performance demanded for these roles, salaries are often not high enough relative to the housing market. In our example above, the Food and Beverage Manager based in Fresno who is looking for similar roles around the state would find some of his highest salary offers in the City of Napa (behind only Livermore). Yet given the high cost of living in the city, driven in large part by its housing costs, this job seeker earning $60,000 in Fresno would need to make close to $80,000 in the City of Napa to keep up with costs. However, median pay for this role or its equivalent in Napa Valley is only $66,921, leading to a roughly $12,000 gap in pay relative to local costs. This gap is wider than what a worker would experience in similar roles in regions such as Oregon's wine country as well as other parts of California, but lower than that of similarly high-priced areas like Santa Barbara or Paso Robles where gaps can reach as much as $23,000.

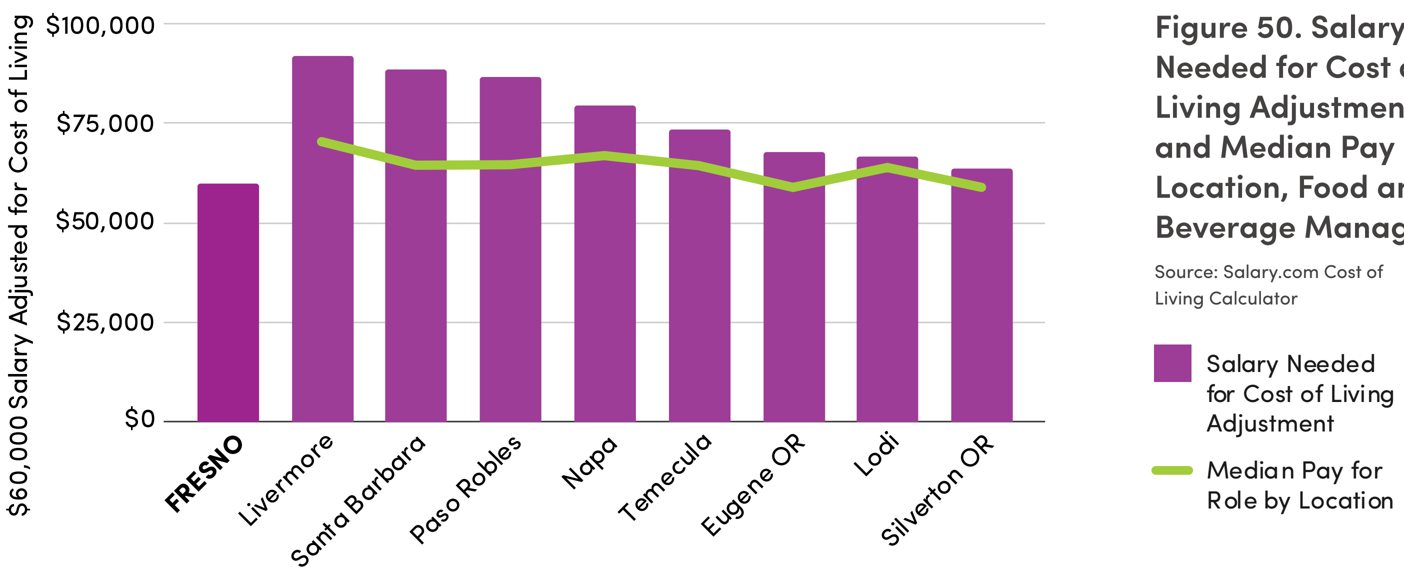


Figure 50. Salary Needed for Cost of Living Adjustment and Median Pay by Location, Food and Beverage Manager

Source: Salary.com Cost of Living Calculator

In Conclusion

Inaction Has the Power to Transform Napa Valley

During formal and informal interviews with stakeholders in the course of preparing this report, Generation Housing heard from participants over and over about their desire to make Napa Valley a place for families with children. We heard this concern from expected sources like teachers, child care providers, and residents with children; but we also heard it summarized from industry representatives, senior advocates, and hospital hiring managers. For each stakeholder, the negative impact of Napa Valley's soaring housing prices was best captured in reference to households with children and the uncertainty faced by younger members of the community in general.

Why are families with children a critical touchstone for understanding this crisis? Higher rates of out-migration and public attention on school enrollment declines likely play a role. But our interview participants refused to frame housing for families as a zero sum choice with the housing needs of seniors or young adults. Instead, we believe, the concern with families reflects an awareness of the speed with which housing opportunities have shifted. And the role that a depleted housing stock will play in shaping the lifecycle milestones of these younger residents in years to come helps to vivify the role that housing plays in helping all of us achieve particular milestones.

Our report affirms the swiftness with which housing markets transform in amenity-rich destinations like Napa Valley. The loss of 3 in 4 homes priced between $300,000 and $500,000 since the period between 2008-2012 reflects a dramatic remaking of the entry-level home market in the span of 10 to 15 years. Median household incomes for low-wage earners have remained relatively stagnant while total rental options at prices affordable to them (between $1,000 and $1,500, for example) are a third their size in the same period.

Residents measure this change not only in terms of data points but in the change to lifecycle milestones that will be impacted. Napa Valley residents have on average delayed first-time homeownership and household formation by several years longer than the rest of the country. Families with children ages 0-5 who are seeking consistency in schools have declined by nearly 2,000 households since 2008-2012, introducing instability into the lives of some children. And in ten years' time, a massive cohort of residents ages 55-65 will be approaching retirement and will depend on their home to provide certain amenities for this change. Residents will measure inaction on housing now by the changes in a lifecycle they will see in the next decade.

While it may feel like the actions needed to address housing shortages are jolts to the existing urban fabric, in fact it is inaction on housing that contributes to far longer-lasting — if also more gradual — jolts to a community. Without more affordable options, the jolts to household savings, to childhood stability, and to workforce hiring pools will alter the typical milestone achievements for all residents in Napa Valley. We hope this report helps stakeholders reframe the impact of changing the housing landscape as an act that preserves wealth, opportunity, and housing stability; the opposite — inaction on housing — will be the real transformative policy in the years to come. The spotlight on families with children is only a reflection of the deep desire among current residents to serve as custodians of the region's jobs, homes, and opportunities for new generations – and a fear that they have lost the means to preserve the achievement of major milestones in the lives of their fellow residents.

Project Spotlight

CARITAS VILLAGE

LOCATION
City of Napa

TOTAL UNITS
20 affordable units

DEVELOPER
Caritas

Caritas Village in the city of Napa offers 20 affordable units to local households. Given the high demand for the units — they received 384 applicants for 20 units — residents were chosen through a lottery system. The project offered one-bedroom units starting as low as $1,050 a month in a community where market-rate rents are typically double. The units were highly sought after for additional reasons including the siting of a "tot lot" play center, outdoor barbecue area, and a 1,400-square-foot clubhouse.

As significant as the project itself, the process that got it built may be a model for building affordable units within the city. TAs part of the new Marriott hotel project developed by Pacific Hospitality Group in 2018, the creation of residential units suitable to workforce residents was a condition of approval as required by the city. The approach, by many accounts, was collaborative and demonstrated the ability of city staff and council to extract needed affordable housing for local residents as a condition of commercial developments that serve and welcome residents from outside of the region.

Data Sources

United States Census Bureau
The United States Census Bureau conducts censuses and surveys on the American people and economy, including the U.S. decennial census and the American Community Survey. We use data from the Census surveys and programs listed below.

American Community Survey (ACS: The American Community Survey is a regular demographic survey of American households that began in 2005. We primarily use the 2018–2022 ACS 5-Year estimates, at both the county and jurisdictional level, but we also rely on ACS 1-Year estimates and ACS 5-Year estimates from earlier time periods.

Decennial Census: The U.S. decennial census is the constitutionally mandated census of all Americans conducted every decade, most recently in 2020. We use data from the 2000, 2010, and 2020 census.

Longitudinal Employer-Household Dynamics (LEHD: The Longitudinal Employer-Household Dynamics program collects detailed data on employers and employees at various geographic levels and across different job sectors. We specifically use LEHD Origin-Destination Employment Statistics data from 2002–2021 about jobs and workers located within Napa County.

Population Estimates Program: The Population Estimates Program produces population and housing unit estimates for regions and jurisdictions of different sizes across the United States. We use decennial totals and intercensal estimates for population and housing units for the years 2010–2022.

IPUMS USA
IPUMS is a census and survey database produced by the Institute for Social Research and Data Innovation at the University of Minnesota that integrates various census data across both time and space. IPUMS USA is an IPUMS program that collects and harmonizes United States census microdata, or information on individual census respondents. We use sample microdata from the 2018–2022 ACS 5-Year and from the 2005 to 2022 ACS 1-Year.

Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024. https://doi.org/10.18128/D010.V15.0

U.S. Department of Housing and Urban Development
Building Permits Database: The U.S. Department of Housing and Urban Development collects data on privately owned residential construction and stores it in their Building Permits Database. We use annual data on permit-issuing entities in Napa County for the years 1980–2023.

Annual Homeless Assessment Report: This report outlines the key findings of annual Point-In-Time (PIT) counts and Housing Inventory Count (HIC) nationwide. Specifically, it provides national, state, and CoC-level PIT and HIC estimates of homelessness, as well as estimates of chronically homeless persons, homeless veterans, and homeless children and youth. We utilized the 2007–2022 Point-in-Time Estimates by Continuum-of-Care providers.

Othering and Belonging Institute
The Othering and Belonging Institute collects data on zoning designations from jurisdictions' General Plan land use documents and zoning map shapefiles provided by the Association of Bay Area Governments, municipal planning departments, or downloaded from ESRI's ArcGIS HUB. The data was made available as part of their Racial Segregation in the San Francisco Bay Area publication series from 2019 to 2021 through their Zoning Report titled "Single-Family Zoning in the San Francisco Bay Area: Characteristics of Exclusionary Communities" (October 7, 2020). We use data on Napa County from their GIS sampling of land area by zoning designations.

California Department of Housing and Community Development (HCD)
HCD collects data on all housing development applications, entitlements, building permits, and completions within California jurisdictions for the 5th and 6th cycle Housing Elements. It makes that data available through their Annual Progress Reports (APR). We use data on Regional Housing Needs Allocation (RHNA) and construction and permitting activity for Napa County jurisdictions dating back to 2018.

Bureau of Labor Statistics
The Occupational Employment and Wage Statistics (OEWS) program produces employment and wage estimates annually for approximately 830 occupations. These estimates are available for the nation as a whole, for individual states, and for metropolitan and nonmetropolitan areas; national occupational estimates for specific industries are also available. We use May 2022 State Occupational Employment and Wage Estimates for Napa County and the City of Napa.

Novogradac
The LIHTC Mapping Tool is based on the U.S. Department of Housing and Urban Development's LIHTC Database, which was last revised as of May 2023. Data includes project address, number of units and low-income units, number of bedrooms, year the credit was allocated, year the project was placed in service, whether the project was new construction or rehab, type of credit provided, and other sources of project financing. We drew on mapping data for Napa County.

Salary.com
The Cost of Living Calculator compares the cost of living in one location to the cost of living in a new location using the Consumer Price Index (CPI) and salary differentials of over 300+ US cities. We utilized this tool to estimate the cost of living across California and Oregon cities with local wine industries and to derive the salaries needed to maintain standards of living across locations.

Regional Housing Elements
The Housing Element of the General Plan identifies a city's housing conditions and needs, establishes the goals, objectives, and policies that are the foundation of the city's housing strategy, and provides an array of programs to create sustainable, mixed-income neighborhoods across each city. We utilized the 6th Cycle Housing Element plans from each jurisdiction to identify the number of Extremely Low and Very Low Income households estimated to live within each jurisdiction.

Report Contributors

PRINCIPAL AUTHOR AND POLICY ANALYST
Joshua Shipper, PhD
Director of Special Initiatives, Generation Housing

Joshua comes to Generation Housing with community-based, academic, and policy experience working to understand how each generation defines what equity looks like for them. After helping to identify solutions to the growing racial wealth gap and home financialization trends shaping communities like West Oakland prior to 2010, Joshua completed his PhD in Political Science at the University of Michigan, Ann Arbor in 2018. There he focused on American politics, race, and equity policy, contributing to survey and quantitative research on American attitudes shaping policies on wealth, taxation, and education. Applying those insights to politics and policy, Joshua taught political science courses in the Midwest while working to reform state funding for affordable housing with Wisconsin State Assemblywoman Francesca Hong.

Now having returned to the Bay Area, he has most recently served as the Director of Data & Grants at the Committee on the Shelterless where he helped support evidence-based, housing-first solutions to homelessness in Sonoma County including through Project Homekey and CalAIM.

PRINCIPAL AUTHOR AND DATA ANALYST
Max Zhang
Research Manager, Generation Housing

Max joins the Generation Housing team with professional and academic experience in data analysis. A recent graduate from the University of California, Berkeley, majoring in both Statistics and Economics, Max has worked on improving transparency and reproducibility in policy analysis with the Berkeley Initiative for Transparency in the Social Sciences and studied pandemic unemployment insurance and Proposition 13 tax revenue impacts at the Berkeley Institute for Young Americans. As a part of Generation Housing, Max is furthering a long-standing passion for effective, socially oriented policy by placing the power of modern data analysis tools in the hands of housing advocates.

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About Generation Housing

GENERATION HOUSING NAPA VALLEY

OUR STORY

Generation Housing is an independent nonprofit organization created in the wake of the 2017 Sonoma Complex Fires to advocate for more diverse housing at all income levels in Sonoma County. Despite some policy advancements, there are still roadblocks and opposition to the development of much-needed housing. Generation Housing was incubated and is directed by cross-sector leaders representing healthcare, education, environment, and business who agree that a housing advocacy organization to promote housing policy and educate the public is a crucial missing component in our local housing development.

Generation Housing educates policymakers and the public about this critical intersectional relationship between housing and quality of life to increase public and political will for housing development, and to inspire and activate a counter voice to NIMBYism. Generation Housing rallies support for smart housing projects and helps to develop and champion solutions that reduce procedural and financial barriers to housing development.

Generation Housing's work is strategically guided by its Mission, Vision, and Guiding Principles, which include values of equity and environmental sustainability, and a commitment to cross-sector collaboration.

Vision

We envision vibrant communities where everyone has a place to call home and can contribute to an equitable, healthy, and resilient Sonoma County.

Mission

Our partnership champions opportunities to increase the supply, affordability, and diversity of homes throughout Sonoma County. We promote effective policy, sustainable funding resources, and collaborative efforts to create an equitable, healthy, and resilient community for everyone.

GUIDING PRINCIPLES

People

We want all of our neighbors to have a place to call home — a mix of ages, races, ethnicities, and socioeconomic status contributes to Sonoma County's economic and social vibrancy.

Place

Sonoma County's commitment to vibrant, walkable urban areas, rich agriculture economy, and environmental stewardship requires thoughtful, sustainable housing development.

Collaboration

We are committed to working collaboratively and transparently — conducting positive advocacy, aligning efforts along the points of agreement, and working across sectors to create actionable and lasting solutions.

Sustainability

We support development of energy efficient and climate resilient homes and communities that offer access to jobs, schools, parks, and other needed amenities.

Impact

Safe, stable, affordable housing near community services is integral to economic mobility, educational opportunity, and individual, family, and community health.

Housing Options

Our community needs a range of housing types, sizes, materials, and affordability levels.

Acknowledgements

BOARD

Jorge Inocencio, Board Chair
Electrical Engineer, Keysight Technologies

Harman Dhillon, Board Vice Chair
Owner, Teri Meher Inc.

Ali Gaylord, Board Secretary
Deputy Director of Housing, City of Oakland

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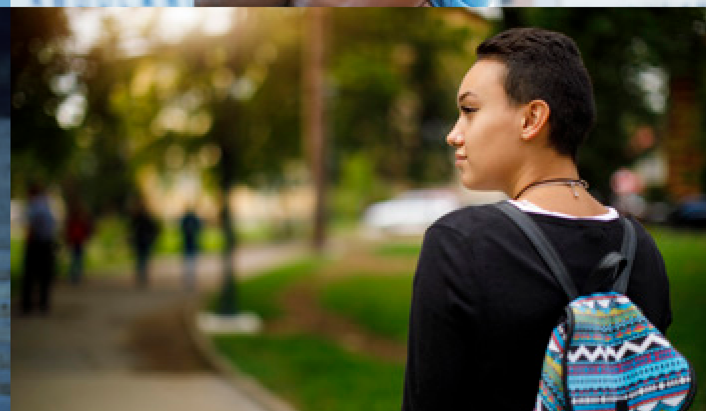
Joelle Gallagher (District 1), Chair of the Board
Ryan Gregory (District 2)
Anne Cottrell (District 3), Vice Chair
Alfredo Pedroza (District 4)
Belia Ramos (District 5)

The Napa County Board of Supervisors, as part of its prioritization of the housing deficit within the county, sought out a rapid assessment of how rising home prices and limited availability had been impacted by underproduction in the last decade — and how in turn the shortage has affected residents' ability to afford to live in Napa County's jurisdictions. Its goal is to utilize this assessment to set baseline metrics, determine and drive local implementation of the Housing Element plan, and prioritize its grantmaking strategy in the years to come. This assessment is one part of the Board of Supervisors' plans to prepare the county for the potential utilization and expenditure of a nine-county general obligation bond measure on the November 2024 ballot that will unlock $10–$20 billion for affordable housing and homelessness solutions. Each county will determine how best to distribute funds to target highest need housing and support effective developments. It additionally seeks a tool that benefits advocates of housing throughout the county, generating shared language around — and key figures attesting to — the need to make the strongest possible case for housing now.

Special Thank You To:
This report would not have been possible without the guidance, leadership, and overall support of Jennifer Palmer, Director of Housing & Homeless Services with Napa County. Jennifer initiated and drove the effort to conduct a unified assessment of the jurisdictions' housing needs in order to understand the challenge as a regional rather than exclusively local task. As a testament to her collaborative approach, Jennifer assembled a Steering Committee of local advocates, industry leaders, and sector employers to establish a uniquely cross-public & private alliance on housing needs. The members, each of whom had seen firsthand how high housing prices made it difficult for their clients, employees, and workforce to live and work in Napa County, were instrumental to tailoring this assessment to the unique history, workforce profile, and housing needs of the county's key sectors including its accommodation, farm and agriculture, beverage manufacturing, health care, and childhood care & education employees.

Additional Support Provided By:
This report received input from numerous stakeholders within the county on needs ranging from quantitative and qualitative data to logistical support conducting interviews. Without them, the assessment would not have been the rich document it is, authentic to Napa County's needs and emblematic of its collaborative approach to solutions. Ryan O'Connell, How To ADU; Stephanie Gaul, Housing Manager at City of Napa; Charlotte Kuduk, Human Resources Business Partner at Providence Queen of the Valley Medical Center; Steph Shieh, Manager of Early Learning Programs & Provider Services at Community Resources for Children; Selena Polston, Principal at Selena Polston Consulting; Leo Buc, Principal at Breakaway Political; Michael Walker, Senior Planner at City of Napa; Alma Garibay, Relations Coordinator at Napa Valley Vintners; Julio Olguin, Executive Director at St. Helena Preschool for All; Milli Pintasci, Executive Director at Le Petit Elephant.





GENERATION
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A project of Tides
Center, a 501(c)(3)
nonprofit organization

GENERATION HOUSING NAPA VALLEY

Napa Valley Housing Needs Assessment

Motivation for the Housing Needs Assessment

1. **Addressing rising housing need in the context of lower population:** Making the case for need is harder when it looks like housing is adequate to the population. *This report offers a better assessment to equip electeds, staff, and advocates to respond to those who challenge the need for housing.*

1. **Identifying model projects to better prioritize where & how we build:** We know housing is limited, but what types of housing face the biggest shortage for their need? *This report quantifies need for particular project types and units by matching them with likely household need.*

GENERATION HOUSING NAPA VALLEY

Who has been unable to form a household: A new methodology

The question: if population has gone down, doesn't that mean we don't need as much housing?

The problem: Most measures of housing deficits enable this challenge because they focus on population vs. housing units, which is misleading because it overlooks residents and workers within the county who are not forming households.

Our method: We compare current rates of owners, young adult households, and other measures to historical averages as well as credible population & workforce projections to show who isn't forming households who we otherwise would expect to. This allows us to identify latent or unmet need.

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Young adults cannot form households at the same rates as the past

- Nearly 13,000 fewer young adult households have formed compared to historical averages
- Residents born in the 1990s have achieved half the rates of headship as those born 20-30 years earlier

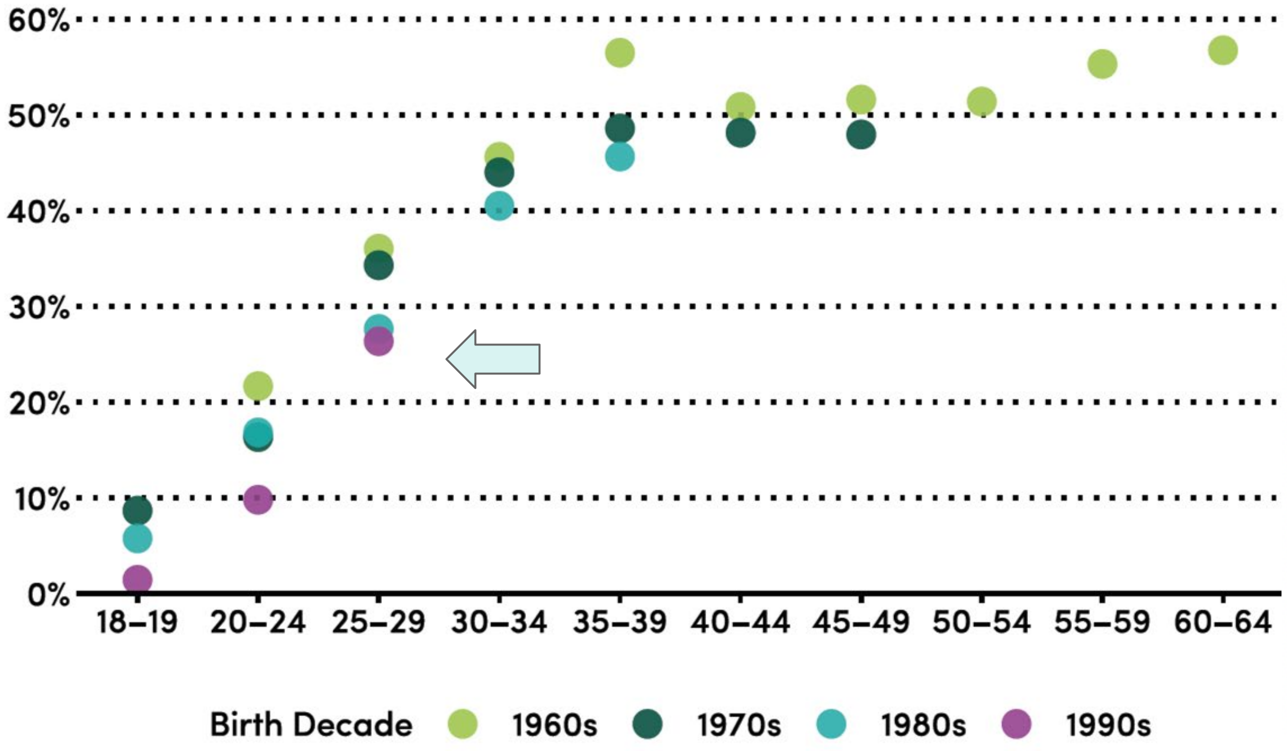

Figure 2. Observed Headship Rates by Age and Decade of Birth

Source: IPUMS USA and U.S. Census Bureau

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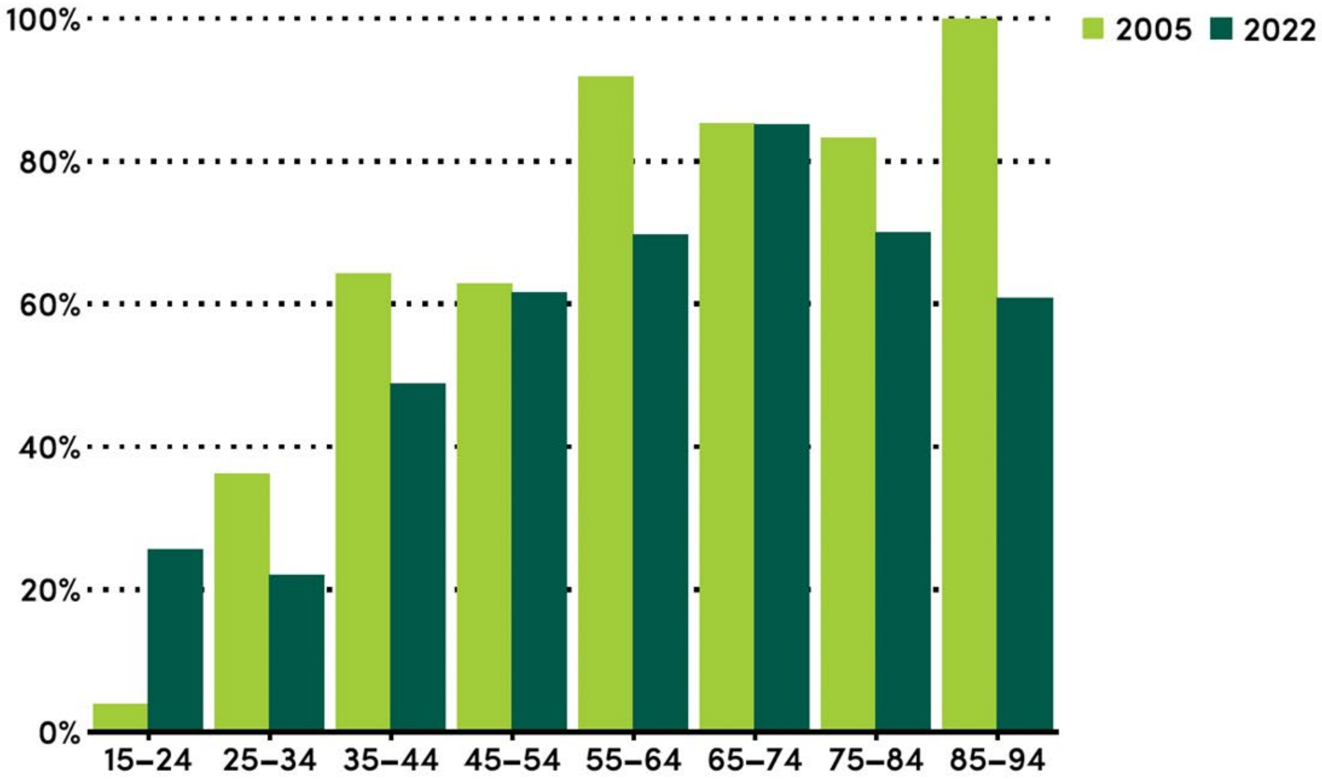
Renters failed to make the transition to homeownership at past rates

- 3,000 renter households delayed making the transition to owner-occupied units compared to 2005 rates
- Households aged 25 to 45 saw a 15 percentage point decline in homeownership

Figure 3. Homeownership Rate by Age of Householder, 2005 vs. 2022

Source: IPUMS USA and U.S. Census Bureau



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Napa Valley has lost thousands of lower earning & workforce households

- 8,000 households making less than $100,000 have left or failed to maintain a household since 2005
- 4,100 Workforce households moved out of county despite a rising number of jobs

Figure 4. Distribution of Household Income, 2005 vs. 2022

Source: IPUMS USA and U.S. Census Bureau

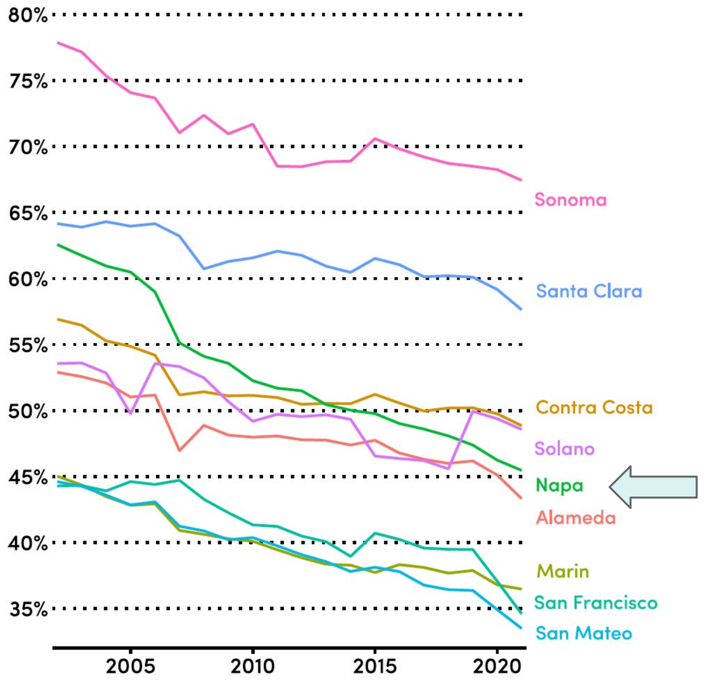

Figure 5. Percentage of Workers Who Reside In the County They Work In, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics

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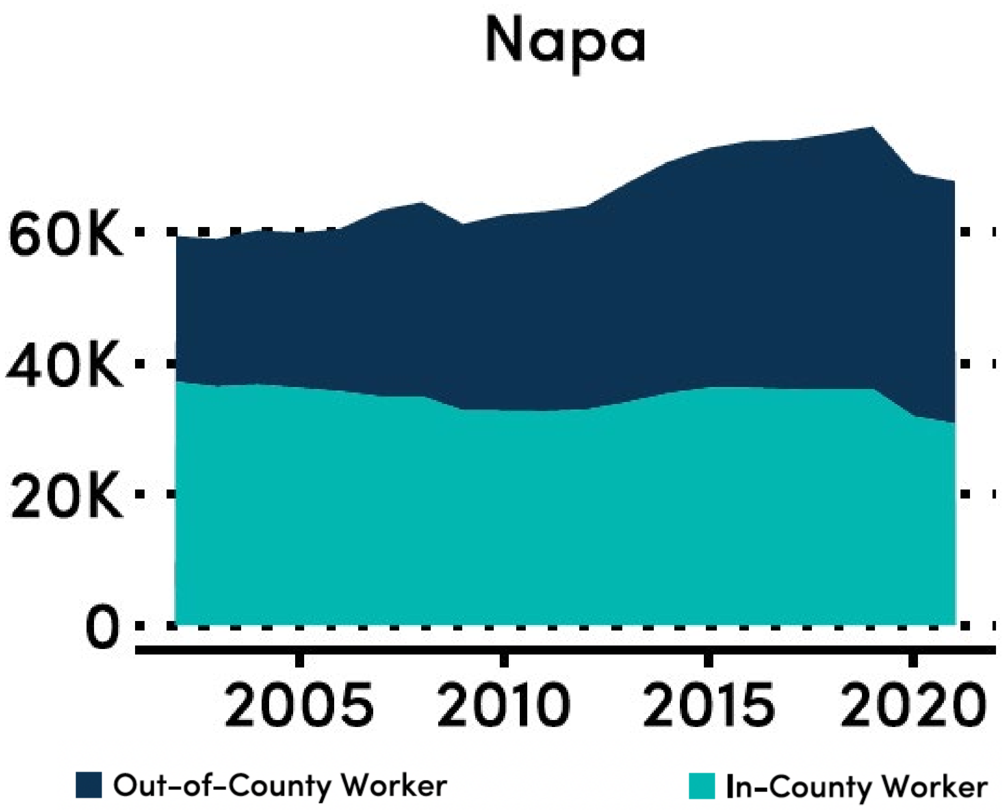
Need for workforce housing will grow in the next decade

Figure 6. Total Workers Living In-County vs. Out-of-County, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics



- Share of out-of-county workers has grown even as total jobs increase, meaning most new workers never live in Napa Valley
- 3,500 new workers in the Valley's top 10 occupations will be added in the next decade (Lightcast); 8 of 10 of these occupations earn median wages below $40,000

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What changes in housing type and affordability have precipitated this trend:

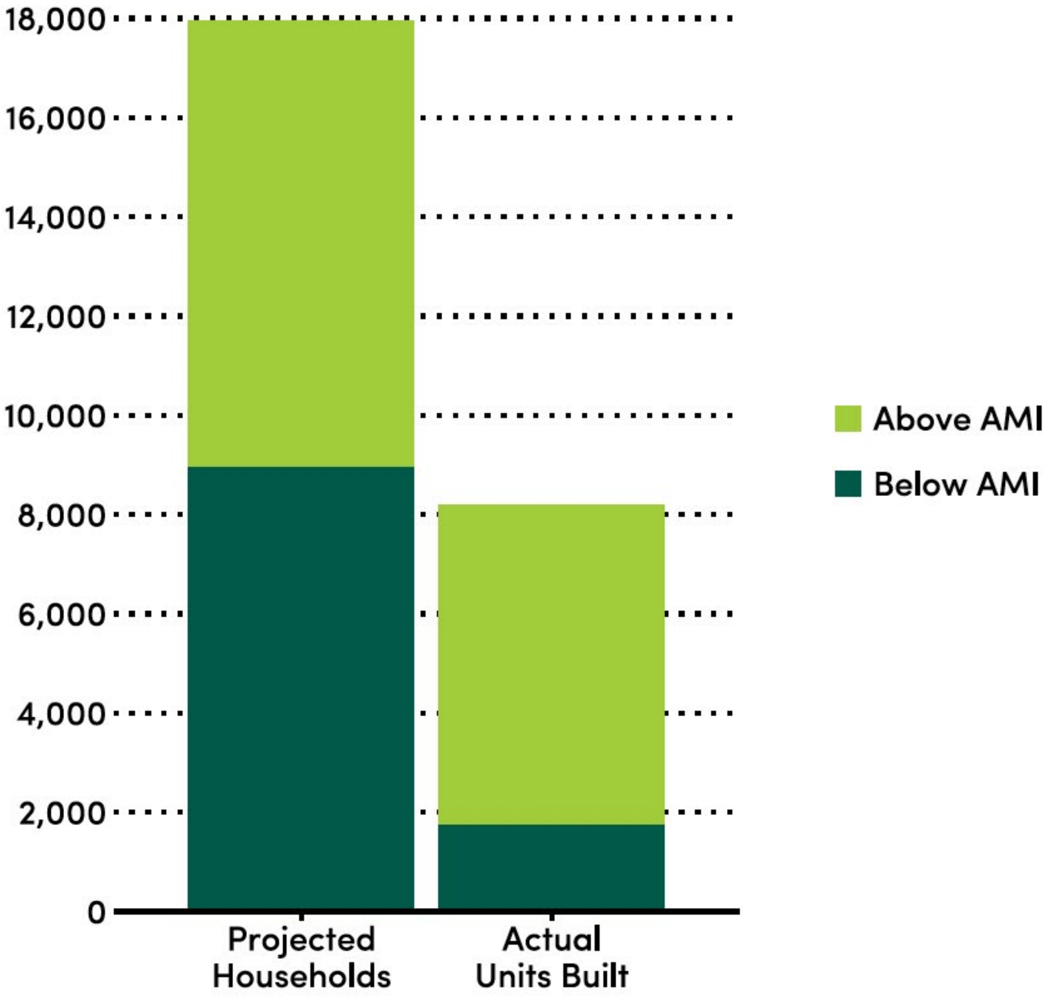
Amenity-rich destinations experience "symptoms of [their own] successful economic development strategy" when they attract residents who do not need to work in a region in order to live there, resulting in housing prices largely unconstrained by local wages.

Several types of housing are most vulnerable to these forces: (1) moderate-priced owner occupied properties, which are more likely to be converted to rental or luxury end for-sale properties. (2) New affordable housing units which do not pencil out on high value land.

GENERATION HOUSING NAPA VALLEY

Figure 1. Projected Household Growth vs. Permitted Units, 2000–2020

Source: Generation Housing calculations



Napa Valley's housing deficit

- Napa Valley has a twenty-year housing deficit of roughly 9,700 homes across all unit types that should have been built to accommodate population
- 65% of the 9,700 unit shortfall originates from a shortage of affordable homes

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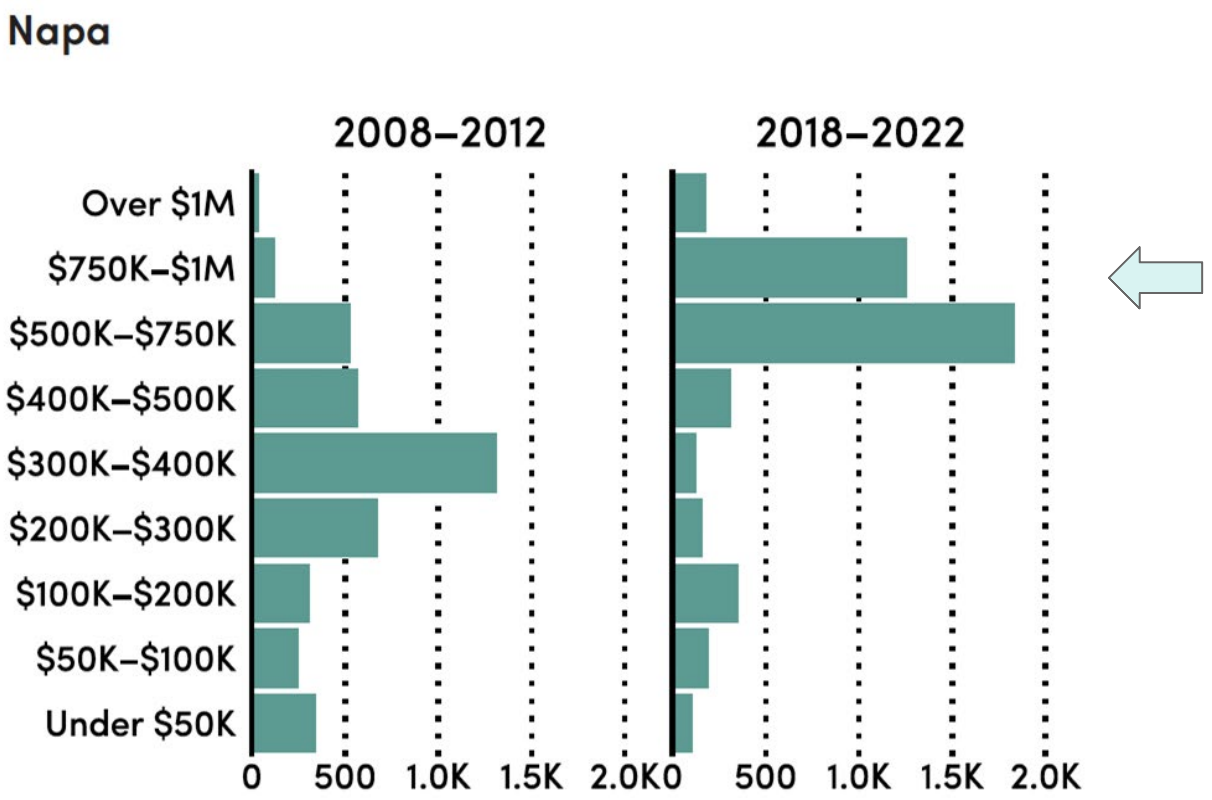
Loss of affordable homes to high end markets

- Lost 6,000 Owner-Occupied Homes Affordable to Low- and Moderate-Income Households
- Nearly 3 in 4 vacant homes in Napa County's unincorporated land are used as second homes

Figure 12. Distribution of Home Values by City, 2008–2012 vs. 2018–2022

Source: U.S. Census Bureau



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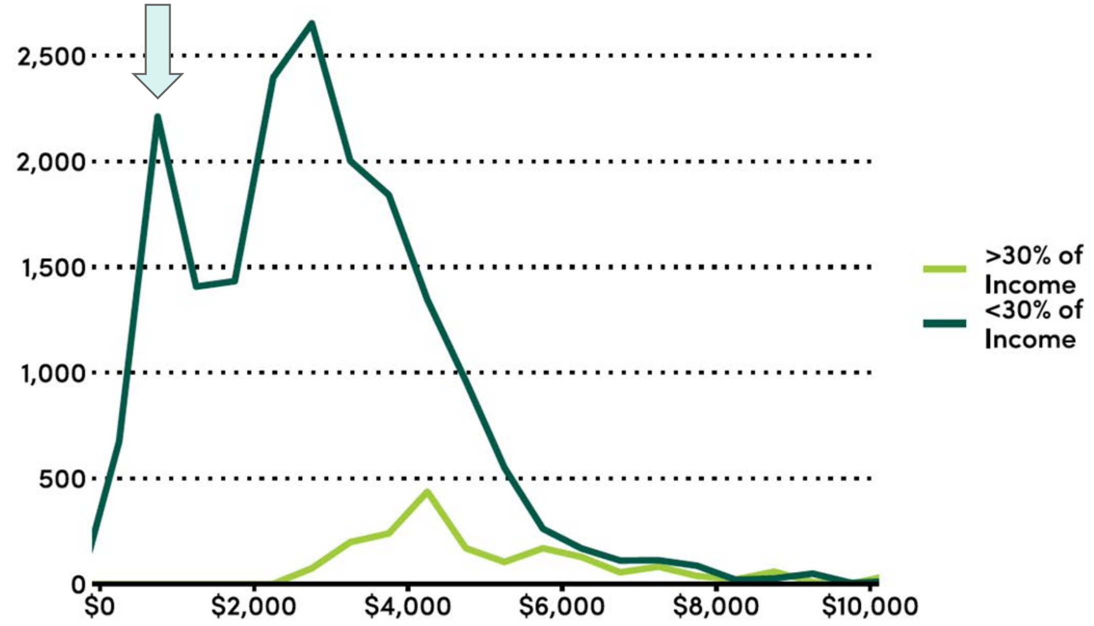
Moderately Priced homes are “lost” to higher earners

- 5,700 Units Affordable to Low- and Moderate-Income Households Are Occupied by Above Moderate-Income Owners
- One-third of above moderate earning households pay under 10% of their income towards housing; Over 2,000 above moderate earners pay $800 for housing

Figure 10. Distribution of Monthly Housing Costs, Above Moderate Income Households Paying 30% of Income or More on Housing vs. Those Paying Less Than 30%

Source: IPUMS USA and U.S. Census Bureau



GENERATION HOUSING NAPA VALLEY

Larger rentals and smaller for-sale properties are rarer

Figure 15. Breakdown of Units by Bedroom Count and Type of Structure for the North Bay Counties

Source: IPUMS USA and U.S. Census Bureau

- 83% of its 3-or-more-bedroom homes are for sale, the highest rate in the North Bay
- Nearly all for sale 1-bedrooms are located in single family units

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How can Napa Valley counteract this deficit in homes:

Historically small towns bounded on most sides by strong agricultural preservation – with scarce land that is typically broken up into small lots – are most successful when broadening the criteria for what counts as underutilized land and acquiring discounted land that reduces cost. We find the following tools already at play in Napa Valley are yielding success:

1. **Discounted land** including public & quasi-public land (such as lands with facilities like schools, libraries, police or fire stations, or community centers)
   a. City of Napa - Harvest Middle School
2. **Building on religious lands** using the Affordable Housing on Faith Lands Act (SB 4)
   a. Yountville - 6406 Washington St.
3. **Parking to housing**: Underutilized parking sites are excellent sites for future housing given their cost and location
   a. City of Napa - 725 Coombs

GENERATION HOUSING NAPA VALLEY

What types of homes can it prioritize:

Napa Valley must counter the loss of owner-occupied units priced at modest or entry level ranges while at the same time adding more below AMI rental units sized for larger households to allow households with children. It should prioritize the following:

1. **Larger multifamily rentals:**
    a. Lemos Pointe – American Canyon
    b. Heritage House / Valle Verde - City of Napa
2. **Workforce housing:**
    a. Wine Train Housing - City of Napa
    b. 951 & 953 Pope St. - St. Helena
3. **Smaller ownership options:**
    a. HHS Site - City of Napa

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Housing Commission **Agenda Date:** 9/25/2024 **File ID #:** 24-1652

TO: Napa County Housing Commission

FROM: Jennifer Palmer, Executive Director

REPORT BY: Alex Carrasco, Project Manager

SUBJECT: Presentation by Napa County ITS on the Broadband Strategic Plan and Digital Equity Competitive Grant Program

RECOMMENDATION

Presentation by Napa County Information Technology Services (ITS) on the Broadband Strategic Plan and Digital Equity Competitive Grant Program.

EXECUTIVE SUMMARY

The goal of the Digital Equity Competitive Grant Program is to fund initiatives that ensure communities have the access and skills to fully participate in the digital world, regardless of their background or circumstances. The grant awards are intended to range from $5 to $12 million dollars and will help key populations including farmworkers with internet literacy training for example. Today's presentation will highlight the ongoing work by Napa County ITS on the Broadband Strategic Plan and collaboration with North Bay/North Coast Broadband Consortium to apply for the federal funding and help decrease the digital divide.

PROCEDURAL REQUIREMENTS:

1. Staff report
2. Public comment
3. Discussion

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The 2024 Napa County Farmworker Housing Needs & Impacts Assessment Report (FHNIA) demonstrated the fact that there is a digital divide between those with access to communication technology such as Wi-Fi and those who do not. Only 36% of all survey respondents indicated that they have access to Wi-Fi where they live, and less than a quarter of annually/seasonally returning farmworkers have access to Wi-Fi. The report goes on to list ten (10) opportunities for collective action including improving digital access for farmworkers and their families. FHNIA survey data has garnered the attention of the North Bay/North Coast Broadband Consortium (NBNCBC) whose mission is to ensure the needs for broadband access and adoption are met in every corner of four counties including Marin, Mendocino, Napa, and Sonoma. NBNCBC's top priority and immediate focus is on bringing broadband services to the unserved and underserved areas. Napa County Information Technology staff collaborate with NBNCB, and will present a brief overview of the ongoing effort to apply for the Digital Equity Competitive Grant Program and help decrease the digital divide.

County of Napa Broadband Strategic Plan

Mark Revis, ITS Broadband Project Manager

Sept. 25, 2024

A Tradition of Stewardship
A Commitment to Service

Elements of the Plan

A Tradition of Stewardship
A Commitment to Service

ACCESSIBILITY

- Work with ISPs to extend broadband to all areas of the county and upgrade existing obsolete services.
- Implement broadband-friendly policies and practices.
- Coordinate Napa County's broadband effort with other local governments.
- Support multiple broadband technologies.
- Enhance reliability of broadband services.

Elements of the Plan

A Tradition of Stewardship
A Commitment to Service

AFFORDABILITY

- Encourage ISPs to offer low-cost service plans for qualified consumers.
- Advocate for lawmakers to create subsidies for low-income and disadvantaged consumers.
- Assist low-income and disadvantaged consumers, schools and community organizations in obtaining low-cost computers and devices.

Elements of the Plan

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A Commitment to Service

ADOPTION

- Improve public awareness of benefits and programs through an outreach program.
- Engage the community through the Napa County Broadband Partnership working group.
- Expand programs offered by the Napa County Library and community organizations for digital equity, digital literacy and personal cybersecurity.
- Encourage businesses and governments to adopt broadband-enabled technology to reduce costs, improve productivity and provide superior services.

Napa Valley Farmworkers

NAPA COUNTY CALIFORNIA

A Tradition of Stewardship
A Commitment to Service

- 2024 Farmworker Report indicated that farmworkers would greatly benefit by better internet access.
- Initiated a project to bring fast internet to the three Farmworker Centers, applying for grant funding from CPUC.
- Applying for Federal grant funding that will provide digital literacy training for farmworkers, computers and certified Digital Navigators for support.
- Partnering with Solano County and the Farmworker Foundation.

Napa County

Board Agenda Letter

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Housing Commission **Agenda Date:** 9/25/2024 **File ID #:** 24-1655

TO: Napa County Housing Commission

FROM: Jason Dooley, Deputy County Counsel

REPORT BY: Jason Dooley, Deputy County Counsel

SUBJECT: Presentation on Brown Act

RECOMMENDATION

Commission Counsel to provide overview of the Ralph M. Brown Act and how it applies to the Napa County Housing Commission.

EXECUTIVE SUMMARY

Commission Counsel to provide overview of the Ralph M. Brown Act and how it applies to the Napa County Housing Commission

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

THE BASICS

Meetings of public bodies must be "open and public," actions may not be secret, and action taken in violation of open meetings laws may be voided. (§§ 54953(a), 54953(c), 54960.1(d))

WHO'S COVERED

• Local agencies, including counties, cities, school districts and special districts. (§ 54951)

• "Legislative bodies" of each agency--the agency's governing body plus "covered boards," that is, any board, commission, committee, task force or other advisory body created by the agency, whether permanent or temporary. (§ 54952(b))

• Any standing committee of a covered board, regardless of number of members. (§ 54952(b))

• Governing Bodies of Non-profit corporations formed by a public agency or which includes a member of a covered board and receives public money from that board. (§ 54952(c))

WHO'S NOT COVERED

• Ad hoc advisory committees consisting of less than a quorum of the covered board (§ 54952(b)); most other non-profit corporations.

• All other government agencies or individual officials or decisionmakers. State governmental agencies are covered by the Bagley-Keene Open Meeting Act. (Govt. Code §§ 11120-11132)

WHAT'S COVERED

A "meeting" is any gathering of a majority of the members of a covered board to hear, discuss, or deliberate on matters within the agency's or board's jurisdiction. (§ 54952.2(a)) This is a short rule that covers a lot of potential behavior. A “meeting” is not limited to the concept of everyone gathering in one place to discuss or deliberate on matters. Meetings can occur when members of the legislative body send emails to each other, or meet individually but in a sequence where a majority of members share their opinions. Care should be taken that the interactions of commission or board members cannot be construed as a meeting.

WHAT MUST HAPPEN

Under the Brown Act an agency must:

• Post notice and an agenda for any regular meeting (§§ 54954(a), 54954.2(a)); mail notice at least three days before regular meetings to those who request it, (§ 54954.1); post notice of continued meetings, (§ 54955.1); deliver notice of special meetings at least one day in advance to those who request it, (§ 54956); and deliver notice of emergency meetings at least one hour in advance to those who request it.. (§§ 54956, 54956.5)

• Notify the media of special or emergency meetings if requested, (§§ 54956, 54956.5); allow media to remain in meetings cleared due to public disturbance. (§§ 54957.9)

•Hold meetings in the jurisdiction of the agency except in limited circumstances, (§§ 54954(b)- (e)), and in places accessible to all, with no fee. (§ 54961(a))

•Not require a "sign in" for anyone. (§ 54953.3)

•Allow non-disruptive recording and broadcast of meetings, (§ 54953.5(a)), and let the public inspect any recording made by the agency of its open meetings. (§ 54953.5(b)) The agency may destroy recordings it made after 30 days. (§ 54953.5(b))

•Allow the public to address the covered board at regular or committee meetings on any item in the agency's jurisdiction not addressed by the agency at an earlier open meeting. (§ 54954.3(a))

•Conduct only public votes, with no secret ballots. (§ 54953(c))

•Treat documents as public "without delay," if distributed to all or a majority of members of a board before or at the meeting, unless they are also exempt under the Public Records Act. (§ 54957.5)

WHAT MAY HAPPEN

Under the Brown Act an agency may meet in closed session only for the following reasons:

•Existing litigation - to receive and discuss legal advice and make litigation decisions

•Initiation of litigation - to decide whether to initiate litigation

•Threat of litigation - to discuss a written or oral threat of litigation received by the agency.

•Significant exposure to litigation - To receive and discuss legal advice relating to existing facts and circumstances that may constitute a significant exposure to litigation against the agency.

•Real estate negotiations, but only to discuss price and terms of payment - to discuss and develop a negotiating strategy for the purchase, sale, exchange, or lease of real property, but the discussion may not get into policy considerations and may not range far afield from price and terms of payment.

•Staff performance evaluations - to engage in free and candid discussions of personnel matters, primarily to provide feedback on past performance and establish goals for future improvement.

•Employee discipline or dismissal - to address confidential human resources matters relating to employee discipline, provided that the employee has a right to have complaints or charges heard in open session.

•Labor negotiations - to provide instructions to the agency's negotiator regarding salaries, salary schedules, fringe benefits, and any other matter within the scope of representation.

•Matters that constitute a threat to public services or facilities - to allow the agency to discuss emergency situations or threats to services or structures, provided the discussion is with the relevant law enforcement agency or security personnel.