



# Napa County

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

Main: (707) 253-4580

## Legislation Text

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**File #:** 23-0295, **Version:** 1

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**TO:** Board of Supervisors  
**FROM:** Steven Lederer, Director of Public Works  
**REPORT BY:** Leigh Sharp, Deputy Director of Public Works - General Services  
**SUBJECT:** Authorization to sell County property located at 212 Walnut Ave., Napa CA

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### **RECOMMENDATION**

PUBLIC HEARING 9:00 AM

Director of Public Works requests adoption of a resolution taking the following actions related to the sale of approximately 2,900 square feet of County-owned property located at 212 Walnut Avenue in the City of Napa (Property) for development of affordable housing:

1. Approval of Government Code Section 52201 Summary Report and finding that the sale of Property will create economic opportunity and result in the development of seven (7) units of for-sale affordable housing and job creation as the result of the anticipated construction of the new development;
2. Approval of and authorization for the Chair to sign Purchase and Sale Agreement No. 230350B and Escrow Instructions (Agreement) with Napa Community Development Fund, LP, for transfer of Property for fair market value of \$58,220 for the development of affordable housing;
3. Authorization for the Interim County Executive Officer, or designee, to execute all ancillary documents, and to take any other actions necessary for the purpose of transferring Property consistent with the terms and conditions of the Agreement; and
4. Find and determine that disposition of Property pursuant to the Agreement is exempt from the California Environmental Quality Act (CEQA).

### **EXECUTIVE SUMMARY**

On November 5, 2021, Napa County Real Estate Fund, LP (Buyers) closed escrow with the County finalizing the sale of the Old Sonoma Road property located at 2344 Old Sonoma Road. As part of the transaction, Buyers

were required by law to execute a restrictive covenant requiring 15% of the total units built on the property be sold or rented at affordable housing cost to lower income households.

The Buyers contacted County staff in April 2022 requesting to purchase an additional approximate 2,911 square feet of County property located at 212 Walnut Avenue (Property) on the County's Juvenile Justice Center parcel that is immediately adjacent to the Old Sonoma Road property (see attached Property description and plat map). Buyers stated that the purpose of their requested purchase was to give them the ability to add seven additional for-sale affordable housing units to their planned development (one for low income and six for moderate income households). These units would be added to the planned affordable housing units required to be built as a condition of the Old Sonoma Road sale.

Government Code Section 52201 authorizes the County to sell property for the purpose of creating "economic opportunity," which includes creation of affordable housing. Adoption of the requested resolution will complete the requirements of Government Code Section 52201 and will authorize sale of Property to Buyer for the fair market value of \$58,220 (the same per square foot price that was paid for the Old Sonoma Road property in November, 2021) for development of seven for-sale affordable housing units, pursuant to terms of the Agreement, including a required restrictive housing covenant and conditioned upon completion of project review and approval by the City of Napa. With 120 days of due diligence to allow for project review and approval by the City of Napa, the sale would close on or before July 12, 2023.

#### Procedural Requirements

1. Open Public Hearing
2. Staff Report
3. Public Comments
4. Close Public Hearing
5. Motion, second, discussion, and vote.

#### **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
Where is it budgeted?	Revenue from the sale will be deposited into Non Departmental General Fund (Org. 1050000; Acct. 48100).
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approval of the sale will support the construction of seven for-sale affordable housing units.
Is the general fund affected?	Yes
Future fiscal impact:	Revenue from the sale is expected this fiscal year however, it could occur in early FY 23-24.
Consequences if not approved:	The Buyer will develop seven fewer affordable for-sale housing units than they would otherwise construct if the sale was approved.
County Strategic Plan pillar addressed:	Livable Economy for All

## **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: Disposition of the Property pursuant to the Purchase and Sale Agreement is exempt from California Environmental Quality Act (CEQA) review under 14 CCR Sections 15312 (Surplus Government Property Sales), 15061(b)(3) (General Rule), and 15268 (Ministerial Projects). Moreover, CEQA review for development of the Property will be conducted at such time as the Buyer (or developer) brings forward the development proposal to the City of Napa.

## **BACKGROUND AND DISCUSSION**

On November 5, 2021, Napa County Real Estate Fund, LP (Buyers) closed escrow with the County finalizing the sale of the Old Sonoma Road property located at 2344 Old Sonoma Road. As part of the transaction, Buyers were required by law to execute a restrictive covenant requiring 15% of the total units built on the property be sold or rented at affordable housing cost to lower income households.

On or about April 6, 2022, the Buyers contacted County staff requesting to purchase an additional approximate 2,911 square feet of County property located at 212 Walnut Avenue (Property) on the County's Juvenile Justice Center parcel that is immediately adjacent to the Old Sonoma Road property. Buyers stated that the purpose of their requested purchase was to add seven additional for-sale affordable housing units to their planned development (one for low income and six for moderate income households). These units would be added to the planned affordable housing units required to be built as a condition of the Old Sonoma Road sale.

County Public Works staff met with Probation staff to talk about the requested acquisition, and Probation staff confirmed that they are not currently using Parcel A and have no future intended use for the area. Given the priority of creating needed affordable housing opportunities in the County, staff proceeded with negotiating a sale of the Property.

Government Code Section 52201 authorizes the County to sell property for the purpose of creating "economic opportunity," which includes creation of affordable housing when there is an identified affordable housing need, after certain requirements are satisfied. The County-adopted 2023-2031 Housing Element includes a housing needs assessment to adequately plan for the existing and projected future housing needs of residents. To meet projected housing needs to address the Regional Housing Needs Allocation (RHNA), the County's Housing Element identifies that 16 units of low income housing and 14 units of moderate income housing are needed. The addition of seven affordable housing units to be constructed on the Property will thus increase, improve, or preserve the supply of quality affordable housing that is needed in the community.

Government Code Section 52201 requires the Board to hold a public hearing to consider and adopt a resolution approving a summary report that describes specific financing elements of the proposed transaction and authorizing execution of a property disposition document, in this case a purchase and sale agreement (Agreement). Pursuant to Government Code Section 52201, public hearing notices were published in the Napa Register on February 28, 2023 and again on March 2, 2023. Copies of the summary report and the purchase and sale agreement were available for public inspection. The summary report, resolution, and proposed Agreement

are attached for reference.

As described in the summary report, under the proposed Agreement, the County will convey Property to enable the Buyers to develop seven affordable for-sale housing units (Improvements). Key terms of the sale agreement are as follows:

- County commits to transfer Property to Buyer for the construction of the Improvements.
- Property will convey to Buyer in fee in its “as-is” condition.
- Buyer will purchase Property for the fair market value of \$58,220. In addition, Buyer will also pay all amounts necessary to pay approved escrow, title, and recording fees and costs.
- Buyer agrees to record a restrictive covenant under which Buyer will restrict the Improvements for a period of 45-years for their intended affordable housing purpose.
- Buyer must comply with all government entities’ regulatory and administrative processes related to the land use approvals required for development of the Improvements.

Adoption of the requested resolution will complete the requirements of Government Code section 52201 and will authorize sale of Property to Buyer for the fair market value of \$58,220 for development of seven for-sale affordable housing units, pursuant to terms of the Agreement, including a required restrictive housing covenant and conditioned upon completion of project review and approval by the City of Napa. With 120 days of due diligence to allow for project review and approval by the City of Napa, the sale would close on or before July 12, 2023.