

## 5.11 Population and Housing

This section analyzes the impacts related to the availability of housing associated with employees of the proposed Project. The proposed Project does not include new housing but has the potential to generate between 238 and 329 worker-households as stated in the Review of Housing Impacts from The Trinitas Project in Napa report (Housing Report) prepared by Economic & Planning Systems, Inc. (EPS) dated September 12, 2017. The Housing Report is included as Appendix N to this DEIR.

### 5.11.1 Existing Conditions

The Project is located in a corporate park that includes hotel, office, and industrial uses. Housing is not permitted within the Industrial Park District zoning designation, and there is no housing in Napa Valley Corporate Park. Uses permitted are limited to manufacturing, warehousing, office, and public and quasi-public uses, including hotels. The City of Napa is the largest city and the county seat of Napa County, California. It is the principal city of the Napa County Metropolitan Statistical Area, with a population of 80,011 as of the 2010 census. It is the second-largest city in California’s Wine Country, after Santa Rosa. Today’s workforce is mostly white collar and the economy is increasingly based on tourism and grape and wine production, most likely due in large part to the nearly 400 wineries in the County of Napa.

### 5.11.2 Regulatory Setting

#### 1. California Government Code §65584

The *California Government Code* requires all cities and counties to meet their respective fair share of the region’s housing needs. The following table depicts the City of Napa allocation.

**Table 5.11-1 Regional Housing Needs Allocation (2015-2023)**

RHNA	Very Low Income	Low Income	Moderate	Above Moderate	Total Units
City	185	106	1412	403	835
County Transfers*	6	10	10	21	57
Total City	201	116	151	424	892

\*The City of Napa and the County of Napa have entered into two separate transfer agreements for the transfer of 57 housing units from the County to the City.

Source: Associate of Bay Area Governments, 2013, City of Napa, 2014.

#### 2. City of Napa General Plan

The City’s General Plan and Housing Element include goals and policies related to population, housing, and employment. The current Housing Element was adopted in March 2015 and includes a policy (H1.9) promoting a housing and jobs balance when considering non-residential development proposals.

### **3. City of Napa Zoning Code**

Chapter 15.94 of the City Zoning Code requires the payment of Affordable Housing Impact Fees. The section states:

15.94.030 Residential and nonresidential development—Adoption of affordable housing impact fee by implementing resolution.

The City Council hereby establishes affordable housing impact fees for residential and nonresidential development, which shall be set and updated in accordance with this chapter and by implementing resolution. Such fees shall not exceed the estimated reasonable cost of mitigating the impact of residential and nonresidential development on the need for affordable housing within the city. The fees shall be established based on the methodology adopted by the City Council in the implementing resolutions and shall apply to and be calculated according to the residential and nonresidential land use categories identified in the implementing resolutions. The City Council may periodically review the affordable housing impact fees for residential and nonresidential development and adjust the fees by implementing resolution.

#### **5.11.3 Thresholds of Significance**

For purposes of this DEIR, the thresholds of significance for evaluation of Project impacts are based upon suggested criteria from the California Environmental Quality Act (CEQA) Environmental Checklist in Appendix G of the CEQA Guidelines. The Project would have a significant impact if it would:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure);
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere;
- c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.

#### **5.11.4 Project Impacts Prior to Mitigation**

At the time of the 2010 U.S. Census, it was reported that Napa had 30,149 housing units, of which approximately 57% were owner-occupied and 43% were occupied by renters. The homeowner vacancy rate was 2.3% and the rental vacancy rate was 5.7%. The population at that time was 76,915. More recent statistics show that the 2017 population is 80,366 and housing has been added at the rate of approximately 200 units per year since year 2000. The average household size in the area is approximately three persons per household.

City statistics state that average income per household is \$66,339. As of 2015, the average house/condo value was \$543,500 and the median gross rent was \$1,533.

The City provides regulatory guidance for housing and growth estimates through the goals and policies contained in the City's General Plan Housing Element. In addition, State law requires that cities adopt plans and policies to address their share of housing need. The "fair

share” allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs, assuring availability of a variety and choice of housing accommodations for all income categories.

Napa’s job market offers a diverse mix of professions and pay levels, contributing to high housing costs. Local workers compete with retirees, who may have built up substantial equity in their prior homes, for a limited housing supply. Therefore, it may be difficult for new lower wage workers to find suitable housing in the City without assistance designed to bring the cost of housing down to an affordable range.

Table 5.11-2 presents the income categories and corresponding maximum income thresholds for three-person households.

**Table 5.11-2 Napa County Income Category Definitions (2017)**

	<b>Acronym</b>	<b>Maximum Percentage of County Median</b>	<b>Maximum Income Threshold 3-person household</b>
Very Low Income*	VLI	50%	\$41,900
Low Income	LI	80%	\$67,050
Median Income	Median	100%	\$83,800
Moderate Income	Moderate	120%	\$100,560
Above Moderate Income	Above Mod	>120%	>\$100,560

The “Very Low Income” category also captures a combination of extremely low (0% to 30% of median incomes) and very low income (31% to 50% of median incomes) in Napa County.

Sources: California HCD; EPS.

### 1. Employment Categories

Based on the components that will be developed as part of the proposed Project, the following employment categories were utilized in the Housing Report. While most employment categories are discretely associated with a particular type of building, others may be interchangeable as tenants may shift between building types (e.g., wine sales services locating in office space or winery facilities). The Housing Report analysis bases the employment projections on North American Industry Classification System (NAICS) codes considered the most typical tenants for each land use category. The Project applicant has estimated actual employment numbers of 190 persons for the hotel, winery and office as detailed herein.

**Table 5.11-3 Employment Category Descriptions**

<b>Employment Category</b>	<b>Description and Examples</b>
Office	Employers engaged in business activity with limited direct access from the general public; businesses focused on professional and financial services. Examples include finance, insurance, real estate, law, engineering, and science and technology.
Wine wholesalers	Employers primarily engage in the merchant wholesale distribution of beer, ale, wine, and/or distilled alcoholic beverages. Examples include wine and distilled spirits merchant wholesalers, ethyl alcohol merchant wholesalers, and liquor merchant wholesalers.
Lodging	Lodging or short-term accommodations for travelers, vacationers, and others and comprises establishments primarily engaged in providing short-term lodging in facilities known as hotels, motor hotels, resort hotels, and motels

## 2. Occupational Category and Wage Distribution

EPS used U. S. Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for 2016 – the most recent year available – to estimate the wages earned by employees in industry sectors related to the employment categories. This includes wage data at the national and Metropolitan Statistical Area (MSA) levels. Wage data for the MSA are provided for occupations for all industries in aggregate, while national-level data are provided by industry sector (e.g., “management” workers in retail industries versus in healthcare services). EPS calculated wage adjustment factors to account for regional wage disparities. Table 5.11-4 below shows that Napa’s regional wages exceed national averages across nearly all occupation categories. These adjustment factors were applied to the nationwide income level data by industry sector to estimate the wages for the MSA.

**Table 5.11-4 Adjustment Factors for Converting National Wages to Napa MSA Wages**

Occupation Category (All Industries)	US Average Wage	Napa MSA Average Wage	Napa MSA as % of US Average
Management	\$118,020	\$123,060	104.3%
Business and Financial Operations	\$75,070	\$86,160	114.8%
Computer and Mathematical Science	\$87,880	\$84,820	96.5%
Architecture and Engineering	\$84,300	\$88,150	104.6%
Life, Physical, and Social Science	\$72,930	\$90,370	123.9%
Community and Social Services	\$47,200	\$60,080	127.3%
Legal Occupations	\$105,980	\$104,660	98.8%
Education, Training and Library	\$54,520	\$58,990	108.2%
Arts, Design, Entertainment, Sports, and Media	\$58,390	\$62,470	107.0%
Healthcare Practitioner and Technical	\$79,160	\$107,670	136.0%
Healthcare Support	\$30,470	\$38,140	125.2%
Protective Services	\$45,810	\$56,180	122.6%
Food Preparation and Serving	\$23,850	\$31,020	130.1%
Buildings and Grounds Cleaning and Maintenance	\$28,010	\$30,260	108.0%
Personal Care and Service	\$26,510	\$30,940	116.7%
Sales and Related Occupations	\$40,560	\$42,770	105.4%
Office and Administrative Support	\$37,260	\$41,970	112.6%
Farming, Fishing and Forestry	\$27,810	\$31,820	114.4%
Construction and Extraction	\$48,900	\$61,910	126.6%
Installation, Maintenance, and Repair	\$46,690	\$52,580	112.6%
Production	\$37,190	\$42,580	114.5%
Transportation and Material Moving	\$36,070	\$34,260	95.0%

Sources: BLS National Industry-Specific Occupational Employment and Wage Estimates, May 2016

BLS nationwide data regarding industries and occupation categories was used to estimate the proportion of occupations likely to be represented under each employment category. For example, EPS evaluated the occupation categories for the lodging industry to determine the proportional distribution of occupations for the employment category “Lodging.” NAICS sector 721 (Accommodation) shows that nationwide 4.3% of the jobs in the lodging industry are taken by managers, while 28.1% are in the category of buildings and grounds cleaning and maintenance. Appendix A to the Housing Report (Appendix N herein) shows the occupational distribution for all designated employment categories.

The Census Bureau’s American Community Survey shows the average number of workers per working household in the City is 1.43, which was used to multiply the wages of each

occupation. The resulting figure represents the annual household wage assuming workers form households with those of similar earning potential. Table 5.11-5 below illustrates an example of this calculation which also identifies selected assumptions and their sources.

**Table 5.11-5 Illustration of Employees' Household Income Calculation**

Item	Source	Example
Employment Category	City of Napa and EPS	Hotel
Industry	Bureau of Labor Statistics (BLS)	Accommodation (NAICS 721)
Occupation Category	BLS	Office and Administrative Support
Nationwide Average Income for Occupation	BLS	\$27,710
Regional Wage Adjustment Factor for Occupation	BLS and EPS	112.6%
Average Wage Estimate for the Napa MSA	BLS and EPS	\$31,213
Workers per Household	ACS 2015 Est.	1.43
Median Income per Household	Workers per HH Multiplied by Avg. Annual Wage	\$44,488
Income Category for 3-person Family	CA HCD	Low Income (Up to 60% County AMI)

Sources: CAA Planning; BLS; American Community Survey; HCD; and EPS.

### 3. Employment Densities

The Housing Report notes that varying levels of employment requirements are associated with commercial operations. For example, winery facilities and other food production industries may tend to have fewer employees in a given amount of space than an office tenant in the same size building. The “employment density” for each employment category is generally determined by the number of building square feet anticipated for a certain number of employees. To calculate the “high end” of the employment range, EPS used the same employment densities that are included in the City’s 2011 affordable housing nexus study. These figures represent the maximum number of employees that might be expected from the Project. To calculate the “low end,” EPS made adjustments that reflect specific attributes of the Project. For example, the Initial Study/NOP stated that the winery was anticipated to employ a maximum of 20 employees at peak season. Also, the hotel component is anticipated to use laundry facilities and staff located off-site, and no typical full-service restaurant or major conference facilities are proposed. EPS adjusted the number of housekeeping staff and food/beverage staff downward, compared to broader industry trends. Table 5.11-6 below shows the demographic and employment density assumptions as identified herein.

**Table 5.11-6 Demographic and Employment Density Assumptions**

Employment Category	Description and Examples
Development Assumptions <sup>1</sup>	
Office	28,878 square feet
Wine wholesalers	26,214 square feet
Lodging	155,557 square feet
Demographic Assumptions	
Workers per household with workers	1.43 persons
Persons per household with workers	3.63 persons
Persons per family	3.24 persons
Employment Density Assumptions <sup>2</sup>	
Office <sup>3</sup>	300-400 square feet per employee
Wine wholesalers <sup>4</sup>	750-1,311 square feet per employee
Lodging	450-617 square feet per employee

Employment Category	Description and Examples
1.	Trinitas Development Program as of August 2017; CAA Planning.
2.	Estimates of employment density by land use consistent with those used in the City of Napa's Commercial Development Housing Impact Fee Nexus Study Economic Analysis conducted in 2011 by Vernazza Wolfe Associates, Inc.
3.	Employment density for wine wholesalers uses the 2011 City of Napa Study's factor for "Industrial (including manufacturing, winery, and warehouse/storage)".
4.	High end estimate assumes 300 sq. ft. per employee per 2011 City of Napa Study. Low end estimate assumes 400 sq. ft. per employee per discussion with CAA Planning.
5.	High end estimate assumes 450 sq. ft. per employee per 2011 City of Napa Study. Low end estimate assumes 617 sq. ft. per employee to reflect the reduction in estimated employees.
Sources: U.S. Census; ESRI; LEHD; CAA Planning; EPS.	

#### 4. Distribution of Workers by Land Use Type

The distribution of workers by occupation by each land use category are found in Tables A-1 through A-3 in Appendix A of the Housing Report (Appendix N herein). Corresponding wages were adjusted to reflect Napa MSA averages by occupation and then multiplied by a factor of 1.43 workers per household, resulting in respective estimates for household income by occupation by land use category.

After identifying income ranges for each occupation and employment category, EPS summed the percentages of occupations by income bracket. Table 5.11-7 below presents the proportions of anticipated household income brackets by employment category. A range from the high end, representing household distribution using unadjusted national occupation distributions, to the low end, representing household distribution adjusted for the specific characteristics of the Project is depicted. EPS noted that the income distribution of worker households changes for Lodging between the high end and low end estimates due to the adjustments of Food Preparation and Serving and Building and Grounds Cleaning/Maintenance jobs in Lodging for the low end estimate.

**Table 5.11-7 Income Distribution of Worker Households by Employment Category**

	Income Category <sup>1</sup>				
	VLI	LI	Median	Moderate	Above Mod
Unadjusted Rates (High End)					
Office	0.8%	33.6%	13.1%	14.5%	38.0%
Wine wholesalers	0.0%	54.1%	1.4%	31.9%	12.6%
Lodging	29.4%	63.5%	1.0%	1.7%	4.4%
Adjusted Rates (Low End)					
Office	0.8%	33.6%	13.1%	14.5%	38.0%
Wine wholesalers	0.0%	54.1%	1.4%	31.9%	12.6%
Lodging <sup>2</sup>	39.2%	51.3%	1.3%	2.3%	5.9%

1. Designation of household income is based on a 3-person household and 1.43 workers per household, based on American Community Survey and Census data.

2. Excludes all Food Preparation and Serving jobs

Source: BLS; HCD; ACS; Economic & Planning Systems

The analysis in the table estimates all new workers were generated as a result of the proposed Project. It should be noted that, in reality, only a portion of Napa's workers reside in the City. Many workers commute from other areas for a variety of reasons, including the relative cost of housing among different communities. However, EPS has written the Housing Report with the understanding that the City would like to consider findings in the context of policy implications. As such, if every jurisdiction were to adopt a policy that it would only

fund housing for the fraction of its locally generated workers that chose to live within the City, in aggregate the region’s affordable housing demand would be grossly under-represented and under-funded.

## 5. Household Formation

EPS estimated the number of households the projected employees would represent using data from the BLS that indicates young workers (age 16-19) represent only about 1.9 percent of the overall workforce. However, the majority of those workers are in the service (retail, leisure and hospitality) industries where they represent 12.5% of the overall industry employment. EPS assumed that these workers would not form their own households and that, on average, new households formed in response to growing employment opportunities would have 1.43 wage-earning workers. The combination of the adjustments results in the assumption that approximately seven households are formed for every ten new employees.

As analyzed, the lodging component is expected to generate significant numbers of households at the low-income level, while most jobs in the office component are expected to yield household incomes between median to above-moderate income levels. The estimate using unadjusted rates (high end) totals 329 worker households, 257 of which would be very low income and low-income households (below 80% area median income). The estimate using adjusted rates (low end) totals 238 worker households, 181 of which would be very low income and low-income households.

The City of Napa currently implements an affordable housing linkage fee for both commercial and residential development. As shown in Table 5.11-8, the estimated fee for development is approximately \$1.1 million dollars.

**Table 5.11-8 Estimated Linkage Fee for Trinitas Development**

	Development Program <sup>1</sup> (square feet)	Existing Linkage Fee per Square Foot <sup>2</sup>	Estimated Linkage Fee
Office	29,878	\$3.55	\$106,067
Wine Wholesalers	26,214	\$3.50	\$91,749
Lodging	155,557	\$6.00	\$933,342
<b>Total</b>	<b>211,649</b>		<b>\$1,131,158</b>

1. Trinitas development program as of August 2017
2. City of Napa Linkage Fee Schedule, 2017

### 5.11.5 Mitigation Measures

#### 1. Standard Mitigation Measures

None required. The City of Napa Policy Resolution 27 does not include mitigation measures in the area of Population and Housing.

## 2. Special Mitigation Measures

To fulfill the City's required affordable housing fee for new development, the following mitigation measure is included herein:

MM P/H-1 Prior to the issuance of a building permit, Applicant shall pay the City the affordable housing impact fee as calculated by the Chief Building Official and based on the methodology identified by the City Council for non-residential development.

### 5.11.6 Level of Significance after Mitigation

Thresholds of significance identified in CEQA Guidelines, Appendix G, state that a project would have a significant impact if it would:

- a) Induce substantial population growth either directly or indirectly,
- b) Displace substantial numbers of existing housing, or
- c) Displace substantial numbers of people.

The proposed Project has the potential to generate jobs for 347 to 480 workers as stated in the Review of Housing Impacts Report based on typical indicators for the type of employment generated by the Project. The Project applicant has identified a proposed 190 total worker estimate based on actual anticipated employees required. However, the Project does not include the construction of new residences to accommodate a potential need for housing assuming not all potential employees are currently living in the City or immediate area. The Project will offer a diverse mix of professions and pay levels, requiring availability of a housing mix for all income levels. Therefore, the Project could induce population growth due to the availability new of jobs.

The Project will not displace substantial numbers of existing housing necessitating the construction of replacement housing or displace substantial numbers of people. The Project site is a vacant parcel within an industrial/corporate park and no housing exists on or adjacent to the Project. There will be no impact to existing housing or displacement of people residing in the area.

With implementation of Mitigation Measure MM P/H-1, no significant unavoidable impacts to population and housing are associated with the proposed Project. The required affordable housing linkage fee, according to the City's Affordable Housing Ordinance, may be used for, but not limited to, new construction of affordable units, acquisition of real property for the present or future development of affordable housing, conversion of existing market rate units to affordable units, preservation of existing affordable units, rehabilitation of affordable units at risk of loss, subsidies for developers that will promote and encourage the development of affordable housing units or rental units affordable to extremely low, very low and low income households. Therefore, the Project impacts related to population and housing are less than significant.

### **5.11.7 Cumulative Impacts**

The Napa Pipe project, located directly northwest of the Project site, will add 2,580 dwelling units and approximately 721 new jobs on the Napa Pipe site. The proposed Project does not include residential development. The Napa Pipe project is required to contribute to the availability of affordable housing to offset impacts from the project. Cumulatively, the proposed Project will increase the City’s need for affordable housing. However, Mitigation Measure MM P/H-1 will provide funding for the City to implement housing programs to assist employees in finding suitable and affordable housing in Napa. With mitigation, the Project’s individual contribution to affordable housing impacts would not be considerable. The proposed Project would not result in a cumulative impact.

### **5.11.8 Unavoidable Adverse Impacts**

With implementation of Mitigation Measure MM P/H-1, the Project, as proposed, will not result in any unavoidable adverse impacts related to Population and Housing.

