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Artist's rendering of a rooftop view of Napa's proposed development.

REAMS



Napa Redevelopment Partners' proposed multi-use development at the old Napa Pipe site shows real promise, but is not without controversy.

By Louisa Hufstader

Napa County may be synonymous with Wine Country to many of its visitors, but its residents know their real treasure is represented in the "country" part of that moniker.

Since 1968, when the board of supervisors unanimously passed legislation creating the nation's first-ever agricultural preserve, Napa's official policy has been that farming—whether viticulture, cattle ranching or raising honeybees—is the "highest and best use" of the county's croplands.

Preserving its expansive rural views has brought the county fame and tourism, but it's also sparked a series of conflicts with the state, which has ordered Napa to zone for hundreds of new, affordable housing units over the next seven years. "The only can opener that could pry open the ag preserve would be for the county to fail to meet its housing allocation," says developer Keith Rogal,

whose Napa Redevelopment Partners is seeking to create an ambitious new mixed-use development, including thousands of homes, on the site of the old Napa Pipe facility just outside Napa's southern city limits. "And it's a very real threat. It's a very real issue."

The county has already been sued for failing to provide enough affordable housing, and another court challenge is expected if officials can't find a way to zone for the required homes. "As long as the state is requiring the county to be responsible for its share of housing...this is a task we have to look at," says Supervisor Bill Dodd. "We want to control our own destiny." That's why the board of supervisors and county staff are taking a close look at the Napa Pipe proposal, which, if approved, could fulfill the county's housing requirements well into the future. "We asked them to come in here," Dodd says. "We said we'd look favorably at housing on the site."

The politics of preservation

The agricultural preserve and watershed now protects some 40,000 acres of Napa County from being used for anything but farming. Its creation was the result of a hard-fought battle, waged over a series of rancorous public hearings, between those who wanted to keep the rural landscape from sprouting housing developments and those who viewed the proposal as a socialistic land grab. The same year it was passed, the preserve survived a court challenge to become the cornerstone of Napa's land-use policy. County voters added another layer of protection in 1990

by approving Measure J, which requires a vote of the people—rather than of the elected supervisors—before land zoned for agriculture can be developed for any other use. Hauled back into court, the county prevailed again after years of litigation.

But after 40 years of the ag preserve and 18 of Measure J, Napa County and its five cities face increasing pressure to add housing to accommodate their growing workforces. A state law requires local communities to develop residential zones according to a complex formula that takes into account factors including job growth and the availability of transit.

What the law doesn't consider is the value of keeping land open for agriculture—and that's set the stage for a costly conflict between Napa and the California Department of Housing and Community Development, which considers the county's prized croplands to be vacant and available for development.

In 2001, county officials and residents alike were flabbergasted when Sacramento ordered Napa to zone for nearly 2,000 units of new housing, including affordable homes for low-income families, outside city limits. A private law firm, acting in the name of two farmworkers, then sued the county for failing to comply. In 2003, to resolve the deadlock, the county forged a pathbreaking pact with the cities of Napa and American Canyon (the county's youngest city, incorporated in 1992), which agreed to take on the required housing in exchange for considerations, including a sizeable contribution to Napa's new downtown parking garage and the promise of future support for infrastructure in American Canyon. The agreement solved the county's immediate housing problem, but to the tune of more than \$10 million so far—an expense that's quickly growing unsustainable.

Napa County now must realign the "housing element" of its general plan to accommodate the latest round of housing allotments from the state, which has the county on the hook to zone for about 600 more homes over the next seven years. Legislation sponsored by Napa County and proposed by Assemblywoman Noreen Evans (D-Santa Rosa) in 2006 would have let local municipalities determine their own housing needs, but according to Dodd, the cities and county couldn't come to agreement and the bill died. So if county planners can't find a place to put those 600 homes, another costly lawsuit is likely to ensue, potentially followed by a court order to build.

The growing need

There's another pressing reason county and city leaders are looking harder than ever at the prospect of growth: Like it or not, Napa's workforce is increasing as new hotels, retailers and wineries open their doors. The 180-room, four-star, \$100-million Westin Verasa condo-hotel, in the emerging Oxbow District near downtown Napa, opened in September; a 351-room Ritz-Carlton resort on 11 acres nearby received city approval earlier this year, after a packed council meeting that drew nearly 50 speakers and lasted more than six hours. The Ritz is expected to employ 500

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"Out of 77,000 jobs in the county, 21,000 are being filled by people driving in."

—Keith Rogal, Napa Redevelopment Partners

people when it comes online; the neighboring Oxbow Public Market, with more than a dozen restaurants and retailers, is continuing to add tenants; and new wineries are receiving approvals from the county planning commission.

Without enough housing—particularly affordable housing—workers attracted by local jobs must continue to commute from Napa's neighboring counties, adding more traffic to already congested highways. "Out of 77,000 jobs in the county, 21,000 are being filled by people driving in," says Rogal, who cites census figures indicating that employment in Napa grew by 45 percent between 1994 and 2006, while housing increased by only 14 percent.

"We need housing more than we need jobs," says Napan Michael Haley, a grape grower and president of the Napa Valley Taxpayers Alliance. His views echo those of Barry Schuler, once chairman and CEO of America Online, who now lives in rural Napa with his family.

"Where's all the affordable housing?" asks Schuler, who now operates the Raydiance ultra-short-pulse (USP) laser firm, based in Petaluma; Orlando, Fla.; and Chevy Chase, Md. He blames an entrenched no-growth mentality for crippling Napa's ability to house its own workers. "There's a collective 'puke' reaction to building anything," says Schuler, who's also a founder of Napa's private Blue Oak

School and of his family's estate winery, Meteor, in the county's Coombsville area. "We have to figure it out."

Pipe fight

Rogal believes he may have figured it out, as far as anyone has: The 152-acre Napa Pipe property, which his group purchased for about \$40 million just before Christmas in 2005, could accommodate

more than enough housing—including homes affordable for moderate-, low- and very low-income families—to satisfy the state well into the future.

His Napa Redevelopment Partners is proposing far more than a housing development for the onetime Kaiser Steel facility: The group's vision is to create a new urban neighborhood, with as many as 3,200 residences in multi-story townhomes, along



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Keith Rogal at the Napa Pipe property, which he seeks to redevelop.



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Those numbers—especially the 3,200 housing units—caused widespread consternation among Napa residents when the partners applied for permission to develop Napa Pipe, which is located outside city limits. But when Rogal, who lives at the high-end Carneros Inn he developed out of a dilapidated mobile-home park in the county years ago, appeared before the supervisors in September to report on the project, only one resident rose to make a public comment: government watchdog Haley, who said he'd come to support the proposal for the sake of the housing Napa Pipe could provide.

The uneventful meeting posed a sharp contrast to this year's contentious political campaign over county ballot Measure N, which took direct aim at the Napa Pipe proposal by seeking to require voter approval for all growth of more than 1 percent per year, and for any new building taller than 35 feet. Rumors were rife that rival developers were behind the challenge, but Napa attorney Jim Marshall and a hired consultant from Omaha were the only public faces of Measure N, steadfastly refusing to identify who provided the initial funding for their Napa Coalition for Responsible Growth. Rogal's group struck back with its own campaign, called Keep Napa Napa, raising \$700,000 to argue that Measure N could actually force development sprawl in the county's prized rural areas.

A county-commissioned, independent study of Measure N's potential legal and fiscal impacts found that an initiative taking the housing approval process out of the hands of county officials and placing it before voters was virtually guaranteed to land Napa back in court once again; but the ballot race was a close one. Amid a hail of political mailers and hundreds of angry posts to the *Napa Valley Register* website, Napa County voters in June narrowly rejected the measure, while the state's Fair Political Practices Commission said it would investigate the Coalition for Responsible Growth for violating campaign ethics laws by under-reporting its expenses.

At your service

Meanwhile, city of Napa officials have been wary at the prospect of a new



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neighborhood taking shape just outside their own sphere of influence. Water, traffic and the potential fiscal drain on city services are all areas of concern, and Napa Redevelopment Partners has provided more than \$500,000 to fund studies on the proposal's potential impacts on all three topics. A city-county study group, as well as a subcommittee of two county supervisors and two city council members, have both been meeting regularly to talk about how Napa Pipe could provide housing and revenue to benefit both municipalities. And Rogal insists the new community won't be a burden on existing municipal resources. A Mello-Roos property tax, guaranteed by the developers, would pay for vital services.

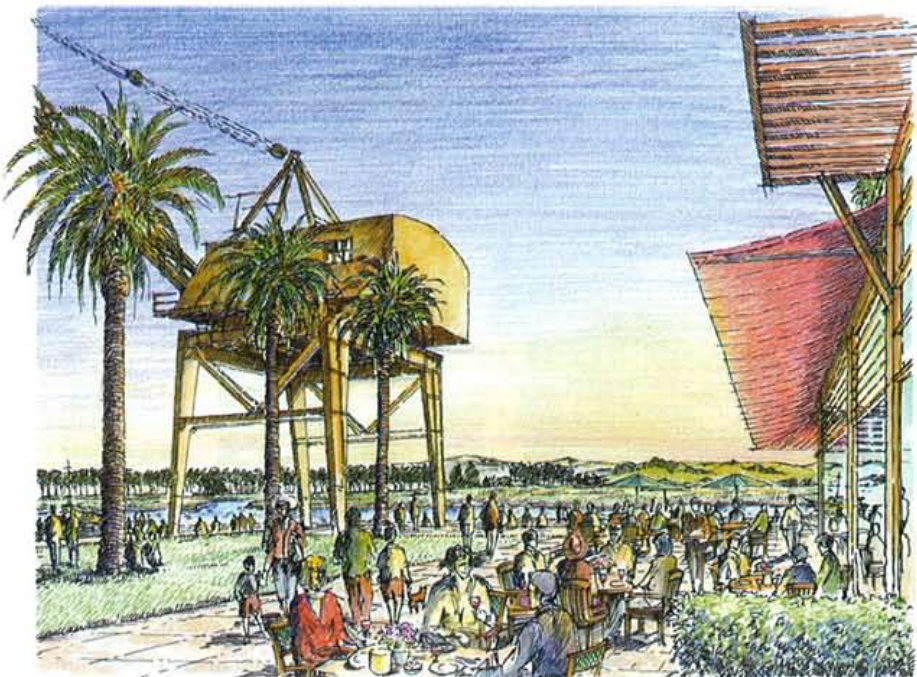
Also, officials say, just because the partners are proposing more than 3,000 homes doesn't mean the county will approve that many. "We're talking about years of development; we're talking about city-county collaboration," says Supervisor Mark Luce. "Whether the project is 3,200 [housing units] or 1,200 is really yet to be determined. Our eyes are open to what makes sense to everyone."

Rogal, too, says his firm is open to comments and suggestions from throughout the Napa community; he began leading weekly walking tours of the site in October, through which he's met with scores of citizens and explained the proposal—to "overwhelmingly positive" response. "We're committed to hearing from everyone," he says.

One reason Napa Redevelopment Partners is proposing such high-density housing at Napa Pipe is because they'll be smaller and less expensive units than most of the county's existing residences. "We could have proposed to put in 800 high-end homes," Rogal says. "The high-end residential development idea is certainly one that can be quite profitable, and it's not a very difficult business plan to execute."

"Easiest of all would be to simply keep the present General Plan's 'industrial' designation and zoning in place, not do a major clean-up of the site and simply redevelop it as a major distribution/light industrial area with about 2 million square feet of building. But neither the high-end residential nor the industrial approach help with traffic or affordable housing needs. Actually, both would simply exacerbate current problems."

"There's a total disconnect between the housing we need and the housing we have," he explains, with 92 percent of the county's



Artist's rendering of Napa's proposed Café Terrace

housing stock in single-family detached housing—often with multiple families or generations sharing a single address to cut costs. At the same time, high home prices are forcing many younger Napers to move out of the county, Rogal adds: "Very large numbers of working people can't find a place they can afford."

"A purely high-end subdivision development is very attractive to people from out of town," Rogal continues. "But it clearly doesn't do much of anything for the commuting workforce; it doesn't meet the needs related to Napa's younger people." Residential subdivisions also add to regional traffic woes, with each detached home generating multiple car trips a day. "There's simply nothing you can do, in those developments on the outskirts of American Canyon, without getting in your car," Rogal says. "You can't take your kid to daycare; you can't buy a loaf of bread; you can't meet your friend for a drink; you can't buy a coffee; you can't pick up your dry cleaning without getting in your car."

By comparison with this traditional model, which Rogal sees as "failing us as a society," Napa Pipe offers what he calls "a colossal opportunity to do something dramatically better." Based on the anti-sprawl principles of New Urbanism—think Seaside, Fla., the setting for "The Truman Show"—the Napa Pipe proposal aims to get residents walking, biking and riding public transit; there's even talk of a local railway with stops near major employers, though

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An aerial view of the Napa Pipe property

Rogal says commuter service will begin with shuttles. Shops and businesses will be located near housing; garage parking will be on secondary streets, so walkers won't have to dodge vehicles coming out of driveways. Laid out on a classic grid—no cul-de-sacs or “courts”—the streets will take about five minutes to walk from the center to the edge of the development, Rogal says. There will be river access for boaters and likely a water taxi to downtown Napa.

Locals need not fear that the entire proj-

years of clean-up work on the heavy industrial site before anything can be built. After that, Rogal says, the partners would add housing at the rate of about 300 units per year.

Who's at home?

The next question: Will the Napa Pipe units really be purchased by Napa Valley residents, or will they be snapped up as weekend and vacation cribs? It's a real worry for Supervisor Diane Dillon, who says in her home town of St. Helena, one

ect will erupt like a volcano out of the now-vacant property. Once Napa Redevelopment Partners has received a green light to go forward with whatever development plan it hammers out with the county (following environmental impact reports and extensive public comment), there will be some two more

in three houses is a vacation property. Supervisor Mark Luce is so concerned about this issue that he wants to create a “work proximity” housing ordinance that would offer builders incentives for imposing some restrictions on who can purchase new homes in Napa County. “We're still gathering ideas about how to accomplish this goal,” says Luce.

Rogal has indicated his group is willing to work with Luce and other county leaders who are trying to craft a law that gives local workers more homebuying power.

“The idea isn't to control the price of housing,” explains Luce. “Rather, it's to define the market as people who work nearby and have builders build and sell to that market without price controls.” ■

To learn more about the Napa Pipe site and development proposal, visit www.ahomefornapans.com.

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