

Jeff Dodd
D (415) 772-5724
jdodd@coblentzlaw.com

Stephanie Straka
D (415) 772-5750
sstraka@coblentzlaw.com

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ELECTRONICALLY DELIVERED VIA EMAIL IBORBA@YVILLE.COM

Irene Borba
Planning & Building Director
Town of Yountville
6550 Yount Street
Yountville, California 94599

RE: 1980 Yountville Cross Road Project – Additional Support for Requested Density Bonus Concession

Dear Ms. Borba,

We understand that the Town has requested additional information from Crossroads Circle, LLC (“Applicant”) in support of its requested concession pursuant to the State Density Bonus Law (DBL)¹ for the housing development project proposed at 1980 Yountville Cross Road.² We submit this letter on behalf of the Applicant to (I) provide the Town with an overview of the legal requirements for concessions, and (II) to provide reasonable documentation to support the requested concession pursuant to the DBL.

I. Overview of State Density Bonus Law Requirements for Concessions

The DBL defines concessions (also referred to as incentives) as modifications or reductions from development standards that result in identifiable and actual cost reductions to provide for affordable housing costs.³ Consistent with the Town Attorney’s statements via email to us on September 28, 2023, the Applicant understands and agrees that, in reviewing a request for a concession, the Town may require the Applicant to provide “reasonable documentation” to establish eligibility for the requested concession.⁴ However, the Town cannot require the

¹ See Gov. Code §§ 65915 & 65917.

² While the Applicant is happy to provide the Town with reasonable documentation in support of its requested concession, we note that the law precludes the Town from requiring the Applicant to submit at the initial application stage all of the information required by the Town to take final action on the project. (Gov. Code § 65944.) As such, while the Applicant understands that the Town may request certain additional details regarding its density bonus proposal, such details are not included on the Town’s list for application completeness and so cannot prevent the development application here from being found complete.

³ Gov. Code § 65915(k)(1).

⁴ See Gov. Code § 65915(a).

Applicant to provide pro forma or other financial documentation to prove that the requested concession is required in order to make the housing development economically feasible.⁵

Once the Applicant has established eligibility for the requested concession, the Town must grant the request unless it makes one of the findings set forth in Government Code Section 65915(d). By requiring a local agency to grant incentives *unless* it makes particular findings, the DBL places the burden of proof on the Town to overcome the presumption that the concession will result in cost reductions.⁶

II. The Applicant's Requested Concession Meets the DBL's Requirements

The maximum number of units allowed on the Project site under the zoning ordinance is 9 units. The Project is proposing to provide one of the nine units (11.1%) as a low income unit.⁷ As a result, the Project qualifies for a density bonus of 21.5% (two units) and one concession under the DBL.⁸

As provided in the Applicant's October 30, 2023, response letter, the Applicant requests that the Town approve a concession from YMC Section 17.160.020(B)(3), to allow the affordable housing units to be located in the existing structures, one of which is a historically significant structure (the Farmhouse). In addition to the justifications for the concession requested in its October 30, 2023 response, the Applicant provides the following in support of said concession, with reasonable documentation of the same provided as Attachment A to this letter:

By allowing the Project to provide the low-and moderate-income rental affordable units in existing, rehabilitated structures on 1 of the 9 lots, instead of as new single-family home and JADU, the requested concession will result in identifiable and actual cost reductions of approximately \$865,315. These cost reductions are essential to allow the Project to provide the proposed affordable housing units, which affordable units are estimated to cost \$829,400 for the low-income unit (the Farmhouse) and \$393,965 for the moderate-income unit (the Cottage) (total \$1,223,365).

* * *

⁵ Schreiber v. City of Los Angeles (2021) 69 Cal.App.5th 549, 555–556.

⁶ Id. at 556.

⁷ The Project also proposes to provide 1 unit as a moderate-income unit. However, because the DBL requires that an applicant rely on only one income category to qualify for a density bonus and concessions (see Gov. Code § 65915(b)(1)), the Applicant is relying on the 1 low-income unit provided in the Project for purposes of DBL eligibility.

⁸ See Gov. Code §§ 65915(d)(2)(B) & 65915(f)(1).

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We look forward to continuing to work with the Town in its review of this proposed housing development project. Please do not hesitate to contact us regarding the substance of this letter or any other matters related to the Project.

Sincerely,



Jeff Dodd



Stephanie Straka

cc: Brad Raulston, Town Manager (braulston@yville.com)
Gary Bell, Town Attorney (gbell@chwlaw.us)
Mackenzie Anderson (manderson@chwlaw.us)

Attachments

OAK + VINE Attachment A - Financial analysis to support the requested Concession to place the Deed Restricted Affordable Units in the rehabilitated versus new construction buildings

| Lot # | Name | bld type | Rate | Lot size (SF) | rehabilitated floor area (SF) | rehabilitated floor area ADU (SF) | Construction Cost for Lot 1 (Rehabilitation & Relocation) | new construction (SF) | new construction JADU (SF) | Construction Cost for Lot 6 (New Construction) | Cost Savings of Rehabilitation versus New Construction |
|-------|------------------------|------------------------|-----------------|---------------|-------------------------------|-----------------------------------|---|-----------------------|----------------------------|--|--|
| 1 | "The Farmhouse" | 2bed/2ba SFD | Low Income | 6,042 | 1,160 | | \$580,000 | | | | |
| 1 | "The Cottage" | Detached1 bed/1 ba ADU | Moderate Income | | | 551 | \$275,500 | | | | |
| | TOTAL | | | | | | \$855,500 | | | | |
| 6 | "The Mayacamas" | 2 bed/3 baSFD | Low Income | 6,457 | | | | 1,749 | | \$1,399,200 | |
| 6 | "The Mayacamas JADU" | Attached Studio JADU | Moderate Income | | | | | | 498 | \$398,400 | |
| 6 | "The Mayacamas" Garage | | | | | | | 506 | | \$101,200 | |
| | TOTAL | | | | | | | | | \$1,898,800 | |
| | SAVINGS | | | | | | | | | | \$1,043,300 |

Assumptions: Construction costs based on average labor and material cost in the Town of Yountville for Class C interiors (typical for affordable housing) of \$500/SF for relocation & rehabilitation and \$800/SF for new construction

Deed Restriction Values for Affordable Units versus estimated typical Market Rate Values in Yountville, California (2023)

| Lot # | Name | bld type | Rate for Deed Restriction | Lot size (SF) | FLOOR AREA | TOTAL FLOOR AREA | Deed Restricted For Sale Value | Deed Restricted For Rent Value per year | Market Value for Sale | Market Value for Rent per year | Cost Savings of Market Sales Price |
|-------|-----------------|-----------------|---------------------------|---------------|------------|------------------|--------------------------------|---|-----------------------|--------------------------------|------------------------------------|
| 1 | "The Farmhouse" | 2bed/2ba SFD | Low Income | 6,042 | 1,160 | | | \$26,592 | | \$72,000 | |
| 1 | "The Cottage" | Detached1 bed/1 | Moderate | | 551 | | | \$33,096 | | \$24,000 | |
| | TOTAL | | | | | 1711 | \$419,370 | \$59,688 | \$2,326,960 | \$96,000 | |
| 6 | "The Mayacamas" | 2 bed/3 baSFD | Low Income | 6,457 | 1749 | | | \$26,592 | | \$96,000 | |
| 6 | "The Mayacamas | Attached Studio | Moderate | | 506 | | | \$30,084 | | \$18,000 | |
| | TOTAL | | | | | 2255 | \$419,370 | \$56,676 | \$3,066,800 | \$114,000 | |
| | | | | | | | | | | | \$739,840 |

Assumptions: Napa County "medium income" = \$85,833 for a family of one; "Low income" is 50-80% of County median income; "Moderate Income" is 80-120% of County Median. Sales price based an equation and incorporates the income for the total number of people residing in the household and the FNMA interest rate when HUD publishes the Area Median Income is published for a 3-bedroom Low Income Unit. Rental rates are derived by the City of Napa Affordable rent maximums and are based on the number of bedrooms. Only market rate values rely on the square footage. Sales cost is based on the median sale price per square foot in Yountville of \$1.36K (source: www.redfin.com). Market rental values were derived from similar sizes home on [Zillow.com](https://www.zillow.com)

source: <https://www.hcd.ca.gov/grants-and-funding/income-limits>

