



March 30, 2021

Contra Costa Centre Transit Village
1350 Treat Blvd., Suite 140
Walnut Creek, CA 94597

Mayor Ignacio Velasquez, Chair
Hollister General Plan Advisory Committee
375 5th St., Hollister, CA 95023

RE: General Plan Update Meetings #4 & #5

Dear Mayor Velasquez & GPAC Committee Members,

The Building Industry Association of the Bay Area (BIA) is very pleased the City of Hollister is now engaged with a full complement of GPAC committee members working with the city's consultant, Workplace, to update the city's General Plan adopted in 2005. BIA welcomes the opportunity to provide feedback and suggestions to the full committee as it works through the schedule of meetings over the coming months.

BIA submits the following comments and recommendations regarding Inclusionary Housing (5th GPAC Meeting) and New School Funding (4th GPAC Meeting).

Inclusionary Housing (IZ)

Q. 19.a: Should *Land Use and Community Design Element* include an inclusionary housing (IZ) requirement?

BIA recommends that an Inclusionary Policy not be included in the Community Design Element of the General Plan.

An August 2019 Turner Center report entitled *Making it Pencil, The Math Behind Housing Development* multiple analyses showed that a 15% inclusionary requirement did not pencil in representative Bay Area jurisdictions during the strong housing market conditions that existed pre-COVID and must be coupled with significantly enhanced (non-discretionary and pre-defined) incentives such as tax abatements, reduction of other fees and exactions, alternative compliance options, relaxation of design and zoning requirements, required parking reductions, and greater density bonuses.

However, should the GPAC determine that an Inclusionary Policy be recommended for the Hollister General Plan, BIA submits the following comments and policy recommendations:

19.b: If an inclusionary program is to be created, what types of housing developments should it apply to?

BIA recommends a policy that incentivizes the development of affordable for-sale single family homes affordable to moderate income (80%-120% of median) households i.e., families like teachers, fire fighters, police and other public servants. Buyers for single family affordable units are very difficult to financially qualify due to extraneous costs i.e., down payments, HOA dues, insurance requirements, etc.

Inclusionary programs should target multi-family/rental housing to serve low, very low and extremely low-income families. Multi-family development can better serve low and very low-income families with necessary services.

19.c: If an IZ program is created, what should be the required percentage of low & very low-income units

BIA would recommend that required percentages of low and very low-income units not exceed that of contiguous/neighborhood jurisdictions.

19.d: If an inclusionary program is to be created, should it allow alternative compliance methods? If so, which ones?

BIA strongly recommends inclusion of a robust program of alternative compliance methods such as:

- In-lieu fee Option – Fees are necessary to provide local participation to help finance projects with nonprofit community housing partners, i.e., CHISPA.
- Calculate in-lieu fees on a “per habitable square foot basis” – Lump sum per unit fees incentivize larger units and lower density development. The city should be incentivizing higher density and small unit sizes to encourage affordability by design via square foot fee calculations
- Robust Density Bonus Program including reductions in parking, easing of development standards, fee deferral options (fees due at time of occupancy), and other fee reductions
- Flexible mix of compliance options including alternative means of compliance i.e., land dedication, off-site build/construction, partnering with a non-profit builder, split compliance (some units/some fees), clustering of affordable units, exempting or deeply discounting park fees for all affordable units
- Install financially attractive incentive provisions – Induce developers to voluntarily construct a percentage of required affordable units in projects vs. must-build requirements
- Acquisition and rehabilitation of existing market rate units converted into affordable units
- Credits and transfers from other developers

New School Funding

BIA submits the following regarding Strategies #1 and #3 presented at the March 23 GPAC Meeting.

Strategy #1: Support for a new school construction bond measure (similar to Measures G & U, which passed in 2014 and 2016, and Measure L, which failed in 2020)

BIA strongly encourages the GPAC strategy to fully support a future school construction bond measure and would look forward to working with the City of Hollister to encourage local voter support.

Strategy #3: *Requiring preparation of a Specific Plan that includes adequate voluntary developer funding as a pre-condition for development in new development areas. This would ensure that the City and other public agencies could collect needed funds even if it exceeds what is already exacted*

First it should be noted that school fees are a negotiation between the school district and the developer. Cities are typically not part of the negotiation except when school districts and developers cannot come to a mutually acceptable agreement

BIA is concerned that the proposed General Plan Strategy #3 describing so-called “adequate voluntary developer funding as a *pre-condition*” is problematic, because it could be interpreted as tacitly inviting Council and Staff to suggest or solicit a voluntary school contribution, thereby creating a de-facto expectation that conflicts with state law. Additionally, if the City were to show a pattern of favoring projects that provide voluntary school contributions over those that do not, that practice would face the same scrutiny as a formal

policy requiring “voluntary” school contributions, and it would be the City, not the school districts, that would bear the legal risk.

Under California statute 65995, City jurisdictions are prohibited to deny, withhold approval, or even to consider the adequacy of school facilities in exercising its local police powers related to planning, zoning, and development of housing projects, including General Plan amendments, Specific Plans, Rezoning, and Density Bonus projects so long as developers comply with whatever lawful school fee exists under Govt. Code.

Feel free to contact me with any questions at psausedo@biabayarea.org.

Very truly yours,



Patricia Sausedo, Director South Bay
BIA Bay Area Government Affairs

cc: David Early, Placeworks
Abraham Prado, Interim Development Services Director/Manager