



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

May 20, 2019

The Honorable Ignacio Velazquez, Mayor  
and Members of the City Council  
City of Hollister  
975 Fifth St.  
Hollister, CA 95023

**Re: Agenda Item E.2 Public Facility Impact Fees**

Dear Mayor Velazquez and Members of the Hollister City Council:

The Building Industry Association of the Bay Area strongly urges the City Council to defer adoption of Resolution 2019-113: A Resolution of the City Council of the City of Hollister approving an Update to the Public Facility Impact Fees for Detention (Jail/Juvenile Hall), Library, Park Construction, Storm Drainage and Water Facilities and New Fees for City Hall/City Yard. The Resolution along with the Development Impact Fee Update Study (Study) by Willdan Financial Services present flawed findings and a poorly considered foundation for charging impact fees on new residential development.

The Resolution and Study to approve the impact fees should raise several red flags for the City Council. Development impact fees would jump to over \$20,000 per single family home unit and over \$18,000 per multifamily unit, adding substantially to the cost of production of much needed housing.

Over and above proposed new impact fees, the Resolution and Study obligate the City to raise nearly \$112 million in new revenue necessary to fund existing development's share of the planned facilities, over 2/3 the cost of the program. This commitment would include over \$31 million in new parks and recreation facilities that the residents of Hollister would be responsible to fund. No evidence is offered that the City has the funds available or would be able and willing to saddle the citizenry with new taxes and bonds to support this huge financial burden.

BIA urges the City defer action on the Resolution and proceed to correct serious flaws in the study. Specifically, BIA points defects in substantial portions of the Study having to do with park facilities standards and in lieu fees:

- Erroneous calculation of existing level of service @ 3.84 acres/thousand residents for new development to mitigate impacts from new residents;

- Erroneous calculation of the planned level of service @ 5.0 acres/thousand residents for new development to mitigate impacts from new residents;
- Unsupported cost estimates of \$766,000 per acre cost of land and \$400,000 per acre cost of construction for new park and recreation facilities;
- Failure to identify any actual existing sources of available funding or new revenue, for over \$31 million in additional park facility funding requirements to achieve the planned 5.0 acres/thousand park facilities standard.

**Policy Considerations: BIA respectfully requests that you consider these policy concerns and options in your review:**

**1. Reduce the parks facility standard**

- a. The City should adopt a parks and recreation facilities level of service of 3.0 per thousand residents, closely aligning with the actual existing level of service. BIA contends that the City does not actually achieve an existing level of service of 3.84 acres/thousand due to faulty information in the parkland inventory.
- b. The City should reduce the existing park acres by making the following corrections to the Study:
  - Revise Table 5.2: Park Land Inventory in the study to apply a weighted value to 37.6 acres of joint use facilities that the City does not own and upon which access of Hollister residents is restricted. A .6 weighted value for these facilities would fairly reflect the actual hours available to the residents of the City. According the City's Park Master Plan the following facilities restrict access during school hours:
    - Calaveras School Park - 5.0 acres (no access during school hours)
    - Cerra Vista School Park - 7.36 acres (no access during school hours)
    - Ladd Lane Elementary School - 4.33 acres (no access during school hours)
    - Marguerite Maze Sports Complex - 11.00 acres (no access during school hours)
    - Rancho Justo Sports Complex - 9.16 acres (no access during school hours; closed indefinitely)
    - San Benito High School Tennis Courts - 0.75 acres (no access during school hours)
  - Revise Table 5.2: Park Land Inventory - Eliminate the Veteran's Building Plaza (.78 acres) from the Park Land Inventory (Table 5.2). The Veteran's Building Plaza is not a park and it is not identified as such in the City's Park Master Plan;
  - Reduce the total parkland inventory of existing improved acres by ~12.5 acres to account for the weighted adjustment of joint use facilities and subtract .78 for Vet's Plaza for an actual supportable existing park acreage of **~126.9** acres.
- The City should not require development impact mitigation on a planned level of service of 5.0 acres/thousand because and it is highly uncertain if the planned level of service will be achieved due to funding gaps on existing development.

**2. Provide substantiated parkland acquisition and facility construction costs**

- a. Costs for parkland acquisition should be validated through the completion of a fair market appraisal that would evaluate the actual value of all eligible land sales within and adjacent to the City of Hollister, assessing the weighted sales values of all land use designations that may be purchased, dedicated, or otherwise acquired for parks, including industrial, commercial, residential, and agricultural land use designations.
- b. Costs for construction of park and recreation facilities should be validated through evaluation of the existing conditions of park facility values. Instead the Study only provides this insufficient substantiation of acquisition and construction:

*Table 5.4 displays the unit costs necessary to develop parkland in Hollister. Land acquisition is estimated at \$336,000 based on an analysis of the City's recent land transactions. A conservative estimate of \$400,000 per acre for standard parkland improvements was used based on Willdan's experience with other clients.*

**3. Research, identify and adopt specific City revenue sources to support its share of \$36 million in parks higher level of service prior to imposing development impact fees**

- a. Prior to imposing higher, possibly unattainable levels of service the City should thoroughly research methodology, eligibility, and implementation of ballot measures, grant programs, and other funding sources that will be needed to fund the city facilities deficit of \$112 million overall, with \$31 million in parks deficiencies;
- b. The City should conduct public hearings, polling, and other public outreach activities that gauge the willingness of tax payers to vote for increased sales and property taxes;
- c. Conduct ballot campaigns to pass necessary tax and bond measures to fund improvements;
- d. Charge development impact fees in accordance with the new level of service once the City has a commitment by its taxpayers to fund heightened levels of service.

**4. Review Boatworks, LLC vs. City of Alameda, a recently published judgement in favor of the developer regarding parks impact fees**

- a. BIA further urges the City of Hollister to review a recent case involving the imposition of development impact fees supported by a nexus study conducted by Willdan Financial. In Boatworks LLC vs. the City of Alameda, published May 15, 2019, both the trial court and the appeals court have ruled in favor of the developer plaintiff and against the City of Alameda. The judgement awarded attorney's fees to the plaintiff as well.

BIA is a non-profit association comprising over 300 members involved in developing and building housing. BIA's members are builders, developers, subcontractors, design professionals, and related entities. BIA's members build and develop sustainable communities that produce critically needed housing of all types throughout the Bay Area.

California's high housing cost and lack of housing supply compromise the ability to access opportunity (jobs, health, stability) for families and individuals, including working families. Homeownership rates are the lowest since the 1940s and the State has not met its projected need for housing in the last 15 years. Housing supply needs are of vital importance and the highest priority.

New housing is crucial life blood to the community, bringing new families, jobs, economic development, and tax dollars. We at BIA remain ready to work with Staff and Council to assist in any way we are able. Please feel free to contact me at [dmartin@biabayarea.org](mailto:dmartin@biabayarea.org).

Yours very truly,

Dennis Martin  
BIA Bay Area, Government Affairs

Encl: BOATWORKS, LLC,  
Plaintiff and Appellant,  
v.  
CITY OF ALAMEDA et al.,  
Defendants and Appellants.

cc: City Clerk  
City Manager  
Community Development Director