



**STAFF REPORT
HOLLISTER PLANNING COMMISSION
MEETING DATE: March 26, 2026
REPORT # Community Development-2026-25**

AGENDA ITEM: 6TH CYCLE HOUSING ELEMENT ADOPTION HEARING

DEPARTMENT HEAD: Rod Powell, Assistant City Manager
STAFF CONTACT: Eva Kelly, Planning Manager

RECOMMENDED ACTION: Adopt a Resolution recommending approval of the 6th Cycle Housing Element to the City Council.

CEQA: The project has been prepared in consistency with the Certified Environmental Impact Report for the Hollister 2040 General Plan, Climate Action Plan, and Agricultural Lands Preservation Program (State Clearinghouse No. 2021040277)

PROJECT DESCRIPTION: Every jurisdiction in the State of California is required to have an adopted General Plan that outlines the growth and development plan for a long term period, typically about 15-20 years. One required chapter of a General Plan is the Housing Element, which is required to be updated on a more frequent, eight-year cycle. The City of Hollister is currently in the 6th Cycle Housing Element planning period, which began in 2023 and ends in 2031. The City is currently out of compliance with Housing Element law, as we do not have a certified Housing Element, approved by HCD at this time.

The City, in coordination with Kimley-Horn, has prepared an update to the housing element, the 6th Cycle Housing Element, which is consistent with the 2040 General Plan, also proposed for recommendation of adoption at the March 26, 2026 Planning Commission meeting.

The Housing Element serves to establish a plan, along with goals, policies, programs, and quantifiable objectives, for the City to demonstrate the ability to meet the housing needs for the community across all income levels. HCD issues the projected housing need to each region in the state through the Regional Housing Needs Allocation (RHNA) process, which is further assigned to each jurisdiction within the region to identify that jurisdiction's fair share contribution to facilitate the planning for housing in the state.

It is important to note that the City is required to plan for and accommodate the development of housing through the implementation of clear and objective zoning requirements and by implementing changes to regulations and processes to increase opportunity for housing development across income levels, but the City is not directly responsible for building housing during the Housing Element period.

The City of Hollister's 6th Cycle RHNA, broken down by income affordability level, is shown in **Table 1** below.

Table 1. City of Hollister 6th Cycle RHNA

Income Category	% of Area Median Income (AMI)	Income Range*		RHNA (Housing Units)
		Minimum	Maximum	
Extremely Low Income	0 – 30%	--	\$40,100	423
Very Low Income	31 – 50%	\$40,101	\$66,800	423
Low Income	51 – 80%	\$66,801	\$106,950	423
Moderate Income	81 – 120%	\$106,951	\$168,250	826
Above Moderate Income	>120%	\$168,251	--	1,813
Total				4,163 units
<p>*Income range is based on the 2025 HUD Area Medium Income (AMI) for San Benito County of \$140,200 for a family of 4. *Approximately 40% of all households in Hollister fall into the Extremely Low to Low-Income categories</p>				

The City of Hollister has maintained a webpage dedicated to the 6th Cycle Housing Element on our website throughout the project development at:
https://hollister.ca.gov/government/departments/development_services/planning/housing_element.php

The latest draft Housing Element was submitted to HCD for their review in February 2026, and can be found at the direct link:
https://files.hollister.ca.gov/Community%20Development%20Department/Planning/Housing%20Element/City%20of%20Hollister%206th%20Cycle%20Housing%20Element%20Update%20Draft_02.04.2026.pdf?t=202602041843080&t=202602041843080

ANALYSIS: The Housing Element requires review and approval by the Department of Housing and Community Development (HCD). The City of Hollister has been out of compliance with housing element law since December 15, 2023, which was the deadline to adopt and have a certified 6th Cycle Housing Element. Due to the length of time that the City has remained out of compliance past the original deadline, in order to achieve certification of the Housing Element from HCD, the City must adopt the Housing Element document itself, and also must adopt all of the “Rezoning” for the housing sites and programs, in order for HCD to certify the Housing Element. Adoption of the Rezoning includes both actually changing the land use map (as appropriate), but also adopting the text amendments to the Code to change zoning regulations, such as permitted uses, densities, ministerial procedures for certain types of housing projects, objective standards/elimination of subjectivity in housing review, etc. In addition to the Housing Element, the Planning Commission will also consider three ordinances at the March 26, 2026 Planning Commission which accomplish various aspects of the necessary rezoning for the Housing Element.

While the City remains out of compliance, the City is subject to several consequences

that can negatively affect the community. These include:

1. **Limit access to state funding.** Many state grant programs are contingent upon a jurisdiction maintaining a certified Housing Element. The City continuing to have a non-certified housing element is an immediate disqualifier for grants such as Community Development Block Grants (CDBG), infrastructure funding sources, and others.
2. **Lawsuits.** The City is at risk of potential legal action from HCD, the Attorney General, or housing developers or advocacy groups. Penalties can include fines of up to \$10,000/month, suspension of some or all local authority to review and approve projects, and court-approved housing developments.
3. **Builder's Remedy and Loss of Local Zoning Control.** Without a certified Housing Element, the City may lose control over housing approvals. Under the "Builder's Remedy", qualified affordable housing projects may proceed and cannot be denied, even if they are not in compliance with the City's general plan or zoning requirements.

Organization of the Housing Element:

The Housing Element consists of the following:

Housing Needs Assessment and Statutory Framework (Chapter 1)

This Chapter outlines the assignment of RHNA to the City of Hollister, the legislative framework for developing the Housing Element Update, and the organizational structure of the document.

Housing Plan (Chapter 2)

The Housing Plan includes all of the City's Goals, Policies, Programs, and Actions that will be implemented to support the planning for the City's 6th Cycle Housing needs. Each Housing Element policy begins with a framework and background description; then contains a series of implementable and measurable actions; and includes a timeframe, responsible party, and any potential funding sources for the implementation of that policy. The policies and programs were developed through the detailed analysis of the community's housing needs that are found in each of the Appendices of the document.

Review of Past Performance (Appendix A)

As part of the 6th Cycle Housing Element, the City must review all of the policies, programs, and actions of the 5th Cycle Housing Element and evaluate the effectiveness of the programs in supporting the production of housing during the 5th Cycle. The Review of Past Performance includes a qualitative analysis of the effectiveness of 5th Cycle programs for developing special needs housing (seniors, persons with disabilities, large families, single-parent households, farmworker housing, etc. The chapter also includes Table A-5, which outlines the accomplishments and effectiveness of each 5th Cycle

Program individually, and includes an analysis of how the program is being carried over (or not) into the 6th Cycle.

Housing Needs Assessment (Appendix B)

Appendix B contains the Housing Needs Assessment for the 6th Cycle. This chapter outlines detailed demographic information for the City across various special needs housing types, income levels, and other household characteristics. The chapter outlines key challenges that may be faced by each special needs group in our community, and potential solutions to address those challenges. The chapter also identifies various housing problems that our community faces, such as overcrowding, cost burden, or physical insufficiencies with housing units (such as incomplete kitchen or restroom facilities).

Housing Constraints (Appendix C)

Appendix C of the Housing Element analyses existing constraints that affect the development of adequate housing for the community. The City analyzed many various factors that can be considered a constraint upon the development of housing, including governmental, non-governmental, infrastructure, and environmental constraints. Some examples of constraints to housing development include costs of land; access to funding; restrictive or outdated zoning regulations; permitting and impact fees; permitting processes; provision of utilities and emergency services; seismic hazards; etc. The Housing Element Policy Plan identifies ways in which the City can help to alleviate existing constraints to support housing development.

Housing Resources (Appendix D)

Appendix D identifies various local and regional resources for special needs households and housing developers. The chapter identifies local organizations that provide support, grant programs and other financial resources that are available, and energy conservation programs that can help to support existing and future households in the community.

Affirmatively Furthering Fair Housing (AFFH) (Appendix E)

A new and significant feature of the 6th Cycle Housing Element is the requirement, adopted by Assembly Bill 686, that every jurisdiction in California ensure that local laws, programs, and activities affirmatively further fair housing (AFFH). AFFH means that the city must “take meaningful actions, in addition to combating discrimination, which overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”

The AFFH chapter identifies any areas of disadvantaged communities, due to historic lack of resourcing, or any other types of disparities or segregation that may prevent access to fair housing in Hollister. This chapter utilizes state data and local knowledge to outline any neighborhood areas (typically by census tract) in and around the community, and highlights opportunity areas for policy action to affirmatively further fair housing. While data shows some areas a of racial and income disparity, particularly with lower resources

and household overcrowding attributed in higher amounts to the west side of Hollister, and higher resources and higher overpayment by renters demonstrated in east Hollister. It was notable that the highest resources were demonstrated particularly in the southeast Ridgemark community, (which is located outside of the City limits).

The City is relatively homogenous in access to schools, transit, jobs, parks, and other community resources, and distribution of various household types is similar across the city. It was demonstrated throughout the analysis, however, that though resources are similarly distributed, they are limited, particularly in regard to access to transit and job opportunities, across the entire community. The analysis demonstrated that overall the differences in resources and other disparities within the community are relatively minor from one area of the community to the next and there was no significant, as outlined in the legislature, disparities that needed particular attention in order for the City to demonstrate AFFH in the Housing Element. The Housing Element programs therefore propose citywide implementation to continue to promote access to fair housing opportunity throughout the community and to ensure that disparities are not exacerbated in the future.

Candidate Sites Analysis (Appendix F)

Appendix F is the City's Candidate Sites Analysis. This chapter outlines the pipeline projects, existing capacity, and rezoning capacity of properties within the City that allow the City to meet our RHNA of 4,163 units. The Housing Element has been prepared to be consistent with the proposed land use amendments of the 2040 General Plan. The 2040 General Plan proposes increases in residential and mixed-use densities across the City, which the Housing Element sites analysis incorporates. Sites have been selected based on potential capacity for housing based on the implementation of the programs and actions in the Housing Element Policy Plan. There is a focus on redevelopment of the Downtown and creating policies to support such redevelopment, which is consistent with the goals and direction of the 2040 General Plan. Every site identified in the Candidate Sites Analysis has a detailed description of existing uses and how the potential capacity could be achieved.

Community Engagement (Appendix G)

Throughout the development of the 6th Cycle Housing Element, the City has engaged the community and stakeholders to receive feedback and input on the Housing Element. Appendix G includes all public outreach efforts, publications, and comments received from the community.

Following the public comment period in February 2026, the City received a comment letter from Christopher Peto on February 18, 2026 (**Attachment 4**), who has proposed a commercial development on the property located at the corner of 4th Street and Rajkovich Way. This property is currently zoned West Gateway Mixed-Use, which requires mixed-use development of commercial and residential at a density of 20-35 units per acre, and has been identified in the Housing Element as a candidate site. The property owner has requested removal of the property from the Housing Element to support a commercial project proposal.

Glossary of Terms (Appendix H)

Appendix H contains a glossary of terms for the Housing Element.

Next Steps:

As mentioned above, the City submitted the latest draft of the 6th Cycle Housing Element to HCD in February 2026. This was the fourth submittal to HCD and responded to mid-review comments that the City received from HCD following the City's December 15, 2025 third submittal to HCD. On February 13, 2026, the City received a letter from HCD indicating that the Draft 6th Cycle Housing Element meets all of the statutory requirements and addressed the outstanding comments from HCD's January 31, 2025 review.

The next steps to achieve certification and statutory compliance are to adopt the 6th Cycle Housing Element, and then to adopt the necessary zoning map and ordinance amendments to rezone the candidate sites within the Housing Element.

CEQA: The project has been prepared in consistency with the Certified Environmental Impact Report for the Hollister 2040 General Plan, Climate Action Plan, and Agricultural Lands Preservation Program (State Clearinghouse No. 2021040277).

CONCLUSION: The City has prepared an update to the Housing Element to bring the Housing Element into compliance with State law. The 6th Cycle Housing Element outlines goals, policies, and actions for the City to help reach out fair share of housing needs within the State. On February 13, 2026, following their latest review of the document, HCD provided the City with a letter indicating that the 6th Cycle Housing Element meets all statutory requirements in its current form. The Planning Commission is asked to consider the 6th Cycle Housing Element and make a recommendation on its adoption to the City Council.

PREVIOUS COUNCIL OR COMMISSION ACTION: None.

PLANNING COMMISSION OPTIONS:

The Planning Commission has the following options related to this item:

1. Adopt a resolution recommending approval of the 6th Cycle Housing Element to the City Council as drafted (Attachment 1);
2. Adopt a resolution recommending approval of the 6th Cycle Housing Element to the City Council with amendments as may be proposed by the Planning Commission; or
3. Adopt a resolution recommending denial of the 6th Cycle Housing Element to the City Council.

ATTACHMENTS:

1. Resolution recommending approval of 6th Cycle Housing Element
2. Draft 6th Cycle Housing Element (Exhibit A of the Resolution)
3. Presentation
4. Public Comment