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**IMPLEMENTATION PLAN FOR THE
HOLLISTER COMMUNITY DEVELOPMENT PROJECT
2004-2009**

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INTRODUCTION

The "Community Redevelopment Law" was first adopted in 1945 to assist communities that were struggling to stem and reverse the decline of California's urban centers. This Law was codified in the California Health and Safety Code (the "Law"); which identified the authority and requirements for a jurisdiction to adopt a redevelopment project. The Law has been altered and updated many times since its initial adoption; one of the most important changes occurred in 1952, as a result of a voter initiative. The initiative allowed communities to utilize tax increment financing in their efforts to assist those areas facing severe economic and physical decline.

Another major change in the Law occurred on October 6, 1993, when Assembly Bill 1290 (Isenberg), enacted as Chapter 942, became law. This law is entitled The Community Redevelopment Law Reform Act of 1993 and includes sweeping changes in the Community Redevelopment Law. SB 732 signed by Governor Wilson on September 27, 1994, provided technical clean ups to certain provisions of AB 1290. The provisions of AB 1290 and SB 732 were developed by the California Redevelopment Association (CRA) and legislative representatives to correct perceived abuses and insure that the redevelopment process remained focused on the alleviation of blight through public improvements and economic development and the provision of affordable housing. The changes in the Law affect both existing project areas as well as new plan adoptions. Revisions to the definition of blight, the end to fiscal review committees, time limits on all project areas, the repeal of authority for commercial rehabilitation loans, assistance to manufacturing facilities and provides options for agencies in meeting their inclusionary housing requirements

After the 1993 Reform Act became law, each agency is required to adopt a five-year implementation plan, which provides documentation between linking blight elimination and the goals, objectives and actions of redevelopment agencies. For project areas adopted on or after January 1, 1994, agencies must include an implementation plan. (§33352) Each agency which adopted a redevelopment plan on or prior to December 31, 1993, must prepare and adopt, the following public hearing, and implementation plan on or before December 31, 1994, and every five years thereafter. (§33490[a]) In addition, at least once in the third year of each five-year period, the agency must conduct a public hearing and hear testimony of interested persons to review the effectiveness of the implementation plan.

Implementation plans provide the roadmap in a five year planning period for agency activities, which sharply contrasted the past practice of planning through the agency budget process. The Law also required a biannual hearing on the redevelopment plan. This hearing provided an additional opportunity for the agency and community to evaluate existing programs and plan for new programs. The disadvantage of the biannual hearing was that it focused on the redevelopment plan, a policy document, rather than programs. AB 1290 replaces the biannual hearing with the five year Implementation Plan, focusing on agency programs.

The implementation plan is required to describe specific programs including potential projects and estimated expenditures of an agency for the project area for the next five years and an explanation how the programs will eliminate blight and implement low and moderate income housing goals. The implementation plan must describe how an agency will implement both the requirement to increase, improve and preserve low- and moderate- income housing and the inclusionary housing requirement. This section of the plan proposes an annual housing program and specific plans for the expenditures of monies from the Low and Moderate Income Housing Fund. If an implementation plan contains a project that will result in the destruction of low or moderate income housing, the implementation plan must identify proposed locations suitable for the replacement dwelling units.

The goals and objectives of an implementation plan will also affect the disposition of agency property and agency funding of public improvements. When an agency conveys property acquired in whole or in part with tax increment funding, the report required of the agency (§33433) now mandates an explanation of why the sale or lease of the property will assist in the alleviation of blighting conditions, together with supporting evidence. Prior to payment for the cost of a public improvement of facility, an agency must find the payment of funds for the cost of the improvements will assist in the alleviation of blighting conditions or provide low and moderate income housing consistent with the Implementation Plan.

The City of Hollister Redevelopment Agency has prepared the following five year Implementation Plan. As allowed by section 33490 (c), this Implementation Plan addresses the Hollister Community Development Project Area adopted by the City Council on July 19, 1983 by Ordinance No. 611. As required by law, the Implementation Plan was adopted by the City Council after a public hearing on December 20, 2004. The community was notified of the hearing pursuant to the provision of Government Code Section 6063 as required by the Law.

The Implementation Plan is intended to provide general guidance for the implementation of the Agency's programs and activities. It is expected that particular constraints and opportunities, not fully predictable at this time, will arise in the course of undertaking programs and activities described in this Plan over the next five years, may vary in their precise timing, location, cost, expenditure, scope and content from that set forth in this document.

Under the provisions of the Law, revisions to the implementation Plan may be made at any time so long as the Agency holds a properly noticed public hearing on the proposed modifications. The Law does specifically require, however, that the Agency conduct a formal review of the Implementation Plan within two to three years following adoption. Amendments to the Implementation Plan may be made at that time, if appropriate.

HISTORY OF THE HOLLISTER COMMUNITY DEVELOPMENT PROJECT

The Plan for the Hollister Community Development Project Area was adopted on July 19, 1983 by the Ordinance No. 611. The following table presents summary information of the project:

Information of Redevelopment Projects

Acres	2,075
Adopted	July 19, 1983
Amended on	May 8, 2002
Base Year Value	\$183,279,636

Time Limits Under AB 1290

Tax Increment	2033
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Financial Limits

Tax Increment Cap	\$650,000,000
Bond Limit	\$75,000,000

The Project Area was characterized by poor land use and circulation patterns, inadequate public improvements, physical deterioration and economic dislocation. All of these factors detracted from the Area, hindering development of the highest and best use of the properties.

The Agency surveyed conditions in the Project Area in a 1993 blighted conditions report and found that, while the Agency had made progress in eradicating some of the blighting influences in the Project Area, the Area continued to require the efforts of the Agency to correct the many continuing problems. Certain portions of the Project Area were actually in worse condition in 1993, due to the devastation created by the 1989 Loma Prieta earthquake and the fires downtown in 1991. The results of the 1993 survey are set forth in the existing Conditions report, dated January, 2000.

The Loma Prieta earthquake, with an epicenter approximately 30 miles North West of Hollister measured 7.1 on the Richter scale. The earthquake devastated Downtown Hollister. Twenty buildings were damaged and 60% of those buildings were demolished or required major repair. The economic job loss to San Benito County was estimated to be over \$6 million. Above and below ground infrastructure in the City was also severely damaged. The City's Downtown also suffered a major blow when eight downtown businesses were destroyed by fire, causing an estimated \$3 million in damages.

The Agency has invested over \$24 Million in public infrastructure improvements in the Project Area over the last fifteen years, including \$7 million in the aftermath of the earthquake. The projects completed by the Agency in the Project Area include the following:

- a) Numerous circulation and traffic improvements including street re-surfacing and the installation and rehabilitation of curbs, gutter and sidewalks.
- b) Economic development activities including rehabilitation loans to existing businesses, attraction of new business, provided loans to existing businesses for capital equipment as it relates to job creation and retention, support of the Hollister Downtown Association, the development and adoption of the Downtown Strategy and Plan.
- c) Installation and rehabilitation of drainage and utility systems, installing utilities underground in Downtown Hollister, and completion of a four story parking structure downtown.
- d) Numerous comprehensive affordable housing projects and programs serving all income ranges.
- e) San Benito Street Beautification Project.

Goals and Objectives

The general goals and objectives for the Project Area are outlined in the Redevelopment Plan. The primary goal of the Redevelopment Plan is to eliminate the blighting influences and prevent the spread of deterioration in and about the Project Area. The goals of the Implementation Plan are set forth below are based primarily on the goals set forth below are based primarily on the goals set forth in the Redevelopment Plan.

IMPLEMENTATION PLAN GOALS

The goals of this Implementation Plan are as follows:

1. To provide a stable, diversified and larger economic base for the Project Area and community.
2. To conserve and improve existing public facilities and to provide such new facilities as needed for the full and complete development of the Project Area
3. To provide a safer, more efficient and economical movement of persons and goods within the Project Area and community.
4. To provide additional housing opportunities in the Project Area and community.
5. To enhance the physical environment of the Project Area and to emphasize its favorable environmental characteristics.
6. To improve the physical condition of the public and private buildings in the Project Area including a reasonable level of earthquake resistance.
7. To provide for downtown revitalization and the development of vacant sites resulting from earthquake or fire.
8. To pursue a Redevelopment Plan Amendment.

IMPLEMENTATION ACTIONS

To accomplish the Goals outlined above, the Agency will pursue attainment of the following objectives and implementation actions:

Goal 1 – A Stable, Diversified and Larger Economic Base.

- A. Encourage the development of a variety of revenue producing uses in order to mitigate adversities affecting single commercial or industrial sector of the economy.
- B. Promote a high degree of architecture interest, quality of construction and community character in the development and redevelopment of the Project Area in order to attract owners/tenants best able to contribute to the total betterment of the Project Area and community.
- C. Encourage a broad range of building types, densities and flexibility of use in newly developing areas in order to better react to changing technologies, methods of production and distribution, and national and local social and economic circumstances.
- D. Create public/private partnerships to facilitate the development of commercial, industrial and residential land in order to increase and diversify revenue sources available to the community.

Goal 2- Improve and Expand Public Facilities

- A. Rehabilitate or reconstruct deteriorated water, storm and sanitary utilities, including generation, transmission, treatment and storage facilities.
- B. Develop additional utility systems and facilities to support development.
- C. Improve and develop parks, recreation and cultural facilities in support of present and future developments.

Goal 3- Movement of Persons and Goods

- A. Reconstruct and improve deteriorated and inadequate streets.
- B. Reduce present through-traffic impacts by providing alternative circulation routes.
- C. Integrate local transportation plans with other local, regional and state plans.
- D. Improve overall vehicular circulation by the construction of needed circulation improvements.
- E. Develop local public and private funding for projects either not eligible or not now funded by outside agencies.

Goal 4- Housing Opportunities

- A. Use funds and resources available, as per State Law, to support affordable housing opportunities.
- B. Assist the City in the Rehabilitation of existing rental and owner-occupied housing stock throughout the community.
- C. Assist in the Construction of affordable rental and owner-occupied housing.

- D. Assist in down payment programs for first-time home buyers

Goal 5 – Natural Areas and Environmental Qualities

- A. Coordinate local plans for the creation, conservation and enhancement of natural areas with similar regional, state and federal plans.
- B. Encourage development that recognizes and addresses the concerns of the community to preserve the natural environment.
- C. Require future development and redevelopment to enhance the environmental qualities which give form and character to the community.

Goal 6 – Improvement of the Condition of Buildings

- A. Provide for the rehabilitation and, when appropriate, seismic strengthening of the public buildings to enhance usability and promote public safety.
- B. Assist, as may be appropriate, in the rehabilitation and seismic strengthening of private buildings, with special emphasis on commercial buildings in the downtown area.

Goal 7 – Downtown Revitalization

- A. Provide incentives, as may be appropriate, in the form of rehabilitation loans and grants, to facilitate the rehabilitation of buildings and the improvement of facades in the downtown area.
- B. Take all reasonable steps to encourage the redevelopment of vacant sites in downtown resulting from earthquake and fire.

Goal 8- Plan Amendment

- A. Take necessary steps in the development of a plan amendment.
- B. Provide information in the document that encourages the above mentioned goals.

In addition to the above stated Goals and Implementation Actions, the following objectives are recognized by the Agency:

1. The Agency shall in its activities observe the goals of the City of Hollister General Plan and the provisions of the City of Hollister Zoning Ordinance and other measures used to control development and use of property.
2. The Agency shall attempt to avoid any undesirable impact of the project activities upon adjacent areas outside the Project Area.
3. The Agency shall attempt to provide whatever public improvements may be needed to support any of the goals of this Plan.

**IDENTIFICATION OF CONDITIONS IN THE PROJECT AREA THAT CAN
CREATE A SERIOUS BURDEN ON THE COMMUNITY AND IMPAIR THE
REDEVELOPMENT OF THE PROJECT AREA**

In order to adopt a redevelopment project area under the Law, there is a requirement that the area contain certain blighting characteristics which have caused a reduction of the best and proper usage of the area to such an extent that it creates a serious physical and economic burden on the community that cannot be rectified or reversed by the private sector acting alone. Prior to 1994, the Law set forth several characteristics which would indicate that an area was appropriate for the use of redevelopment which include:

- A. Buildings and structures that are unsafe due to one or more of the following:
 - a. defective design and construction
 - b. faulty interior arrangement and exterior spacing
 - c. high density population or overcrowding
 - d. inadequate light, ventilation, sanitation, open spaces and recreational facilities
 - e. age, obsolescence, deterioration, dilapidation, mixed character of shifting use

- B. The socioeconomic factors included in the Law were:
 - a. the existence of parcels of shape and size inadequate for proper development
 - b. Existence of lot layouts that are incompatible with topography or physical conditions
 - c. The existence of inadequate public improvements, government facilities, open spaces and utilities which cannot be remedied by private or governmental action without redevelopment
 - d. Prevalence of depreciated values, impaired investments and social and economic maladjustment

The adoption of AB 1290 changed definitions of blight which can be considered in establishing project areas adopted on or after January 1, 1994. The definitions in the new Law divided blighting conditions into physical and economic factors.

Physical conditions that cause blight:

- 1. Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deteriorations, defective design of physical construction, faulty or inadequate utilities, or other similar factors.

2. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
3. Adjacent or nearby uses that are incomparable with each other and which prevent the economic development of those parcels or other portions of the project area.
4. The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Description of economic conditions that cause blight:

1. Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).
2. Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
3. A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, and banks and other lending institutions.
4. Residential overcrowding or an excess of bars, liquor stores or other businesses that cater exclusively to adults, which has led to problems of public safety and welfare.
5. A high crime rate that constitutes a serious threat to the public safety and welfare.

Although the Hollister Project was adopted prior to 1994 and qualified under the previous definitions in the Law; both the new definitions in AB 1290 and the definitions applicable at the time of adoption of the Redevelopment Plans, were taken into consideration in identifying blighting conditions existing in the Project Area for the purpose of this implementation plan.

Description of the Project Area Blighting Conditions

Many of the conditions of blight have been addressed. Agency projects for infrastructure, affordable housing and economic development have assisted in the upgrading of neighborhoods and the elimination of blight. Unfortunately, many parts of the Project Area continue to demonstrate the effects of blight.

Specific blighting conditions within the Project Areas are related to building conditions, property conditions, building code violations, and age and obsolescence of structures. Deteriorated building and property conditions, and other factors that indicate functional obsolescence are common to the Project Areas.

The Project Area suffers from a variety of physical blighting influences. A survey conducted on behalf of the Agency in 2001, showed a variety of blighting characteristics. The Project Area residents also suffer from economic influences which contributed to and result in the physical blighting characteristics as shown in the following data from the 2000 US Census, and 2004 San Benito County Comprehensive Economic Development Strategy.

Much of the socioeconomic information available is based on County statistics. Hollister is one of two cities in the County, and contains over 64 % of the County's population. That is an increase of 5% over the previous Implementation Plan statistic. Therefore, the socioeconomic information is assumed to be similar for the City. The Project Area contains approximately 64% of the City's population. Therefore, it is also assumed that the information on the City of Hollister will also apply to the Project Area.

Housing

The City contains 10,585 units, of which 67% are owner occupied. Housing in the City has a lower value than housing in the surrounding areas. However, Hollister rents are slightly higher than the surrounding communities and the countywide average. The lower income of Hollister residents could indicate a number are overpaying for rent. The median value and median rent for Housing in the County, is shown below:

	Aromas	San Juan Bautista	City of Hollister	Unincorp.	Countywide
Median Value	\$588,923	\$606,500	\$500,190	\$690,302	\$529,055
Median Rent	\$1,462.00	\$775.00	\$1,870.00	N/A	\$1,257.00

The U.S. Census defines overcrowded housing as units with more than one inhabitant per room, excluding kitchens and bathrooms. According to 2000 census data and as shown in Table 6, there are 1,690 overcrowded units in Hollister, which represents 17.3% of all occupied housing units. Of these, 329 units are severely overcrowded with 2 or more person per room. The incidence of overcrowding has increased since 1990 when 15.1% of housing units were reported as overcrowded. The overcrowding rate is slightly higher than that observed in San Benito County and across California (15% in both cases).

Overcrowding is a larger problem among renter-occupied units. There are 887 rental units that are overcrowded, representing 27.1% of all renter-occupied units. Of the owner-occupied units, 12.4% (803 units) were reported as overcrowded.

Overcrowding is not necessarily addressed by building larger units. While large families may suffer from overcrowding, single individuals and small families may be also affected by overcrowding when they double-up with other households in order to share

housing expenses. Thus, housing policies that expand the supply of all types of affordable housing, in addition to affordable large units with more rooms, will help to alleviate overcrowding.

The California Department of Finance showed that Hollister had a slightly higher number of persons per household (3.55) in comparison to the overall County (3.34). The U.S. Census also showed that 17.3% of all units in the City were defined as overcrowded and 60% of those overcrowded units were rentals. Overcrowding is defined as a household with more than 1.01 persons per room excluding kitchens and baths.

Based on the median income of the County of San Benito (\$71,900) it is projected that only 20% of the residents would be able to purchase a median priced home in the City. In the surrounding counties, a similar situation exists. However, the projection for residents purchasing homes in surrounding counties is slightly higher.

State Law requires each local jurisdiction to meet their share of regional housing needs. The regional housing need for each community is based on the types of housing now available in the community. The goal is to provide a balanced mix in each community. Hollister already contains a relatively large amount of very-low and low income housing.

Hollister's share of the projected regional housing needs is outlined below based on the City of Hollister's General Plan Housing Element, which as of the date of this report has not been adopted by the City Council.

Regional Housing Needs	City of Hollister
Very -Low Income	21.7
Low Income	17.7
Moderate	22.6
Above Moderate	38.0

Income:

The information on the median household income for the County of San Benito, surrounding Counties and the State Shown below is from the State of California Department of Housing and Community Development Department. It should be noted, the increase in the County's median income over the States average is due to the growth in the unincorporated areas of the County and the City of Hollister outside of the Project Area. Income levels within the Project Area can be assumed to be much less than that of the County as a whole. The Project Area contains a number of low income households, including the elderly, single heads of households and farm workers.

Area	Median Household Income (2004)	Hollister as a Percentage of
San Benito	\$71,900	
Santa Clara County	\$105,500	146%
Monterey County	\$60,800	85%

California	\$62,500	87%
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Information from the US Census showed approximately 9.53% of San Benito County's population had incomes at or below the poverty level in 1989. This can be compared to 7.5% of the population in neighboring Santa Clara County.

Elderly

Approximately 19% of the households in Hollister contain persons over the age of 65. The percentage is even higher within the Project Area. According to the Census, 71% percent of these residents own their own home and 29% rent. In Hollister, over 16% of the elderly pay more than 35% of their income for housing. There are two publicly subsidized housing developments for seniors located in the City, containing 76 rental units. There continues to be a waiting list for these two projects. The Agency intends to utilize the Housing Set Aside fund to assist in the production and rehabilitation of housing for seniors. Furthermore, plans are currently being developed to construct a senior project expected to generate an additional 72 affordable units.

Family Size

The 2000 Census showed that Hollister contains a higher percentage of children and young persons in comparison to the rest of the County.

In addition to the higher number of children, over 13% of the total households in the City are female-headed and 70% of those households live below the poverty line. The Aid to Families with Dependent Children (AFDC) rates for the City are not available, however, over 3.5% of the County population receives AFDC. The Redevelopment Agency has and will continue to use housing set aside funds and other revenues to assist in the development and rehabilitation of housing for families.

Farmworkers

Another group of low-income households in the City is farm workers. The County estimates that nearly half of the peak agricultural labor force is permanent city residents. While no specific data is available for Hollister farm workers, previous studies have shown that farm workers median income to be less than one third that of the County's median income. A study conducted in 1988 by the State department of Housing and Community Development found that 35% of farm workers were paying more than one half of their income for housing. It can be assumed that with the increasing rents within the City, farm workers are continuing to pay well over half of their income for housing. The Redevelopment Agency has and will still continue to use housing set aside and other revenue sources to assist in the development and rehabilitation of housing for low income persons, including farm workers.

Employment

The County's major economic sector is agriculture. The seasonality of the agricultural industry creates high unemployment and low wages for many of the City's residents.

The 1992 Overall Economic Development Program published by the San Benito County Economic Development Corporation states that a large number of the County's workers are low skilled and the seasonal workers have low English language and literacy levels. The majority of these low English competency workers are Hispanic. The percentage of Hispanic residents in the City and the other areas of the County is shown below.

Aromas	San Juan Bautista	City of Hollister	Unincorporated	Countywide
21%	45%	56%	33%	46%

The Census showed that 33.9% of the County's population spoke Spanish as the primary language. Of those persons for whom Spanish was the primary language, 54.7% stated that they spoke English "very well" and 46.3% stated they spoke English "well" or "not well".

The County has established a precedence of having an unemployment rate higher than the State and a majority of the surrounding communities. Even in today's excellent economy, the County's unemployment rate is 7.3% (August, 1999). The States unemployment rate at the same time was at 5.7%.

San Benito County unemployment rates for the previous six years.

YEAR	Annual Average Unemployment Rate (%)
2000	10.0
2001	10.5
2002	12.6
2003	12.1
2004	10.7

Physical Evidence of Economic Blight

The physical manifestations of the economic dislocation in the Project Area are most evident in the commercial and industrial areas in the Project Area. Downtown Hollister and portions of other commercial and industrial areas in the Project Area have ample evidence of impaired investment, incompatible land uses, high business vacancies,

marginal businesses, and vacant lots. These factors have contributed to and continue to contribute to the decline of economic base in these areas.

The City staff and community have worked together to analyze the problems in the Downtown Area and develop solutions to assist in the development of its economic viability. These efforts culminated in the development of the Downtown Strategy and Plan. Unfortunately, the reuse of the buildings that have been vacated will be inhibited by the defective design of the retail space.

In the Downtown, the most obvious sign of economic blight is the number of vacant space and vacant land available. The vacancies are due to several factors, the main is the lack on investment of property owners. However, the participation by property owners has been increasing since the beginning of 2004. With information received by the Hollister Downtown Association, rents within the Downtown are still approximately \$1.25 a square foot.

The first Redevelopment Implementation Plan identified several problems which keep the Downtown from being competitive with other areas of the City and surrounding communities; many of those conditions have been mitigated over the previous five years.

The Downtown lacks acceptable levels of parking and this phenomenon was identified as being detrimental to the marketing and expansion of Downtown Hollister. The Redevelopment Agency completed a public parking garage in 1996 which added 143 spaces. Traffic congestion of trucks and automobiles due to the highway and railroad crossing was also identified as problematic. However, as of 1997, Highway 156 now bypasses the City limits and has greatly reduced the number of trucks and cars driving through Downtown, relieving traffic congestion.

Other conditions identified in the original Implementation Plan, however, still exist today.

- Age and obsolescence of the structures
- Poor to average business climate due to the number of small lots, vacant structures and lots.
- Lack of a critical retail “mass” necessary to attract buyers.

The problem facing the Downtown is the lack of modern and efficient buildings that can offer a shopping experience comparable to newer facilities. The Downtown buildings can offer a different environment by utilizing the historic structures but the buildings must be renovated to provide adequate display space and lighting. However, the city has a number of small parcels that are owned by various landowners, which creates problems for the Agency, since frontage is limited and product advertisement is difficult.

Renovation to Downtown buildings is costly due to the necessity of seismic strengthening along with all of the other rehabilitation needs. Many of the buildings

contain asbestos insulation or heating ducts, which can be expensive to abate. The electrical systems of many of the buildings are inadequate by today's standards for commercial or professional office uses. Any renovation generally requires an upgrade of the electrical and communication system along with the possibility of fire suppression systems to meet modern building codes. This type of investment is difficult to make when newly renovated structures or new structures lease rates are approximately \$1.25 per square foot.

The 1989 Loma Prieta earthquake was responsible for the damage and/or destruction of over 20 buildings Downtown and the substantial weakening of many more structures. In 1993, the Downtown contained a vacant lot on nearly every block. These vacant lots held structures that were rendered uninhabitable by the earthquake or by subsequent fires in the Downtown. Only three lots have been rebuilt since 1993, and the Redevelopment Agency played a role in the reconstruction. Otherwise, the number of vacant lots has not changed which attest to the difficulty in financing new construction in Downtown Hollister.

Summary of Economic Blight

The Project Area is composed of three general types of land uses: the Downtown, other commercial and industry area and older residential components of the community. The Downtown is the most seriously impacted area. Other commercial areas have some comparable factors as the Downtown in terms of physical problems and poor economics, except that the blighting factors are not as concentrated. The residential areas included within the Project encompass older residential neighborhoods of the community. These areas exhibit many physical problems as well as a lack of adequate public infrastructure. The Agency will continue to take action to preserve the affordable housing and to improve the existing residential neighborhoods. In the next five years the Agency will continue to support the affordable housing rehabilitation program, and continue identifying streets and other infrastructure for reconstruction.

With the recent efforts of the City of Hollister, the Redevelopment Agency and the Economic Development Corporation, the City has managed to create many new jobs. However, the project area still continues to suffer from many factors which contribute to the low income of Project Area residents. These factors include a lack of employment, lack of steady and well paying jobs, lack of training to achieve the necessary skills for the present job market and low English competency levels.

PROPOSED AGENCY FIVE YEAR GOALS AND IMPLEMENTATION

The Implementation Plan must set forth specific goals and objectives of the Redevelopment Agency for the Project Area. The broader goals and objectives of the Hollister Redevelopment Project Area were set forth on page 5 of this Implementation Plan.

IMPLEMENTATION

Agency policies will continue to address the effects of blight in the Project Area, including:

- A) Graffiti Removal Programs –
The Agency will purchase a graffiti removal machine and continued support of a staff person to operate the machine and coordinate the removal program. The removal of graffiti throughout the Project Area will improve the value of properties in the Area.
- B) Development of the 400 Block Property –
The Agency will facilitate the development of a vacant Downtown property. The development of the property is expected to provide approximately 50,000 square feet of commercial space. This development will attract people to the downtown stimulating the economic viability of the area.
- C) Assist in the development of a YMCA –
The Agency will assist in the development of a new YMCA. In addition, the Agency will provide space within an existing downtown building for the YMCA to begin program implementation.
- D) San Benito Streetscape Improvements Phase II -
The Agency will consider implementing the recommendations provided by the Downtown Strategy and Plan previously adopted by the City Council. The improvements include new sidewalks, with decorative pavers, pedestrian lighting and benches.
- E) Pavement Management Program-
The Agency with the assistance of the Public Works / Engineering Department will continue to identify streets within the Project Area to be Rehabilitated in order to enhance the circulation of goods and people.
- F) Facade Improvement Program-
The Agency intends to assist Downtown property owners in the rehabilitation of facades to ensure the public health and safety aspects and enhance the overall esthetics of Downtown.
- G) Economic Development-
This program will assist the Agency and local businesses in promoting the benefits of Hollister for retail, commercial and industrial business and developments. This program will continue to support the San Benito County Economic Development Corporation and may assist in the development of a reuse plan for the canneries.
- H) Continued support of the Hollister Downtown Association-
The HDA provides programs to assist the business in the Downtown.
- I) Assistance in the development of a new water treatment facility-
The new facility will improve the cleanliness of the water and serve as a commitment to the Project Area.
- J) Assistance in the development of a new Sewer Treatment Facility-

The new facility will enable the City to increase its economic development efforts by ensuring sufficient sewage capacity for new industrial businesses.

- K) NPDES Phase II compliance-
The Agency plans to assist in the implementation of any NPDES Phase II compliance requirements where appropriate and necessary.
- L) Rancho San Justo Sports Facility-
The Agency plans to assist in the development of new permanent restrooms, snack bar, and storage building. The Agency also plans to assist in landscaping efforts in order to improve the overall aesthetics of the area.
- M) Affordable housing programs including rehabilitation loans and development of new units-
One major project will be the development of a 72 unit garden apartment complex exclusively for very-low income seniors.
- N) Assistance with development of Westside Apartment Project-
The Agency plans to assist Community Services Development Corporation with construction of new multi-family units at Westside and 4th streets.
- O) Palm Court Apartments Expansion and Rehabilitation Project –
The Agency will assist in the expansion and rehabilitation of 12 existing and dilapidated apartment units off Line Street.
- P) Assistance with Highway 25 Safety Improvements –
The Agency will assist in the construction of road improvements along Highway 25.
- Q) Assistance with new Animal Control Shelter –
The Agency has offered assistance in the planning and construction of a new animal control shelter.
- R) Purchase and Reuse of Fremont School –
The Agency plans to purchase Fremont School and will assist in reuse options.
- S) Assistance with new and relocated Fire Station #1 –
The Agency plans to assist in the relocation and construction of Fire Station #1.
- T) Hollister Second Mortgage Program –
The Agency plans to offer down payment assistance to low-income first-time homebuyers.
- U) Assistance with Gateway Projects –
The Agency plans to assist with land acquisition and development of mixed use projects at the City's north and west gateways.
- V) Commercial Loan Program-
The Agency plans to develop and implement a commercial loan to encourage appropriate business to locate at the City's gateways.

- W) Assistance with Capital Improvement Projects at the Gateways-
The Agency plans to assist with Capital Improvement projects that would enhance the aesthetic qualities at the City's north and west gateways.

EXPLANATION REGARDING THE ELIMINATION OF BLIGHT

All of the programs undertaken by the Agency will assist in the eradication of the physical deterioration in the Project Area and in the creation of employment for residents, Agency's economic development efforts, development of large commercial space, façade improvements, rehabilitate streets to improve circulation, support of the Hollister Downtown Association. The Agency completed a Downtown Streetscape project and will consider phase II of this project when Caltrans relinquishes control over San Benito Street. These activities will increase the tax base and provide more retail and service opportunities for the benefit of the residents of the area.

The Community Redevelopment Law requires agency actions to be linked to the alleviation of blighting conditions. A matrix has been provided as an attachment which details the alleviation of blighting conditions as they relate to the programs described above.

PROJECT FINANCING

Agency activities have been and continue to be financed by tax increment revenue; which is determined by the assessed value of all of the properties in the Project Area. The Agency receives tax increment revenue when the assessed value of the Project Area increases over the assessed value of the Project Area at the adoption date ("base year value"). The tax increment revenues are equal to the amount of taxes attributable to the difference between current year taxable values in the base year.

Tax increment is created as property owners rehabilitate their properties creating a higher assessed value, as properties are sold at higher values and when vacant and underutilized land is put into productive use. In the Project Area, the Agency has invested over \$31 million in improvement projects. This investment has spurred additional private development and increased the Project Area valuation 54% over the base year valuation of the Project Area.

The Housing Department of the Redevelopment Agency will continue to apply for grants for the purposes of providing low and moderate income housing. In addition, the Agency will seek other funding sources to assist in the preparation of plans and programs to stimulate economic development.

**PROPOSED PROGRAM EXPENDITURES TO ELIMINATE BLIGHTING
CONDITIONS**

Community Redevelopment Law requires that Agency expenditures be linked to the alleviation of identified blighting conditions. An attachment has been provided which details the Agency's proposed expenditures as they relate to the programs described in this plan.

CONCLUSION

Agency policies and programs have substantially improved the Community Development Project Area, but many blighted conditions remain and the Project Area Implementation Plan as set forth above describes potential programs which are to be undertaken over the next five years and are designed to alleviate the Project Area's blighted conditions. However, the ability to complete the programs outlined will depend on the tax increment available to the Agency.



STAFF REPORT
CITY COUNCIL AGENDA

DATE: December 20, 2004
STUDY SESSION DATE: NA

AGENDA ITEM: Public Hearing **C2, #7**
MEETING DATE: December 20, 2004

- **TITLE OF ITEM:** Resolution of the City of Hollister Approving an Implementation Plan for the Hollister Community Development Project Area.
- **BRIEF DESCRIPTION:** The City Council will take public testimony and consider approving an implementation plan for the Hollister Community Development Project Area.
- **STAFF RECOMMENDATION:** Adopt Resolution 2004-18 approving the Hollister Community Development Project Area Implementation Plan.

DEPARTMENT SUMMARY: The State of California Housing and Community Development Department, through California Redevelopment Law legislation, requires that all redevelopment agencies compile a report every five years detailing the plans and programs the redevelopment agency is using to eliminate blight. This legislation also requires that the governing body of the jurisdiction opens a public hearing and takes testimony prior to considering or adopting the implementation plan, which is being considered at the December 20, 2004 meeting.

The attached report, in accordance with CRL Law, identifies all the plans, programs, and projects that the City of Hollister Redevelopment Agency is using to eliminate blight in the redevelopment project area for the life of the plan: 2004-2009.

Staff recommends that the City Council adopt the resolution approving the Hollister Community Development project Area Implementation Plan for the years 2004-2009.

FINANCIAL IMPACT: None.

DEPARTMENT: Community Development Department

CONTACT PERSON: Bryan Briggs **BB**

DEPARTMENT HEAD: William B. Avera **WA**

PHONE NUMBER: 636-4316

THIS REPORT WAS REVIEWED BY THE EXECUTIVE DIRECTOR AND CONCURS WITH THE STAFF RECOMMENDATION

Clint Quilter, City Manager **CQ**

AGENCY COUNSEL

Elaine Cass, City Attorney