

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



September 22, 2025

Bryan Stice, Director
Community Development Department
City of Patterson
1 Plaza
Patterson, CA 95363

Dear Bryan Stice:

**RE: City of Patterson – Keystone Ranch, Housing Accountability Act and
Housing Crisis Act – Letter of Technical Assistance**

The California Department of Housing and Community Development (HCD) is aware that on April 1, 2025, the City of Patterson's (City) City Council denied a tentative subdivision map application for a project known as Keystone Ranch (Project), located within the Zacharias/Baldwin Ranch Master Plan area (Master Plan). The Project would have allowed approximately 95 acres of land to be subdivided to accommodate 719 housing units, including single- and multifamily housing development. However, the City's denial of the Project is inconsistent with state housing law. Before denying the Project, the City did not make the required findings under the Housing Accountability Act (HAA)¹ and, when preparing conditions of approval for the Project, the City did not evaluate certain proposed conditions for consistency with the Housing Crisis Act (HCA).² This letter provides technical assistance regarding implementation of the HAA and HCA in connection with the Project.

Background

HCD understands that the Planning Commission considered the Project on February 20, 2025, prior to the April 1, 2025 Council hearing. The Commission adopted a resolution recommending that the City Council approve the Project, "along with enumerated conditions of approval...."³ As described in the City Council staff report, a subset of these conditions would have required the applicant to fully fund and construct a major water infrastructure project. Additionally, it would prohibit issuance of any building permits within the Master Plan until completion of that infrastructure, effectively

¹ Gov. Code, § 65589.5.

² Gov. Code, § 66300.

³ City Council Agenda Report, April 1, 2025, packet pg. 183, available at

<https://pattersonca.igmp2.com/Citizens/FileOpen.aspx?Type=1&ID=1458&Inline=True>

precluding housing development in the area for an indefinite amount of time.⁴ Specifically, the relevant condition states, in part: “Unless otherwise agreed to by [the] City in its sole and absolute discretion, [the] Applicant shall be responsible for its fair share obligation to fully fund land acquisition, design and construction costs of the recharge basin for the Del Puerto Creek Project prior to issuance of any building permit in the Master Plan project area.”⁵ (Emphasis added.) As HCD understands it, the referenced water infrastructure project is intended for the Master Plan area as whole, where the Project represents approximately 14 percent of the Master Plan’s overall residential capacity.⁶

The condition would have imposed a considerable burden on the Project; as HCD understands it, the stormwater recharge basin project was recently estimated to cost \$17.9 million, plus approximately \$1.5 million in land purchase cost, with an estimated completion date of 2030.⁷ As documented in the City’s April 1, 2025 meeting minutes, the applicant stated that they were not willing to agree to the conditions and, as a result, the City voted to deny the Project.

Housing Accountability Act (HAA, Gov. Code § 65589.5)

The HAA states that a housing development project that meets all objective standards may only be denied if the local government makes written findings, supported by a preponderance of the evidence on the record, that (1) a specific, adverse impact upon the public health or safety would result, and (2) feasible mitigation of the adverse impact is not possible.⁸ Specific adverse impact means “a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.”⁹ Feasible means “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.”¹⁰

In its review of the Project, the City did not perform the required evaluation pursuant to the above HAA findings before deciding to deny the Project. Doing so would have required the City to formally identify the presence of a specific adverse impact to health or safety associated with approval of the Project and evaluate whether there are any feasible mitigations to remedy the impact. Without making these written findings, denial of the project is inconsistent with the City’s responsibilities under the HAA.

⁴ Ibid. at 176.

⁵ Ibid. at 207.

⁶ Zacharias & Baldwin Ranch Master Plan, August 2022, pg. 11.

⁷ Settlement Agreement between City of Patterson and West Stanislaus Irrigation District (WSID) and Patterson Irrigation District (PID), March 4, 2025, packet pg. 3.

⁸ Gov. Code, § 65589.5, subd. (j)(1).

⁹ Gov. Code, § 65589.5, subd. (j)(1)(A).

¹⁰ Gov. Code, § 65589.5, subd. (h)(1).

The City's draft 6th cycle housing element is relevant to this issue and raises questions about the City's ability to make one or both of these findings. With respect to infrastructure improvements, *Draft Program 1.14 – Facilitating Development of the Zacharias & Baldwin Ranch Master Plan Areas*¹¹ states that the City is committed to the following relevant actions:

- Require developers to contribute their respective fair share to the infrastructure required for development of the Master Plan Area including water, sewer, and stormwater;
- Make its best efforts to begin design and environmental review of the Del Puerto Creek Project no later than December 2026;
- The City will collaborate with developers to ensure the timely construction of infrastructure, thereby facilitating the readiness of residential units for occupancy within the eight-year planning cycle.

Additionally, the draft element describes available infrastructure for the Zacharias Development Area (within the Master Plan) for purposes of the residential sites inventory, and states that “[p]otable water can be delivered to the development through existing City wells and infrastructure; however, the groundwater demand underlying potable water service in the City will need to be offset by groundwater recharge through the Del Puerto Creek Recharge Project, a version of which was always contemplated as part of the Master Plan. Developers will be required to contribute their fair share of financing for the recharge project.”¹²

The draft element also describes City efforts to address water supply, including “aggressively pursuing multiple projects to diversify its water supply and resolve supply issues by mid-cycle,” implementing conservation efforts, and actively seeking funding opportunities.¹³

Notably, however, the draft element does not identify the need for a condition as prohibitive and burdensome as what was proposed for Keystone Ranch, including the applicant's full responsibility for water infrastructure and completion of the full recharge basin prior to the start of any construction. Rather, that condition appears to conflict with the draft element's language about requiring developers to contribute “their respective fair share” to the infrastructure and financing for the recharge project. However, since the City did not produce the written findings required by the HAA, HCD is unable to fully evaluate how the City's denial of the Project fits with its commitments in the draft element.

HCD is also aware that the staff report noted that the project conditions were necessary pursuant to Government Code section 65589.5, subdivision (o)(2)(C) of the HAA, which provides that, “[s]ubjecting the housing development project to an ordinance, policy,

¹¹ Patterson HCD Revised Draft 6th cycle housing element, pg. 3-16 and 3-17.

¹² Ibid. at 4-11.

¹³ Ibid. at 2-54.

standard, or any other measure, beyond those in effect when a preliminary application was submitted is necessary to avoid or substantially lessen an impact of the project under the California Environmental Quality Act [CEQA]....”¹⁴ This statement on its own is insufficient for purposes of making the findings for denial required under the HAA.

HCD also reminds the City that, in enacting amendments to the HAA, the Legislature found that “[i]t is the policy of the state that [the HAA] be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing...” and that “the conditions that would have a specific, adverse impact upon the public health and safety....arise infrequently.”¹⁵

Housing Crisis Act (HCA, Gov. Code § 66300)

The HCA provides that “an affected city shall not enact a development policy, standard, or condition that would have the effect of “[i]mposing a moratorium or similar restriction or limitation on housing development... within all or a portion of the jurisdiction ... other than to specifically protect against an imminent threat to the health and safety of persons residing in, or within the immediate vicinity of, the area subject to the moratorium [or similar restriction or limitation].”¹⁶ (Emphasis added.)

As previously noted, the condition of approval requires completion of the recharge project “prior to issuance of any building permit in the Master Plan project area.”¹⁷ The time associated with completing that work – regardless of who is responsible for doing so – is unclear, but may be as late as 2030, one year before the 6th cycle housing element period ends in 2031. Accordingly, the condition of approval that the City required appears to have the effect of imposing a restriction or limitation on housing development within the meaning of the HCA. However, as with the HAA findings, the City did not undertake the analysis required by the HCA to support the restriction or limitation. Since the City did not provide the required analysis, HCD remains unable to evaluate the validity of the City’s attempted limitation on housing development.

Conclusion

In sum, HCD finds that the City’s review of the Project is inconsistent with the HAA, HCA and, further, appears to conflict with the relevant portions of the draft housing element.

HCD remains committed to supporting the City of Patterson in facilitating housing at all income levels and looks forward to working with the City to assist with implementation of state housing laws. In addition, HCD has enforcement authority over the HAA and HCA, among other state housing laws. Accordingly, HCD may review local government

¹⁴ City Council Agenda Report, April 1, 2025, packet pg. 181.

¹⁵ Gov. Code, § 65589.5, subd. (a)(2)(L)

¹⁶ Gov. Code, § 66300, subd. (b)(1)(B)(i).

¹⁷ City Council Agenda Report, April 1, 2025, packet pg. 176.

actions to determine consistency with these laws. If HCD finds that a jurisdiction is in violation of state law, HCD may notify the California Office of the Attorney General.¹⁸

HCD requests a written response from the City by October 22, 2025, indicating how the City plans to implement the guidance provided in this letter. For example, this could include (1) providing the written findings and analysis required by the HAA and the HCA and explaining how those findings align with the commitments in the City's draft housing element, or (2) explaining the City's timeline for revisiting its denial of the Project and the conditions imposed on the Project. If you have questions or need additional information, please contact Lisa Frank at Lisa.Frank@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Zisser', with a long horizontal stroke extending to the right.

David Zisser
Assistant Deputy Director
Local Government Relations and Accountability

cc: Douglas White, White Brenner LLP
Nubia Goldstein, White Brenner LLP

¹⁸ Gov. Code, § 65585, subd. (j).