

August 27, 2025

Mayor Rios and City Councilmembers
City of Gonzales
P.O. Box 647
Gonzales, CA 93926
Email: public.input@ci.gonzales.ca.us

Re: Vista Lucia Proposed Development

Dear Mayor Rios and Councilmembers,

The Vista Lucia development is being presented for approval at the September 2, 2025 Council meeting. LandWatch urges you to support Alternative 4 because it provides more housing that by design is affordable to local working families. Additionally, staff should tighten up the provisions on affordable housing units to be constructed by non-profit housing agencies to ensure these units are actually built.

This development would be the source of a vast majority of new housing for Gonzales over the next 30 years. It is therefore critical that decision-makers and the community carefully review the details of what is being proposed. Once approved, it will be extremely difficult to modify the terms of the development, despite the fact that it likely will not be completed for several decades and the City's needs may change.

Moreover, the project may not be approved unless the developer provides a concrete plan for mitigating the loss of agricultural land. LandWatch urges you to delay action and direct staff to bring the matter back to the Council only when such mitigation measures have been secured.

Alternative 4 Would Better Serve the Housing Needs of the Community

Alternative 4 in the EIR would better serve Gonzales and the surrounding community in terms of providing housing that is more affordable by design. Alternative 4 changes the project by increasing the number of units at high density (20 units per acre) to 40% of the project, or 1,400 units. These units would be far more affordable than what is being proposed, and more likely to attract buyers who live or work in Gonzales, instead of Silicon Valley or Monterey Peninsula commuters. While Gonzales city officials promote the notion of a classic suburb as preserving the

identity of the City, the reality of economics in 2025 is very different from the last century when suburban living was seen as the pinnacle of success. The modern trend is towards higher density homes located near shops, with neighborhoods that are more walkable and more communal. Alternative 4 would also require less land, saving 148 acres of agricultural land and reducing costs for the developer in terms of required agricultural mitigation.

Add Binding Language to Affordable Housing Requirements

The approval documents reference two ways of creating affordable units: (1) “affordability by design” units, which are assumed to be less expensive due to the density of the zoning district; and (2) units built by a qualified affordable housing organization.

However, the “affordability by design” units described in the Specific Plan will not, in fact, be affordable to most people who live or work in Gonzales. And, the sections in the Specific Plan and the Development Agreement that discuss finding qualified affordable housing organizations to build affordable units do not actually require these units be constructed, which is a major loophole that needs to be closed if the City wishes to see these units constructed.

LandWatch’s March 5, 2025 letter to the Gonzales Planning Commission (attached) contains a detailed discussion of the lack of commitment to affordable housing in the Vista Lucia documents. Only 89 units are projected to cost \$450,000, the remaining 3,000+ homes will be \$555,000 and more. Even \$450,000 is a stretch for many Gonzales residents. As the Gonzales Housing Element explains, households can dedicate only 30% of income to housing before they are “cost burdened.”¹ The rule of thumb to avoid cost burdening households is that annual income must be 33-40% of the unit sales price. This means that a household annual income would have to be at least \$150,000 to afford a Mixed Use district unit at \$450,000 and at least \$185,000 a year to afford a \$555,000.

Furthermore, the home price estimates in the Fiscal Analysis are not binding on the Developer; neither the Specific Plan nor the Development Agreement prevent the developer from charging more for them.

¹ City of Gonzales, Housing Element Update, 6th Housing Element Cycle, 2023-2031, Dec. 2024, Sections 4-5, p. 4., available at https://cityofgonzales1-my.sharepoint.com/:b/g/personal/epalmerin_ci_gonzales_ca_us/EYzAe_vWJmRDtpZ6gxAB8hEBZ4GkoyULJ_oOx21PrOMxgg?e=ysnqNA; see also, HCD, Income Limits, available at <https://www.hcd.ca.gov/funding/income-limits#:~:text=%E2%80%9CAffordable%20housing%20cost%E2%80%9D%20for%20lower.of%20gross%20income%2C%20with%20variations> [“Affordable housing cost’ for lower-income households is defined in State law as not more than 30 percent of gross household income with variations (Health and Safety Code Section 50052.5). The comparable federal limit, more widely used, is 30 percent of gross income, with variations. “Housing cost” commonly includes rent or mortgage payments, utilities (gas, electricity, water, sewer, garbage, recycling, green waste), and property taxes and insurance on owner-occupied housing.”]

As for deed-restricted affordable rentals to be built by a housing organization, there are major loopholes in the language that should be closed for approving the Development Agreement. Section 4.9 of the draft Development Agreement outlines the “Owner Affordable Housing Obligations,” identifying two different kinds of so-called affordable units – 422 multi-family units to be constructed in Blocks 6 and 25, and 49 “self-help” or “sweat equity homes” to be constructed in Blocks 3 and 20.

The draft Development Agreement requires the Master Developer to offer land for affordable housing, but nothing requires that the housing actually be built. Here are the key provisions:

- Section 4.9.1 states that Block 6, approximately 10 acres, “is intended for and shall be used for the construction of affordable homes thereon.”
- Within one year of acquiring title, the Master Developer shall “use its best efforts, with the City’s cooperation, to reach a binding agreement for donation of Block 6 to a qualified affordable housing developer approved by the City,” and “shall include assignment to the affordable housing builder a total of 211 affordable units.”
- If the Master Developer cannot execute such an agreement with an affordable housing builder within one year, the land is offered to the City, which “has a right, but not an obligation, to accept such offer.”
- If the City refuses the land, or if an agreement with an affordable housing developer is terminated (e.g., for failure to build the housing), the developer then has another year to find an affordable housing developer willing to take title to the land. If no affordable housing developer is forthcoming, the Master Developer then must deed the land to the City.

In short, the Master Developer’s only obligation is to offer the land to an affordable housing developer or the City. But nothing in the Development Agreement ensures that an affordable housing developer actually builds housing. This 10-acre parcel could sit for years, even decades, without a single unit being built. This same language is repeated for Block 25 (acreage not provided) in Section 4.9.3., with an additional 211 units, which, again, may never be built.

The Development Agreement also requires the Master Developer to seek a buyer of certain lots at market rate for the construction of 49 “self help” homes, or “sweat equity” homes. Under this model, a unique organization with specialized capacity and knowledge works directly with homeowners who are willing to help construct their homes; the owner and family members put a certain number of hours into home construction activities within their abilities, overseen by a contractor. Again, there is no requirement that sweat equity housing actually be built. If the Master Developer cannot find a market rate lot buyer willing to build subject to these terms within three years, “Master Developer shall have the right to sell and convey the ... lots or any portion thereof to a market rate

builder.” (Sections 4.9.4 and 4.9.5) In other words, the promise of these self-help homes is abandoned.

Delay Approval Until Agricultural Mitigation Measures are Identified

The proposed Development Agreement makes reference to the need for agricultural mitigation (Section 5.4), but provides no timeline for doing so. The Draft Environmental Impact Report Mitigation Measure 5-1 states that “the proposed mitigation option(s) are subject to review and approval by the City Council prior to its decision to approve the project.” (See EIR p. 5-9, emphasis added.) The EIR requires the City Council to approve the plan for compliance with Mitigation Measure 5-1 prior to approval of the project. For this provision to have meaning, the proposed mitigation measures must be concrete and reasonably achievable.

Conclusion

Alternative 4 is the most practical option if the City hopes to provide housing that its residents and the larger Salinas Valley community can afford. LandWatch also urges the Council to direct staff to close the loopholes in the affordable housing provisions of the draft Development Agreement. Absent such changes, the entirety of Vista Lucia could be constructed without any units affordable to lower income families. Finally, the City cannot take action until the developer formally presents a concrete plan for complying with agricultural mitigation requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael DeLapa", with a stylized flourish at the end.

Michael DeLapa
Executive Director

Attachment: March 3, 2025 letter to Gonzales Planning Commission