

6. ECONOMIC DEVELOPMENT ELEMENT

6

This Economic Development Element supports the prosperity of the local economy by establishing policies to attract and expand businesses across multiple sectors, increase the quality and quantity of job opportunities for local residents, as well as capturing additional resident and tourist spending in Hollister. This section presents goals, policies, and actions for the following topics:

- 6.2.1 Overall Economic Development
- 6.2.2 Retail Leakage
- 6.2.3 Job Creation
- 6.2.4 Tourism
- 6.2.5 Industrial Uses
- 6.2.6 Airport

6.1 BACKGROUND INFORMATION

6.1.1 RETAIL LEAKAGE

The City of Hollister currently experiences an estimated \$26 million in retail leakage on an annual basis. Retail leakage is spending by Hollister residents that occurs outside of the City Limits. This amounts to roughly \$700 per capita of annual spending by Hollister residents outside of Hollister. By comparison, the Association of Monterey Bay Area Governments (AMBAG) region experiences just \$30 in retail leakage per capita on an annual basis. According to local stakeholders, this retail leakage is driven by several factors, including the significant amount of commuting by Hollister residents to workplaces outside of the city. On their commute, residents have several retail destination options before reaching Hollister that capture a significant amount of their spending. Another potential reason for the retail leakage is the gaps in the City of Hollister’s existing retail offerings. More specifically, the 2020 Market Demand Analysis found significant retail leakages in clothing and clothing accessory stores, general merchandise stores, and home furnishing stores. This indicates areas of potential shortages in the local retail inventory that are forcing residents to spend money outside of the City Limits.



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The General Plan's Land Use Plan Map (Figure LU-2) is designed to provide a high level of flexibility for future commercial development projects. Many land use categories, such as Mixed Use and Home Office, allow a range of commercial projects to develop throughout Hollister without mandating specific uses so that individual projects are free to meet the market demand of the city and its unique neighborhoods at the time of development.

In addition to this flexibility, the General Plan identifies prime locations for new retail development to occur. By distributing different types of retail development opportunities throughout Hollister, the General Plan seeks to promote accessible and diverse retail districts that complement, rather than compete with, each other.

The five retail land use designations in this General Plan are Mixed Use, Downtown Commercial and Mixed Use, West Gateway, North Gateway Commercial, and General Commercial.



Photo by Michael Grzan

6.1.2 JOB CREATION

According to 2019 AMBAG data, nearly 14,000 total jobs are within the City of Hollister. An estimated 32 percent of these jobs are in service industries, primarily driven by local demand for services, including healthcare, real estate, and financial services. Another 27 percent of the existing employment is driven by the public sector, including local, state, and federal employment. Nearly 20 percent of Hollister employment is within the industrial sector, including manufacturing, transportation and distribution, and construction firms. Over the past decade, job growth within the region has not kept pace with population and household growth, leading to a significant amount of Hollister residents commuting to the Monterey Bay Area and San Francisco Bay Area for employment. However, Hollister does contain a significant inventory of vacant and underutilized commercial and industrial sites that could accommodate business development and expansion within the city. Expanding development of industrial and commercial land locally can help create job opportunities for Hollister residents.

6.1.3 TOURISM

With an estimated 210,000 tourists visiting Pinnacles National Park and Hollister Hills State Vehicular Recreation Area (SVRA) annually, Hollister is well positioned to capture significant tourism spending. The San Benito County region also boasts additional outdoor recreation amenities, arts and cultural venues, vineyards and local wineries, and agricultural-oriented tourist attractions that bring additional visitors to the area.

6.1.4 INDUSTRIAL USES

In 2019, industrial jobs accounted for roughly 20 percent of all jobs within Hollister. Based on input from local businesses and stakeholders, these industrial jobs are typically higher paying than other jobs that require the same level of education. Industrial jobs also require less educational attainment than jobs within the science and technology sector. Historically, Hollister has attracted more price-sensitive manufacturers, given the less expensive industrial real estate and affordability of the local residential market for employees. There is roughly 4 million square feet of industrial space in Hollister, with an additional 850,000 square feet of space already in the development pipeline. In addition to projects in the pipeline, Hollister's inventory of vacant and underutilized industrial sites within the City Limits can accommodate another 8 million square feet of industrial space. This suggests Hollister has the potential to capture additional industrial jobs by supporting expansion of existing businesses and recruiting new businesses in search of industrial space.



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6.1.5 AIRPORT

Located in northern Hollister, the Hollister Municipal Airport is a major asset for existing and future economic development within the city. The City of Hollister has invested heavily in upgrades to the runways, storm drainage, and other on-site infrastructure to support aviation and future development. In addition to potential new development on airport property, one unique aspect of the Hollister Municipal Airport is its “through-the-fence” access, which allows privately owned land adjacent to the airport direct access to the airport runways and taxiways. This can be an attractive attribute for nearby properties, according to industrial developers and landowners in northern Hollister.

6.2 GOALS, POLICIES, AND ACTIONS

The following section provides goals, policies, and actions relating to economic development within the City of Hollister. The goals, policies, and actions are divided into the following categories:

- Overall economic development
- Retail leakage
- Job creation
- Tourism
- Industrial uses
- Airport

6.2.1 OVERALL ECONOMIC DEVELOPMENT

GOAL ED-1 Increase overall economic development in Hollister.

POLICIES

Policy ED-1.1 Economic Development Programs and Strategies. Make economic development a critical function and focus of City operations.

- Implement economic development programs.
- Assist with business attraction and retention.
- Initiate other economic development strategies.

Policy ED-1.2 Development Opportunities Marketing. Provide information and services to potential developers, including catalytic opportunity site pro formas, marketing materials, and early notice of building vacancies.

Policy ED-1.3 Stakeholder Collaboration. Collaborate in economic development efforts with regional stakeholders and businesses.

Policy ED-1.4 Higher Education Collaboration. Support the expansion of programs at local and regional educational institutions aimed at increasing the expertise of the local workforce.

ACTIONS

Action ED-1.1 Economic Development Staff. Identify City or grant funding to support dedicated City staff to implement economic development programs.

Action ED-1.2 Performance Monitoring. Conduct a study to evaluate the City's economic development performance periodically, and update/adjust policies and actions accordingly.

Action ED-1.3 Job Training Programs. Support local educational institutions to develop and expand training programs aimed at increasing the skills and expertise of the local workforce in ways that are relevant to local business needs.

Action ED-1.4 Existing Businesses. Survey existing businesses in Hollister to better understand their existing operations and needs, as well as potential expansion plans.

Action ED-1.5 Disaster Recovery. Review policies and procedures related to the repair and reconstruction of buildings and adjustment of business operations in response to natural and human-caused disasters. Create or amend policies as needed.

Action ED-1.6 Economic Development Work Plan. Report on economic development activities to the City Council annually and provide recommendations for the following year's economic development work plan for the Council's approval.



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GOAL ED-2 Ensure the City has sufficient sites and infrastructure to accommodate business expansion.

POLICIES

Policy ED-2.1 City Infrastructure Maintenance. Maintain and upgrade necessary City infrastructure to support new commercial and industrial development.

Policy ED-2.2 Business Retention, Attraction, and Expansion. Attract projects that would support business retention and expansion in Hollister.



Photo by Michael Grzan

ACTIONS

Action ED-2.1 Infrastructure Study to Support Businesses. Conduct a study to determine needs, costs, and potential funding mechanisms for upgrades to infrastructure in Hollister to support business attraction and expansion. The study should include:

- Roads
- Sewer
- Water
- Broadband internet
- Electrical service

Action ED-2.2 **Commercial and Industrial Sites Database.** Create and maintain a database of commercial and industrial sites and buildings that are available to accommodate business growth. The database should ideally include the characteristics of each individual site and target high-opportunity sites for City-led efforts that can help make them shovel ready for development. The database should include:

- Site topography
- Land use designation and zoning
- Existing infrastructure connections
- Environmental remediation/mitigation requirements

6.2.2 RETAIL LEAKAGE

GOAL ED-3 Attract new retail business to Hollister.

POLICIES

Policy ED-3.1 **Retail Business Expansion.** Support retail business expansion and attraction through marketing vacant retail spaces and sites throughout the city.

Policy ED-3.2 **Retail Business Attraction.** Support the attraction of new retail categories/businesses that are desired by Hollister residents.

Policy ED-3.3 **Retail Development in West Gateway District.** Require the provision of retail space, either within horizontally or vertically integrated mixed-use developments, within the West Gateway District instead of solely residential development in this area to create a more vibrant retail environment in this part of Hollister.

ACTIONS

Action ED-3.1 **List of Available Retail Sites.** Create and maintain a list of existing vacant retail land and vacant retail spaces within Hollister through coordination with local property owners and brokers.

Action ED-3.2 **Vacant Retail Buildings.** Contact the brokers and/or owners of vacant retail sites and buildings to understand the unique characteristics of each site and ownership structure.



Photo by Jaquelyn Scimeca

Action ED-3.3 Advertisement of Retail Sites. Advertise vacant retail sites and buildings on the City's website to attract retail developers and businesses.

Action ED-3.4 Retail Market Studies. Conduct or commission a study to document new retail facilities desired by Hollister residents and the demographic and economic characteristics required by various retail businesses (e.g., population densities, projected housing growth, household incomes). As part of this study, develop strategies to make Hollister a more appealing location for these businesses.

Action ED-3.5 Rehabilitation of West Gateway District. Review policies and regulations pertaining to the West Gateway District to ensure there are no undue barriers to rehabilitation and redevelopment within the area and to prioritize available resources to support infrastructure upgrades necessary to serve desired development.

GOAL ED-4 Make downtown Hollister the retail, cultural, and social center of the community.

POLICIES

Policy ED-4.1 Inactive Storefronts in Downtown. Reduce the number of inactive storefronts within the downtown to improve the pedestrian environment by incentivizing downtown property owners to attract active uses to ground floor spaces.

Policy ED-4.2 Experiential Retail and Entertainment Opportunities. Encourage existing buildings and new proposed projects in the downtown to incorporate experiential retail and entertainment opportunities to bolster downtown.

Policy ED-4.3 Infrastructure Upgrades in Downtown. Upgrade downtown infrastructure in a planned, orderly fashion to support the rehabilitation and redevelopment of retail and mixed-use buildings within the downtown.

Policy ED-4.4 Parking Management Strategies. Support parking management strategies to maintain and improve downtown parking access and convenience.



Photo by PlaceWorks



Photo by PlaceWorks

ACTIONS

- Action ED-4.1** **Incentives to Revitalize Downtown.** Establish land use policies and incentive programs to minimize the number of inactive storefronts in downtown and convert those storefronts to active uses.
- Action ED-4.2** **Downtown Building Improvement Program.** Create a City-funded program to help owners improve the condition of existing downtown buildings (e.g., façade improvements, infrastructure upgrades).
- Action ED-4.3** **Downtown Parking Study.** Conduct a study to identify strategies to improve the use of existing downtown parking, evaluate whether additional parking is needed, and determine how and where additional parking could be added if it is needed.

6.2.3 JOB CREATION

GOAL ED-5 Add more jobs in Hollister.

POLICIES

- Policy ED-5.1** **Collaboration with Existing Businesses.** Improve the collaboration between the City and existing Hollister businesses to better understand business needs.

ACTIONS

- Action ED-5.1** **Business Attraction Program.** Develop a program to identify potential businesses interested in locating in Hollister, and market the city to them as a business location.
- Action ED-5.2** **Marketing and Branding Materials.** Create marketing materials about Hollister for distribution to businesses, developers, and brokers.
- Action ED-5.3** **Promoting Hollister as a Business Destination.** Attend regional and national conferences to promote Hollister as a destination for business location.

Action ED-5.4 **Outreach to Existing Businesses.** Conduct outreach to existing businesses, including conducting a survey of existing businesses to understand their current operations and future expansion needs.

Action ED-5.5 **Regional Business Stakeholder Meetings.** Attend regional business stakeholder organization meetings to understand business trends and needs for expansion.



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6.2.4 TOURISM

GOAL ED-6 Attract more tourists to Hollister.

POLICIES

Policy ED-6.1 **Overnight Accommodations.** Cooperate with private developers to expand the city's lodging inventory and capacity to accommodate overnight visitors.

Policy ED-6.2 **Brick-and-Mortar Retail.** Attract regional agricultural-related producers (e.g., fresh food, wine producers) to open brick-and-mortar retail establishments in Hollister. Potential City support could include fee waivers or direct City funding to assist with site location and improvements to meet the retailers' unique space requirements.

Policy ED-6.3 **Collaboration to Support Tourism.** Continue to collaborate with local tourism-oriented entities to increase visitor attraction.

Policy ED-6.4 **Campgrounds and RV Parks.** Support the development of campgrounds and recreational vehicle (RV) parks within the Planning Area in close proximity to complementary regional recreational amenities, primarily to the south of the City Limits.

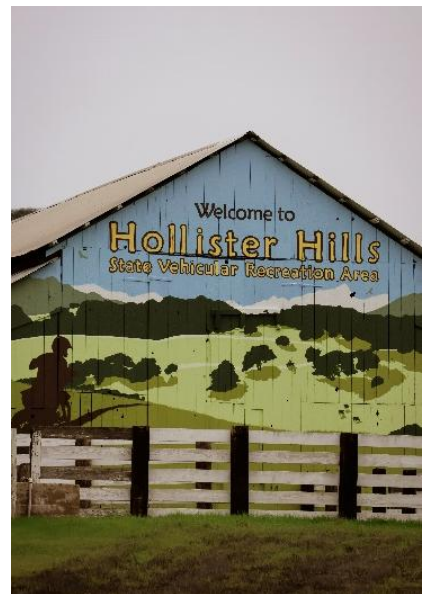


Photo by Placeholder

ACTIONS

Action ED-6.1 **Tourism Signage.** Work with Caltrans to improve signage on the State highways to direct travelers to destinations in Hollister, particularly downtown.

- Action ED-6.2** **Hotel Incentive Policy.** Update the existing hotel incentive policy to help enhance the tourist and travel experience in Hollister by continuing to provide incentives to develop quality hotels and promote the rehabilitation of existing hotels.
- Action ED-6.3** **Establish a Short-Term Rental Policy.** Assess the current demand for short-term rentals and establish a comprehensive short-term rental policy to manage the number of short-term rentals in the city.
- Action ED-6.4** **Branding Strategy.** Develop a branding strategy and unique identity for Hollister, and ensure that new public signage, promotional materials, and the City’s website and social media presence reinforce and market the brand.
- Action ED-6.5** **Public-Private Collaboration to Support Tourism.** Work with local tourism stakeholders to identify gaps and develop strategies for public-private collaboration to close those gaps.
- Action ED-6.6** **Tourism Funding Study.** Conduct a study of the potential for new funding sources to support tourism-related activities. These could include a Transient Occupancy Tax (TOT) increase, sales tax increase, or other General Fund allocations.

6.2.5 INDUSTRIAL USES

GOAL ED-7 Strengthen existing industrial business clusters and fill industrial business gaps.

POLICIES

- Policy ED-7.1** **Manufacturing, Construction, and Agriculture Business Expansion.** Prioritize business expansion efforts around Hollister’s existing strengths in manufacturing, construction, and agriculture-related businesses.

ACTIONS

- Action ED-7.1** **Industrial Business Gap Study.** Conduct a study to identify existing gaps within Hollister’s current industrial sector, and work to attract industrial companies in these categories.

Action ED-7.2 Identification of Underrepresented Industries. Compile and review California Employment Development Department (EDD) data on employment by industry for San Benito County, and identify industries where the county is underrepresented, to target business attraction efforts.

GOAL ED-8 Streamline the process for development approvals within Hollister’s industrial and businesses parks.

POLICIES

Policy ED-8.1 Streamlined Industrial Permitting Process. Ensure a transparent and streamlined process for approving and permitting industrial development and building occupancy in Hollister.

ACTIONS

Action ED-8.1 Business Park Master Plan. Develop a citywide Business Park Master Plan to improve the overall appearance and reputation of the business parks; identify any shortages of land, infrastructure, and/or buildings needed to accommodate a range of industrial/business park tenant types; and establish strategies to address any deficiencies.

Action ED-8.2 Review of Industrial Development Regulations and Processes. Review the City’s industrial development permitting regulations and processes and ensure that they are user-friendly and do not create any undue barriers to industrial development.



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6.2.6 AIRPORT

GOAL ED-9 Support new development on airport property and near the airport.

POLICIES

Policy ED-9.1 Development Incentives for Industrial and Aviation-Related Uses. Incentivize additional development of industrial and aviation-related uses on the airport property by investing in infrastructure upgrades and considering permit streamlining and fee waivers/deferrals.

ACTIONS

Action ED-9.1 **Airport Master Plan.** Create an Airport Master Plan that would assess existing facility needs, future land use and zoning, transportation access, infrastructure upgrades, and potential funding mechanisms to support delivery of new industrial and aviation-related business space around the Hollister airport.

Action ED-9.2 **Airport Development Incentive Study.** Conduct a study to streamline the permitting process and/or offer financial incentives through reduced impact fees or other mechanisms to support new uses at and around the airport.

GOAL ED-10 Leverage the airport as an amenity for future business expansion.

POLICIES

Policy ED-10.1 **Advertisement of the Airport.** Market the Hollister Municipal Airport as an amenity to existing and future businesses.

Policy ED-10.2 **Airport Business Recruitment.** Recruit potential aviation-related companies to locate on or near the airport property.

Policy ED-10.3 **Aviation-related Business Sector Attraction.** Include aviation-related/airport-dependent businesses in the targeted sectors for business attraction.

ACTIONS

Action ED-10.1 **Airport Marketing.** Include information about the airport and its key features and amenities on the City's website and in marketing materials used for business recruitment.