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State Housing Agency Questions City of Patterson's Denial of Keystone Ranch

HCD letter says City failed to meet housing law standards, contradicts own housing element—could prompt Attorney General notification.

September 25, 2025 – The California Department of Housing and Community Development sent a [letter](#) to the City of Patterson notifying city officials that the conditions of approval levied on the Keystone Ranch project—and its ultimate denial—do not comply with the Housing Accountability Act (HAA), Housing Crisis Act (HCA), and provisions of the City's own 6th Cycle Draft Housing Element.

In a letter dated September 22, 2025, HCD alleges that the City of Patterson defied Housing Accountability Act (HAA) requirements, which only allow a housing project to be denied if written findings show a 'specific, adverse impact' on public health or safety and that 'feasible mitigation' is not possible. The letter also notes that the City's denial of the Keystone Ranch residential project contradicts the City's own 6th Cycle Draft Housing Element, which calls for developers to contribute their 'fair share' to infrastructure. Instead, the City forced the entire \$20 million cost of its 'City Perc Pond Recharge Basin Project'—a facility meant to serve the entire Zacharias Master Plan and all of Patterson—onto Keystone Ranch. Additionally, the City demanded that the City-sponsored groundwater recharge basin be completed before any building permits would be issued, effectively imposing a 5-year restriction or 'moratorium' on housing construction—which conflicts with the HCA.

"HCD's letter validates what we've been saying all along—that the City's conditions of approval, and denial of our project, are real issues that conflict with both state housing law and the City's own housing needs," said Pat Gavaghan, CEO of Keystone Corporation. "We thank the staff at HCD for doing the tough work of holding Patterson accountable to state housing law and preventing further obstruction and delays to much-needed housing in the City of Patterson."

This is not the first time the City's handling of Keystone Ranch has come under fire. In recent months, the Building Industry Association of the Greater Valley, YIMBY Law and the Bay Area Council have issued [letters](#) criticizing Patterson's Draft Housing Element and its treatment of the project—citing a record of bias and improper conduct. These letters underscore growing concerns from outside observers about the City's governance, decision making, legal counsel, and policy-making competency.

Keystone Ranch is a proposed residential development previously approved by the City to provide 719 homes on 95 acres within Patterson's Zacharias Master Plan area, including both single- and multifamily homes. The project was denied by the Patterson City Council on April 1, 2025, despite being designed to help meet the City's housing needs and goals.

HCD has ordered the City to provide a written response by October 22, 2025, explaining why it improperly denied Keystone Ranch in violation of state housing law, and detailing how it will comply with the Housing Accountability Act (HAA), the Housing Act Crisis (HCA), and its own 6th Cycle Draft Housing Element—warning the matter may be referred to the Attorney General for enforcement.

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About Keystone Corporation

Founded in 1979, Keystone Corporation is an award winning national real estate development company recognized for building projects that drive economic growth and strengthen communities. Keystone was the original professional development company in Patterson and delivered transformative developments, including the five-million-square-foot Keystone Pacific Business Park and Keystone West, which together generated over 5,000 local jobs. Keystone Corporation also developed the Patterson Gardens residential neighborhood and has invested heavily in the community, contributing hundreds of thousands of dollars to renovate the Patterson High School football stadium and the Patterson Aquatic Center. For more information, visit www.exposingpatterson.com.