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**City of Watsonville  
FINAL 2015-2023 Housing Element**



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## **ACKNOWLEDGMENTS**

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## Forward

The City of Watsonville, by virtue of State legislation, is obligated to adopt and have a certified Housing Element. The Housing Element is to be based on the Regional Housing Needs Plan (RHNP) adopted and certified by the Association of Monterey Bay Area of Governments. The City remains committed to the goal of providing housing to all citizens and, by virtue of its programs and track record, exemplifies this goal. However, the City contends that the RHNP process and the RHNP itself is flawed and inconsistent with the requirements of State law, and that the “fair share” allocations are anything but a “fair share” for the City of Watsonville.

Preparation and release of the draft 2015-2023 Housing Element utilizing the Regional Housing Needs Determination (RHNP) is only being done to comply with existing statutory deadlines, to allow the City to compete for and receive scarce State and Federal housing grants.



# City of Watsonville Housing Element

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## **Reference Documents**

Association of Monterey Bay Governments, "Regional Housing Needs Allocation (RHNA) 2014-2023 for Monterey and Santa Cruz Counties.

Association of Monterey Bay Area Governments, Monterey Bay Area 2015 Regional Forecast, Population, Housing and Employment projections for Monterey, San Benito and Santa Cruz Counties to the year 2035.

California Department of Finance Population Projections 2015

City of Watsonville Municipal Code, Title 14 (Zoning Ordinance)

City of Watsonville Affordable Housing Ordinance, Chapter 14-46

City of Watsonville General Plan 2005

City of Watsonville Housing Market and Special Needs Issues Analysis, Bay Area Economics, March 26, 2006

Farmworker housing and Health Needs Assessment: Salinas and Pajaro Valley, Applied Survey Research, 2010

Housing and Homelessness in Santa Cruz County, Community Action Board – Shelter Project, 2005

Migrant and Seasonal Farmworker Enumeration Profiles Study, U.S. Department of Health and Human Services 2010

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# 1 Introduction

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## A. Community Context

Located in the Pajaro Valley of Santa Cruz County and just north of Monterey County, Watsonville provides a range of housing, shopping, jobs, recreation resources, and government services for South County residents. As the second largest city in Santa Cruz County, Watsonville is the base for the County's agriculture industry. The City offers other unique environmental assets: the geography of the surrounding hills and mountains, proximity to the Pacific coastline and pleasant year-round climate – all of which make Watsonville an attractive place to live, work, and retire.

During the 1990's, Watsonville experienced substantial population growth, due to immigration, demographic change, and annexations. During the period between 2000 and 2010 Watsonville continued to grow; although the City did feel repercussions due to the "Great Recession" including a high rate of foreclosures between 2008 and 2011. This loss of housing ownership resulted in a need for more rental housing. However, Watsonville still faces challenges in addressing local needs. Diminishing housing affordability in neighboring north Santa Cruz County jurisdictions continues to increase the demand for housing in Watsonville – resulting in increased housing prices, overpayment, and overcrowding for Watsonville residents. Meanwhile, the City also faces a need to continue upgrading housing and reinvesting in neighborhoods.

To address the City's housing goals, a variety of environmental, regional, budgetary, and quality of life issues must be addressed. These constraints include the following:

- **Environmental Features.** Watsonville has many natural features, including wetlands and sloughs, which provide habitat for sensitive wildlife species, a variety of recreational opportunities, and a unique quality of life for residents.
- **City Centered Growth.** Watsonville has developed in a compact fashion due, in part, to the Pajaro River and surrounding agricultural fields. However, regional growth control policies continue to directly contribute to disproportionately high densities.
- **Budgetary Constraints.** Even as the State's budget crisis improves, the availability of funds to support housing programs is uncertain and is expected to constrain the ability of Watsonville to continue to address its local housing needs.
- **Maintaining Community Character.** As a community in transition, Watsonville nonetheless remains committed to maintaining its rural character, agricultural economy, environmental features, and other unique aspects of the community.

Within this broad context, Watsonville must address key housing challenges over the 2015-2023 planning period. These challenges include: 1) providing sites for additional housing; 2) providing for a range in types and prices of housing; 3) continuing to address the need to improve and rehabilitate housing and neighborhoods; 4) providing for those with special housing needs; and 5) maintaining and improving the local environment and quality of life in Watsonville. The 2015-2023 Housing Element addresses each of these issues.



## B. State Policy and Authorization

The California State Legislature had identified the attainment of a decent home and suitable living environment for every resident as the State's major housing goal. Recognizing the important role of local planning programs in pursuing this goal, the Legislature has mandated that all cities and counties prepare a housing element as part of their comprehensive general plan. Section 65302(c) of the Government Code sets forth the specific components to be contained in a community's housing element.

State law requires housing elements to be updated at least every five years to reflect a community's changing housing needs. The 2009 Watsonville Housing Element Covered the five-year period spanning 2008 through 2013. This Housing Element covers the planning period of 2015-2023.

## C. Role of Housing Element

The Housing Element is an 8 year plan for the 2015-2023 period, unlike other General Plan elements that typically cover a 10- to 20- year planning horizon. This Housing Element identifies strategies and programs that focus on: 1) preserving and improving housing and neighborhoods; 2) providing adequate housing sites; 3) assisting in the provision of affordable housing; 4) removing governmental and other constraints to housing investment; and 5) promoting fair and equal housing opportunities especially for persons with development disabilities.

The Housing Elements consists of the following major components:

- An analysis of the City's demographics, housing characteristics, and existing and future housing needs (Section 2)
- A review of potential market, government, and environmental constraints to meeting the City's identified housing needs (Section 3)
- An evaluation of the land, financial, and organizational resources available to address the City's identified housing needs (Section 4)
- A statement of the Housing Plan to address the City's identified housing needs, including housing goals, policies and programs (Section 5)

## D. Data Sources

In preparing the Housing Element, the preparers consulted various sources of information. Wherever possible, Census 2010 data was used as the baseline for all demographic information. Additional sources provided reliable updates to the 2010 Census. These included housing market data from data Quick and Realty-Trac, California Department of Finance population projections, employment data from the State of California Development Department, lending data from financial institutions provided under the Home Mortgage Disclosure Act and the most recent data available from service agencies and other governmental agencies.

In addition, the City's 2015-2023 Housing Element implements the most recent changes to State Housing Element law (including those specifying quantified results, along with changes affecting the



development, maintenance and improvements of the transitional housing and housing for persons with disabilities

## E. Relationship to the General Plan

In addition to the Housing Element, several other plans directly or indirectly affect the development of housing. These include the other elements of the City's General Plan and the Local Coastal Plan. The Housing Element has been reviewed to ensure consistency with the other elements of the General Plan.

Watsonville 2005, the City's General Plan, establishes a goal for the City to grow as a compact, unified city and maintain a clear definition between rural and urban uses. The General Plan consists of ten chapters that address both the State-mandated planning issues plus optional subjects that are of particular concern to the City. These chapters are:

- Growth and Conservation Strategy
- Land Use and Community Development
- Urban Design and Scenic Resources
- Housing
- Children and Youth
- Recreation and Parks
- Environmental Resource Management
- Transportation and Circulation
- Public Facilities and Services
- Public Safety

The City will ensure consistency between the Housing Element and other General Plan Elements so that policies introduced in one Element are consistent with other Elements. At this time the Housing Element does not propose significant changes to any other Element of the City's General Plan. However, if it becomes apparent that over time changes to any Element are needed for internal consistency, such changes will be proposed for consideration by the Planning Commission and City Council.

## F. Community Involvement

Public input on housing needs and strategies is critical to developing appropriate and effective City housing programs. As part of the Housing Element update, the City undertook a multi-phased effort to involve residents, policy makers, and services providers. Specifically, the City conducted an evening workshop to solicit information on housing needs in the community and conducted public hearings before the Planning Commission and City Council prior to releasing the draft Housing Element to the Department of Housing and Community Development, and then held subsequent public hearings for revisions and adoption of the Housing Element.

**Workshop.** The City conducted a bilingual (English/Spanish) community workshop on May 19, 2015 on the Housing Element. The purpose of the meeting was to present changes to the City Housing Element and to obtain feedback and direction on various constraints and opportunities to address the City's housing needs. To ensure wide circulation, bilingual notices were sent to various organizations, individuals and interested parties. In addition, the events were noticed at the City Hall, recreation center, libraries, and youth center.



**Public Hearing.** The City held three public hearings on May 23, June 30 and September 8, 2015 to present the Housing Element, obtain guidance on community housing needs, and receive policy direction from the Planning Commission and City Council. Of the groups invited or noticed by mail, attendees included:

- California Rural Legal Assistance
- Santa Cruz County Child Development Response Center
- South County Housing Corporation
- Salvation Army
- Habitat for Humanity
- Progressive Housing Advocates
- Santa Cruz Community Counseling Center
- Representatives from the area

**State Review and Adoption Hearings.** After concept approval, the draft Housing Element was sent to the State Department of Housing and Community Development (HCD) for its first 60-day review period. After review, the City staff revised the draft Housing Element to address HCD's comments. The Planning Commission, the City Council, and public also had additional opportunities to respond to comments in three duly-noticed public hearings. Copies of the draft Housing Element were available for review at the City Hall and public library. The draft Housing Element was adopted in final form on \_\_\_\_\_.

The amount and type of housing needed in Watsonville is largely determined by population growth, various demographic characteristics and the quality of the existing housing stock. These variables – including age, race/ethnicity, occupation, and income level – combine to influence the type of housing needed.

The Community Profile discusses population and household characteristics of Watsonville residents, summarizes available housing, and outlines the City's housing needs through 2023. Later chapters of the Housing Element discuss the various constraints, resources, and programs to address housing needs.



## 2 Community Profile

### A. Demographic Characteristics

#### 1. Population Trends

Since incorporation in 1868, Watsonville has grown from a small settlement of less than 1,000 residents to a city of over 51,000 in 2010. Constrained by environmental features, farmland and County growth management policies; the City has developed in a compact pattern. According to the 2010 Census, the City's population increased 42% during the 1990's and now stands at 51,199, due in part to recent annexations. These same constraints also contribute to the City's density of 8,262 persons per square mile, compared to 594 in the unincorporated County, 2,554 in Scotts Valley, and 5,016 in the City of Santa Cruz.<sup>1</sup>

**Chart 2-1** compares Watsonville's population growth in the 1990s, 2000 and 2010 with those of the other cities in Santa Cruz County and the County as a whole. As shown, Watsonville experienced greater population growth than the other cities since 1980. The growth can be attributed to the availability of more affordable housing in the City than other communities, demographic factors, in-migration of agricultural workers, annexations of inhabited areas, and a substantial undercount of the City's population in the 2010 Census.

Chart 2-1  
Population Growth Trends

Jurisdiction	Population			Percent Change	
	1990	2000	2010	1990-2000	2000-2010
Capitola	10,171	10,033	10,033	-1%	0%
Santa Cruz	49,040	54,593	59,946	+18%	+9%
Scotts Valley	8,615	11,385	11,580	+25%	+2%
<b>Watsonville</b>	<b>31,099</b>	<b>44,265</b>	<b>51,199</b>	<b>+31%</b>	<b>+16%</b>
Unincorporated Co.	130,809	135,326	129,624	+22%	+4%
Santa Cruz County Total	229,734	255,602	262,382	+22%	+3%

Sources: 1990, 2000, 2010 Census

#### 2. Age Characteristics

A community's housing needs are determined in part by the age characteristics of residents. Each age group has distinct lifestyles, family type and size, income levels, and housing preferences. As people move through each stage of life, their housing needs and preferences change. As a result, evaluating the age characteristics of a community is important in addressing the housing needs of its residents. **Chart 2-2** summarizes the change in age characteristics of Watsonville residents between 2000 and the year 2010.

<sup>1</sup> Population density information from [www.city-data.com](http://www.city-data.com)



The median age of Watsonville's population is lower than the median age for the County. Between 1970 and 2000, Watsonville's median age declined from 33 years to 28 years, more than a five-year decrease. Much of this decrease was attributable to a significant increase in young adult families (made up largely of Hispanics ages 25 to 44) who now comprise the largest segment (29%) of the City's population. In general, younger adults occupy more affordable apartments or smaller homes; others live with relatives or extended family due to high housing costs.

Another important trend in Watsonville was the significant increase in middle-aged adults between the ages of 45 and 64. During the period of 2000 to 2010, the number of middle aged adults increased by 2%. Part of the increase was due to the gradual aging of longer term Watsonville residents. However, City staff also note that the high cost of housing in north Santa Cruz County has caused many households working in north Santa Cruz County to seek more affordable housing in Watsonville. Finally, turnover in market-rate subdivisions for seniors (ages 55 and up) may also be responsible for this trend.

The number of persons age 65 or older has remained about the same in Watsonville during the period of 2000 to 2010. Nevertheless, seniors have unique needs that should be considered in formulating housing policies and programs. A large number of senior households in Watsonville are homeowners, and most live in single-family homes, mobile homes, and senior residential communities/subdivisions. As seniors age, they may consider other options, such as assisted living facilities, and living with extended family members. Should the middle age adult group continue to stay in Watsonville, seniors may increase in number.

Chart 2-2  
Age Characteristics and Trends

Age Groups	2000		2007		2010		
	Persons	Percent	Persons	Percent	Persons	Percent	
Preschool Age (<5)	4,100	9%	5,024	11%	4,848	9%	
School Age (5-19)	12,469	28%	13,294	26%	13,143	26%	
College Age (20-24)	3,721	8%	3,068	6%	4,121	8%	
Young Adults (25-44)	13,492	30%	15,340	30%	14,834	29%	
Middle Adults (45-64)	6,690	15%	9,204	18%	10,014	20%	
Seniors (65+)	3,802	9%	4,602	9%	4,239	8%	
<b>Total</b>	<b>44,274</b>	<b>100%</b>	<b>47,532</b>	<b>100%</b>	<b>51,199</b>	<b>100%</b>	
Median Age	28.7 Years		28.1 Years		29.2 Years		

Sources: California Department of Finance, 2000, 2010 Census



### 3. Race and Ethnicity

Various factors affect the present composition of Watsonville's residents today. Watsonville's rural roots, the presence of the agricultural industry, immigration patterns into the Pajaro Valley, and the availability of affordable housing – all have contributed to the race and ethnic composition of residents today. Understanding these dynamics is important in providing insight into the City's existing and changing housing needs. **Chart 2-3** summarizes changes in the race and ethnic composition of residents from 2000 to 2010.

Attracted by the prospect of agricultural and food processing jobs, and family reunification, thousands of Hispanics migrated to the Pajaro Valley in the 1990s and many settled in Watsonville. According to the 2000 Census, a significant percentage of Watsonville's residents are foreign born and a majority of foreign born residents are Hispanic. As a result, the Hispanic share of Watsonville's population significantly increased from 75% during the 2000s to 80% in 2010 while other race/ethnic groups decreased in proportion.

Among other non-Hispanic groups, Whites (Non-Hispanics) made up the second largest group, followed by Asians. Over the last decade, the White population has continued to decrease and now represents 14% of the City's population. The Asian population has remained relatively stable over the decade. All other groups comprised 5% of the City's population. In the 2010 Census, approximately 1% of Watsonville residents identified themselves as belonging to two or more race and ethnic categories.

Recent enrollment data compiled by the State Department of Education for the Pajaro Valley Unified School District indicates that Hispanics comprise a growing and significant portion of the student population.<sup>1</sup> Students of Hispanic origin accounted for 82% of enrolled students in the 2014/2015 academic year, compared to 60% in 1999/2000.

Chart 2-3  
Race and Ethnic Change

Race/Ethnicity	2000		2010	
	Persons	Percent	Persons	Percent
White	8,574	19%	7,305	14%
Hispanic	33,254	75%	41,656	80%
African American	206	<1%	358	<1%
Asian*	1,386	4%	1,664	3%
Other*	228	<1%	216	1%
Two or more	617	1%	2,265	1%
<b>Total</b>	<b>44,265</b>	<b>100%</b>	<b>51,199</b>	<b>100%</b>

Sources: 2000, 2010 Census

*\*Includes Pacific Islanders, \*\*The "Other" category includes American Indians and Alaska Natives, and persons who identified themselves as "Some other race."*



#### 4. Household Type

According to the 2010 Census, Watsonville is home to 13,528 households, of which 85% are families (**Chart 2-4**). Families are comprised of married couples with or without children, as well as other family types, such as female-headed households with children. Non-families, including singles and other households, make up 15% of the City's households. Singles comprise 17% of all City households, a slight decrease since 2000.

Watsonville is primarily a community of families. As **Chart 2-4** shows, the proportion of families in Watsonville increased from 78% in 2000 to 80.1% in 2010. In particular, the number of married couples with children and other families grew noticeably, by 17.4% and 26.6%, respectively. Reflecting the increase in the number and proportion of families, the average household size did not grow, decreasing from 3.98 persons per household in 2000 to 3.75 persons per household in 2010. Contrary to national trends, the number of non-family households remained virtually unchanged.

Household size and composition is a complex issue, often reflective of market conditions as well as demographic factors. The high cost of housing in Watsonville, coupled with the lower incomes of many Watsonville residents, has resulted in doubling up. In addition, cultural preferences toward the elderly and other extended family members impacts household size. According to the 2010 Census, 1,565 families doubled up with other families. In addition, many grandparents live with other family members; the 2010 Census reported that 1,442 of the City's grandparents shared a home with their grandchildren.

Chart 2-4  
Household Characteristics

Household Type	2000		2010		Percent Change
	Number	Percent	Number	Percent	
Households	11,381	100%	13,805	100%	
Families	8,865	78%	11,058	80.1%	2.1%
Married with Children	4,625	36%	5,905	53.4%	17.4%
Married No Children	2,300	20%	5,153	46.6%	26.6%
Other Families	1,457	22%	2,765	25%	3%
Non-Families	2,457	22%	2,744	19.9%	-2.1%
Singles	2,005	18%	2,332	17%	-1%
Other	511	4%	412	3%	-1%

Sources: 2006 2010 Census & American Community Survey 5 Year Estimate

#### 5. Employment Market

In the 1850s, Watsonville was known as "Spud Valley" and for a Century thereafter, the area was renowned for its apple orchards. Now the City's surrounding fields are filled with row crops, vegetables, and nurseries. Agriculture remains the City's employment base, even as global and national economic changes have adversely affected its food processing industries. In an effort to diversify and stabilize the local economic base, Watsonville's economy has expanded into high-technology, industrial, and service businesses.

According to the 2012 Census, 37,485 Watsonville residents were in the labor force, with the



unemployment rate at 11.8%. A significant number of City residents hold low skilled, low-paying jobs and experience higher rates of unemployment. In 2013, the level of unemployment in Watsonville was 11.9% which was higher to the Countywide rate of 9.2%. Unemployment in Watsonville coincides largely with the agricultural cycle, peaking from November through April when harvest times and intensive field work subsides.

**Chart 2-5** shows trends in the industries employing Watsonville residents during the period 2000 - 2010. Agriculture accounted for 18% to 21% of City employment during 2000- 2010. For Hispanics in Watsonville, the agricultural industry is even more important since it employs nearly 30% of the Latino labor force. The City's service employment, while growing, is still below that of the County. Further, Watsonville's historical reliance on manufacturing continues.

Chart 2-5  
Employment by Industry Sector

Industry	2000		2010	
	Persons	Percent	Persons	Percent
Agriculture, Forestry, Fishing, Mining	3,039	18%	4,468	21%
Construction	1,193	7%	1,607	7.5%
Manufacturing	2,364	14%	1,767	8.2%
Wholesale/Retail Trade	3,034	17%	3,085	14.4%
Transportation, Warehousing	533	3%	654	3.2%
Information	276	2%	119	6%
Finance, Insurance, Real Estate	398	2%	916	4.23%
Professional, Management, Admin	1,310	8%	1,970	9.2%
Educational, Health, Social Services	2,570	15%	3,523	16.4%
Arts, Entertainment, Recreation	1,390	8%	1,701	8.1%
Other Services	738	4%	1,004	4.6%
Public Administration	440	2%	586	2.7%
Total	17,285	100%	21,400	100%

Sources: 2000, 2010 Census; Community Survey 5 Year Estimates

**Chart 2-6** compares the occupations of Watsonville residents to the County as a whole. As of 2010, the two largest occupational categories were construction/maintenance and services. These categories accounted for 25% and 23% of employed residents, respectively. Some of the jobs in these two categories are relatively low-paying jobs, translating into lower incomes for the residents employed in these occupations.

Chart 2-6



Occupational Profile (2010)

Occupations of Residents	Watsonville		County	
	Persons	Percent	Persons	Percent
Managerial/Professional	3,388	13%	51,722	39%
Services	4,630	18%	21,949	16%
Farming, Fishing, Forestry	4,468	17%	7,234	5%
Sales and Office	4,207	16%	26,636	20%
Construction, Maintenance	5,932	23%	16,058	13%
Production, Transportation	3,243	13%	10,015	7%
Total	25,868	100%	133,614	100%

Source: 2010 Census

Watsonville's occupational profile varies significantly to that Countywide. City residents are highly underrepresented in the managerial and professional occupations. In particular, 39% of employed persons in the County held managerial/professional positions, compared to just 13% for the City. Also, only 5% of employed residents Countywide were in farming, fishing, or forestry, compared to 17% in Watsonville. In fact, 61% of all farmworkers in the County lived in Watsonville in 2010. Agricultural workers typically have very low earnings and have unique housing needs, as will be discussed in detail later.

Persons employed in lower-paying occupations, such as retail workers, service employees, and farmworkers, are particularly in need of housing assistance. According to the State EDD, many of these workers earn below \$20,000 annually. Given increasing housing costs in Watsonville, lower-income workers will continue to spend a substantial portion of their income on housing and/or live in substandard housing. Homeownership is becoming increasingly difficult to achieve for middle class professionals (e.g., teachers, police officers, nurses, etc.) and is virtually impossible for a significant segment of the community.

## 6. Household Income

Although Santa Cruz County is one of the most affluent counties Statewide, the income gap between Watsonville and the remainder of the County has been growing. In 1970 the median family income in Watsonville was 99% of the County's median. By 2012, however, the City's median family income declined to 65% of the County's median. Moreover, real incomes in Watsonville for many have been declining since the 1970s, especially those who lost their jobs during the 1980s as a result of food processing plant closures due to the North American Free Trade Agreement and canneries moving their plants out of the country. For these and other low to moderate-income families, securing decent housing continues to be a daily struggle.

According to the 2013 estimate, the median household income in Santa Cruz County was \$66,571. In Watsonville, the median household income in 2012 was \$47,442 or 71% of the County median household income. Watsonville has the lowest median income in Santa Cruz County, in part due to the relatively high proportion of residents with lower-paying jobs in agriculture and services.

**Chart 2-7** compares Watsonville households by income ranges in 2000 and 2010. During this period, households with an annual income \$75,000 or higher increased significantly, while the number of



households earning less than \$25,000 annually declined. Some of the changes in income categories were due to inflation in wages. In other cases, however, the change is due to new residents who moved into Watsonville but work in Santa Clara, Monterey or North Santa Cruz County. The lower cost of housing in Watsonville can be credited for this.

Chart 2-7  
Household Income Distribution

Income Range	Number of Households		Change in Number	Percent Change
	2000	2010		
Less than \$15,999	1,823	1,538	-285	-15.63%
\$15,000 to \$24,999	1,616	1,645	+29	+1.79%
\$25,999 to \$34,999	1,816	1,216	-600	-33%
\$35,000 to \$49,999	1,934	2,617	+683	+35%
\$50,000 to \$74,999	2,245	2,407	+162	+7%
\$75,000 to \$99,999	1,112	1,688	+576	+52%
\$100,000 or more	912	1,780	+868	+95%
Total	11,478	13,091	1,613	+14%

Sources: 2000 and 2010 Census data

Median household income figures are affected by household size. Because the City's large household size can mask income inequities, it is therefore illustrative to examine per capita in addition to household income statistics. (Per capita income is the average obtained by dividing aggregate income in an area by total population.) From 2000 to 2012, the City's per capita income remained steady at 50% of the County's average. In 2013, Watsonville's per capita income was \$16,263 versus \$32,295 for the County as a whole.

## B. Special Needs Groups

Certain groups in Watsonville encounter greater difficulty finding decent, affordable housing due to their special needs and/or circumstances. Special circumstances may be related to one's employment and income, family characteristics, medical condition or disability, and/or household characteristics. A major emphasis of the Housing Element is to ensure that persons from all walks of life have the opportunity to find suitable housing in Watsonville.

State Housing Element law identifies the following "special needs" groups: senior households, disabled persons, single-parent households, large households, persons and families in need of emergency shelter, and farm workers. This section provides a discussion of housing needs for each particular group, and identifies the major programs and services available to address their housing and supportive services needs. Data from both the 2000 and 2010 Census has been used to determine the size of special needs groups in Watsonville. Recent information from service providers and government agencies supplemented the data. **Chart 2-8** summarizes special needs groups residing in the City.

Chart 2-8  
Special Needs Groups in Watsonville



Special Needs Group	2000		2010	
	Number	Percent	Number	Percent
Senior Households <sup>(1)</sup>	2,237	20%	3,183	24%
Disabled Persons <sup>(2)</sup>	8,350	19%	4476	-86%
Female Headed Households	1,711	8%	1,745	8%
Large Households <sup>(3)</sup>	3,742	33%	3,547	26%
Homeless Persons	692	1%	497	-28%
Farmworkers <sup>(4)</sup>	2,940	17% <sup>(5)</sup>	4,468	52% <sup>(6)</sup>

Sources: 2000 & 2010 Census, U.S. Census Bureau, 2008-2010 ACS

Notations:

1. Households headed by persons age 65 years or older.
2. A person with a physical, mental, or emotional condition that lasts over a long period of time that makes it difficult to live independently.
3. Households with five or more members residing in a home.
4. Persons whose occupations are in farming, fishing, or forestry.
5. Percent of total employed residents in Watsonville.
6. Percent of total employed residents in Watsonville

## 1. Senior Households

According to the 2010 Census, 4,239 households in Watsonville (25%) included at least 1 senior (persons age 65 years and older). Of these, 1,123 (29%) seniors lived alone. Senior households typically have special housing needs due to three primary circumstances: fixed income, high health care costs and physical disabilities. Of the 4,239 Watsonville seniors, 57% have a disability and many senior households earn very low income.

Because of the limited supply of affordable housing, 13% of senior homeowners and 14% of senior renters overpaid for housing according to the 2007-2011 CHAS. Because of physical and/or other limitations, senior homeowners may have difficulty performing regular home maintenance or repair activities. Most of the 1,213 seniors living alone in 2010 were likely to be women (74% of seniors living alone in 2010 were female). In addition, many seniors have fixed or limited incomes and may have difficulty making monthly mortgage or rent payments. For those who rent housing, senior renters can benefit greatly from rental assistance.

Various programs can assist senior needs, including congregate care, supportive services, rental subsidies, shared housing, and housing rehabilitation assistance. For frail seniors or those with disabilities, housing with architectural design features accommodating disabilities can help ensure continued independent living. (Housing for disabled people is discussed in the following section.) Seniors with mobility/self-care limitation also benefit from public transportation assistance, food services, and other supportive services. Senior housing with supportive services can be provided to allow independent living.

Over the past decade, the City has supported the development of senior housing, both market-rate and affordable projects. Well over 1,000 housing units are available for seniors in Watsonville. **Chart 2-9** summarizes existing housing options for seniors in Watsonville.

Chart 2-9  
Senior Housing Options in Watsonville



Type of Housing	Description	Facilities\Projects	Units
Market Rate Single Family Homes	Complexes of single-family dwellings for seniors (55 and up)	3 subdivisions	709
Subsidized Apartments	Federally subsidized rental housing for seniors (55 and up)	3	430
Congregate Living Facilities	Apartments in buildings that contain a central dining room serving 2-3 meals a day	1	160
Mobile Home Parks	Resident owned park	1	122
Residential Hotels for Seniors	Housing for seniors and disabled persons with housekeeping services	1	76

Sources: Senior Network Services 2014; City of Watsonville

## 2. Disabled Persons

Disabled persons have special housing needs because of their fixed income, the lack of accessible and affordable housing, and higher health costs associated with their disability. A disability is defined broadly by the Census Bureau as a physical, mental, or emotional condition that lasts over a long period of time that makes it difficult to live independently. The 2010 Census defines six disabilities: sensory, physical, mental, self-care, go-outside of home, and employment disability. According to the 2010 Census, Watsonville has 4,476 disabled residents, representing 8.9% of City residents. Of these persons, 1,829 are seniors. According to the state of California Department of Developmental Services, approximately 577 residents are developmentally disabled. Of these, 48 are in supported or independent living situations, while 58 are in community care facilities. The majority are living in a home with a parent or guardian.

To meet the unique housing needs of the disabled, the City offers and participates in various programs. Through the County Housing Authority, disabled households may receive rental assistance to help them afford housing in the community. Also, the City offers grants for home upgrades/modifications to ensure accessibility. In addition, the City's building code requires new residential construction to comply with the federal Americans with Disabilities Act (ADA), which requires a minimum percentage of units in new developments to be fully accessible to the physically disabled as well as California Title 24 accessibility requirements

Living arrangements for disabled persons depend on the severity of the disability. Many persons live independently with other family members. To maintain independent living, disabled persons may need special housing design features, income support, and in-home supportive services for persons with medical conditions. For those requiring a more supportive setting, Watsonville is home to 22 licensed care facilities serving 325 persons. In addition, the County Health Services Administration, State Department of Social Services, the Social Security Administration, Monarch Disabled Housing, Inc., and Community Resources for the Disabled, Inc. provide support services. **Chart 2-10** summarizes the inventory of licensed community care facilities in Watsonville.



Chart 2-10  
Licensed Community Care Facilities in Watsonville

Type of Facility	Clients	Number of facilities	Number of Beds
Group Home	Specialized care for children	3	18
Adult Residential	Specialized care for persons ages 18-59 for developmental and/or mental disabilities	4	14
Elderly Residential	Specialized care for elderly persons over age 60 such as nursing homes	5	115
Adult Day Care	Day care for older adults	1	28
Total		13	185

Sources: State Department of Social Services; 2009

### 3. Mental Disabilities

Persons with a mental disability fall within the definition afforded by the Americans with Disabilities Act and thus are entitled to fair housing treatment. According to the National Institute of Mental Health, an area the size of Santa Cruz County will have approximately 5,000 adults and 900 children with serious mental disorders. Persons with such disorders may have difficulty finding suitable housing due to a shortage of appropriate housing, the inability to afford housing, or even discrimination in being considered for housing.

The Santa Cruz County Mental Health Services Agency and its contract agencies provide services to individuals with persistent and serious mental disabilities. Currently, the County's system of care provides approximately 360 beds in crisis facilities, transitional housing, social rehabilitation programs, Board and Care facilities, and permanent supportive housing. However, given that only approximately 3,216 of the estimated 5,000 eligible people receive services, the remainder are competing, and, at a distinct disadvantage, for sufficient housing.<sup>3</sup>

The County works with non-profits and public agencies to address housing needs. In Watsonville, the primary agencies developing and managing housing for persons with psychiatric disabilities are the Santa Cruz Community Counseling Center, Fenix, and Narconan. Recently, the City committed set-aside and HOME funds to Monarch Disabled Housing to rehabilitate 4 supportive units for psychiatrically disabled persons. **Chart 2-11** summarizes the availability of housing facilities that serve the mentally ill in Watsonville.

Chart 2-11  
Housing Facilities for the Mentally Ill in Watsonville



Facility Type	Description	Facilities	Capacity
Social Rehabilitation	Short-term housing offering social rehabilitation programs	1	12 beds
Residential in-patient/out patient	Short-term facility that provides inpatient/outpatient services	3	80 beds
Transitional Housing	Short term housing that prepares individuals for more independent living	1	9 beds
Permanent Support	Permanent housing that offers support services, including case management	4	23 beds
Residential Hotels/SRO's	Single room occupancy hotels	2	144 units
Total		11	101 beds; 167 units

Sources: Santa Cruz County Health Services Agency

#### 4. Families

In recent years, the high cost of housing has placed an increasing burden on families in Watsonville. As moderate and lower income families increasingly can no longer afford the median-priced home, market conditions have led to a higher prevalence of overpayment, overcrowding, and substandard living conditions. Of all family households, single parents with children and large families are disproportionately impacted.

**Single-Parent/Female-Headed Households.** Single-parent/female-headed households with children often require special consideration and assistance as a result of their greater need for affordable housing, accessible day care, health care, and a variety of other supportive services. Single-parent/female-headed households also tend to receive unequal treatment in the rental housing market, which is a fair housing concern. Moreover, because of their relatively lower household incomes, single-parent/female-headed households also have limited opportunities for finding affordable, decent, and safe housing.

The U.S. Census Bureau, 2009-2013 American Community Survey, reported that in Watsonville there are 3,562 single-parent households, of which 2,564 are headed by females. The 2010 Census indicates that approximately 1,745 households are headed by single women with children under the age of 18. The American Community Survey indicates that 40% of female-headed families with dependent children live below the poverty level.

**Large Households.** Large households are defined as households having five or more members residing in the home. These households constitute a special need group because of an often limited supply of adequately sized, affordable housing unit. Because of high housing costs, families and/or extended families are forced to live together under one roof. A total of 3,547 large households live in Watsonville,



approximately 78% of which are renter households. Large households represent approximately 28% of Watsonville households and comprise the largest special needs group.

The housing needs of large households could be met by larger units, or two or more smaller units. Because most of the larger units in Watsonville are expensive, lower-income large households commonly reside in smaller units, frequently resulting in overcrowding. In 2000 91% of the City's large renter households and 59% of large owner households lived in overcrowded conditions. To address overcrowding, the City is working to develop housing opportunities for all sized households to relieve overcrowding and is promoting affordable ownership housing opportunities (such as first-time homebuyer programs) to help renters achieve homeownership.

To help families in Watsonville, the City continues to proactively require developers to set-aside housing as affordable to lower income residents. Section D provides an inventory of multi-family housing which is deed restricted as affordable to lower income households. The City also permits licensed day care throughout the community, and promotes child care opportunities in residential complexes as well as businesses. Finally, the County Housing Authority provides rental assistance to many families in Watsonville.

## 5. Farmworkers

Farmworkers traditionally are defined as persons whose primary incomes are earned through permanent or seasonal agricultural labor. Permanent farmworkers work in the fields, processing plants, or support activities on a year-round basis. When workloads increase during harvest periods, the labor force is supplemented by seasonal or migrant labor. With the transition of Watsonville's agricultural industry from orchards to row crops, however, much of Watsonville's farm labor has transitioned to a permanent workforce.

According to the federal government, Santa Cruz County had an estimated workforce of 19,248 migrant and seasonal farmworkers in 2000. According to the 2010 Census, approximately 3,039 Watsonville residents were employed in farming related occupations, however, this enumeration is significantly underestimated due to the nature of census-taking and the reluctance of many undocumented residents to respond. However, the number of migrant farmworkers in Watsonville has declined as row crops have replaced orchards. As a result, farmworkers are experiencing an increasing need for housing on a permanent basis.

Farmworkers' special housing needs arise from their very limited income and the often unstable nature of their employment. A June 2010 survey by Applied Survey Research and the Center for Community Advocacy provides some insight into the general demographic characteristics and housing needs of farmworkers in the Pajaro Valley. Among the major findings are:

- ✓ **Limited Income.** Farmworkers typically earn very low incomes. According to the survey, the median annual income of a farmworker in Santa Cruz County was approximately \$17,913 in 2010.
- ✓ **Overpayment and Overcrowding.** Farmworkers in Santa Cruz County must compete in one of the tightest housing markets in the nation. Only a tenth of the farmworkers surveyed owned



their home and respondents spent approximately 40% of their income on housing costs. As a result, farmworkers have limited housing choices and are often forced to double up to afford rents.

- ✓ **Substandard Housing Conditions.** Many farmworkers live in substandard housing. The conditions of farmworker houses were also unlikely to meet HUD standards. Many reported having no plumbing, leaking faucets, cracked, peeled or chipped paint, holes in the wall or floor, mice, or a leaking ceiling.

The City permits farm labor housing in the RM-3 district, subject to an administrative review permit which does not require a public hearing. In addition, this housing type is allowed in the IG (General Industrial) district, subject to a special use permit. In 1998, the Lincoln Square farmworker housing project was completed in Watsonville. This project contains 19 units and was funded in part by the U.S. Department of Agriculture. In addition, the County Housing Authority operates the 34-unit Casa Pajaro farmworker housing project on East Front Street - the only such project in Watsonville.

## 6. Homeless Persons

Homelessness is one of the more pressing issues in Santa Cruz County as a whole. In 2011, Applied Survey Research conducted the *Homeless 2011 Census and Needs Assessment* to determine the extent and needs of homeless people in Santa Cruz County. This study documented 2,771 homeless persons in Santa Cruz County, of which approximately 321 resided in Watsonville. The assessment reveals that the homeless population in north Santa Cruz County increased while in Watsonville it decreased slightly.

The homeless population in Watsonville consists of both families and individuals. Most families become homeless because they are unable to afford housing in the community. Beyond the need for housing, they are certainly likely to have other needs, such as support services and increased incomes. Nationwide, about half of those experiencing homelessness over the course of a year are single adults. Most enter and exit the system fairly quickly. The remainder essentially lives in the homeless assistance system, or in a combination of shelters, hospitals, the streets, jails, and prisons. There are also single homeless people who are not adults, including runaway and "throwaway" youth.

The Watsonville Municipal Code allows for the establishment of transitional and supportive housing as an accessory use in all residential zoning districts. The permit process for establishing transitional or supportive housing facilities mirrors the requirements for the construction of either single family or multi-family housing, depending on the type of project. The Watsonville Municipal Code was recently amended to provide definitions of emergency shelters, transitional and supportive housing in compliance with SB2.

The City recently adopted an ordinance (14-43) providing development and operational standards for emergency shelters, which are allowed by right in the Central Commercial Zoning district. The City's largest emergency shelter is located in the Central Commercial Zoning district, which encompasses approximately 38 acres.

Three major types of facilities provide shelter for homeless families and individuals in Watsonville: emergency shelters, transitional housing, and permanent housing. These types of facilities are all present in Watsonville and are summarized below in **Chart 2-12**. The City also participates in the Santa



Cruz County Continuum of Care program to meet the housing and supportive service needs of homeless individuals and families.

Chart 2-12  
Major Homeless Facilities/Providers in Watsonville Area

Facility/Provider	Type	Capacity	Services
Interfaith Satellite/Winter Shelter	Shelter	60 spaces	Shelter for homeless during winter
Pajaro Valley Shelter Services	Shelter/Transition	44 beds	Housing for women/children up to 90 days
Pajaro Valley Shelter Services	Transition	16 units	Housing for families up to 18 months
Salvation Army Complex	Transition	20 beds	Short Term Housing for families up to 6 months
YMCA	Transition	3 beds	Shelter for single women up to 1 year
Teen Challenge Monterey Bay	Transition/Shelter	50 beds	Shelter for single women up to 1 year

Sources: 2005-2010 State Consolidate Plan

Chart 2-12A  
Facilities and Housing Targeted to Homeless Households

	Emergency Shelter Beds		Transitional Housing Beds	Permanent Supportive Housing Beds	
	Year Round Beds (Current & New)	Voucher / Seasonal / Overflow Beds		Current & New	Under Development
Households with Adult(s) and Child(ren)	137	0	140	161	25
Households with Only Adults	199	28	116	132	50
Chronically Homeless Households	105	100	Included above	128	0
Veterans	12	0	0	230	0
Unaccompanied Youth	0	0	17	0	0

Data Source Comments:

The above information was obtained from the 2013 homeless point in time (PIT) and the HUD's 2014 Continuum of Care Homeless Assistance Programs Housing Inventory Count. Watsonville numbers are included in the Santa Cruz County counts.

## C. Housing Stock Characteristics



This section of the Housing Element addresses the housing characteristics and conditions in Watsonville. Housing factors evaluated include housing stock and growth, tenure and vacancy rates, age and condition, housing costs, and affordability. Later sections will also address the prevalence of overpayment and overcrowding in Watsonville.

## 1. Housing Growth

The County of Santa Cruz and Local Agency Formation Commission policies toward growth have impacted the development of Watsonville. Constrained by the Pajaro River, farmland and sloughs, environmental lawsuits, and the requirement to annex surrounding unincorporated islands, Watsonville has grown in a compact fashion with a total land area of approximately 6.5 square miles. As of the 2010 Census, Watsonville had a total of 13,528 housing units; representing an increase of approximately 15% since 2000 (see **Chart 2-13**). This increase is significantly more than the Countywide increase and is due, primarily, to annexations of already developed areas rather than new housing production.

Chart 2-13  
Housing Growth Trends

Jurisdiction	Housing Units		Percent Change
	2000	2010	
Capitola	5,309	5,376	+1%
Santa Cruz	20,862	21,657	+3.8%
Scotts Valley	4,477	5,112	+14%
Watsonville	11,771	13,528	+15%
Unincorporated	56,454	57,276	+2%
Total County	98,873	101,868	+3%

Sources: 2000, 2010 Census

Given that Watsonville is approaching build out of available vacant and underdeveloped properties, future housing growth will consist of infill within existing neighborhoods and commercial areas, as well as new subdivisions in adjoining areas (subject to LAFCO approval) in the Sphere of Influence. For housing development beyond the 2015-2023 timeframe of the Housing Element, Watsonville voters passed Measure U (2002), the Watsonville Urban Limit Line and Development Timing Initiative, that will guide the logical expansion of Watsonville through 2025.

## 2. Housing Type

Because Watsonville is a rapidly growing community, it is important to ensure that the housing needs of persons in all walks of life can be addressed. This includes the provision of single-family homes (both detached and attached), apartments, condominiums, mobile homes, second units, as well as various other types of housing. **Chart 2-14** summarizes the range in available housing types, as of the 2000 and 2010 Census.

Over the past decade, Watsonville's housing stock has remained relatively constant. The housing stock composition in 2010 is essentially the same as that of ten years ago. In 2010, single-family homes and multi-family dwelling units comprised approximately 65% and 28% of the housing stock, respectively. Mobile homes accounted for the remaining 7%.



During the present planning period, Watsonville will continue to provide diverse new housing opportunities for existing and future residents. As of October 2000, more than 1,400 new homes have been built or are under construction in Watsonville. These include single-family homes, townhomes, single-room occupancy units, and second units. A larger transitional housing project was approved in 2014 for Teen Challenge Monterey Bay with 100 beds, and will be under development in the near future. A large percentage of these new units are restricted as affordable, as further discussed in Chapter 4.

Chart 2-14  
Changes in City's Housing Stock 2000-2010

Housing Type	2000		2010	
	No. of Units	% of Total	No. of Units	% of Total
Single-Family	6,345	64%	7,577	65%
Detached	5,027	51%	5,969	51%
Attached	1,318	13%	1,608	14%
Multi-Family	2,601	26%	3,316	28%
2-4 Units	956	10%	1,324	11%
5+ Units	1,645	16%	1,992	17%
Mobile Homes/Other	963	10%	970	8%
Total Units	9,909	100%	11,863	100%

Sources: 2000, 2010 Census.

### 3. Tenure and Vacancy

As the housing market in Santa Cruz County has tightened in recent years, vacancies play an important role in the Watsonville housing market. A certain number of vacant units helps moderate housing costs, promotes choice, and provides an incentive for unit upkeep and repair. “Optimal” vacancy rates typically range from 1.5% to 2% for ownership units and 5% to 6% for rental units. Vacancy levels that are “below optimal” indicate a shortage in housing and escalate housing prices, while excess vacancies lead to depressed housing.

Chart 2-15  
Tenure and Vacancies

**Chart 2-15** illustrates changes in homeownership and vacancy rate from 2000 to 2010. The Great Recession is shown in the difference in the percentage of ownership units dropping 4% over the 10 year period, with the rental rate increasing. The vacancy rate also increased to 4% in 2010, as many homes were foreclosed during this period and remained unoccupied.

Vacancies remain at below “optimal,” increasing the chance for price escalation among apartments, as discussed later. Low vacancy rates for non-vacation or non-seasonal units in nearby jurisdictions have impacted Watsonville as well. Specifically, a growing number of families are searching for housing in Watsonville because they cannot find housing elsewhere in the County, contributing to the City’s housing demand.

Housing Occupancy	Proportion of Units	
	2000	2010
Tenure		
-Renter	52%	56%
-Owner	48%	44%
Vacancy	2.7%	4%

Source: 2000 and 2010 Census



Chart 2-16  
Homeowners by Age of Householder

While the number of homeowners in Watsonville increased by 21% during the 2000s, the homeownership rate remained unchanged at 48%, well below the Countywide level of 60%. The level of homeownership typically increases with the age of a householder, increasing from 25% for householders under age 34 to 75% for householders age 65 or older (**Chart 2-16**). Noteworthy is the significant increase in the number of adults ages 35 to 54. This trend could be due to the influx of new homeowners from north Santa Cruz County who had been priced out of the remainder of the County's housing market.

Age of Householder	No. of Homeowners		Percent Change
	2000	2010	
<34	687	643	-6%
35 to 44	1,165	1,130	+3%
45 to 54	1,167	1,387	+18%
55 to 64	788	1,287	+63%
65+	1,669	1,510	-9%
Total	5,476	5,957	+9%

Source: 2000 and 2010 Census

#### 4. Housing Condition

As a community in transition, maintaining and improving the quality of housing is an important goal for Watsonville. Like any other tangible asset, housing is subject to gradual deterioration over time. If not properly and regularly maintained, housing can deteriorate significantly and discourage reinvestment, depress neighboring property values, and eventually impact the quality of life in a neighborhood. Thus, maintaining and improving housing quality is an important means for improving the quality of life in Watsonville.

According to the 2010 Census, a limited number of homes are considered substandard. In 2010, 223 units lacked complete plumbing in Watsonville, and 246 units were without full kitchens. Watsonville's oldest housing units are located in and around the Downtown as well as recently annexed areas. Much of the unsafe or unsanitary housing stock are rentals and/or occupied by owners with equity, but without sufficient resources to maintain their units. Older homes also may have lead-based paint hazards.

The City currently administers a Code Enforcement program that aims to preserve and maintain the safety and quality of neighborhoods. Code enforcement staff investigates violations of the housing and building codes as well as property maintenance standards. When violations are identified or cited, staff advises property owners about the City's Housing Rehabilitation Loan Program, which offers low-interest loans to owners for necessary repairs. Loans are also available for rental properties, but require a long-term affordability commitment for assisted units. City staff educates residents about such hazard, inspect properties for dangerous conditions, and refers residents for blood screening to the Salud Para La Gente Health Clinic.

In addition to code enforcement, the City continues to provide significant financial assistance to rehabilitate substandard housing. Following the economic recession of the 2000s, the recovery of the housing market began, in part, when non-profit housing developers and the City used federal and state



affordable rehabilitation funds, 202 affordable homes and 199 rental housing units were built. One of the new affordable housing projects completed in the Downtown was the rehabilitation of the Wall Street Inn with 79 SRO units.

## 5. Housing Costs

Watsonville experienced significant changes in the housing market during the 2000's. According to the 2010 Census, the median home value was \$438,600, an increase of 95% over the median value in 2000. Other communities in Santa Cruz County experienced similar changes. As of the 2010 Census, the median value of homes for other Santa Cruz County communities was \$674,800 in Capitola, \$755,100 in Santa Cruz, and \$734,700 in Scotts Valley. Countywide, the median home value was \$715,000 in 2010. According to the California Association of Realtors, the median sale price for new homes in Santa Cruz County was \$705,000 in 2010, more than three times higher than the national median of \$188,900. In fact, according to the National Home Builders Association (based on a comparison of median home prices and household income), Santa Cruz County is one of the least affordable metropolitan area in the country. In 2010, only 8% of new and existing homes for purchase in the County are affordable to a family with a median income of \$65,500 (*Santa Cruz County Community Assessment Project*, Applied Survey Research).

Chart 2-17  
Home Values in Watsonville

**Chart 2-17** details the value of homes in Watsonville

according to the 2006-2010 American Community Survey. The value of homes is self-reported by Census respondents and may differ from the actual price of the home if they were sold. The median home value was \$445,500 in 2010, up from \$301,000 in 2000. This reflects the giant housing bubble that hit Watsonville prior to the Great Recession. Not including senior housing, the median sales price of a single-family home was \$355,000 (167 homes sold).

More affordable housing options are found in condominiums and senior units. Senior housing in Bay Village, Pajaro Village and Pajaro Vista provide a more affordable housing option for residents over age 55.

Home Values	Number of Homes	Percent of Units
Less than \$100,000	311	5%
\$100,000 to \$149,999	361	6%
\$150,000 to 199,999	401	6%
\$200,000 to \$299,999	851	13%
\$300,000 to \$399,999	839	13%
\$400,000 and up	3783	57%
Total	6546	100%
Median	\$445,500	

Source: 2006-2010 American Community Survey

Compared to surrounding jurisdictions in Santa Cruz County, Watsonville provides the majority of affordable opportunities for first-time homebuyers. However, during community workshops on the Housing Element, some residents indicated that a growing number of local employees are commuting from outside the City limits due to the increasing cost of housing in Watsonville. A number of attendees also noted that an influx of working professionals from Santa Cruz County and Silicon Valley to Watsonville has contributed to a high demand for housing and consequently, increased home prices in the City.

## For-Rent Units



The rental market in Watsonville also underwent significant changes during the 2000s. Rent can be measured as contract rent (e.g., rent only) or as gross rent (contract rent plus utilities). In Watsonville, the median contract rent increased 37% over the decade, from \$673 per month in 2000 to \$925 in 2009. In comparison, the median contract rent was \$1,531 in Capitola, \$2,172 in Santa Cruz, and \$1,897 in Scotts Valley. Countywide, the median contract rent was \$1,631. Recent surveys suggest that rental prices have increased significantly since 2009 in most communities in Santa Cruz County, including Watsonville.

Rental rates vary by location and quality of amenities offered. According to the Register-Pajaronian (November 2010), market rents for apartments in Watsonville are as follows: \$550 to \$650 for a studio, \$825 to \$900 for a one-bedroom unit, and \$985 to \$1,200 for a two-bedroom unit. Single-family homes comprise a significant portion of the rental housing stock in Watsonville. Current rents for single-family homes range from \$1,200 to \$1,500 for a two-bedroom home and from \$1,400 to \$2,200 for a three-bedroom home.

The City participates in the Section 8 Rental Assistance Program through the County Housing Authority, which extends rental subsidies to very low-income households. The Section 8 Program offers a voucher that pays the difference between the current fair market rent (FMR) as established by HUD and what a tenant can afford to pay (i.e. 30% of household income). The latest numbers from the Santa Cruz County Housing Authority show 2003 households received Section 8 assistance in Watsonville in 2015. The highest demand for assistance in the City is from households renting two to three-bedroom units. Because FMRs currently provide higher than actual market rents, many landlords in Watsonville are interested in accepting Section 8 tenants.

## 6. Housing Affordability

Housing affordability is influenced by a number of factors. Stagnant production in nearby communities is increasing the demand for housing in the Watsonville area. Moreover, rising housing costs, coupled with stagnant or declining real incomes, are also making housing less affordable for an increasing number of households. This section analyzes the ability of Watsonville households to secure housing in one of the least affordable areas in California.

Every year, the National Association of Home Builders (NAHB) tracks the ability of households to afford a home in almost 2000 metropolitan areas across the country. NAHB develops an Housing Opportunity Index (HOI) for a given area that is defined as the share of homes sold in that area that would have been affordable to a family earning the median income. In the past two years, less than 10% of the homes sold in the Santa Cruz-Watsonville metropolitan area have been affordable to the median family. The entire region has therefore earned the distinction as one of the least affordable housing market in the nation.

The affordability of housing in Watsonville can be inferred by comparing the cost of renting or owning a home in Watsonville with the income levels of households of different sizes. **Chart 2-18** shows the annual income ranges for very low, low, and moderate-income households by household size and the maximum affordable housing payment based on the federal standard of 30% of household income.



Standard housing costs for utilities, taxes, and property insurance are also shown. From these assumptions, the affordability of housing for a variety of income levels can be determined.

### Affordability by Household Income

- ✓ **Extremely Low-Income Households:** Extremely low-income households earn 30% or less of the County median family income. The County median income is \$53,998, and 30% of median is \$16,199 annually, or \$1,319 a month, in household income. With the Watsonville median housing costs at \$1,361 per month, extremely low-income households cannot afford rental housing without significant public assistance. Without public assistance, extremely low-income households are forced to double- or triple-up or live in significantly substandard housing in order to afford housing.
- ✓ **Very Low-Income Households:** Very low-income households earn 50% or less of the County median family income. At that income level, they can afford a maximum home price of approximately \$72,000. Given the expensive costs of single-family homes and also rising cost of condominiums in Watsonville, very low-income households could not afford to own a single-family home without considerable public assistance. Very low income households are thus confined to rental housing.

After deductions for utilities, a very low-income household can only afford to pay \$524 to \$734 in rent per month, depending on household size. However, given that the typical two bedroom apartment can rent for more than \$1,000 a month, suitable apartments are also not affordable for very low income households. A large family (five or more persons), for example, can only afford to rent a studio or one-bedroom unit, which would be too small. In practical terms, a large family would have to overpay for housing just to live in an inadequately sized rental unit.

- ✓ **Low-Income Households:** Low-income households earn 51% to 80% or less of the County median family income. Based on current sales data provided by Dataquick, low-income households in Watsonville can only afford to pay up to \$161,000 for a single-family home. However, given the median sales price for a single-family home (\$429,900) or a condominium (\$339,500) in Watsonville, low income households cannot afford to own a home without significant public assistance. Thus, low income households are too restricted to find affordable rental units.

Low income households have limited housing options in the rental market. After deductions for utilities, a low-income household can afford to pay \$868 to \$1,265 in rent per month, depending on family size. A one-person household can afford a one-bedroom apartment, although the supply of such units is limited. Low-income families can afford some of the apartment units listed for rent. Given the high demand for rental housing and low vacancy rates in Watsonville, low-income households may be competing with higher income residents for market-rate housing.

- ✓ **Moderate-Income Households:** Moderate-income households earn 81% to 120% of the County's median family income. The maximum affordable home price for a moderate-income household is \$188,000 for a one-person household, \$237,000 for a small family, and \$279,000 for a five-person family. One-person households and small families may be able to afford a limited



number of two-bedroom single-family homes and some condominiums available on the market without public assistance. Large families should be able to afford a few three-bedroom homes, provided that down payment and closing costs can be managed.

With a maximum affordable rent of \$1,325 to \$1,973 per month, moderate-income households can afford the majority of apartment units and single-family homes listed for rent. At present, outside of Bay and Pajaro Village (senior projects), few market-rate homes are affordable.

Chart 2-18  
Housing Affordability (2010) Santa Cruz County

Income levels		Max Affordable Price	
Group	Annual	Home	Rental
<b>Extremely Low</b> Household	\$16,199	X	\$405
<b>Very Low</b>			
One Person	\$22,950	\$54,344	\$524
Small Family	\$29,500	\$65,579	\$638
Large Family	\$35,350	\$72,696	\$734
<b>Low</b>			
One Person	\$36,700	\$111,000	\$868
Small Family	\$47,150	\$138,000	\$1,079
Large Family	\$56,600	\$161,000	\$1,265
<b>Moderate</b>			
One Family	\$55,000	\$188,000	\$1,325
Small Family	\$70,750	\$237,000	\$1,669
Large Family	\$84,900	\$279,000	\$1,973

Source: 2009-2013 American Community Survey, 2010 Census, City of Watsonville Affordable Housing Program Limits

## D. Regional Housing Needs

State law requires all regional councils of governments, including the Association of Monterey Bay Area Governments (AMBAG), determine the existing and projected housing need for its region (Government Code Section 665580 et. Seq.). AMBAG is also responsible for determining the portion allocated to each jurisdiction within the region. This is called the Regional Housing Needs Determination (RHND) process.

### 1. Existing Housing Needs

A continuing priority of communities is enhancing or maintaining their quality of life. A key measure of quality of life in a community is the extent of “housing problems.” Housing problems include overcrowding and overpayment, which are defined below:



- ✓ **Overcrowding:** Refers to a housing unit that is occupied by more than one person per room, excluding kitchens, bathrooms, hallways, and porches.
- ✓ **Overpayment:** Refers to a household paying 30% or more of its gross income for rent (either mortgage or rent), including costs for utilities, property insurance, and real estate taxes.

According to the 2010 Census, approximately 4,119 households in Watsonville live in overcrowded conditions, and approximately 4,213 overpay for housing. Chart 2-23 details the extent of housing problems by tenure. Renters typically are more likely to live in overcrowded conditions or overpay housing. In Watsonville, 44% of all renters overpay for housing, compared to 35% of owners. Countywide, 45% of all renters overpay for housing, compared to 34% of owners. Overcrowding and overpayment issues are examined in the following discussions.

### **Overpayment**

Housing overpayment occurs when housing costs increase faster than income. As is the case for many jurisdictions throughout coastal California, it is not uncommon to overpay for housing in Watsonville. However, to the extent that overpayment is often disproportionately concentrated among the most vulnerable members of the community, maintaining a reasonable level of housing cost burden is an important contributor to quality of life.

Housing overpayment is a significant problem in Santa Cruz County, where many households pay a substantial portion of their income for housing. The problem is particularly severe for renters. Over the past decade, housing overpayment has increased significantly for homeowners but declined slightly for renters. The percentage of homeowners overpaying for housing increased from 28% in 1990 to 35% by 2000 and another 41% by 2010. Among the renters, the percentage overpaying for housing declined slightly, from 51% to 44%. Part of the decline may be attributable to rising overcrowding rates among renters; many whom are students.

Housing overpayment also varies significantly by household type and income. Senior renters are especially vulnerable, with 45% of such households overpaying for housing (2010 Census). Approximately 57% of all lower-income households overpay for housing.

### **Overcrowding**

Overcrowding occurs when housing costs are so high relative to income that families double or triple up to devote income to other basic needs of food and medical care. Overcrowding also tends to result in accelerated deterioration of homes, a shortage of off-street parking, increased strain on public infrastructure and additional traffic congestion. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding are critical to improving the quality of life in the community.

Population growth and strict restrictions on development, coupled with a lack of affordable housing throughout the County, have contributed to Watsonville's overcrowding problem. As indicated earlier, Watsonville has become one of the densest communities in the State of California. According to the 2000 Census, a total of 4,029 Watsonville households lived in overcrowded conditions, representing 35% of all households. This level of overcrowding is dramatically higher than the County wide rate of 8%. Between 1990 and 2000, the level of overcrowding among renters increased from 39% to 46%. During



the same period, the level of overcrowding declined slightly from 13% to 11% of homeowners. Information from the US Census Bureau 2009-2013 5 Year American Community Survey suggests that overcrowding continues to be an issue in Watsonville.

Generally, lower-income households and large families experience a disproportionate share of overcrowding, which is also the case in Watsonville. Lower-income large families have a particularly high overcrowding rate, given that large rental units are generally not affordable to lower-income large household renters, and that the majority of homes with three or more bedrooms are out of reach for low-income families, the level of overcrowding will likely remain high for large families.

## 2. Future Housing Need

Future housing need refers to the share of the region's housing need that has been allocated to a community. The State Department of Housing and Community Development (HCD) supplies a regional housing goal number to the Association of Monterey Bay Area Governments (AMBAG), who breaks out the number into four income categories. AMBAG is then mandated to distribute the numbers to jurisdictions within the AMBAG region by income categories.

In allocating the region's future housing needs to jurisdictions, AMBAG is required to take into account planning considerations in Section 65584 of the State Government Code. These include market demand for housing, employment and commuting, availability of suitable sites and public facilities, type and tenure of housing, and other factors. AMBAG calculates future housing needs based upon regional and local forecasts of household growth, adjusted to allow for a sufficient number of units needed for normal vacancies and the replacement of units demolished or converted during the 2014-2023 timeframe.

After construction need is determined, AMBAG applies a "fair share" formula to determine the number of housing units to be affordable at different income levels. The fair share calculation is performed to meet the State mandate to reduce the disproportionate concentration of lower-income households in any one community and ensure that each city shares in the region's need for affordable housing.

**Chart 2-19** summarizes Watsonville's share, 700 units, of the region's future housing need for the 2014 to 2023 planning period. The City's Housing Element must demonstrate the availability of sufficiently zoned land to meet these planning targets. Zoning to meet the needs of lower and moderate-income households must be of sufficient density and with reasonable development standards to facilitate development affordable to these groups. Fulfillment of this test of zoning and development standards constitutes the provision of "adequate sites" to address the City's share of regional housing needs.

Chart 2-19  
Watsonville's Share of Regional Housing Needs (2014-2023)



Income Category		City's Share of Regional Housing needs	
		Number of Units	% of Total Units
Extremely Low		84	12%
Very Low		85	12%
Low		110	16%
Moderate		127	18%
Above Moderate		294	42%
Total		700	100%

Source: Association of Monterey Bay Area Governments RHNA 2014-2023

### 3. Assisted Housing At-Risk of Conversion

Existing housing that receives governmental assistance is often a significant source of affordable housing in many communities. Because of its significance to the City's stock of affordable housing, this section identifies publicly assisted rental housing in Watsonville, evaluates the potential of such housing to convert to market rates during a ten-year planning period (January 2007 to July 2017), and analyzes the cost to preserve those units. Resources for preservation/replacement of these units and housing programs to address their preservation are described in the Analysis of At Risk Projects.

#### Inventory of Affordable Projects

Affordability covenants and deed restrictions typically are used to maintain the affordability of assisted housing and ensure availability to lower- and moderate-income households. Over time, the City may face the risk of losing some of its affordable units due to the expiration of covenants and deed restrictions. As the relatively tight housing market continues to put upward pressure on market rents, property owners may be more inclined to discontinue public subsidies and convert the assisted units to market-rate housing.

As of 2007, the City has 895 housing units funded with public assistance. Of this total, 883 are affordable units. **Chart 2-20** is an inventory of publicly assisted rental housing projects in Watsonville.

Chart 2-20  
Inventory of Public Assisted Rental Housing



Project Name	Address	Total Units	Affordable Units	Household Type	Primary Funding	Earliest Expiration of Affordability
Evergreen Apts	50 Hollow View Lane	37	28	Family	Tax Credits	Post 2023(Not At Risk)
Sunny Meadows	220 Ross	200	200	Family	Section 236	Post 2023(Not at Risk)
Villa La Posada	34 Ortega Dr.	42	42	Family	Tax Credits RDA	Post 2023(Not at Risk)
Pajaro Court	170 Pennsylvania DR.	10	10	Family	Tax Credits RDA	Post 2023 (Not at Risk)
Tierra Linda	490 Beck St	18	18	Family	Tax Credits RDA	Post 2023 (Not at Risk)
Blackburn	160 Blackburn	14	14	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Seneca Court	100 Seneca Ct.	24	24	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Crestview	225 Crestview	16	16	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Montebello	179 Montebello	16	16	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Clifford	320 Clifford	16	16	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Clifford	310 Clifford	16	16	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Arista Place	50-55 Artista Dr.	31	31	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Pacifica Apartments	201 Pacifica	23	23	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)
Via Del Mar	124 W Beach Street	40	40	Family	Public Housing (HACSC)	Perpetuity (Not at Risk)

### Analysis of At-Risk Projects



Currently, the City's inclusionary housing units are not at risk given that they were either recently built or soon to be built and have affordability terms of 40 years. Affordable units owned by the Housing Authority also will not convert to market rate units, given that the Housing Authority is charged with keeping these units affordable. Finally, the recent projects funded by RDA funds and tax credits have long-term affordability controls well beyond 2023.



## 3 Housing Constraints

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The City recognizes that adequate and affordable housing for all income groups strengthens the community. Many factors can work to encourage or constrain the development, maintenance, and improvement of Watsonville's housing stock. These include market mechanisms, government codes, and physical and environmental constraints. This section addresses these potential constraints.

### A. Market Constraints

Land costs, construction costs, and market financing contribute to the cost of housing reinvestment and production. Although market conditions represent a primary driver, the City has some leverage in instituting responsive policies and programs to address market factors. The following discussion highlights market constraints to the production, maintenance, and improvement of housing.

#### 1. Development Costs

The price of single-family housing and rents for apartments largely reflect construction costs, the cost of land, and labor costs. As housing development costs increase, so does the price of housing. This is particularly the case in Santa Cruz County, which is considered among the least affordable housing markets in the nation.

**Construction Costs.** Construction costs vary widely according to the type of development, and the presence of environmental conditions. The International Conference of Building Officials established that the average cost of good quality construction is \$95 per square foot for multi-family homes and \$107 per square foot for single-family homes. Recently, because of unconsolidated soil conditions, the cost of the foundation for the proposed 12 unit transitional housing facility on Front Street increased by approximately \$100,000. A reduction in amenities and the quality of building materials could result in lower sales prices. Prefabricated factory-built or manufactured housing, which is permitted in Watsonville, may provide for lower priced housing by reducing construction and labor costs.

**Land Costs.** Another key cost component is raw land and any necessary improvements. Unlike construction costs and labor costs, the cost of residential and commercial sites is highly variable. Cost considerations include the number of units or density of development permitted on a particular site and the location of the site in relation to other amenities. As finished vacant land becomes scarce, developers begin to pursue more costly underutilized sites, which require the demolition of existing uses before a new project can be constructed. Thus, the price of land can vary significantly even assuming the same proposed project.

An appraisal report for a 20,000 square foot proposed housing site on Front Street (2001)<sup>1</sup> shows that the sales price of vacant residential parcels in Watsonville varies by zone, permitted density, and site characteristics. According to this report, three parcels zoned RM-3 and CN sold for \$11 to \$15 per square foot. However, after adjusting the value of the parcels for location, size, and potential density, the adjusted price ranged from \$16 to \$17 per square foot. For commercial properties, land costs range from \$15 to \$30 per square foot. Recently, the City paid \$150,000 to purchase a 4,660-square foot RM-3 parcel that was formerly zoned for commercial uses (translating to \$32 per square foot).



**Labor Costs.** Historically, the cost of labor has been a fixed cost component of housing construction costs. Similar to the cost of construction materials, labor costs are relatively stable throughout a metropolitan area and beyond the control of local governments. Thus, labor costs become a fixed cost in comparison to other more site-specific costs, such as the cost of land. In recent years, however, labor organizations lobbied for changes in State law which affected labor costs for public works projects, including housing.

The City recently adopted a Living Wage Ordinance that affects certain for-profit businesses that provide over \$10,000 in goods/services to the City exclusive of construction contracts. While representing a potential for additional costs related to development, particularly City funded projects, the impact is not likely to be significant. The City also recently revised its Local Hire Ordinance provisions including a tightening of apprentice requirements on City public works projects. Again, because the requirements do not apply to private construction projects and infrastructure improvements, the impact is not likely to be significant.

In January 2002, Senate Bill 975 significantly expanded the definition of public works projects and the application of the State's prevailing wage requirements to such projects. The bill also expands the definition of what constitutes public funds and captures significantly more projects beyond traditional public works projects that involve public/private partnerships. SB 975 requires payment of prevailing wages for most private projects built under an agreement with a public agency providing assistance to the project. The breadth of the legislation substantially limits the ability of public agencies and private entities to structure transactions to avoid prevailing wages for private construction work.

- a self-help housing project in which no less than 500 hours of the construction work is performed by the homebuyers;
- the new construction, rehabilitation, or expansion of a temporary or transitional housing facility for the homeless;
- assistance for the rehabilitation of a single-family home; and
- an affordable housing project funded by below-market rate loans that allocates at least 40% of its units for at least 20 years to low income households (80% of MFI)

While providing some relief, SB975 falls short of what the City and other jurisdictions desired.

**Home Purchase Loans.** In 2000, a total of 452 households applied for conventional loans to purchase homes in Watsonville. About 71% of the loan applicants were upper-income household (120% or more of County median family income or MFI). Moderate-income (81 to 120% of MFI) and lower-income (<80% of MFI) households accounted for 17% and 8% of loan applicants, respectively. In terms of race and ethnic composition, whites were overrepresented, accounting for 67% of the applicants. As expected, the approval rates for home purchase loans increased slightly with income. The overall approval rate was 82%, as compared to 75% for Santa Cruz County. According to the HMDA data, only 14 Watsonville households applied for government-backed home purchase loans in 2000, in part because the home sales prices exceed the caps set by the federal government.

To address the gap in federally backed loans for home purchases and improve access to financing for lower income households, the City offers various home ownership assistance programs. Through the First-Time Home Buyer program, the City's Housing Division has assisted 48 first-time homebuyers in achieving homeownership since 2009. In addition, the Mortgage Credit Certificate (MCC) program has



assisted 2 to 3 City households each year since 1990. The City will continue assisting low and moderate income households by providing MCCs as financing is available.

## 2. Fees and Exactions

Housing construction imposes short- and long-term costs on communities. Short-term costs include the cost of providing planning services and inspections. In addition, new residential developments can also result in significant long-term costs to maintain and improve the City's infrastructure, facilities, parks, and streets. In response to the taxing constraints imposed by Proposition 13, many California cities have relied increasingly on planning and development fees to fund the provision of services needed by new housing.

The City collects various fees from developers to cover the costs of processing permits. These include fees for planning and zoning approvals, Subdivision Map Act approvals, environmental review, plan check services, building permits, etc. Common Planning fees include:

<b>Planning Permit</b>	<b>Fee</b>
Administrative Review Permit	\$110
Administrative Use Permit	\$1,308
Special Use Permit (new construction)	\$4,573
Design Review	\$1,961
Environmental Review (Exemption/Initial Study)	\$331/ \$2935
Planned Development	\$30,836
Tentative Parcel Map (1 <sup>st</sup> 10 lots)	\$17,628

Watsonville also collects fees to cover the costs of providing the necessary services and infrastructure related to new development projects. Periodically, the State Department of Housing and Community Development (HCD) releases a survey of California cities and counties that identifies typical fee and permit amounts charged for development projects. Fees levied by the City (not including school district fees) are generally comparable, if not lower, than those charged by most jurisdictions in the Monterey Bay and Santa Cruz County area. Typical building permit and impact fees (including school fees) are outlined below for different types of residential development.

<b>Type of Construction</b>	<b>Total Building and Impact Fees</b>
Single Family Dwelling	\$42,996
Additional Dwelling Unit	\$19,112
Multi Family Dwelling (per unit)	\$30,476

Fees have not constrained the development of affordable housing. To ensure that fees do not constrain affordable housing, fee reductions or waivers are sometimes granted based on project-specific findings. Moreover, a variety of residential uses are exempt from the City's Affordable Housing Ordinance requirement with respect to in-lieu fees. Exempted uses include second units, shelters, farm labor housing, congregate care facilities, and emergency projects, among others.



## B. Governmental Constraints

Local policies and regulations can impact the price and availability of housing and in particular, the provision of affordable housing. Land use controls, site improvement requirements, and permit processing procedures may present constraints to the maintenance, development, and improvement of housing. This section discusses potential governmental constraints.

Adopted in 1994, the General Plan Land Use Element sets forth the City's policies regarding local land development. These policies, together with existing zoning regulations, establish the amount and distribution of land allocated for different uses. The Land Use Element provides for three residential land use categories and four commercial categories that permit residential units as a conditional use, as summarized in **Chart 3-1**.

Chart 3-1  
Land Use Categories Permitting Residential Use

General Plan Land Use Category	Zone Districts	Residential Density (units per net acre)	Typical Housing Types
Low Density Residential (R-LD)	R-1	7.99 or fewer	Exclusive single-family homes in low density and established neighborhood settings, accessory dwelling units
Medium Density Residential (R-MD)	RM-2	8 to 13.99	Cluster developments, mini lot subdivisions, condominiums, apartments, accessory dwelling units
High Density Residential (R-HD)	RM-3 14 to 36.99; up to 42.99 for studios or SROs	14 to 36.99; up to 42.99 for studios or SROs	Multi-story apartment and condominium, SROs
General Commercial (GC)	CN, CT	Based on nearest multi-family residential districts (RM-2 or RM-3)	Apartments, SROs hotels, condominium housing above ground floor commercial use, boarding houses,
Central Commercial (CC)	CCA, CC	Varies; range of 30-60	Apartments, SROs, hotels and condominium, and housing above ground floor commercial use,

Source: Land Use Element, City of Watsonville General Plan & Municipal Code



### 3. Provisions for a Variety of Housing

Adopted in 1994, the General Plan Land Use Element sets forth the City's policies regarding local land development. These policies, together with existing zoning regulations, establish the amount and distribution of land allocated for different uses. The Land Use Element provides for three residential land use categories and two commercial categories that permit residential units as a conditional use, as summarized in **Chart 3-2**.

Chart 3-2  
Conventional Housing Types Permitted by Zone

Housing Types Permitted	Residential Zones			Commercial Zones			
	R-1	RM-2	RM-3	CCA	CC	CT	CN
Single – family dwelling	*	A/S	A/S	X	X	S	S
Accessory Dwelling Unit	*	*	*	X	X	X	*
Two family dwellings	X	*	A/S	X	X	S	S
Three or four family dwellings	X	*	*	S	X	S	S
Notations:							
Mobilehomes	*	*	*	X	X	X	S
Apartment, townhome, condominium Units 16 or fewer	X	*	*	S	S	S	S
Apartment , townhome, condominium Units 16+ units	X	S	S	S	S	S	S
Mixed residential-commercial	X	X	X	S	S	S	S
Additional Dwelling units	*	*	*	X	X	X	X

Source: City of Watsonville Municipal Code  
Permitted uses are subject to the following permits

\* = Administrative Review

\* = Principally Permitted

S = Special Use Permit

X = Not Permitted

**Multi-Family Housing:** Multi-family housing makes up approximately 28% of the existing housing stock in Watsonville. The City's Zoning Ordinance expressly permits multi-family projects in the RM-2 and RM-3 zoning districts. In the RM-3 zone, multi-family developments can be built up to a density of nearly 37 units per acre; studio or single-room occupancy projects may be developed at a density of almost 43 units per acre. In addition, multi-family housing, such as apartments and condominiums, is permitted in the CCA, CC, CT, and CN commercial districts subject to an administrative or a special use permit.

**Second Units:** The Zoning Ordinance allows the development of additional living units (ADU's) on standard sized lots with single-family homes in the R-1, RM-2 and RM-3 Zoning districts. The purpose of



permitting additional living units is to allow more efficient use of existing housing and to provide the opportunity to develop small housing units while preserving the integrity of single-family neighborhoods.

Approval of a second unit is granted by an Administrative Review Permit, and the maximum allowable floor area in 750 square feet.

**Factory Built Housing and Mobile Homes:** The City permits manufactured and factory built housing in all single-family residential districts, provided that the units are consistent with the Uniform Building Code (UBC) regulations. Mobile homes are also widely permitted and comprise 7% of the housing stock in Watsonville. Mobile home parks are permitted in the RM-2 zone at a maximum density of 14 units per acre. According to HCD, the City has six mobile home parks with a total of 800 homes. To maintain the affordability of mobile homes in Watsonville, the City's Mobile Home Rent Stabilization Ordinance limits annual rent increases to 70% of the Consumer Price Index or 5% of existing rent, whichever is less. Mobile homes as single family residential or as accessory dwelling units are principally permitted in all residential zones, and permit requirements are the same as for conventionally built housing.

**Special Needs Housing:** In addition to conventional housing, the City also permits various special needs housing to allow persons with special needs to live in Watsonville. These facilities include residential care facilities, transitional housing, emergency shelters, group care facilities, and farm employee housing. Specific zoning code provisions for these uses are detailed in **Chart 3-3. Housing for farmworkers** can be built in any zone that allows housing.

Chart 3-3  
Special Needs Housing Types Permitted by Zone

Housing Types Permitted	Residential Zones				Commercial Zones			
	R-1	RM-2	RM-3	CCA	CC	CT	CN	IG
Single room Occupancy	X	*	*	S	S	*	*	X
Rooming Houses	X	*	*	X	S	X	X	X
Farm Labor Housing	X	X	*	X	X	X	S	S
Foster Home 6 or fewer	*	*	*	X	X	X	A	X
Residential Care Facility 6 or fewer 7+ persons	*	*	*	X	X	X	A	X
Emergency Shelters	X	S	S	X	*	S	S	X
Transitional & Supportive Housing 6 or less	*	*	*	A	S	S	S	X
Transitional & Supportive Housing, Residential Care Facility 7 or more	A	A	A	S	S	S	S	X

Source: City of Watsonville Municipal Code  
Permitted uses are subject to the following permits

\* = Principally Permitted

A = Administrative Use Permit

S = Special Use Permit

X = Not Permitted

**Single-Room Occupancy:** Single-room occupancy (SRO) hotels provide a form of affordable housing suited to single or married couples without children. The City permits SRO hotels in the Central Commercial District. A new SRO unit must have a minimum of 150 square feet of floor area for single occupancy. Each SRO must have an enclosed bathroom, kitchen area, and other amenities. Occupancy



is reserved for persons eighteen years of age or older, unless the SRO is occupied by a foster youth who has emancipated from the foster care system.

**Residential Care Facilities:** State-licensed residential care facilities for six or fewer residents are permitted as an accessory use in residential districts subject to an Administrative Review Permit issued by the Zoning Administrator. Residential care facilities serving seven or more persons are considered group homes and allowed in residential districts subject to an Administrative Use Permit. According to the Community Care Facilities Act in the California Health and Safety Code, such facilities serving six or fewer

persons (including foster care) must be permitted by right in all residential zones allowing single-family housing. Such facilities cannot be subject to more stringent development standards, fees or other standards than single-family homes in the same district. The Zoning Code permits such facilities in residential districts by right pursuant to an ARP.

**Transitional Housing and Emergency Shelters:** Transitional housing is typically defined as temporary (often six months to two years) housing for an individual or family transitioning to permanent housing, or for youth that are moving out of the foster care system. An emergency shelter is a facility that provides shelter to families or individuals on a limited, short-term basis. The City adopted a new Chapter 14-43 that addresses development standards and operational criteria for Emergency Shelters in March, 2016. Further, the City modified the Municipal Code to allow emergency shelters by right in the Central Commercial Zoning District to meet the requirements of SB2. The CC Zoning district has sufficient capacity to meet demand and properties in this zoning district are close to the downtown core where most services and public transportation are located. The definitions for Transitional Housing, Emergency Shelters, and Supportive Housing were modified in the Municipal Code to match the definitions described in SB2. Those definitions can be found in the Appendix. Transitional Housing and Supportive Housing for 6 or less are addressed in the residential zoning districts in the Municipal Code and are allowed by right, in compliance with SB2.

**Farm Labor Housing:** Housing for migrant or short-term farmworkers, such as labor camps and specialized dormitory-style living facilities, are allowed in the RM-3 district subject to an Administrative Review Permit, which does not require a public hearing. In addition, this housing type is allowed in the IG (General Industrial) district subject to a Special Use Permit. A recent example of a farmworker housing project in Watsonville is Lincoln Square, a 19 unit project funded in part by the U.S. Department of Agriculture. However, housing for permanent or longer-term farm workers may be developed in any zone where residential uses are permitted (For instance, if proposed as a medium density residential use, farmworker housing would be permitted in the RM-2 zone) in compliance with the California Employee Housing Act. Farmworker housing for six or fewer residents in any residential zoning district are principally permitted.

#### 4. Residential Development Standards

The City regulates the type, location, density, and scale of residential development primarily through the Zoning Ordinance. Zoning regulations are designed to protect and promote the health, safety, and general welfare of residents, as well as implement the policies of the General Plan. The Zoning Ordinance also serves to preserve the character and integrity of neighborhoods. The Ordinance sets forth the City's specific residential development standards, summarized in **Chart 3-4**. As discussed above, in addition to residential zones, residential uses are also permitted in the four commercial zones.



Chart 3-4  
Residential Development Standards

Zoning District	Maximum Density (du/ac)	Minimum Lot Size (sq. ft.)	Maximum Building Coverage (%)	Maximum Building Height (ft.)
R-1	7.99	6,000 interior lot 6,500 exterior lot	50	28' (2 stories); 35'(2 ½ stories) w/SUP*
R-1P	7.99	3,000 interior lot 3,500 exterior lot	45	28' (2 stories); 30' (2stories) w/SUP*
RM-2	13.99	6,000 interior lot 7,000 exterior lot	60	28' (2 stories); 40' with SUP*
RM-3	42.99	7,000	50	28' (2 stories); 40' with SUP*
CCA/CC	No maximum unless adjacent to residential district.	2,500	100	75'
CN		6,000	None	35' (3 stories)
CT		6,000	Varies	35' (3 stories)

Source: Zoning Ordinance, City of Watsonville 2015.

\*SUP: Special Use Permit

The following development standards may limit the number of units that may be constructed on a particular piece of property and thus increase the unit costs of development. However, as described below, these development standards have not impeded the production of affordable housing.

**Density:** The maximum density permitted, defined in terms of the number of units per acre, varies by zone. The maximum density ranges from 7.99 units per acre in the R-1 (single family) zone to 42.99 units per acre in the high-density RM-3 zone. The City also permits apartments and condominiums in four commercial zones. The maximum density permitted in commercial zones depends upon the density permitted in surrounding residential district(s). By permitting a range of densities, the City facilitates the development of a variety of housing types, ranging from low-density single-family residences to apartment and condominium complexes. The City also encourages new housing to be developed at the highest end of the permitted density ranges to maximize the number of units available.

**Structural Limits:** Zoning Ordinance regulations affect the size of structures by setting limits on lot coverage and height. Generally, Watsonville's residential development standards are comparable to those in the cities of Santa Cruz and Scotts Valley, including minimum lot area and height standards. For example, the maximum building height of 40 feet in Watsonville's RM-3 zone is between the maximum permitted height of 35 feet in Scotts Valley and the maximum of 48 feet in Santa Cruz's R-H zone. Single-family lot sizes are also generally smaller in Watsonville in comparison to surrounding communities, resulting in relatively lower land costs, and greater housing affordability and production. Through the Planned Development (PD) designation, the City has permitted smaller lot sizes in new subdivisions. For example, both the Sea View Ranch and 33 Harkins Slough projects were recently permitted with single-family lots ranging from 2,590 to 3,763 square feet and town home lots ranging from 1,800 to 3,000 square feet.



**Parking Requirements:** The City's parking requirements for residential districts vary by housing type and anticipated parking needs, and increase by unit size (number of bedrooms). Single family residences with 3 or fewer bedrooms require 2 parking spaces. One of those spaces must be in an enclosed garage. For each additional bedroom in a single family dwelling over 3 bedrooms, an additional uncovered parking space is required.

For condominium and townhouse projects, two garage spaces per unit are required. For rental projects and apartments, one carport and one open parking space per unit are required. Single Room Occupancy units require  $\frac{1}{2}$  space per tenant and 1 space per manager.

The City's parking requirements are similar to those in many jurisdictions in California and reflective of private vehicle ownership rates in Watsonville. The average vehicle ownership rates are 2.0 vehicles for owner-occupied housing and 1.5 for rental housing. In 2010, 70% of City households owned one to two vehicles, 20% owned three or more vehicles, and 10% of households did not own a vehicle.

The City has further established guest space requirements to provide for adequate parking at apartment and condominium complexes. The following guest parking requirements apply: 1) 1 space per 4 bedrooms for projects with 1 to 75 units; 2) 1 space per 6 bedrooms for projects with 76 to 125 units; and 3) 1 space per 8 bedrooms for projects with 126 or more units. These standards do not apply to homes in the R-1 zone.

## 5. Flexibility in Development Standards

The City offers various mechanisms to provide relief from development standards typically required of all residential projects, including allowing residential uses in commercial districts, density bonuses, and in Planned Developments.

**Residential Uses in Commercial Districts:** As the availability of vacant and underutilized residential land has diminished, developers have considered building housing in downtown commercial areas. The City permits housing in the CCA, CC, CN, and CT districts as a conditional use, requiring either an Administrative Use Permit or a Special Use Permit. By allowing residential uses in commercial areas, the City has identified additional areas where new housing may be built. Recently, a number of housing projects have been completed or approved in various commercial zones. These include a 23 unit affordable housing project in the CT Zoning District and a 79 unit SRO project in the CCA Zoning district.

**Density Bonus:** In compliance with State law, the City offers density bonuses and regulatory incentives to developers of affordable and/or senior housing. A project eligible for a 35% density bonus and at least one regulatory concession is one for which at least: (1) 10% of the units are reserved for very low-income households; (2) 20% of the units for low-income households; or (3) 50% of units for senior residents. Regulatory concessions include reductions in development standards or modifications of zoning requirements that result in identifiable cost reductions, such as reductions in setbacks, lot size, and parking requirements, and an additional density bonus in excess of the 25% basic bonus. The City is active in facilitating affordable housing through the density bonus and other regulatory concessions. For example, the affordable housing project at 201 Pacifica was able to secure a density bonus to build additional units for a total of 23.

**Planned Development District (PD):** The PD District is designed to: (1) foster development plans for eligible lands that serve public objectives more fully than development plans permitted under



conventional zoning regulations; and (2) establish criteria for identifying parcels of land that can benefit from creative development plans requiring special review. A PD designation allows the regulations of the underlying district to be superseded, modified, or amended. The City frequently uses the PD designation to permit higher densities through smaller lots, narrower streets, and other deviations from conventional zoning regulations. Through the PD designation, the City has approved small-lot single-family homes throughout the City, as well as apartment, condominium and townhome projects. MidPeninsula Housing gained approval of a 46 unit affordable housing project in 2014 (20 units of which are in City limits) through a Planned Development process, and 48 townhome units were approved in 2015 at 35 Harkins Slough Road through a Planned Development.

**Non-conforming Ordinance:** Over the past few decades, Watsonville has annexed many unincorporated areas, which often contain homes built under development standards not used in Watsonville. The recently revised Non-conforming Ordinance was structured to help the City maintain its existing housing stock. The Ordinance allows existing parcels to maintain non-conforming units based on density, setbacks, or lot coverage with a Special Use Permit as long as the replacement does not make the site more non-conforming and any addition is consistent with all City standards. This revision protects existing housing by allowing residents an option to maintain and in some cases expand existing units.

## 6. Development Permit Procedures

The Community Development Department is the lead agency in processing residential development applications and as appropriate, coordinates the processing of those applications with other City departments and agencies. The City uses various development permits to ensure quality housing within Watsonville while minimizing the costs associated with lengthy review. The following permits are most frequently used in Watsonville.

**Administrative Review Permit.** All housing projects permitted by right are required to receive an Administrative Review Permit (ARP) before proceeding forward with a building permit. To obtain an ARP, an applicant submits site and floor plans for review and approval by planning staff. An ARP is obtained “over the counter” without public hearings within a day.

**Administrative and Special Use Permits.** The City may require an Administrative Use Permit (AUP’s) and Special Use Permit (SUP’s) for projects requiring special attention to site planning. Such projects include residential uses in commercial zones, larger community care facilities, emergency shelters and transitional housing. To apply for these permits, an applicant must submit site plans, floor plans, elevation illustrations, grading/drainage plan, soils and drainage reports, and other material. The time frames associated with securing a discretionary permit depends on the public hearing process and staff review process. An AUP requires from 1 to 2 months to process, before referral to the Zoning Administrator. Staff processes an SUP in 3 to 4 months, with final action by the Planning Commission. The findings required for AUPs and SUPs are listed below.

- (a) The proposed use at the specified location is consistent with the policies of the General Plan and the general purpose and intent of the applicable district regulations;
- (b) The proposed use is compatible with and preserves the character and integrity of adjacent development and neighborhoods and includes improvements or modifications either on-site or within the public rights-of-way to mitigate development related adverse impacts such as traffic, noise, odors, visual nuisances, or other similar adverse effects to adjacent development and neighborhoods. These improvements or modifications may include, but shall not be limited to, the placement or orientation of



buildings and entryways, parking areas, buffer yards, and addition of landscaping, walls, or both, to mitigate such impacts;

- (c) The proposed use will not generate pedestrian or vehicular traffic which will be hazardous or conflict with the existing and anticipated traffic in the neighborhood;
- (d) The proposed use incorporates roadway improvements, traffic control devices or mechanisms, or access restrictions to control traffic flow or divert traffic as needed to reduce or eliminate development impacts on surrounding neighborhood streets;
- (e) The proposed use incorporates features to minimize adverse effects, including visual impacts and noise, of the proposed special use on adjacent properties;
- (f) The proposed special use complies with all additional standards imposed on it by the particular provisions of this chapter and all other requirements of this title applicable to the proposed special use and uses within the applicable base zoning district; and
- (g) The proposed special use will not be materially detrimental to the public health, safety, convenience and welfare, and will not result in material damage or prejudice to other property in the vicinity.

**Planned Development (PD) Permits. The PD process in an integrated process.** The consolidated application involves a zone change (to the PD overlay district), Design Review, a Special Use Permit, Environmental Review and (where State law requires) Tentative Map approval. These steps are done concurrently to yield a cost effective and better product for both the applicant and community. The process steps (such as required public hearings and approvals by the Planning Commission and City Council for a zone change and tentative map) and efficiency are governed by the Permit Streamlining Act. Without an EIR, PD applications are processed from initiation to approval in 8-9 months. Developers often use the PD process to produce creative projects on problem lots larger than one acre in size, where conventional zoning requirements and approaches would often preclude them.

In summary, the City's permit processes facilitate the construction of quality housing in a timely manner. The timeframes are reasonable and, where applicable, well within the requirements of the Permit Streamlining Act. To further streamline processing, the PD process uses concurrent processing. In addition, qualified affordable housing projects receive priority processing in advance of all non-priority items. Finally, the City's one-stop permit center continues to provide prompt service, benefiting the City and developer by facilitating the production of quality housing.

## 7. Design Review

The City's Design Review Ordinance (Chapter 14.11 of the Municipal Code) was adopted in December, 1992. Design review is an important component in the development review process in that it helps ensure quality housing projects are built within Watsonville. The Ordinance applies to all new multi-family uses, and exterior modifications to existing multi-family uses requiring a building permit. The Ordinance does not apply to proposed alterations to detached single family dwellings, in either single family or multi-family zones, unless it is part of a new subdivision being developed by the subdivision developer.



The Design Review process is completed in a timely manner, requiring just over a month from initial submittal to approval by the Planning Director. However, projects needing Design Review often require other planning approvals. In such cases, applicants apply for all necessary permits at the beginning, to save processing time and applicant expense. For example, a recently approved 48-unit attached subdivision zoned RM-2, received simultaneous Design Review, PD, Special Use Permit and Tentative Map review and approval.

Each successful Design Review application is approved, based upon findings outlined by the Zoning Ordinance. In addition, the Design Review process is directed by the City's Livable Communities Guidelines – adopted in 2002. The Guidelines supplement Zoning Ordinance development standards with principles that address neighborhood and residential design using local photos and diagrams, and various case studies. The Guidelines also augment the City's Subdivision Ordinance City engineering design standards. As a result, developers are able to produce residential projects meeting the community's expectations for quality design with greater certainty and predictability.

City staff is always available to confer with applicants prior to, during, and following Design Review. The City's Design Review Ordinance and Livable Communities Guidelines are available online via the City's web page or in hard copy at the City's Community Development Department.

## 8. Affordable Housing Ordinance

In recent years, housing prices have dramatically increased in the Monterey Bay area, causing hardship to Watsonville residents. In 1991, the City adopted an Affordable Housing Ordinance as a means to provide permanent affordable housing for persons of all income levels. The Ordinance was also significantly amended in 2001. The City defines its income thresholds as a percentage of Watsonville's median family income (MFI). The City's median family income is approximately 70% of the Countywide median. For informational purposes, **Chart 3-5** defines the income categories as a percentage of the County median.

Developers are required to set aside 15% of the units in ownership projects of 7 or more units for targeted income level groups. Due to the cost of single-family homes, homeownership projects are required to set aside units for median, moderate, and above moderate income households. The term of affordability is a minimum of 40 years.

Chart 3-5  
Affordable Housing Ordinance Requirements

Targeted Income/ Affordability Level	Income Levels: Percent of County median family income	Set Aside Requirements
		For Sale Projects
Above Moderate	More than 120%	5%
Moderate	100% to 120%	5%
Median	80% to 100%	5%
Total		15%

Source: City of Watsonville Municipal Code Section 14-46.040, 2015

The Ordinance allows the payment of in-lieu fees for residential development projects or land divisions



that include 6 or fewer new units or lots, commercial and industrial development projects exceeding 1,000 square feet of gross floor area, and condominium conversions. Currently, the in-lieu fee is \$10,000 for a single-family home and \$5,000 for a multi-family unit and is adjusted annually by 50% of the annual percentage increase in the Santa Cruz-Watsonville Metropolitan Statistical Area Housing Price Index. Through the development agreement negotiation process, fee reductions or waivers are sometimes approved based on project-specific findings. Also, the City's Affordable Housing Ordinance exempts a variety of residential uses, such as second units, shelters, farm labor housing, congregate care facilities, and emergency projects from the Ordinance and in-lieu fees because by their nature, they are considered affordable.

## 9. Building Codes and Site Improvements

The City has adopted the 2013 California Building Code (CBC), which establishes standards and requires inspections at various stages of construction to ensure code compliance and minimum health and safety standards. The City's Building Code also requires new residential construction to comply with the federal Americans with Disabilities Act (ADA), which specifies a minimum percentage of dwelling units in certain developments that must be fully accessible to the physically disabled. Although these standards and the time required for inspections increase housing production costs and may impact the viability of rehabilitation of older properties; the codes are mandated of all jurisdictions in California.

Every three years, the State of California selects and adopts new construction regulations substantially based upon uniform model codes. Local governments may incorporate local amendments to the California Standards Building Code, provided appropriate findings are made.

Site improvements cover the range of water, sewer, circulation, and other services and infrastructure needed to facilitate residential developments. To ensure adequate improvements are in place, Watsonville requires pro-rata payments for off-site extension of water, sewer and storm drain systems, and traffic signals. Requiring developers to make site improvements, pay pro-rata shares toward infrastructure costs, and pay for additional public services will increase the cost of housing and impact the affordability of the homes. While site improvements increase housing costs, they are standard for most jurisdictions. Moreover, site improvements are necessary to maintain the quality of life desired by City residents, and ensure that public services and facilities are in place at the time of need.

## 10. Disability Access

In January of 2002, amendments to Section 65008 of the Government Code required localities to analyze potential and actual constraints upon housing for persons with disabilities, demonstrate efforts to remove government constraints, and include programs to accommodate housing designed for disabled persons. As part of the Housing Element process, the City analyzed its Zoning Ordinance, permitting procedures, development standards, and building codes to identify potential impediments. Where found, the Program Section of this element proposes specific actions and implementation schedules to remove such impediments.

Chapter 14-40 of the Watsonville Municipal Code allows projections into required yard areas for such things as decks, landings, bay windows, and porches. This provision also allows for the installation of wheelchair ramps leading up to front doors to provide access should a resident need it.



**Zoning and Land Use.** State and federal housing laws encourage an inclusive living environment, where persons of all walks of life have the opportunity to find housing suited to their needs. As discussed earlier, the Zoning Ordinance permits a range of housing types suitable to special needs groups covered under the uses “Residential Care Facilities.” Group homes serving six or fewer persons are permitted by right in all residential zones and larger facilities (seven or more persons) are permitted in all residential zones via the conditional use permit process. Nevertheless, the City may consider making changes to better facilitate the development of housing for persons with disabilities. The City could, for example, amend the Ordinance to include a definition of residential care facilities to clarify what type of facility is allowed as an accessory use in all residential districts. Currently, the City permits such facilities (except foster care homes) by right as an accessory use in residential districts as required by State law.

**Building Codes and Development Standards.** The City enforces Title 24 of the California Code of Regulations, which regulate access and adaptability of buildings to accommodate persons with disabilities. In addition, the City’s building code requires compliance with the 1988 amendments to the Fair Housing Act, which requires a minimum percentage of dwelling units in new developments to be fully accessible to the physically disabled. The Americans with Disabilities Act (ADA) requires new residential buildings consisting of three or more units to incorporate design features, including: 1) adaptive design features for the interior of the unit; 2) accessible public and common use portions; and 3) sufficiently wider doors to allow wheelchair access. The City ensures that plans meet ADA accessibility standards.

The City uses the 2013 edition of the Uniform Building Code mandated by the State of California. No unique restrictions are in place for disabled housing, such as minimum distances, special conditions for disabled housing, or other regulations that could constrain the development, maintenance, improvement, or alteration of housing for disabled persons.

The City provides for modified/reduced parking for group care homes, including facilities that serve persons with disabilities: only one parking space is required for every three beds. Moreover, the Zoning Ordinance allows for flexibility in parking for elderly, handicapped persons, and for retirement and transitional housing. Parking spaces may be reduced 50% if the Zoning Administrator makes findings, subject to Planning Commission approval. The City also may permit modified residential development standards to accommodate special needs and circumstances. An applicant may present a written request for the modification of any development standards for community care facilities.

**Permitting Procedures.** The City does not require special building codes or additional levels of review to build, improve, or convert housing for disabled persons. Per State law, requests for modifications to ensure housing access, such as ramps up to 30 inches in height, do not require a building permit and are processed over the counter. The City uses a standard entitlement processes to ensure that facilities are sited and operated in a manner compatible with surrounding land uses. The Zoning Ordinance does specify a unique set of performance standards for community care facilities.

## C. Environmental and Infrastructure Constraints

Physical environmental conditions affect the feasibility and cost of residential developments. Environmental issues include the suitability of land for development, as well as the provision of adequate infrastructure and services. This section addresses potential environmental and infrastructure constraints.



## 1. Environmental Constraints

Environmental constraints and hazards affect, in varying degrees, existing and future residential developments. Discussed below are the major environmental hazards in the City. (More detailed discussion of environmental safety issues is provided in the Public Safety Element of the General Plan.)

**Geologic Hazards:** Watsonville lies between two major fault zones, the San Andreas to the north and east, and the San Gregorio, offshore to the west. Other active or potentially active fault zones that could affect Watsonville include the Zayante and Corralitos in the Pajaro Valley and the Monterey Bay fault zone to the west. The U.S. Geological Survey has estimated that the San Andreas fault could produce an earthquake of 8.5 magnitude on the Richter scale. Such events would be expected to cause structural damage. In 1989, Watsonville was one of the hardest hit communities in the Loma Prieta earthquake (7.1 on the Richter scale), severely damaging hundreds of structures throughout the community.

Landslides and liquefaction are possible depending on the intensity and duration of an earthquake. Liquefaction potential is particularly a concern in Watsonville due to the shallow groundwater system and proximity to the Pajaro River. In the event of an earthquake, a large portion of Watsonville would be subject to liquefaction. Due to the presence of unreinforced masonry structures in Watsonville, a sizable

earthquake could subject structures to fail. To mitigate the risks of liquefaction and flooding, building costs are necessarily higher in Watsonville.

**Flood Hazards:** The Pajaro River, Salsipuedes Creek, and Corralitos Creek have a long history of flooding, as occurred in 1955 and 1995, and can be expected to flood again. Coupled with an extensive slough system, most of Watsonville is located in the floodplain. With future flooding events, the extent of damage will depend upon the area inundated and the level of urbanization that exists in flood-prone areas. Some properties and agricultural lands in Watsonville are subject to flooding during a 100-year flood event, meaning that there is a one percent chance any given year that a flood of that magnitude will occur.

Without major improvements, some flooding is inevitable. The existing channel and levee system along the Pajaro River has an approximate 20-year storm capacity. The Corralitos and Salsipuedes Creeks have five- and seven-year storm capacities, respectively. When streets, buildings, and parking lots cover the natural ground surface, adequate storm drainage facilities are substituted to absorb rainfall. In Watsonville, the natural drainage pattern has been supplemented by a system of structures described in the Storm Drainage Master Plan. New development must incorporate adequate mitigation to accommodate storm water run-off. Under the Flood Insurance Program, new construction within the floodplain must be elevated above the 100-year flood level or flood proofed.

The City of Watsonville is actively participating in a joint effort with the Santa Cruz County Zone 7 Flood Control and Water Conservation District and Monterey County to develop and implement a regional flood control project intended to contain flows from a 100-year flood event within the banks of the Salsipuedes and Corralitos Creeks and the Pajaro River. To protect properties within the floodplain, the Federal Emergency Management Agency (FEMA) is responsible for ensuring that local jurisdictions meet the requirements of a myriad of development criteria. Any development located within the FEMA



designated special flood hazard area must satisfy certain design criteria to minimize changes to the floodplain. The City adopted an impervious area fee of \$0.40 per square foot of privately improved area, of which a portion goes to addressing long term improvements to the Pajaro River.

**Fire Hazards:** Residential fire potential is comparatively high in certain areas of the City due to the age of housing stock (approximately 4,000 units are over 40 years old), overcrowding (4,039 units were overcrowded in 2000), and substandard building conditions. Based on the 1992 Citywide Housing Survey, 1,167 housing units were found to be in need of some level of repair. Wildland fires occasionally break out in the grasslands and on the dry, chaparral-covered hills, but are normally contained long before they threaten urban areas. The California Division of Forestry has primary responsibility for fire suppression in watershed areas; under provisions of mutual aid agreements, the City provides reciprocal aid to other jurisdictions.

## 2. Public Facilities and Services

In planning for growth, it is important to ensure that adequate public facilities and services are available to meet the anticipated demand. Discussed below are the major public services in the City. (More detailed discussion of environmental safety issues is provided in the Public Facilities and Services Element of the General Plan.)

**Water Supply:** The City of Watsonville is part of the Pajaro Valley Water Basin. The basin has been in an overdraft condition for approximately 60 years. The Pajaro Valley Water Management Agency (PVWMA) is the regional agency responsible for water resource management within the Pajaro Valley Water Basin. The PVWMA adopted the Basin Management Plan (BMP) to evaluate strategies that would balance water demand, prevent seawater intrusion, and initiate long-range programs to protect water supply and quality within the basin. The most recent BMP and BMP EIR were approved and certified in 2014. These documents are the basis for the basin-wide water management program, which affects all water users in the basin. In 2014 the Watsonville Water Utility served approximately 66,000 customers (connections) in and outside the City limits, with an annualized usage of approximately 6,900 acre feet of Water, including both surface water and groundwater. Per the BMP, the City's consumption represents approximately 13 percent of the water usage within the basin; for comparative purposes, agricultural water consumption represents approximately 80 percent of water usage within the basin.

The City of Watsonville has been supportive of PVWMA's efforts and has been working cooperatively to implement strategies outlined in the BMP. The most significant joint effort to date was the construction of a water recycling plant that has the capacity to deliver 4,000 acre feet (af) per year of tertiary treated, disinfected, recycled water to local farms in the Coastal Zone during the irrigation season. In 2011, the plant provided 1,980 af/year of recycled water. This project addresses a number of issues including basin overdraft, saltwater intrusion, reduction in effluent discharge to the Monterey bay, and preservation of agricultural lands and uses within the coastal region.

The City has historically maintained water use reduction programs to reduce the demands upon the groundwater supply. The City's goal is to maintain no net increase in groundwater use through expanded water conservation programs and an increase in the use of surface water. Some of these programs include public and school education programs, a toilet retrofit program, clothes washer rebate program, and rate increases to fund the water use reduction plans. The city continues to work with PVWMA and other water users to identify and implement additional water conservation strategies and programs throughout the basin.



The City is requires the installation of low-flow toilets, drought tolerant landscaping, and low-flow irrigation systems in new construction to keep water use to a minimum. Therefore, the project will not constitute a significant impact to the City's water resource. PVWMA recently revised its Basin Management Plan, which presents strategies for balancing the groundwater basin and eliminating seawater intrusion into the basin.

**Sewer Service:** Watsonville provides wastewater treatment for the City area, Freedom County Sanitation District, Salsipuedes Sanitation District, Pajaro Dunes, and the Pajaro County Sanitation District in Monterey County. The existing wastewater treatment plant is located two miles west of City Hall on Clearwater Lane adjacent to the Pajaro River. First constructed during the 1920s, the plant has undergone several expansions concurrent with the growth of Watsonville. As such, the present capacity of the City's sewer treatment plant is adequate to meet existing and future waste water flows.

Wastewater is treated to the secondary treatment level and undergoes extensive monitoring and testing to ensure compliance with all State and federal pollution prevention laws prior to being discharged to the Monterey Bay. Wastewater outflow is provided by an ocean outfall service line that extends more than 7,000 feet into Monterey Bay to the 65-foot depth contour. The Monterey Bay was designated as a National Marine Sanctuary. The sanctuary is carefully monitored for potential impact from the outflow facility and the required level of effluent quality.

Average daily flows to the treatment plant in 2002 were 7.0 million gallons per day (mgd), which is an increase from flows of 5.5 mgd experienced during 1991. After further improvements the plant currently has a maximum daily flow of 12.1 mgd. Approximately 60% of the current flows are attributed to residential uses, and 40% are attributed to industrial and commercial uses. According to Public Works staff, the wastewater treatment facility has sufficient capacity to serve an additional 2,500 to 3,000 new housing units. Future residential projects will continue to pay all necessary water and sewer fees to the City.

**Coastal Zone:** Localities within the coastal zone are required by State housing element law to assess housing opportunities in the coastal zone. Only a small portion of Watsonville lies within the coastal zone. The Coastal Land Use Plan has established land use policies for five specific areas within the coastal zone. Future residential development is not anticipated in any of these areas. Only two of the five coastal planning areas permit housing. Area C in the Local Coastal Plan is presently zoned for single-family use. Residential uses are not anticipated to be built in the Coastal Zone.

State law requires jurisdictions to account for all low- or moderate-income housing in the coastal zone that has been: 1) demolished; 2) converted to a condominium, cooperative, or similar form of ownership; or 3) converted to non-residential use. Due to the environmental constraints in the Coastal Zone and past opposition by environmental groups, no housing units have been built there in recent years. Moreover, much of the land is still in agricultural production. As a result, in Watsonville, no low- or moderate-income housing in the coastal zone has been converted, demolished, or approved for demolition since January 1, 1982.



## 4 Housing Resources

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This section analyzes the resources available for the development, rehabilitation, and preservation of housing in Watsonville. This includes an evaluation of the availability of land resources, the City's ability to satisfy its share of the region's future housing needs, the financial resources available to support housing activities, and the administrative resources available to assist in implementing the City's housing programs. To address this requirement, the Department of Housing and Community Development allows cities to take three credits toward meeting this requirement.

- Actual Production. Since the RHNP takes several years to develop prior to the Housing Element planning period of 2015-2023, jurisdictions may count the number of new units built and occupied from 2010 to 2014 toward their RHNP.
- Rehabilitation/Preservation. Under State law, cities can also count up to 25% of their RHNP for the rehabilitation of qualified substandard units. Cities may also count a portion of the affordable units which would otherwise revert to market rents but are preserved through committed assistance from the jurisdiction.
- Available Land for Development. Because the planning period extends seven and one-half years to 2023, cities may also count potential housing production on suitable vacant and underutilized sites within the community. Cities must document how zoning and development standards on the sites facilitate housing.

The following discussion shows how the City will provide for a sufficient number of sites to facilitate housing production commensurate with the 2014-2023 RHNP.

### 1. Housing Production

One of the City's main housing goals is to ensure that a variety of housing opportunities at a range of prices and rents are made available to residents. This includes conventional single-family homes, apartments, and special needs housing. Currently several housing projects are working their way through the planning and public hearing process. This includes 48 townhomes, another 16 unit townhome project and a 14 unit apartment project. The City of Watsonville is experiencing significantly more development applications in 2015 than in the last 2-3 years and therefore expects to meet its regional housing goals.

The City's housing programs are also responsible in part for the recent construction boom, which have increased housing opportunities, including affordable housing, for many residents. The following discussion shows how these programs have helped contribute to the production of affordable housing.

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**Affordable Housing Ordinance.** Developers are required to set aside 15% of units in new for-sale projects. The Ordinance also offers a density bonus for projects exceeding their inclusionary requirements – distinct from that offered through the Density Bonus Ordinance.



**Affordable Housing Incentives.** Under the Density Bonus Ordinance, developers who provide affordable units that meet State density bonus law may be eligible for up to a 25% density bonus permitted by State law. Moreover, the City offers additional regulatory and financial incentives, including a reduction in development standards, modified parking, modifies street widths, etc.

**Planned Developments.** The City provides other regulatory and financial incentives to encourage the creative housing projects. The Planned Development Permit process allows for significant modifications in lot sizes, street widths, density, open space, and many other features in a residential project. Projects which are larger than one acre are encouraged to file for a PD District.

**Cooperation with Non Profit Organizations.** The City of Watsonville has an established history of working with nonprofit organizations, seeking financial resources for housing activities, and supporting efforts to create affordable housing. During the present Housing Element planning period of 2015-2023, the City is actively assisting developers who are using federal tax credits. For the 20-unit affordable rental project at 56 Atkinson Lane, the City is working with the developer to obtain Home funds for the project.

The following discussion demonstrates how the City will address its RHNP goals on vacant and underutilized sites within the community.

## 2. Availability of Sites for Housing

A critical component of the Housing Element is the identification of adequate sites to accommodate projected future housing development, and evaluation of the adequacy of these sites in fulfilling the City's share of regional housing needs as determined by AMBAG. The adequacy of sites is demonstrated by analyzing the density and development standards of various parcels to determine development potential and by ensuring that appropriate infrastructure, public services, and facilities will be available to serve the sites. Citywide constraints to development were discussed in earlier sections, specifically Chapter 3.

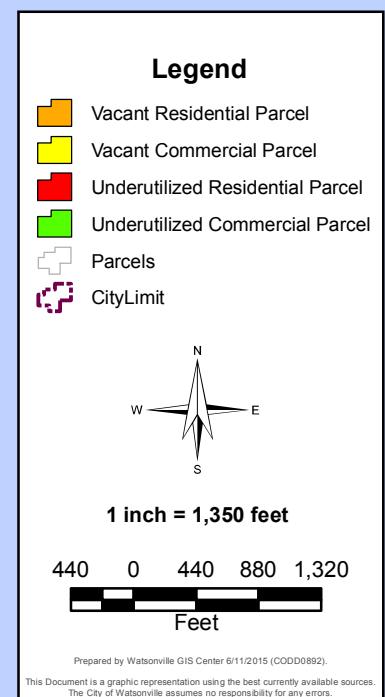
For this Housing Element update, a parcel-specific vacant and underutilized site inventory was performed using the City's Geographic Information System (GIS) and information from the County Assessor's database. Existing and proposed uses were considered. City staff refined the list to include only lots that could realistically be developed. Sites situated in flood plains, sloughs, or sensitive habitat areas were excluded from the analysis. Sites selected also had or would have adequate infrastructure, public services, and facilities. **Chart 4-2** shows the City's housing potential on vacant and underutilized sites.



**Figure 4-1**  
**Vacant/Underutilized Residential and Commercial Land**



**City of Watsonville**



**Chart 4.2**  
**Vacant and Underutilized Parcels**

Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Vacant	18 EILEEN ST	R-1	7.99 Units Per Acre	RLD	5.77	26	Vacant	Yes	None
Vacant	450 RIVERSIDE DR	R-1	7.99 Units Per Acre	RLD	1.2	7	Vacant	Yes	Flood Plain
Vacant	482 BECK ST	R-1	7.99 Units Per Acre	RLD	0.97	6	Vacant	Yes	Industrial Structures
Vacant	78 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.5	3	Vacant	Upgrades Required with Map Approval	None
Vacant	484 BECK ST	R-1	7.99 Units Per Acre	RLD	0.49	3	Vacant	Yes	None
Vacant	11 CAREY AVE	R-1	7.99 Units Per Acre	RLD	0.42	2	Vacant	Yes	None
Vacant	22 LONGVIEW DR	R-1	7.99 Units Per Acre	RLD	0.28	1	Vacant	Yes	None
Vacant	9 DAVIS AVE	R-1	7.99 Units Per Acre	RLD	0.23	1	Vacant	Yes	Industrial Structures
Vacant	61 DAVIS AVE	R-1	7.99 Units Per Acre	RLD	0.2	1	Vacant	Yes	None
Vacant	234 LOCUST ST	R-1	7.99 Units Per Acre	RLD	0.18	1	Vacant	Yes	Between Industrial Buildings
Vacant	10 BONITA TER	R-1	7.99 Units Per Acre	RLD	0.18	1	Vacant	Yes	None
Vacant	5 RIALTO DR	R-1	7.99 Units Per Acre	RLD	0.17	1	Vacant		



Status	Address		Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Vacant	8 KRALJ DR	R-1	7.99 Units Per Acre	RLD	0.16	1	Vacant	Yes	None
Vacant	228 LOCUST ST	R-1	7.99 Units Per Acre	RLD	0.16	1	Vacant	Yes	Between Industrial Buildings
Vacant	9 COMPTON TER	R-1	7.99 Units Per Acre	RLD	0.15	1	Vacant	Yes	Agricultural Buffer
Vacant	86 MAGNOLIA DR	R-1	7.99 Units Per Acre	RLD	0.14	1	Vacant	Yes	None
Vacant	90 MAGNOLIA DR	R-1	7.99 Units Per Acre	RLD	0.14	1	Vacant	Yes	None
Vacant	56 JEHL AVE	R-1	7.99 Units Per Acre	RLD	0.12	1	Vacant	Yes	None
Underutilized	18 EILEEN ST	R-1	7.99 Units Per Acre	RLD	8.39	14	3 or 4 Units	Yes	None
Underutilized	119 ROACHE RD	R-1	7.99 Units Per Acre	RLD	1.2	6	Single Family Home	Yes	None
Underutilized	29 NONA AVE	R-1	7.99 Units Per Acre	RLD	0.98	6	Rural Homesite	Yes	Wetlands Encroach on Parcel
Underutilized	132 ROACHE RD	R-1	7.99 Units Per Acre	RLD	0.89	5	Single Family Home	Yes	Airport Safety Zone 2
Underutilized	13 LONGVIEW DR	R-1	7.99 Units Per Acre	RLD	0.71	4	Single Family Home	Yes	None
Underutilized	135 ROACHE RD	R-1	7.99 Units Per Acre	RLD	0.68	3	Single Family Home	Yes	Airport Safety Zone 2
Underutilized	113 CAREY AVE	R-1	7.99 Units Per Acre	RLD	0.66	3	Single Family Home	Yes	Steep Slope and Limited Access



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	156 CASILLAS AVE	R-1	7.99 Units Per Acre	RLD	0.64	3	Single Family Home	Yes	None
Underutilized	21 CAREY AVE	R-1	7.99 Units Per Acre	RLD	0.62	3	2 Single Fam. Homes	Yes	None
Underutilized	117 CAREY AVE	R-1	7.99 Units Per Acre	RLD	0.57	3	Single Family Home	Yes	Steep Slope and Limited Access
Underutilized	43 COMPTON TER	R-1	7.99 Units Per Acre	RLD	0.56	3	Single Family Home	Yes	Flood Plain and Agricultural Buffer
Underutilized	640 E. FIFTH ST	R-1	7.99 Units Per Acre	RLD	0.54	3	Single Family Home	Yes	None
Underutilized	310 CAREY AVE	R-1	7.99 Units Per Acre	RLD	0.53	3	Single Family Home	Yes	None
Underutilized	450 MARIGOLD AVE	R-1	7.99 Units Per Acre	RLD	0.51	2	Single Family Home	Yes	Flood Plain
Underutilized	532 BREWINGTON AVE	R-1	7.99 Units Per Acre	RLD	0.51	2	Single Family Home	Yes	None
Vacant	78 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.5	2	Single Family Home	Yes	None
Underutilized	108 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.44	2	Single Family Home	Yes	None
Underutilized	112 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.44	2	Single Family Home	Yes	None
Underutilized	80 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.31	1	Single Family Home	Yes	None



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	88 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.3	1	Single Family Home	Yes	None
Underutilized	84 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.3	1	Single Family Home	Yes	None
Underutilized	104 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.3	1	Single Family Home	Yes	None
Underutilized	72 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.26	1	Single Family Home	Yes	None
Underutilized	13 ROACHE RD	R-1	7.99 Units Per Acre	RLD	0.19	1	Single Family Home	Yes	None
Underutilized	15 ROACHE RD	R-1	7.99 Units Per Acre	RLD	0.19	1	Single Family Home	Yes	None
Underutilized	44 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.18	1	Single Family Home	Yes	None
Underutilized	1521 VIC RUGH LN	R-1	7.99 Units Per Acre	RLD	0.17	1	Single Family Home	Yes	None
Underutilized	68 ATKINSON LN	R-1	7.99 Units Per Acre	RLD	0.16	1	Single Family Home	Yes	None
Vacant	139 MILES LN	RM-2	13.99 Units Per Acre	RMD	2.19	21	Vacant	None	Steep Slope
Vacant	540 PENNSYLVANIA DR	RM-2	13.99 Units Per Acre	RMD	1.51	15	Vacant	Yes	Wetlands Adjacent
Vacant	135 MILES LN	RM-2	13.99 Units Per Acre	RMD	1.4	14	Vacant	Yes	Steep Slope
Vacant	1773 Santa Victoria	RM-2	13.99 Units Per Acre	RMD	7.5	70	Vacant	Conditioned to Build in Map Approval	Soils Condition and Wetland Adjacent



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Vacant	231 HYDE ST	RM-2	13.99 Units Per Acre	RMD	0.84	8	Vacant	Yes	Flood Plain and Wetlands Adjacent
Vacant	54 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.72	7	Vacant	Conditioned to Build in Map Approval	None
Vacant	1956 FREEDOM BLVD	RM-2	13.99 Units Per Acre	RMD	0.52	5	Vacant	Yes	Small Parcel
Vacant	376 S. GREEN VALLEY RD	RM-2	13.99 Units Per Acre	RMD	0.3	3	Vacant	Yes	Soils Condition and Wetland Adjacent
Vacant	102 W. HIGH ST	RM-2	13.99 Units Per Acre	RMD	0.28	3	Vacant		
Vacant	1385 FREEDOM BLVD	RM-2	13.99 Units Per Acre	RMD	0.26	3	Vacant	Yes	Likely Soils Contamination
Vacant	420 MADISON ST	RM-2	13.99 Units Per Acre	RMD	0.22	2	Vacant	Yes	Access Issues
Vacant	1385 FREEDOM BLVD	RM-2	13.99 Units Per Acre	RMD	0.22	2	Vacant	Yes	Likely Soils Contamination
Vacant	222 PROSPECT ST	RM-2	13.99 Units Per Acre	RMD	0.15	1	Vacant	Yes	Small Parcel
Vacant	217 STANFORD ST	RM-2	13.99 Units Per Acre	RMD	0.14	1	Vacant	Yes	Currently used as community garden
Vacant	202 KIMBERLY LN	RM-2	13.99 Units Per Acre	RMD	0.12	1	Vacant	Yes	Small Parcel
Vacant	201 KIMBERLY LN	RM-2	13.99 Units Per Acre	RMD	0.12	1	Vacant	Yes	Small Parcel
Vacant	204 ARTHUR RD	RM-2	13.99 Units Per Acre	RMD	0.06	1	Vacant	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	35 HARKINS SLOUGH RD	RM-2	13.99 Units Per Acre	RMD	4.51	42	Rural Homesite	Conditioned to Build in Map Approval	None
Underutilized	173 HARKINS SLOUGH RD	RM-2	13.99 Units Per Acre	RMD	1.96	12	2 Single Fam. Homes	Yes	None
Underutilized	159 HARKINS SLOUGH RD	RM-2	13.99 Units Per Acre	RMD	1.1	10	Single Family Home	Yes	None
Underutilized	36 LOMA PRIETA AVE	RM-2	13.99 Units Per Acre	RMD	0.94	9	Single Family Home	Yes	None
Underutilized	44 LOMA PRIETA AVE	RM-2	13.99 Units Per Acre	RMD	0.93	9	Single Family Home	Yes	None
Underutilized	20 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.5	5	3 Units	Yes	None
Underutilized	115 ROSS AVE	RM-2	13.99 Units Per Acre	RMD	0.49	5	Single Family Home	Yes	None
Underutilized	24 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.49	5	2 Single Fam. Homes	Yes	None
Underutilized	26 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.49	5	Single Family Home	Yes	None
Underutilized	49 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.47	5	Single Family Home	Yes	None
Underutilized	45 AIRPORT RD	RM-2	13.99 Units Per Acre	RMD	0.47	5	Single Family Home	Yes	None
Underutilized	163 HARKINS SLOUGH RD	RM-2	13.99 Units Per Acre	RMD	0.4	4	Single Family Home	Yes	None
Underutilized	5 ROACHE RD	RM-2	13.99 Units Per Acre	RMD	0.37	4	5 Apts. - Rehab	Yes	None



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	54 BLANCA LN	RM-2	13.99 Units Per Acre	RMD	0.3	3	Single Family Home	Yes	None
Underutilized	50 BLANCA LN	RM-2	13.99 Units Per Acre	RMD	0.26	3	Single Family Home	Yes	None
Underutilized	1558 VIC RUGH LN	RM-2	13.99 Units Per Acre	RMD	0.21	2	Single Family Home	Yes	None
Underutilized	56 BLANCA LN	RM-2	42.99 Units Per Acre	RMD	0.14	1	Single Family Home	Yes	None
Vacant	121 E. FRONT ST	RM-3	42.99 Units Per Acre	RHD	0.29	8	Vacant	Yes	Flood Plain
Vacant	213 BRENNAN ST	RM-3	42.99 Units Per Acre	RHD	0.06	1	Vacant	Yes	Small Parcel
Underutilized	35 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.06	1	Single Family Home	Yes	Small Parcel
Vacant	308 PALM AVE	RM-3	42.99 Units Per Acre	RHD	0.05	1	Vacant	Yes	Small Parcel
Underutilized	107 MARCHANT ST	RM-3	42.99 Units Per Acre	RHD	0.75	19	Store w/ Res. Unit	Yes	Small Parcel
Underutilized	139 SIXTH ST	RM-3	42.99 Units Per Acre	RHD	0.53	15	14 Apts.- Rehab	Yes	Small Parcel
Underutilized	49 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.41	11	Triplex	Yes	Small Parcel
Underutilized	34 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.32	8	Single Family Home	Yes	Small Parcel
Underutilized	146 SIXTH ST	RM-3	42.99 Units Per Acre	RHD	0.28	7	Triplex	Yes	Small Parcel
Underutilized	245 FORD ST	RM-3	42.99 Units Per Acre	RHD	0.27	7	Single Family Home w/ 2 ADUs	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	241 FORD ST	RM-3	42.99 Units Per Acre	RHD	0.27	7	6 Apts. - Rehab	Yes	Small Parcel
Underutilized	148 KEARNEY ST	RM-3	42.99 Units Per Acre	RHD	0.21	5	2 Single Fam. Home	Yes	Small Parcel
Underutilized	147 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.21	5	2 Single Fam. Home	Yes	Small Parcel
Underutilized	139 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.2	5	3 Apts.	Yes	Small Parcel
Underutilized	144 KEARNEY ST	RM-3	42.99 Units Per Acre	RHD	0.19	5	Single Family Home	Yes	Small Parcel
Underutilized	142 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.18	5	2 Single Fam. Home	Yes	Small Parcel
Underutilized	148 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.18	5	Single Family Home	Yes	Small Parcel
Underutilized	146 W. FIFTH ST	RM-3	42.99 Units Per Acre	RHD	0.18	5	Duplex		Small Parcel
Underutilized	47 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.16	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	45 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.16	4	Triplex		Small Parcel
Underutilized	35 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.15	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	31 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.15	4	Single Family Home	Yes	Small Parcel
Underutilized	19 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.15	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	27 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.15	4	Single Family Home	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	23 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.15	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	37 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.14	4	Single Family Home	Yes	Small Parcel
Underutilized	39 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.14	4	Single Family Home	Yes	Small Parcel
Underutilized	19 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.14	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	41 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.14	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	35 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.13	4	Duplex	Yes	Small Parcel
Underutilized	44 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.13	4	Single Family Home	Yes	Small Parcel
Underutilized	31 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.13	4	Single Family Home	Yes	Small Parcel
Underutilized	28 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.13	4	SFH + 2nd Unit	Yes	Small Parcel
Underutilized	24 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.13	4	Single Family Home	Yes	Small Parcel
Underutilized	43 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.13	4	2 Single Fam. Home	Yes	Small Parcel
Underutilized	39 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.08	2	Single Family Home	Yes	Small Parcel
Underutilized	32 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.08	2	Single Family Home	Yes	Small Parcel
Underutilized	37 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.07	1	Single Family Home	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	29 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.07	1	2 Single Fam. Home	Yes	Small Parcel
Underutilized	36 GARDNER AVE	RM-3	42.99 Units Per Acre	RHD	0.06	1	Single Family Home	Yes	Small Parcel
Underutilized	27 ATKINSON LN	RM-3	42.99 Units Per Acre	RHD	0.05	1	Single Family Home	Yes	Small Parcel
Vacant	335 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.38	11	Vacant	yes	None
Vacant	445 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.33	53	Vacant	Conditioned to Build in Approval	None
Vacant	170 W. BEACH ST	CC/CCA	42.99 Units Per Acre	CC	0.33	10	Vacant	Yes	Industrial Structures
Vacant	176 W. BEACH ST	CC/CCA	42.99 Units Per Acre	CC	0.3	8	Vacant	Yes	Industrial Structures
Vacant	38 W. LAKE AVE	CC/CCA	42.99 Units Per Acre	CC	0.27	8	Vacant	Yes	None
Vacant	570 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.26	8	Vacant	Yes	None
Vacant	508 RODRIGUEZ ST	CC/CCA	42.99 Units Per Acre	CC	0.25	7	Vacant	Yes	None
Vacant	24 PECK ST	CC/CCA	42.99 Units Per Acre	CC	0.14	4	Vacant	Yes	Small Parcel
Vacant	101 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.14	4	Vacant	Yes	Small Parcel
Vacant	128 W. LAKE AVE	CC/CCA	42.99 Units Per Acre	CC	0.12	4	Vacant	Yes	Small Parcel
Vacant	107 UNION ST	CC/CCA	42.99 Units Per Acre	CC	0.11	4	Market	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Vacant	541 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.11	4	Vacant	Yes	Small Parcel
Vacant	31 W. FIFTH ST	CC/CCA	42.99 Units Per Acre	CC	0.1	3	Vacant	Yes	Small Parcel
Vacant	327 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.1	3	Vacant	Yes	Small Parcel
Underutilized	13 CARR ST	CC/CCA	42.99 Units Per Acre	CC	0.07	2	Single Family Home	Yes	Small Parcel
Underutilized	17 E. LAKE AVE	CC/CCA	42.99 Units Per Acre	CC	0.05	1	Commercial Development	Yes	Small Parcel
Underutilized	118 UNION ST	CC/CCA	42.99 Units Per Acre	CC	0.04	1	Store	Yes	Small Parcel
Underutilized	407 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	5.07	149	Combination of Stores	Yes	Small Parcel
Underutilized	118 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.96	27	Store w/ 16 Units	Yes	None
Underutilized	44 E. FRONT ST	CC/CCA	42.99 Units Per Acre	CC	0.62	17	Used Car Lot	Yes	None
Underutilized	100 MAIN ST	CC/CCA	42.99 Units Per Acre	CC	0.29	8	Store w/ Units - Rehab	Yes	None
Vacant	215 Center St CN	CT/CN	13.99 Units Per Acre	CG	0.12	1	Parking	Yes	None
Underutilized	411 A East Lake	CT/CN	13.99 Units Per Acre	CG	0.16	1	Office	Yes	None
Underutilized	411 B East Lake	CT/CN	13.99 Units Per Acre	CG	0.18	1	Office	Yes	None
Underutilized	604 East Lake	CT/CN	13.99 Units Per Acre	CG	0.25	2	Commercial Development	Yes	None



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Vacant	1012 East Lake	CT/CN	13.99 Units Per Acre	CG	0.3	3	Vacant	Yes	Small Parcel
Underutilized	377 Hushbeck Ave	CT/CN	13.99 Units Per Acre	CG	0.18	1	Commercial Development	Yes	Small Parcel
Underutilized	1003 Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.58	7	Office/Vacant Land	Yes	Steep Slope
Vacant	1021 Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.31	3	Vacant	Yes	Steep Slope
Vacant	1031 Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.24	2	Vacant	Yes	Steep Slope
Vacant	1037 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.38	3	Vacant	Yes	Steep Slope
Underutilized	1050 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.07	1	Parking	Yes	Small Parcel
Underutilized	1201 Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.12	1	Repair Shop	Yes	Small Parcel
Underutilized	1385 A Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.11	1	Repair Shop	Yes	Small Parcel
Underutilized	1354 Freedom Blvd	CT/CN	13.99 Units Per Acre	CG	0.12	1	Restaurant	Yes	Small Parcel
Vacant	2134 Freedom Blvd. CT	CT/CN	13.99 Units Per Acre	CG	0.41	1	Vacant	Yes	Small Parcel
Vacant	2036 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.1	1	Vacant	Yes	Small Parcel
Vacant	2009 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.44	7	Vacant	Yes	Small Parcel
Underutilized	1496 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.51	7	Repair Shop	Yes	Small Parcel
Underutilized	751 Freedom Blvd.	CT/CN	13.99 Units Per Acre	CG	0.02	1	Shop w/ 1 Unit	Yes	Small Parcel



Status	Address	Zone	Allowable Density	General Plan Designation	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environmental Constraints
Underutilized	92 Airport Blvd	CT/CN	13.99 Units Per Acre	CG	0.11	1	Shop	Yes	Small Parcel
Vacant	102 Green Valley	CT/CN	13.99 Units Per Acre	CG	0.72	10	Vacant	Yes	Airport Safety Zone 3
Vacant	102A Green Valley	CT/CN	13.99 Units Per Acre	CG	0.77	10	Vacant	Yes	Airport Safety Zone 3
Underutilized	960 Main Street	CT/CN	13.99 Units Per Acre	CG	1.39	18	Car Wash	Yes	Wetlands Adjacent
Underutilized	975 Main St.	CT/CN	13.99 Units Per Acre	CG	1.39	18	Various Shops	Yes	Wetlands Adjacent
Underutilized	553 Auto Center Dr.	CT/CN	13.99 Units Per Acre	CG	0.49	7	Car Dealership	Yes	Wetlands Adjacent
Underutilized	555 ½ Auto Center Dr.	CT/CN	13.99 Units Per Acre	CG	1.23	17	Car Dealership	Yes	Wetlands Adjacent
Underutilized	121 Martinelli	CT/CN	13.99 Units Per Acre	CG	3.38	41	Elk's Lodge	Yes	None
Vacant	1005 E Lake Av.	CT/CN	13.99 Units Per Acre	CG	0.22	2	Vacant	Yes	None
Underutilized	1482 Freedom	CT/CN	13.99 Units Per Acre	CG	1.77	49	Vacant	Yes	None
Underutilized	1995 Freedom	CT/CN	13.99 Units Per Acre	CG	1.1	15	Car Dealership	Yes	None
Underutilized	1983 Freedom	CT/CN	13.99 Units Per Acre	CG	0.43	5	Car Dealership	Yes	None
Underutilized	1999 Freedom	CT/CN	13.99 Units Per Acre	CG	0.35	3	Car Dealership	Yes	None



**Vacant Sites.** Watsonville has 38 vacant residential parcels designated for housing. City staff uses the Zoning Ordinance to ensure all R-1, RM-2, and RM-3 sites met the minimum lot size standards. City staff determined the maximum development capacity for each site under the Zoning Ordinance and then lowered the estimates based on topographical, environmental, and other site features. This analysis yielded the following vacant land capacity: approximately 63 single-family homes in the R-1 zone, and 235 multi-family units in the RM-2 and RM-3 zones.

City staff estimated the development capacity of commercial properties in a similar manner. As in the prior example, all commercially-zoned vacant sites met the minimum lot standards required by the Zoning Ordinance. City staff determined the maximum development capacity possible under the Zoning Ordinance and then reduced it to a realistic capacity based on site characteristics and surrounding land uses. Surrounding land uses considered under this methodology are based on the nearest multifamily residential district to the commercial property under consideration. This methodology yielded 270 multi-family units on the remaining 13.3 acres of commercially zoned vacant land, assuming a very conservative density of between 20-30 units per acre. The City can facilitate affordable housing on small lots by using the Density Bonus Ordinance. Based on the past frequency with which density bonuses have been applied, the above estimated development capacity on remaining vacant sites is conservative, given the City's history of approving density bonuses for projects on less than one acre.

Half of the projects built since January 2000 occupy less than one acre and many received a density bonus. For instance, the City approved the CC-zoned Transit Center project at 60 units per acre and the 26-unit Hanson SRO project at 55 units per acre. The City also approved the 19-unit Lincoln Square project on a RM-2 site with an 80% density bonus. Thus, the above estimated development capacity on remaining vacant sites is conservative, given the City's history of approving density bonuses for projects on less than one acre.

**Underutilized Sites.** Because of limited vacant land in Watsonville, new housing will likely be built on underutilized residential and commercial sites. Underutilized sites are those in which the existing use is built well below the maximum density allowed in that zone. In a robust housing market, the site could be redeveloped with higher density housing. In the past these infill sites have provided significant new housing opportunities by developers who seek parcels that can be combined to create more effective housing sites that increase unit potential. This process has occurred regularly and includes actions such as parcel mergers that enable a project better opportunities to achieve maximum density, or conversions of a single family home on acreage to subdivisions. The City envisions that this process will continue to occur because it creates greater efficiencies and economic opportunity. City development standards for new projects further encourages lot consolidation in order to meet the requirements triggered by new development such as setbacks, fire access, circulation, and others. The City will consider other options to encourage lot consolidation such as a smaller lot size for PD development; such options would require significant public review and approval by the City Council.

Typically, sites most likely to be redeveloped are those in which the density of the development could be doubled. City staff has identified 34 residential and 21 commercial acres of underutilized land that could accommodate an additional 772 new housing units. Existing uses on these sites tend to be older commercial buildings and/or single family homes on large multi-family lots. On



sites most likely to be developed, it is anticipated that a pattern of mixed use buildings with ground level commercial retail and residential apartments and condominiums above will be likely. On underutilized residential parcels, multi-family duplexes and triplexes are likely for smaller properties. In many cases, these underutilized sites can be maximized via the use of planned developments and density bonuses, which allow greater flexibility in development standards, particularly on small constrained lots.

A specific example of a typical housing development pattern in the City is the Evans Circle Subdivision. The project began with three adjacent underutilized RM-2 properties on Airport Road. A private developer expressed interest in the properties and after acquiring them, submitted a tentative map for a project which called for a 20 lot cluster subdivision with 4,000 square foot lots. The project incorporated the rehabilitation of two existing units that were in substandard condition. This typical example could be replicated in several locations in the City, such as the ones shown in Figure 4-1. The project is currently under phased construction and should be completed as the economy improves. As part of new subdivision regulations, the City has incorporated provisions for mergers of substandard lots in accordance with Government Code Section 66451.11-66451.19.

Underutilized sites also include low density areas, including those in the R-1 zone, where accessory units could also be developed on the same lot as a single-family home. This may be facilitated by recent changes to State law regarding second units. Based on a survey of suitable R-1 zoned and improved single-family lots larger than 6,000 square feet, up to 500 second units could be accommodated, 105 of which are anticipated in the current Housing Element. The City of Watsonville employs a simple user-friendly process for second units. This ensures a simple and easy-to-navigate process for residents wishing to add to the community's rental housing stock. The anticipated units are derived from the number of units processed during the previous housing element cycle. Based on advertised rents, second units are considered affordable for lower income households.

Enhancing the quality of housing and neighborhoods is a major goal in Watsonville. Various neighborhoods require housing reinvestment, public improvements, and enhanced public services. These include historic Watsonville, and formerly unincorporated areas. In other areas, certain infill parcels could benefit from new housing. The City's Infill Housing Program will address some of these needs.

Figure 4-1 is a map of available sites to meet the City's housing requirements over the 2015-2023 Housing Element Cycle. Chart 4-2 accompanies the map, indicating the parcels that are available for future housing development in the City. Potential units were calculated in these tables by making gross calculations, and reducing them by 30% to account for environmental, infrastructure, and other development constraint considerations. The same 30% reduction was applied to underutilized parcels with existing infrastructure based on an average of existing uses that contained one to several dwelling units. The calculations carefully considered the pattern of existing uses, taking into account the fact that potential development in some cases is limited by small and non-conforming lot sizes. As land adjacent to these sites is privately held, the City will develop methods to encourage lot consolidation. Recent trends in downtown development have emphasized the development of affordable residential components above first floor retail. It is anticipated that these trends will continue into the future as land available for housing development in the Pajaro Valley becomes scarcer.



**Chart 4-3**  
**Residential Development Potential in Watsonville**

<b>Availability of Sites</b>	<b>Zoning</b>	<b>Maximum Density</b>	<b>Parcels</b>	<b>Acreage</b>	<b>Unit Potential</b>
Vacant Land	CT, CN	Up to 30 /acre	26	9.8	127
	CC, CCA,	Up to 42.99*	19	3.5	143
	R-1, R-1P	8	22	12.	63
	RM-2	14	19	16.8	169
	RM-3	37	15	2.7	66
Underutilized Land	CT, CN	Up 30/acre	7	9.5	142
	CC, CCA	Up to 60*	5	7.3	213
	R-1 (ADUS)	8	-	-	105
	R-1, R-1P	8	32	22.3	89
	RM-2	14	17	13.6	135
	RM-3	37	39	7.5	193
		<b>Total</b>		<b>105</b>	<b>1445</b>

\*Based on recently completed projects near this density level in those districts

Potential housing affordability was estimated based on three factors. The first factor – price of housing – was based on 38 projects built during the past two years. The affordability distribution assumed that apartments provided moderate-income and single-family units provided above-moderate income housing. The price and affordability of new housing units regulated by the City's inclusionary requirements or tax credits provided lower income housing. Second units and infill units also provided lower income affordable housing.

Having calculated housing prices, City staff also sorted each project built during the past two years by two additional factors: zoning (e.g., apartments, condominiums, townhomes, single-family homes, second units, etc.). This analysis found the affordability distribution by location and the type of housing permitted in Watsonville.

Typically the highest residential densities are found in the City's commercial zones, followed by the multi-family districts (RM-2 and RM-3), and then the single-family residential district (R-1 zone). Affordability distributions were calculated for each general location, which correlated with the type and density of development in each area. These three affordability distributions were applied to the remaining vacant and underutilized land inventory to show the likely affordability of housing that could be built within these areas. Chart 4-4 shows total housing units by affordability level, location and type. Additionally, Program 18, outlined in Chapter 5, addresses incentives for developers and property owners to achieve these higher densities through potential fee waivers, density bonuses, Planned Developments, parcel merger incentives for small and substandard lots, and other development related incentives.



Chart 4-4  
Estimated Capacity and Affordability of New Housing on Remaining Housing Sites

Location of Housing Sites	Unit Capacity	Affordability Distribution				
		Extr. Low (8%)	Very Low (8%)	Low (20%)	Mod. (20%)	Above Mod. (44%)
Commercial Districts	625	50	50	125	125	275
Single-Family Districts	152	12	12	30	30	67
Multi-Family Districts	563	45	45	113	113	248
ADUs and Other Infill	105	0	40	53	12	0
<b>Total Units</b>	<b>1445</b>	<b>107</b>	<b>147</b>	<b>321</b>	<b>280</b>	<b>590</b>

Source: Community Development Department, City of Watsonville, 2015

## A. Regional Housing Needs

California law requires that each city and county, when preparing its State-mandated Housing Element, develop local housing programs to meet its “fair share” of existing and future housing needs for all income groups. This “fair share” concept seeks to ensure that each jurisdiction, to the extent feasible and appropriate, provides housing for its resident population, and those households who might reasonably be expected to reside within the jurisdiction, with a variety of housing appropriate to their needs.

The fair share allocation process begins with the State Department of Finance’s (DOF) population projections for the State and regions of the State. The Department of Housing and Community Development (HCD) uses the DOF population projections to determine housing needs by region in California. Once this occurs, the regional planning agency (or in Watsonville’s case), the Association of Monterey Bay Area Governments (AMABAG) allocates a share of the regional housing needs to each jurisdiction within the region.

As a result of AMBAG’s regional housing needs allocation plan (RHNP), Watsonville is allocating 700 new units for the 2014-2023 planning period (see Chart 4-5). The current allocations for all Santa Cruz County jurisdictions, as well as the entire AMBAG region reflect revisions based on the shifting economy and housing trends occurring over the last few years, Watsonville must demonstrate that adequate sites will be made available to address its share of the regional housing need for the planning period 2014-2023.



Chart 4-5  
Watsonville's Regional Housing Need 2014-2023

Income category as a percent of County Median Household Income	Number of Units	Percentage of Units
Very Low	169	22%
Low	110	13%
Moderate	127	24%
Above Moderate	294	41%
Total	700	100%

Source: AMBAG Regional Housing Needs Allocation Plan 2014-2023

### 3. Progress toward RHNP

As of January 2015, Watsonville has made some progress towards meeting its share of the regional housing needs. As summarized in Chart 4-6, the City can fully address its RHNP goals through a combination of past housing production since 2013, remaining capacity in residential and commercial areas, and a combination of second units and infill.

Chart 4-6  
Remaining Need Based on Units Approved/Under Construction

Affordability Distribution	RHNA	Credits Toward RHNA	
		Units Approved since 2013	Remainder Allocation
Very Low	154	10	144
Low	119	10	109
Moderate	133	13	120
Above Moderate	294	55	239
<b>Total Units</b>	<b>700</b>	<b>88</b>	<b>612</b>

Source: City of Watsonville, Community Development Department, 2015

## B. Financial Resources

Watsonville has access to a variety of funding sources available for affordable housing activities, including local, state, federal and private resources. The following section describes the five largest housing funding sources the City can use for housing production, rehabilitation, or preservation: CDBG grants, HOME funds, redevelopment set-aside funds, affordable housing in-lieu fees, the Section 8 rental assistance program, and Proposition 46 funds. **Chart 4-7** provides an inventory of financial resources available.



**Chart 4-7**  
**Financial Resources for Housing Activities**

<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
<b>1. Federal Programs</b>		
Community Development Block Grant (CDBG)	Grants awarded on the City on a formula basis for housing and community development activities.	-Acquisition -Rehabilitation -Home Buyer Assistance -Economic Development -Homeless Assistance -Public Services
Emergency Shelter Grants (ESG)	Grants potentially available to the City through the County to implement a broad range of activities that serve homeless persons. Funding availability is uncertain for the current year.	-Shelter Construction -Shelter Operation -Social Services -Homeless Prevention
HOME	Grant program available to the City on a competitive basis for housing activities. City competes for funds through the State's allocation process.	-Acquisition -Rehabilitation -Home Buyer Assistance -Rental Assistance
Low-Income Housing Tax Credits (LIHTC)	Tax credits available to persons and corporations that invest in low-income rental housing. Proceeds from the sales are typically used to create housing.	-New Construction -Acquisition -Rehabilitation
Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time homebuyers to buy new or existing single-family housing. County Housing Authority makes certificates available.	-Home Buyer Assistance
Section 8 Rental Assistance Program	Rental assistance payments from County Housing Authority to owners of private market rate units on behalf of very low-income tenants.	-Rental Assistance -Home Buyer Assistance
Section 108	Provides loan guarantees to CDBG entitlement jurisdictions for capital improvement projects. Maximum loan amount can be up to five times the jurisdiction's recent annual allocation. Maximum loan term is 20 years.	-Acquisition -Rehabilitation -Home Buyer Assistance -Economic Development -Homeless Assistance -Public Services
Section 202	Grants to non-profit developers of supportive housing for the elderly.	-Acquisition -Rehabilitation -New Construction



**Financial Resources for Housing Activities**

<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
Section 203(k)	Provides long-term low interest loans at fixed rate to finance acquisition and rehabilitation of eligible property.	Land Acquisition Rehabilitation Relocation of Unit Refinance Existing Indebtedness
Section 811	Grants to non-profit developers of supportive housing for persons with disabilities, including group homes, independent living facilities and intermediate care facilities	Acquisition Rehabilitation New Construction Rental Assistance
U.S. Department of Agriculture (USDA) Housing Programs (Sections 514/516	Below market-rate loans and grants for farmworkers rental housing.	New Construction Rehabilitation
<b>2. State Programs</b>		
Affordable Housing Partnership Program (AHPP)	Provides lower interest rate CHFA loans to home buyers who receive local secondary financing.	Home Buyer Assistance
CalHOME	Provides grants to local governments and non-profit agencies for local home buyer assistance and owner-occupied rehabilitation program and new home development projects. Will finance the acquisition, rehabilitation, and replacement of manufactured homes.	Home Buyer Assistance Rehabilitation New Construction
California Housing Assistance Program	Provides 3% silent second loans in conjunction with 97% CHFA first loans to give eligible buyers 100% financing.	Home Buyer Assistance
California Housing Finance Agency (CHFA) Rental Housing Programs	Below market rate financing offered to builders and developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgages.	New Construction Rehabilitation Acquisition
California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax-exempt bonds to make below-market loans to first-time buyers. Program operates through participating lenders who originate loans for CHFA.	Home Buyer Assistance



## Financial Resources for Housing Activities

<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
Emergency Housing and Assistance Program (EHAP)	Provides grants to support emergency housing.	-Shelters & Transitional Housing
Extra Credit Teacher Program	Provides \$7,500 silent second loans with forgivable interest in conjunction with lower interest rate CHFA first loans to assist eligible teachers to buy homes.	-Home Buyer Assistance
Farmworker Housing Assistance Program	Provides State tax credits for farmworker housing projects.	-New Construction -Rehabilitation
Housing Enabled by Local Partnerships (HELP)	Provides 3% interest rate loans, with repayment terms up to 10 years, to local government entities for locally-determined affordable housing priorities.	-New Construction -Rehabilitation -Acquisition -Home Buyer Assistance -Site Acquisition -Site Development
Joe Serna Jr. Farmworker Housing Grant Program (FWHG)	Provide recoverable grants for the acquisition, development and financing of ownership and rental housing for farmworkers.	-Home Buyer Assistance -Rehabilitation -New Construction
Multi-Family Housing Program (MHP)	Deferred payment loans for the new construction, rehabilitation and preservation of rental housing.	-New Construction -Rehabilitation -Preservation
Self-help Builder Assistance Program (SHBAP)	Provides lower interest rate CHFA loans to owner-builders who participate in self-help housing projects. Also provides site acquisition, development and construction financing for self-help housing projects.	-Home Buyer Assistance -New Construction -Site Acquisition -Site Development
<b>3. Local Programs</b>		
Affordable Housing In-Lieu Fees	The City collects in-lieu fee contributions from residential, commercial, and industrial development under the provisions of the Affordable Housing Ordinance. The City's Affordable Housing Ordinance requires the provision of affordable units in ownership housing projects of 7 units or more.	-Acquisition -Rehabilitation -New Construction
Increased density and incentives under the Density Bonus Ordinance	The City's Density Bonus Ordinance offers incentives and additional density in housing projects that provide additional affordable units above the minimum required.	-New Construction



## Financial Resources for Housing Activities

Program Name	Description	Eligible Activities
<b>4. Private Resources/Financing Programs</b>		
California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide long term debt financing for affordable multi-family rental housing. Non-profit and for profit developers contact member banks.	-New Construction -Rehabilitation -Acquisition
Federal National Mortgage Association (Fannie Mae)	-Fixed rate mortgages issued by private mortgage insurers.	-Home Buyer Assistance
	-Mortgages which fund the purchase and rehabilitation of a home.	-Home Buyer Assistance -Rehabilitation
	-Low Down-Payment Mortgages for Single-Family Homes in underserved low-income and minority cities.	-Home Buyer Assistance
Freddie Mac Home Works	Provides first and second mortgages that include rehabilitation loan. City provides gap financing for rehabilitation component. Households earning up to 80% MFI qualify.	-Home Buyer Assistance

### 1. Community Development Block Grant (CDBG) Funds

The CDBG program provides funds for a range of community development activities. The program is flexible in that the funds can be used for a range of activities. The eligible activities include, but are not limited to: acquisition and/or disposition of real estate or property, public facilities and improvements, relocation, rehabilitation and construction (under certain limitations) of housing, homeownership assistance, and also clearance activities. As an entitlement jurisdiction, Watsonville receives approximately \$845,274 in CDBG funds from the federal government annually.

### 2. HOME Investment Partnership Program Funds

Federal HOME funds can be used for activities that promote affordable rental housing and homeownership for lower-income households. Such activities include the following: building acquisition, new construction, moderate or substantial rehabilitation, first-time homebuyer assistance and tenant-based assistance. A federal priority for use of these funds is preservation of the at-risk housing stock. Watsonville receives HOME funds through the State HCD through a competitive process. In 2008, the City was successful in securing a \$800,000 HOME grant for continuation of the First Time Homebuyers Program. An unknown amount of recaptured and program income funds will be received from the repayment of First Time Homebuyer Program and Rental Rehabilitation loans made with HOME funds.

### 3. Redevelopment

The Watsonville Redevelopment Agency (RDA) had been active in creating affordable housing, including rental housing for families, the elderly, and farmworkers for a very long period. Unfortunately the State of California dissolved all of the RDAs in the state. This very valuable resource is now gone.



#### 4. Affordable Housing In-Lieu Fee

The City collects in-lieu fee contributions from residential, commercial, and industrial development under the provisions of the Affordable Housing Ordinance. Specifically, the Ordinance requires the payment of in-lieu fees for the following projects: 1) residential development projects or land divisions that include 6 or fewer new units or lots {unless the developer elects to provide an affordable unit}; 2) commercial and industrial development projects exceeding 1,000 square feet of gross floor area; and 3) condominium conversions. Currently, the in-lieu fee is \$10,000 for a single-family home and \$5,000 for a multi-family unit and is adjusted annually by 50% of the annual percentage increase in the Santa Cruz-Watsonville MSA Housing Price Index.

#### 5. Section 8 Rental Assistance

The Section 8 program or housing choice voucher program is a federal program that provides rental assistance to very low-income persons in need of affordable housing. The Section 8 program offers a voucher. A voucher pays the difference between the payment standard (an exception to fair market rent) and what a tenant can afford to pay (e.g. 30% of their income). A voucher allows a tenant to choose housing that may cost above the payment standard, with the tenant paying the extra cost. The Housing Authority of Santa Cruz County administers the Section 8 program in Watsonville. Section 8 may now be used to assist certificate holders to buy a home as well.

### C. Administrative Resources

Described below is a sample of public and non-profit agencies that have been involved in housing activities in the Watsonville area. These and other agencies play important roles in meeting the housing needs of the community. In particular, they are or can be involved in the improvement of housing stock, expansion of affordable housing opportunities, preservation of existing affordable housing, and/or provision of housing assistance to households in need.

**Watsonville Housing Division:** The Watsonville Housing Division has played an active role in meeting the housing needs of the community, through administration of a variety of housing assistance programs, including CDBG and Home.

**Housing Authority of the County of Santa Cruz:** The Housing Authority of the County of Santa Cruz was created to provide housing assistance for the County's lower- and moderate-income residents. The Housing Authority administers the Section 8 rental assistance program and manages public housing developments. The Housing Authority also administers various programs, including the Mortgage Credit Certificate and Mobile Home Resident Ownership Program. In addition, the Authority issues mortgage-backed revenue bonds to assist developers in providing affordable rental housing and single-family bonds for homeownership assistance.

**Community Action Board of Santa Cruz County, Inc. (CAB):** CAB conducts, administers and coordinates community programs to combat poverty in Santa Cruz and Monterey Counties. In particular, CAB offers the following programs: energy/utility payment assistance; the Shelter Project (housing and homeless services); job training and employment services; immigration assistance; and community building. Under the Shelter Project, CAB operates five services for homeless people or those at risk of homelessness, including: Housing for Medical Emergencies Program, Motel Vouchers for homeless persons facing



emergency medical situations; Emergency Rent Assistance to prevent eviction; the Message Center (voice mail); the Shelter Hotline (providing information on services for homeless and shelterless people); and a Countywide Resource Guide.

**Community Housing Improvement Systems and Planning Association, Inc. (CHISPA):**

CHISPA is one of the largest private non-profit developers in Monterey and Santa Cruz County. To date, CHISPA has produced more than 1,000 units of very low, low, and moderate-income housing throughout Monterey County. Most of CHISPA's rental, homeownership, and cooperative projects serve large families and include three- and four-bedroom townhouse-style units with open space and tot lots. CHISPA completed the 43-unit Villa La Posada development in Watsonville in 1993.

**El Pajaro Community Development Corporation (EPCDC):** Founded in 1979, EPCDC is a not-for-profit corporation helping to develop and rebuild businesses and buildings in the Pajaro Valley. Their mission is to create community economic development and provide entrepreneurial opportunities and services for low-income residents. Since its inception, EPCDC has focused on job creation through advocacy on downtown redevelopment issues and technical assistance to small businesses. To help these micro-enterprises succeed, El Pajaro provides a broad range of services. EPCDC has served more than 500 businesses, packaged more than \$5.5 million in loans for small businesses, and created or retained 1,500 jobs

**Front Street, Inc. (FSI):** Although FSI does not operate a facility in Watsonville; FSI is the primary provider of social rehabilitation facilities throughout Santa Cruz County. FSI has been in operation since 1990, when it took over the 47-bed Front Street board and care facility in Santa Cruz. FSI also operates the 15-bed Darwin House for persons with mental illness and/or chemical dependency. FSI is committed to supporting its clients at the highest level of independence possible and provides both board and care and independent housing with wrap-around services.

**Habitat for Humanity:** Habitat for Humanity is a non-profit, Christian organization dedicated to building affordable housing and rehabilitating homes for lower income families. Habitat builds and repairs homes with the help of volunteers and partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans. Volunteers, churches, businesses, and other groups provide most of the labor for the homes. Government agencies or individuals typically donate land for new homes.

**Mid-Peninsula Housing Coalition (MPHC):** Mid-Peninsula is an established regional nonprofit organization involved in the development, management, acquisition and rehabilitation of affordable rental housing. MPHC primarily develops affordable family and senior rental apartments. Since it was founded in 1971, MPHC has developed over 3,700 affordable housing units in 6 northern California counties. MPHC has also rehabilitated over 300 units in blighted neighborhoods. In addition, MPHC has been involved in the preservation of affordable housing units that are at risk of converting to market rate uses. Recent projects include rehabilitation of the 200 unit Sunny Meadows apartments and entitlements for the 46 unit Pippin Lane affordable housing project at 56 Atkinson Lane.

**Pajaro Valley Shelter Services (PVSS):** Since 1983, PVSS has provided emergency shelter and supportive services to homeless women and children. Established by the Sisters of Notre Dame, they provided the first shelter in south Santa Cruz County for homeless families. PVSS offers comprehensive services that help homeless families achieve stable housing and financial independence, while strengthening family bonds. To that end, PVSS offers a daycare/pre-school center and 17 units of transitional housing. The



majority of families housed by PVSS are from the Watsonville and South Santa Cruz County.

**Salvation Army:** The Salvation Army is a Christian non-profit organization that offers a variety of services, including: services for youth and seniors; a transitional housing program for persons in need, including those recovering from addictive behaviors; human services; and emergency/disaster relief. Currently, the Salvation Army operates an 8-unit transitional housing facility in Watsonville, offering housing for families for up to 6 months. When a natural disaster or civil disorder occurs, the Salvation Army provides various recovery services, including shelter, counseling, congregate feeding, financial assistance, and reconstruction. Shelters may be established in Salvation Army facilities or other sites.

**Santa Cruz Community Counseling Center (SCCCC):** Santa Cruz Community Counseling Center is a non-profit agency that has been serving Santa Cruz County residents since 1973. SCCC offers four types of services: a child development program (Head Start), youth services (counseling), community recovery services and community support services for persons with disabilities. In particular, SCCC provides housing and supportive services to persons with severe mental illness and/or chemical dependency. SCCC offers five permanent housing facilities in Watsonville, including: Casa De Exito (5 tenants), Monarch Housing Corporation project (4 tenants), East Lake (6 tenants), 536-538 Lincoln Street (8 tenants), and Wheelock Housing (6 tenants).

**Eden Housing:** Eden Housing is a private non-profit organization that provides housing for low-income families living in coastal, mid-California. Eden Housing purchased the property previously owned by South County Housing, including 1,300 single-and multifamily units for farmworker families, seniors, seasonal laborers, single parents, low-income families and the homeless. Eden Housing is the owner/manager of more than 700 rental units affordably priced for low-income individuals and families. These properties house more than 3,000 residents.

## D. Opportunities for Energy Conservation

Not since the 1975 has energy conservation been a more important issue in California. With the escalation in energy prices during the past few years, consumers and builders have once again become more aware of energy costs. Watsonville has remained in the forefront of communities across the State in encouraging the conservation of energy. The following highlights building standards and conservation codes contributing to that success.

Title 24 of the California Administrative Code sets forth mandatory energy standards for new development, and requires adoption of an "energy budget." In turn, the home building industry must comply with these standards while localities are responsible for enforcing the energy conservation regulations. Watsonville has adopted a Solar Energy Code that is designed to reduce energy costs for new residential developments. In addition, developers in Watsonville have implemented energy efficient designs in large scale housing projects.

The following are among the alternative ways to meet these energy standards. Alternative 1 is a passive solar approach which requires proper solar orientation, appropriate levels of thermal mass, south facing windows, and moderate insulation levels. Alternative 2 generally requires higher levels of insulation than Alternative 1, but has no thermal mass or window orientation requirements. Alternative 3 is without passive solar design but requires active solar water heating in exchange for less stringent insulation and/or glazing requirements.



The Vista Montana project in Watsonville was the first "zero energy" community in the country. Clarum Homes, the developer, worked with the U.S. Department of Energy to develop zero energy homes that combine solar electric power with energy efficient construction technologies. These homes can produce as much electricity as they consume, thus achieving a "net zero" electricity consumption. Clarum's homes are characterized by the following features: 1) a solar electric home power system that converts sunlight instantly into electric power; 2) a tankless water heater; 3) energy efficient windows that reduce heat and ultraviolet rays; 4) a foam wrapped building envelope; 5) a radiant roof barrier sheathing that reflects up to 97% of the sun's heat and radiant energy away from the home; 6) a high-efficiency furnace and programmable thermostat; and 7) tightly sealed ducts. Approximately 50% of the units within the project are also deed restricted as affordable.

**City of Watsonville Climate Action Plan and Carbon Fund Ordinance.** The City adopted a Climate Action Plan in 2015 to address climate change and identify policies to reduce greenhouse gas emissions over the next 15 years. A part of the Climate Action Plan was the creation of a Carbon Fund Ordinance. The Carbon Fund ordinance is meant to encourage the installation of solar panels in new construction, alterations, and remodels in the City. Beginning in September, 2015, projects that do not offset their projected energy use will be required to pay a fee which will go into a separate Carbon Fund. Monies collected in the Fund will be used for Citywide greenhouse gas reduction projects.

**Pacific Gas & Electric (PG&E).** Pacific Gas & Electric provides both natural gas and electricity to residential consumers in Santa Cruz County, including the City of Watsonville. PG&E also participates in several other energy assistance programs which help qualified homeowners and renters conserve energy and control costs. These include:

- The California Alternate Rates for Energy Program (CARE) provides a 15% monthly discount on energy rates to income-qualified households, agricultural employee housing, shelters, hospices and other qualified non-profit group living facilities.
- The Relief for Energy Assistance through Community Help (REACH) Program provides one-time energy assistance to low-income customers who have experienced severe hardships and have no other way to pay their energy bill.
- The Balanced Payment Plan (BPP) is designed to eliminate big swings in a customer's monthly payments by averaging energy costs over the year.
- The Low Income Home Energy Assistance Program (LIHEAP) provides eligible low- income persons, via local governmental and nonprofits, financial assistance to offset energy costs and weatherize homes to improve efficiency.



## 5 Housing Plan

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Sections 2, 3 and 4 of the Housing Element establish the housing need, constraints and resources in Watsonville. This section summarizes the City's accomplishments since 2010 and sets forth the City's goals, objectives, programs and quantified objectives to address the identified housing needs for the 2015 -2023 planning period.

### A. Housing Accomplishments

As part of the Housing Element, cities must periodically review the progress, effectiveness and continued appropriateness in implementing their adopted programs. These results should be quantified wherever possible and qualitative where necessary. The 2015-2023 Housing Element establishes six main housing goals to encourage the development, maintenance and improvement of housing for all economic segments of the community. These five goals are summarized below:

- Goal 1.0** **Improve, conserve and preserve both the safe condition of and the continued availability of Watsonville's existing affordable housing stock in order to meet the housing needs of all economic segments of the community.**
- Goal 2.0** **Expand and protect housing opportunities for all economic segments and special needs groups within the community.**
- Goal 3.0** **Provide housing opportunity for Watsonville's share of the regional housing need for all income groups.**
- Goal 4.0** **Where appropriate, mitigate unnecessary government constraints to the maintenance, improvement and development of housing.**
- Goal 5.0** **Ensure fair and equal housing opportunity for all persons regardless of race, religion, sex, marital status, family type, ancestry, national origin, color or protected status.**

The following section describes the City's efforts in achieving those goals set for the 2008-2014 Housing Element with respect to housing production. A detailed program by program assessment of the City's accomplishments are also provided for the other policies.

#### 1. Adequate Sites to Meet Identified Housing Needs

According to AMBAG, Watsonville's allocated share of regional housing need was a total of 923 new units between July 2007 and July 2014. This allocation was comprised of 103 extremely low; 103 very low, 155 low, 175 moderate and 387 above moderate income units. Progress toward the 2007-2014 RHNA can be measured by housing production from 2007 through 2014. During this period 33 units were built in Watsonville including 10 accessory dwelling units, and 23 multi-family units. Single family units are generally considered as affordable to above moderate income households and multi-family



and accessory units are considered to be affordable to moderate households unless a subsidy is provided. Listed below are the major affordable housing projects developed in the last 3 years.

- Accessory Dwelling Units 10
- 201 Pacifica (23 affordable units)

Chart 5-1  
Housing Accomplishments Between 2008-2014

Housing Program	Program Action/Objective	Accomplishment/continued appropriateness
<b>Housing and Neighborhood Conservation</b>		
1. <b>Code Enforcement.</b> The city shall use code enforcement as a means to ensure that the quality of neighborhoods is enhanced.	The City will continue to carryout code enforcement activities, including performing inspections and citing code violations, when necessary.	Over the 7 year Housing Element Cycle the City has closed 3000 code enforcement cases to enhance the quality of the community. The City Council authorized a total of 3 code enforcement officers to upgrade housing stock through enforcement efforts.
2. <b>Housing Rehabilitation Loan Program.</b> The City will have a rehabilitation loan program to help correct code violation. The rental rehabilitation program gives priority to properties with 11 or fewer units.	The City anticipates assisting 25 renter households and 50 ownership households during the Housing element cycle. The project shall be advertised through bilingual brochures and posting on the City's website.	During the Housing Element cycle the City completed 5 rental rehabilitation projects and 16 owner occupied households. The program was advertised extensively through brochures the newsletter and the website. Due to the Great Recession, we saw a large decrease in renovation projects during this Housing Element cycle.
3. <b>Neighborhood Service Programs.</b> The neighborhood services Divisions provides various programs designed to improve the quality of life in Watsonville neighborhoods.	The City will continue to offer the Neighborhood Action, Gran Development, and Community building programs to improve the quality of neighborhoods.	The Neighborhood Services division established the service trailer in the Davis Community Center and then relocated to the Downtown area. The Neighborhood pride grant and Home Improvement grants have been continued as effective programs to promote neighborhood improvement.



Housing Program	Program Action/Objective	Accomplishment/continued appropriateness
<p><b>4. Preservation of Affordable Housing.</b> The city of Watsonville has a significant stock of affordable housing units receiving public subsidies or that are regulated by the Affordable Housing Ordinance. Approximately 19 affordable units have been constructed in the City in the last housing element cycle, and 2 at risk affordable projects (236 units) were preserved from reversion to market rate units.</p>	<p>The City helped preserve the affordability of Evergreen and Green Valley projects (228 at risk units) 1) Monitor status of at-risk projects; 2) provide technical assistance to property owners; and 3) conduct tenant notification.</p>	<p>The City assisted the Evergreen apartments and Sunny Meadows in securing funding for Mid Peninsula housing to maintain the affordability of the projects. The City maintains a list of all affordable projects and will continue to monitor them during the next cycle.</p>
<p><b>5. Mobile Home Park Conservation Programs</b> Through its existing ordinance, the City has established requirements and procedures for the control and approval of the conversion of mobile home parks to community mobile home parks, and non-mobile home park uses. The current ordinance is outdated and portions conflict with state law. An Ordinance revision is necessary to provide greater clarity and make the process consistent with state law.</p>	<p>The City will review its Mobile Home Park Conversion Ordinance and revise as needed to streamline the process and ensure consistency with State law.</p>	<p>During the 7 year Housing Element cycle no mobile home parks in the City have been converted to other uses. The City has updated its Housing conversion requirements that have established the requirement for a vacancy survey to be conducted before conversion of rental properties. The City has considered the mobile home park conversion ordinance but has not made specific revisions.</p>



Housing Program	Program Action/Objective	Accomplishment/continued appropriateness
<b>Provision of Housing Assistance</b>		
<b>6. First time home Buyer Loans;</b> The City offers home purchase loans eligible for eligible first-time homebuyers.	The City will continue to offer first time Home Buyer loans. The City anticipates assisting 75 households during the housing element cycle. The City will advertise availability of this program through bilingual brochures and the newsletter.	The City granted loans to 53 families during the Housing element cycle. The City will continue advertising and funding this program in the next cycle.
<b>7. Down Payment Assistance Loans.</b> The City offers down payment assistance loans to home buyers with redevelopment 20% set-aside funds. At present, the maximum loan amount is \$60,000. The payments of these loans are deferred up to 45 years	The City will continue to offer Down Payment Assistance Loans and Anticipates assisting 40 households during the housing element cycle. The City will advertise availability of this program through bilingual brochures and the newsletter	The City helped 13 families with down payment assistance loans during the Housing Element cycle.
<b>8. Section 8 Rental Assistance</b> The County of Santa Cruz Housing Authority administers the Section 8 rental assistance program in Watsonville. Currently 1,600 households in Watsonville receive vouchers	The City will continue to support the Housing Authority efforts to provide rental vouchers to need residents. The City will continue to encourage the Housing Authority or other Agency's to list available rentals.	The Housing Authority has issued 4252 Section 8 housing vouchers in the Watsonville area since 2009. The City will continue to encourage the use of these programs to promote housing affordability in the City.
<b>9. Relocation Assistance Ordinance;</b> The City will adopt relocation assistance ordinance that requires landlords to pay relocation benefits to tenants who are displaced from dangerous buildings.	The City will continue to implement the Relocation Assistance Ordinance to assist tenants who are displaced from dangerous buildings.	During the last Housing Cycle the City utilized the relocation assistance ordinance on 32 cases of substandard housing. The City will maintain this important program as part of the next cycle.
<b>10. Child Care Assistance;</b> The City permits small child (day)	The City will continue to support the provision of child care	The City's Density Bonus Ordinance gives additional credit



<p>care homes as an accessory use in all residential zones in accordance with State law. In addition the City supports projects with a child care component.</p>	<p>assistance and facilitate the development of new housing with a child care component.</p>	<p>to multi-family housing projects that provide on-site daycare facilities, such as the Nueva Vista Project, a high density affordable Project that provides an on-site daycare facility.</p>
<p><b>Housing Program</b></p>	<p><b>Program Action/Objective</b></p>	<p><b>Accomplishment/continued appropriateness</b></p>
<p><b>11. Application for Grants and Loans;</b> the city will continue to investigate potential funding sources and apply for appropriate housing grants.</p>	<p>The City will investigate funds available under proposition 46 and pursue those that help meet the housing needs of Watsonville residents.</p>	<p>The City will continue to aggressively pursue new grant opportunities for new affordable housing projects.</p>
<p><b>HOUSING PRODUCTION</b></p>		
<p><b>12. Adequate Sites Program;</b> the City has identified a variety of vacant and underutilized sites where new housing may be developed, including infill sites, mixed-use opportunities and single-family neighborhoods where second units may be added. During the 1990's the City pursued a variety of annexations to provide opportunities for housing, although annexations are constrained by LAFCO and County growth policies</p>	<p>The city will continue to inventory sites to meet its remaining share of regional housing needs as determined by AMBAG.</p>	<p>During the last Housing Element cycle, the City was successful in supplying some new housing units including 33 units, including 20 affordable units. The City updated its accessory dwelling unit regulations in 2003 to meet the state requirements to allow accessory units as permitted uses in residential zones. Since then the City has produced approximately 15 accessory dwelling units per year, for a total of 105 units. During the Planning period the City anticipates development of more housing than the last cycle due to improvement of the economy</p>
<p><b>13. Affordable Housing Ordinance;</b> The City's Affordable Housing Ordinance establishes requires projects with 7 or more ownership units to set aside certain portions of</p>	<p>The City will continue to implement the Affordable Housing Ordinance to insure that the private sector assists in meeting the housing needs of all income groups in Watsonville</p>	<p>Because of the Great Recession, no multi-family ownership projects were in development during the 7-year housing element cycle.</p>



units (from 15 to 20%) for targeted income groups.		
Housing Program	Program Action/Objective	Accomplishment/continued appropriateness
<p><b>14. Partnership with Non-Profit Housing Agencies;</b>  Non-profit housing developers play an important role in providing affordable housing in Watsonville. The City has granted direct financial assistance, land write-downs, regulatory incentives, and other forms of assistance to a number of developers to provide both ownership and rental housing to lower-and moderate-income households. In the past, the City has assisted South County Housing, Santa Cruz Community Counseling Center, Mid-Peninsula Housing Coalition, Habitat for Humanity, CHISPA, and Pajaro Valley Housing Corporation in the provision of affordable housing.</p>	As available, the City will continue to grant financial assistance, land write-downs, regulatory incentives, an/or other forms of assistance to non-profit developers of affordable and special needs housing.	The City partnered with MidPeninsula Housing to preserve the affordability of the Evergreen Apartments and Sunny Meadows Apartments, a total of 236 units, during the last Housing Element cycle. The City will continue to work with non-profit housing developers to secure financing for affordable housing.
<p><b>15. Mixed Use Development;</b>  Adding residential development on some of the</p>	The city will continue to promote residential uses in commercial areas. As feasible, the City will	The City has promoted the development of mixed use projects as part of the 2030



<p>City's underutilized commercial areas will create activity along the street, provide a variety of housing types near work and shopping, and enhance public safety. The City will consider including SRO's in the CT and CN zones.</p>	<p>provide financial, technical, and/or other assistance to facilitate mixed-use housing in other areas. The city will review the feasibility of permitting SRO's in the CT and CN Zoning districts.</p>	<p>General Plan update. The Mixed use zones identified in the plan along Freedom Boulevard, downtown and East lake Boulevard have not been implemented yet due to current litigation on the 2030 G.P. One mixed use project had to be turned away due to GP being in litigation.</p>
Housing Program	Program Action/Objective	Accomplishment/continued appropriateness
<p><b>16. Transitional Housing and Emergency Shelters;</b> The city is actively involved in addressing homelessness. The City works with the Santa Cruz Continuum of Care group to assist the homeless and prepare a five year strategic plan. The City conditionally permits transitional housing in residential and commercial zones and supports a variety of service providers including the Pajaro Valley Shelter, Salvation Army, the Loma Prieta Transitional Housing complex and anticipates developing up to 20 units of new transitional housing on City land. The City will consider zoning amendments to consider transitional housing on public lands in the Public</p>	<p>The City will continue to support the development of new and expansion of existing transitional housing facilities. The City will continue to participate and provide assistance to the Continuum of Care coordinating group.</p> <p>The City will consider development of a third transitional facility. The city will consider amendments to the zoning Ordinance to allow emergency and transitional shelters in the Public Facilities zone with an administrative Use permit.</p>	<p>The city has continued to support existing transitional shelters in the community.</p> <p>In 2014, the City approved a 100-bed transitional housing facility at 55 Brennan Street to provide housing and treatment for men, women, and families.</p> <p>The City will continue to work on code amendment to address state Transitional housing req.</p>



Facilities Zone (PF).		
<b>Removal of Government Constraints</b>		
<b>17. Affordable Housing Incentives;</b> The City has a Density Bonus ordinance that allows for increased density for projects with additional affordable housing.	The City will continue to offer density bonus, incentive and/or other regulatory concessions to facilitate the development of additional affordable housing. The City will review and revise its Affordable Housing Incentives Ordinance and density bonus provided by the affordable Housing ordinance to ensure compliance with provisions of AB 1866.	The city adopted amendments to the Housing Incentives and Housing affordability Ordinance in 2004 and 2006 that reflect the new State Density Bonus provisions of SB 1818 and AB 1866.
<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/continued appropriateness</b>
<b>18. Planned Development District (PD)</b> A PD designation allows the regulations of the underlying zoning district to be superseded, modified, or amended. The PD designation is used to permit higher densities through smaller lots, narrower streets, and other deviations from conventional zoning regulations.	The City will continue to use the PD designation to provide flexibility in developments and facilitate creative housing options.	The City has worked extensively with applicants to consider projects with Planned Developments. During the Housing Element Cycle the City approved a 20-unit affordable rental Project through the PD process.  The PD process has been a successful way to supply housing and reduce housing costs. The City will continue to utilize the PD process in the next cycle.
<b>19. Design Review Process;</b> In April, 2001, the City adopted Livable Community Residential Design Guidelines. These Guidelines supplement	The City will continue to use the Residential Design Guidelines in concert with the City's General Plan, Zoning and Subdivision Ordinance and other area plans. The City will continue to ensure	All major residential projects during the housing element cycle were reviewed for compliance with the City's Livable Community Residential Design Guidelines. Design review has



<p>quantitative standards in the Zoning Code with neighborhood and architectural design principles. All projects with two or more units are required to comply with the City's Design Review process and the Residential Design Guidelines.</p>	<p>that projects comply with the City's design review process and the Design Guidelines.</p>	<p>promoted quality projects that meet the objectives of the City and create quality neighborhoods for City Residents.</p>
<p><b>Housing Program</b></p> <p><b>20. Second Unit Development;</b> Accessory Dwelling Units provide an important housing opportunity for seniors, college students, and other special needs groups. Given the dwindling supply of developable land in Watsonville, integrating accessory dwelling units in existing residential neighborhoods present an opportunity for the City to accommodate needed rental</p>	<p><b>Program Action/Objective</b></p> <p>The City will amend its Zoning Ordinance to expressly permit the development of second units in the R-1, RM-2, and RM-3 Zoning districts.</p>	<p><b>Accomplishment/continued appropriateness</b></p> <p>In 2003, the City Council adopted Chapter 14-23 of the Zoning Code, regulating Accessory Dwelling Units, in compliance with new State law, which required all jurisdictions to permit such uses by right in residential zones. During the last Housing Element cycle, 10 accessory dwelling units were constructed.</p>



housing. In 2002, the State passed AB1866, which requires jurisdictions to permit such uses by right in residential zones.		
<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/continued appropriateness</b>
<p><b>21. Zoning Ordinance Update;</b>  The Watsonville zoning ordinance was originally adopted in 1980 and details the City's expectations for new development and changes in land use. The Zoning Ordinance determines where residential, commercial, and other land uses may locate in the City</p>	<p>The City will prepare a comprehensive update of its Zoning Ordinance by 2017.</p>	<p>The City has been in the process of updating its 2005 General Plan. An interim update of the City's Public Facilities, Institutional and Industrial zones was conducted in 2004. The new 2030 General Plan was adopted by the City in May of 2006. Comprehensive modifications to the rest of the zoning text have been drafted to reflect the policies of the 2030 General Plan. However, a lawsuit has been filed on the General Plan Adoption. The City is currently appealing a recent 2008 decision on the Plan. The city will not be able to pursue implementation of the Zoning modifications until the lawsuit is resolved.</p>
<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/continued appropriateness</b>
<p><b>22. Fair Housing Program;</b>  The City supports fair housing and refers all alleged cases of discrimination to the State Office of Fair Employment and Housing and the California Rural Legal Assistance (CRLA). The City also prepares an Analysis of Impediments to</p>	<p>The City will continue to support the State Office of Fair Employment and Housing, CRLA, and equal opportunity lending programs. The City will support efforts by the Housing Authority or other agency to list units accessible to disabled persons.</p>	<p>The City has been an active participant with CRLA and other agencies to ensure availability of affordable housing to people with disabilities.</p>



<p>Fair Housing. The City supports equal opportunity lending programs and non-discriminatory practices in selection of residents for participation in the City's housing assistance programs.</p>		
<p><b>23. Housing for Disabled Persons</b> Consistent with Senate Bill 520 enacted January 1, 2002, the City analyzed potential constraints to the development, maintenance, and improvement of housing intended for persons with disabilities.</p> <p>Moreover, public meetings on the Housing Element revealed a need for a centralized database in the County to assist disabled persons in finding accessible housing in Watsonville.</p>	<p>The City prepared its Analysis of Impediments to Fair Housing as required by federal law. In addition, the City eliminated the definition of a family in the Zoning Ordinance and the City supports the County's (or other agency) efforts to create a centralized database of affordable rental housing accessible to disabled persons.</p>	<p>The City's Zoning Ordinance was amended to eliminate the definition of a family as well as the limitations on the number of occupants in a house. Moreover, public meetings on the Housing Element revealed a need for a centralized database in the County to assist disabled persons in finding accessible housing in Watsonville. The city has participated in programs to centralize that information.</p>
<p><b>Housing Program</b></p>	<p><b>Program Action/Objective</b></p>	<p><b>Accomplishment/continued appropriateness</b></p>
<p><b>24. Special Needs Housing</b> The City will make other changes to better facilitate the development of housing for persons with special needs.</p>	<p>In 2003, the City amended the Zoning Ordinance to: 1) define and allow emergency shelters, transitional housing, and other special needs housing in the PF</p>	<p>Consistent with Senate Bill 520 enacted January 1, 2002, the City analyzed potential constraints to the development, maintenance, and improvement of housing intended for persons with</p>



<p>This includes amending the Zoning Ordinance to include a definition of residential care facilities, emergency shelters, transitional housing facilities, and other types of special needs housing.</p>	<p>and N zones; and 2) define and permit residential care facilities serving six or less persons by right in residential zones.</p> <p>The City evaluated the Zoning Ordinance to determine whether any codes constrain the development of residential care facilities, emergency shelters, transitional housing, farm worker housing, and other types of special needs housing.</p>	<p>disabilities. The analysis included an evaluation of existing land use controls, permit and processing procedures, and building codes. During this process, the City found that several constraints will be mitigated over the planning period of the 2002-2007 Housing Element. In 2004 The City amended the Public Facilities district to allow transitional housing as an Administrative Use.</p>
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## B. Housing Goals & Policies

On a bi-annual basis, the City Council prepares a Strategic Plan that identifies key planning issues in Watsonville, sets forth goals to address identified needs, and allocates appropriate financial resources to achieve those goals. Based on a review of housing needs identified in the Community Profile (Chapter 2 of the Housing Element), the following housing goals and policies are designed to:

- 1.) Preserve, conserve and improve affordable housing stock and neighborhoods;
- 2.) Promote the production of a diversity of housing;
- 3.) Assist in the provision of affordable housing;
- 4.) Remove or mitigate constraints to housing investment; and
- 5.) Promote equal housing opportunity.

The City has developed the following goals and policies to encourage the preservation, conservation, production, maintenance, and improvement of affordable housing in Watsonville. **Chart 5-2** (at the end of this section) provides a summary of each supporting program, five-year objective, timeframe for implementation, funding sources, and the agency responsible to implement the program.

### **Housing and Neighborhood Conservation**

Conserving, preserving and improving the housing stock is an important goal. Approximately Forty-five percent of the housing stock in Watsonville is 30 years old or older, the age when most homes begin to have major rehabilitation needs. The City actively supports neighborhood preservation and upgrading through provisions of housing repair assistance and code enforcement.



**GOAL 1.0: Improve, conserve, and preserve both the safe condition of and the continued availability of Watsonville's existing affordable housing stock in order to meet the needs of all economic segments of the community.**

Policy 1.1. Encourage homeowners and landlords to maintain properties in sound condition through the City's residential rehabilitation assistance programs and code enforcement efforts.

Policy 1.2 Continue to preserve and maintain the City's historical and architecturally significant buildings and neighborhoods.

Policy 1.3 Encourage citizen involvement in addressing the maintenance and improvement of the housing stock and neighborhood quality.

Policy 1.4 Support housing providers in the acquisition, rehabilitation, and maintenance of older residential properties as long-term affordable housing.

Policy 1.5 Preserve the existing stock of affordable housing, including mobile homes, through City regulations and land use and development controls, including mobile home park exclusive-use zoning, as well as financial and other forms of assistance.

Policy 1.6 Revitalize neighborhoods by addressing substandard housing, investing in public infrastructure, and providing appropriate public services and facilities.

### **Housing Assistance**

Watsonville is home to various groups with special housing needs, including seniors, large families, disabled persons, homeless persons, single parent families, and students, among others. These groups may face greater difficulty in finding decent and affordable housing due to special circumstances. Special circumstances may be related to one's income, family characteristics, disability, or health issues. The City remains committed to addressing the special needs of Watsonville residents.

**GOAL 2.0 Expand and protect housing opportunities for all economic segments and special needs groups within the community.**

Policy 2.1 Encourage the provision of jobs and housing by annexing areas for new employment opportunities and promoting the City's affordable housing programs with Watsonville businesses.

Policy 2.2 Continue to offer and promote homeownership assistance programs to lower- and moderate-income households to purchase housing and give preference, to the extent possible, to those who work or live in Watsonville.



Policy 2.3 Continue to support the provision of rental assistance to lower-income households, and encourage property owners to list units with the Housing Authority of the County of Santa Cruz.

Policy 2.4 Continue to enforce notification and provide relocation assistance for lower income persons displaced due to demolition, reuse, condominium conversion, or rehabilitation as a result of code enforcement.

Policy 2.5 Support efforts by non-profits to expand transitional and emergency housing in Watsonville, including support of grant applications and assistance in identification of suitable sites.

Policy 2.6 Encourage and support, as feasible, non-profit and for-profit agencies who provide supportive services and alternative housing options for persons with special housing needs in Watsonville.

Policy 2.7 Support the provision of child care centers in residential neighborhoods, through commercial business as feasible, and in new residential projects.

### **Housing Production**

Housing diversity is important to ensure that all households, regardless of age, income level, and household type, have the opportunity to find housing suited to their lifestyle. Part of this diversity is addressed through the regional housing needs assessment process, which encourages the provision of housing for all economic segments in the community. However, housing diversity is also addressed by supporting alternative housing options for residents with special housing needs. The following goals and policies are designed to encourage appropriate and quality housing in Watsonville.

**GOAL 3.0** **Provide housing opportunity for Watsonville's share of the regional housing need for all income groups.**

Policy 3.1 Encourage the production of housing that meets the needs of all economic segments, including lower-, moderate-, and above moderate-income households, to achieve a balanced community.

Policy 3.2 Provide high quality rental and ownership housing opportunities for current and future residents that are affordable to a diverse range of income levels.

Policy 3.3 Encourage a variety of housing types to address the needs of farmworkers, including affordable rentals, mobile homes, single room occupancy hotels, manufactured and factory-built housing, and group housing.



Policy 3.4 Continue to implement the Affordable Housing Ordinance, Density Bonus Ordinance, and other programs as a means of integrating affordable units within new residential development.

Policy 3.5 Pursue State, Federal, and other funding sources for housing activities as a means to leverage local funds and maximize assistance.

Policy 3.6 Encourage and support the efforts of non-profit organizations that develop housing affordable to very low- low-, and moderate-income households.

Policy 3.7 Examine the feasibility of developing quality live/work housing, as appropriate, as a means to provide affordable housing.

Policy 3.8 Ensure that adequate infrastructure, public facilities, water and services are available or in place to support the development of new housing.

#### **Removal of Government Constraints**

Under State law, the Housing Element must address, and where legally possible, remove governmental constraints affecting the maintenance, improvement, and development of housing. The following programs are designed to mitigate government constraints on housing and facilitate development of housing affordable to lower-and moderate-income households, including families, seniors, and persons with special needs.

**GOAL 4.0:** **Where appropriate, mitigate unnecessary governmental constraints to the maintenance, improvement, and development of housing.**

Policy 4.1 Provide regulatory and/or financial incentives, where appropriate, to offset or reduce the costs of affordable housing development, including density bonuses and flexibility in site development standards.

Policy 4.2 Implement and enforce residential design guidelines to ensure that the community's expectations are met with respect to the quality and style of housing projects.

Policy 4.3 Continue to provide priority processing to affordable housing projects.

Policy 4.4 Expressly permit the development of second units as a means to provide additional affordable housing opportunities

Policy 4.5 Periodically review City regulations, ordinances, departmental processing procedures and residential fees related to rehabilitations and/or construction to assess their impact on housing costs, and revise as appropriate.



Policy 4.6	Provide regulatory and financial incentives, as appropriate, to facilitate the development of supportive housing for families with children, and other special needs groups.
Policy 4.7	Revise and modernize Title 14, Zoning Ordinance, of the Watsonville Municipal Code, to achieve community-wide objectives.
Policy 4.8	Continue to support the incorporation of energy efficient devices in existing housing and utilization of energy efficient designs for new housing.

### **Fair and Equal Housing Opportunity**

Ensuring fair and equal housing opportunity is an important goal. Whether through mediating disputes, investigating bona fide complaints of discrimination, or through the provision of education services, the provision of fair housing services is important to ensuring fair and equal access to housing. Watsonville supports the provision of fair housing opportunity through the following goal and supporting policies.

<b>GOAL 5.0</b>	<b>Ensure fair and equal housing opportunity for all persons regardless of race, religion, sex, marital status, family type, ancestry, national origin, color or other protected status.</b>
Policy 5.1	Continue to enforce fair housing laws prohibiting arbitrary discrimination in the building, financing, selling or renting of housing on the basis of race, religion, family status, national origin, disability, or other such factors.
Policy 5.2	Continue to support organizations that offer fair housing and mediation services to Watsonville residents.
Policy 5.3	Promote and support, as feasible, housing that meets the special needs of large families, single-parent/female-headed households, families with children, students, elderly persons, homeless persons, farm workers, and the disabled.
Policy 5.4	Encourage the provision of housing adaptable to the physically disabled through integration of universal design features in new development, and compliance with Title 24 of the California Health and Safety Code.

## **C. Housing Programs**

The goals and policies contained in the Housing Element address Watsonville's housing needs and are implemented through housing programs offered by the Redevelopment and Housing Department and Community Development Department. In drafting these goals and policies, Section 65583 of the Government Code requires the housing element to address five major areas:

- 1.) Housing and Neighborhood Conservation
- 2.) Provision of Housing Assistance
- 3.) Housing Production



- 4.) Removal of Governmental Constraints
- 5.) Equal Housing Opportunity

The housing programs described contain existing programs as well as future programs needed to address identified housing needs. **Chart 5-2** (included at the end of this section) provides a summary of each program, the five-year objective, timeframe for implementation, funding sources, and the agency responsible to implement the program. However, it is important to note that the current State budget crisis, withholding of housing funds and unfunded mandates may restrict the ability of the City to implement these programs.

## HOUSING AND NEIGHBORHOOD CONSERVATION

### 1. Code Enforcement

Code enforcement is a means to ensure that the character and quality of neighborhoods is enhanced and maintained. Code enforcement efforts in Watsonville focus on bringing substandard units into compliance with City building, housing, and property maintenance codes.

#### **Five Year Objective:**

*The City will continue to carry out code enforcement activities, including performing property inspections and citing code violations, when necessary.*

### 2. Housing Rehabilitation Loan programs

To strengthen the City's code enforcement efforts and improve neighborhoods, the City offers home rehabilitation loan programs. Correcting code violations is the top priority of the loans. The rental rehabilitation program gives a priority to properties with 11 or fewer units. Assisted rental units must be affordable for at least five years. Rental rehabilitation loans have interest rates of 0% to 6% with payments for up to 30 years. The City will apply annually for funding to support the Rehabilitation Loan programs.

#### **Five Year Objective:**

*The City anticipates assisting 10 renter households and 20 ownership households during the planning period. The City will advertise the availability of this program through bilingual brochures at City Hall, in the City's bilingual newsletter, and posting on the City's website.*

### 3. Preservation of Affordable Housing

Watsonville has a significant stock of affordable housing units receiving public subsidies or regulated by the City's Affordable Housing Ordinance. Approximately 1240 affordable units have been built (many in recent years). Currently, no tax credit projects are at risk of conversion to market-rate housing. Over the last Housing Element Cycle, the City was able to assist in saving 236 affordable units (Evergreen Apartments and Sunny Meadows) from converting to market rate units.

#### **Five Year Objective:**

*The City will help preserve the affordability of existing tax credit projects and continue to: 1) monitor status of at-risk projects; 2) provide technical assistance as feasible to property owners and non-profit developers; and 3) conduct tenant notification as required by law for at-risk projects. Continue to collaborate with developers to maintain affordability*



*through other assistance programs as they are implemented.*

#### **4. Mobile Home Park Conversion Ordinance**

Watsonville is home to six mobile home parks containing a total of 800 homes. Through its existing Mobile Home Park Conversion Ordinance, the City has established requirements and procedures for the control and approval of the conversion of mobile home parks to community mobile home parks, mobile home park condominiums, and non-mobile home park uses. However, the current Ordinance is outdated, designed for condominium conversions, and conflicts with State law. A comprehensive revision of the Ordinance is necessary to streamline the process, provide greater clarity, and make the process consistent with State law. Watsonville also has a rent stabilization ordinance, which is intended to protect the investments of mobile home owners in their mobile homes, preserve the affordability of the low income housing stock located in the City's mobile home parks, while at the same time ensuring the continued economic viability and preservation of the mobile home parks by also ensuring that its rent limits will not operate to deny park owners a fair rate of return on their investments.

Watsonville supported the successful enactment of SB510, which now requires mobile home park subdivider to survey mobile home park residents and demonstrate majority support in favor of the proposal prior to subdivision approval. However, several other California cities have adopted SB510-Implementing Resolutions in order to protect their right to enforce the new provisions of SB510.

#### **5. First Time Homebuyer Loans**

The City offers home purchase loans for eligible first-time and move-up homebuyers. Homebuyers who live or work within the City limits are given priority for these loans. Lower-income first-time home buyers who live or work in Watsonville can borrow the highest amount available, which is \$90,000. Other buyers can borrow a maximum of \$30,000. The payments on these loans are deferred up to 45 years. Instead of charging an interest rate, these loans are

#### **Five Year Objective:**

*The City will help preserve the continued availability and affordability of the current affordable housing stock located in the city's mobile home parks as follows:*

- *Continue enforcement and defense of the City's mobile home park rent stabilization ordinance;*
- *Enact a SB510 implementation resolution and enforce SB510's provisions;*
- *Review and revise the City's Mobile Home Park Conversion Ordinance to streamline the process and to ensure consistency with state law; and*
- *Enact mobile home exclusive use zoning.*

#### **Five Year Objective:**

*The City will continue to offer First Time Home Buyer Loans. The City anticipates assisting 60 households during the planning period. The City will advertise the availability of this program through bilingual brochures at City Hall, in the City's bilingual newsletter, and posting on the City's website.*



made on a shared appreciation basis. For instance, if the City finances 10% of the purchase price, it will receive 10% of the homes' sales price or appraised value at the time the loan is repaid. The City will apply annually for funding to support the First Time Homebuyers loans.

## 6. Down Payment Assistance Loans

Some homebuyers are unable to achieve homeownership because they do not have sufficient funds for a down payment and/or closing costs. Recognizing this need, the City offers down payment assistance loans to homebuyers who currently live or work within the City limits are given a priority for these loans. At present, the maximum loan amount is \$60,000. Other buyers can borrow a maximum of \$30,000. The payments on these loans are deferred up to 45 years. Instead of charging an interest rate, these loans are made on a shared appreciation basis.

### Five Year Objective:

*The City will continue to offer Down Payment Assistance Loans and anticipates assisting 25 households during the planning period. The City will advertise the availability of this program through bilingual brochures at City Hall, in the City's bilingual newsletter, and posting on the City's website.*

## 7. Section 8 Rental Assistance

The County of Santa Cruz Housing Authority administers the Section 8 Rental Assistance program in Watsonville. The Section 8 Rental Program extends rental subsidies to very low-income households, including families, seniors, the disabled, and farmworkers. The Section 8 Program offers a voucher that pays the difference between the current fair market rent (FMR) and what a tenant can afford to pay (i.e. 30% of household income). The voucher allows a tenant to choose housing that costs above the payment standard, provided that the tenant pays the extra cost. Currently, 1,600 households in Watsonville receive vouchers. Section 8 may now be used to assist certificate holders to purchase a home as well.

### Five Year Objective:

*The City will continue to support the Housing Authority's efforts to provide rental vouchers to needy residents. The City will continue to encourage the Housing Authority or other agencies to list available rentals.*

## 8. Relocation Assistance Ordinance

The Relocation Assistance Ordinance requires landlords to pay relocation benefits to tenants who are displaced from dangerous buildings. Specifically, landlords must provide three months of rent plus moving allowance and storage costs for tenants who are displaced from a dangerous building as determined by the Building Official. In conjunction with the Relocation Assistance Program, displaced families can

### Five Year Objective:

*The City will continue to implement the Relocation Assistance Ordinance to assist tenants who are displaced from dangerous buildings.*



also receive motel vouchers for up to a week and a case worker to help them find and secure replacement housing. The City will advance relocation benefits under the Ordinance if the landlord does not pay in a timely manner.

## 9. Child Care Assistance

Watsonville is primarily a community of families. Between 2000 and 2010, there was a noticeable increase in married couples with children in the City. To address this trend, the City permits child (day) care homes as an accessory use in all residential zones. As of 2002, State licensing board records report that 30 child care centers, 100 large family day care homes, and 8 infant care facilities are licensed in Watsonville. Additional smaller day care homes are available options for child care. The City also supports projects offering child care. The City encouraged development of the Transit Center Project, with 40 units of affordable rental housing and a child care center serving 36 children.

### Five Year Objective:

*The City will continue to support the provision of child care assistance and facilitate the development of new housing with a child care component.*

## 10. Application for Grants and Loans

In 2000, the voters of California approved Proposition 46, authorizing the issuance of bonds to support well over \$2 billion in new and continued housing programs. In 2006, voters approved Proposition 1C for 2.8 billion in additional funds for affordable housing and emergency shelters. This will fund affordable housing (both ownership and rental), neighborhood revitalization efforts, special needs housing and supportive services, downtown revitalization, and a variety of other programs that help meet the housing needs of communities across the State. The City had considerable success in applying for available grants and loan programs and will continue efforts to investigate potential funding sources.

### Five Year Objective:

*The City will investigate funds available under Proposition 46, 1C and other affordable housing programs, and pursue those that help meet the housing needs of Watsonville residents.*

## HOUSING PRODUCTION

### 11. Adequate Sites Program

A key component of the Housing Element is the identification of adequate sites to accommodate the

### Five Year Objective:



City's share of regional housing needs as determined by AMBAG. The City has identified a variety of vacant and underutilized sites where new housing may be developed, including infill sites, mixed-use opportunities in underutilized commercial areas, and single-family neighborhoods where second units may be added. During the 1990s, the City has had an impressive record of pursuing annexations to provide opportunities for housing, but has been constrained by LAFCO and County growth control policies in recent years. The City's 2030 General Plan establishes a very limited future growth boundary.

*The City will continue to inventory sites to meet its remaining share of regional housing needs as determined by AMBAG.*

## **12. Affordable Housing Ordinance (Chapter 14-46)**

Under the Affordable Housing Ordinance, developers are required to set aside a certain portion of units (up to 20%) in projects of seven or more units for targeted income level groups. Due to the cost of single-family homes, homeownership projects are required to set aside units for median, moderate, and above-moderate income households. The term of affordability is a minimum of 40 years. Developers who exceed the minimum number of affordable units may be eligible for density bonuses under Chapter 14-47). The Density bonus provisions have been amended to meet new State requirements.

**Five Year Objective:**

*The City will continue to implement the Affordable Housing Ordinance to ensure that the private sector assists in meeting the housing needs of all income groups in Watsonville.*

## **13. Partnership with Non-Profit Housing Agencies**

Non-profit housing developers play an important role in providing affordable housing in Watsonville. The City has granted direct financial assistance, land write-downs, regulatory incentives, and other forms of assistance to a number of developers to provide both ownership and rental housing to lower-and moderate-income households. In recent years, the City has assisted South County Housing, Santa Cruz Community Counseling Center, Mid-Peninsula Housing Coalition, Habitat for Humanity, CHISPA, and others in the provision of affordable housing.

**Five Year Objective:**

*As available, the City will continue to grant financial assistance, land write-downs, regulatory incentives, and/or other forms of assistance to non-profit developers of affordable and special needs housing.*

## **14. Mixed-Use Development**

Within Watsonville, several areas in the community are suitable for a mix of residential and commercial

**Five Year Objective:**



uses. Adding residential development on some of the City's underutilized commercial areas will create activity along the street, provide a variety of housing types near work and shopping, and enhance public safety. Inclusion of residential uses in new mixed-use development will be encouraged through the use of incentives such as reduced parking requirements and shared parking (between commercial and residential uses). Single room occupancy (SROs) hotels may be encouraged in the CT and CN zoning districts and in high-density residential areas; currently, they are permitted in the CCA and CC zones.

*The City will continue to promote residential uses in commercial areas. As feasible, the City will provide financial, technical, and/or other assistance to facilitate mixed-use housing in other areas. The City will review the feasibility of permitting SROs in the CT and CN zones. Whenever feasible, the City will encourage the highest allowable residential densities in commercial zones through the Density Bonus and Planned Development District.*

## **15. Transitional Housing and Emergency Shelters**

The City is actively involved in addressing homelessness. As an active participant in the Santa Cruz County Continuum of Care Coordinating Group, the City passed a resolution (No. 387-91) supporting a coordinated Countywide effort to assist the homeless and prepare a five-year strategic plan. Locally, the City conditionally permits transitional housing in the RM-2, RM-3, CC, and CN districts. The City supports the Pajaro Valley Shelter Services and Salvation Army Loma Prieta Transitional Housing Complex. In order to facilitate this housing, the City has allowed a significant reduction in parking requirements and no minimum lot area requirement (unlike other residential uses). Additionally the City is dedicated to removing constraints to transitional housing by allowing for such facilities in the High Density Residential Zone (RM-3) through a text amendment to the Zoning Ordinance. This endeavor will increase access to transitional and supportive housing within the City.

### **Five Year Objective:**

*The City will continue to support the development of new and expansion of existing transitional housing facilities. The City will continue to participate and provide financial assistance to the Continuum of Care Coordinating Group in developing and implementing the five-year plan. In 2003, the City approved changes to the Zoning Ordinance to allow emergency shelters and transitional housing in the PF Zoning district via an Administrative Use Permit. The City will pursue additional amendments to the zoning ordinance within two years of adoption by the City Council to establish transitional housing and emergency housing as principally permitted uses in Public Facilities and RM-3 zoning districts without requiring any type of conditional use permit. Additionally the City will initiate a zoning Ordinance amendment, pursuant to SB2, to allow transitional and supportive housing as principally permitted residential uses only subject to those restrictions that apply to other residential uses of the same type in the same zone without undue special regulatory requirements.*

## **REMOVAL OF GOVERNMENTAL CONSTRAINTS**



## 16. Density Bonuses (Chapter 14-47)

In 2006, the City Council adopted a new Chapter 14-47 of the Zoning Code regarding Density Bonuses, as mandated by State law. Under the Density Bonus Ordinance, developers who reserve a certain percentage (above the minimum required by the Affordable Housing Ordinance) of units as affordable to qualified very low, low, and moderate income households may be eligible for up to a 35% density bonus, regulatory incentives, and reduced parking requirements. Regulatory concessions include modifications of development standards or zoning requirements that result in identifiable cost reductions (e.g., setbacks, lot size). Upon request, parking requirements may be adjusted to the State minimum outlined in AB 1866.

### Five Year Objective:

*The City will continue to offer density bonuses, incentives, and/or regulatory concessions to facilitate the development of additional affordable housing, particularly in areas with underutilized sites that may benefit from deviations in development standards. The City will further publicize the density bonus ordinance via flyers and the City website and make reference to it as development inquiries are received by the Community Development Department.*

## 17. Planned Development District (PD)

A PD designation allows the regulations of the underlying zoning district to be superseded, modified, or amended. In order to create a superior housing product, the City frequently uses the PD designation to permit higher densities through smaller lots, narrower streets, and other deviations from conventional zoning regulations. Using the PD designation, the City has facilitated greater housing affordability by approving small-lot single-family homes and rental projects.

### Five Year Objective:

*The City will continue to use the PD designation to provide flexibility in developments and facilitate creative housing option as well as explore amendments to the Zoning and Subdivision Ordinances to encourage lot consolidation in districts with substandard lots, fee and development waivers for projects meeting redevelopment criteria and other incentives for developers and property owners in such districts.*

## 18. Design Review Process

In April, 2001, the City adopted Livable Community Residential Design Guidelines. These Guidelines supplement quantitative standards in the Zoning Code with neighborhood and architectural design principles. These Guidelines help in part to clarify the City and community's expectations in the quality and style of projects and ensure that developments are also consistent with General Plan policies. All projects with two or more units are required to comply with the City's Design Review process and the Residential Design Guidelines.

### Five Year Objective:

*The City will continue to use the Residential Design Guidelines in concert with the City's General Plan, Zoning and Subdivision Ordinance and other area plans. The City will continue to ensure that projects comply with the City's design review process and the Design Guidelines.*



## **19. Accessory Dwelling Unit Ordinance**

Accessory Dwelling Units provide an important housing opportunity for seniors, college students, and other special needs groups. Given the dwindling supply of developable land in Watsonville, integrating accessory dwelling units in existing residential neighborhoods present an opportunity for the City to accommodate needed rental housing. In 2003, the City Council adopted Chapter 14-23 of the Zoning Code, regulating Accessory Dwelling Units, in compliance with new State law, which required all jurisdictions to permit such uses by right in residential zones. Since adoption of the Ordinance, 115 accessory units have been constructed in the City.

### **Five Year Objective:**

*The City will continue to use the Accessory Dwelling Unit Ordinance to provide in-fill residential housing throughout the City. The City will establish additional approaches to encourage second unit development including revision of the existing ordinance to create greater incentives such as smaller lot size requirements, advertising second-unit development opportunities where possible, and establishing pre-approved design prototypes to encourage and stimulate the development of second units.*

## **20. Zoning Ordinance Update**

The City will amend Title 14 (Zoning) of the Watsonville Municipal Code to address changes in housing priorities. This comprehensive update will include greater density on residential lots, mixed use provisions along transit corridors and throughout the downtown, and greater flexibility in order to address changes in state legislation.

### **Five Year Objective:**

*The City will complete a comprehensive Zoning ordinance and map update pending resolution of General Plan litigation. This update will also include consideration of the removal of constraints to developing affordable housing at the RM-3 density for apartment units 16 or greater to require a simple administrative review and design review permits.*

## **21. Fair Housing Program**

The City supports fair housing and refers all alleged cases of discrimination to the State Office of Fair Employment and Housing and the California Rural Legal Assistance (CRLA). The City also prepares an Analysis of Impediments to Fair Housing. The City supports equal opportunity lending programs and non-discriminatory practices in selection of residents for participation in the City's housing assistance programs. The City also sponsors an Annual Housing Fair in which CRLA hosts one of the workshops on Landlord and Tenant Rights. The City also distributes the Consumer Affairs "Tenant Rights and Responsibilities" booklet, and Fannie-Mae's "Your Credit Rights" booklet at the Annual Housing Fair and the City's Permit Center.

### **Five Year Objective:**

*The City will continue to support the State Office of Fair Employment and Housing, CRLA, and equal opportunity lending programs. The City will support efforts by the Housing Authority or other agency to list units accessible to disabled persons.*

## **22. Housing for Disabled Persons**



Consistent with Senate Bill 520 enacted January 1, 2002, the City analyzed potential constraints to the development, maintenance, and improvement of housing intended for persons with disabilities. The City will outreach to nonprofit housing partners and the City website as the City moves through the process of increasing housing opportunities for this needs group. The analysis included an evaluation of existing land use controls, permit and processing procedures, and building codes. The City's Zoning Ordinance was amended to eliminate the definition of a family as well as the limitations on the number of occupants in a house. Moreover, public meetings on the Housing Element revealed a need for a centralized database in the County to assist disabled persons in finding accessible housing in Watsonville. These actions would improve housing opportunities for persons with disabilities in Watsonville.

**Five Year Objective:**

*The City will support the County's (or other agency) efforts to create a centralized database of affordable rental housing accessible to disabled persons. Further the City will modify Chapter 14-40 (exceptions and Modifications) of the Watsonville Municipal Code as necessary to allow for modifications to the Zoning regulations for people with disabilities within 18 months of certification by the State.*

### **23. Special Needs Housing**

The City will make other changes to better facilitate the development of housing for persons with special needs. This includes amending the Zoning Ordinance to include a definition of residential care facilities, emergency shelters, transitional housing facilities, and other types of special needs housing. Moreover, the regulations for permitting residential care facilities serving six or fewer persons, emergency shelters, transitional housing, farm worker housing, and other special needs housing are also unclear. Finally, certain zoning and development regulations can impede the construction of residential care facilities, emergency shelters, transitional housing, farm worker housing, and other types of special needs housing. Therefore, the Zoning Ordinance and other local regulations should be analyzed to determine whether such constraints exist. The City has committed to analyze potential constraints and, if found, develop programs to mitigate or remove such constraints.

**Five Year Objective:**

*Consistent with Senate Bill 520 enacted January 1, 2002, the City analyzed potential constraints to the development, maintenance, and improvement of housing intended for persons with disabilities. The analysis included an evaluation of existing land use controls, permit and processing procedures, and building codes. During this process, the City found that several constraints will be mitigated over the planning period of the 2015-2023 Housing element cycle. In 2004, the City amended the Public Facilities District to allow transitional housing as an Administrative Use.*



Chart 5-2  
Housing Program Implementation

Housing Program	Program Goal	Five -Year Objectives	Funding Source	Responsible Agency	Timeframe
<b>HOUSING AND NEIGHBORHOOD CONSERVATION</b>					
<b>1. Code Enforcement.</b>	Bring substandard housing units into compliance with codes.	Continue to carry out code enforcement activities.	General; CDBG	CDD	Ongoing
<b>2. Housing Rehabilitation Loans</b>	Assist residents in repairing, upgrading, and improving housing	Assist 10 renter households and 20 ownership households advertise program	Cal Home	CDD	2015-2023
<b>3. Preservation of Affordable Housing.</b>	Preserve the existing stock of affordable housing.	The City will assist preservation of any at risk developments.	Set-aside funds; Housing in Lieu fees	CDD	Ongoing
<b>4. Mobile Home Park Conservation Ordinance</b>	Preserve existing mobile home parks as affordable housing.	Review and revise ordinance to ensure consistency with State law	General Fund	CDD	2015-2023
<b>PROVISION OF HOUSING ASSISTANCE</b>					
<b>5. First time home Buyer Loans;</b>	Assist first time and move up buyers in purchasing homes.	Assist 60 Households. Advertise program	HOME; Cal Home; set aside funds; In Lieu fees	CDD	2015-2023
<b>6. Down Payment Assistance Loans.</b>	Assist home buyers in purchasing homes.	Assist 40 households. Advertise program.	Set –aside funds; AHP	RHD	2015-2023
<b>7. Section 8 Rental Assistance</b>	Provide rental assistance to very low-income households.	Continue to participate. Encourage property owners to list rentals with the Housing Authority	Federal	HACSC; RHD	2015-2023



Housing Program	Program Goal	Five -Year Objectives	Funding Source	Responsible Agency	Timeframe
<b>8. Relocation Assistance Ordinance;</b>	Ensure benefits and assistance are provided to displaced tenants.	Continue to administer program	CDBG; General Fund	RHD; CDD	Ongoing
<b>9. Child Care Assistance.</b>	Encourage development of new housing with a child care component.	Support the provision of child care assistance and facilitate the development of new housing with child care	General Fund; CDBG	RHD; CDD	Ongoing
<b>10. Application for Grants and Loans;</b>	Ensure that funds are available to continue and modify housing programs.	Review available funds under Proposition 46 and other sources. Apply to meet city housing needs.	RHD; General Fund	RHD; CDD	Ongoing

#### HOUSING PRODUCTION

<b>11. Adequate Sites Program;</b>	Facilitate availability of sufficient sites to meet the City's share of regional housing needs.	Continue to inventory sites for remaining need.	General Fund	CDD; RHD	2015-2023
<b>12. Affordable Housing Ordinance;</b>	Ensure that new developments meet the City's ordinance	Continue to administer program	General Fund	CDD	Ongoing
<b>13. Partnership</b>	Provide	Continue to partner	Set-aside	CDD	Ongoing



<b>with Non-Profit Housing Agencies;</b>	additional affordable housing opportunities	with non-profit housing agencies.	funds, HOME; MHP; FWHG, AHP; CDBG		
<b>Housing Program</b>	<b>Program Goal</b>	<b>Five -Year Objectives</b>	<b>Funding Source</b>	<b>Responsible Agency</b>	<b>Timeframe</b>
<b>14. Mixed Use Development</b>	Promote mixed use development	Continue to promote residential uses in conjunction with Commercial uses.	General Fund	CDD	Ongoing
<b>15. Transitional Housing and Emergency Shelters;</b>	Meet Transitional housing needs. Amend Ordinance to meet state requirements	Continue to support development and expansion of existing transitional housing and promote the development of a new facility. Amend ordinance to meet State SB 2 requirement	CDBG; FWHG; HOME;MHP	CDD	2015

#### **REMOVAL OF GOVERNMENTAL CONSTRAINTS**

<b>16. Density Bonus Ordinance</b>	Facilitate the development of affordable housing.	Continue to offer incentives to facilitate development of affordable housing.	General Fund CDBG; HOME; Set-aside funds; in lieu fees	CDD	Ongoing
<b>17. Planned Development District (PD)</b>	Provide flexibility in developments and facilitate creative housing options	Continue to Use the PD designation.	General Fund	CDD	Ongoing
<b>18. Design Review Process;</b>	Clarify community expectations, ensure new projects follow guidelines	Continue to administer program.	General Fund	CDD	Ongoing
<b>19. Accessory Dwelling Unit Development</b>	Comply with State law and provide additional affordable opportunities.	Continue to administer program	General Fund	CDD	Ongoing



<b>20. Zoning Ordinance Update</b>	Ensure consistency w/ General Plan and State law	Complete Zoning Ordinance update when General Plan litigation is settled	General Fund	CDD	2016
<b>Housing Program</b>	<b>Program Goal</b>	<b>Five -Year Objectives</b>	<b>Funding Source</b>	<b>Responsible Agency</b>	<b>Timeframe</b>
<b>21. Fair Housing Program;</b>	Provide fair housing to residents.	Continue to support the State, CRLA, Housing Authority and equal opportunity lending programs.	CDBG	CDD	Ongoing
<b>22. Housing for Disabled Persons</b>	Identify and remove constraints affecting persons with disabilities	Conduct evaluation and if constraints are found take action within 6 months to address constraints. Continue to support centralized database.	General Fund	CDD	Ongoing
<b>23. Special Needs Housing.</b>	Facilitate development of housing for persons with special needs	Amend the Zoning Ordinance to be consistent with SB2 for emergency and transitional shelters	General Fund	CDD	2016

**Abbreviations:**

CDD=Community Development Department; PCSD= Parks and Community Services Department; HACSC = Housing Authority of the County of Santa Cruz; AHP= Affordable Housing Program; CDBG= Community Development Block Grant; FWHG= Farmworker Housing Grant; HOME = HOME program; MHP= Mobile home Program.



## Quantified Objectives

Income Level	RHNA Goals	Estimated Rehab	Estimated Preserve <sup>2</sup>	Estimated New Construction
Extremely Low	77	8	13	22
Very Low	77	31	44	53
Low	119	116	114(176)	85
Moderate	133	164	57 (176)	120
Above Moderate	294	0	0	220
<b>Total</b>	<b>700</b>	<b>319</b>	<b>228</b>	<b>500</b>

\*New construction objectives take into consideration a number of factors. During the 2007-2014 Housing Element cycle, There was an unprecedented recession that reduced housing production to a crawl compared to previous Housing Element cycles. The City has adjusted these numbers to account for decreased demand amid the present housing slump and subsequent economic crisis, but anticipates increased housing production during the next Housing Element Cycle.

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<sup>2</sup> Preservation estimates are based on preserving the City's existing housing stock. Low income units include ½ of the owner-occupied mobile home coaches. Moderate income includes the other half of owner-occupied mobile homes. Owner occupancy is based on the 2010 percentage of ownership housing (44%) for the City of Watsonville.



### A. Glossary of Terms

**Acre:** a unit of land measure equal to 43,560 square feet.

**Acreage, Net:** The portion of a site exclusive of existing or planned public or private road rights of-way.

**Affordability Covenant:** A property title agreement which places resale or rental restrictions on a housing unit.

**Affordable Housing:** Under State and federal statutes, housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other related costs. Term also applies to inclusionary units created pursuant to the City's Affordable Housing Ordinance.

**Annexation:** The incorporation of land area into the jurisdiction of an existing city with a resulting change in the boundaries of that city.

**Assisted Housing:** Housing that has been subsidized by federal, state, or local housing programs.

**At-Risk Housing:** Affordable rental housing that is at risk of losing its status as housing affordable for low and moderate income residents due to the expiration of federal, state or local agreements.

**California Department of Housing and Community Development - HCD:** The State Department responsible for administering State-sponsored housing programs and for reviewing housing elements to determine compliance with State housing law.

**Census:** The official United States decennial enumeration of the population conducted by the federal government.

**Community Development Block Grant (CDBG):** A grant program administered by the U.S. Department of Housing and Urban Development (HUD). This grant allots money to cities and counties for housing rehabilitation and community development activities, including public facilities and economic development.

**Condominium:** A building or group of buildings in which units are owned individually, but the structure, common areas and facilities are owned by all owners on a proportional, undivided basis.

**Density:** The number of dwelling units per unit of land. Density usually is expressed "per acre," e.g., a development with 100 units located on 20 acres has density of 5.0 units per acre.



**Density Bonus:** The allowance of additional residential units beyond the maximum for which the parcel is otherwise permitted usually in exchange for the provision or preservation of affordable housing units at the same site or at another location.

**Development Impact Fees:** A fee or charge imposed on developers to pay for a jurisdiction's costs of providing services to new development.

**Development Right:** The right granted to a land owner or other authorized party to improve a property. Such right is usually expressed in terms of a use and intensity allowed under existing zoning regulation. For example, a development right may specify the maximum number of residential dwelling units permitted per acre of land.

**Dwelling, Multi-family:** A building containing two or more dwelling units for the use of individual households; an apartment or condominium building is an example of this dwelling unit type.

**Dwelling, Single-family Attached:** A one-family dwelling attached to one or more other one family dwellings by a common vertical wall. Row houses and town homes are examples of this dwelling unit type.

**Dwelling, Single-family Detached:** A dwelling, not attached to any other dwelling, which is designed for and occupied by not more than one family and surrounded by open space or yards.

**Dwelling Unit:** One or more rooms, designed, occupied or intended for occupancy as separate living quarters, with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of a household.

**Elderly Household:** As defined by HUD, elderly households are one- or two- member (family or non-family) households in which the head or spouse is age 62 or older.

**Element:** A division or chapter of the General Plan.

**Emergency Shelter:** Emergency shelter shall mean housing with minimal supportive services for homeless persons that is limited to occupancy of six (6) months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay.

**Emergency Shelter Grants (ESG):** A grant program administered by the U.S. Department of Housing and Urban Development (HUD) provided on a formula basis to large entitlement jurisdictions.

**Fair Market Rent (FMR):** Fair Market Rents (FMRs) are freely set rental rates defined by HUD as the median gross rents charged for available standard units in a county or Standard Metropolitan Statistical Area (SMSA). Fair Market Rents are used for the Section 8 Rental Program and many other HUD programs and are published annually by HUD.



**First-Time Home Buyer:** Defined by HUD as an individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home. Jurisdictions may adopt local definitions for first-time home buyer programs which differ from non-federally funded programs.

**Floor Area Ratio (FAR):** The gross floor area of all buildings on a lot divided by the lot area; usually expressed as a numerical value (e.g., a building having 10,000 square feet of gross floor area located on a lot of 5,000 square feet in area has a floor area ratio of 2:1).

**General Plan:** The General Plan is a legal document, adopted by the legislative body of a City or County, setting forth policies regarding long-term development. California law requires the preparation of seven elements or chapters in the General Plan: Land Use, Housing, Circulation, Conservation, Open Space, Noise, and Safety. Additional elements are permitted, such as Economic Development, Urban Design and similar local concerns.

**Group Quarters:** A facility which houses groups of unrelated persons not living in households (U.S. Census definition). Examples of group quarters include institutions, dormitories, shelters, military quarters, assisted living facilities and other quarters, including single-room occupancy (SRO) housing, where 10 or more unrelated individuals are housed.

**HCD:** The State Department of Housing and Community Development.

**Home Mortgage Disclosure Act (HMDA):** The Home Mortgage Disclosure Act requires larger lending institutions making home mortgage loans to publicly disclose the location and disposition of home purchase, refinance and improvement loans. Institutions subject to HMDA must also disclose the gender, race, and income of loan applicants.

**HOME Program:** The HOME Investment Partnership Act, Title II of the National Affordable Housing Act of 1990. HOME is a Federal program administered by HUD which provides formula grants to States and localities to fund activities that build, buy, and/or rehabilitate affordable housing for rent or home ownership or provide direct rental assistance to low-income people.

**Homeless:** Unsheltered homeless are families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., the street, sidewalks, cars, vacant and abandoned buildings). Sheltered homeless are families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels or motels used to house the homeless).

**Household:** The US Census Bureau defines a household as all persons living in a housing unit whether or not they are related. A single person living in an apartment as well as a family living in a house is considered a household. Household does not include individuals living in dormitories, prisons, convalescent homes, or other group quarters.



**Household Income:** The total income of all the persons living in a household. A household is usually described as very low income, low income, moderate income, and upper income based upon household size, and income, relative to the regional median income.

**Housing Problems:** Defined by HUD as a household which: (1) occupies a unit with physical defects (lacks complete kitchen or bathroom); (2) meets the definition of overcrowded; or (3) spends more than 30% of income on housing cost.

**Housing Subsidy:** Housing subsidies refer to government assistance aimed at reducing housing sales or rent prices to more affordable levels. Two general types of housing subsidy exist. Where a housing subsidy is linked to a particular house or apartment, housing subsidy is “project” or “unit” based. In Section 8 rental assistance programs the subsidy is linked to the family and assistance provided to any number of families accepted by willing private landlords. This type of subsidy is said to be “tenant based.”

**Housing Unit:** A room or group of rooms used by one or more individuals living separately from others in the structure, with direct access to the outside or to a public hall and containing separate toilet and kitchen facilities.

**HUD:** See U. S. Department of Housing and Urban Development. Income Category: Four categories are used to classify a household according to income based on the median income for the county. Under state housing statutes, these categories are defined as follows: Very Low (0-50% of County median); Low (50-80% of County median); Moderate (80-120% of County median); and Upper (over 120% of County median).

**Large Household:** A household with 5 or more members. Manufactured Housing: Housing that is constructed of manufactured components, assembled partly at the site rather than totally at the site. Also referred to as modular housing.

**Market-Rate Housing:** Housing which is available on the open market without any subsidy. The price for housing is determined by the market forces of supply and demand and varies by location.

**Median Income:** The annual income for each household size within a region which is defined annually by HUD. Half of the households in the region have incomes above the median and half have incomes below the median.

**Mobile Home:** A structure, transportable in one or more sections, which is at least 8 feet in width and 32 feet in length, is built on a permanent chassis and designed to be used as a dwelling unit when connected to the required utilities, either with or without a permanent foundation.

**Mortgage Revenue Bond(MRB):** A state, county or city program providing financing for the development of housing through the sale of tax-exempt bonds.



**Overcrowding:** As defined by the U.S. Census, a household with greater than 1.01 persons per room, excluding bathrooms, kitchens, hallways, and porches. Severe overcrowding is defined as households with greater than 1.51 persons per room

**Overpayment:** The extent to which gross housing costs, including utility costs, exceed 30 percent of gross household income, based on data published by the U.S. Census Bureau. Severe overpayment, or cost burden, exists if gross housing costs exceed 50 percent of gross income.

**Parcel:** The basic unit of land entitlement. A designated area of land established by plat, subdivision, or otherwise legally defined and permitted to be used, or built upon.

**Physical Defects:** A housing unit lacking complete kitchen or bathroom facilities (U.S. Census definition). Jurisdictions may expand the Census definition in defining units with physical defects.

**Project-Based Rental Assistance:** Rental assistance provided for a project, not for a specific tenant. A tenant receiving project-based rental assistance gives up the right to that assistance upon moving from the project.

**Public Housing:** A project-based low-rent housing program operated by independent local public housing authorities. A low-income family applies to the local public housing authority in the area in which they want to live.

**Redevelopment Agency:** California Community Redevelopment Law provides authority to establish a Redevelopment Agency with the scope and financing mechanisms necessary to remedy blight and provide stimulus to eliminate deteriorated conditions. The law provides for the planning, development, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, and the provision of public and private improvements as may be appropriate or necessary in the interest of the general welfare by the Agency. Redevelopment law requires an Agency to set aside 20 percent of all tax increment dollars generated from each redevelopment project area for the purpose of increasing and improving the community's supply of housing for low and moderate income households.

**Regional Housing Needs Allocation (RHNA):** The Regional Housing Needs Allocation is based on State of California projections of population growth and housing unit demand and assigns a share of the region's future housing need to each jurisdiction within the AMBAG (Association of Monterey Bay Area Governments). These housing need numbers serve as the basis for the update of the Housing Element in each California city and county.

**Rehabilitation:** The upgrading of a building previously in a dilapidated or substandard condition for human habitation or use.

**Section 8 Rental Voucher/Certificate Program:** A tenant-based rental assistance program that subsidizes a family's rent in a privately owned house or apartment. The program is administered by local public housing authorities. Assistance payments are based on 30 percent of household annual income.



Households with incomes of 50 percent or below the area median income are eligible to participate in the program.

**Senior:** The Census Bureau defines a senior as a person who is 65 years or older. For persons of social security eligibility, a senior is defined as a person age 62 and older. Other age limits may be used for eligibility for housing assistance or retired communities.

**Service Needs:** The particular services required by special populations, typically including needs such as transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services preventing premature institutionalization and assisting individuals to continue living independently.

**Single Room Occupancy (SRO):** SRO-type housing refers to a range of building types or physical structures with varying unit configurations serving special needs populations, such as the elderly and very low-income individuals and families. The traditional SRO unit is a single room of usually less than 100 square feet, designed to accommodate one person. Amenities such as a bathroom, kitchen, or common areas are located outside the unit and are shared with other residents.

**Small Household:** Pursuant to HUD definition, a small household consists of two to four nonelderly persons.

**Special Needs Groups:** Those segments of the population which have a more difficult time finding decent affordable housing due to special circumstances. Under California Housing Element statutes, these special needs groups consist of the elderly, handicapped, large families, female-headed households, farmworkers and the homeless. A jurisdiction may also choose to consider additional special needs groups in the Housing Element, such as students, military households, other groups present in their community.

**Subdivision:** The division of a lot, tract or parcel of land in accordance with the Subdivision Map Act (California Government Code Section 66410 et seq.).

**Substandard Housing:** Housing which does not meet the minimum standards contained in the State Housing Code (i.e. does not provide shelter, endangers the health, safety or well-being of occupants). Jurisdictions may adopt more stringent local definitions of substandard housing.

**Substandard, Suitable for Rehabilitation:** Substandard units which are structurally sound and for which the cost of rehabilitation is considered economically warranted.

**Substandard, Needs Replacement:** Substandard units which are structurally unsound and for which the cost of rehabilitation is considered infeasible, such as instances where the majority of a unit has been damaged by fire.

**Supportive Housing:** Supportive housing shall mean housing with no limit on length of stay, that is occupied by the target population as defined in subdivision (d) of Section 53260, and that is linked to



on-site or off-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

**Supportive Services:** Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

**Target Population:** Target population shall mean adults with low-income having one or more disabilities including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Development Disabilities Services Act (Division 4.5, commencing with Section 4500 of the Welfare and Institutions Code) and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people.

**Tenant-Based Rental Assistance:** A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

**Transitional Housing:** Transitional Housing and Transitional Housing Development shall mean temporary housing provided to individuals or families recovering from the effects of economic dislocation or emotional/mental problems and/or substance abuse. Housing involving on-site therapy and supervision in the manner of a Halfway house is subject to the same regulations as a group care home. “Transitional Housing and Transitional Housing Development” shall also mean buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months.

**U.S. Department of Housing and Urban Development (HUD):** The cabinet level department of the federal government responsible for housing, housing assistance, and urban development at the national level. Housing programs administered through HUD include Community Development Block Grant (CDBG), HOME and Section 8, among others.

**Zoning:** A land use regulatory measure enacted by local government. Zoning district regulations governing lot size, building bulk, placement, and other development standards vary from district to district, but must be uniform within the same district. Each city and county adopts a zoning ordinance specifying these regulations.

