



# **CITY OF WATSONVILLE**



## **2025-2026 ACTION PLAN**

Community Development Block Grant Program

## City of Watsonville

### **2025-2026 Action Plan (July 1, 2025 – June 30, 2026)**

#### City Council:

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## EXPECTED RESOURCES

### 2025-2026 ACTION PLAN

#### AP-15 EXPECTED RESOURCES – 91.220(C)(1,2)

#### INTRODUCTION

The City of Watsonville anticipates receiving Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD) during the 2025-2029 Consolidated Plan period. For Program Year (PY) 2025-2026, the City has been allocated \$634,804 in CDBG funds. Additionally, the City plans to utilize \$48,897.18 in unspent funds from prior years, which resulted from projects that were either canceled or completed under budget. The City also anticipates receiving approximately \$20,000 annually in program income (PI), primarily from loan repayments related to housing rehabilitation. These resources, along with any remaining unspent funds from previous program years, will be incorporated into the current Action Plan to support eligible activities.

#### Anticipated Resources

**Table 54- Expected Resources- Priority Table**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan	Narrative Description
			Annual Allocation \$	Program Income \$	Prior Year Resources \$	Total: \$		
CDBG	Public - Federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	634,804	20,000	48,897.18	703,701.18	2,539,216	Based on level funding in subsequent years.

**EXPLAIN HOW FEDERAL FUNDS WILL LEVERAGE THOSE ADDITIONAL RESOURCES (PRIVATE, STATE AND LOCAL FUNDS), INCLUDING A DESCRIPTION OF HOW MATCHING REQUIREMENTS WILL BE SATISFIED**

The Community Development Block Grant (CDBG) program does not require matching funds; however, applicants must provide detailed financial information in their proposals to demonstrate their ability to execute the proposed project or activity successfully. In Watsonville, the community's needs far exceed the available Community Development Block Grant (CDBG) resources. Therefore, the City combines CDBG funds with other funding sources, such as state, federal, and local grants, private foundation support, capital improvement funds, general funds, and private donations of funds or services, to maximize the impact of its projects.

The City has completed a range of projects using this blended funding strategy. It continues to actively pursue additional grants and awards for initiatives that fall outside the scope of CDBG funding.

**IF APPROPRIATE, DESCRIBE PUBLICLY OWNED LAND OR PROPERTY LOCATED WITHIN THE JURISDICTION THAT MAY BE USED TO ADDRESS THE NEEDS IDENTIFIED IN THE PLAN**

At the time of this Consolidated Plan, the City does not anticipate utilizing publicly owned land or properties for land acquisition to achieve Community Development Block Grant (CDBG) goals. However, the City may consider improvements to existing public facilities and infrastructure as a means of supporting these goals.

**DISCUSSION**

In response to reduced resources, the City has prioritized the allocation of Community Development Block Grant (CDBG) funds to areas with the greatest identified needs. Community input has highlighted critical priorities, including infrastructure and facility improvements in low-income neighborhoods, such as enhancements to street and park accessibility, as well as the provision of essential public services for youth and seniors, code enforcement activities, and support for economic development initiatives. Additionally, during Fiscal Year 2024–2025, the City of Watsonville successfully repaid its Section 108 Loan, and as of this Consolidated Plan, no Section 108 funds remain outstanding.

## AP-20 ANNUAL GOALS AND OBJECTIVES

### Goals Summary Information

**Table 55- Goals Summary**

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Affordable Housing	2025	2029	Affordable Housing	Citywide	Affordable Housing	CDBG: \$225,000	Homeowner Housing Rehabilitated: 3 Household Housing Unit Housing Code Enforcement/Foreclosed Property Care: 100 Household Housing Unit
2	Economic Development	2025	2029	Non-Housing Community Development	Citywide	Economic Development	CDBG: \$50,000	Businesses assisted: 50 Businesses Assisted
3	Public Services	2025	2029	Public Services	Citywide	Public Services	CDBG: \$98,220	Public service activities other than Low/Moderate Income Housing Benefit: 350 Persons Assisted
4	Public Facilities	2025	2029	Public Facilities	Citywide	Public Facilities	CDBG: \$200,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 16832 Persons Assisted

### Goal Descriptions

1	Goal Name	Affordable Housing
	Goal Description	Affordable Housing, Rehabilitation, and Code Enforcement: Support safe, affordable housing for low- to moderate-income households through preservation, rehabilitation programs, and strengthened code enforcement to improve housing conditions and neighborhood safety.

2	Goal Name	Economic Development
	Goal Description	Microenterprise Business Technical Assistance: Support economic development by providing resources and guidance to microenterprises, with a focus on expanding opportunities for low- and moderate-income individuals. Promote the revitalization of downtown and commercial/industrial areas through improvement programs that enhance both economic activity and the surrounding housing stock.
3	Goal Name	Public Services
	Goal Description	Youth Center Staffing: Enhance public safety and living environments by supporting crime prevention efforts and expanding supportive services for youth, individuals with special needs, those experiencing homelessness, and low- to moderate-income households.
4	Goal Name	Public Facilities
	Goal Description	Enhance the community's image and living conditions by improving infrastructure and park facilities that meet the needs of low- and moderate-income residents, including continuous upgrades through public facility rehabilitation and infrastructure reconstruction.



## AP-35 PROJECTS – 91.220(D)

### INTRODUCTION

The Five-Year Consolidated Plan outlines proposed strategies for spending the City's CDBG funds to provide a suitable living environment by revitalizing low—to—moderate—income neighborhoods, assisting disadvantaged, low-income, and homeless individuals by providing adequate public facilities and services, and generating affordable housing opportunities. This annual plan focuses resources on affordable housing, economic development, public services, and public facilities.

### PROJECTS

**Table 56- Projects**

#	Project Name
1	Youth Center Staffing
2	Code Enforcement
3	Micro-Enterprise Business Technical Assistance
4	Program Administration
5	Ramsay Park Playground Phase III
6	City of Watsonville Rehabilitation Program

### DESCRIBE THE REASONS FOR ALLOCATION PRIORITIES AND ANY OBSTACLES TO ADDRESSING UNDERSERVED NEEDS

Below are outlined the priority needs identified in the City's Five-Year Consolidated Plan, the corresponding local objectives, and the specific activities to be undertaken during the 2025 Program Year to address each need.

#### **Affordable Housing**

Several programs address the various local objectives of addressing the need for affordable housing in the city. These programs include Housing Rehabilitation, Homeownership Opportunities, Residential Code Enforcement, and Targeted Code Enforcement.

#### **Economic Development**

- 1) Small Business / Micro-enterprise Business Technical Assistance
- 2) Entrepreneur Support

#### **Public Services**

Include the following youth programs, parks, and community services:

- a. *Camp W.O.W.- Summer day camp*
- b. *Recreational Youth Soccer Program*
- c. *Sports Camps*
- d. *Basketball Programs*
- e. *Itty Bitty Sports Program*
- f. *Environmental Science Workshop*
- g. *Youth Gymnastics Program*
- h. *Summer Aquatic Lessons*
- i. *Special Interest Classes for Youth*

### **Public Facilities (Infrastructure)**

Various public works projects enhance the city's infrastructure, including the reconstruction, rehabilitation, and/or addition of streets, sidewalks, and other types of infrastructure, as well as the removal of architectural barriers to accessibility for people with physical disabilities within public areas and pathways.

### **Homelessness and Special Needs**

- 1. Special Housing Need
- 2. Transitional Housing Programs

The City addresses the needs of the homeless and citizens with special needs by ongoing support of local service agencies through the City's Social Service Grant Program. Additionally, the City participates in the Santa Cruz County-wide Continuum of Care strategy through financial and human resources contributions to the Homeless Action Partnership (formerly the Santa Cruz County Continuum of Care Committee).

## **AP-38 PROJECT SUMMARY**

Project summary information

## **AP-50 GEOGRAPHIC DISTRIBUTION – 91.220(F)**

### **DESCRIPTION OF THE GEOGRAPHIC AREAS OF THE ENTITLEMENT (INCLUDING AREAS OF LOW-INCOME AND MINORITY CONCENTRATION) WHERE ASSISTANCE WILL BE DIRECTED**

The City will continue to utilize CDBG funds to support citywide initiatives that address the diverse needs of the community.

### **GEOGRAPHIC DISTRIBUTION**

**Table 57- Geographic Distribution**

Target Area	Percentage of Funds
Citywide	100%

### **RATIONALE FOR THE PRIORITIES FOR ALLOCATING INVESTMENTS GEOGRAPHICALLY**

Not applicable.

### **DISCUSSION**

Not applicable.

## **AP-55 AFFORDABLE HOUSING – 91.220(G)**

### **INTRODUCTION**

The City currently administers First Time Homebuyer, Housing Rehabilitation, and Inclusionary Housing Programs, each aimed at advancing the community's affordable housing goals. These programs are funded through a combination of sources, including HOME, CDBG, CalHome, and Inclusionary Housing in-lieu fees.

Although direct supportive services within Watsonville are limited, the City remains committed to collaborating closely with the Continuum of Care and other regional agencies that provide essential supportive services to residents in need.

**Table 58- One-Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	3
Special-Needs	0
Total	3

**Table 59- One-Year Goals for Affordable Housing by Support Type**

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	3
Acquisition of Existing Units	0
Total	3

## DISCUSSION

Rental assistance in Watsonville is provided primarily through the Housing Authority of the County of Santa Cruz. However, limitations in local, state, and federal funding have constrained the City's ability to fully achieve specific goals, such as the development and acquisition of affordable housing. As a result, Watsonville relies heavily on private developers, nonprofit organizations, public housing authorities, and social service agencies to provide the majority of affordable housing. The City's role is primarily to support these efforts through its development review and approval processes.

## **AP-60 PUBLIC HOUSING – 91.220(H)**

### **INTRODUCTION**

There are eight public housing complexes located within the City of Watsonville, all of which are owned and managed by the Housing Authority of the County of Santa Cruz (HACSC). In addition to managing these properties, HACSC administers several housing assistance programs available to Watsonville residents, including the Housing Choice Voucher Program (formerly known as Section 8) and the Mortgage Credit Certificate Program. HACSC also offers Project-Based Vouchers (PBVs), though currently, the Pippin Apartments is the only property within Watsonville approved to utilize these vouchers. The Housing Authority maintains its policies and procedures for inspecting and maintaining both its owned properties and units occupied by voucher holders to ensure compliance with housing quality standards.

### **ACTIONS PLANNED DURING THE NEXT YEAR TO ADDRESS THE NEEDS TO PUBLIC HOUSING**

The Housing Authority of the County of Santa Cruz (HACSC) issues a Request for Proposals (RFP) for Project-Based Vouchers (PBVs) annually, providing local developers and housing providers with the opportunity to request an allocation of PBVs for eligible housing projects. While the U.S. Department of Housing and Urban Development (HUD) permits housing authorities to allocate up to 20% of their total Housing Choice Voucher program funding for PBVs, HACSC generally prioritizes maintaining tenant mobility and housing choice. The agency believes that, in most cases, public interests are best served when families receiving rental assistance can select housing of their choice.

That said, HACSC recognizes the challenges voucher holders face in tight rental markets, where locating an available, affordable unit can be difficult. In such contexts, project-based units serve as a valuable complement to tenant-based vouchers by increasing the overall pool of affordable housing options. While the Housing Authority accepts PBV applications on a rolling basis, awards are not guaranteed and are subject to the outcomes of the competitive annual RFP process.

### **ACTIONS TO ENCOURAGE PUBLIC HOUSING RESIDENTS TO BECOME MORE INVOLVED IN MANAGEMENT AND PARTICIPATE IN HOMEOWNERSHIP**

The Housing Authority administers a Family Self-Sufficiency (FSS) program designed for low-income tenants of public housing and participants in the Housing Choice Voucher program. Through this initiative, participating families set individualized goals for self-sufficiency. As families work toward achieving these goals and their incomes increase, the Housing Authority deposits the corresponding increase in the family's rent portion into an escrow account on their behalf. Upon successfully reaching their self-sufficiency objectives, families receive the accumulated escrow funds, which some have utilized as a down payment toward homeownership. Additionally, public housing residents actively participate in a Resident Advisory Board, which convenes annually to review and provide input on proposed updates to the Housing

Authority's Agency Plan.

**IF THE PHA IS DESIGNATED AS TROUBLED, DESCRIBE THE MANNER IN WHICH FINANCIAL ASSISTANCE WILL BE PROVIDED OR OTHER ASSISTANCE**

Not applicable. The Housing Authority of the County of Santa Cruz is designated as a High Performer for both its Section 8 Housing Choice Voucher and Low-Income Public Housing programs.

**DISCUSSION**

In addition to the above actions, the Housing Authority of the County of Santa Cruz (HACSC) will continue to administer Housing Choice Vouchers and manage the existing public housing units in Watsonville. The City will actively support HACSC's efforts and pursue any available opportunities to facilitate the development of additional affordable housing within the community.

## **AP-65 HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES – 91.220(I)**

### **INTRODUCTION**

The City of Watsonville is an active participant in the Homeless Action Partnership (HAP). This broad-based, community-wide coalition meets bi-monthly to implement a Continuum of Care (CoC) strategy for addressing homelessness in Santa Cruz County.

HAP's vision is that all residents of Santa Cruz County will have access to stable housing and the necessary services to live with dignity and reach their full potential. Its mission is to develop and implement a coordinated system of housing and services aimed at preventing and ending homelessness across the county.

The CoC strategy is designed to organize and deliver a comprehensive array of housing and services to address the specific needs of homeless individuals as they transition from the streets to stable housing. This approach seeks to maximize self-sufficiency by providing tailored support to individuals and families at each stage of their journey.

The CoC strategy serves a diverse range of homeless subgroups, including:

- Families experiencing homelessness
- Chronically homeless individuals
- Those with serious mental illness
- Individuals struggling with substance abuse
- Veterans
- Persons living with HIV/AIDS
- Victims of domestic violence
- Unaccompanied youth

By addressing the varied needs of these groups, the CoC strategy aims to create lasting solutions for homelessness and improve the overall well-being of affected individuals.

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### **DESCRIBE THE JURISDICTION'S ONE-YEAR GOALS AND ACTIONS FOR REDUCING AND ENDING HOMELESSNESS INCLUDING:**

#### **REACHING OUT TO HOMELESS PERSONS (ESPECIALLY UNSHELTERED PERSONS) AND ASSESSING THEIR INDIVIDUAL NEEDS**

The City, in partnership with the CoC and local service providers, will continue targeted outreach to unsheltered individuals, particularly in high-impact areas such as the Pajaro River levee and downtown

Watsonville. Outreach teams will:

- Conduct coordinated engagement and assessment using the VI-SPDAT tool to evaluate vulnerability and prioritize housing placement.
- Work with the County Health Services Agency and nonprofits to deliver mobile behavioral health, medical care, and case management services.
- Connect individuals directly with the Coordinated Entry System to ensure streamlined access to shelter and housing programs.

The new Recurso de Fuerza (DignityMoves) Navigation Center, scheduled to open in late 2025, will serve as a central access point for comprehensive assessment and service navigation.

### **ADDRESSING THE EMERGENCY SHELTER AND TRANSITIONAL HOUSING NEEDS OF HOMELESS PERSONS**

The Continuum of Care (CoC) is committed to reducing the time individuals and families spend in emergency and transitional shelters, with the goal of transitioning them into stable, permanent housing as quickly as possible. This includes proactive discharge planning to prevent homelessness among individuals transitioning out of institutions such as hospitals, jails, or foster care. Emergency and transitional shelters are viewed as temporary solutions until permanent housing becomes available.

The City recognizes a critical need for additional shelter capacity and has committed significant resources to expanding local shelter options:

- Recurso de Fuerza Navigation Center (34 private units): A low-barrier, 24/7 facility with integrated services including meals, case management, hygiene, and housing navigation. The center aims to transition at least 60% of clients into permanent housing within six months.
- Continued support of seasonal emergency shelters, operated by People First of Santa Cruz County, offering immediate relief during severe weather events.
- Transitional housing programs, operated by Pajaro Valley Shelter Services, provide up to two years of supportive housing for families, including survivors of domestic violence, emancipating foster youth, and single-parent households.

The City is working to ensure that shelters provide inclusive, trauma-informed environments and are responsive to the unique needs of women, families, veterans, LGBTQ+ individuals, and people with disabilities.

### **HELPING HOMELESS PERSONS (ESPECIALLY CHRONICALLY HOMELESS INDIVIDUALS AND FAMILIES, FAMILIES WITH CHILDREN, VETERANS AND THEIR FAMILIES, AND UNACCOMPANIED YOUTH) MAKE THE TRANSITION TO PERMANENT HOUSING AND INDEPENDENT LIVING, INCLUDING SHORTENING THE PERIOD OF TIME THAT INDIVIDUALS AND FAMILIES EXPERIENCE HOMELESSNESS, FACILITATING ACCESS FOR HOMELESS INDIVIDUALS AND FAMILIES TO AFFORDABLE HOUSING UNITS, AND PREVENTING**



## **INDIVIDUALS AND FAMILIES WHO WERE RECENTLY HOMELESS FROM BECOMING HOMELESS AGAIN**

The City, through partnerships with CoC members and housing providers, supports the transition to permanent housing through:

- Housing First strategies with minimal entry barriers.
- Targeted use of rapid rehousing funds for families, youth, and individuals newly experiencing homelessness.
- Expansion of permanent supportive housing (PSH) for chronically homeless individuals, including projects like Nuevo Sol and MATCH, which serve persons with serious mental illness and substance use disorders.
- Advocating for local Housing Choice Voucher preferences for individuals and families experiencing homelessness.
- Ensuring all programs utilize Coordinated Entry to prioritize those with the highest needs for permanent housing opportunities.

## **HELPING LOW-INCOME INDIVIDUALS AND FAMILIES AVOID BECOMING HOMELESS, ESPECIALLY EXTREMELY LOW-INCOME INDIVIDUALS AND FAMILIES AND THOSE WHO ARE: BEING DISCHARGED FROM PUBLICLY FUNDED INSTITUTIONS AND SYSTEMS OF CARE (SUCH AS HEALTH CARE FACILITIES, MENTAL HEALTH FACILITIES, FOSTER CARE AND OTHER YOUTH FACILITIES, AND CORRECTIONS PROGRAMS AND INSTITUTIONS); OR, RECEIVING ASSISTANCE FROM PUBLIC OR PRIVATE AGENCIES THAT ADDRESS HOUSING, HEALTH, SOCIAL SERVICES, EMPLOYMENT, EDUCATION, OR YOUTH NEEDS**

The City is committed to proactive homelessness prevention through a multi-faceted strategy that addresses the root causes of housing instability. Key efforts will include:

- Partnering with local service providers to deliver critical supports such as rental and utility assistance, eviction prevention services, and landlord mediation—helping residents remain safely housed and avoid entering the homeless services system.
- Working in collaboration with the County Office of Education to ensure that families with school-aged children at risk of homelessness are connected to the Students in Transition Program, which provides educational stability and supportive services.
- Forming a countywide family homelessness steering committee, composed of key service providers and stakeholders, to identify households at highest risk and develop coordinated, data-driven intervention strategies tailored to the needs of vulnerable families.
- Strengthening cross-sector coordination with public institutions—including hospitals, correctional facilities, and behavioral health systems—to ensure discharge planning protocols are in place that reduce the likelihood of individuals exiting into homelessness.

## **DISCUSSION**

Watsonville's one-year strategy focuses on expanding emergency shelter capacity, facilitating transitions to permanent housing, and preventing homelessness through targeted interventions and coordinated, system-wide efforts. These actions represent a comprehensive and collaborative approach that aligns with the Continuum of Care (CoC) priorities and nationally recognized best practices.

The City of Watsonville will continue to actively engage in the Santa Cruz County CoC to identify and implement effective strategies for assisting individuals and families experiencing homelessness, particularly those who are chronically homeless, veterans and their families, families with children, and unaccompanied youth. A combination of federal, state, and local funding will be leveraged to support rapid rehousing and housing stabilization efforts for these priority populations. In partnership with local service providers, housing authorities, and the U.S. Department of Veterans Affairs, the City will work to expand access to housing resources and support services across Santa Cruz County.

## **AP-75 BARRIERS TO AFFORDABLE HOUSING – 91.220(J)**

### **INTRODUCTION:**

Several factors can impact the pace and feasibility of development, particularly for affordable housing. These include market conditions, environmental and physical site constraints, zoning and building regulations, as well as fiscal limitations at the local, state, and federal levels. Collectively, these barriers can increase development costs, prolong timelines, and reduce the overall supply of affordable units.

The City of Watsonville remains committed to identifying and implementing strategies to alleviate these constraints, thereby better meeting the housing and service needs of the community. As previously discussed, and further detailed below, the City continues to pursue policy improvements, regional collaboration, and resource expansion to promote equitable and sustainable development.

### **ACTIONS IT PLANNED TO REMOVE OR AMELIORATE THE NEGATIVE EFFECTS OF PUBLIC POLICIES THAT SERVE AS BARRIERS TO AFFORDABLE HOUSING SUCH AS LAND USE CONTROLS, TAX POLICIES AFFECTING LAND, ZONING ORDINANCES, BUILDING CODES, FEES AND CHARGES, GROWTH LIMITATIONS, AND POLICIES AFFECTING THE RETURN ON RESIDENTIAL INVESTMENT**

The City of Watsonville acknowledges the barriers to affordable housing previously discussed, and these challenges are actively addressed through the City's recently certified Housing Element and General Plan, which is currently undergoing updates. The City remains committed to offering critical programs such as the First-Time Homebuyer and Housing Rehabilitation Programs, which are designed to assist low- and moderate-income households with homeownership and home maintenance.

Furthermore, Watsonville will continue to operate the Inclusionary Housing Program, which plays a vital role in both preserving and expanding the supply of affordable housing. As part of its ongoing efforts to maintain neighborhood stability and prevent deterioration, the City will continue to carry out code enforcement activities aimed at eliminating blight, which can depress property values, deter investment, and negatively impact the quality of life within the community.

In addition to local efforts, Watsonville remains proactive in seeking out both financial and non-financial resources to support affordable housing initiatives. The City will continue to pursue available funding for affordable housing programs and development costs, collaborating with developers, non-profit organizations, and governmental agencies.

Watsonville is committed to ongoing regional coordination and will continue to actively participate in partnerships and policy development with agencies and organizations that influence housing and quality

of life in the region.

## **DISCUSSION:**

Watsonville continues to face significant budgetary constraints, which are further compounded by decisions and policies at the state and national levels. These limitations have reduced the funding available to address critical local housing needs, infrastructure improvements, and supportive services. As a result, the City has actively sought alternative methods to meet the community's housing demands.

Housing remains one of the City Council's top priorities, as outlined in the Council's Strategic Plan. Key goals include expanding quality housing opportunities, preserving existing affordable housing for Watsonville residents, and reviewing housing and land-use policies to maximize the city's development potential. Specific areas of focus are:

- Community education and outreach on housing opportunities.
- Expanding the supply of affordable and low-income rental housing.
- Promoting workforce housing to meet the needs of local employees.
- Increasing opportunities for homeownership assistance.

Despite these efforts, Watsonville continues to face several ongoing challenges in meeting local housing demands. These include the rising affordability crisis in northern Santa Cruz County, which drives increased demand for lower-cost housing in Watsonville. The growing market demand results in higher housing prices, leading to overpayment and overcrowding for many residents.

## **AP-85 OTHER ACTIONS – 91.220(K)**

### **INTRODUCTION:**

The greatest obstacle to addressing underserved needs is the lack of sufficient funding. Contributing factors include:

- Limited availability of funding from federal, state, and other sources.
- Scarcity of developable land, which constrains new housing and infrastructure development.
- High costs of housing and services in the area make it increasingly challenging to meet affordable housing needs.
- Reduced or stagnant funding from state and other sources due to ongoing shortfalls in state revenue

### **ACTIONS PLANNED TO ADDRESS OBSTACLES TO MEETING UNDERSERVED NEEDS**

Many of the primary obstacles to meeting the needs of underserved communities in the City of Watsonville are systemic and fall outside the City's direct control. Among the most significant challenges are reductions in Federal and State funding, limited availability of developable land, and the high cost of housing and service provision. These factors severely limit the City's ability to meet growing needs across a range of priority areas, particularly in affordable housing and services for low- and moderate-income households.

Despite these challenges, the City remains committed to maximizing the impact of available resources. City staff consistently pursue opportunities to leverage local, State, and Federal funds through strategic partnerships, competitive grant applications, and by aligning funding with complementary initiatives. The City also continues to advocate for increased support at the State and Federal levels to sustain and expand critical programs.

The limited supply of developable land within City limits is primarily due to policies and land-use restrictions at the County level. To overcome these limitations, the City is implementing infill development strategies that utilize underutilized parcels, adaptive reuse opportunities, and zoning updates to support higher-density development where feasible.

Housing affordability remains a critical issue. The high cost of housing in Watsonville is driven in part by State and County-level growth constraints and market demand. These constraints limit new housing development, which in turn contributes to rising housing costs and increased housing insecurity for low-income residents. In response, the City is prioritizing efforts to streamline development processes,

facilitate affordable housing projects, and support policies that improve the local housing supply.

Additionally, the City will continue to collaborate closely with local nonprofit housing developers, social service organizations, and regional partners to expand resources for homeless individuals and families. These collaborative efforts aim to improve service coordination, increase access to emergency and permanent housing options, and promote stability for vulnerable populations.

## **ACTIONS PLANNED TO FOSTER AND MAINTAIN AFFORDABLE HOUSING**

The City of Watsonville is committed to leveraging federal resources with State and local funds to maximize the impact of its affordable housing strategies. In addition to its ongoing participation in HUD programs such as the Community Development Block Grant (CDBG), the City actively seeks to develop new housing resources, support both non-profit and for-profit developers, and promote long-term housing affordability through direct assistance programs.

1. First-Time Homebuyer Program – This program helps income-eligible households achieve homeownership. The City provides low-interest loans to help close the affordability gap for low-income buyers. By reducing upfront costs such as down payments and closing fees, the program aims to increase homeownership rates among low-income households and stabilize neighborhoods through greater owner occupancy.
2. Rehabilitation Program - This program provides financial and technical assistance to income-qualified homeowners to address critical health, safety, and structural repairs. Assistance is also available to landlords who rent to low-income households, contingent on affordability controls such as rent restrictions and tenant protections. Eligible improvements include roofing, plumbing, electrical systems, windows, and other code compliance repairs.
3. Code Enforcement Program – This program plays a vital role in preserving the existing housing stock and maintaining the quality of neighborhoods. Through inspections and compliance efforts, the program ensures that housing conditions meet health and safety standards. This reduces the risk of displacement and supports affordability by preventing minor property issues from escalating into major rehabilitation needs. Code enforcement activities are particularly impactful when coordinated with housing assistance programs, enabling residents to remain in safe and stable housing.
4. Inclusionary Housing Program – The City of Watsonville’s Inclusionary Housing Program is a key local policy tool for increasing the supply of affordable housing. Under this program, new residential development of seven or more units is required to either provide a percentage of units on-site that are affordable to low-, moderate, or above-moderate-income households or pay an in-lieu fee that contributes to the City’s Affordable Housing fund. Income limits for the program are based on 70% of the Area Median Income (AMI). The in-lieu fees collected are used to support a range of affordable housing initiatives, including new construction,

preservation, and rehabilitation efforts.

The City will continue to proactively identify opportunities to support affordable housing developers, nonprofits, and other community partners in preserving and constructing housing that meets diverse community needs. This includes identifying underutilized sites for infill development, seeking external funding sources, and coordinating efforts with regional housing strategies.

#### **ACTIONS PLANNED TO REDUCE LEAD-BASED PAINT HAZARDS**

The City of Watsonville is committed to ensuring compliance with all applicable Federal lead-based paint (LBP) regulations under 24 CFR Part 35 to protect the health and safety of residents, particularly children under the age of six.

All applicants assisted through the City's Housing Rehabilitation Program will receive educational materials about the hazards of lead-based paint. For homes constructed before 1978, a lead-based paint inspection and risk assessment will be conducted. If any hazards are identified, appropriate abatement or interim controls will be implemented in accordance with HUD and EPA regulations. All contractors participating in the program must hold EPA Lead-Safe Certification and must use lead-safe work practices when performing rehabilitation work on pre-1978 units.

Additionally, properties acquired through the First-Time Homebuyer Program or the Inclusionary Housing Program will be inspected as part of the program's eligibility and approval process. If lead-based paint hazards are found during the inspection, they must be remediated or abated before program funds can be approved or disbursed.

These procedures ensure that all federally assisted housing activities funded by the City are compliant with lead-safe requirements, contributing to healthier and safer living environments for Watsonville residents.

#### **ACTIONS PLANNED TO REDUCE THE NUMBER OF POVERTY-LEVEL FAMILIES**

The City of Watsonville will continue to focus its efforts and resources on reducing the number of families living in poverty by prioritizing the preservation and development of safe, decent, and affordable housing. The City recognizes that stable housing is foundational to economic mobility and family well-being.

In addition to housing strategies, the City supports a range of public service programs that directly address the needs of low-income households. These services are funded through a combination of Community Development Block Grant (CDBG) funds and the City's General Fund. They are designed to enhance the quality of life for residents experiencing or at risk of poverty.

Funded programs provide critical services, including access to food, medical care, mental health support,

youth services, and other forms of basic assistance. By addressing these essential needs, the City seeks to support low-income families in achieving greater stability, self-sufficiency, and upward mobility.

The City will continue to collaborate with non-profit organizations, service providers, and other regional partners to coordinate anti-poverty initiatives and ensure that limited resources are used efficiently and equitably.

## **ACTIONS PLANNED TO DEVELOP INSTITUTIONAL STRUCTURE**

One of the key institutional gaps identified in the City of Watsonville is the limited availability of essential services within city boundaries, requiring many residents—particularly low-income and transportation-challenged populations—to travel to neighboring communities to access critical programs such as mental health care, substance use treatment, legal assistance, or specialized case management.

To address this gap, the City continues to prioritize local service delivery and strengthen partnerships with agencies that provide direct services within the Watsonville area. Through its Social Service Grant Program, the City provides financial support to nonprofit agencies that offer services improving the well-being of low- and moderate-income residents, particularly those residing within the city limits.

As part of its ongoing commitment to ensuring that funded services are accessible to Watsonville residents, the City has implemented a "Focus Watsonville" Addendum as a required component of the Social Service Grant application. This addendum is designed to assess the applicant's local presence and capacity to deliver services in Watsonville. Applicants are evaluated based on the following:

- Will the grant funding be used specifically for Watsonville residents?
- Do the program/services align with the City Council's Strategic Plan priorities?
- How many Watsonville residents does the organization serve annually?
- Does the organization operate a physical office or service Watsonville?
- The number of staff in the organization
- Describe the need that your organization will address in Watsonville
- Share how your services would impact Watsonville residents?
- How will your organization utilize the funding provided by the City of Watsonville?

This targeted approach ensures that grant funding prioritizes providers who are embedded in the community, are linguistically and culturally competent, and can deliver measurable, meaningful outcomes for Watsonville residents.

In addition to its local efforts, the City collaborates regionally through partnerships with the County of Santa Cruz, the local Continuum of Care (CoC), and neighboring jurisdictions to address broader systemic challenges such as homelessness, housing instability, and access to behavioral health services. The City also supports 2-1-1, a comprehensive referral service accessible via phone and online, which connects residents to a wide range of health, housing, and human service programs throughout the region.

Looking ahead, the City will continue to advocate for and pursue new State and Federal funding sources, including through the CoC and other housing support initiatives, support and strengthen the capacity of



nonprofit partners to deliver direct services in Watsonville, deepen coordination with local and regional partners to ensure a more equitable distribution of services and promote inclusive, community-driven planning efforts to address institutional service gaps and increase access for historically underserved populations, including Spanish-speaking, Indigenous, and farmworker communities.

These combined efforts reflect the City's commitment to building a responsive, equitable, and effective social services network that meets the evolving needs of Watsonville residents.

#### **ACTIONS PLANNED TO ENHANCE COORDINATION BETWEEN PUBLIC AND PRIVATE HOUSING AND SOCIAL SERVICE AGENCIES**

Fostering an environment of collaboration is a core priority for the City of Watsonville. The City is committed to supporting local agencies, regional jurisdictions, housing developers, and providers of supportive services through ongoing engagement, technical assistance, and active participation in interagency initiatives.

City staff regularly participate in boards, coalitions, meetings, and community events to ensure coordination on issues related to affordable housing, homelessness, and community development. These efforts help strengthen partnerships, align regional strategies, and facilitate the sharing of resources and best practices.

Watsonville will continue to pursue opportunities that promote and support affordable housing development by enhancing permitting and development procedures, offering direct support to developers and service providers, and maintaining open channels of communication with key stakeholders. By fostering a cooperative atmosphere, the City aims to enhance project outcomes and more effectively address the housing and service needs of its residents.

#### **DISCUSSION:**

The City of Watsonville remains committed to supporting housing and supportive service providers by leveraging all available local, state, and federal resources to meet the needs of residents and businesses. While the City faces ongoing obstacles, including limited funding, a scarcity of developable land, and regulatory constraints imposed by County and State agencies, many of these challenges lie beyond the City's direct control.

Despite these limitations, the City continues to proactively seek opportunities to expand available resources through grant funding, regional partnerships, and legislative advocacy. Watsonville is also committed to exploring alternative strategies to address community needs, including streamlining development processes, promoting infill development, and supporting innovative service delivery models. These efforts reflect the City's ongoing dedication to overcoming barriers and improving the quality of life

for all Watsonville residents.

## **AP-90 PROGRAM SPECIFIC REQUIREMENTS – 91.220(L)(1,2,4)**

### **INTRODUCTION:**

The City of Watsonville will adhere to all applicable HUD regulations in implementing the programs and activities outlined in the 2025–2026 Annual Action Plan. This includes compliance with requirements related to the use of program income, allowable forms of investment, and ensuring that activities provide overall benefit to low- and moderate-income persons under the Community Development Block Grant (CDBG) program.

Additional information is provided below regarding CDBG program income and related requirements. The Projects Table outlines all planned projects utilizing CDBG funds anticipated to be available during the program year, including program income. The following section identifies the amount of program income available and the corresponding projects to be undertaken.

### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**

#### **REFERENCE 24 CFR 91.220(L)(1)**

The Projects Table identifies projects planned with all CDBG funds expected to be available during the year. The following identifies program income that is available for use and included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$20,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>\$20,000</b>

### **OTHER CDBG REQUIREMENTS**

1. The amount of urgent need activities	0
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2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.

100.00%

## DISCUSSION

This Annual Action Plan represents the initial year of a one-year benefit period covering July 1, 2025, through June 30, 2026.

## APPENDIX- ALTERNATE /LOCAL DATA SOURCES

1	<b>Data Source Name</b>
	2016-2020 ACS
	<b>List the name of the organization or individual who originated the data set.</b>
	<b>Provide a brief summary of the data set.</b>
	<b>What was the purpose for developing this data set?</b>
	<b>Provide the year (and optionally month, or month and day) for when the data was collected.</b>
	<b>Briefly describe the methodology for the data collection.</b>
	<b>Describe the total population from which the sample was taken.</b>

	<b>Describe the demographics of the respondents or characteristics of the unit of measure, and the number of respondents or units surveyed.</b>
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