



# Agenda Report

**MEETING DATE:** Tuesday, April 25, 2023

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
HOUSING MANAGER LANDAVERRY  
ADMINISTRATIVE ANALYST PAZ

**THROUGH:** CITY MANAGER MENDEZ

**SUBJECT:** SUBMITTAL OF THE 2023-2024 COMMUNITY DEVELOPMENT  
BLOCK GRANT ANNUAL ACTION PLAN TO THE U.S.  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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## **RECOMMENDED ACTION:**

Staff recommends that the City Council adopt a Resolution approving the Community Development Block Grant Annual Action Plan for the fiscal year 2023-2024, and authorizing the City Manager to submit the same to the United States Department of Housing and Urban Development for approval, with any possible adjustments to the funding levels, and with clarifying and/or non-substantive modifications, as necessary.

## **DISCUSSION:**

The City of Watsonville (City), as a HUD entitlement community, must adopt a five-year Consolidated Plan for HUD approval, which serves as the planning guide in determining how the City's allocation of CDBG funds will be utilized over the five-year period. The five-year Consolidated Plan provides:

1. An assessment of the housing and community development needs,
2. A strategic plan for addressing these needs, and
3. An annual Action Plan that outlines how the CDBG funds will be used each year.

This is year four of the City's 2020-2024 Consolidated Plan, which was submitted to HUD and was approved. To meet the community's needs, the Consolidated Plan is guided by the following goals: Affordable Housing, Economic Development, Public Services and Public Facilities.

The draft 2023-2024 Action Plan includes the following new and continuing activities:

<b>Project Name</b>	<b>Description/Activities</b>
Section 108 Loan Repayment	Planned loan repayment under Section 108. City used funds to construct the new Civic Plaza parking garage to spur on development and job creation. The project only includes planned repayments of the Section 108 Loan.
Youth Center Staffing	Funding will be used for Parks and Community services staff at the Gene Hoularis Waldo Rodriguez Youth Center, which provides recreational services to approximately 100 youth each day. The Youth Center provides a variety of recreation and neighborhood services programs that benefit the City's youth. The recreational programs will focus on, sports, games, arts & crafts, and other learning programs.
Code Enforcement (Affordable Housing)	The proposed funding will be used to operate a code enforcement program in target areas to address and inspect illegal and unsafe construction, substandard housing and property maintenance issues throughout the City. In addition, City staff will hold community educational trainings and presentations in low-income areas to ensure that real properties do not reach a state of deterioration or disrepair.
Administration and Planning	Planning administration and management of the CDBG Program. Oversight will include reporting, expenditure tracking, IDIS entry, action plan development, monitoring, citizen participation, program guidelines, housing rehabilitation program, contract management and compliance.
Micro-Enterprise Business Technical Assistance	In order to strengthen local entrepreneurship in Watsonville, the City will provide funds to El Pajaro Community Development Corporation, a non-profit organization, to manage the Plaza Vigil Business Incubator program that focuses on providing micro-enterprise business technical assistance and general technical assistance to small businesses. The activity will also provide funding for the Incubator Without Walls program, which provides business training and technical assistance to Watsonville business start-ups and entrepreneurs.
Housing Rehabilitation (Affordable Housing)	The on-going Watsonville Housing Rehabilitation Program assists in the rehabilitation of homes owned or rented by low- and moderate-income residents that are found to be deteriorated, deteriorating, and/or unsafe living conditions. In addition to the provision of low-interest loans for rehabilitation projects, City staff assists eligible participants to develop the scope of work, plans and specifications for their projects, and handle contract bidding and construction management.
Ramsay Park Playground	The Park will add an all-inclusive Playground to the amenities as described in the Ramsay Park Master Plan. The Playground will serve youth from 5-12 years old of all abilities and is scheduled for construction in 2024 with a completion date of 2025.

In drafting the annual Action Plan, staff conducted public outreach through several avenues including social media, local papers and public events. In-person community meetings were held on February 16, March 10, and March 27, 2023, to solicit public comments on the use of CDBG funds, and a draft of the 2023-2024 Action Plan was made available for public review and comment beginning April 10, 2023, in compliance with HUD regulations. To date, no public comments have been received.

The proposed 2023-2024 Action Plan is due to HUD by May 15, 2023. This fiscal year the City's allocation was decreased by 8.79%, but additional funding is available (unused funds) due to having received higher than anticipated program income for Fiscal Year 2022-2023. The proposed activities and funding for the 2023-2024 Action Plan are summarized below:

### **Estimated Revenue**

CDBG Entitlement Program Year 2023 (HUD Actual)	\$663,290
Available unused funds	\$100,000
Estimated Program Income receipts during Fiscal Year 2023-24	<u>\$80,000</u>
<b>Total anticipated to be available</b>	<b>\$843,290</b>

### **Proposed Activities**

Youth Center Staffing	\$113,120
Code Enforcement	\$100,000
Micro/Small Business Assistance Program (EPCDC)	\$50,000
Section 108 Loan Repayment – Civic Plaza Parking Structure	\$167,705
Program Administration	\$148,658
Affordable Housing Rehabilitation Program	\$163,807
Ramsey Park Playground	<u>\$100,000</u>
<b>Total Proposed Allocations</b>	<b>\$843,290</b>

### **Contingency Activities**

Contingency activities (back-up activities) may be funded if sufficient additional CDBG program income and/or funds become available due to cancellation of any previously approved activities. Cancellation of activities occurs when construction requirements and/or budget constraints cannot be met. There are no contingency activities proposed for the 2023-2024 Action Plan.

### **STRATEGIC PLAN:**

Activities proposed in the 2023-2024 Action Plan are consistent with the following City's Strategic Plan.

- 1-Housing
- 2-Fiscal Health
- 3-Infrastructure & Environment

- 4-Economic Development
- 5-Community Engagement & Well-Being
- 7-Efficient and High Performing Government

**CEQA**

The preparation and submittal of the Action Plan is not subject to CEQA, as the action is not a project as defined in Section 15378(b) (2) of the Public Resources Code, and therefore no further review is required.

**FINANCIAL IMPACT:**

There will be no financial impact to the General Fund. Funding for the proposed activities will be provided by the Community Development Block Grant.

**ALTERNATIVE ACTION:**

The City Council could direct staff to make amendments to the proposed 2023-2024 Action Plan.

**ATTACHMENTS AND/OR REFERENCES (If any):**

None