

# Agenda Report



**MEETING DATE:** Tuesday, May 28, 2024

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
CARLOS LANDAVERRY, HOUSING MANAGER

**SUBJECT:** 2024 AFFORDABLE HOUSING PROGRAM LIMITS

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## **RECOMMENDED ACTION:**

It is recommended that the City Council of the City of Watsonville, and City Council acting as the Successor Housing Agency adopt a resolution establishing the 2024 Maximum Income, Rent, and Sales Price Limits for the Watsonville Affordable Housing Program.

## **BACKGROUND:**

The Affordable Housing Ordinance ("Ordinance"), codified in Chapter 14-46 of the Watsonville Municipal Code, requires that 15% to 20% of the new housing built in the City be affordable to median to above moderate-income households (as defined in the Ordinance). The housing units regulated by this Ordinance are generally considered affordable, inclusionary and/or deed restricted units. The Ordinance also includes formulas for determining maximum income, rent and sale price limits to be used by the City's Affordable Housing Program ("Program").

Per the City Ordinance, the Program limits are based on the official State Income Limits as published by the State Department of Housing and Community Development (HCD). The Ordinance defines the "Watsonville median income limit" at 70% of the Santa Cruz County median income limit. This local adjustment means that the names of the Watsonville income categories do not match the state/federal income category names. The State limits are based on U.S. Census Bureau estimates for each county, which are adjusted by the U.S. Department of Housing and Urban Development (HUD) and HCD for the purpose of administering State and Federal programs.

## **DISCUSSION:**

HCD recently released the 2024 Official State Income Limits and given that HUD's limits and the economic and housing market have changed, a modification in the sales price limits for the City's Program is warranted at this time. Also included in the new 2024 Watsonville Affordable Housing Program Limits is a prevailing interest rate and a "Watsonville Median Home Price," which the City's Ordinance requires be established periodically by Council resolution. The median home price for Watsonville was based on home sale data obtained

from the Multiple Listing Service and submitted by the Santa Cruz County Association of Realtors for the past twelve months from January 2023 through January 2024.

The proposed 2024 limits will take effect upon adoption by the Council and will remain in effect until new limits are adopted.

**STRATEGIC PLAN:**

The proposed resolution is consistent with the Housing goal in the City's Strategic Plan by providing sufficient, quality housing opportunities and expanding housing programs for all City residents.

**CEQA**

The preparation of the Affordable Housing Program Limits is not a project under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378(b)(2), as the action does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore no further review is required.

**FINANCIAL IMPACT:**

The recommended action will not impact the General Fund. The preparation of the Affordable Housing Program Limits is part of the Community Development Department's budgeted work program using existing staff resources.

**ALTERNATIVE ACTION:**

The Council could choose not to adopt the proposed resolution, in which case the existing Affordable Housing Program limits would remain in effect.

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

None