

# Agenda Report



**Watsonville**  
CALIFORNIA

**MEETING DATE:** Tuesday, October 15, 2024

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
PRINCIPAL PLANNER ORBACH

**SUBJECT:** GENERAL PLAN AMENDMENT TO INCLUDE THE 6TH CYCLE HOUSING ELEMENT IN THE 2005 CITY OF WATSONVILLE GENERAL PLAN AND FINDING THE PROJECT EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

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## **RECOMMENDED ACTION:**

Approve a resolution adopting a general plan amendment to include the California Department of Housing and Community Development approved 2023-2031 6<sup>th</sup> Cycle Housing Element in the 2005 City of Watsonville General Plan and finding the project exempt from the California Environmental Quality Act (CEQA) under Sections 15262, 15283, and 15061(b)(3) of the State CEQA Guidelines.

## **BACKGROUND:**

The Housing Element is a critical tool for the City of Watsonville to use in planning for and accommodating current and future housing growth and services over the next eight years. The Housing Element is one of the seven state-mandated elements included in the Watsonville General Plan and is required to be updated in eight-year planning “cycles.” The 5<sup>th</sup> Cycle ended on December 15, 2023, so this update is for the 6<sup>th</sup> Cycle Housing Element covering December 15, 2023, to December 15, 2031. The final draft of the [6th Cycle Housing Element](#) can be viewed on the City website. The Housing Element contains a detailed outline of the City’s goals, policies, and objectives for the protection, improvement, and production of housing for a sustainable future. The Housing Element Update is adopted by City Council and then certified by the California Department of Housing and Community Development (HCD) for compliance with State Housing Element law. The statutory deadline for adoption was December 15, 2023.

California Government Code Section 65580 lists six Housing Element goals to help ensure that every resident has access to housing and a suitable living environment:

1. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.

2. The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
3. The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of the government.
4. Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
5. The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs.
6. Designating and maintaining a supply of land and adequate sites suitable, feasible, and available for the development of housing sufficient to meet the locality's housing need for all income levels is essential to achieving the state's housing goals and the purposes of this article.

*Regional Housing Needs Allocation*

A central part of the Housing Element is detailing how the City can facilitate the construction of housing units at various affordability levels to the amounts prescribed in the Regional Housing Needs Allocation (RHNA). The RHNA target for this Housing Element cycle was developed by HCD and then refined by the Association of Monterey Bay Area Governments (AMBAG). It provides each jurisdiction a specified target number of housing units in four different affordability levels (as shown in Table 1-2 from Chapter 1 of the Housing Element below).

<b>Income Category</b>	<b>Percent of Area Median Income (AMI)</b>	<b>RHNA</b>
Very Low-Income	0-50% AMI	283
Low-Income	51-80% AMI	186
Moderate-Income	81-120% AMI	521
Above Moderate-Income	>120% AMI	1,063
<b>TOTAL RHNA</b>		<b>2,053</b>
<i>Source: AMBAG Final 6<sup>th</sup> Cycle Regional Housing Needs Allocation Plan 2023-2031</i>		

The total number of units the City needs to plan for is 2,053 over the next 8 years. However, the California Department of Housing and Community Development (HCD) recommends a buffer of 15-30%. Table F-2 below demonstrates that each income category has a buffer of between 16% and 40%, with an average buffer of 28%, which is in compliance with HCD's recommendation. To put this number in perspective, the total RHNA units for Watsonville in the previous 5<sup>th</sup> Cycle was 700. The increase in this

housing target is the state recognizing an underproduction of housing statewide for many years. The City of Watsonville is doing its part to help achieve housing production goals by approving 515 units (building permits issued) during the City's 5<sup>th</sup> Cycle, with approximately 48% of those units restricted to below market rate in their affordability. If several of the City's entitled projects, including Miles Lane, Sunshine Gardens, Hillcrest Estates, and Airport Road residential projects, had been constructed prior to December 15, 2023, the City would have met its' 5<sup>th</sup> Cycle RHNA target. Despite this accomplishment, the City will need to make even greater strides to reach the significantly increased 6<sup>th</sup> Cycle RHNA targets in the next 8 years. However, the City is not in the business of developing housing, and must rely on private sector developers to build housing units. The City does have the ability to remove constraints to the development of housing, and HCD has put significant emphasis on removing these constraints in this Housing Element cycle.

### *Housing Element Contents*

The Housing Element Update includes two chapters: an Introduction Chapter and a Housing Plan Chapter. These chapters are followed by eight appendices:

1. Review of Past Performance,
2. Housing Needs Assessment,
3. Housing Resources,
4. Housing Constraints,
5. Fair Housing Analysis,
6. Sites Analysis,
7. Community Outreach,
8. Glossary

This update provides a comprehensive view of the City's past, present, and future actions as they relate to supporting programs and housing development for all needs and all affordability levels.

In order to meet the RHNA targets and drive housing decisions for the next eight years, the Housing Element Update does two key things:

- 1) It provides goals, policies, and objectives to address housing needs and support future housing growth for all income levels, and
- 2) It identifies an inventory of sites to show that the City has capacity to accommodate its RHNA housing unit targets. Aside from these two sections, much of the Housing Element focuses on providing existing conditions analysis and local context to inform and further support the policy and site inventory decisions.

New to the 6th Cycle Housing Element Updates statewide is the inclusion of Affirmatively Furthering Fair Housing (AFFH) requirements. Beginning on January 1, 2019, Assembly Bill (AB) 686 established new requirements for all California

jurisdictions to ensure that local laws, programs, and activities affirmatively further fair housing and that all Housing Elements due after January 1, 2021, contain an assessment of fair housing. Under state law, affirmatively furthering fair housing means “taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free of barriers that restrict access to opportunity based on protected characteristics (such as race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability).” The state requires Watsonville to show how its housing decisions are furthering fair housing, and HCD assigns special focus on this new portion of the document in its certification review. Summary and analysis of AFFH can be found in the Fair Housing appendix, and numerous AFFH policies are designated in the Policy section to provide actions/objectives to meet the noted State aims.

## **DISCUSSION:**

### *Policy Plan Chapter*

The Policy Plan Chapter details the community’s goals, policies, and objectives relative to housing production, rehabilitation, protection, and assistance for all residents in Watsonville. The five goals of the Policy Plan chapter are listed below to provide the reader with a general overview of policy priorities. More detail on the goals, as well as the policies and objectives within them, are in the attached Housing Element document.

Goal 1: Improve, conserve, and preserve both the safe condition of and the continued availability of Watsonville’s existing affordable housing stock to meet the needs of all economic segments of the community.

Goal 2: Expand and protect housing opportunities for all economic segments and special needs groups within the community.

Goal 3: Provide housing opportunity for Watsonville’s share of the regional housing need for all income and special needs groups.

Goal 4: Where appropriate, mitigate unnecessary governmental constraints to the maintenance, improvement, and development of housing.

Goal 5: 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.

Over the spring and summer of 2024, multiple policies and objectives saw edits and further refinement based on staff review and feedback from HCD and the public. Most of the policy plan revisions stemmed from HCD direction to make policies and objectives as concrete and measurable as possible. In some places, this meant adding quantifiable metrics, such as for policies related to housing rehabilitation. HCD requested specific numbers, so staff consulted with the Housing Division (who provide loans for housing rehabilitation), reviewed code enforcement cases for substandard housing during the

5<sup>th</sup> Cycle Housing Element period, and coordinated with the Code Enforcement Division to produce an estimate of the number of units in need of rehabilitation citywide during the 6<sup>th</sup> Cycle. In other places, this meant removing non-committal language like “Explore...” or “Consider...,” and instead providing specific commitments, timelines, and quantifiable metrics.

Despite the City staff’s inclusion of a substantial amount of justification demonstrating that construction of four-story buildings with densities of up to 85 du/are and six-story buildings with densities of up to 125 du/acre are feasible in the Downtown Watsonville Specific Plan (DWSP) area, supported by local developers, and being built in the City of Santa Cruz, HCD also required the City to include a program in the Housing Element to increase the height limits in the DWSP area to six stories for the Downtown Neighborhood and Downtown Industrial zoning districts and eight stories in the Downtown Core zoning district.

### *Sites Analysis*

The Sites Inventory is broken down into several sections:

- Projects in the Pipeline
- Projected Accessory Dwelling Unit Production
- 5<sup>th</sup> Cycle Sites
- Existing Zoning on Vacant Sites
- Downtown Watsonville Specific Plan

Pipeline projects include projects that have been proposed or entitled but have not yet been counted in a previous Annual Progress Report on housing for HCD (which is how housing production toward RHNA is tracked).

The other sections detail sites throughout the City that have the potential to develop with housing over the eight-year planning period.

Below is the Sites Inventory summary table of the current Sites Inventory tables on page F-2 of Appendix F: Sites Analysis.

<b>Table F-2: Summary of RHNA Status and Sites Inventory</b>				
	Lower Income <sup>1</sup>	Moderate Income	Above Moderate Income	Total
2023-2031 RHNA	469	521	1,063	2,053
<b>Sites Available</b>				
Projects in the Pipeline	127	70	315	512
Projected Accessory Dwelling Units Production	92	46	46	184
5 <sup>th</sup> Cycle Sites	0	27	47	74
Existing Zoning on Vacant Sites	0	2	8	10
Downtown Watsonville Specific Plan	323	465	1,070	1,858
<i>Vacant Parcels</i>	26	44	106	176
<i>Nonvacant/Infill Parcels</i>	297	421	964	1,692
Total Potential Development Capacity	543	609	1,486	2,638
Remaining RHNA	-	-	-	-
Sites Surplus/Shortfall (+/-)	73	88	423	584
Percentage Buffer	16%	17%	40%	28%

Aside from pipeline projects with known affordability levels (e.g. Lower Income, Moderate Income, Above Moderate Income) HCD prescribes set percentages of affordability (and generally for sites designated to provide capacity to meet the City’s Lower Income RHNA only if the parcel is at least a half-acre in size or more). It must be reiterated that the affordability breakdown in the Sites Inventory is not necessarily correlated with what will get built or a projection of the City’s housing priorities but rather an output on paper based on HCD’s algorithms all jurisdictions must use. The unit counts by affordability are not allowed to consider the City’s Inclusionary Ordinance or the use of Density Bonus Law. While the percentage of Above Moderate Income units is higher than Very Low, Low, and Moderate, the affordable units created by the Above Moderate development through the Inclusionary Ordinance are not taken into account. These projections set by HCD also do not directly consider 100% affordable development that is often facilitated through the work of City staff and non-profit partners, even though that work was successful in the 5<sup>th</sup> Cycle. For instance, during

<sup>1</sup> “Lower Income” includes both Very Low and Low Income categories.

the 5<sup>th</sup> Cycle Housing Element, out of the 515 units counted towards RHNA, 249 (48%) were affordable. Thus, with the City’s Inclusionary Ordinance and with 100% affordable projects, more affordable units are expected to be constructed in the 6<sup>th</sup> Cycle than what is included in the table.

It is a noted State Prohousing Designation best practice that the Sites Inventory include units over the RHNA target to help ensure that RHNA targets can be met should some sites not develop or if sites are developed with fewer units than projected. HCD recommends that the Sites Inventory include a 15-30% buffer. The Lower Income category has a 16% buffer, the Moderate Income category has a 17% buffer, and the Above Moderate Income category has a 40% buffer over the RHNA target. These buffers are lower than the initial submittal, but they are still within or above HCD’s recommended range.

It is important to note that under the “No Net Loss Law,” Government Code Section 65863, the City must maintain adequate sites to accommodate its remaining unmet RHNA by each income category at all times throughout the entire planning period. If the City takes an action to reduce a parcel’s residential density or if the City approves a development of a parcel identified in its Housing Element sites inventory with fewer units than shown in the Housing Element, findings must be made that the remaining sites identified in its Housing Element sites inventory can accommodate the City’s remaining unmet RHNA by each income category. If the findings can’t be made the City is required to identify additional sites so that there is no net loss of residential unit capacity.

HCD requires strong justification for inclusion of a site in the inventory. Working with HCD, considering community feedback, and evaluating development trends allowed for refinement of the sites inventory during the first two HCD reviews. Sites identified in the inventory are expected to develop with housing in the near term. Undoubtedly, however, some sites listed on the inventory will not develop with housing in the next eight years, and other sites that are not listed on the inventory will develop with housing over the next eight years. The latest version includes an inventory of sites with realistic and demonstrated development potential over the eight-year planning period.

Implementation

Following adoption of the 6<sup>th</sup> Cycle Housing Element, the City must begin implementing the housing programs identified in the Housing Plan. These programs have specified timeframes for implementation, which are identified in Chapter 2 – Housing Plan. A summary table of the programs with target timeframes is below.

Housing Element Programs		
Program	Title	Timeframe
D.8	50% Minimum Residential Use in Downtown Central Core	Jun-24
D.9	Update to Allow Residential Care Facilities of 7 or More Persons	Jun-24

D.1	Density Bonus Ordinance - State Law Consistency	Dec-24
D.4	ADUs & JADUs - Pre-Approved Plans	Dec-24
D.10	Manufactured Homes	Jun-25
C.7	Transitional Housing and Emergency Shelters	Dec-25
D.3	Design Review Process - Citywide Objective Design Standards	Dec-25
D.4	ADUs & JADUs - State Law Consistency	Dec-25
D.5	Reasonable Accommodations Procedures	Dec-25
D.6	Definition of Family	Dec-25
E.6	Farmworker and Workforce Housing	Dec-25
D.11	Lot Consolidation	Jan-26
C.8	Supportive Housing - By-Right	Jun-26
C.8	Supportive Housing - Monitoring Program	Jun-26
C.9	Low-Barrier Navigation Centers	Jun-26
D.7	Zoning Ordinance Update Addressing Development Constraints for Affordable Housing	Jun-26
E.3	Housing for Persons with Developmental Disabilities	Jun-26
A.4	Mobile Home Park Conservation Ordinance	Dec-26
D.4	ADUs & JADUs - ADU Manual	Dec-26
D.4	ADUs & JADUs - Incentive Program	Dec-26
D.4	ADUs & JADUs - Monitoring Program	Dec-26
E.4	Affirmatively Further Fair Housing	Dec-26
C.12	Surplus Lands Act	Dec-26
E.7	Environmental Justice Element	Dec-26
D.13	Increase DWSP Building Height Limits	Jan-27
A.3	Preservation of Affordable Housing	Dec-28
C.1	Adequate Sites Program	At adoption and ongoing
C.10	Water and Sewer Providers	Upon adoption of HE
B.5	Child Care Assistance	Within 1 year of HE adoption
A.5	Replacement Housing	Within 3 years of HE adoption
C.2	Explore Additional Residential Opportunity Sites - Research	Within 3 years of



		HE adoption
C.2	Explore Additional Residential Opportunity Sites - Code Amendments	Within 4 years of HE adoption

The City received a Regional Early Action Planning (REAP) 2.0 grant of \$169,380 that will be used to implement the Housing Element programs. The City put out a Request for Proposals (RFP) for a planning consultant for Housing Element implementation that closed on Friday, September 27, 2024. The submittals are currently under review. Following selection of a planning consultant, work will begin as soon as possible, as the City must expend at least 20% of the grant funds by the end of the year. The programs included in the planning consultant scope of work include:

- Program D.1 – Density Bonus Ordinance – State Law Consistency
- Program D.4 – ADUs & JADUs – State Law Consistency
- Program D.5 – Reasonable Accommodation Procedures
- Program D.6 – Definition of Family
- Program D.8 – 50% Minimum Residential Use in Downtown Central Core
- Program D.13 – Increase DWSP Building Height Limits
- Program E.6 – Farmworker and Workforce Housing
- Program C.7 – Transitional Housing and Emergency Shelters in Residential Zoning Districts

General Plan Amendment Findings and State Law Requirements

*General Plan Amendment Findings*

Pursuant to Government Code Section 65354 the Planning Commission makes a recommendation to the City Council on the adoption of amendments to the General Plan. A recommendation for approval shall be made by the affirmative vote of not less than a majority of the total membership of the Commission.

In addition, per Watsonville Municipal Code (WMC) Section 14-12.703, a general plan amendment shall be reviewed by Planning Commission and the Commission shall adopt a resolution recommending approval or denial of the proposed amendment to the City Council, subject to the two findings required in [WMC Section 14-12.708](#). The required findings with staff analysis are below.

- a) That the proposed amendment is consistent with the policies embodied in the General Plan;

Staff Analysis: The proposed amendment is consistent with the following policies embodied in the General Plan as described below:

- **Goal 3.1 Orderly Growth** – Provide for orderly urban development that respects existing community character and provides for a clear separation between urban and agricultural land uses.

The Draft 6<sup>th</sup> Cycle Housing Element provides for orderly urban development by only identifying potential housing sites within the existing city limits. No housing inventory sites are within close proximity to agricultural land uses.

- **Goal 3.2 Containment of Urban Development** – Discourage urban sprawl by maintaining a well-defined boundary to contain urban development.

The Draft 6<sup>th</sup> Cycle Housing Element discourages urban sprawl and contains urban development by only identifying potential housing sites within the existing city limits.

- **Goal 5.6 Urban Design** – Achieve high standards of street, site, and building design that are both efficient and aesthetically pleasing.

The Draft 6<sup>th</sup> Cycle Housing Element builds on the recently adopted Downtown Watsonville Specific Plan (DWSP), which set new high standards of street, site, and building design that are both efficient and aesthetically pleasing, by identifying sites within the DWSP area for infill development. Inclusion of the sites identified in the 6<sup>th</sup> Cycle Housing Element sites inventory increases the potential redevelopment within the next eight years, which will help the City achieve this goal.

- **Goal 10.2 Transit Facilities and Service** – Promote the use of transit as an alternative to the automobile for all types of travel.

The Draft 6<sup>th</sup> Cycle Housing Element builds on the recently adopted Downtown Watsonville Specific Plan (DWSP), which concentrates higher density residential and mixed-use development in the downtown area surrounding the City’s Metro station. The station has been identified as an opportunity site in the DWSP and has received funding to redevelop with updated and expanded bus facilities and more than 60 units of 100% affordable housing above the station. Inclusion of the sites identified in the 6<sup>th</sup> Cycle Housing Element sites inventory increases the potential redevelopment within the next eight years, which will help the City achieve this goal.

- **Goal 10.3 Rail Facilities and Service** – Plan and provide for the continued use of rail to move industrial/agricultural commodities and encourage the establishment of passenger service to the Watsonville area.

The Draft 6<sup>th</sup> Cycle Housing Element builds on the recently adopted Downtown Watsonville Specific Plan (DWSP), which concentrates higher density residential and mixed-use development in the downtown area adjacent to the rail corridor and the historic train depot, which has been identified as a possible location for a new Watsonville train station. Inclusion of the sites identified in the 6<sup>th</sup> Cycle Housing Element sites inventory increases the potential redevelopment within the next eight years, which will help the City achieve this goal by creating demand for passenger rail service in close proximity to the planned rail station.

- b) That the proposed amendment is compatible to the extent possible with the actual and general planned use of the adjacent properties.

Staff Analysis: The Draft 6<sup>th</sup> Cycle Housing Element is consistent and compatible with the densities and development standards identified in the Downtown Watsonville Specific Plan (DWSP), which was adopted in October 2023, and the General Plan as modified by the DWSP. As such, the 6<sup>th</sup> Cycle Housing Element does not require any changes to the Zoning Map or the General Plan Land Use Diagram. Therefore, the proposed amendment is compatible with the actual and general planned use of the adjacent properties.

The required findings are located in Exhibit A of the resolution.

#### *State Law Requirements - Findings*

In addition, because the Housing Element relies on nonvacant sites to accommodate 50 percent or more of the City's RHNA for lower income households, the nonvacant site's existing use is presumed to impede additional residential development, unless the housing element describes findings based on substantial evidence that the use will likely be discontinued during the planning period. In addition to a description in the element, findings should also be included as part of the resolution adopting the housing element.

Based on substantial evidence in the record including the City's history of development on infill sites, current entitlements on infill sites, the propensity of existing uses to redevelop, developer and property owner interest in redevelopment, and current and future policy commitments, as described in detail in Appendix F, Section B7 – Suitability of Non-Vacant Sites, the existing uses are likely to discontinue during the planning period and will not impede additional residential development and therefore the inclusion of non-vacant sites in the 6<sup>th</sup> Cycle Housing Element is not an impediment to residential development. This finding is included in the attached resolution.

#### Additional Authorized Changes

On October 1, 2024, the Planning Commission reviewed the proposed General Plan amendment and approved Resolution #12-24 recommending City Council approval of the General Plan amendment by an affirmative vote of a majority of the total membership of the Commission (4 members). The Commission also recommended that the Council approve modifications to Program D.8 to incorporate minor revisions proposed by staff if such revisions are acceptable to HCD:

*Program D.8: ~~Permit~~Require 50 Percent Residential Use in Downtown Central Core Area*

*Pursuant to State law, identified opportunity sites that permit a mix of uses must provide a minimum of 50 percent of the proposed floor area to residential uses when a component of mixed use project. Sites identified in the Downtown Watsonville Specific Plan (DWSP) shall incorporate this requirement. The City will incorporate this provision to require a minimum of 50 percent residential use on these sites.*

*Objective:*

- *Amend requirements for applicable sites in the Downtown Watsonville Specific Plan to ~~allow~~ require a minimum of 50 percent of the proposed floor area to be for residential use for mixed use projects.*

*Timeframe: Amend Zoning Ordinance by June ~~2024~~ 2025*

*Responsible Agency: Community Development Department*

*Funding Source: General Fund*

Staff is recommending that the Council also authorize these changes subject to HCD's approval.

HCD has also requested minor modifications to program D.13:

*Program D.13: Building Height Limits*

*Adopt changes to the Downtown Watsonville Specific Plan (DWSP) modifying the four-story height limit for the Downtown Neighborhood and Downtown Industrial zoning districts up to a maximum of six stories and the six-story height limit for the Downtown Core zoning district up to a maximum of eight stories.*

*Objectives:*

- *Adopt an amendment to the DWSP increasing height limits for the Downtown Neighborhood and Downtown Industrial zoning districts up to a maximum of six*

*stories and for the Downtown Core zoning district up to a maximum of eight stories.*

*Timeframe: By January 2027*

*Responsible Agency: Community Development Department*

*Funding Source: General Fund*

Staff is recommending that the Council also authorize staff to make these changes prior to the final submittal to HCD.

### Environmental Review

As described in Attachment 1 - 2023-2031 Housing Element CEQA Determination Technical Memorandum, the Housing Element is exempt from CEQA review per State CEQA Guidelines Sections 15262, 15283, and 15061(b)(3).

Adoption of the Housing Element is exempt pursuant to CEQA Guidelines Section 15262 because it is a feasibility or planning study for possible future actions by the City. In addition, it is exempt under Section 15283 as an action to implement a regional housing needs determination.

Finally, adoption of the Housing Element is exempt from CEQA, given this project consists of activities covered by the “common sense exemption” that CEQA allows when a project would not cause a significant effect on the environment.

As proposed, the Housing Element would not result in any direct or indirect physical changes to the environment. The Housing Element is a policy document and does not provide entitlements to any specific land use projects. It does not make any changes to the 2005 General Plan land use map and does not modify any land use designations, allowed densities, or land use intensities currently established in the 2005 General Plan. It neither entitles, proposes, or otherwise requires the construction of new development or rehabilitation of existing development, nor does it change the rate or location of new development.

All future proposed housing development projects submitted to the City will be reviewed pursuant to CEQA, when required, concurrent with other permitting and regulatory requirements. Similarly, any future policy changes and implementation of Housing Element programs will be evaluated for CEQA compliance prior to adoption of any such changes or implementation.

### **NEXT STEPS**

Following HCD’s review of the third draft submittal, HCD determined that the [City of Watsonville 6<sup>th</sup> Cycle Housing Element](#) meets the statutory requirements of Housing

Element Law. Following City Council adoption of the resolution approving the General Plan amendment including the 6<sup>th</sup> Cycle Housing Element in the 2005 General Plan, the City's consultant will submit the document and resolutions with required findings to HCD for final certification.

**STRATEGIC PLAN:**

Adoption of the 6<sup>th</sup> Cycle Housing Element supports the following strategic plan priorities:

- 1-Economic Development
- 3-Housing

**FINANCIAL IMPACT:**

There are no financial impacts associated with a project approval. The City has already received REAP 2.0 grant funding to cover the cost of a Housing Element Implementation consultant who will be selected soon and start work before the end of 2024. A certified housing element will also make the City eligible for many state grant funding opportunities.

**ALTERNATIVE ACTION:**

City Council could choose not to approve the resolution adopting the 6<sup>th</sup> Cycle Housing Element. This would leave the city open to additional builder's remedy project applications, which will have significant negative effects on the community. In addition, without a certified housing element, the City will not be eligible for many state grant funding opportunities.

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

1. 2023-2031 Housing Element CEQA Determination Technical Memorandum