

TECHNICAL MEMORANDUM

To: Matt Orbach, Principal Planner
From: Rita Garcia, Environmental Project Manager
Date: September 25, 2024
Subject: City of Watsonville 2023-2031 Housing Element CEQA Determination

INTRODUCTION

This Technical Memorandum evaluates the City of Watsonville 2023-2031 Housing Element (“2023-2031 Housing Element” or “the Project”) concerning California Environmental Quality Act (CEQA) compliance. This Technical Memorandum was prepared to present: 1) the findings of the CEQA compliance review, as described below; and 2) the recommendations concerning the appropriate CEQA compliance documentation.

STATUTORY AUTHORITY AND REQUIREMENTS

Once it has been determined that an activity is a project subject to CEQA, it is then determined whether the project is exempt from CEQA.

State CEQA Guidelines Section 15061 – Review for Exemption

Pursuant to State CEQA Guidelines Section 15061, a project is exempt from CEQA if:

- 1) The project is exempt by statute (see State CEQA Guidelines Article 18, commencing with §15260).
- 2) The project is exempt pursuant to a Categorical Exemption (CE) (see State CEQA Guidelines Article 19, commencing with §15300) and the application of that CE is not barred by one of the exceptions set forth in State CEQA Guidelines Section 15300.2.
- 3) The activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.
- 4) The project will be rejected or disapproved by a public agency.
- 5) The project is exempt pursuant to the provisions of Article 12.5 - Exemptions for Agricultural Housing, Affordable Housing, and Residential Infill Projects.

State CEQA Guidelines Section 15262 – Feasibility and Planning Studies

Pursuant to State CEQA Guidelines Section 15262, a project involving only feasibility or planning studies for possible future actions which the agency board or commission has not approved, adopted, or funded does not require the preparation of an EIR or Negative Declaration but does require consideration of environmental factors is exempt from CEQA.

State CEQA Guidelines Section 15283 – Housing Needs Allocation

Pursuant to State CEQA Guidelines Section 15283, CEQA does not apply to regional housing needs determinations made by the Department of Housing and Community Development, a council of governments, or a city or county pursuant to Government Code Section 65584.

PROJECT DESCRIPTION

The Housing Element is a state-mandated chapter of the Watsonville General Plan that establishes the City of Watsonville’s (“City”) official housing policies and programs to accommodate the Regional Housing Needs Allocation (RHNA) goals, as determined by the Association of Monterey Bay Area Governments (AMBAG). The Housing Element identifies and analyzes the City’s housing needs and includes a detailed outline and work program of the City’s goals, priorities, and quantified objectives to develop housing. The Housing Element also addresses the maintenance and expansion of the City’s housing supply to accommodate households currently living and expected to live in Watsonville in the housing cycle. For the 6th Cycle (2023-2031) planning period, AMBAG allocated 2,053 housing units to the City, apportioned by the following income categories: 283 units affordable to very low-income households; 186 units affordable to low-income households; 521 units affordable to moderate-income households; and 1,063 units affordable to above-moderate (market-rate) income households.

The proposed Housing Element represents the City’s policy program for the 6th Cycle 2023-2031 planning period. The 2023-2031 Housing Element is a comprehensive review and update to the previous Housing Element, which covered the 5th Cycle 2015-2023 planning period. The proposed Housing Element is comprised of two Chapters (i.e., Introduction and Housing Plan) and seven Appendices (i.e., Review of Past Performance, Housing Needs Assessment, Housing Resources, Housing Constraints, Fair Housing Analysis, Sites Analysis, Community Outreach, and Glossary).

The Housing Plan addresses the City’s identified housing needs, including housing Goals, Policies, and Programs, and discusses the City’s approach to addressing its share of the regional housing need. The Housing Element includes an Adequate Sites Analysis, which the City conducted to satisfy their RHNA allocation. The identified housing sites represent the City’s ability to accommodate housing at the designated income levels within the 2023-2031 planning period. To accommodate the City’s 2023-2031 RHNA, a comprehensive review of opportunity sites was evaluated. The following types of sites were identified: projects in the pipeline, accessory dwelling units (ADUs), undeveloped 5th Cycle Housing Element sites, sites within the Downtown Watsonville Specific Plan, existing vacant residential land, and future housing opportunity sites. The City’s potential development capacity totals 2,635 units on 69 sites throughout the City, which includes 512 units currently within the planning process (projects in the pipeline), 184 ADUs, and 1,939 units of existing capacity (based on existing General Plan land use and zoning). The Housing Plan shows the City has the capacity to meet its 2023-2031 RHNA allocation through the above-identified methods, with a surplus of 581 units (28 percent surplus).¹

The Housing Plan includes Goals, Policies, and Housing Programs intended to: preserve, conserve, and improve affordable housing stock and neighborhoods; promote the production of a diversity of housing types; assist in the provision of affordable housing; remove or mitigate constraints to housing investment;

¹ City of Watsonville. (2024). Watsonville Housing Element Table F-2: Summary of RHNA Status and Sites Inventory. Watsonville, CA: City of Watsonville.

and promote equal housing opportunity. The Project does not propose to implement or result in housing development. Additionally, the Project does not propose to implement any Housing Program that could have a significant effect on the environment or that was not previously analyzed in a CEQA document.

FINDINGS CONCERNING CEQA COMPLIANCE/CEQA EXEMPTION

Kimley-Horn has completed the Project's CEQA compliance review, as discussed below.

Exemption Justification

The Project proposes an update to the City's Housing Element and includes Goals, Policies, and Housing Programs to meet the City's 6th Cycle RHNA allocation. **Attachment A: Watsonville 2023-2031 Housing Element Program Review Matrix** summarizes the 2023-2031 Housing Element Housing Programs, compares these to the 2015-2023 Housing Element Housing Programs, and provides summary findings concerning their potential to have a significant effect on the environment. As concluded in **Attachment A**, the proposed Housing Programs could not have a significant effect on the environment.

As proposed, the Housing Element would not result in any direct or indirect physical changes to the environment. 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. The Housing Element is a policy document and does not provide entitlements to any specific land use projects. Any future policy changes and implementation of Housing Programs will be evaluated for CEQA compliance prior to adoption of any such changes or implementation. The 2023-2031 Housing Element does not make any changes to the 2005 General Plan land use map and does not modify any land use designations, or allowed densities or intensities currently established in the 2005 General Plan. The 2023-2031 Housing Element neither entitles, proposes, nor otherwise requires the construction of new development or rehabilitation of existing development, nor does it change the rate or location of new development. Future housing development pursuant to the 2023-2031 Housing Element would be subject to compliance with the established regulatory framework, namely federal, state, regional, and local laws, ordinances, and regulations, including the General Plan policies, Municipal Code standards, and Standard Conditions of Approval. While by-right housing projects may be exempt from CEQA, all future housing development pursuant to the 2023-2031 Housing Element would be subject to compliance with the established regulatory framework, which can include supporting technical reports.

As is evidenced by the analysis presented in **Attachment A**, and given the nature and scope of the proposed Project as discussed above, it can be seen with certainty that the proposed Project would not have a significant effect on the environment. As such, the Project qualifies as being exempt from CEQA under the common sense exemption pursuant to State CEQA Guidelines Section 15061(b)(3). Additionally, the Housing Element is exempt pursuant to State CEQA Guidelines Section 15262 because it is a feasibility or planning study for possible future actions by the City and is exempt pursuant to State CEQA Guidelines Section 15283 as an action to implement a regional housing needs determination. Therefore, it has been determined that a Notice of Exemption is the appropriate CEQA documentation.