



## CITY COUNCIL AGENDA REPORT

**MEETING DATE:** Tuesday, March 25, 2025  
**TO:** CITY COUNCIL  
**WRITTEN BY:** HOUSING MANAGER LANDAVERRY  
**RECOMMENDED BY:** INTERIM COMMUNITY DEVELOPMENT DIRECTOR MEEK  
**APPROVED BY:** TAMARA VIDES, CITY MANAGER  
**SUBJECT:** PRESENTATION OF THE 2024 HOUSING ELEMENT ANNUAL PROGRESS REPORT

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### RECOMMENDATION:

Staff recommends that the City Council, by motion, based on the Planning Commission's recommendation, accept the Housing Element Annual Progress Report (APR) for the 2024 calendar year for the adopted 2024-2031 Housing Element and submittal of the reports to the California Department of Housing and Community Development (HCD) and the Governor's Office of Land Use and Climate Innovation (LCI), formerly the Governor's Office of Planning and Research (OPR).

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### DISCUSSION:

Government Code Section 65400 requires each local government to prepare an Annual Progress Report (APR) on the status and progress of implementation of the Housing Element and submit it to HCD and LCI by April 1<sup>st</sup> of each year. Cities and counties with a compliant housing element and up-to-date submissions of APRs gain access to State grant funds.

The Housing Element APR details progress in meeting the City's share of regional housing needs and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing. The APR is prepared using standards, forms, and definitions adopted by HCD. The data and information in the HCD forms document the number of new units of all types of housing in each income category, and the progress in meeting the City's share of the Regional Housing Needs Allocation (RHNA). The APR summarizes the planning activities for the City of Watsonville from January 1 to December 31, 2024, in compliance with Government Code section 65400.

Cities are required by state law to update their housing elements every eight years. 2024 is the first year of our 6<sup>th</sup> Cycle Housing Element, which was certified by the State Housing and Community Development Department on October 28, 2024.

As shown in Table B, 122 housing units were completed during the first year and a half of the 6<sup>th</sup> Housing Element Cycle, which will count towards the 2,053 total units of the RHNA goal. These housing units represent 6% of the City's total RHNA allocation. The City's responsibility under the RHNA is to ensure that there is adequate land available and zoned appropriately to allow the development of the specified number of housing units. However, because cities do not construct housing, we must rely on private developers to construct housing units. The state continues to push cities to relax development standards and provide additional incentives to developers to entice development and reduce the risks and costs inherent in new construction. With the adoption of the Downtown Watsonville Specific Plan, the City anticipates that a significant amount of new housing will be proposed in the downtown area during the current 6<sup>th</sup> Cycle Housing Element.

## DESCRIPTION OF TABLES

The reporting forms (Tables A-K) have been revised by HCD in recent years and require detailed information on each application, entitlement, issued building permit, and completed construction in an Excel spreadsheet format. As a result, the tables are large and difficult to reproduce as attachments to this report. Summaries of the information presented in Tables A and A2 are attached to this report and the entire report can be found at the following link: <https://cityofwatsonville.org/165/Housing>

Table A contains data on the housing development planning applications that were submitted to the Community Development Department in 2024. The data is limited to ministerial and discretionary applications received in 2024. A total of 42 complete applications were received last year. The 64 proposed units include the Habitat for Humanity Project, the Evan Circle Development, and 38 ADUs. The table below shows all proposed units in 2024.

Table A: Housing Applications Summary	
Total Housing Applications Submitted:	42
Number of Proposed Units in All Applications Received:	64
Total Housing Units Approved:	53
Total Housing Units Disapproved:	0

Table A2 contains data on the discretionary housing development planning applications that were approved (entitled), all ministerial building permits issued for housing development, and housing construction completed. Building permits

were issued for a total of 84 housing units in 2024 including multi-family units and ADUs. The building permits include the Residence at 558 Main Street, 14 units are in the Hillcrest Estates development, and the ADUs described previously. Total completed units of 141 include 16 ADUs and 125 affordable units at Miles Lane and Tabasa Gardens. The table below shows all the permits issued in 2024 by income category.

<b>Table A2: Building Permits Issued by Affordability Summary</b>		
<b>Income Level</b>		<b>Current Year</b>
Very Low	Deed Restricted	10
	Non-Deed Restricted	0
Low	Deed Restricted	4
	Non-Deed Restricted	20
Moderate	Deed Restricted	0
	Non-Deed Restricted	0
Above Moderate		50
Total Units		<b>84</b>

Table B places these 84 new housing units into affordability categories to demonstrate the City's progress in meeting the allocated share of regional housing needs for the RHNA planning period. A summary of Table B is shown below, and the full table outlining units constructed per year, is listed in the Housing Element APR.

Table C is not applicable to the City.

Table D contains information on the status and progress of Housing Element program and policy implementation for all programs described in the Housing Element.

Tables E and F and F2 are not applicable to the City.

## SUMMARY OF TABLE B

### RHNA Progress Permitted Units Issued by Affordability

Income Level	RHNA Allocation by Income Level	Total Units to Date	Total Remaining RHNA
<b>Total RHNA</b>	2,053		
<b>Very Low</b>	283	10	273
<b>Low</b>	186	52	134
<b>Moderate</b>	521		521
<b>Above Moderate</b>	1,063	60	1,003
<b>Total Units</b>		122	1,931
<b>Progress toward extremely low-income housing need, as determined pursuant to Government Code § 65583(a)(1)</b>			
	Extremely-Low Income Need	Total Units to Date	Total Units Remaining
<b>Extremely Low-Income Units</b>	142	0	142

Table G requests a list of City-owned sites from the Housing Element Sites Inventory that were sold, leased, or otherwise disposed of during the reporting year. (None in 2024 – Not Applicable).

Table H requests an inventory of City-owned surplus lands. (None in 2024 – Not Applicable).

Table J requests a list of Student housing development for lower income students for which was granted a density bonus pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 65915 (None in 2024 – Not Applicable).

Table K is a new requirement (per SB 649) and requires local governments adopting a tenant preference to create a webpage containing the authorizing local ordinance and supporting materials. (None in 2024 – Not Applicable).

The Summary Table provides a summary of housing units for which building permits were issued and applications were submitted in 2024. These tables also include information on SB 35 streamlining applications and permits.

The Local Early Action Planning (LEAP) Reporting table is required for any jurisdictions that have received LEAP grants. The City of Watsonville submitted an application for the LEAP grant that was executed in 2021. The grant funds have been used to cover City costs for the Downtown Watsonville Specific Plan as well as implementation of the Specific Plan.

The Housing Element APR was presented to the Planning Commission at its regularly scheduled meeting on March 4, 2025. No written comments in support or opposition were submitted prior to the meeting and no one from the public spoke during the meeting. The Planning Commission voted unanimously to recommend that the City Council accept the Housing Element APR and submit it for 2024 calendar year.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:**

The preparation and submittal of the Housing Element APR 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.

## **STRATEGIC PLAN:**

The Housing Element APR is an informational document that shows the City's progress in meeting our Regional Housing Needs Allocation and is consistent with the Housing goal in the City's Strategic Plan.

## **FINANCIAL IMPACT:**

Preparation of the Housing Element APR is part of the Community Development Department's budgeted work program using existing staff resources.

## **ALTERNATIVE ACTION:**

The City Council may choose not to accept the Housing Element APR for 2024 at this time, but doing so may jeopardize the City's ability to gain access to State grant funds.

## **ATTACHMENTS AND/OR REFERENCES:**

- 1) 2024 Housing Element Summary Table
- 2) 2024 Housing Element Table B
- 3) Link to the 2024 Housing Element Annual Progress Report: <https://cityofwatsonville.org/165/Housing>