

RESOLUTION NO. _____(CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION FOR FUNDING AS CO-APPLICANT FROM THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM FOR UP TO \$50,000,000 IN LOANS AND GRANTS WITH \$4,000,000 FOR BICYCLE AND PEDESTRIAN INFRASTRUCTURE IMPROVEMENTS; AND IF AWARDED, TO EXECUTE ALL AGREEMENTS AND ANY AMENDMENTS THERETO AND ANY DOCUMENTS WHICH MAY BE NECESSARY FOR THE COMPLETION OF THE PROJECT AND ACCEPTING SUCH FUNDS PERTAINING TO WATSONVILLE OF THE \$10 MILLION GRANT TO THE SPECIAL GRANTS FUND [0260]

WHEREAS, the State of California, the Strategic Growth Council (SGC) and the Department of Housing and Community Development (Department) issued a Notice of Funding Availability on March 25, 2025 (NOFA), under the Affordable Housing and Sustainable Communities (AHSC) Program established under Division 44, Part 1 of the Public Resources Code commencing with Section 75200; and

WHEREAS, AHSC is a component of California Climate Investments, a statewide initiative that utilizes Cap-and-Trade revenues to reduce greenhouse gas emissions, strengthen the economy, and enhance public health and environmental conditions—especially in disadvantaged communities and eligible projects under this program include affordable housing development and transportation infrastructure improvements; and

WHEREAS, MidPen Housing Corporation (MidPen), Santa Cruz Metropolitan Transit District (METRO) and the City are partnering on the AHSC Program grant application to prepare a complete and competitive application; and

WHEREAS, METRO and MidPen are requesting \$33,000,000 and partnering to redevelop the existing Watsonville Transit Center into a transit oriented affordable housing project that will consist of a METRO transit center and ticket office on the ground floor and 79 units on the upper floors; and

WHEREAS, METRO and the City will request funding to implement sustainable transportation infrastructure projects, including \$7,000,000 by METRO for bus shelter and transit operation improvements and \$4,000,000 by the City for pedestrian and bicycle infrastructure in and around the existing METRO Transit Center and within the downtown area; and

WHEREAS, MidPen, METRO and the City (Applicants) desire to be co-applicants and to apply for AHSC Program funds and submit the Application Package released by the Department for the AHSC Program; and

WHEREAS, the SGC is authorized to approve funding allocations for the AHSC Program, subject to the terms and conditions of the NOFA, Program Guidelines, Application Package, and Standard Agreement and the Department is authorized to administer the approved funding allocations of the AHSC Program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. Applying for funding from the Affordable Housing and Sustainable Communities (AHSC) Program does not meet the definition of a “project” under the California Environmental Quality Act (CEQA), as defined in Section 15378 of the State CEQA Guidelines. According to Section 15378(a), a “project” refers to an activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and which is undertaken, funded, or approved by a public agency. Since applying for AHSC funding is merely a preliminary administrative action and does not constitute an approval of or commitment to a specific project or result in any physical change to the environment at this stage, it is not subject to CEQA review.

2. Direct City of Watsonville staff to work as co-applicant and apply for and submit to the Department the AHSC Program Application as detailed in the NOFA dated March 25, 2025, for Round 9, in a total amount not to exceed \$50,000,000.00 of which up to \$35,000,000.00 is requested as a loan for an Affordable Housing Development (AHD) ("AHSC Loan") or Housing-Related Infrastructure (HRI), and \$15,000,000.00 is requested for a grant for Sustainable Transportation Infrastructure (STI) or Program (PGM) activities ("AHSC Grant") as defined in the AHSC Program Guidelines adopted by SGC on Feb. 24, 2025.

3. Authorizes and directs the City Manager of the City of Watsonville or their designee to apply for, accept, and execute in the name of the City of Watsonville all necessary documents including but not limited to applications, contracts and agreements and amendments for a State of California Standard Agreement (Standard Agreement) for the AHSC Loan and Grant, and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program funds from the Department (collectively, the "AHSC Documents").

4. The City shall be subject to the terms and conditions as specified in the Standard Agreement. Funds are to be used for allowable capital asset project expenditures to be identified in Exhibit "A" of the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement. Applicant hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA and Program Guidelines and Application Package.

5. That the City Manager of the City of Watsonville is authorized and directed, if said grant is awarded, to accept and appropriate funds pertaining to Watsonville to the Special Grants Fund [0260].
