



Watsonville
CALIFORNIA

CITY COUNCIL AGENDA REPORT

MEETING DATE: Tuesday, July 8, 2025
TO: CITY COUNCIL
WRITTEN BY: Housing Manager Landaverry
Administrative Analyst Ortiz
RECOMMENDED BY: COMMUNITY DEVELOPMENT DIRECTOR BRLETIC
APPROVED BY: TAMARA VIDES, CITY MANAGER
SUBJECT: PUBLIC HEARING AND RESOLUTION AUTHORIZING SUBMITTAL OF THE
COMMUNITY DEVELOPMENT BLOCK GRANT CONSOLIDATED PLAN FOR
FISCAL YEARS 2025-2029 AND ANNUAL 2025-2026 ACTION PLAN TO
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution approving the Community Development Block Grant (CDBG) Consolidated Plan for fiscal years 2025-2029 and the Annual Action Plan for the fiscal year 2025-2026, and authorizing the City Manager to submit the same to the United States Department of Housing and Urban Development for approval, with any possible adjustments to the funding levels, and with clarifying and/or non-substantive modifications, as necessary.

BACKGROUND:

Following the requirements set forth by the U.S. Department of Housing and Urban Development (HUD), the City must adopt a five-year Consolidated Plan to qualify for Community Development Block Grant (CDBG) entitlement funding. This plan is subject to HUD's approval and must be updated every five years to ensure the City's ongoing eligibility for these critical funds. Additionally, the City is required to submit an annual Action Plan that outlines the specific use of CDBG funds for each fiscal year.

The City's current five-year Consolidated Plan, which was approved by HUD in 2020, covers the period from 2020 to 2025. The HUD program years align with the City's fiscal years, meaning the current plan spans from July 1, 2020, to June 30, 2025.

The City must now prepare and adopt a new five-year Consolidated Plan for the next funding cycle, which will cover the period from July 1, 2025, to June 30, 2030. This new plan will build upon the priorities and strategies identified in the current plan while incorporating any new needs, goals, and community priorities. Once adopted, the plan will be submitted to HUD for approval.

DISCUSSION:

2025-2029 Consolidated Plan

As an entitlement jurisdiction, HUD requires the city to prepare a Consolidated Plan every five years, fostering a community-wide dialogue on the market environment, affordable housing, and community development needs for the city. The city is also required to prepare an Annual Action Plan to report on the distribution of federal funding and a Consolidated Annual Performance Evaluation Report (CAPER) to identify the City's progress in meeting the goals discussed in the Consolidated Plan's Strategic Plan and Annual Action Plan.

To meet the community's needs, the Consolidated Plan is guided by the following goals:

- Affordable Housing- Provide safe, decent, and affordable housing for extremely low- to moderate-income households by preserving and expanding the affordable housing stock. This includes supporting housing programs for individuals experiencing homelessness, such as emergency shelters, transitional housing, and permanent housing solutions, as well as efforts to prevent homelessness. Additionally, it aims to strengthen code enforcement efforts to ensure that housing quality and safety standards are consistently maintained.
- Economic Development- Support economic development by providing resources and guidance to microenterprises, with a focus on expanding opportunities for low- and moderate-income individuals. Promote the revitalization of downtown and commercial/industrial areas through improvement programs that enhance both economic activity and the surrounding housing stock.
- Public Services- Enhance public safety and living environments by supporting after school programs and expanding supportive services for youth, individuals with special needs, those experiencing homelessness, and low- to moderate-income households.
- Public Facilities- Enhance the community's image and living conditions by improving infrastructure and park facilities that meet the needs of low- and moderate-income residents, including continuous upgrades through public facility rehabilitation and infrastructure reconstruction.

The Consolidated Plan is designed to be broad in scope, allowing for maximum flexibility within the HUD/CDBG guidelines. Specific projects and funding allocations are detailed in the annual Action Plan. Activities outlined in the Action Plan should align with the community's long-term goals and priorities established in the City's Five-Year Consolidated Plan. Additionally, at least 70% of CDBG expenditures must primarily benefit low- and moderate-income individuals.

There are limits on the amount of funds that can be allocated to Public Services and Planning/Administration activities. Public Services funding is capped at 15% of the entitlement amount,

plus estimated program income from the previous program year. Planning and Administration funding is limited to 20% of the entitlement amount, including estimated program income.

Based on the latest direction from HUD and the local needs of low- and moderate-income Watsonville residents, staff is proposing the following activities for the 2025-2026 Annual Action Plan:

2025-2026 Action Plan

The annual Action Plan estimates CDBG revenue and proposes specific new and continuing projects for CDBG funding for the 2025-2026 fiscal year, which are summarized below.

Project Name	Description/Activities
Youth Center Staffing	Funding will be used for Parks and Community services staff at the Gene Hoularis Waldo Rodriguez Youth Center, which provides recreational services to approximately 100 youth each day. The Youth Center provides a variety of recreation and neighborhood services programs that benefit the City's youth. The recreational programs will focus on sports, games, arts & crafts, and other learning programs.
Code Enforcement (Affordable Housing)	The proposed funding will be used to operate a code enforcement program in target areas to address and inspect illegal and unsafe construction, substandard housing and property maintenance issues throughout the City. In addition, City staff will hold community educational trainings and presentations in low-income areas to ensure that real properties do not reach a state of deterioration or disrepair.
Housing Rehabilitation	Funding is used to provide financial and technical assistance to income-qualified homeowners to address critical health, safety, and structural repairs. Eligible improvements include roofing, plumbing, electrical systems, windows, and other code compliance repairs.
Administration and Planning	Planning administration and management of the CDBG Program. Oversight will include reporting, expenditure tracking, IDIS entry, action plan development, monitoring, citizen participation, program guidelines, housing rehabilitation program, contract management and compliance.
Micro-Enterprise Business Technical Assistance	To strengthen local entrepreneurship in Watsonville, the City will provide funds to El Pajaro Community Development Corporation, a non-profit organization, to manage the Plaza Vigil Business Incubator program, which focuses on providing micro-enterprise business technical assistance and general technical assistance to small businesses. The activity will also provide funding for the Incubator Without Walls program, which provides business training and technical assistance to Watsonville business start-ups and entrepreneurs.
Ramsay Park Playground Phase III	The Park will add an all-inclusive Playground to the amenities as described in the Ramsay Park Master Plan. The Playground will serve youth from 5-12 years old of all abilities and is under construction with a completion date of 2026.

Estimated Revenue

CDBG Entitlement for Program Year 2025	\$634,804
Estimated Program Income receipts during FY 2024-2025	\$ 20,000
Reallocated/Unused funds	\$ 48,897
Total Anticipated to be Available	<u>\$703,701</u>

Proposed Projects

Youth Center Staffing	\$ 98,220
Code Enforcement	\$150,000
Micro/Small Business Assistance Program (El Pajaro CDC)	\$ 50,000
Program Administration	\$130,481
Ramsay Park Playground Phase III	\$200,000
City of Watsonville Rehabilitation Program	\$ 75,000
Total Proposed Allocations	<u>\$703,701</u>

In drafting the annual Action Plan, staff considered 2025-2026 CIP projects that may be eligible for partial funding through CDBG and conducted public outreach through several avenues including social media, local papers and public events to gain input from the community on suggestions for the use of funds. In-person community meetings were conducted in both English and Spanish on February 3, 2025, March 4, 2025, and April 2, 2025, to gather public input on the use of CDBG funds. A draft of the Consolidated Plan and Action Plan was made available for public review and comment beginning April 7, 2025.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:

The preparation and submittal of the Consolidated Plan and Annual Action Plan is not subject to CEQA, as the action is not a project as defined in Section 15378(b) (2) of the Public Resources Code, and therefore no further review is required.

STRATEGIC PLAN:

The purpose of the City of Watsonville's 2025-2027 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve a shared vision and goals. The 2025-2027 Strategic Plan identifies seven goals, concerning community engagement & well-being, economic development, efficient & well-performing government, fiscal health, housing, infrastructure & environment, and public safety.

Projects proposed in the Action Plan for fiscal year 2025-2026 are aligned with the City's goals for housing, economic development, fiscal health, infrastructure and the environment, community engagement and well-being, and public safety.

FINANCIAL IMPACT:

There will be no financial impact to the General Fund. The submission and approval of the Consolidated Plan and the Annual Action Plan will provide the City with access to its Entitlement Community Development Block Grant (CDBG) funds.

ALTERNATIVE ACTION:

The City Council could direct staff to amend the proposed Consolidated Plan or the Annual 2025-2026 Action Plan.

ATTACHMENTS AND/OR REFERENCES (IF ANY):

None