



City of Watsonville

C.A.P.E.R.

Consolidated Annual Performance and Evaluation Report

Community Development Block Grant



Courtesy of Tarmo Hannula



Courtesy of LPA, Inc.



Courtesy of Tarmo Hannula

Program Year 2008-2009

(July 1, 2008 – June 30, 2009)



Redevelopment & Housing Department

Historic Gas Station at Main
Street and Auto Center Drive

1

*Image courtesy of
Tarmo Hannula / Register-Pajaronian*

Watsonville Civic Plaza

2

Image courtesy of LPA, Inc.

Downtown Plaza during
Holiday In Lights

3

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Community Development Block Grant
Consolidated Annual Performance and Evaluation Report
Program Year 2008**

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**City of Watsonville
Community Development Block Grant
Consolidated Annual Performance and Evaluation Report
Program Year 2008**

Description of CAPER Report

The City of Watsonville 2008 Consolidated Annual Performance and Evaluation Report (CAPER) describes the low-income housing and community development activities conducted by the City during fiscal year 2008-2009 (July 1, 2008 to June 30, 2009), the funds made available for low-income housing activities, and the number of low-income households who were assisted with housing related needs. The CAPER also serves to evaluate the City's overall progress in carrying out priority projects identified in the Five Year Strategic Plan¹ (2005-2010) and the Annual Action Plan². Overall, the City has made substantial progress in meeting the five-year goals identified in the Consolidated Plan.

The CAPER describes how the City has used the U. S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds, and how those funds were leveraged with other federal, state, and local funds to meet the City's priority needs.

General Narratives

General Narrative A: Assessment of Strategic Plan Goals and Objectives

The following Priority Needs were designated in the 2005-2010 Consolidated Plan:

- Affordable Housing
- Positive Alternatives for Youth
- Non-housing Community Development (Economic Development and Infrastructure)
- Homelessness and Other Special Needs

The City's accomplishments in addressing these Priority Needs during the program year are listed as follows.

¹*The Strategic Plan is part of the City's Consolidated Plan (CP), which is a five-year (2005-2010) comprehensive planning document that identifies the City's overall needs for affordable and supportive housing as well as non-housing community development needs. The Strategic Plan outlines a five-year strategy for use of available resources to meet the identified needs.*

²*The Annual Action Plan outlines a one-year plan for addressing the goals in the Strategic Plan.*

Priority Need 1: Affordable Housing

I. Funds Made Available for Low-Income Housing Activities

The City uses a variety of funding sources to provide housing assistance to low-income households. The three primary low-income housing activities are: housing rehabilitation loans, first-time homebuyer loans, and subsidies for construction of new housing affordable to low-income households, as explained below.

A. Housing Rehabilitation Loans

The City continued to operate its Housing Rehabilitation Program in 2008/2009, using funding from the Federal CDBG program as well as the State of California HOME, Joe Serna, Jr. Farmworker Housing Grant Program, CalHome programs, and local Redevelopment Agency Housing funds. Low-income homeowners are eligible for housing rehabilitation loans from these sources. During the program year staff completed rehabilitation of three homes, continued rehabilitation work on two homes, and began pre-construction work on one home. See Table 1 for details regarding funding sources and loan amounts for this program.

TABLE 1: HOUSING REHABILITATION PROGRAM FUNDING

Source	No. New Loans	Total Loan Funds
CDBG	4	\$77,471
HOME	0	\$0
Joe Serna, Jr. Farmworker Housing	0	\$0
CalHome	2	\$52,053
Redevelopment 20%	1	\$25,576
Total	7	\$155,100

The total number of units is 5, which is less than the total number of loans because some units required multiple loans in order to finance the rehabilitation work needed.

B. Homebuyer Assistance to Low-Income Households During 2008

The City provided downpayment assistance loans to six low-income first-time homebuyers during the program year. The loans were funded by federal and local housing funds as shown below.

TABLE 2: HOMEBUYER ASSISTANCE LOAN FUNDS

Source	No. New Loans	Total Loan Funds
HOME	1	\$43,790
Redevelopment Agency Housing Fund	3	\$130,000
Total	4	\$173,790

C. Construction of New Low-Income Housing

During the program year, the City's Redevelopment Agency completed construction of a new town-home project, "Vista Nueva," that was initiated under the City's Youth Build program, funded with Youth Build grants awarded by HUD in previous years. This project consists of nine new town-homes for sale to low-income first-time homebuyers and restricted to be affordable to low-income households for a period of forty-five years. Eight of the units have been sold and are now occupied.

II. Number of Low-Income Households Assisted with Housing Related Needs

- The City operates a "Relocation Assistance Program" to help renter families relocate from housing declared unsafe and uninhabitable by the City Code Enforcement program, when the property owner is found responsible for the unsafe conditions. The program prevents homelessness by requiring the owners of such properties to pay three month's rent to their eligible tenants if they are displaced due to the owner's negligence, to provide the tenants funds for first and last months' rent and security deposit at a safe housing unit. If the property owner fails to pay in a timely manner, the City provides the rental assistance from revenues from code enforcement fines and then attempts to collect from the owner. During the program year, no families were assisted by this program.

Priority Need 2: Positive Alternatives for Youth

A. Mobile Recreation Programs for Middle School Students

The City previously received a "Together in Peace" grant from the Department of Corrections and Rehabilitation during the program year. This grant fund the staffing costs for nine new part-time Recreation Leaders who will facilitate new youth recreation programs at mobile offices. This program is a partnership between the City's Parks and Community Services and Police Departments, the Pájaro Valley Unified School District, and Pájaro Valley Prevention and Student Assistance. The activities are intended to prevent middle school students in the Rolling Hills Middle School jurisdictional area from getting involved in gangs.

B. Sports Activities with the Police Activities League

The Police Department and the Parks and Community Services Department jointly operate a sports facility at 130 Rodriguez Street, staffed by five part-time recreation leaders, one part-time police officer and one full-time director. The primary objective of the program is to build trust between youth and the Police Department, to build the self-esteem of the young people participating in the sports programs, and to provide healthy athletic activities as an alternative to gang involvement. Additional program goals are improved school attendance, academic success, and responsible citizenship. The program encourages parents and other responsible adults to volunteer and mentor young people in the community.

C. Watsonville Police Cadet Program

The Watsonville Police Cadet Program, Explorers Post 501, operates under the sponsorship of the Chief of Police and the Watsonville Police Department, in cooperation with the Boy Scouts of America. The youth are between fourteen and twenty years old. Two full-time Watsonville police officers volunteer their services as advisers whose role is to mentor the cadets. The program provides young people with the opportunity to explore the law enforcement field as a possible career choice. The Cadets are active in traffic control for a number of events in the tri-county area including the AT&T Golf Tournament and the Gilroy Garlic Festival. They also attend the San Diego Law Enforcement Explorer Academy each year and compete throughout the year with other posts.

D. Santa Cruz County Regional Occupational Program

This program is a public safety academy sponsored and staffed by the Watsonville Police Department for high school students interested in law enforcement, fire fighting or responding to medical emergencies. The Pájaro Valley Unified School District is a partner in this program.

E. Special Events for Youth

The City Parks and Community Services Department organizes various special events for families and for youth at various community centers and park facilities in Watsonville, such as the National Night Out, Thanksgiving celebrations, Halloween haunted houses, other holiday celebrations, dances for middle school students, the Children's Day (Día del Niño) celebration. The Environmental Science Workshops at Marinovich allows kids to let their imagination go wild while discovering the art of science. The City Parks and Community Services Department also provides computer labs at Ramsay Park, Marinovich and at the Enterprise Community Youth Network Computer Lab.

F. Youth Council

The Parks and Community Services Department sponsors a city Youth Council, which consists of young resident volunteers from various city neighborhoods. The young "representatives" work with the Parks Department to organize events intended to allow young residents from different city neighborhoods to get acquainted and socialize together at local community centers and parks.

G. Summer Web Design Internship for High School Students

The Parks and Community Services Department has been coordinating this summer internship program for ten years. Ten high school students participate each summer to learn web design skills and then work together as a team to design or update City web sites for various City departments. This past year the team developed a website for the Community Development Department. In addition, the students created websites for New School, an alternative school in the Pájaro Valley Unified School District, the Watsonville Police Activities League and the Spirit of Watsonville 4th of July celebration.

H. Other Activities

The City Parks and Community Services Department offers great opportunities for youth to volunteer at recreational facilities while fulfilling their high school requirements for community service hours. Educational field trips for students to visit local universities, and Wellness activities and programs are offered at facility drop in centers.

Priority Need 3: Community Development Activities Other Than Housing

A. Construction of Watsonville Civic Plaza and Parking Garage

Construction of the mixed-use “Civic Plaza” project, which provides offices and other commercial lease space for public and private tenants, was completed during the program year. Construction of a 461-space parking structure adjacent to the Civic Plaza, built to provide parking to serve the new tenants, was completed during the prior program year. A grand opening was held in May 2008 and the new facility is currently almost completely occupied.

B. Enterprise Zone Vouchers

The City processed 695 Enterprise Zone employment tax credit voucher requests during the program year.

C. Other Economic Development Efforts by the Redevelopment and Housing Department

- Staff met with several local Watsonville business owners to inform them about the Enterprise Zone voucher program and other economic development programs offered by the City and/or Redevelopment Agency, some of which are described below.
- The Department continued to offer Façade Improvement loans or grants program, which includes signs. Several new projects have been pre-approved and are currently in the planning phase.
- The City provided a \$50,000 grant of CDBG funds to the El Pájaro Community Development Corporation for operation of their small business technical assistance programs during the program year.
- The Redevelopment Agency provided \$9,000 in funding to the Central Coast Small Business Development Center, which assists City residents to start or continue a small business.
- The City’s Redevelopment Agency is a financial sponsor of the Pájaro Valley Chamber of Commerce Latino Business Association.
- The City’s Redevelopment Agency provides funding to the Santa Cruz County Conference and Visitors Council.

Priority Need 4: Homelessness and Other Special Needs

- As described under Priority Need 1 above, the City operated the Relocation Assistance Program, which assists households displaced from uninhabitable housing units due to severe code violations. This program prevents homelessness by distributing the funds necessary for the displacees to move into other housing.
- The City contributed financial and administrative support to the Santa Cruz County Homeless Action Partnership (formerly the Santa Cruz Countywide Continuum of Care Coordinating Group) for the implementation of the Santa Cruz County Ten-Year Plan to End Homelessness (2003-2013).
- The City provided financial and administrative support to the South County Emergency Winter Shelter Program, operated by members of the Santa Cruz County Homeless Action Partnership, including the Salvation Army and local churches.
- The City awarded \$357,210 in social service and community service grants to various local non-profit organizations and public agencies providing a wide range of community services, including food, shelter and services for citizens with special needs, to City residents in need of such assistance.

General Narrative B: Affirmatively Furthering Fair Housing

The “Analysis of Impediments to Fair Housing,” prepared by the City in 2002 in accordance with HUD requirements, identified the limited availability of affordable housing in Watsonville as the main impediment to fair housing. Local housing costs increased rapidly during the years 1999 to 2005 but have since stabilized somewhat. The City's efforts to address the shortage of affordable housing are discussed below in General Narrative C: Affordable Housing.

Other efforts undertaken to affirmatively further fair housing in Watsonville include information and workshops on housing issues and available City programs. These services and all City outreach materials and notices are provided in English and Spanish, because approximately 75% of the local population is Latino, and a large segment of the local population is English language learners. Concurrent Spanish translation is provided with an interpreter and hearing devices at all public hearings, City Council meetings, and housing workshops. The city meetings are broadcast on local public access television in both languages.

Nearly all of the staff of the Redevelopment and Housing Department who operate the City housing programs are bilingual in English/Spanish. They handle many inquiries from the public regarding City housing programs, tenants' rights and landlord/tenant law, evictions, and more. When appropriate, staff refers the public to other agencies such as California Rural Legal Assistance, the Red Cross, the Housing Authority, consumer credit counselors and non-profit legal service providers.

General Narrative C: Affordable Housing

The City's 2005-2010 Consolidated Plan includes specific affordable housing objectives, as required by HUD. These objectives were prioritized by target population. The objectives are outlined below, along with a discussion of the progress made to date in achieving each objective.

Priority 1: Very Low- and Low-Income Renters

TABLE 3

FIVE-YEAR OBJECTIVES	PROGRESS MADE DURING PY 2008
<ul style="list-style-type: none"> Rehabilitate 8 rental housing units 	<ul style="list-style-type: none"> Rehabilitated 1 rental units in FY 2008/2009
<ul style="list-style-type: none"> Construct 50 new rental housing units 	<ul style="list-style-type: none"> One 8-unit rental project is still in pre-construction phase (design development), assisted by the Infill Housing Program Construction permits issued for 7 new rental units
<ul style="list-style-type: none"> Support the federal Section 8 program 	<ul style="list-style-type: none"> Section 8 beneficiaries get priority to rent 5% of the new rental units built in the City under the City Affordable Housing Ordinance

Priority 2: Low- and Moderate-Income Home Ownership Opportunities

The City has assisted a large number of low- and moderate homebuyers during the past several years or more through several programs: the First Time Home Buyers Program, funded by the federal HOME program, and the Downpayment Assistance Program, funded by Redevelopment Agency housing funds, in combination with the City's inclusionary zoning ordinance, which requires a percentage of the homes in new developments to be affordable to low- and moderate-income households.

TABLE 4

FIVE-YEAR OBJECTIVES	PROGRESS MADE DURING PY 2008
<ul style="list-style-type: none"> Help 27 low- and moderate-income households to buy their first home 	<ul style="list-style-type: none"> Assisted 6 low- and moderate-income households to buy their first home

Priority 3: Very Low- and Low-Income Homeowners

TABLE 5

FIVE-YEAR OBJECTIVES	PROGRESS MADE DURING PY 2008
<ul style="list-style-type: none"> Help 16 very low- and low-income households to maintain and/or rehabilitate their homes in a decent and safe condition 	<ul style="list-style-type: none"> Assisted 5 very low- and low-income households with rehabilitation financing to maintain and/or rehabilitate their homes in a decent and safe condition. Three single family dwellings and three single family dwellings are in progress.

Low- and very low-income homeowners are provided low- or no-interest loans through the Housing Rehabilitation Program to maintain and/or rehabilitate their homes in a decent and safe condition. During the program year, 26 homeowners were assisted with rehabilitation financing. The rehabilitation of 24 mobile homes and one single-family dwelling were completed. One single-family unit is in progress.

Priority 4: Very Low- and Low-Income Farmworkers

TABLE 6

FIVE-YEAR OBJECTIVES	PROGRESS MADE DURING PY 2008
<ul style="list-style-type: none"> Help very low- and low-income farmworker households to buy their first home 	<ul style="list-style-type: none"> Assisted 0 very low- and low-income farmworker households to buy their first home
<ul style="list-style-type: none"> Help very low- and low-income farmworker households to maintain and/or rehabilitate their homes in a decent and safe condition 	<ul style="list-style-type: none"> Assisted 0 very low- and low-income farmworker households with rehabilitation loans to maintain and/or rehabilitate their homes in a decent and safe condition. No rehabilitation projects were completed. (also included in rehab data)

During this program year, no farmworker rehabilitation projects were completed.

Priority 5: Very Low-Income Homeless Families

TABLE 7

FIVE-YEAR OBJECTIVES	PROGRESS MADE DURING PY 2008
<ul style="list-style-type: none"> Help very low-income homeless families 	<ul style="list-style-type: none"> Assisted low-income homeless families by continuing financial and administrative support to the South County Emergency Winter Shelter Program

During the 2008 program year, the City continued its financial and administrative support for the South County Emergency Winter Shelter Program. The Winter Shelter Program provided a total of 152 shelter nights to homeless families during the past winter.

General Narrative D: Continuum of Care

The City contributed financial and staff resources to the Santa Cruz County Homeless Action Partnership, a community-wide action team, to implement the Santa Cruz County Ten-Year Plan to End Homelessness: 2003-2013. The aim of the plan is to create the housing market and other social conditions needed to end homelessness and provide homeless families and individuals with the services and housing they need.

A county-wide homeless population estimate and survey was conducted in January 2009, to comply with HUD's Interagency Council on Homelessness 10-year plan to end chronic homelessness. The survey also served to increase public awareness, generate support, and update the characteristics of the homeless population in Santa Cruz County. The survey helps to track progress based on previous census data and is instrumental in identifying new trends within the homeless population. The 2009 survey results will assist service providers and local jurisdictions to continue to plan and develop services that meet the needs of the homeless population in Santa Cruz County and implement the goals of the 10-year plan.

General Narrative E: Other Actions

The City's 2000-05 Consolidated Plan did not identify goals pertaining to unmet needs, gaps in institutional structures, or public housing and resident initiatives. Actions taken to foster and maintain affordable housing are described in the Affordable Housing narratives. Actions taken to reduce the number of families in poverty are included in the Economic Development and Youth Priority Need narratives.

In 2007 the City continued to mitigate lead-based paint and asbestos hazards in the City. The Lead-Based Paint Program jointly operated with the County of Santa Cruz ended in June 30, 2007. A total of 54 units were completed. The City continues to offer lead and asbestos abatement work through its Housing Rehabilitation Program, with grants from Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds.

During the program year, the City continued its CDBG Subrecipient Monitoring Plan, and monitored all CDBG sub-recipients according to the plan. This monitoring will continue to take place annually.

General Narrative F: Leveraging Resources

The following resources were identified in the 2008 Action Plan:

Federal Resources

Community Development Block Grant

The City's CDBG Entitlement from the U.S. Department of Housing and Urban Development (HUD) for fiscal year 2008-09 was \$845,274.00. In addition, \$1,182,742.67 in unexpended funds remaining from 2007-08, and \$142,833.78 in actual program income received during 2008-09, was also available, for a total of \$2,170,850.45 available for CDBG-eligible activities during program year 2008.

HOME Investment Partnership Program

The City received grants of HOME funds from the State of California Housing and Community Development Department in 2003, and 2004. During the program year, the City completely expended both the \$600,000 2003 grant and the \$800,000 2004 grant on First

Time Home Buyer and rehabilitation loans. In addition, the City received \$800,000 of HOME funds in 2008 to be used as deferred loans for low-income, first time homebuyers. "Recaptured" and "program income" revenues received as payments on previous HOME loans are also used for new HOME-eligible projects and programs.

Rural Enterprise Community Program

The City was designated as a Rural Enterprise Community in 1995. The year 2007 marked the end of program activities proposed under the EC Grant. This designation helped the City compete for other funds and secure regulatory relief. The original \$2.9 million received from the U. S. Department of Agriculture was transformed to over \$57 million of leveraged resources over the course of the years.

Rural Business Enterprise Grant (RBEG - USDA)

The City received approximately \$200,000 in grants awarded by the U.S. Department of Agriculture RBEG program during the 2004 program year. These economic development grant funds were utilized during the 2007 program year and will be completely expended during the 2008 program year for completion of the Second Street Offsite Improvement project and Westside Open Culvert Improvement project.

Other Resources

The following non-Federal revenue sources were identified in the Action Plan:

State of California CalHome Grant

The City was awarded a grant of \$600,000 from the State CalHome Program in 2007 for the City's Owner-Occupied Housing Rehabilitation Program. \$39,000 of the grant has been used for 1 rehabilitation project and the balance is available for additional projects.

State of California Farmworker Housing Grant

The City utilized the remainder of a 2001 Farmworker Housing Grant of \$600,000 during the 2007 program year to provide forgivable homebuyer and housing rehabilitation loans to farm workers. Ten mobile home rehabilitation projects were completed during the 2007 program year. In July 2007, the City was awarded another Farmworker Housing grant of \$350,000 for the 2007-2009 program years for its Farmworker Housing Rehabilitation Program.

Redevelopment Agency 20% Housing Set-aside

In recent years, the Watsonville Redevelopment Agency has received several hundred thousand dollars or more in housing funds each year from its project area tax increment revenues, as set forth under California Redevelopment Law (CRL), contained in the California Health & Safety Code Section 33000 et seq. These funds are used to support low- and moderate-income housing projects and programs such as the Down Payment Assistance (DAP).

Affordable Housing Trust Fund

This City fund receives revenues from affordable housing “in-lieu” fees paid by developers of new commercial, industrial, and small housing projects. This fund is used for Affordable Housing projects.

General Narrative G: Citizen Comment

A notice was published in the local newspaper on September 12, 2009, announcing the CAPER’s availability for public review through September 28, 2009, and soliciting public comment before 5 p.m. on that date. No public comments were received.

General Narrative H: Self-Evaluation

Despite challenging local and national economic conditions during the program year, the City has continued to make significant progress in addressing its priority needs of affordable housing, positive alternatives for youth, and economic development.

The Enterprise Zone Tax Credit Voucher Program continues to support local job creation. The Watsonville Civic Plaza development, a key component of the City’s downtown revitalization effort, was completed and occupied in May 2008. This development has led to additional private commercial development and investment in the downtown business district.

Overall, the City has made substantial progress in addressing its five-year Consolidated Plan goals.

CDBG Narrative

Activities and Priority Needs

For the 2008 Program Year, the City allocated CDBG funds to address each of the Priority Needs identified in the 2005-2010 Consolidated Plan. Specific activities conducted with CDBG funds are listed below by the Priority Need addressed.

Affordable Housing

Housing Rehabilitation Program - IDIS Activity #147 **\$134,300.06**

The CDBG-funded Housing Rehabilitation Program undertook two owner-occupied rehabilitation projects (one low-income, and one extremely-low income homeowners) and two rental rehabilitation projects (both extremely low-income) this year. The remainder of the 2008 allocation was retained for program year 2009. A total of \$134,300.06 was expended during 2008.

Performance Objective: Decent Housing

Performance Outcome: Availability/Accessibility

Youth Services

Youth Center Staff - IDIS Activity #139 **\$150,000.00**

A total of \$150,000 in CDBG funds was used for Youth Center operations during the program year. The center provided a variety of youth services and activities, including social service referrals, recreation programs and special events. During the program year, the Youth Center served 355 youth. Slightly more than 95% of the youth served were minorities.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Non-housing Community Development

El Pájaro Community Development Corporation - IDIS Activity #148 **\$50,000.00**

The City provided a sub-recipient grant of CDBG funds to El Pájaro Community Development Corporation for their Small Business Incubator and Business Technical Assistance programs. A total of \$50,000 was expended during the program year to provide technical assistance to 94 local small businesses and micro-enterprises, including 13 tenants of the Plaza Vigil Business Incubator. Ninety-seven percent of the businesses assisted were minority-owned, and 80% were women-owned. The programs assisted in the creation or retention of 54 full-time jobs and 11 part-time jobs.

Performance Objective: Economic Opportunity

Performance Outcome: Availability/Accessibility

Downtown Police Foot Patrol - IDIS Activity #140 **\$20,000.00**
 Funding for foot or bicycle patrols of downtown area. A total of \$20,000.00 was expended to complete this crime prevention / awareness activity during the program year.
Performance Objective: Suitable Living Environment
Performance Outcome: Availability/Accessibility

Code Enforcement - IDIS Activity #143 **\$131,199.64**
 Funding for residential code enforcement services primarily in older neighborhoods. This activity was initially funded in the amount of \$75,000, but was increased to \$150,000 by Action Plan amendment on August 26, 2008. A total of \$131,199.64 was expended to complete this activity during the program year.
Performance Objective: Suitable Living Environment
Performance Outcome: Availability/Accessibility

Economic Development

Downtown Commercial Rehabilitation (Façade/Sign) – IDIS Activity #144 **\$28,452.07**
 Matching grants for façade and/or sign improvements, and loans for more substantial rehabilitation of commercial properties in the downtown. A total of \$28,452.07 was expended on this activity during the program year. The remainder of the 2008 allocation was retained for program year 2009.
Performance Objective: Economic Opportunity
Performance Outcome: Sustainability

Business Loan Guarantee Program – IDIS Activity #145 **\$0**
 Loan guarantees for commercial working capital loans to near-bankable businesses expanding or relocating in Watsonville. This activity was not viable using CDBG funds due to timeliness restrictions; the City will move forward using another funding source. No funds were expended on this activity during the program year and the activity will be cancelled.
Performance Objective: Economic Opportunity
Performance Outcome: Availability / Accessibility

Business Technical Assistance – IDIS Activity #146 **\$0**
 This program is under development and expected to be fully underway during the 2009 program year. A total of \$0 was expended during the program year. This allocation will be carried over to the 2009 program year.
Performance Objective: Economic Opportunity
Performance Outcome: Availability/Accessibility

Public Facilities / Improvements

ADA Improvements Public Facilities – IDIS Activity #103 **\$34,981.88**

This public works program removes architectural barriers to mobility at various city facilities and on public streets and sidewalks. A total of \$34,981.88 was expended on this activity during the program year. This allocation was carried over from program year 2007 for two activities that the Parks and Community Services Department have underway and expect to be completed during the 2009 program year the balance will be reprogrammed.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Design and Construction / 37 Davis – IDIS Activity #130 **\$13,750.77**

Site improvements for the new park site accompanying the Neighborhood Services trailer. A total of \$130,750.77 was expended to complete this activity during the program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Callaghan Park Renovation Design - IDIS Activity #131 **\$48,138.50**

Development of a construction master plan for the renovation of this 2.7 acre park that needs to meet ADA requirements for accessible playgrounds and apparatus. A total of \$48,138.50 was expended to complete this activity during the program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Ramsay Park Soccer Field Drainage Improvements - IDIS Activity #132 **\$18,157.92**

Design and construction of improved drainage system for two fields. A total of \$18,157.92 was expended during the program year. This activity is expected to be completed during the 2009 program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Walker Street Reconstruction ADA Improvements - IDIS Activity #133 **\$100,000.00**

Portion of a street reconstruction project to include installation of pedestrian improvements and ADA compliant ramps and the removal of architectural barriers. A total of \$100,000 was expended to complete this activity during the program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Downtown Streetscape Improvements Ph. I - Design - IDIS Activity #141 \$32,017.09

Develop architectural drawings and engineering for way-finding signage and gateway improvements in and around downtown. A total of \$32,017.09 was expended to complete this activity during the program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Ohlone Parkway Off-site Improvements - IDIS Activity #142 \$50,000.00

Improvements in the public right-of-way, including curb, gutter, sidewalks, etc., pedestrian improvements and ADA compliant ramps and the removal of architectural barriers required as a result of the expanded Second Harvest Food Bank facility . A total of \$50,000 was expended to complete this activity during the program year.

Performance Objective: Suitable Living Environment

Performance Outcome: Availability/Accessibility

Planning and Administration**Planning and Administration - IDIS Activity #150 \$117,437.13**

The City expended a total of \$117,437.13 during the program year to provide administrative services related to the CDBG program, including program and activity planning, budget preparation, grant compliance and monitoring, plans, studies, outreach and technical assistance.

Performance Objective: N/A

Performance Outcome: N/A

Section 108 Loan Repayment**Section 108 Loan Repayment - IDIS Activity #149 \$223,301.80**

The City expended a total of \$223,301.80 during the program year in the form of required loan payments on the Section 108 loan it received several years ago to construct the new parking structure adjacent to the Civic Plaza.

Performance Objective: N/A

Performance Outcome: N/A

Other CDBG Requirements

Expenditure Restrictions and Caps

One hundred percent of the CDBG funds expended for projects during the program year were used to benefit very low-, low- and moderate-income persons.

Administrative expenditures during the program year were well within the 20% cap on this expenditure category, at approximately 11.89% of the entitlement amount plus the current year's Program Income.

Expenditures during the program year for Public Services comprised 13.64% of the City's Entitlement amount plus the prior year's Program Income, and were also within the 15% cap.

Low- and Moderate-Income Limited Clientele Activities

Low- and moderate-income limited clientele activities not qualifying under the presumed benefit category include the Youth Center activities. The Youth Center is located in a low- and moderate-income block group (neighborhood), and is patronized by neighborhood youth. The services provided include information and referrals to health and other services, summer lunch, and recreational and educational activities for at-risk youth. Due to the nature of the services provided and the location of the Center, it can be reasonably assumed that the Center's clientele is at least 51% low- and moderate-income. In recent discussions with HUD staff, it was noted that this activity, which was previously classified as a Benefit to Low/Moderate Persons on a Limited Clientele Basis, would be more appropriately classified as a Benefit to Low/Moderate Persons on an Area Basis. With a median income of 65% of the county median, the entire city of Watsonville qualifies as a low- and moderate-income area.

Timeliness and Program Income

The City was successful in meeting the requirements of the 1.5 timeliness test as of April 30, 2008. The City continues its efforts to maintain timely disbursement of CDBG funds. At the end of the program year, the City's Program Income balance was \$0.

Slow-Moving Activities

Staff has increased quarterly review of expenditures and activity progress to reduce the incidence of slow-moving activities.

Changes to Annual Action Plan

A public hearing was held on August 26, 2008, at the 6:30 p.m. session of the Watsonville City Council meeting to discuss an amendment to the 2008 Action Plan. The following amendment was approved:

Amendment #1 to the 2008 Action Plan: To reduce \$75,000 in the amount previously allocated to Housing Rehabilitation and an equal increase in the amount previously allocated to Code Enforcement.

Activity	Previous Amount Allocated	New Amount Proposed	Difference
Code Enforcement	\$75,000	\$150,000	\$75,000
Housing Rehabilitation	\$335,000	\$260,000	-\$75,000
Net Difference			\$0

Amendment #2 to the 2008 Action Plan: Allocation in the amount of \$229,600 of American Recovery and Reinvestment Act (ARRA), or CDBG-R (stimulus funding), toward the funding of the Callaghan Park Playground Renovation and Park Improvement Project, 225 Sudden Street, Watsonville.

Other Required Actions

During the program year, the City undertook the actions listed in the Action Plan, provided requested certifications for consistency for HUD programs, and did not hinder the Consolidated Plan implementation by action or willful inaction.

Supplemental Information: Maps

1. City of Watsonville: Low and Moderate Income Areas Census Tracts
2. City of Watsonville: Low and Moderate Income Areas Block Groups
3. City of Watsonville: Areas of Hispanic Concentration

Integrated Disbursement and Information System Reports

Four year-end reports generated from HUD's Integrated Disbursement and Information System (IDIS) follow:

- PR01 - HUD Grants and Program Income
- PR03 - Summary of Activities - Program Year 2008
- PR23 - Summary of Accomplishments
- PR26 - CDBG Financial Summary

% Low-Moderate 2000 Income Levels Within Census Tracts



City of
Watsonville

Legend

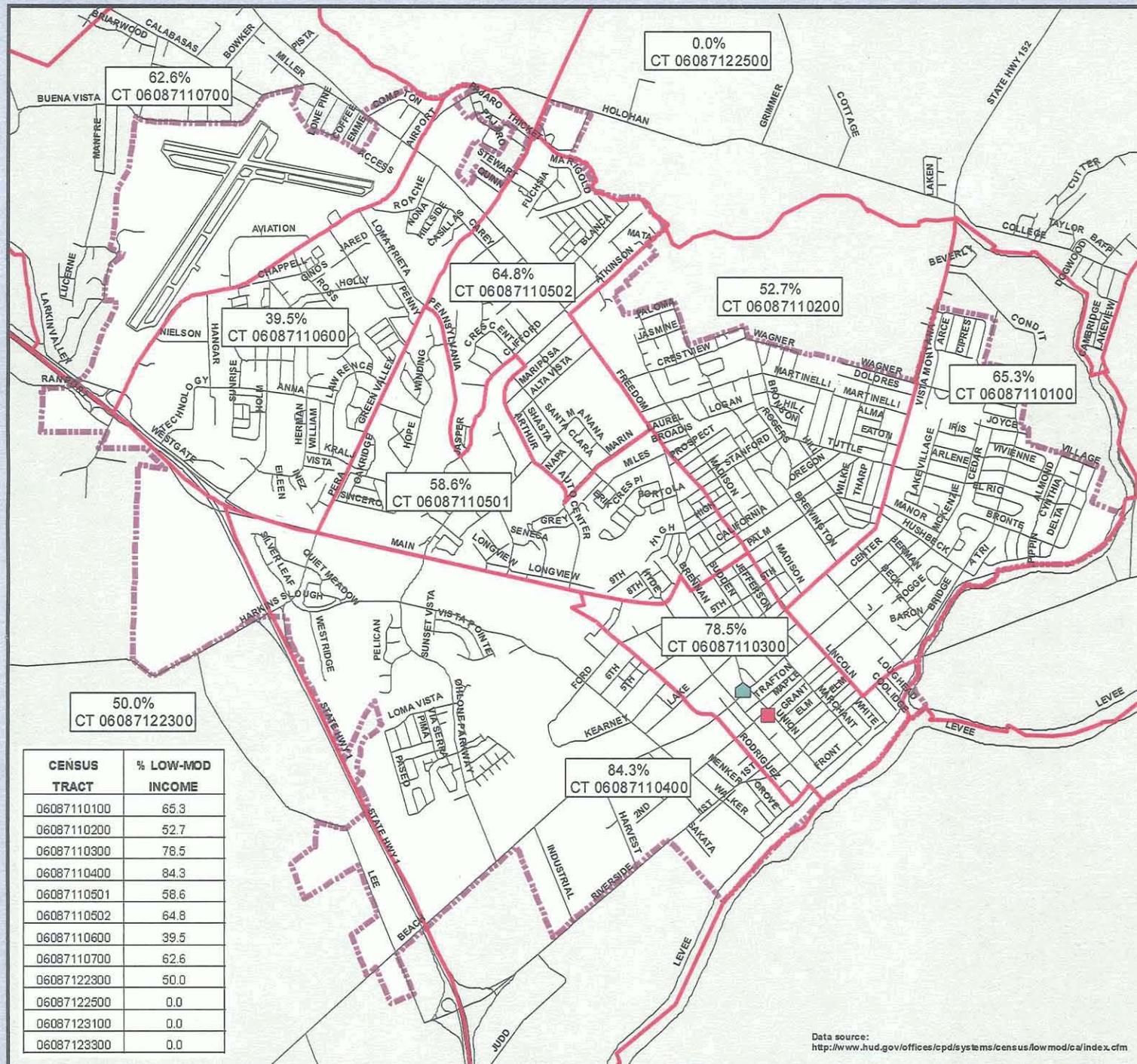
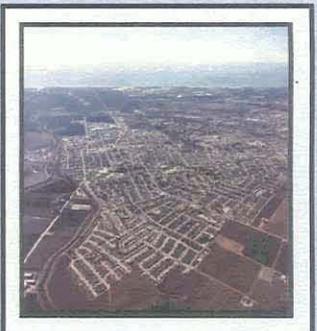
- El Pajaro Community Dev. Corp.
- Youth Center
- Census Tracts
- Watsonville City Limit



1 inch equals 0.49 miles



Prepared by Watsonville GIS Center 5/11/2002 (CDD 0202).
This document is a graphic representation using the best currently available sources.
The City of Watsonville assumes no responsibility for any errors.



CENSUS TRACT	% LOW-MOD INCOME
06087110100	65.3
06087110200	52.7
06087110300	78.5
06087110400	84.3
06087110501	58.6
06087110502	64.8
06087110600	39.5
06087110700	62.6
06087122300	50.0
06087122500	0.0
06087123100	0.0
06087123300	0.0

Data source:
<http://www.hud.gov/offices/cpd/systems/census/lowmod/ca/index.cfm>

*% Low-Moderate
2000
Income Levels
Within Census
Block Groups*



*City of
Watsonville*

Legend

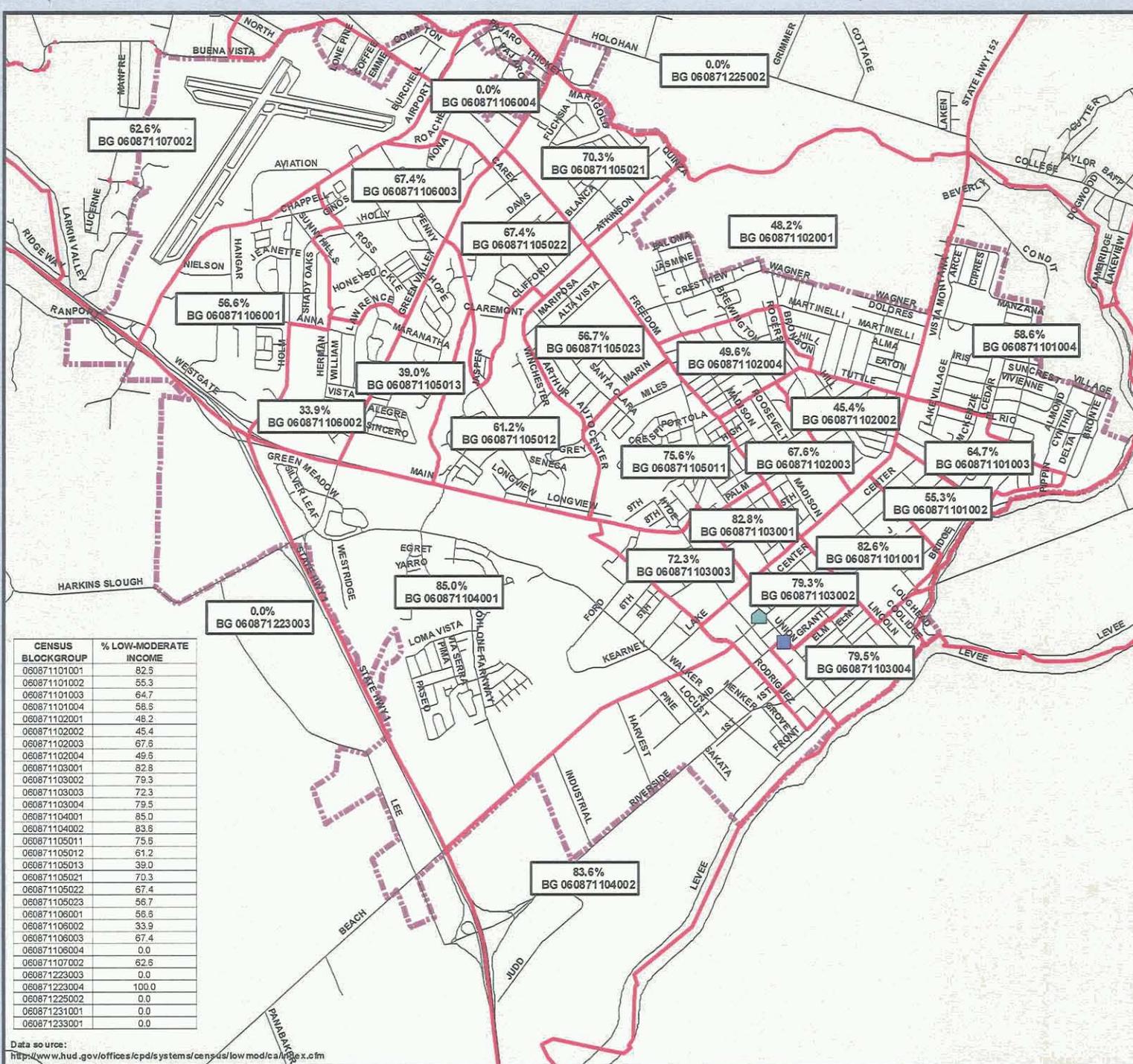
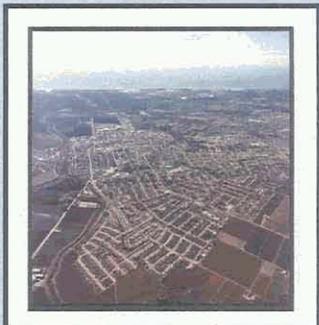
- Youth Center
- El Pajaro Community Dev. Corp.
- Census Block Group
- Watsonville City Limit



1 inch equals 0.49 miles



Prepared by Watsonville GIS Center 4-20-05 (CD00051).
This Document is a graphic representation using the best currently available sources.
The City of Watsonville assumes no responsibility for any errors.



CENSUS BLOCKGROUP	% LOW-MODERATE INCOME
060871101001	82.5
060871101002	55.3
060871101003	64.7
060871101004	58.5
060871102001	48.2
060871102002	45.4
060871102003	67.5
060871102004	49.5
060871103001	82.8
060871103002	79.3
060871103003	72.3
060871103004	79.5
060871104001	85.0
060871104002	83.6
060871105011	75.5
060871105012	61.2
060871105013	39.0
060871105021	70.3
060871105022	67.4
060871105023	56.7
060871106001	56.6
060871106003	67.4
060871106004	0.0
060871223003	0.0
060871223004	0.0
060871225002	0.0
060871231001	0.0
060871233001	0.0

Data source:
<http://www.hud.gov/offices/cpd/systems/census/lowmodcalc.exe>

Percent Hispanic & Non-Hispanic Populations Within 2000 Census Block Groups



City of
Watsonville

Legend

- Census Block Group
- Watsonville City Limit



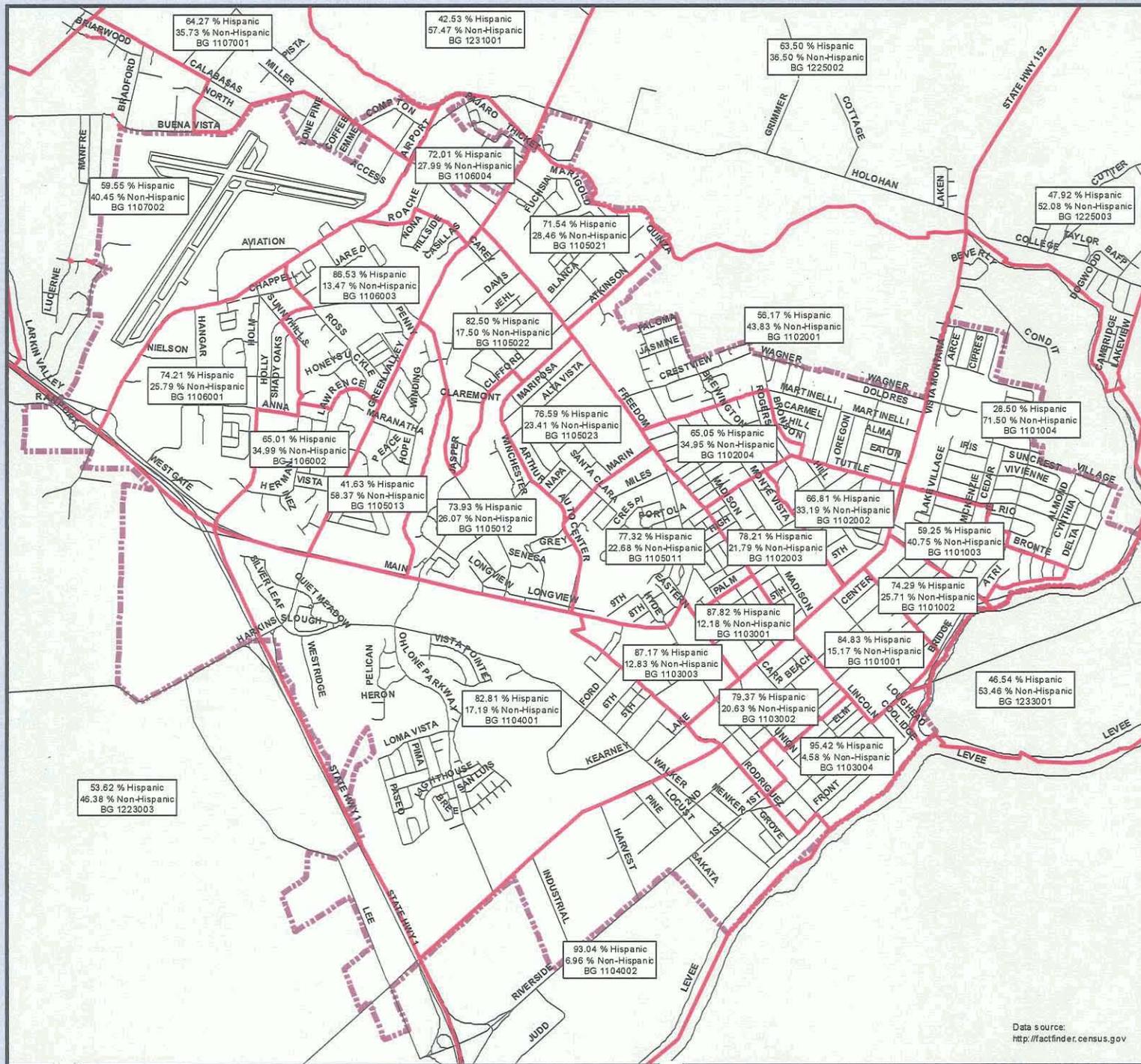
1 inch equals 0.47 miles



Prepared by Watsonville GIS Center 5-504 (02/05/04)
This document is a graphic representation using the best currently available sources. The City of Watsonville assumes no responsibility for any errors.



Data source:
<http://factfinder.census.gov>



U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
PR01 - HUD Grants and Program Income

Program	Fund Type	Grant Number	Authorized Amount	Suballocated Amount	Amount Committed to Activities	Net Drawn Amount	Available to Commit	Available to Draw		
CDBG	EN	B94MC060052	\$696,000.00	\$0.00	\$696,000.00	\$696,000.00	\$0.00	\$0.00		
		B95MC060052	\$816,000.00	\$0.00	\$816,000.00	\$816,000.00	\$0.00	\$0.00		
		B96MC060052	\$796,000.00	\$0.00	\$796,000.00	\$796,000.00	\$0.00	\$0.00		
		B97MC060052	\$782,000.00	\$0.00	\$782,000.00	\$782,000.00	\$0.00	\$0.00		
		B98MC060052	\$758,000.00	\$0.00	\$758,000.00	\$758,000.00	\$0.00	\$0.00		
		B99MC060052	\$762,000.00	\$0.00	\$762,000.00	\$762,000.00	\$0.00	\$0.00		
		B00MC060052	\$761,000.00	\$0.00	\$761,000.00	\$761,000.00	\$0.00	\$0.00		
		B01MC060052	\$808,000.00	\$0.00	\$808,000.00	\$808,000.00	\$0.00	\$0.00		
		B02MC060052	\$811,000.00	\$0.00	\$811,000.00	\$811,000.00	\$0.00	\$0.00		
		B03MC060052	\$1,017,000.00	\$0.00	\$1,017,000.00	\$1,017,000.00	\$0.00	\$0.00		
		B04MC060052	\$1,031,000.00	\$0.00	\$1,031,000.00	\$1,031,000.00	\$0.00	\$0.00		
		B05MC060052	\$973,650.00	\$0.00	\$973,650.00	\$973,650.00	\$0.00	\$0.00		
		B06MC060052	\$876,890.00	\$0.00	\$876,890.00	\$876,890.00	\$0.00	\$0.00		
		B07MC060052	\$875,699.00	\$0.00	\$741,325.34	\$741,325.34	\$134,373.66	\$134,373.66		
		B08MC060052	\$845,274.00	\$0.00	\$0.00	\$0.00	\$845,274.00	\$845,274.00		
		B09MY060052	\$229,600.00	\$0.00	\$0.00	\$0.00	\$229,600.00	\$229,600.00		
					\$12,839,113.00	\$0.00	\$11,629,865.34	\$11,629,865.34	\$1,209,247.66	\$1,209,247.66
		PI		B97MC060052	\$663,072.97	\$0.00	\$663,072.97	\$663,072.97	\$0.00	\$0.00
				B98MC060052	\$614,145.33	\$0.00	\$614,145.33	\$614,145.33	\$0.00	\$0.00
				B99MC060052	\$410,006.68	\$0.00	\$410,006.68	\$410,006.68	\$0.00	\$0.00
B00MC060052	\$700,458.69			\$0.00	\$700,458.69	\$700,458.69	\$0.00	\$0.00		
B01MC060052	\$735,829.23			\$0.00	\$735,829.23	\$735,829.23	\$0.00	\$0.00		
B02MC060052	\$569,425.60			\$0.00	\$569,425.60	\$569,425.60	\$0.00	\$0.00		
B03MC060052	\$581,558.06			\$0.00	\$581,558.06	\$581,558.06	\$0.00	\$0.00		
B04MC060052	\$225,793.70			\$0.00	\$225,793.70	\$225,793.70	\$0.00	\$0.00		
B05MC060052	\$304,277.13			\$0.00	\$304,277.13	\$304,277.13	\$0.00	\$0.00		
B06MC060052	\$378,051.53			\$0.00	\$378,051.53	\$378,051.53	\$0.00	\$0.00		
			\$5,726,336.56	\$0.00	\$5,726,336.56	\$5,726,336.56	\$0.00	\$0.00		
GRANTEE TOTALS			\$18,565,449.56	\$0.00	\$17,356,201.90	\$17,356,201.90	\$1,209,247.66	\$1,209,247.66		



U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
600 Harrison Street
San Francisco, California 94107-1387
www.hud.gov
espanol.hud.gov

DEC 22 2009

Honorable Luis A. Alejo
Mayor
City of Watsonville
215 Union Street, 2nd Floor
P.O. Box 50000
Watsonville, CA 95977-50000

RECEIVED

JAN 04 2010

REDEVELOPMENT & HOUSING DEPT

Dear Mayor Alejo:

SUBJECT: City of Watsonville
Annual Community Assessment
Program Year 2008

The U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development (CPD) annually reviews the performance of communities managing Community Development Block Grant (CDBG) funds. These funds are used by communities to implement the City's strategies outlined in its Consolidated Plan for preserving and developing new affordable housing, improving neighborhoods, and expanding economic opportunities for low and moderate-income people.

The City Watsonville received \$845,274 in CDBG funding for the Program Year covering July 1, 2008-June 30, 2009. This was augmented with \$146,829 in program income. During the program year, Watsonville spent \$1,151,736 of its CDBG resources, as well as other public and private funds on a variety of activities benefitting low and moderate income residents and met timeliness requirements under the CDBG program rules.

Our review of the City's 2008 CAPER, the Department's Integrated Disbursement and Information System (IDIS) data and other available information, found that the City effectively utilized CDBG resources to meet its annual housing and community development objectives, as well as made significant progress toward meeting its five-year goals and performance outcomes. The City has demonstrated its continuing capacity to implement and administer its CDBG program even in these difficult economic times.

We note that the City continues to fund its housing rehabilitation program, youth services, small business incubator, code enforcement, and public facilities improvements. Our office was also pleased to hear that construction of the Civic Plaza development is now complete and that the facility is now almost completely occupied. Watsonville is continuing its economic development efforts in its downtown and a monitoring visit conducted in July revealed that

considerable progress is being made through the City's Façade/Sign Program. Our staff remains available to assist you in these efforts.

We value our continuing partnership with the City of Watsonville. Please contact me at (415) 489-6572, or your CPD Representative, Gail Goldman, at (415) 489-6575.

Sincerely,

A handwritten signature in cursive script that reads "Maria Cremer".

Maria Cremer
Acting Director
Community Planning and
Development Division

cc:

Marty Ackerman, Director Redevelopment and Housing Department