Diverse household types

**We are a couple.**
We love our condo and our easy commute to work - we walk one block to the bus stop that takes us downtown.

**We are retirees.**
We enjoy the community at our senior housing facility and the convenience of the medical offices and grocery store nearby.

**We are roommates.**
I enjoy living with young adults with similar interests as me! Commuting to work is a breeze with a short walk and bus ride.

**I'm a single person.**
I love living near my favorite coffee shop and gym, and my college campus is a bike ride away. My studio apartment is perfect for me as I build my savings.
Housing choices

**Housing:** Townhomes and apartments

**Open Space:** Parks and greenways

**Mobility:** Convenient transit

**Amenities:** Nearby grocery stores and pharmacies

- [Townhouse]
- [Fourplex]
- [Courtyard Apartment]
- [Multiplex Large]
What is the Housing Plan?

The Housing Plan is a once-in-a-generation opportunity for Modesto to expand housing choices and affordability for its current and future residents.

Led by community input and feedback, the Housing Plan will:

- Focus on the “nuts and bolts” of how and where to develop new housing
- Remove regulatory and other barriers to boost housing production
- Recommend zoning and policy changes to increase housing choices at all levels of affordability.
- Inform the City’s long-term housing policy in the General Plan and Housing Element.
Housing Plan: key tasks

Task 1. Outreach and visioning

Task 2. Opportunity sites

Task 3. Infrastructure and services

Task 4. Performance + density standards

Task 5. Pro-housing policies

Task 6. Barriers to affordable housing

Task 7. Facilitate housing development

Additional Task. Scenario Modeling

What will be produced by the Housing Plan?

- A comprehensive report including findings from each task
- Zoning and policy recommendations for General Plan + Housing Element
- Scenario modeling of baseline and alternate growth scenarios will inform future land use designation
01. Market Conditions
Population growth + housing trends

- Housing costs in Modesto are significantly lower than state
- Demand increasing as Bay Area and Sacramento metros become increasingly expensive
- New residents in Stanislaus County (2015 to 2019) were from San Joaquin, Alameda, Merced, Santa Clara and Sacramento counties

Population Growth (%) in Modesto, Stanislaus County, and California (2000-2021)
Housing types in Modesto

Over 70% of Modesto’s housing stock are single-family dwellings

Modesto added 1,956 new units between 2010 and 2021, a 2.5% increase in the total housing stock
Housing tenure in Modesto

In Modesto, **55%** of residents own their homes - less than the approx. 65% figure for home-ownership from a decade ago.

**45%** of Modesto residents are renters. Typically, renters may be displaced more quickly if housing prices rise.
Market conditions: Median Home Value

Median home value in Modesto is currently at $431,000, a new peak since the Great Recession

- Home values steadily increasing since 2012, and in Sep 2021 overtook previous 2006 peak
- Between 2020-2021, Modesto home prices increased by 11% (fourth-highest semi-annual increase among all US metros)
### Market conditions: Median Home Value

Modesto median home sale prices in 2021 were below those of cities such as Sacramento and Stockton, and higher than many cities of similar size.

<table>
<thead>
<tr>
<th>City, CA</th>
<th>Median Home Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacramento, CA</td>
<td>$567,023</td>
</tr>
<tr>
<td>Stockton, CA</td>
<td>$525,129</td>
</tr>
<tr>
<td><strong>Modesto, CA</strong></td>
<td><strong>$435,863</strong></td>
</tr>
<tr>
<td>Merced, CA</td>
<td>$380,305</td>
</tr>
<tr>
<td>Madera, CA</td>
<td>$370,454</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>$358,255</td>
</tr>
<tr>
<td>Bakersfield, CA</td>
<td>$306,573</td>
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<tr>
<td>Hanford, CA</td>
<td>$303,714</td>
</tr>
<tr>
<td>Visalia, CA</td>
<td>$300,514</td>
</tr>
</tbody>
</table>
Market conditions: Median Rent

Median rent in Modesto is currently at $1,486 for all units

- This represents an approx. 8.5% average annual increase since 2014
- Modesto rents are about 75% of the California statewide average

Median Rents in Modesto, CA (2014-2021)
02. Context + Lot Types
Context types in Modesto

Contexts determined by:

- Existing built character
- Street and block pattern
- Lot sizes, widths and depths
- Connectivity and access
- Mobility options + transit
- Access to amenities
Lot categories in Modesto

Why lot width and depth?
Existing lot widths and depths exam and grouped into categories
Lot categories by Context Type

**Suburban Residential**
- XL: 405 lots
- L: 1,404 lots
- M: 23,197 lots
- S: 10,479 lots
- XS: 731 lots

**Mixed-Use Corridor**
- XL: 210 lots
- L: 608 lots
- M: 4,727 lots
- S: 3,433 lots
- XS: 343 lots

**Downtown Transition**
- XL: 13 lots
- L: 179 lots
- M: 121 lots
- S: 476 lots
- XS: 40 lots

**Downtown Core**
- XL: 6 lots
- L: 66 lots
- M: 40 lots
- S: 60 lots
- XS: 18 lots

**Downtown Adjacent**
- XL: 43 lots
- L: 329 lots
- M: 3,186 lots
- S: 3,116 lots
- XS: 115 lots
03. Test Fits + Feasibility
Design testing with Housing Prototypes

Design Testing Process

- Test housing typologies on typical lot sizes in Modesto
- Evaluate current zoning + other regulatory standards to identify limiting factors
- Test for financial feasibility through proforma analysis
- Apply a mix of feasible housing typologies to Opportunity Sites to assess citywide applicability
Housing types for Test Fits

**Workshop 1** showcased the preliminary set of housing types anticipated for each context type.
Housing types for Test Fits

Selection criteria

• Compatibility with existing context types in Modesto
• Compatibility with lot characteristics (width and depth)
• Compatibility with adjacent uses
Examples of Test Fits

**Example Test Fit in Downtown Transition**
100’x140’ lot
Multiplex (12 units)
0.79 FAR
1-bedroom & 2-bedroom units
Average unit: 920 square feet
1-2 parking spaces per unit

**Example Test Fit in Mixed Use Corridor**
75’x140’ lot
3 Townhouses
0.71 FAR
3 bedrooms per townhouse
2200 square feet per townhouse
2 parking spaces per townhouse
Feasibility analysis: methodology

LWC prepared **static developer side financial proformas** for each of the proposed housing typologies

- The feasibility analysis focuses on developer profit and return on investment to make a determination if the housing typology is feasible or not

Each **housing typology was assessed for development costs** in terms of:

- Hard Costs (materials and labor)
- Soft Costs (services and fees)
- Financing Costs
- Land Costs

The analysis **assumes a notional sale of the development** to establish returns to the potential developer/investor
Feasibility analysis: assumptions

Key assumptions
• Land costs $9.67 per SF
• Building construction costs $174.5 per SF
• Soft costs at 16% of total project costs

Financial assumptions
• Income based off of $2.02 per SF for 2-bedroom units
• 4.38% Cap Rate

Sources for assumptions:
RS Means (development costs)
Apartment Loan Store (cap. Rate)
LWC research + interviews (land costs)

What is considered feasible?
A building type was considered feasible if:
• The capitalized project value exceeded 12.5% (this would be a standard if the development was self-financed)
• The return on cost exceeds either the Cap rate by 1% or 8% (this would be a standard for bank financing)
Feasibility analysis: findings

A range of housing typologies were tested across a wide range of zoning districts and context types

<table>
<thead>
<tr>
<th>Zoning district</th>
<th>SR-2</th>
<th>MUC-1</th>
<th>MUC-2</th>
<th>MUC-3</th>
<th>MUC-4</th>
<th>DA-1</th>
<th>DA-2</th>
<th>DT-1</th>
<th>DT-2</th>
<th>DT-3</th>
<th>DT-4</th>
<th>DC-1</th>
<th>DC-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Typology</td>
<td>Duplex</td>
<td>Multiplex</td>
<td>Townhouses</td>
<td>Courtyard + Townhouses</td>
<td>Multi-block development</td>
<td>Fourplex</td>
<td>Triplex</td>
<td>Multiplex (alley)</td>
<td>Multiplex (no alley)</td>
<td>Multiplexes+ Fourplexes (alley)</td>
<td>Multiplexes+ Townhouses (no alley)</td>
<td>Stacked Flats</td>
<td>Courtyard</td>
</tr>
<tr>
<td>Capitalized Value &gt; 12.5%</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Marginal</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Marginal</td>
</tr>
<tr>
<td>Cap rate +1%</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Cap rate &gt; 8%</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Feasibility analysis: findings

Key findings

- In general, the tested housing typologies are feasible as developer-financed or cash projects but less likely to attract conventional bank financing.

- This implies that the market for these housing typologies is emerging in Modesto.

- In general typologies with a net FAR greater than 0.5 were more likely to be feasible and as FAR increases projects become more financially attractive.
04. Opportunity Sites
Applying Test Fits to Opportunity Sites

The Test Fits were applied to a series of actual sites, selected based on:

- **Potential capacity** for new housing
- Capacity for optimal mix of housing types to **maximize development potential** and financial feasibility
- Current **site location and conditions** (vacant/underutilized, etc.)
- **Repeatability of findings** across multiple sites throughout Modesto (sites could not be unique)
Opportunity Site 1. McHenry Avenue

Why this site?

• McHenry Avenue is a major corridor with bus transit

• Underutilized retail space can be used for new housing

Context: Mixed-Use Corridor
Opportunity Site 1. McHenry Avenue

Illustration of Development Potential

Near-term: 99 units

A. Buildings face new street perpendicular to McHenry
B. New public green for neighborhood
C. Fourplexes and other MMH types could be built by individual developers
D. Live/Work buildings facing McHenry provide opportunities for small and local businesses

Long-term: 359 units

E. Larger courtyard buildings front onto McHenry
F. Townhouses and Fourplexes along new streets
G. Small public park/green
Opportunity Site 1. McHenry Avenue
Opportunity Site 1. McHenry Avenue

Citywide applicability

This approach can apply to approx. 259 sites citywide that are approx. 400 ft in width and depth, and can accommodate new streets.
Opportunity Site 2. Crows Landing Road

Why this site?

• Important corridor in an underserved area

• Corridor has several vacant and underutilized lots

Context: Mixed-Use Corridor
Opportunity Site 2. Crows Landing Road

Illustration of Development Potential

**Near-term: 6 units**

A. New small courtyard building with 6 residential units facing Crows Landing Road
B. Existing retail

**Long-term: 14 units**

C. Additional courtyard building with 8 units facing Crows Landing Road
D. Existing retail remains behind new housing
E. Streetscape improvements along Crows Landing Road
Opportunity Site 2. Crows Landing Road
Opportunity Site 2. Crows Landing Road

Citywide applicability

This approach can be applied to approx. **234 sites** citywide that are similarly shallow, and face a corridor.
Opportunity Site 3. 10\textsuperscript{th}/11\textsuperscript{th} Street

Why this site?

• Typical of sites on edges of downtown grid that are vacant or underutilized

• Example of lot consolidation

Context: Downtown Transition
Opportunity Site 3. 10th/11th Street

Illustration of Development Potential

**Near-term: 24 units**

A. Existing buildings

B. Townhouses up to 3 stories in height

C. 4-story Multiplex on corner

D. Alley-accessed shared parking behind buildings

**Long-term: 80 units**

E. In an additional half block develops with taller buildings on the corners, fourplexes on 11th Street, and townhouses

F. Flexible maker spaces provide affordable work space and activate the alley
Opportunity Site 3. 10th/11th Street
Opportunity Site 3. 10\textsuperscript{th}/11\textsuperscript{th} Street

Citywide applicability

This development approach, mixing building types with pooled parking, can be applied to approx. 82 lots in the downtown grid.
Opportunity Site 4. Oakdale Road

Why this site?

• Lower-intensity corridor
• Corridor has alternate stretches of residential and commercial development

Context: Mixed-Use Corridor
Opportunity Site 4. Oakdale Road

Illustration of Development Potential

**Near-term: 58 units**

A. New Fourplexes face onto Oakdale Road  
B. New street created perpendicular to Oakdale Road  
C. Cottage Courts with Duplexes and Fourplexes  
D. Alleys provide parking access

**Long-term: 68 units**

E. Two Fourplexes on vacant sites at rear of block  
F. In the long term, additional development may replace the aging fast food building
Opportunity Site 4. Oakdale Road

Citywide applicability

This approach can be applied to approx. **72 sites** citywide that are similarly narrow and deep, along corridors.
Opportunity Site 5. Municipal Golf Course

Why this site?

• City-owned site located centrally in a West Modesto neighborhood

• Located near downtown and open space amenities

Context: Downtown Adjacent
Opportunity Site 5. Municipal Golf Course

Illustration of Development Potential

A. New streets and blocks match existing street grid
B. Typical block used for housing capacity study
C. Potential new park or civic space + E. Existing amenities
D. Potential pedestrian-bike connections

Schematic Block Design
Typical block with a mix of housing types: Single-Family homes, Duplexes, Cottage Courts and Fourplexes

Note: Block design is schematic to calculate site capacity. This is not a design recommendation
Opportunity Site 5. Municipal Golf Course

Citywide applicability

This approach can be applied to approx. 24 sites citywide of 5 or more acres, located in this context type.
Downtown Core Opp. Site: Transit Center

Illustrations of Development Potential from the Downtown Master Plan

1. Relocate Bus Station from 9th to 8th Street. Bus bay access from 8th St.
2. Improve Pedestrian-Bike Connectivity across tracks. Tunnel linking 8th to station
3. J Street Improvements. Shared street from 9th to 10th; permeable paving, street furniture, etc.
4. Transit Plaza. Plaza between station building and 9th, pedestrian crossing table at 9th and J
5. Commercial Development. Retail and office (four stories) on 9th St. Transit Center site.
6. 9th Street Improvements. New bicycle facilities, street trees, etc.
7. 7th Street Improvements. Pedestrian priority street with wider sidewalks, street trees.
8. Future Parking Structure near 9th and J Streets. Street-facing retail and office liner (five stories); parking as needed to serve ACE rail, etc.
Downtown Core Opp. Site: Courthouse

Illustrations of Development Potential from the Downtown Master Plan

1. Assess Hall of Records for Historic Status, Integrity. Improvements to the front wing as necessary
2. Mixed-Use Development. Retail and residential; two stories on the west corner; five stories in south of block
3. Landscaped Park and Plaza, Mid-Block Connection to H. New street furniture, lighting, pedestrian amenities; restored historic brick plaza in the interior of the block; new pedestrian paseo/mid-block connection to H Street
4. 12th Street Improvements. New bicycle facilities, street trees, etc.
5. I Street Improvements. Expanded pedestrian paths and landscaped zones
6. H Street Improvements. New bicycle facilities, street trees, etc.
Downtown Core Opp. Site: Courthouse

**History**

- Hall of Records built in 1939 under the Public Works Administration was designed by Russell Guerne De Lappe, a resident of Modesto.
- Hall of Records designed in the “International Style,” claimed as the first ever “International Style” county building in California.

**Historic Evaluation Findings**

- Hall of Records appears eligible as a historic resource for its historic trends as a key building in the development of the City of Modesto.
- Hall of Records appears eligible as a historic resource for its design, embodies the characteristics of the “International Style” of architecture and designed by local architect, Russell Guerne De Lappe (master).
Downtown Core Opp. Site: Courthouse

Conditions
- The building is in good condition
- Interiors are contemporary and not historic
- Recent upgrades to mechanical systems
- Potential plumbing issues
- New boiler required

Potential Uses
- Existing conditions and building code allows for the following uses without major impact.
- Window configuration supports residential uses.

1. All Offices
   - Offices in Basement, Floors 1–4
2. Assembly, Office & Residential
   - Basement, Flr. 1: Assembly
   - Flr. 2: Offices
   - Flrs. 3,4: Residential
3. Assembly and Residential
   - Basement: Assembly
   - Flrs. 1–4: Residential
Downtown Transition Opp. Site: 10th Street

Illustrations of Development Potential from the Downtown Master Plan
Mixed-Use Corridor Site: West Modesto

Illustrations of Development Potential from the Downtown Master Plan

1. H Street Improvements. Conversion from one-way to two-way, with new bicycle facilities, lighting, trees, etc.
2. J Street Improvements. Expanded pedestrian paths and landscaped zones
3. Neighborhood-Serving Community Service Facility. Activates a key Infill site with services tailored to local needs
4. Infill at 5th and H. Functions as a gateway to the neighborhood from the north-east and a link with downtown
5. J Street Improvements. Wider sidewalks, street trees, and other improvements
6. Improved Connectivity across Highway 99. Pedestrian and bicycle safety improvements across the freeway
7. Infill at 1st and H Streets. Provides needed services and ties Modesto High School into the neighborhood
Break-Out Discussion
Next steps
What’s next?

Join us in **February 2022** for the next workshop on **Zoning + Policy Recommendations**

The team will present their analysis on housing policies and zoning, and initial recommendations, Join us and invite your family and friends to give us feedback!

**Workshop 1:** Introducing the Housing Plan [14\(^{th}\) Oct 2021]

**Workshop 2:** Analysis of Opportunity Sites [today, 14\(^{th}\) Dec 2021]

**Workshop 3:** Zoning + Policy Recommendations – February 2022

**Workshop 4:** Draft Housing Plan – April 2022
Thank you for participating!

Visit the Housing Plan webpage and subscribe for email updates:

https://www.modestogov.com/Housing-Plan

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