CHAPTER 4  RESOURCES ANALYSIS

To facilitate and encourage the development of a range of housing choices for all economic segments of the population, a community must have available adequate land resources designated for a range of densities and types for new construction. Furthermore, financial resources need to be marshaled to assist in the development of housing affordable to lower and moderate income households. This section evaluates the land and financial resources available to the City for addressing the housing needs of existing and future Modesto residents.

A. AVAILABILITY OF SITES

The Stanislaus Council of Governments estimates Modesto’s 2015 - 2023 Regional Housing Needs Allocation (RHNA) at 6,361 units, to which are added 386 units of low- and very low-income housing that was not accommodated in the previous cycle. Modesto’s RHNA is subdivided into the following income categories:

- 6,747 units (890 Extremely Low-Income; 891 Very Low-Income; 1,142 Low-Income; 1,100 Moderate-Income; and, 2,724 Above Moderate-Income).

Between January 1, 2014, and June 30, 2015, 86 new housing units were built in Modesto, comprising 7 units for above moderate-income families and 79 for lower-income families and seniors. This results in an adjusted RHNA of 6,661 units in the various income categories (see Table 4-10).

Modesto has an estimated surplus ability to accommodate 2,424 dwelling units on vacant and underutilized residential sites in the Baseline Developed Area and the Planned Urbanizing Area, as compared to RHNA. By income category this is:

- Surplus capacity for 239 dwelling units for extremely low-, very low-, and low-income households;
- Surplus capacity for 1,491 dwelling units for moderate-income households; and
- Surplus capacity for 233 dwelling units for above moderate-income households.

The following sections detail the City’s progress, in housing production and in available sites inventory accounting, for meeting the RHNA obligation described above.
Share of Regional Housing Needs

The process for allocating housing needs begins with population projections for each region by the State Department of Finance. The State Department of Housing and Community Development (HCD) uses these projections to determine housing need by region in California. Once this occurs, the Stanislaus Council of Governments (StanCOG) is responsible for developing the Regional Housing Needs Plan (RHNP). The RHNP assigns a share of the region’s projected future housing unit production need to each community in Stanislaus County. The current RHNA covers a nine-and-a-half-year housing production period, from January 1, 2014, through June 30, 2023.

The HCD estimate of the regional housing needs for Stanislaus County is 21,330 units; Modesto’s share is 6,361 units, excluding 386 carryover units from the prior cycle. This estimate is distributed into four income categories, shown in Table 4-1. State law requires communities to demonstrate that an adequate amount of developable land is available to accommodate the share of the projected regional need for housing production.

### Table 4-1

<table>
<thead>
<tr>
<th>Stanislaus County Regional Housing Needs Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely/Very Low</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Modesto</td>
</tr>
<tr>
<td>Ceres</td>
</tr>
<tr>
<td>Hughson</td>
</tr>
<tr>
<td>Newman</td>
</tr>
<tr>
<td>Oakdale</td>
</tr>
<tr>
<td>Patterson</td>
</tr>
<tr>
<td>Riverbank</td>
</tr>
<tr>
<td>Turlock</td>
</tr>
<tr>
<td>Waterford</td>
</tr>
<tr>
<td>County</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>


Regional allocation is based on existing proportions of housing in each jurisdiction and continuing those proportional relationships into the future.

Progress Toward Meeting the RHNA

According to the County Assessor the average sale price for a house in Modesto in 2014 was $211,730 and the median was $200,670 (Table 2-46). While the average-priced house is only affordable to above-moderate households, houses are available in a range of sizes and prices, some of which are affordable for moderate- and low-income households. Many condominiums are available for less than the price of an average house, and some of these are priced to be affordable to low-income households (Table 2-47).
Between January 1, 2014, and June 30, 2015, 36 dwelling units were constructed in Modesto. The City has used the same assumptions estimating prices and rents for these dwellings that it has for other dwellings in the City, namely, that low-density dwellings are generally priced for above-moderate-income households, medium-density dwellings are priced for moderate-income households, and medium-high-density dwellings are priced for low-, very-low, and extremely low-income households, unless affordability covenants restrict pricing to specific income groups. Modesto has supported this baseline assumption through newspaper ads and on-line rent surveys (see Appendix C), and checking sales prices through the County Assessor’s office. Modesto’s current zoning regulations, combined with programs to promote housing for low-, very low-, and extremely low-income households, are adequate to support the development of housing affordable to all income levels.

Table 4-2 shows the remaining RHNA for Modesto by income group, after new units are subtracted from total RHNA to find adjusted RHNA, 6,325 units. To this figure are added 386 units of low- and very low-income housing that was not accommodated in the previous cycle, due to the recession. These units include 151 low-income units and 235 very low- and extremely low-income units.

<table>
<thead>
<tr>
<th>Income Group</th>
<th>RHNA</th>
<th>Units Built Jan 2014-June 2015</th>
<th>Remaining Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low / Very Low (24%)</td>
<td>890 / 891</td>
<td>39 / 40</td>
<td>851 / 851</td>
</tr>
<tr>
<td>Low (16%)</td>
<td>1,142</td>
<td>0</td>
<td>1,142</td>
</tr>
<tr>
<td>Moderate (17%)</td>
<td>1,100</td>
<td>0</td>
<td>1,100</td>
</tr>
<tr>
<td>Above Moderate (43%)</td>
<td>2,724</td>
<td>7</td>
<td>2,717</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,747</strong></td>
<td><strong>86</strong></td>
<td><strong>6,661</strong></td>
</tr>
</tbody>
</table>

Of the 86 dwelling units constructed between January 1, 2014, and June 30, 2015, seven (7) are single family detached and are assumed to be affordable to above-moderate-income households. The remaining units were constructed as deed-restricted, moderate-density attached units affordable to very low-income families.

Table 4-3 displays the current fair market rent values, which were used to compare against rents in Appendix G to determine at what affordability level is each apartment for which rent cost information was available.
Table 4-3
HUD 2015 Fair Market Rent and Income-Based Rental Limits

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Fair Market Rent</th>
<th>Maximum Rent for Low-Income Households (80% AMI)</th>
<th>Maximum Rent for Very Low-Income Households (50% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio / Efficiency</td>
<td>$594</td>
<td>$796</td>
<td>$499</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$734</td>
<td>$853</td>
<td>$534</td>
</tr>
<tr>
<td>Two Bedrooms</td>
<td>$941</td>
<td>$1,024</td>
<td>$641</td>
</tr>
<tr>
<td>Three Bedrooms</td>
<td>$1,387</td>
<td>$1,183</td>
<td>$740</td>
</tr>
<tr>
<td>Four Bedrooms</td>
<td>$1,609</td>
<td>$1,320</td>
<td>$826</td>
</tr>
</tbody>
</table>

Table 4-4
2015 Fair Market Rent and Available Market Rate Rentals in Modesto

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Fair Market Rent</th>
<th>Apartment/Room Rental Listings</th>
<th>House Rental Listings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$606 and less</td>
<td>$607 - $711</td>
</tr>
<tr>
<td>Studio / Efficiency</td>
<td>$594</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$734</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Two Bedrooms</td>
<td>$941</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Three Bedrooms</td>
<td>$1,387</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Four Bedrooms</td>
<td>$1,609</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Five Bedrooms</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Some individual listings represent multiple available units.

Table 4-5
Monthly Affordable Gross Rent by Income Group, Compared to Table 4-4 Listings

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Monthly Income</th>
<th>Affordable Gross Rent</th>
<th>Percent Market-Price Listings, Table 4-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low / Very Low</td>
<td>$2,020 to $2,371</td>
<td>$606 to $711</td>
<td>15</td>
</tr>
<tr>
<td>Low</td>
<td>$2,372 to $3,792</td>
<td>$712 to $1,137</td>
<td>8.3</td>
</tr>
<tr>
<td>Moderate</td>
<td>$3,793 to $5,690</td>
<td>$1,138 to $1,707</td>
<td>38.3</td>
</tr>
<tr>
<td>Median Income</td>
<td>$4,442</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Above Moderate</td>
<td>$5,691 or more</td>
<td>$1,708 or more</td>
<td>38.3</td>
</tr>
</tbody>
</table>

a Income limits for a family of four.
Table 4-5 shows income groups for Stanislaus County and the maximum monthly rent for each income group that achieves the federal guidelines for affordability. The affordability gross rent amounts are then compared to a “snapshot” of market-rate rental listings. At this time, some market rate rentals are considered affordable for the very low-income group, although most fall into the moderate- and above moderate-income categories.

Table 4-4 shows the 2015 Fair Market Rent data for Modesto from the Department of Housing and Urban Development and compares it to a “snapshot” of market-rate rental listings in July 2015 for both apartments and houses by number of bedrooms. In Modesto, density of development is less a predictor of rental prices than the age and location of the building and its amenities. New, large apartment complexes with lots of amenities located on the edge of the city provide above-moderate-income housing, unless there are affordability covenants, while smaller, older complexes closer to downtown provide mostly low- and very low-income housing – either with or without affordability covenants.

Rental data for the units shown in Appendix C were collected from July 2015 rental listings on property management websites. All of the units shown in Appendix C are offered on the open market. None is covenant-restricted, yet affordability has been achieved at every level with the existing zoning.

Table 4-6 shows affordable residential development entitled since 2009, but not yet constructed. This is the portion of the project that has not yet been funded or constructed. Table 4-7 identifies the housing constructed between January 2014 and June 2015. These housing units are credited against Modesto’s RHNA on Table 4-10.

**Table 4-6  Affordable Housing Units Funded or Entitled Since 2009**

<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>Funding</th>
<th>Units</th>
<th>Income Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archway Commons</td>
<td>mfd</td>
<td>Not secured</td>
<td>74</td>
<td>8</td>
<td>Applying for funding</td>
</tr>
</tbody>
</table>

**Table 4-7  Affordable Housing Built Between January 2014 and June 2015**

<table>
<thead>
<tr>
<th>Name and APN</th>
<th>Building Permit</th>
<th>Permit Final Date</th>
<th>Project Description / Unit Count</th>
<th>Income Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bennett Place 033-068-030</td>
<td>2012-43144</td>
<td>8/25/2014</td>
<td>18 units</td>
<td>18 Very Low</td>
</tr>
<tr>
<td>Tower Park 106-006-013</td>
<td>2014-61925</td>
<td>estimated 2-2016</td>
<td>50 units senior</td>
<td>24 Low</td>
</tr>
<tr>
<td>Downey Place 107-001-075</td>
<td>2013-50167</td>
<td>12/11/2014</td>
<td>11 units senior housing</td>
<td>11 Very Low</td>
</tr>
<tr>
<td>Single family residences</td>
<td>various</td>
<td>January 1, 2014 to December 31, 2014</td>
<td>2 detached units</td>
<td>Above Moderate</td>
</tr>
<tr>
<td>Single family residences</td>
<td>various</td>
<td>January 1, 2015 to June 3, 2015</td>
<td>5 detached units</td>
<td>Above Moderate</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>86 units</td>
</tr>
</tbody>
</table>
Resources Analysis

Residential Sites Available

Development Potential within Existing City Limits

In early 2009, as part of the Housing Element update, City staff conducted a sites inventory survey of all land suitable for residential development (see Tables 4-8, 4-9, and 4-10). This inventory has been maintained as current planning entitlements have been processed and includes actions taken on or before December 31, 2014. Any subsequent actions will be accounted for in the next cycle of the Housing Element.

The inventory demonstrates that vacant, entitled R-1 and R-1-type properties could be developed with 925 above moderate-income single-family dwellings. This includes development-ready property in various specific plans. Acreage in Fairview Village, North Beyer Park, Tivoli, Village One, and Woodglen could accommodate approximately 3,499 additional units for above-moderate income households, as shown on Table 4-10.

Vacant and underdeveloped R-2, R-3 (and similar development-ready lots in specific plans) and downtown property can conservatively accommodate at least 3,830 dwelling units, as shown on Table 4-8. The R-3 zone allows development up to 29 dwelling units to the acre by right. Downtown development allows much higher densities than does the R-3 zone; a recent example is Tower Park, which is being developed at 75 dwelling units to the acre.

Properties surrounding these infill sites are developed and public utilities and infrastructure are available to serve these sites. The City encourages and offers to facilitate the development of these sites by providing an inventory of vacant properties to prospective developers. This inventory is provided to prospective developers of affordable multi-family housing as part of City’s Requests for Proposals for affordable housing.

Table 4-8
Vacant and Underutilized Residential Sites Inventory

<table>
<thead>
<tr>
<th>Zoning</th>
<th>Minimum Density</th>
<th>Potential Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-1 / SP</td>
<td>1 unit per lot</td>
<td>925a</td>
</tr>
<tr>
<td>R-2 / SP</td>
<td>11/ac</td>
<td>1,893</td>
</tr>
<tr>
<td>R-3 / SP</td>
<td>22/ac</td>
<td>1,608</td>
</tr>
<tr>
<td>Form-Based Code</td>
<td>80/ac</td>
<td>297b</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,723</td>
</tr>
</tbody>
</table>

a Does not include potential accessory units.
b This is an extremely conservative estimate based on the development potential on 3 acres of approximately 520 total developable acres of land in downtown. Eighty dwellings per acre is the low end of the residential density approved for two developments in the downtown area. On Table 4-8, this is included in the R-3 type dwellings.

Modesto has substantial infill development; the type of infill development that occurs on a particular site is influenced by variables outside City control, such as whether and how much money banks will loan, the condition of the property, size of existing units, property values, rental demand, and so forth. Notably, the highest level of existing development on lots in infill areas that developed recently (see Appendix A) is 66 percent. For purposes of conservatively estimating at what level of development infill sites may intensify, Modesto
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has relied on evidence that intensification is occurring when existing development on a site is up to 66 percent of the site’s capacity based on the minimum densities established in 2007 as described above. Only lots that have at least one-third of their minimum development potential remaining have been included in the official inventory, although a significant number of additional units can be developed in the R-2 and R-3 zones. The total number of units that can be accommodated on these sites is shown on Table 4-10.

Accessory Units

With recent changes in State law, accessory units must be permitted in single-family zones via ministerial review if they meet the City’s established development standards for accessory units. The City anticipates the demand for and interest in accessory units will increase significantly in the future, given the housing market conditions in the County and northern San Joaquin Valley. Conservatively, the City anticipates eight (8) accessory units over the next eight years on R-1 or R-1-type lots. Accessory units are expected to be affordable to moderate-income households.

Development in Commercial Areas

Pursuant to the General Plan, residential uses permitted in Mixed Use and Redevelopment Planning Districts are implemented through the zoning districts C-1, C-2, C-3, and P-D. Residential uses are permitted in the C-1, C-2, and C-3 zone districts subject to Conditional Use Permit approval. The City has approved two projects in the downtown area (located at 14th and J Streets and at 10th and H Streets), with a combined total of 124 dwelling units, which are shown in Appendix A as infill development. However, as the City has successfully accommodated its RHNA obligation, the potential for residential development on other commercially-zoned properties has not been counted. The City has demonstrated a history of approving multi-family residential development in commercial zones within the BDA and the adopted downtown form-based code will further facilitate residential development downtown.

Downtown Form-Based Code

Following the many successes of form-based codes in California and the nation, Modesto began developing a form-based code for downtown. Form-based codes shift the regulatory emphasis from land use to building form. The draft form-based code (see Program 4.1a) was recommended for approval by the Modesto Planning Commission, and the City Council adopted it in 2010. The downtown form-based code was expanded through City Council action in May 2015. The code affects 117 square blocks (approximately 485 acres) in downtown. In order to develop a conservative estimate of dwellings that may be built, two approved downtown projects were used to develop a density assumption of 80 units per acre.

Next, for purposes of comparison and illustration, five surface parking lots were selected within the area affected by the form-based code:

- 11th Street and K Street, 0.46 acres (105.028.014)
- 11th Street between K Street and L Street, 1.24 acres (105.048.011)
- 12th Street between J Street and K Street, 0.48 acres (105.022.013 and 014)
- 12th Street between K Street and L Street, 0.32 acres (105.028.005)
- 9th Street between I Street and J Street, 0.44 acres (105.041.021)
Applying the assumed density of 80 units per acre, these sites could conservatively accommodate 297 dwelling units, as shown in Appendix K, affordable to low- and very low-income households.

The downtown form-based code organizes the 117-block area into six districts: the Central Downtown, Transition Downtown, Urban General Downtown, Traditional Neighborhood Downtown, East Neighborhood Downtown, and Main Street Downtown. The Downtown form-based code allows residential uses by right in all districts and allows buildings up to 15 stories tall in the most intense area. Parking requirements in the downtown area are lower than in the rest of the city. The code authorizes administrative review and approval for development proposals conforming to the subject zoning provisions. This process involves interdepartmental staff reviewing the plan to ensure compliance with the applicable development standards.

The form-based code replaces C-2 zoning in downtown, which did not allow residential development. Prior to the enactment of the form-based code, new residential development could only occur if a zone change to Planned Development explicitly allowed it.

**Other Infill Development**

Intensifying development on built sites occurs in Modesto. Some intensification involves small-scale development, such as when a lot that can accommodate additional units adds one or two units, and other such development may consist of a dozen or more units on a vacant acre-plus portion of the site.

During the 1990s and early 2000s, mortgage lending practices, land prices, public policy, and demographics favored the construction of single-family detached dwellings. However, relaxed or “loose” mortgage lending practices resulted in massive numbers of foreclosures, causing lenders to subsequently restrict mortgage loans. Meanwhile, young people seem to be less interested in owning a house than were previous generations; they are also less likely to own a car and to drive than previous generations. These factors have combined to improve the conditions for building multi-family residential units.

Residential development in Modesto is of fairly low density, particularly when compared to residential development in the central Bay Area cities and those in Los Angeles. California’s major metropolitan areas tend to be more densely developed than other parts of the state, including the San Joaquin Valley largely due to the disparity in land prices. This price disparity is driven by the high demand for the highly paid skilled jobs in the major metropolitan areas, which also have the best universities, and an array of amenities unmatched by the rest of California. More people want to live in the major metropolitan areas than in the rest of the state, resulting in more demand than supply. The opposite is true in the remainder of California.

Despite modest land prices, Modesto does experience infill development. Availability of infrastructure and minimal need for entitlement processing may be the key incentives for infill development.
To get a sense of the trend in infill development, staff considered the degree to which a subject parcel was developed prior to new infill construction, relative to the maximum amount of development allowed by zoning standards. As noted in Appendix A, which identifies intensified properties, lots that contain as much as 66 percent of the maximum entitlement under the zoning code have been subject to additional development.

Modesto offers a variety of incentives for infill development. Infill development, particularly in older parts of the city that are zoned R-2 and R-3, requires a simple building permit and is very attractive to developers of smaller (four or fewer units), projects that comprise Modesto’s most significant stock of affordable housing. Larger, institutional affordable housing projects on infill sites can take advantage of fee deferrals, fee exemptions, direct financial assistance through various programs, and flexible development standards. Lot line adjustments and reduced parking requirements can be used by both large and small infill projects, particularly in the downtown area.

Modesto encourages and facilitates infill development of larger projects through the use of an administrative process referred to as a Development Plan Review (DPR). DPRs are applied to residential projects that have five (5) or more dwelling units. Proposed development plans are routed for review by various City staff involved in the review and approval of new development. The process facilitates review and minimizes expensive revisions to engineering drawings by identifying site development issues before the applicant has engineering drawings prepared for building permit submittal. Residential development consisting of four (4) or fewer dwellings is permitted ministerially, via the building permit / plan check process.

In addition to the above, it is important to note that the City’s zoning ordinance contains certain additional provisions that encourage and facilitate additional development on underdeveloped sites. Specifically, a density bonus is permitted when affordable housing is developed – subject to a formal written agreement, and an administrative exception(s) to certain development standards (e.g. 10% reduction in required parking, setbacks, etc.) may be granted to developers where site constraints exist.

**Planned Urbanizing Area (specific plans within city limits, large-scale projects)**

- **Fairview Village Specific Plan** lies partly within City boundaries. Approximately 100 acres within the City have no entitlement other than annexation. The Specific Plan was adopted in 1997, but must be revised to be consistent with the 2008 Urban Area General Plan before further entitlements can be granted. All of the land within the existing city limits is expected to be developed with residences. Approximately 482 dwelling units are expected. A portion of the Fairview Village Specific Plan lies within the 200-year floodplain.

- **Kiernan-Carver Comprehensive Planning District** The Kiernan Business Park Specific Plan is part of this Comprehensive Planning District. Sixteen acres are designated Mixed Use and residential, with a minimum of 320 dwellings permitted. An additional 225 acres of the Kiernan-Carver Comprehensive Planning District, designated Village Residential, lie within city limits, including the 72 acres of the Woodglen Specific Plan, described below.

- **North Beyer Park Specific Plan** One hundred fourteen dwelling units have been approved on land in the easternmost portion of the specific plan, northwest of the
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Oakdale Road / Mable Avenue intersection. The two parcels involved are designated Mixed Use and Residential. The approved tentative subdivision map has 114 lots for single family detached houses for above-moderate income households.

- **Tivoli Specific Plan** The southwesterly portion of the Roselle-Claribel Comprehensive Planning District, approximately 480 gross acres known as Tivoli Specific Plan, was adopted by City Council in February 2008 and has been annexed to the City of Modesto. Of this, 276 acres are planned for residential development and a minimum of 1,955 dwelling units is expected to be developed. Because it is a specific plan, Tivoli’s zoning is SP, which is defined in the context of the adopted Specific Plan. Land use and density are delineated on figures and tables contained in the Tivoli Specific Plan, including acreage. Dwelling units are categorized by land use designation and the minimum number of units for each density category is specified. The specific plan does not have timing or phasing requirements. Most residential developers do not invest in properties zoned or designated for non-residential land use in Modesto. Furthermore, our experience has shown that if a residential developer were to purchase a parcel of land that is planned in part for commercial development, for example, they typically will sell that portion of the property to a commercial developer.

- **Village One Specific Plan** Much of the above-moderate housing that will be developed on vacant land within City limits lies in Village One. Annexed to Modesto in 1992, Village One has not yet been fully developed. Acreage to accommodate approximately 549 dwelling units for above-moderate income families remains to be entitled.

- **Woodglen Specific Plan** The Specific Plan includes provisions for at least 180 multi-family units and 219 single family detached units. No further entitlements have been secured.

Depending upon economic and market conditions, some or all of these units could be constructed during the planning period.

**Large-Scale Affordable Developments**

It is important to distinguish between development that occurs lot-by-lot, implemented by individuals and smaller developers with private funding and development that occurs on large lots or parcels, often of one or more acres in size, with public funding. These larger developers, such as the Stanislaus County Housing Authority and Ecumenical Association of Housing, use public money to help finance their projects and they typically seek larger lots on which to build. Larger lots available in Modesto are located throughout the City, with the largest lots in recently annexed areas, such as the Tivoli Specific Plan. In determining whether there is an adequate range of lot sizes available for institutional developers, the city reviewed recent institutional projects and found that they range from 0.16 acres for a single house to 6.5 acres, with the majority of projects between about 1.5 and 5 acres. Sites of these sizes will easily be accommodated in the new specific plan areas (see Appendix D for reference). By way of example, a five-acre site in Village One approved for an affordable housing project (Belharbour, by the Stanislaus County Housing Authority) was part of a 1,623-acre parcel in 1998, which was later subdivided into 12.23-acre and 5.0-acre parcels. Subdividing into parcels of various sizes is a normal part of development following annexation and it is reasonable to expect it to occur in Tivoli and other specific plan areas.
Development in Planned Urbanizing Area Outside City (Sphere of Influence)

Additional development potential exists outside the City limits but within the City’s Sphere of Influence (see Table 4-9). Excluding the acreage with Williamson Act agricultural land preservation contracts, approximately 3,165 acres are available for future residential development within the Sphere of Influence. Assuming single-family houses are constructed on 85 percent of the residentially designated land at four units per gross acre, an estimated 10,700 single family units could be accommodated. Assuming multi-family dwellings are constructed on 15 percent of the residentially designated land at a minimum of 22 units per gross acre, approximately 10,400 multi-family dwelling units could be constructed. None of this land has been included in the inventory, as Modesto has an adequate supply of developable land within the city limits and no specific plans are known to be considered at this time for these specific plans.

The City of Modesto reviews its inventory of vacant commercial, industrial and residential land through the Urban Growth Policy Review every two years. If the City Council determines that a shortage of available vacant land exists, then the City Council recommends specific areas to be considered for annexation through a citizens’ advisory vote (Measure A or Measure M). Upon completion of an advisory vote, the City will consider annexation and extension of City services to the subject area(s). The November 2015 ballot contains a measure that offers a blanket Measure A/M vote to all unincorporated County “island” properties affected by Measure A/M that have not yet been subject to a vote.

The Urban Area General Plan includes several policies governing the planning and annexation of land in the City’s Sphere of Influence (see policies II.C.1 on page II-5; VIII.D on page VIII-2, and VIII.E on page VIII-3). When City Council adopts the Urban Growth Policy Review, it can identify areas in the Sphere of Influence that will be subject to a “Measure M” advisory vote on the next ballot to extend sewer service to the subject property. Planning for development of the subject property may begin after an advisory vote is conducted; planning documents include zoning, phasing, infrastructure plans, and environmental documents, pursuant to general plan policies. The planning effort also includes the preparation of annexation documents. Zoning in the Planned Urbanizing Area, as defined in the Urban Area General Plan, is SP (Specific Plan), which is defined in the specific plan and includes approximate locations, acreages, and units or square footage/coverage of various land uses. All of these documents, including the annexation application, are reviewed by Planning Commission and City Council and annexation commences following City Council approval. It is the practice of the City Council to approve areas for annexation when the specific plan and environmental documents have been prepared and have been determined to be consistent with the Urban Area General Plan.

At the writing of the Housing Element, Comprehensive Planning Districts for which a “Measure M” vote has already been held, but for which planning and annexation have not been completed, include:
• Johansen and Empire North Comprehensive Planning Districts, comprising approximately 850 gross acres in total, will eventually be planned together under one master development plan. Planning efforts were abandoned during the recession.

• Fairview Village Specific Plan comprises approximately 250 acres yet to be developed. The specific plan was originally adopted in 1997 and approximately half of the specific plan area was annexed to the City. About 80 acres of the annexed area has been developed. The specific plan has since become outdated, due to changes in general plan policies and state and federal laws and must be updated before the portion of the specific plan outside the City can be annexed and developed and the area inside Modesto can be developed. Planning efforts were abandoned during the recession.

• Kiernan / Carver Comprehensive Planning District Approximately 72 gross acres of the Kiernan / Carver Comprehensive Planning District known as Woodglen Specific Plan were considered in the November 2003 “Measure M” election. Full buildout of this Specific Plan area is expected to yield approximately 530 new dwellings. The Specific Plan and environmental document have been completed and the property has been annexed to the City.

• Pelandale-McHenry Comprehensive Planning District comprises approximately 84 gross acres, of which 15 acres is currently developed with a 140-unit mobile home park. Planning efforts for this area were abandoned during the recession.

• Kiernan / Carver North Comprehensive Planning District is comprised of 490 acres, of which 460 acres are designated Village Residential and 30 acres are designated Regional Commercial. This area lies north of Kiernan Avenue (State Route 219) and was represented on the November 2009 ballot as part of “Measure A.” This area is not included in Modesto’s RHNA because of the time needed to prepare plans and environmental documents prior to annexation.

While Williamson Act contracts may serve as a potential constraint for housing development in the Sphere of Influence, discussions with developers and communities with similar characteristics indicate that most developers simply pay off the “penalty” associated with early withdrawal of the contracts. Property owners are also able to file a Notice of Nonrenewal, which causes the contract to terminate after ten years. Some property owners have already filed such notices in the planned growth areas. Based on these trends, the City has included properties that are under a Williamson Act contract in the City’s available sites inventory, approximately 1,065.5 acres. Theoretically, a minimum of 4,262 units could be accommodated on land subject to Williamson Act contracts, assuming that only single-family dwellings would be constructed on these properties at density of four units per gross acre.
### Table 4-9
Residential Sites Inventory in City Sphere of Influence\(^{a}\)

<table>
<thead>
<tr>
<th>Comprehensive Planning District</th>
<th>Designation</th>
<th>Total Acres</th>
<th>Non-Residential(^{b})</th>
<th>In City Limits (other)</th>
<th>Remainder Protected by Williamson Act</th>
<th>Acreage Currently Available(^{c})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empire North Unit 2</td>
<td>Village Residential</td>
<td>148</td>
<td>6</td>
<td>0</td>
<td>68.5</td>
<td>73.5</td>
</tr>
<tr>
<td>Fairview Village</td>
<td>Village Residential</td>
<td>372</td>
<td>20.5</td>
<td>209.5(^{e})</td>
<td>0</td>
<td>142</td>
</tr>
<tr>
<td>Hetch-Hetchy</td>
<td>Village Residential</td>
<td>833.5</td>
<td>73</td>
<td>0</td>
<td>149.5</td>
<td>611</td>
</tr>
<tr>
<td>Johansen Village</td>
<td>Village Residential</td>
<td>601</td>
<td>28.5</td>
<td>108</td>
<td>41.5</td>
<td>423</td>
</tr>
<tr>
<td>Kiernan/Carver</td>
<td>Village Residential</td>
<td>730</td>
<td>30.5</td>
<td>225</td>
<td>63.5</td>
<td>483</td>
</tr>
<tr>
<td>Paradise/Carpenter</td>
<td>Village Residential</td>
<td>807</td>
<td>44</td>
<td>0</td>
<td>237</td>
<td>526</td>
</tr>
<tr>
<td>Pelandale/McHenry</td>
<td>Residential</td>
<td>52</td>
<td>8</td>
<td>0</td>
<td>10</td>
<td>34</td>
</tr>
<tr>
<td>Roselle/Claribel(^{d})</td>
<td>Village Residential</td>
<td>1,142.5</td>
<td>299</td>
<td>0</td>
<td>422</td>
<td>421.5</td>
</tr>
<tr>
<td>Whitmore/Carpenter</td>
<td>Village Residential</td>
<td>691</td>
<td>166</td>
<td>0</td>
<td>73.5</td>
<td>451.5</td>
</tr>
<tr>
<td><strong>Acreage</strong></td>
<td></td>
<td><strong>5,377</strong></td>
<td><strong>675.5</strong></td>
<td><strong>542.5</strong></td>
<td><strong>1,065.5</strong></td>
<td><strong>3,165.5</strong></td>
</tr>
</tbody>
</table>

\(^{a}\) All values are approximate.

\(^{b}\) The Village Residential (VR) designation assumes that 96% of available land will be developed for residential use and 4% of will be developed for commercial use. Values in this column include 4% of VR-designated land in the Comprehensive Planning District, whether it is in the city limits or not. This category includes existing utilities.

\(^{c}\) Includes park and school properties and existing residential development, which are included in the residential portion of the VR designation, and includes roads, which are part of the gross acreage. Also includes land that may lie within 200-year floodplain. Excludes utilities, existing and anticipated commercial development, and areas that have been annexed to the City. Various assumptions have been used to develop this estimate that may not be validated when the eventual specific plan is created.

\(^{d}\) Excludes Tivoli Specific Plan, comprising 480 gross acres, which was adopted and annexed to the City in 2008.

\(^{e}\) Includes 80 acres of developed “Galas” property, but excludes approximately 127 acres annexed to the City, but still undeveloped. Specific Plan needs to be updated to be consistent with existing Urban Area General Plan.

\(^{f}\) Streets are developed, thus, acreages are net, rather than gross. “Available” residential acreage is developed with 65 dwellings that are on land proposed to be prezoned R-3.
Comparison of Residential Sites Inventory to RHNA

For the purposes of identifying available sites to accommodate the City’s RHNA, only properties currently within the City limits (Table 4-8) are used.

Affordable housing opportunities for moderate income households are likely to be accommodated on R-2 (Medium-Density Residential) zoned sites. Sites in the R-3 (Medium-High-Density Residential) zoning district generally accommodate housing affordable to lower income households. Occasionally, affordable housing for lower income households can also be accommodated on sites zoned R-2.

Given that the current RHNA is 6,747 units, and the adjusted RHNA is 6,661 units, and that the City estimates conservatively that at least 8,760 units can be accommodated in the City, there is a surplus of sites for at least 2,276 housing units. By income group, the City expects to provide sites to exceed its housing unit allocations by at least 501 housing units for extremely low, very-low, and low income households; to exceed the target for the moderate income group by approximately 1,492 units; and to exceed the target for the above-moderate income group by approximately 233 units (see Table 4-10). Although the City is able to provide adequate sites to meets its RHNA allocation during the 2015 - 2023 housing cycle, Chapter 6 identifies programs the City intends to pursue in order to further facilitate the development of multi-family housing.

Infill Development

The State mandates that municipalities provide a “variety of types of housing for all income levels” [GC 65583(c)(1)]. That and other State mandates, such as the reduction of greenhouse gases (Assembly Bill 32 and Senate Bill 375), as well as good planning practice compels Modesto to provide ample opportunities for housing not just on large parcels at the edge of the city, but also on smaller lots throughout the built areas of the city. This provides development opportunities for large for-profit and not-for-profit developers, as well as for small developers and individuals. Households at all income levels will be better able to choose where to live in Modesto and in what kind of housing.

Additional impetus for infill development comes from the federal Housing and Urban Development (HUD) Department’s Sustainable Cities program, whose aim is to “create strong, sustainable communities by connecting housing to jobs, fostering local innovation, and helping to build a clean energy economy.” Quoting from HUD’s web site, the Office of Sustainable Communities will,

“...work to coordinate federal housing and transportation investments with local land use decisions in order to reduce transportation costs for families, improve housing affordability, save energy, and increase access to housing and employment opportunities. By ensuring that housing is located near job centers and affordable, accessible transportation, we will nurture healthier, more inclusive communities – which provide opportunities for people of all ages, incomes, races, and ethnicities to live, work, and learn together.”

City of Modesto Housing Element

November 2016
“In order to foster and encourage local innovation, we will create an unprecedented partnership across federal agencies and provide resources and tools to help communities realize their own visions for building more livable, walkable, environmentally sustainable regions.”

Infill development creates housing opportunities that provide improved access to public transportation; the greatest frequency of transit service is in the part of Modesto south of Briggsmore Avenue, because it is the area of greatest residential density. Access to transit offers the possibility of reducing household automobile ownership, a significant household expenditure (AAA estimates approximately $7,800 annually), or at least of reducing the need to drive. In turn, reducing vehicle miles traveled helps Modesto achieve the goals of Assembly Bill 32 (AB 32) and Senate Bill 375 (SB 375). These bills require greenhouse gas emissions reductions and changes in development patterns to reduce per-capita vehicle miles traveled, which will secondarily improve air quality more generally.

Allowing and encouraging infill development will also reduce Modesto’s farmland conversion, a goal of the State Department of Conservation. Modesto is located mostly on prime agricultural land and relies heavily on groundwater. Reducing the conversion of farmland preserves valuable agricultural land, supports the local agricultural economy, and preserves groundwater recharge areas, also in accordance with state law (AB 162).

The various laws and programs identified have been adopted since 2006. In 2007, Modesto established minimum development densities for R-2 and R-3 properties. Also in 2007, the housing market in the northern San Joaquin Valley began to deteriorate. A consequence of the timing of laws and programs to encourage infill development with respect to the recession is that Modesto is unable to gauge the effectiveness of these changes on new development.

Infill development has increased the City’s housing inventory and interest in infill development appears to be rising. By its nature, infill development tends to be small-scale, since land in the City has been subdivided and occupied for many years. Developable land within the existing city boundary tends to consist of smaller lots held by individuals, so new development is more dispersed and incremental than the large-scale housing developments more common around the edge of Modesto. Infrastructure is generally available to serve infill development.

Recently, the majority of infill development by number of lots has been the intensification of development through the addition of one or two new units added to existing units or the demolition of all structures on the site. However, the City has also seen the addition of assisted living facilities and apartment buildings. Appendix F lists recent infill development for which final inspections have occurred to show that there is a trend of intensification on small built sites.

Appendix A provides examples of development on relatively small lots that meet the minimum R-2 and R-3 densities, as well as densities higher than the maximum development density allowed without a Planned Development zone (28.5 units per acre) to demonstrate
that achieving the minimum densities in the zoning code has occurred and is occurring. This is not a comprehensive listing of every residential development in Modesto that achieves the minimum R-2 and R-3 densities, but a sample.

### Table 4-10
**Total Sites Inventory Compared to Share of Regional Housing Needs**

<table>
<thead>
<tr>
<th></th>
<th>Extremely Low, Very Low and Low Income</th>
<th>Moderate Income</th>
<th>Above-Moderate Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHNA</td>
<td>2,923</td>
<td>1,100</td>
<td>2,724</td>
<td>6,747</td>
</tr>
<tr>
<td>Units Built Jan 1, 2014, to June 30, 2015</td>
<td>79</td>
<td>0</td>
<td>7</td>
<td>86</td>
</tr>
<tr>
<td>Adjusted RHNA</td>
<td>2,844</td>
<td>1,100</td>
<td>2,717</td>
<td>6,661</td>
</tr>
</tbody>
</table>

**Sites Within City Limits**

<table>
<thead>
<tr>
<th>Site Type</th>
<th>Extremely Low, Very Low and Low Income</th>
<th>Moderate Income</th>
<th>Above-Moderate Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-1 / SP Vacant / Underdeveloped&lt;sup&gt;a&lt;/sup&gt;</td>
<td>---</td>
<td>---</td>
<td>925</td>
<td>925</td>
</tr>
<tr>
<td>BDA – Accessory Units (R-1)&lt;sup&gt;b&lt;/sup&gt;</td>
<td>---</td>
<td>8</td>
<td>---</td>
<td>8</td>
</tr>
<tr>
<td>R-2 / SP Vacant / Underdeveloped&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>---</td>
<td>1,885</td>
<td>---</td>
<td>1,885</td>
</tr>
<tr>
<td>R-3 / SP Vacant / Underdeveloped&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1,608</td>
<td>---</td>
<td>---</td>
<td>1,608</td>
</tr>
<tr>
<td>BDA – Downtown Form-Based Code&lt;sup&gt;a&lt;/sup&gt;</td>
<td>297</td>
<td>---</td>
<td>---</td>
<td>297</td>
</tr>
<tr>
<td>Fairview Specific Plan - acreage&lt;sup&gt;a,c&lt;/sup&gt;</td>
<td>---</td>
<td>---</td>
<td>482</td>
<td>482</td>
</tr>
<tr>
<td>Kierman Business Park East (MU)&lt;sup&gt;a,c&lt;/sup&gt;</td>
<td>---</td>
<td>320</td>
<td>---</td>
<td>320</td>
</tr>
<tr>
<td>North Beyer Specific Plan&lt;sup&gt;a,c&lt;/sup&gt;</td>
<td>0</td>
<td>0</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>Tivoli Specific Plan – acreage&lt;sup&gt;a,c,d&lt;/sup&gt;</td>
<td>924</td>
<td>370</td>
<td>661</td>
<td>1,955</td>
</tr>
<tr>
<td>Village One – acreage&lt;sup&gt;a,c&lt;/sup&gt;</td>
<td>---</td>
<td>---</td>
<td>549</td>
<td>549</td>
</tr>
<tr>
<td>Woodglen Specific Plan – acreage&lt;sup&gt;a,c,d&lt;/sup&gt;</td>
<td>180</td>
<td>---</td>
<td>219</td>
<td>399</td>
</tr>
<tr>
<td>Funded or Entitled Housing</td>
<td>74</td>
<td>---</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td><strong>Total Site Potential</strong></td>
<td><strong>3,083</strong></td>
<td><strong>2,583</strong></td>
<td><strong>2,950</strong></td>
<td><strong>8,616</strong></td>
</tr>
<tr>
<td><strong>Surplus/(Shortfall)</strong></td>
<td><strong>239</strong></td>
<td><strong>1,483</strong></td>
<td><strong>233</strong></td>
<td><strong>1,955</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup> See Figures 4.1, 4-2, 4-3, and 4-4, for the locations of developable properties in Modesto.

<sup>b</sup> The number of units accommodated on partially developed R-2 and R-3 sites, as established by minimum densities was reduced to reflect the remaining development potential (33%, or 67% of potential realized) at which Modesto has a history of development intensification. This number was further reduced to account only for sites that can accommodate a minimum of 11 new units. See Appendices B and C.

<sup>c</sup> “Acreage” refers to parcels of land not yet subdivided for development purposes.

<sup>d</sup> Tivoli Specific Plan and Woodglen Specific Plan are zoned SP, in accordance with state law. Zoning is defined within the context of each specific plan, which specify the acreage for each residential development density and the minimum number of dwelling units associated with each residential development density. Anticipated development for Woodglen Specific Plan assumes a minimum of 180 multi-family units; single family residential acreage is assumed to yield approximately 4 dwelling units per gross acre, the typical minimum in Modesto.
Figure 4-1
Vacant and Underdeveloped R-1 Type Sites

LEGEND
- Vacant or Underdeveloped Parcels
- Modesto Incorporated Area
- Modesto Sphere of Influence

Date: 11/6/2015
Figure 4-2
Vacant and Underutilized R-2 Type Sites

LEGEND
- Vacant or Underutilized Parcels
- Modesto Incorporated Area
- Modesto Sphere of Influence

Date: 11/6/2015
Figure 4-3
Vacant and Underutilized R-3 Type Sites

LEGEND
- Vacant or Underutilized Parcels
- Modesto Incorporated Area
- Modesto Sphere of Influence

0 1 2 Miles
1:52,000

GPA-14-001 EXH 2014 Figure 4-3.mxd
Figure 4-4
Specific Plan Residential Acreage

LEGEND
- Vacant or Underutilized Parcels
- Modesto Incorporated Area
- Modesto Sphere of Influence

Date: 11/6/2015
B. FINANCIAL RESOURCES

The City has access to a variety of existing and potential funding sources available for affordable housing activities. These include programs from federal, state, local, and private resources. The following section describes the key housing funding sources currently used in the City – CDBG, HOME, ESG, and HOPWA funds – as well as other financing tools, including redevelopment set-aside funds, tax credits, and various HUD programs. Table 4-7 provides a complete inventory of the key financial resources available for housing development and services.

Community Development Block Grant

Through the CDBG program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of housing and community development activities for low-income persons.

The Community and Economic Development Department administers the CDBG program for the City. Based on previous allocations, the City anticipates receiving an annual allocation of approximately $1,848,000 million in CDBG funds during the 2015-2016 planning period for housing and housing support projects. In addition, revolving loan funds are expected to produce an additional $50,000 annually in CDBG monies. Consistent with HUD requirements, the priorities of the CDBG program include financing and support of projects to:

- Provide decent housing, including assisting homeless persons in efforts to obtain affordable housing; retention of affordable housing stock; and increasing the stock of housing affordable to low and moderate income people.

- Provide a suitable living environment, including improving the safety and livability of neighborhoods; increasing access to quality facilities and services; revitalizing deteriorating neighborhoods; restoring and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons; and energy conservation.

- Expand economic opportunities, including creating jobs accessible to low and moderate income persons; providing job development and skill training; and providing assistance for persons living in assisted and public housing to achieve self-sufficiency.

CDBG funds are used for site acquisition, rehabilitation, first-time homebuyer assistance, development of emergency and transitional shelters, and fair housing/housing counseling activities, among others. Additional activities in support of the new construction of affordable housing, include site acquisition, site clearance, and the financing of related infrastructure and public facility improvements.
HOME Investment Partnership Grant

The purpose of the federal HOME Program is to improve and/or expand the supply of affordable housing opportunities for low-income households. Approximately $668,000 in HOME funds will be allocated during the 2015-2016 fiscal year. In addition, program income is generated from direct loans for affordable housing project, with an expected future income of approximately $50,000 per year.

The City’s HOME Program priorities include the following:

- Acquisition, rehabilitation and new construction of affordable multi-family rental housing
- Support of Community Housing Development Organizations (CHDOs)
- First-time homebuyer’s assistance for low-income households

All projects funded with HOME funds must be targeted to very low and low-income households and must have permanent matching funds from non-federal resources equal to 25 percent of the requested funds. Consistent with program requirements, the City allocates 15 percent of HOME funds for use by CHDOs.

Emergency Solutions Grant

The Emergency Solutions Grant (ESG) Program was established as part of the federal Stewart B. McKinney Homeless Assistance Act. The program provides funds for homeless shelters, social services for the homeless, and for homeless prevention efforts. Over the course of the planning period, Modesto expects to receive approximately $167,000 for the 2015-2016 fiscal year. These funds are awarded to local non-profit and public agencies to provide emergency shelter and services for the homeless. In the past, ESG funds have been allocated to non-profits providing emergency shelters, transitional housing, food programs, skills training, and respite child care services.

Housing Opportunities for Persons with AIDS

The Housing Opportunities for Persons with AIDS (HOPWA) program provides funding for housing development and related support services for low-income persons with HIV/AIDS and their families. A December, 1997 study by Community Housing and Shelter Services (CHSS) determined that the greatest needs of persons with AIDS is subsidized housing, with Section 8 vouchers ranking highest among needs. HOPWA funds have been primarily for shelter and rental assistance.
Low Income Housing Tax Credits

Created by the 1986 Tax Reform Act, the Low Income Housing Tax Credits (LIHTC) program has been used in combination with City and other resources to encourage the construction and rehabilitation of rental housing for lower-income households. The program allows investors an annual tax credit over a 10-year period, provided that the housing meets the following minimum low-income occupancy requirements: 20 percent of the units must be affordable to households at 50 percent of area median income (AMI), or 40 percent of the units must be affordable to those at 60 percent of AMI. The total credit over the 10-year period has a present value equal to 70 percent of the qualified construction and rehabilitation expenditures. The tax credit is typically sold to large investors at a syndication value. These credits are available for all projects meeting the above-mentioned criteria and are applied for independently of City programs.

Section 8 Assistance

The Section 8 program is a federal program that provides rental assistance to very-low income persons in need of affordable housing. The Section 8 program offers a voucher that pays the difference between the current fair market rent and what a tenant can afford to pay (e.g., 30 percent of the household income). The voucher allows a tenant to choose housing that may cost above the payment standard, but the tenant must pay the extra cost. Section 8 vouchers are issued by Stanislaus County, with Modesto’s share equal to its percentage of overall population. The County currently has over 4,000 residents who receive Section 8 assistance.

McKinney Act Funds – Shelter Plus Care

The Shelter Plus Care Program provides rental assistance, in connection with supportive services funded from sources other than this program, to homeless persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through four components: (1) Tenant-based Rental Assistance (TRA); (2) Sponsor-based Rental Assistance (SRA); (3) Project-based Rental Assistance (PRA); (4) and Single-Room Occupancy for Homeless Individuals (SRO). The City received $538,140 in fiscal year 2009 through this program, a funding level expected to continue annually though 2010.
### Table 4-11
Financial Resources for Housing Activities

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Description</th>
<th>Eligible Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Federal Programs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Community Development Block Grant (CDBG)         | Annual grants awarded to the City on a formula basis for housing and community development activities. | ▪ Acquisition  
▪ Rehabilitation  
▪ Home Buyer Assistance  
▪ Economic Development  
▪ Infrastructure Improvements  
▪ Homeless Assistance  
▪ Public Services |
| HOME Investment Partnership Act Funds            | Flexible grant program awarded to City on a formula basis for affordable housing activities. | ▪ Acquisition  
▪ Rehabilitation  
▪ Home Buyer Assistance  
▪ New Construction |
| Emergency Solutions Grant (ESG)                  | Grants awarded to implement a broad range of activities that serve homeless persons in the City. | ▪ Shelter Construction  
▪ Shelter Operation  
▪ Social Services  
▪ Homeless Prevention |
| Housing Opportunities for Persons with AIDS (HOPWA) | Funds for housing development and related support services for low-income persons with HIV/AIDS and their families. HOPWA funds are provided to the Community Housing and Shelter Services for use in communities throughout the County. | ▪ Acquisition  
▪ Rehabilitation  
▪ New Construction  
▪ Housing-related Services |
| Section 8 Rental Assistance Program              | Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Section 8 program is administered by the Stanislaus County Housing Authority. | ▪ Rental Assistance |
| Low-Income Housing Tax Credit (LIHTC)            | Tax credits are available to persons and corporations that invest in rental housing for lower income households. Proceeds from the sale of the credits are typically used to create housing. | ▪ New Construction  
▪ Acquisition  
▪ Rehabilitation  
▪ Historic Preservation |
| Shelter Plus Care Program                        | Rental assistance that is tenant-based, project-based, or sponsor-based to maximize independence for disabled homeless persons. Funds to support the provision of permanent housing and supportive services for the homeless. | ▪ Rental Assistance  
▪ New Construction  
▪ Support Services |
<table>
<thead>
<tr>
<th>Program Name</th>
<th>Description</th>
<th>Eligible Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. State Programs</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| California Housing Finance Agency (CHFA) Rental Housing Programs | Below market rate financing offered to builders and developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgages. | • New Construction  
• Rehabilitation  
• Acquisition |
| California Housing Finance Agency (CHFA) Home Mortgage Purchase Program | CHFA sells tax-exempt bonds to make below-market loans to first-time buyers. Program operates through participating lenders who originate loans for CHFA. | • Home Buyer Assistance |
| Proposition 1C | California voters approved a $2.1 billion bond to address the State’s affordable housing crisis. According to HCD, the housing bond will create up to 22,000 permanently affordable homes for rent; enable more than 65,000 families to purchase their own homes; provide housing assistance for 12,000 to 24,000 farmworker families; and underwrite 20 million shelter bed days for homeless people. These bond funds will be available on a competitive basis and represent a major opportunity to leverage local monies for affordable housing. | • New construction/acquisition  
• Homebuyer assistance  
• Supportive assistance  
• Farmworker housing |
| **3. Local Programs** | | |
| Single-Family Mortgage Revenue Bond | Issue mortgage revenue bonds to support the development and improvement of affordable single-family homes to qualified households. | • New Construction  
• Rehabilitation  
• Acquisition |
| Multi-Family Mortgage Revenue Bond | Issue mortgage revenue bonds to support the development and improvement of affordable multi-family homes to qualified households. | • New Construction  
• Rehabilitation  
• Acquisition |
| **4. Private Resources/Financing Programs** | | |
| Federal National Mortgage Association (Fannie Mae) | • Fixed rate mortgages issued by private mortgage insurers.  
• Mortgages which fund the purchase and rehabilitation of a home.  
• Low Down-Payment Mortgages for Single-Family Homes in under served low-income and minority cities. | • Home Buyer Assistance  
• Home Buyer Assistance  
• Home Buyer Assistance |
| California Community Reinvestment Corporation (CCRC) | Non-profit mortgage banking consortium designed to provide long term debt financing for affordable rental housing. Non-profit and for profit developers contact member banks. | • New Construction  
• Rehabilitation  
• Acquisition |
<table>
<thead>
<tr>
<th>Program Name</th>
<th>Description</th>
<th>Eligible Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Home Loan Bank</td>
<td>Direct subsidies to non-profit and for profit developers and public agencies for affordable low-income ownership and rental projects.</td>
<td>▪ New Construction</td>
</tr>
<tr>
<td>Affordable Housing Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>Provides first and second mortgages that include rehabilitation loan. City provides gap financing for rehabilitation component. Households earning up to 80% MFI qualify.</td>
<td>▪ Home Buyer Assistance</td>
</tr>
</tbody>
</table>
C. ADMINISTRATIVE RESOURCES

Non-profit agencies that are involved in housing development represent a substantial resource for the provision of affordable units in a community. Nonprofit ownership helps assure that these housing units will remain as low-income housing. Described below are major public and non-profit agencies that have been involved in affordable housing activities throughout Modesto. These agencies/organizations play important roles in the production, improvement, preservation, and management of affordable housing.

City of Modesto

The City maintains overall responsibility for the development of housing and community development plans, policies, and strategies, including the City’s Housing Element and the Consolidated Plan. In addition, various City departments implement programs designed to increase and maintain affordable housing; expand economic and social opportunities for lower income, homeless and special needs populations; and revitalize declining neighborhoods.

Community and Economic Development Department

The Community and Economic Development Department (Department) is responsible for both long-range and current planning of development in the City. The Department plans for, encourages and facilitates private investment in the community by coordinating those municipal activities that affect such investment.

The Department’s Planning Division provides effective planning to manage growth and change in a manner that avoids unsightly and leapfrog development, rapid urban sprawl into prime agricultural land, destruction of environmentally sensitive areas, and unfunded infrastructure needs. Planning staff provides professional planning knowledge, information and research to the various public hearing bodies of the City on zoning and land use matters. These hearing bodies for planning entitlements include the City Council, Planning Commission, and Board of Zoning Adjustment. The Planning Division is responsible for the development and implementation of the General Plan, including the Housing Element, as well as other entitlements such as specific plans and development plan reviews.

The Department’s Building Safety Division carries out building inspection and code enforcement activities designed to ensure the safety of the City’s housing stock. Significant resources of this division are utilized in conjunction with the maintenance and rehabilitation of low-income properties, in accordance with numerous City assistance programs. In addition, Building Safety staff helps implement and educate community members regarding the City’s weatherization, emergency home repair, and energy conservation programs.

The Department’s Community Development Division is responsible for administering the City’s housing assistance programs, including the first-time homebuyer and rehabilitation programs. The Community Development Division also administers the CDBG, HOME, and ESG funds for housing and supportive services.
Housing Authority of Stanislaus County

The Stanislaus County Housing Authority plays a major role in supporting and implementing the City’s housing programs. The Housing Authority is responsible for the County’s public housing and rental assistance programs (e.g. Section 8 certificates and vouchers, mortgage credit certificates), operates rental housing rehabilitation programs for several jurisdictions, and is the sponsor for selected affordable housing projects. The Housing Authority retains ongoing responsibility for management of its facilities serving the homeless and other special needs groups.

Habitat for Humanity

Habitat for Humanity is a non-profit agency dedicated to building affordable housing and rehabilitating homes to provide affordable homeownership opportunities for lower income families. Habitat builds and repairs homes with the help of public funds, private donations, volunteers, and partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans. Volunteers, churches, businesses, and other groups provide most of the labor for the homes. Habitat is active in pursuing sites for residential development to aid low-income families. Habitat recently completed a 20-unit subdivision of single-family detached houses for very low and low-income households and has begun working on a five-unit apartment building for very low-income households.

Community Housing and Shelter Services

Community Housing and Shelter Services (CHSS) is a non-profit agency that assists the homeless and lower-income residents through provision of transitional and shelter facilities, various housing assistance programs, information and education programs, and community outreach. CHSS maintains and runs several transitional housing facilities, including Laura’s House and the Samaritan House. CHSS receives funding from multiple HUD programs, including HOPWA, ESG, and CDBG in providing its services.

Disability Resource Agency for Independent Living

Disability Resource Agency for Independent Living (DRAIL) provides information, education, and advocacy on accessible and low-income housing and maintains a current housing list for renters. DRAIL staff assists low-income persons with disabilities with their Homeowner’s and Renter’s Tax Assistance forms. This agency also provides information on City and County programs designed to assist low-income residents.

Gospel Mission

This privately funded and faith-based shelter is located on a two-block campus including seven buildings on Yosemite Boulevard. The Gospel Mission provides 225 beds to single women, single men, and single adults with children. The Mission serves 150,000 meals per year to clients and to the general public. Two thousand people are served by the Mission each year.
Project Sentinel

Project Sentinel serves as the fair housing provider for residents of Modesto. This agency provides information and education on fair housing laws, actively addressing issues of housing discrimination. In addition to education programs, Project Sentinel also offers landlord/tenant mediation, referrals on various housing issues, and support for other agencies in ensuring provision of affordable housing for all segments of the population.

Stanislaus County Housing Support Services Collaborative

This consortium of area fair housing providers, service providers, non-profit developers, government agencies, homeless advocates, veterans, and others advocates the provision of affordable, safe, and decent housing in Modesto. The goal for the SCHSSC is to develop a viable working Continuum of Care Plan. The SCHSSC is committed to working collaboratively on identifying needs and service gaps.

Stanislaus County Affordable Housing Corporation (STANCO)

STANCO has two transitional houses within Stanislaus County: one located on Maze Boulevard that provides three units, and the second located on Powell, providing one unit. STANCO works with CHSS for operation of its facilities, as well as future development plans for care facilities. In 2005 STANCO developed Carver Road Estates, an 18-unit apartment complex for low income households. Currently STANCO is on the planning stages of developing an 18-unit apartment complex. This will be a senior housing project with supportive services. STANCO is also on the planning stages to develop 31 units of permanent supportive housing for MHSA target population plus one additional unit for an on-site manager. The project will serve transitional youth 18 to 24 and adult men and women who are homeless or at risk of homelessness with a serious mental illness. Occupancy will be limited to those whose income does not exceed 30 percent of the median income level.

Salvation Army

In January of 2004, the City Council declared a “Shelter Crisis” under California Government Code Section 8698(d) and a temporary emergency shelter was immediately established at 320 Ninth Street. For three years, the City of Modesto declared a winter emergency shelter and directed funds for the purpose of sheltering homeless individuals. The City has participated in a county-wide planning effort to move individuals and families through homelessness to supportive housing and independent living, through a network of supportive services and resources. One outcome of this collaborative effort was support of The Salvation Army in their efforts to expand shelter facilities. The result was an award of $1 million in California Proposition 46 funding to the local Salvation Army with the purpose of expanding its homeless shelter. The transitional shelter has been completed and is serving homeless individuals.
D. OPPORTUNITIES FOR ENERGY CONSERVATION

Utility-related costs can directly impact the affordability of housing in Northern California, particularly in light of the 2002 energy crisis. Title 24 of the California Administrative Code sets forth mandatory energy standards for new development and requires adoption of an “energy budget.” In turn, the house-building industry must comply with these standards, while localities are responsible for enforcing the energy conservation regulations.

The following are among the alternative ways to meet these energy standards.

- **Alternative 1:** The passive solar approach which requires proper solar orientation, appropriate levels of thermal mass, south-facing windows, and moderate insulation levels.

- **Alternative 2:** Generally requires higher levels of insulation than Alternative 1, but has no thermal mass or window-orientation requirements.

- **Alternative 3:** Also is without passive solar design but requires active solar water heating in exchange for less stringent insulation and/or glazing requirements.

Additional energy conservation measures include: (1) locating the house on the northern portion of the sunniest location of the site; (2) designing the structure to admit the maximum amount of sunlight into the building and to reduce exposure to extreme weather conditions; (3) locating indoor areas of maximum usage along the south face of the building and placing corridors, closets, laundry rooms, power core, and garages along the north face; and (4) making the main entrance a small enclosed space that creates an air lock between the building and its exterior; orienting the entrance away from winds; or using a windbreak to reduce the wind velocity against the entrance.

Utility companies serving the City offer various programs to promote the efficient use of energy and assist lower income customers. These programs are discussed below.

**Pacific Gas & Electric**

Pacific Gas & Electric (PG&E) provides natural gas services to Modesto residents. The company offers a variety of energy conservation services to residents, and PG&E also participates in several other energy assistance programs for lower income households which help qualified homeowners and renters conserve energy and control costs. These include the California Alternate Rates for Energy (CARE) Program and the Relief for Energy Assistance through Community Help (REACH) Program.

The CARE program provides a 15 percent monthly discount on gas and electric rates to income-qualified households, certain non-profits, facilities housing agricultural employees, homeless shelters, hospices, and other qualified non-profit group living facilities.
The REACH Program provides one-time energy assistance to customers who have no other way to pay their energy bill. The intent of REACH is to assist low-income customers, particularly the elderly, disabled, sick, working poor, and the unemployed, who experience severe hardships and are unable to pay for their necessary energy needs.

In addition, the State Department of Health and Human Services funds the Home Energy Assistance Program. Under this program, eligible low-income persons, via local governmental and non-profit organizations, can receive financial assistance to offset the costs of heating and/or cooling dwellings.

**Modesto Irrigation District**

The Modesto Irrigation District (MID) provides electricity in Modesto. MID also offers energy conservation programs, including the CARE Service Program that provides a 20 percent discount to households that are below MID income limits.

**Turlock Irrigation District**

The Turlock Irrigation District (TID) providing electric power to the portion of Modesto south of the Tuolumne River. TID offers the We Care program, which provides a 15 percent discount for the first 800 kWh of usage to income-qualified households. This program is administered by the Salvation Army.