

CHAPTER 1 INTRODUCTION

A. COMMUNITY CONTEXT

The City of Modesto must plan for and provide sufficient housing units, resources, and programs for our residents. A changing economy and changing demographics illustrate the need to develop a flexible approach and strategy to producing housing that matches the needs of the people of Modesto. Based on current data, resources, and knowledge, the City has undertaken the task of planning to meet housing needs for the period of 2015 - 2023. The result of this effort is the Housing Element of the General Plan.



In the early 2000s, Modesto experienced a significant, rapid rise in housing costs for both rental and ownership housing, as Bay Area employees moved their households to the northern San Joaquin Valley in search of affordable single family detached housing, taking advantage of relatively low gas prices. Just a few months prior to the mortgage financing crisis in late 2008, Modesto and other northern San Joaquin Valley communities began to experience a softening of housing prices as gas prices rose to historic highs, making it difficult for long-distance commuters to afford both a mortgage payment and personal transportation. As the mortgage financing crisis began to affect the larger economy, many companies were forced to lay off employees or close entirely, putting further downward pressure on the local housing market. Meanwhile, the City faces a need to continue upgrading housing and reinvesting in neighborhoods.

Within this broad context, Modesto must address several challenges during the 2015 - 2023 planning period, which include the following:

- 1) Providing sites for additional housing;
- 2) Providing a range of types and prices of housing;
- 3) Continuing to address the need to improve and rehabilitate housing and neighborhoods;
- 4) Providing housing for those with special needs; and
- 5) Maintaining and improving the local environment and quality of life in Modesto.

Creating a suitable and effective housing strategy is a complex process, but one defined by the needs of those living and working within the community. The diverse population of Modesto requires an approach that can produce an equally diverse range of housing choices, including single-family homes, apartments, condominiums, housing for special needs groups (including the homeless), and many others. While the content of the Housing Element is

based on community needs, the format and organization of the document is also largely determined by State law. The sections below provide an overview of the content and format of the Housing Element, describe the input into the Plan by Modesto residents and interested parties, defines the relationship of the Housing Element to the General Plan, and discusses how the Housing Element will be used by the City to encourage housing production in a pace and manner consistent with community goals.

B. STATE POLICY AND AUTHORIZATION

The California Legislature has identified the attainment of decent housing and a suitable living environment for every resident as the State’s major housing goal. Recognizing the important role of local planning programs in pursuing this goal, the Legislature has mandated that all cities and counties prepare a housing element as part of their comprehensive general plan. Section 65302(c) of the Government Code sets forth the specific components to be contained in a community’s housing element.

State law requires housing elements to be updated at least every eight years to reflect a community’s changing housing needs. A critical measure of compliance with State Housing Element law is the ability of a jurisdiction to accommodate its share of the regional housing needs – Regional Housing Needs Allocation (RHNA). For Stanislaus County, the regional growth projected by the State was for the period between January 1, 2014 and June 30, 2023.

C. ROLE OF HOUSING ELEMENT

The Housing Element of the General Plan is designed to provide the City with a coordinated and comprehensive strategy for promoting the production of safe, decent, and affordable housing within the community. A priority of both State and local governments, Government Code Section 65580 states the intent of creating housing elements:

The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.

In accordance with State law, the Housing Element has two main purposes:

- (1) To provide an assessment of both current and future housing needs and constraints in meeting these needs; and
- (2) To provide a strategy that establishes housing goals, policies, and programs.

Beyond State law requirements, Modesto has areas of special priority that provide additional purpose to the Housing Element. The unique conditions and market forces in play in Modesto require that the Housing Element focus on additional concerns, such as the

influence of San Francisco Bay Area workers have on the local housing market and the pursuit of a jobs/housing balance for the economic well-being of the community. The State-mandated concerns and the local concerns combine to set the foundation upon which this Housing Element is built.

The Housing Element is an eight-year plan for the 2015 - 2023 period, unlike other General Plan elements that typically cover a 10- to 30-year planning horizon. This Housing Element identifies strategies and programs that focus on:

- 1) Matching housing supply with need;
- 2) Maximizing housing choice throughout the community;
- 3) Assisting in the provision of affordable housing;
- 4) Removing governmental and other constraints to housing investment; and
- 5) Promoting fair and equal housing opportunities.

The Housing Element consists of the following major components:

- An analysis of the City's demographics, housing characteristics, and existing and future housing needs (Section 2).
- A review of potential market, governmental, and environmental constraints to meeting the City's identified housing needs (Section 3).
- An evaluation of the land, financial, and organizational resources available to address the City's identified housing needs (Section 4).
- A review of the City's accomplishments from the 2009 - 2014 Housing Element, including quantified results of programs (Section 5).
- A statement of the Housing Plan to address the City's identified housing needs, including housing goals, policies and programs (Section 6).

D. DATA SOURCES

In preparing the Housing Element, various sources of information were used. Because of significant and fundamental changes in the market and local economy, wherever possible, the most up-to-date information has been used to supplement 2010 Census data, which provides the baseline for all demographic information. These include housing market data from Dataquick, employment data from the Employment Development Department, lending data from financial institutions provided under the Home Mortgage Disclosure Act (HMDA), and the most recent data available from service agencies and other governmental agencies. In addition, the City's 2015 - 2023 Housing Element implements the most recent changes to State Housing Element law, including those affecting the development, maintenance, and improvement of housing for persons with disabilities.

E. RELATIONSHIP TO THE MODESTO URBAN AREA GENERAL PLAN

The Housing Element is a component of the Modesto Urban Area General Plan, which provides guiding policy for all growth and development within the community. The General Plan consists of seven chapters that address both the State-mandated planning issues plus optional subjects that are of particular concern to the City. These chapters are:

- Community Growth Strategy
- Community Development
- Housing
- Community Services and Facilities
- Public Safety
- Environmental Resources and Open Space
- General Plan Implementation

State law requires the General Plan to be internally consistent. As such, goals and policies contained within the Housing Element should be interpreted and implemented consistent with the goals and policies of the rest of the General Plan. To ensure that the contents of the 2015 - 2023 Housing Element maintain consistency with the adopted General Plan, an analysis of the two documents was conducted. Table 1-1 provides the goals and policies of the Housing Element and other General Plan policies that support them.

The City will ensure consistency between the Housing Element and other General Plan elements so that policies introduced in one element are consistent with other elements. At this time, the Housing Element does not propose significant changes to any other element of the City's General Plan. However, if it becomes apparent that over time that changes to any element are needed for internal consistency, such changes will be proposed for consideration by the Planning Commission and City Council.

**Table 1-1
General Plan Consistency Analysis**

Housing Element		General Plan Supporting Policies		
Policy	Element	Topic	Policy	
1.1	Establish and/or support programs to supply below-market housing for extremely low-, very low-, low- and moderate-income households, as well as market-rate housing.	Community Development	Neo-Traditional Principles	Policy I.D.4, page I-6: Neighborhoods should contain a diversity of housing types to enable citizens from a wide range of economic levels to live within its boundaries.
1.2	Promote the development of affordable housing throughout the community, where appropriate and compatible with existing uses and facilitate the development of housing for the unmet needs of lower income special needs groups, including the disabled, elderly, homeless, and large families (five or more persons)	Community Development	Neo-Traditional Principles	Policy I.D.4, page I-6: Neighborhoods should contain a diversity of housing types to enable citizens from a wide range of economic levels to live within its boundaries.
1.3	Assist homeowners to avoid foreclosure.	No policies in General Plan to support or contradict this housing element policy		
2.1	Promote equal opportunity for all residents to live in the housing of their choice by continuing to make a strong commitment to the issue of fair housing practices, as well as ensure that fair housing opportunities prevail for all City residents regardless of age, sex, religion, ancestry, marital status, family status, income or source of income, race, creed, national origin, sexual orientation, or disabilities.	Community Development	Neo-Traditional Principles	Policy I.D.4, page I-6: Neighborhoods should contain a diversity of housing types to enable citizens from a wide range of economic levels to live within its boundaries.
2.2	Facilitate the development of accessory units as an affordable housing alternative.	Community Development	Neo-Traditional Principles	Policy I.D.4, page I-6: Neighborhoods should contain a diversity of housing types to enable citizens from a wide range of economic levels to live within its boundaries.

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2.3	Facilitate the development of entry level housing as well as “step-up” housing and encourage a range of housing types to be constructed in subdivisions and large developments.	Community Development	Neighborhood Plan Prototype	Policy III.C.2.a, page III-13: Neighborhoods should contain a variety of housing types, as allowed by the R-1, R-2, R-3, and P-D zones of the Modesto Zoning Code.
3.1	Maintain the supply of safe, decent, and sound affordable housing in the City of Modesto through the conservation and rehabilitation of the City’s existing housing stock, focus the use of City resources for housing rehabilitation and assisted housing on those neighborhoods and residents having the greatest need for housing assistance, and encourage the development and rehabilitation of housing that is accessible to persons with disabilities.	No specific policies in General Plan that either support or contradict this housing element policy.		
3.2	Make a maximum effort to preserve for its lower income households, the units in assisted housing developments that are eligible to change to uses for other than lower-income households, due to terminations of subsidy contracts, mortgage prepayment, or expiration of use restrictions.	No specific policies in General Plan that either support or contradict this housing element policy.		

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4.1	Track changes in Housing Law to ensure that land use regulations, including zoning, subdivision, and permit processes, are consistent with and supportive of State and federal laws. Maintain an adequate supply of appropriately designated land for special needs housing, including seniors, disabled persons, large households, the homeless, and transitional persons. Review local regulations periodically for the ability to accommodate projected housing demands.	No specific policies in General Plan that either support or contradict this housing element policy.		
4.2	Maintain an up-to-date site inventory detailing the amount, type, and size of vacant and underutilized parcels, and assist developers in identifying land suitable for residential development.	No specific policies in General Plan that either support or contradict this housing element policy.		
5.1	Establish and maintain development standards that support housing production while protecting quality of life goals.	No specific policies in General Plan that either support or contradict this housing element policy.		
5.2	Continue to provide financial incentives such as fee deferrals and exemptions for developments meeting the affordable and special housing needs of the community. Review the city’s fee structure, including development fees, impact fees, and other municipal costs, periodically to ensure that they do not unduly constrain the production of housing, especially affordable housing.	No specific policies in General Plan that either support or contradict this housing element policy.		

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5.3	Continue to provide timely and coordinated processing of residential development projects to encourage housing production.	No specific policies in General Plan that either support or contradict this housing element policy.		
6.1	Promote coordination between infrastructure master plans, service area boundaries, and housing plans to ensure that adequate services are available to serve expected housing growth. Direct housing to areas where infrastructure and utilities can be provided commensurate with housing production.	Community Facilities	Water Policies Baseline Area	Policy V.C.3.j, page V-19: The City of Modesto will encourage the optimum beneficial use of water resources within the City. The City shall strive to maintain an adequate supply of high quality water for urban uses.
6.2	Promote infill development as a method of ensuring maximum utilization of existing urban services.	Community Facilities	Water Policies Planned Urbanizing Area	Policy V.C.4.b, page V-21: The City of Modesto shall coordinate land development projects with the expansion of water treatment and supply facilities.
7.1	Encourage the development of workforce housing.	No specific policies in General Plan that either support or contradict this housing element policy.		

F. COMMUNITY INVOLVEMENT

Public input on housing needs and strategies is critical to developing appropriate and effective City housing programs. The City has worked to reestablish contact with those groups and individuals who participated in developing the 2009 - 2014 Housing Element; these groups represent all economic levels. Notices were published in English and Spanish and interpreters were available at meetings.

The first two public workshops were held on April 16, 2015, attended by two people representing different agencies (see Appendix F). The Citizens' Housing and Community Development Commission reviewed the draft Housing Element at its regularly-scheduled meeting on November 18, 2015. Discussion focused on the number of homeless, housing for the homeless, and funding for affordable housing. The draft Housing Element was made available on the City's website for review and a public workshop on the draft Housing Element was held on December 7, 2015. Staff submitted the Housing Element to the Department of Housing and Community Development on December 11, 2015.

Following the State's initial review, Planning Commission heard the item at its meeting of March 21, 2016. City Council adopted the Housing Element on April 12, 2016. Staff resubmitted the Housing Element for review to the Department of Housing and Community Development in late August 2015. In a letter dated November 1, 2016, the Department of Housing and Community Development deemed Modesto's draft Housing Element to meet the State's statutory requirements.

A public hearing was held before the Planning Commission on November 21, 2016, to receive public comments. The Planning Commission took action to recommend City Council approve an amendment to the General Plan to adopt the Housing Element. City Council approved the Housing Element following a public hearing at its regular meeting of January 10, 2017.

Agencies and individuals who received workshop notices for the Housing Element are listed in Appendix E. Comments received and formal responses are included in Appendix F.

